BANKRAKYAT
بيڠكو رعيت

Your Bank of Choice



ANCHORED ON VALUES

Annual Report 2022

Malaysia's
No. 1
Progressive Islamic
Cooperative Bank.

VISION

MISSION

Enhancing
economic well-being
of our members, customers
and nation.

OUR CORE VALUES

God-Conscious
Takwa

Exemplary Behaviour
Akhlak Mulia

Confident
Yakin

RAKYAT

Competent
Kompeten

Trustworthy
Amanah

Diligent
Rajin



ANCHORED ON VALUES

This year's cover celebrates Bank Rakyat's distinct corporate culture, anchored by six core values. These values have been defined by the letters R.A.K.Y.A.T to encourage constant reminders and understanding within every employee. **R.A.K.Y.A.T** - Rajin (Diligent); Amanah (Trustworthy); Kompeten (Competent); Yakin (Confident); Akhlak Mulia (Exemplary Behaviour) and Takwa (God-Conscious).

This **R.A.K.Y.A.T** culture was introduced to foster a positive work culture among our employees and continues to guide the workforce towards higher performance, delivered in signature style.

Together, the word **RAKYAT** is featured on the cover as the bedrock upon which the Bank strives to provide the best possible service to all stakeholders. The prominence of green foliage and the seaside as core landscapes highlights the Bank's drive to protect natural resources through sustainable initiatives.

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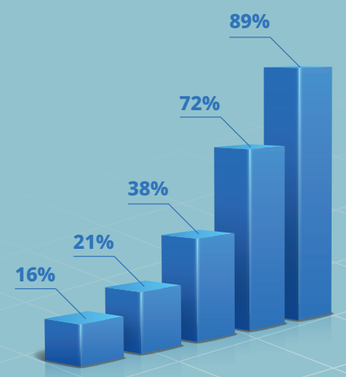

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BANK RAKYAT OVERVIEW

We are the
BIGGEST ISLAMIC
cooperative bank

in the country and the second largest Islamic financial institution in terms of asset size. Our journey began as a pioneer cooperative bank in 1954 with the mandate to raise the social and economic status of rural communities, provide opportunities for self-improvement and to build a better future for their families as well as their communities for the stability and prosperity of our nation. We have proudly surpassed this mandate.

We became known as Bank Kerjasama Rakyat Malaysia (Bank Rakyat) in 1973 and extended our membership to individuals. Governed by our by-laws and the Bank Kerjasama Rakyat (Malaysia) Berhad Act 1978, we are allowed to provide financing to non-members as well. We now serve not just our members, but also individuals, businesses, corporations, SMEs and a whole range of others.



Our Strength

Employees
6,117
personnel

Customers
8.54
million

Shareholders
817,631
individuals and cooperatives

Total Assets
RM117.33
billion

Profit Before Taxation and Zakat
RM1.70
billion

Members' Share Capital
RM2.99
billion

BANK RAKYAT OVERVIEW

Our Mantra

We are engraved distinctly in Malaysia's banking history and will endeavour to remain **"Your Bank of Choice"** by becoming **"Malaysia's No. 1 Progressive Islamic Cooperative Bank".**

Our Principle Activities

Our principal activities are those of a cooperative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

Our Legacy

Our ongoing legacy has been one of unyielding courage, formidable spirit and commendable achievements. The numerous local, regional and international awards we have received over the years proves that we are not only a major player in the domestic Islamic banking scene but also an international leader in Islamic banking.



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BRANCHES NATIONWIDE

Our Product

Personal Banking
Savings-i Account, Personal Financing-i, Auto Financing-i, Home Financing-i, Pawn Broking-i, Education Financing-i, Credit Card-i and Debit Card-i.

Business Banking and Cooperative
i-bizRAKYAT, e-Current Account-i, Term Financing-i, Bridging-i, Contract Financing-i, Cash Line-i, Tijari, Share-i and working capital for Ar-Rahnu X'Change, Micro Financing-i, Cooperative Financing-i, Business Property-i, Commercial Hire Purchase-i and Small Medium Enterprise-i.

CORPORATE INFORMATION

Board of Directors

- Datuk Mohd Irwan Mohd Mubarak (Acting Chairman)
- Dato' Sri Suriani Dato' Ahmad
- Tunku Dato' Ahmad Burhanuddin
  Tunku Datuk Seri Adnan
- Haji Mohd Jafri Kudus
- Dato' Dr. Vaseehar Hassan Abdul Razack
- Professor Dr. Haji Raduwan Idar
- Idris Abd Hamid
- Dato' Haji Amirudin Haji Abdul Halim

Bank Website

www.bankrakyat.com.my

Bank Secretary

Mohamad Khairil Abidin

Auditor

Auditor General of Malaysia
National Audit Department
Aras 9, Blok F2, Kompleks F,
Lebuh Perdana Timur, Presint 1,
Pusat Pentadbiran Kerajaan Persekutuan,
62000 Putrajaya.

Tel: 03-8091 1000
Fax: 03-8091 1454

Cooperative Registration Office

2192

Registered Office

Bank Kerjasama Rakyat Malaysia Berhad
Tingkat 35, Menara 1,
Menara Kembar Bank Rakyat,
No. 33, Jalan Rakyat, KL Sentral,
50470 Kuala Lumpur.

Corporate Office

Bank Rakyat
Tingkat 35, Menara 1,
Menara Kembar Bank Rakyat,
No. 33, Jalan Rakyat, KL Sentral,
50470 Kuala Lumpur.

Tel: 03-2612 9600

OUR BUSINESS PILLARS

Members

To ensure continuous success by collectively directing the company's affairs, whilst maintaining shareholders' confidence by ensuring the appropriate interests of shareholders and stakeholders are met. Further, to deal with issues relating to business, finance, corporate governance, corporate social responsibility and corporate ethics in a transparent manner.

Customers

To conduct business in a fair and transparent manner by providing Shariah compliant banking services and products, to offer prompt, courteous and effective services and to focus on sound corporate governance and responsible financing.

Cooperative Movement

To steer the development and advancement of the cooperative movement and contribute to making the cooperative movement a force in the economic growth of the nation.

Islamic Principle

To uphold an exemplary Islamic financial system by providing Shariah compliant financial services that is exceptional, recognised and trusted, with the aim of being acknowledged as a model Islamic development finance institution.

Society

To effect positive changes in society by providing Islamic financial services and corporate social responsibility activities that will elevate the standard of living and well-being of Malaysians.

Nation

To be a responsible corporate citizen that is not just driven by profit, but more notably, bringing positive changes to the economy, generating jobs and spearheading economic activities that will assist Malaysia in achieving a developed nation status with a high-income economy.

THE BANK RAKYAT BRAND

NO. 1

LARGEST ISLAMIC COOPERATIVE BANK IN MALAYSIA

PREMIERE COOPERATIVE

MALAYSIA 2021

(The Top Cooperatives for 2021 by Suruhanjaya Koperasi Malaysia (SKM))

2ND

LARGEST DEVELOPMENT FINANCIAL INSTITUTION IN MALAYSIA

(Assets Size)

GROUP CORPORATE STRUCTURE

BANKRAKYAT
بيڠكڬ رعيت

Your Bank of Choice

- RAKYAT Management — 100% — **RAKYAT MANAGEMENT SERVICES SDN BHD** (Ar-Rahnu X'Change Franchise and Gold Management)
- RAKYAT Nominees — 100% — **RAKYAT NOMINEES SDN BHD** (Shares Trading)
- RAKYAT Holdings — 100% — **RAKYAT HOLDINGS SDN BHD** (Investment Holding, Property Management and Management Services)
- RAKYAT Travel — 100% — **RAKYAT TRAVEL SDN BHD** (Umrah and Travel Services)
- RAKYAT Hartanah — 100% — **RAKYAT HARTANAH SDN BHD** (Property Development and Project Management)
- RAKYAT Asset — 100% — **RAKYAT ASSET MANAGEMENT SDN BHD** (Investment in Real Property)
- RAKYAT Niaga — 100% — **RAKYAT NIAGA SDN BHD** (General Trading and Supplies)
- RAKYAT Facility — 100% — **RAKYAT FACILITY MANAGEMENT SDN BHD** (Building Management and Maintenance)

BANK RAKYAT AND THE GOVERNMENT

MINISTRY OF FINANCE
Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provision) 1978

MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES

CENTRAL BANK OF MALAYSIA
The Development Financial Institutions Act 2002

SURUHANJAYA KOPERASI Malaysia

Cooperative Act 1993

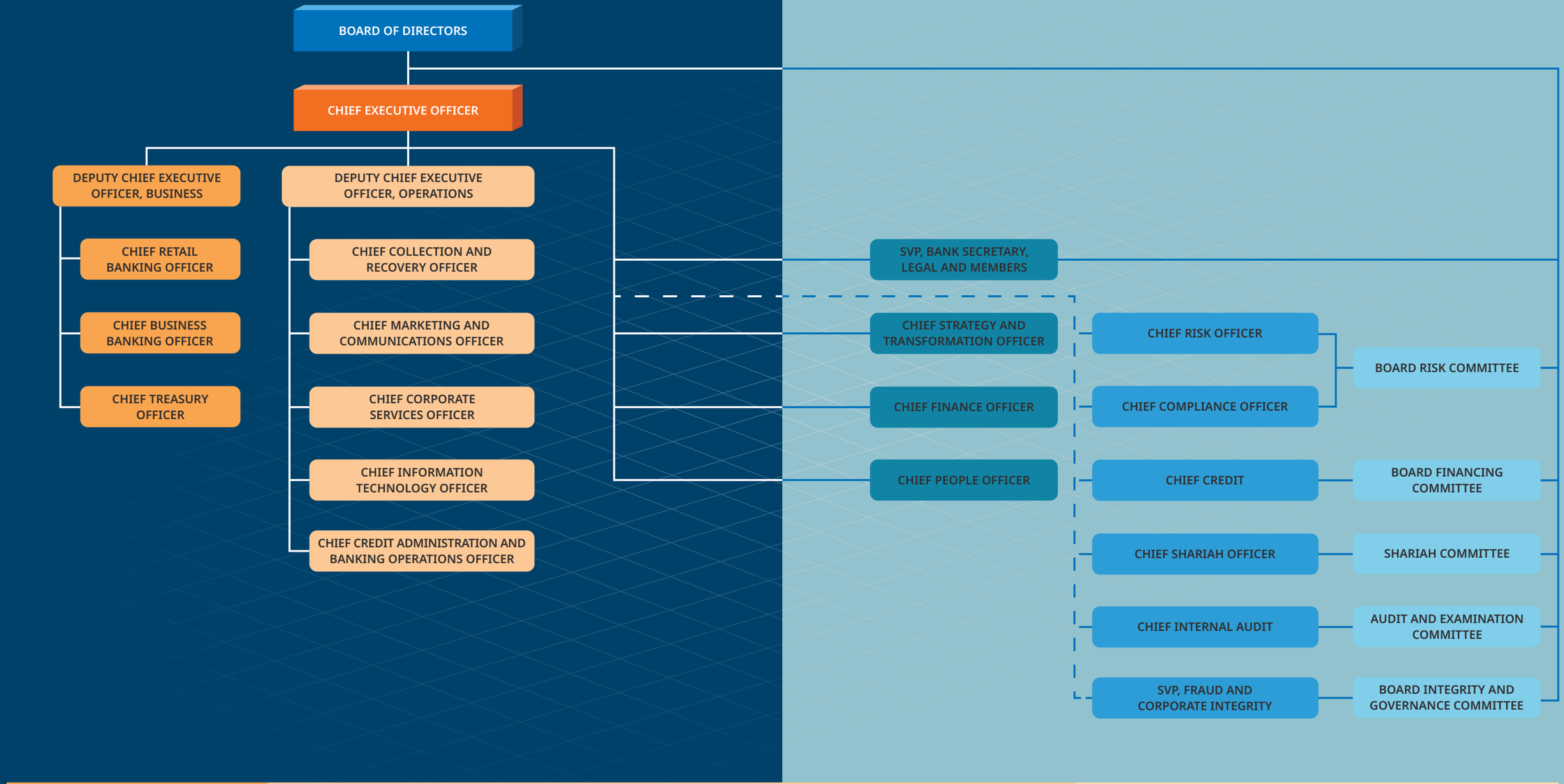
BANKRAKYAT
بيڠكڬ رعيت

Your Bank of Choice

By-Law

ORGANISATION CHART

ORGANISATION CHART

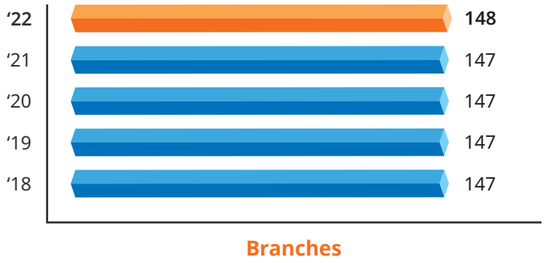


Diligent

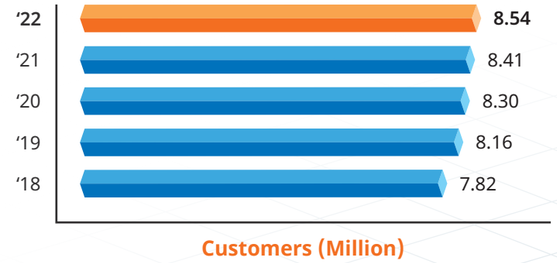
We strive to be diligent in all we do and commit to provide the best service to our customers, with professionalism and dedication.

R.A.K.Y.A.T

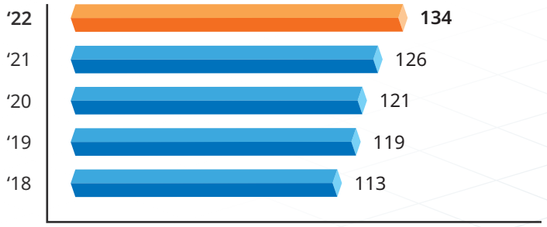
FIVE-YEAR PERFORMANCE (NON-FINANCIAL)



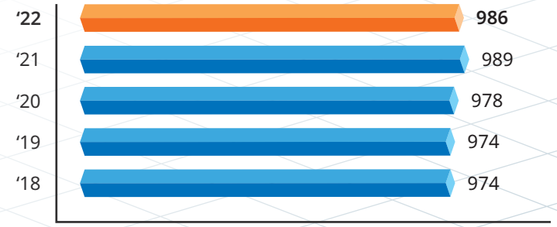
Branches



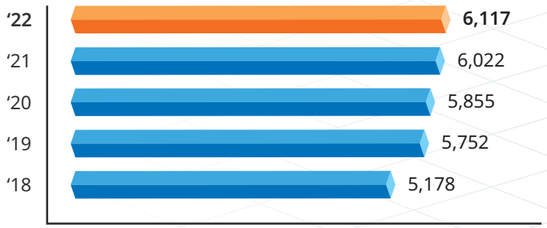
Customers (Million)



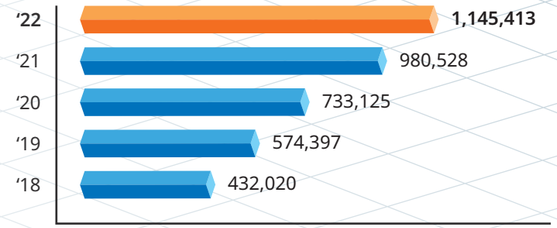
Ar-Rahnu X'Change



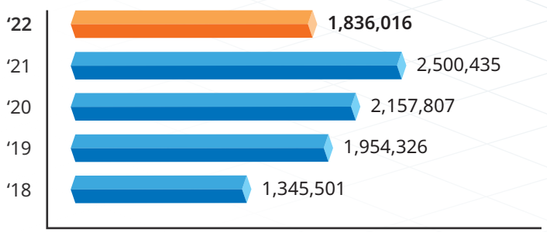
ATM/CDM/CICO Terminals



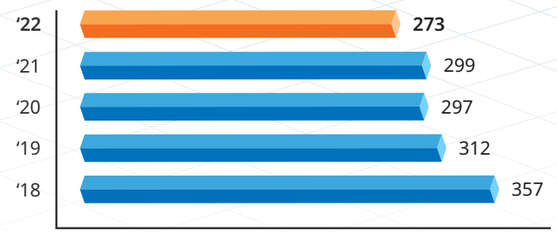
Employees



Registered iRakyat Customers

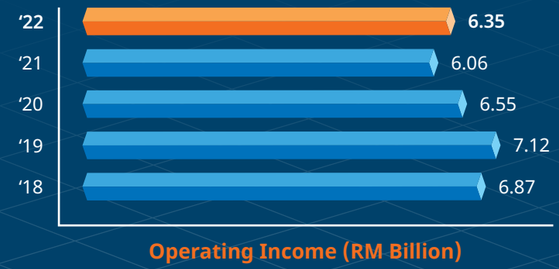


Contact Centre Calls Received

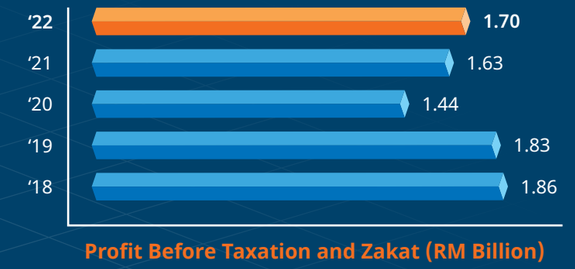


Agent Banking (Rakyat C.A.R.E)

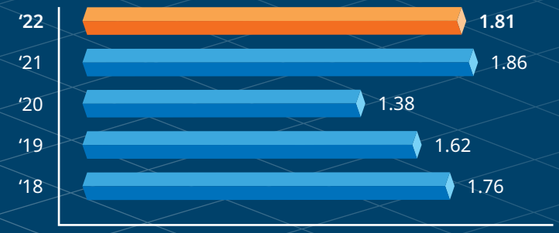
FIVE-YEAR PERFORMANCE (FINANCIAL)



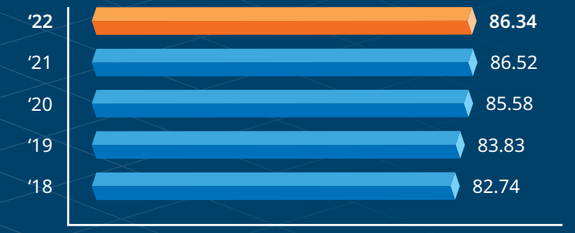
Operating Income (RM Billion)



Profit Before Taxation and Zakat (RM Billion)



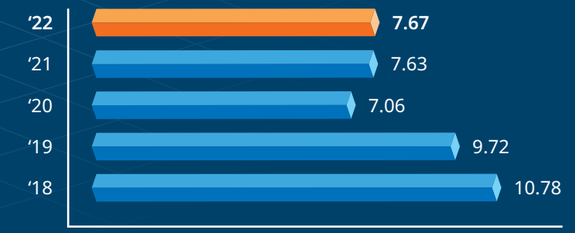
Profit After Taxation and Zakat (RM Billion)



Deposits and Savings (RM Billion)



Financing and Advances (RM Billion)



Return on Average Shareholders' Fund (%)



Cost to Income Ratio (%)

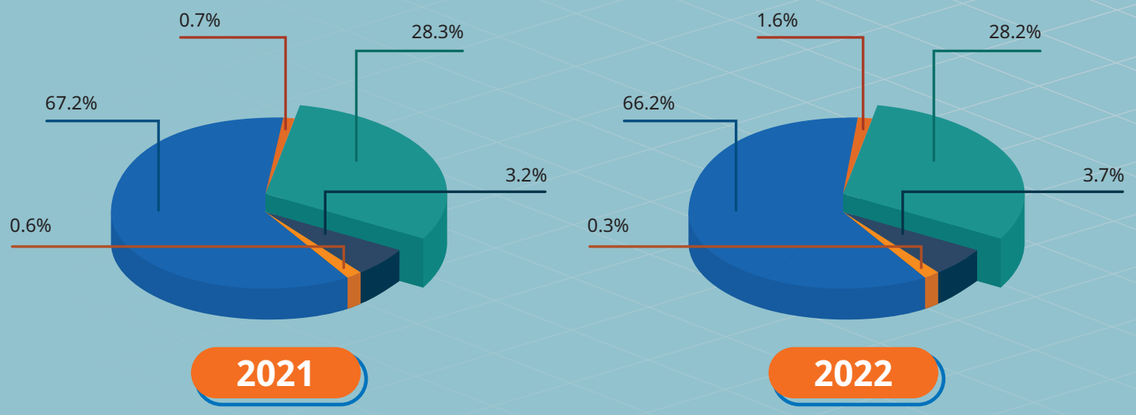


Gross Impaired Financing Ratio (%)

QUARTERLY PERFORMANCE

	Q1 (RM Billion)	Q2 (RM Billion)	Q3 (RM Billion)	Q4 (RM Billion)
2022				
Income	**1.42**	**1.43**	**1.50**	**1.55**
Expenditure	**0.56**	**0.56**	**0.61**	**0.70**
Net Income	**0.86**	**0.87**	**0.89**	**0.85**
Profit before Taxation and Zakat	**0.41**	**0.47**	**0.44**	**0.37**
Profit after Taxation and Zakat	**0.37**	**0.56**	**0.53**	**0.35**
2021				
Income	1.44	1.42	1.42	1.43
Expenditure	0.53	0.54	0.55	0.57
Net Income	0.91	0.88	0.87	0.86
Profit before Taxation and Zakat	0.41	0.39	0.47	0.36
Profit after Taxation and Zakat	0.46	0.41	0.53	0.46

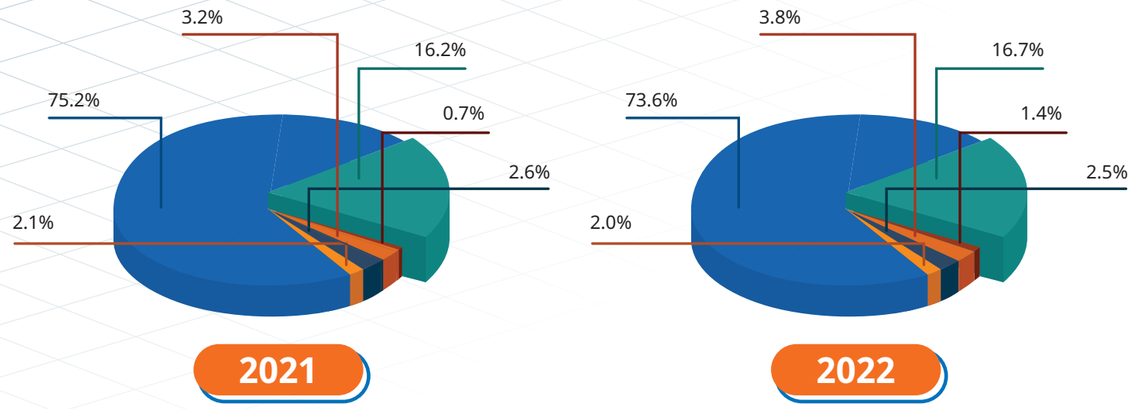
ASSETS



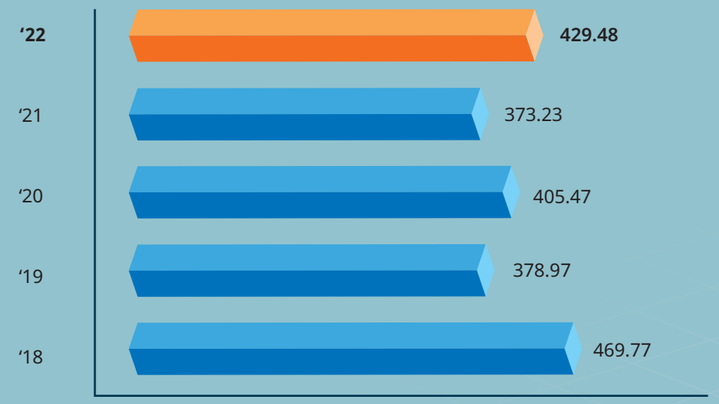
SEGMENTAL ANALYSIS FOR BANK EARNINGS

	2022		2021	
	Percentage (%)	RM'000	Percentage (%)	RM'000
Consumer Banking	**63.9**	**3,989,967**	64.1	3,845,473
Commercial Banking	**4.9**	**304,209**	5.2	314,470
Fee-Based	**1.8**	**115,346**	1.7	103,439
Ar-Rahnu	**4.0**	**251,446**	4.3	255,476
Others	**25.4**	**1,585,478**	24.7	1,483,202

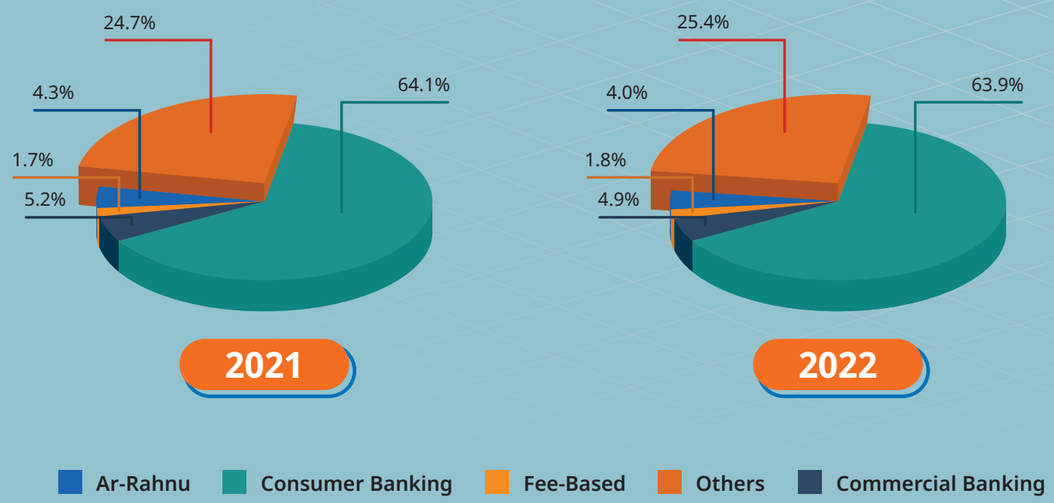
LIABILITIES AND EQUITY



DIVIDEND (RM MILLION)



BANKING OPERATIONS PERFORMANCE



OUR MEMBERS

Total Members (Individual and Cooperative): 2018 - 2022

Year	Category		Total
	Individual	Cooperative	
2022	**815,367**	**2,264**	**817,631**
2021	824,799	2,267	827,066
2020	832,055	2,247	834,302
2019	840,592	2,257	842,849
2018	852,618	2,237	854,855

Total Share Capital: 2018 - 2022

Year	Total (RM'000)
2022	**2,986,030**
2021	2,986,030
2020	2,986,030
2019	2,986,030
2018	2,986,030

KEY MILESTONES

1954
- Official registration of Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad with its first headquarters in Bukit Mertajam, Penang. Election of the Menteri Besar of Perlis, Tan Sri Sheikh Ahmad Mohd Hashim, as the President of the Board of Sponsors.
- Election of the Menteri Besar of Perlis, Tan Sri Sheikh Ahmad Mohd Hashim, as the President of the Board of Sponsors.

1955
- First election of the Board of Directors by regional members.
- Re-election of Tan Sri Sheikh Ahmad Mohd Hashim as Chairman of the Bank.
- Relocation of Bank headquarters to Padang Kota, Penang.

1958
- Launch of Bank's Five-Year Development Plan to raise more than RM12 million in capital over the next five years by Tan Sri Sheikh Ahmad Mohd Hashim, Chairman of the Bank.



1961
- Relocation of Bank Agong Headquarters to Kuala Lumpur to centralise operations for services to all customers in the Peninsular.

1963
- Bank Agong membership comprises 32 cooperatives with total share investment amounting to RM143,000.

1964
- Commencement of construction of Bank Agong Headquarters in Jalan Ipoh, Kuala Lumpur.

1966
- Bank Agong moves to its own building at Jalan Ipoh, Kuala Lumpur.

1967
- Decision by Bank's Board of Directors to change the name of Bank Agong to Bank Kerjasama Malaysia Berhad or better known as Bank Kerjasama.

1968
- Opening of Bank Kerjasama's first branch in Sungai Petani, Kedah, after the acquisition of Bank Persatuan Berkerjasama-sama Kedah Tengah.

1969
- Opening of Bagan Serai branch, officiated by Menteri Besar of Perak, Dato' Sri Ahmad Mohd Said.
- Opening of Muar branch, officiated by Menteri Besar of Johor, Dato' Othman Mohd Saat.
- Publication of Berita Bank Kerjasama, the Bank's first newsletter, with the Editor's Column touching on the possibility of establishing a single Cooperative Union in Malaysia.



1970
- Opening of Kangar branch, officiated by the Regent of Perlis, Tuanku Syed Sirajuddin Ibni Tuanku Syed Putra Jamalullail.
- Opening of Kota Bharu branch by Kelantan Acting Menteri Besar, Dato' Mohamed Nasir.

1971
- Expansion of services to include providing loans to members who want to venture into businesses, industries and for the purchase of assets such as houses.
- Establishment of Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA) after an agreement was reached at the 2nd Malaysia Cooperative Congress chaired by the Chairman of Bank Kerjasama, Tan Sri Sheikh Ahmad Mohd Hashim.
- Opening of the Melaka branch of Bank Kerjasama at Jalan Hang Tuah, officiated by the Chief Minister of Malacca, Dato' Talib Karim, marking Bank Kerjasama's initiative to expand into urban areas.

1972
- Launch of the Provident Trust Fund Account.
- Change of name from Bank Kerjasama to Bank Kerjasama Rakyat Malaysia Berhad or Bank Rakyat at the 17th Annual General Meeting (AGM).
- Establishment of Bank Rakyat's first subsidiary.

1973
- Official adoption of the name Bank Rakyat after personal proposal by the then Prime Minister, Tun Abdul Razak.



KEY MILESTONES

1974
- Establishment of a cooperative company called Syarikat Kerjasama Bank Rakyat, also known as SEKATARAKYAT by Bank Rakyat employees.
- Launch of Rakyat First Merchant Bankers Berhad (Rakyat First), Bank Rakyat's merchant banking arm.

1975
- Establishment of Rakyat Trading Corporation Sdn Bhd (RTC), a supplier of construction materials such as steel and cement and distributor of goods produced by ASEAN Chemical Fertiliser.

1977
- Launch of Collection Department and setting up of a Complaints Bureau.

1978
- The Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provisions 1978) came into force.
- Bank Rakyat placed under the supervision of the Minister responsible for cooperative development.

1979
- White Paper on Bank Rakyat, tabled in Parliament following the tabling of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions Bill) in Dewan Rakyat on 19 December 1977.

1981
- Signing of joint venture agreement with Deutsche Genossenchaftsbank (DG Bank), a stepping stone for Bank Rakyat to participate in the merchant banking segment.



1982
- Launch of Mobile Banking Services at the Alor Setar branch, with the Mobile Banking vehicle mainly operating at Lembaga Padi dan Beras Negara Complex in conjunction with the harvesting season.

1983
- Increase in Bank membership to 29,002 comprising 28,134 individuals and 868 cooperatives.
- Increase in Bank's total assets to RM519.0 million and net profit reaches RM5.9 million.

1984
- Launch of the first Education Loan Scheme, Skim Pinjaman Menanam Budi.

1986
- Launch of Nuri Savings Scheme by the Minister of National and Rural Development to encourage a savings culture among school children.

1988
- Launch of the second Educational Loan Scheme to assist students pursuing higher education in the country and abroad.
- Scheme (SPKS) with a maximum loan of RM20,000.00 to help graduates without permanent employment to set up and start their own accounting and taxation services business.
- Launch of Bank Rakyat's first mini branch in Bandar Tun Razak, Cheras, Kuala Lumpur.
- Launch of Motorcycle Loan Scheme in the effort to broaden lending activities.

1989
- Introduction of services for the cooperative sector through the Special Cooperative Savings Accounts (ATKK).

1990
- Approval received to use Bank Rakyat's reserves amounting to RM96.70 million to cover losses accumulated totalling RM86.60 million.
- Announcement of the distribution of two percent bonus to members from 1978 to 1988, a 10% cash dividend for the financial year 1989 and a 10% dividend and 20% bonus shares respectively for 1990 and 1991.

1992
- Approval of the Cooperative Act 1992 by Parliament.

  Four main objectives of the Act:
  - To encourage and promote the development of cooperatives.
  - To transform cooperative into a sustainable movement.
  - To reform cooperative administration and management.
  - To consolidate laws related to the cooperative movement.

1993
- Launch of the Shariah banking system offering facilities such as Al-Wadiah Savings Account, Al-Mudharabah General Investment Account, Al-Bai' Bithaman Ajil Property Financing and Bai Al- Inah Personal Financing.



- Going back to where it all began, opening of the Bank's 42nd branch in Bukit Mertajam, Penang, the birthplace of the Bank.
- Introduction of the Ar-Rahnu Islamic Pawn Broking Scheme in collaboration with the Malaysian Islamic Economic Development Foundation (YaPEIM) with an initial capital of RM5.0 million.
- Signing of memorandum of understanding for the implementation of Ar-Rahnu with YaPEIM on 11 October 1993.

KEY MILESTONES

1994
- Establishment of Bank Rakyat's Shariah Advisory Council.
- Opening of first branch outside the Peninsular in Kuching, Sarawak.

1998
- Launch of An-Naqlu Vehicle Financing Scheme, a financing facility for the purchase of cars.

1999
- Launch of the state-of-the-art Integrated Retail Banking System (IRBS) at the Pudu branch in Kuala Lumpur, allowing online management of retail banking transactions and general ledger and supporting ATM services for speedy savings and investment account transactions.

2000
- Launch of the Tijari Contract Financing in the effort to assist dynamic and viable small businesses.

2001

BANKRAKYAT بيڠكۏ دعية

Your Choice Bank

- Launch of the new corporate logo to replace the 20-year-old logo, in conjunction with Bank Rakyat's 47th anniversary.
- Launch of three new products based on the Al-Mudarabah concept: Syabab, Tawfir and Tilmiz - officiated by the Land and Cooperative Development Minister, Tan Sri Kasitah Gaddam.

2002
- Launch of free advisory and guidance services through *Program Rakan Koop* (Coop Partner Programme) to assist cooperatives in managing their business activities.

2003
- Official announcement that all of Bank Rakyat's operations are fully Shariah-compliant.
- Launch of Electronic-Banking Centre (EBC) or eRakyat at Jalan Tangsi branch, Kuala Lumpur.

2004
- Bank Rakyat placed under the Ministry of Entrepreneur and Cooperative Development (MECD) following a reshuffle of government ministries. Prior to this, the Bank was placed under the Ministry of Land and Cooperative Development.

2005
- Bank Rakyat becomes the first non-commercial financing institution to introduce MEPS Interbank Giro (IBG) services.

2006
- Launch of tele-Rakyat Call Centre, enabling customers to perform transactions with the assistance of Call Centre Personnel.
- Launch of the Bank Rakyat Corporate Culture, **R.A.K.Y.A.T:**
  R: Rajin (Diligent)
  A: Amanah (Trustworthy)
  K: Kompeten (Competent)
  Y: Yakin (Confident)
  A: Akhlak Mulia (Exemplary Behaviour)
  T: Takwa (God-Conscious)
- Entry of Ar-Rahnu X'Change, the Islamic pawn broking franchise into the market, managed by Bank Rakyat's subsidiary, Rakyat Management Services Sdn Bhd (RMS).

2007
- Launch of Kelab Nuri Bank Rakyat by Puan Sri Wan Nafisah Nik Mohd Adeeb, wife of the Bank's Chairman, Tan Sri Dato' Dr. Syed Jalaludin Syed Salim. Introduction of a new mascot with the concept of an astronaut.
- Launch of iRakyat Internet Banking.

2008
- Inaugural Bank Rakyat Carnival for the public with the concept of games is held at Padang Dataran Pemuda Merdeka, Butterworth, Penang. A similar carnival is also held in Pasir Puteh, Kelantan and Batu Pahat, Johor.

2009

YAYASAN BANKRAKYAT

- Establishment of Yayasan Bank Rakyat (Bank Rakyat Foundation) aimed at developing and improving the standard of education for Malaysians, especially among the children of Bank members.
- Issue of and introduction into the market of first credit card based on the Shariah principle of Tawarruq in collaboration with MasterCard Worldwide.

2010
- Launch of strategic partnership with Tabung Haji, allowing Tabung Haji depositors to perform various transactions at all Bank Rakyat branches.

2012
- Launch of inaugural issuance of Sukuk worth RM1 billion under the Islamic Medium Term Notes Programme.

2013
- Appointment as the collection agent for income tax payment through a strategic partnership with the Inland Revenue Board of Malaysia (LHDN).

2014
- Opening of 145th branch in Labis, Johor, marking the Bank's 15th branch in the state.
- Announcement of the issuance of Sukuk Musyarakah worth RM1 billion for the period of three and five years.
- Truly a momentous year. Relocation to Menara Kembar Bank Rakyat, the Bank's new iconic building at Jalan Rakyat and celebration of the Bank's 60th anniversary at the new premise.

KEY MILESTONES

2015
- Official launch of Menara Kembar Bank Rakyat (Bank Rakyat Twin Towers).
- Handover of sponsored bus by Bank Rakyat to Football Association of Malaysia (FAM).
- Launch of Credit Card-i Platinum.
- First International Shariah Scholars Roundtable organised by Bank Rakyat.
- Opening of Kuala Pilah branch by DYMM Yang DiPertuan Besar Negeri Sembilan.
- Inauguration of Bank Rakyat - Bangsar LRT Station by Bank Rakyat Chairman as part of the bank's corporate social responsibility programme.

2016
- Bank Rakyat adopts the theme "Anak Kita" (Our Children) for 2016/2017 as its commitment to focus on children, in particular autistic children, by organising various activities as part of our social corporate responsibility initiatives for autism.
- Launch of Kad Muslimah Bank Rakyat, the first Shariah-compliant Credit Card-i for women.
- Organisation of the Amazing Heroes Programme to honour our national paralympics atheletes who won gold and bronze medals at the Rio 2016 Paralympics.

2017
- Finance Accreditation Agency (FAA) Certificate Presentation Ceremony for Branch Managers Individual Accreditation in recognition of their competency.
- 2017 Autismlympic Programme that brought together autism organisations from the Klang Valley.
- Rakyat Run 2017, organised by the Bank for the first time in conjunction with the 2017 Kuala Lumpur SEA Games.

2018



- Organising *Anugerah Dari Hati Ke Hati* for the first time on 2nd April in conjunction with Autism Awareness Day 2018.
- The bus handover to Badminton Association of Malaysia (BAM) is part of Bank Rakyat's brand building initiatives as well as efforts to support national sports activities in promoting Malaysia to the eyes of the world.
- Organising Choral Speaking Competition for the first time on 14 to 16 September in conjunction with 61st National Day celebration at Concourse, Suria KLCC.
- Share the joy of the Aidilfitri celebration with autistic children through *Program Sinar Aidilfitri Dari Hati Ke Hati Bank Rakyat* at Mydin Hypermarket Petra Jaya, Kuching.

2019
- The first local organisation to partner under the United Nations in Malaysia's Together for Sustainable Development Goals (SDGs) programme.
- Named the number one in the Top 100 Malaysian Cooperatives in Malaysia by the Malaysia Cooperative Societies Commission (SKM) for the fourth consecutive year.
- Memorandum of Understanding (MoU) with Sarawak Islamic Council (MIS) to implement the Financial Integrity Programme for Mosques (PINK Masjid) in Sarawak.
- Social Empowerment category at the Asia Responsible Enterprise Awards 2019 (AREA 2019).
- 'Company of the Year' (Overall Social Responsibility Excellence) (CSR Awards Malaysia 2019).

2020



- Karnival Kelab Nuri was organised alongside FELDA to provide an opportunity for local MSME to open up sales booth to market their products at Kompleks Sukan Komuniti Felda Palong 6, Negeri Sembilan.
- The launch of Bank Rakyat's new vision, 'Malaysia's No.1 Progressive Islamic Cooperative Bank' as well as the mission of 'Driving the economic prosperity of members, customers and the nation' was officiated by Datuk Seri Dr. Wan Junaidi Tuanku Jaafar, Minister of KUSKOP at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat.

2021



- Bank Rakyat taking the next step by launching Business Banking Centre as one of the initiatives in developing the nation's entrepreneurial sector.
- Bank Rakyat introduced a banking platform for entrepreneurs called QR2E. QR2E (Quick Response to Entrepreneur) is an online platform introduced specifically for the segment of MSME and cooperatives to conduct digital banking.
- Bank Rakyat launched the Bank Rakyat UNIpreneur Pilot Programme in collaboration with local higher education institutions (IPT) to help student entrepreneurs from the asnaf to grow their businesses.
- Bank Rakyat launched the iRakyat online mobile banking application to expand the digital banking ecosystem to customers.

SIGNIFICANT EVENTS OF 2022

13 JANUARY Minister of Entrepreneur Development and Cooperatives (KUSKOP) delivering the mandate to the agencies.

8 FEBRUARY Bank Rakyat through the Ministry of Entrepreneur Development and Cooperatives (KUSKOP) engaged with local authorities and entrepreneurs' associations in assisting micro, small and medium enterprises that were affected by the floods.

12 FEBRUARY Bank Rakyat celebrated and launched the 100th Anniversary of cooperatives. Present at the event were the Minister of Entrepreneur Development and Cooperatives (KUSKOP), Chairman of Bank Rakyat, Datuk Haji Rani Lebai Jaafar and Chief Executive Officer of Bank Rakyat, Dr. Mohammad Hanis Osman.

5 MARCH

The first BaktiRAKYAT programme for the year was held in Melaka in collaboration with the Department of Fisheries, Malaysia and Turtle Conservation and Information Centre, Melaka. BaktiRAKYAT is the Bank's corporate volunteerism programme aimed at cultivating the value of cooperation, fostering team spirit, eradicating selfishness and caring for the community.



30 MARCH

Rakyat Management Services Sdn Bhd (RMS) launched the Special Edition Gold Series in conjunction with the celebration of 100 years of the national cooperative movement. The initiative was carried out by Bank Rakyat and RMS as a sign of support for national cooperatives and customers who always support the sector in increasing entrepreneurial activities.



25 MARCH

Bank Rakyat handed over food kit donations amounting to RM414,000.00 to the Federal Agricultural Marketing Board (FAMA) through the FAMA - Bank Rakyat Ramadan Tour Programme to help 2,070 families and asnaf recipients nationwide.



6 APRIL

Bank Rakyat distributes iftar food packs to media practitioners throughout the month of Ramadan. This event has been organised for the past eight years, specifically to recognise and appreciate the role of all media practitioners as strategic partners.

13 APRIL

Bank Rakyat continued the *Rindunya Ramadan* programme this year by distributing 6,000 packets of *bubur lambuk* to frontline workers and the local community. This programme is also one of Bank Rakyat's annual social initiatives to share sustenance with the local community.

14 APRIL

Bank Rakyat launched a new financing product known as Rent-to-Buy Commercial-i financing to help strengthen the socioeconomics of entrepreneurs, especially those affected by the spread of the COVID-19 pandemic over the past two years.



SIGNIFICANT EVENTS OF 2022

25 APRIL

Bank Rakyat announced 15% dividend to its members and recorded profit before tax and zakat of RM1.63 billion.



24 MAY

The Aidilfitri Celebration with corporate clients was held to strengthen relations at Menara Kembar Bank Rakyat.

1 JUNE

The Bank Rakyat Sustainability Awareness Workshop was held with the aim of further increasing awareness regarding the importance of sustainability and adding more knowledge to the field. This workshop included the involvement of the Board of Directors, Management Committee and Department Managers.



11 JUNE

The 2022 Annual General Meeting was held virtually at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat and was officiated by YB Tan Sri Noh Haji Omar, Minister of Entrepreneur Development and Cooperatives.



13 JUNE

Bank Rakyat through its *Kempen Penuhi Impian* realised the wishes of 22 selected customers with a total allocation of RM500,000.00. The customers' dreams realised by Bank Rakyat included getting health treatments, taking parents to perform Umrah, giving gifts to the family, facilitating learning sessions at school and expanding their businesses.

12 JULY

Bank Rakyat celebrated Aidiladha by distributing sacrificial meat across the country.



6 AUGUST

The *Desa Tanpa Tunai* programme took place throughout all states to emphasise payments without using cash and provide exposure to the community on the use of online payments.

16 AUGUST

The launching ceremony of the Mortgage Sales Centre was held at Tower 2, Menara Kembar Bank Rakyat with the presence of the Management Committee.

17 AUGUST

Bank Rakyat organised a Town Hall Engagement 2022 introducing the new structure of Bank Rakyat at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat, in the presence of the Management Committee.

18 AUGUST

Bank Rakyat launched *Ideaku* Campaign, allowing the employees to share any ideas in terms of product, service, operation and system. The best idea will be chosen and rewarded.



SIGNIFICANT EVENTS OF 2022

31 AUGUST

Bank Rakyat along with the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) sent a contingent to the National Day 2022 celebration at Dataran Merdeka, Kuala Lumpur.

1 SEPTEMBER

Bank Rakyat held a Majlis Doa Selamat in conjunction with the 65th National Day and to pray for the affected flood victims at Dataran Keluarga Malaysia, Kampung Teluk Durian, Baling, Kedah. This ceremony was also attended by the Chairman, Chief Executive Officer and Management Committee.

2 SEPTEMBER

As part of its initiative to reduce the burden of those in need, Bank Rakyat presented business zakat to the state of Penang and student zakat education contribution to Kolej Islam Teknologi Antarabangsa (KITAB), Penang.

6 SEPTEMBER

Bank Rakyat launched the Customer Experience Management (CXMG) CX Week at Dewan Tun Abdul Razak.



8 SEPTEMBER

Bank Rakyat launched the Rizq Plus Investment-i Account at Menara Kembar Bank Rakyat.

19 & 20 SEPTEMBER

Bank Rakyat hosted the 4th International Shariah Scholars Roundtable (iSHAR) 2022, in partnership with International Centre for Education in Islamic Finance (INCEIF) and Derasat for Research and Consulting Islamic Banking (DERASAT).



22 SEPTEMBER

Chief Executive Officer, Dr. Mohammad Hanis Osman held a CEO Engagement Session with employees from Selangor and Kuala Lumpur/Putrajaya Region.

26 SEPTEMBER

Bank Rakyat's Tanjong Karang branch was enhanced to offer inclusive banking services to the local community. This branch houses the SME Training Centre for entrepreneurs and cooperatives to hold courses, seminars, meetings and discussion to be utilised by the Tanjong Karang community to expand their business network.

28 SEPTEMBER

Bank Rakyat organised a 68th Anniversary Gala Dinner in honour of the Bank's anniversary with the theme "Shades of White".



30 SEPTEMBER

A trouble shared is a trouble halved. That is the spirit expressed by Bank Rakyat to primary school students around the state of Melaka through the Nuri Club School Supplies initiative. A total of 540 students from 10 schools received school supplies such as uniforms, bags, socks and school shoes.



SIGNIFICANT EVENTS OF 2022

1 OCTOBER

Chief Executive Officer, Dr. Mohammad Hanis Osman had a CEO Engagement Session with employees from Terengganu/Kelantan and Pahang Region.

11 OCTOBER

Bank Rakyat launched RAKYATpreneur 2.0 and Bank Rakyat UNIpreneur 3.0. A total of 800 entrepreneurs from the asnaf group and asnaf student group benefited from the guidance programme in 2022 with fund allocations amounting to RM4 million from the Bank.

15 OCTOBER

Chief Executive Officer, Dr. Mohammad Hanis Osman had a CEO Engagement Session with employees from Sabah and Sarawak Region.

7 NOVEMBER

Bank Rakyat presented business zakat contributions for the financial year ending 2021 amounting to RM228,465.00 to the Council of Islamic Religion and Malay Customs of Perlis (MAIPs). The fund is to be distributed to the needy asnaf in the state.

12 NOVEMBER

Bank Rakyat held the Regional Annual General Meeting in Johor and Terengganu.

23 – 24 NOVEMBER

The Bank's Human Capital Division organised a People Day for all employees.

26 NOVEMBER

Bank Rakyat held a Region Annual General Meeting in Pahang, Kelantan and Melaka.

OCTOBER

The Nuri Kuasa 10 programme was held from 1 October 2022 to 31 January 2023 as an effort to improve literacy or financial literacy among children. Bank Rakyat highlighted the concept of saving as a stress-free routine habit. This initiative was part of the Jelajah Nuri Kuasa 10 which was planned in 10 locations across the country, applying the '10' element in every activity organised.



DECEMBER

Bank Rakyat through Personal Financing-i offered a profit rate as low as 2.15% per year which is much lower than what is offered in the current market throughout December without any minimum amount of financing.



3 DECEMBER

Bank Rakyat held the Regional Annual General Meeting in Perak, Perlis and Sabah.

7 DECEMBER

The Compliance Division held a Compliance Day for all employees.

10 DECEMBER

Bank Rakyat held the Regional Annual General Meeting in Sarawak and Penang.

11 DECEMBER

Bank Rakyat held the Region Annual General Meeting in Kuala Lumpur.

13 DECEMBER

Bank Rakyat and Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) launched Pusat Hemodialisis Wakaf Terengganu to spur the development of waqf projects especially involving the health sector to help asnaf groups in need in the country.

14 DECEMBER

Fraud and Corporation Integrity Division held Integrity and Fraud Awareness Day for all employees.



17 DECEMBER

Bank Rakyat held the Region Annual General Meeting in Negeri Sembilan, Kedah and Selangor.

OUR PRESENCE THROUGHOUT MALAYSIA

Branches 148

Offers full-fledged Islamic banking services.

27 Ar-Rahnu X'Change

Offers Islamic pawn broking services.

Rakyat Xcess 4

Offers essential services except Ar-Rahnu X'Change.



21 Rakyat Xcess and Ar-Rahnu X'Change

Offers Islamic pawn broking and essential services.

Bank Rakyat Service Agent 78

A special programme where cooperative is appointed as agent to market product and banking facilties of Bank Rakyat.



213 Rakyat C.A.R.E

Offers basic banking services, especially in rural areas in a cost effective way through the use of non-banking retail channel.

***Bank Bergerak/* ARROW** 7

Offers mobile basic banking services and Islamic pawn broking (Ar-Rahnu) through dedicated vehicle assigned at specific locations.



983 ATM/CDM/CICO

Provide self-service banking facilities that cater basic banking services (i.e. deposit, withdrawal, fund transfers etc).

OUR PRESENCE THROUGHOUT MALAYSIA

STATE	BRANCHES	AR-RAHNU X'CHANGE	RAKYAT XCESS	RAKYAT XCESS AND AR-RAHNU X'CHANGE	BANK RAKYAT SERVICE AGENTS
Selangor	22	5	-	4	11
Kuala Lumpur/ Putrajaya	15	2	-	-	8
Negeri Sembilan	7	1	1	2	4
Johor	15	5	2	2	1
Pahang	11	1	1	2	7
Kelantan	8	2	-	1	9
Melaka	4	2	-	-	4
Terengganu	8	1	-	1	3
Perak	12	4	-	2	5
Kedah	10	3	-	3	6
Perlis	2	-	-	-	5
Sabah	13	-	-	-	2
Sarawak	14	1	-	4	7
Pulau Pinang	7	-	-	-	6
Total	148	27	4	21	78

BANK RAKYAT IN THE MEDIA

BUSINESS

Bank Rakyat perkenal produk pelaburan sulung

Bank Rakyat menawarkan produk pelaburan pertamanya, Akaun Pelaburan-i Rizq Plus dengan sasaran lebih 60,000 akaun akan dilanggan bagi tahun pertama pengenalannya kepada rakyat Malaysia.

...melabur dalam aktiviti kewangan patuh syariah.

"Menerusi akaun ini, Bank Rakyat memberi peluang kepada individu berstatus warganegara serta bukan warganegara yang sedang meneroka peluang pelaburan baharu dengan pelaburan minimum serendah RM100 serta baki minimum pelaburan dalam akaun hanya sebanyak RM50.

"Di samping berpeluang memperoleh keuntungan yang tinggi, pelanggan juga berpeluang memenangi hadiah wang tunai RM1 juta secara keseluruhan menerusi program cabutan bertuah bagi katego-...

...mumkan keuntungan menerusi pelaburan dalam portfolio aset pembiayaan runcit dengan menumpukan kepada portfolio Pembiayaan Peribadi-i dan Aset Cair Berkualiti Tinggi (HQLA).

Beliau berkata, produk ini yang berasaskan konsep mudarabah, tidak mempunyai sebarang tempoh minimum atau maksimum dan pelanggan boleh mengeluarkan atau meningkatkan jumlah pelaburan mereka pada bila-bila masa.

"Menerusi konsep mudarabah,

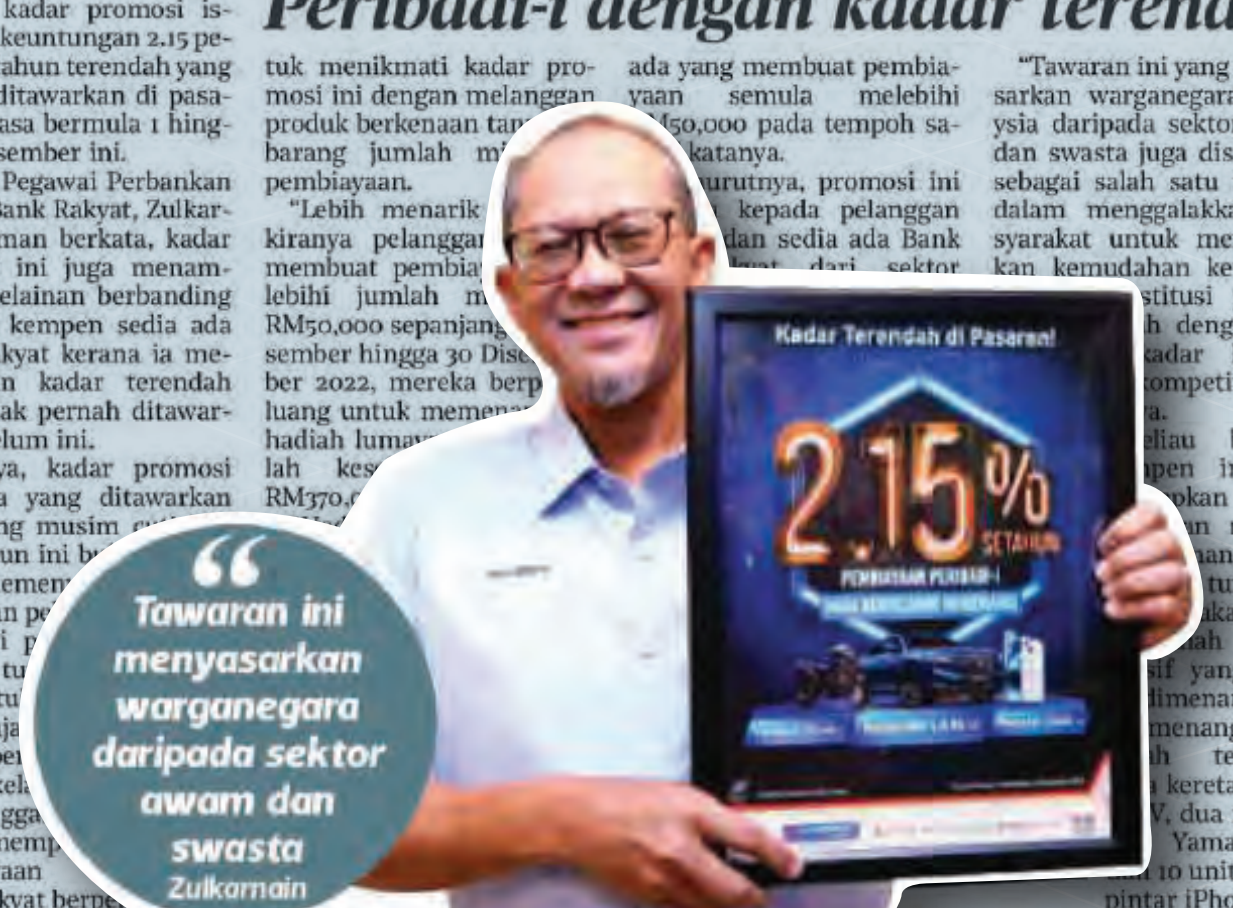
Bank Rakyat tawar Pembiayaan Peribadi-i dengan kadar terendah

Kuala Lumpur: Bank Rakyat menerusi produk Pembiayaan Peribadi-i menawarkan kadar promosi istimewa, keuntungan 2.15 peratus setahun terendah yang pernah ditawarkan di pasaran semasa bermula 1 hingga 30 Disember ini.

Ketua Pegawai Perbankan Runcit Bank Rakyat, Zulkarnain Taman berkata, kadar promosi ini juga menampilkan kelainan berbanding tawaran kempen sedia ada Bank Rakyat kerana ia menawarkan kadar terendah yang tidak pernah ditawarkan sebelum ini.

Katanya, kadar promosi istimewa yang ditawarkan menjelang musim ...

"Tawaran ini yang menyasarkan warganegara Malaysia daripada sektor awam dan swasta juga disediakan sebagai salah satu inisiatif dalam menggalakkan masyarakat untuk mendapatkan kemudahan kewangan ...



"Tawaran ini menyasarkan warganegara daripada sektor awam dan swasta" Zulkarnain

BANK RAKYAT ISSUES RM1.5B SUKUK

Issuance made in two tranches of 5-year and 7-year tenures

FARAH ADILLA
KUALA LUMPUR
bt@nst.com.my

BANK Rakyat has issued a RM1.5 billion sukuk via special-purpose vehicle Imtiaz Sukuk II Bhd.

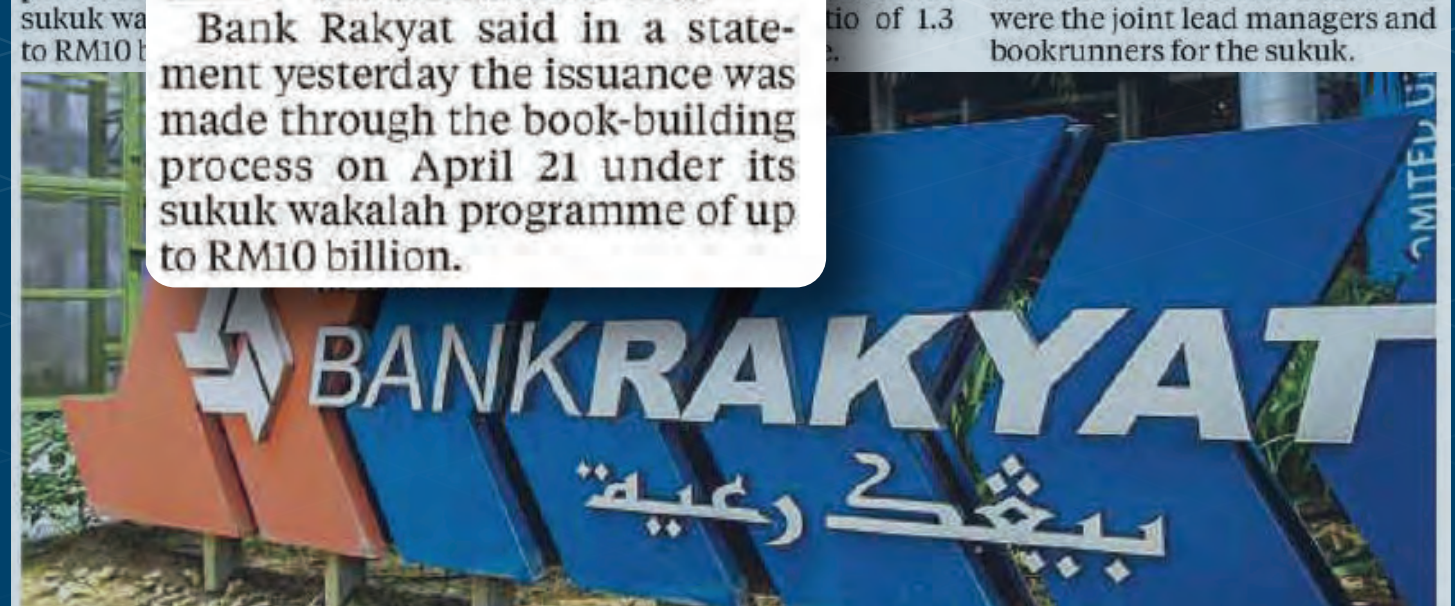
Bank Rakyat said in a statement yesterday the issuance was made through the book-building process on April 21 under its sukuk wakalah programme of up to RM10 billion.

The sukuk programme has been assigned a rating of "AA2" by RAM Rating Services Bhd.

Bank Rakyat said the issuance was made in two tranches comprising RM700 million for a five-... RM800 ... tenure ...

"The proceeds from the sukuk wakalah issued shall be utilised for syariah-compliant purposes, which include working capital requirements, capital expenditure, general investments, providing financing and other general corporate purposes," it said.

Maybank Investment Bank Bhd, RHB Investment Bank Bhd, Bank Muamalat Malaysia Bhd and CIMB Investment Bank Bhd were the joint lead managers and bookrunners for the sukuk.



Bank Rakyat FY21 net profit up 34.78%, pays 15% dividend

Dividend could go higher for FY22 as the country moves to the endemic phase

by ANIS HAZIM

BANK Kerjasama Rakyat Malaysia Bhd posted a profit before tax and zakat of RM1.63 billion and a net profit of RM1.86 billion for the financial year ended Dec 31, 2021 (FY21).

The bank announced a dividend distri-



BANK RAKYAT IN THE MEDIA

COMMUNITY

Bank Rakyat bantu UKM urus wakaf

SHAH ALAM - Bank Rakyat telah mengadakan Majlis Pertukaran Dokumen Perjanjian Dana Wakaf Tunai dengan Universiti Kebangsaan Malaysia (UKM), yang dijangka dapat membantu universiti tersebut mengurangkan kebergantungan kepada geran kerajaan.

Bank Rakyat dalam satu kenyataan berkata, menerusi kerjasama itu, bank itu akan membantu UKM mempromosi, mengumpul dan bersama-sama mengurus serta mentadbir dana wakaf tunai yang diterima.



Nuri Kuasa 10 kempen pelajar menabung

Bukan itu sahaja, Bank Rakyat turut menawarkan promosi istimewa bagi pembukaan Akaun Simpanan-i sebanyak RM10 dan 10 sen bagi yuran keanggotaan Kelab Nuri, katanya.

Katanya, Bank Rakyat juga menyasarkan jumlah pembukaan Akaun Simpanan-i Nuri meningkat 20 hingga 30 peratus di seluruh negara menerusi program berkenaan. - Bernama

10sen
Harga yuran keanggotaan bagi Kelab Nuri yang ditawarkan Bank Rakyat



Bank Rakyat, SK Seri Permai kerjasama jayakan inovasi SnET

BAYAN BARU - Bank Rakyat dan Sekolah Kebangsaan (SK) Seri Permai bekerjasama dalam menjayakan inovasi *Smart and Easy Table* (SnET) yang memanfaatkan lebih 1,300 murid di sekolah berkenaan.

... ma di Malaysia.

SnET dilaksanakan kerjasama Institut Kemahiran MARA (IKM) Sungai Petani, Sekolah Menengah Kebangsaan Raja Tun Uda (SMKRTU) serta sokongan Pejabat Pendidikan Daerah Barat Daya dan Jabatan Pendidikan Pulau Pinang.

Menurut kenyataan itu lagi, kerjasama itu merupakan salah satu inisiatif Jangkauan Komuniti Bank Rakyat ...enangani isu beg berat dalam ... murid sekolah rendah.

...sama ini juga bertujuan untuk ...ahkan pelaksanaan inovasi ...r murid dapat merancang dan ...s keperluan pembelajaran me... ...gan lebih efisien menggunakan ...mpanan dan kompartmen sisi yang diubah suai pada meja sedia ada mereka.

"Idea inovasi SnET yang dicetuskan Guru Besar SK Seri Permai, Mohammad Sabarullah Shaik Ismail melibatkan sebanyak 666 buah meja yang diubah suai dengan dua lokar berkunci untuk simpanan buku bagi kegunaan murid sesi pagi dan petang," kata kenyataan tersebut pada Selasa.



CORPORATE

Bank Rakyat diiktiraf sebagai Koperasi Premier Malaysia 2021

Dalam kenyataan baru-baru ini, Bank Rakyat menjelaskan pengiktirafan tersebut diberikan berdasarkan kedudukannya sebagai antara lima koperasi terbaik dalam Profil 100 Koperasi Terbaik Malaysia bagi tiga tahun berturut-turut sejak

Mohammad Hanis dilantik CEO baharu Bank Rakyat

SHAH ALAM - Kementerian Pembangunan Usahawan dan Koperasi mengumumkan pelantikan Dr Mohammad Hanis Osman sebagai Ketua Pegawai Eksekutif (CEO) Bank Rakyat yang baharu berkuat kuasa pada 1 Julai 2022.

Menterinya, Tan Sri Noh Omar berkata, pelantikan tersebut adalah berdasarkan pengalaman beliau selama lebih 26 tahun dalam sektor perbankan dan kewangan Islam yang mana beliau telah memegang pelbagai peranan dalam bidang perbendaharaan dan pelaburan, perbankan runcit serta perbankan perniagaan.

"Menerusi kepimpinan beliau, prestasi Bank Rakyat dilihat akan terus kukuh dan mencapai kejayaan yang lebih besar pada masa akan datang.



MOHAMMAD HANIS

Bank Rakyat, Maidam lancar Pusat Hemodialisis Wakaf Terengganu

KUALA TERENGGANU – Bank Rakyat dan Majlis Agama Islam dan Adat Melayu Terengganu (Maidam) melancarkan Pusat Hemodialisis Wakaf Terengganu dalam usaha memacu pembangunan projek wakaf khususnya melibatkan sektor kesihatan bagi membantu golongan asnaf yang memerlukan di negara ini.



Mohammad Hanis (dua dari kanan) bersama Shaikh Harun (dua dari kiri) serta Ahmad Azrin (kiri) ketika majlis pelancaran Pusat Hemodialisis Wakaf Terengganu di Kampung Baroh Che Miah, Jalan Sultan Omar di Kuala Terengganu, baru-baru ini.

Ketua Pegawai Eksekutif Bank Rakyat, Dr Mohammad Hanis Osman berkata, inisiatif itu merupakan kemuncak kerjasama strategik Bank Rakyat bersama Maidam dalam mendukung inisiatif myWakaf iaitu memberi fokus terhadap penyediaan saluran perkhidmatan perbankan di samping memartabatkan wakaf sebagai instrumen kewangan yang boleh memberi impak kepada pembangunan ekonomi negara.

... Maidam bagi tujuan pengurusan Dana Wakaf ...idam dan Bank ...kyat berhasrat ...mpertingkatkan as... ketelusan, akaunta... dan kawal selia yang ...tif dalam pengurusan ...angan dana wakaf.

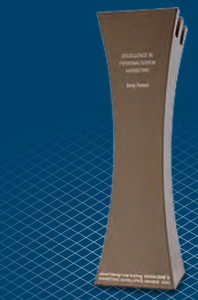
"Ia sekali gus dapat ...maksimumkan kutip... dana wakaf melalui ...ran perbankan untuk ...ejahteraan masyara...," katanya ketika maj... pelancaran Pusat ...modialisis Wakaf ...engganu di Kampung ...oh Che Miah di sini, ...u-baru ini.

Hadir sama, Yang Dipertua Maidam, Datuk Shaikh Harun Shaikh Ismail; Ketua Pegawai Eksekutif Maidam, Prof Madya Dr Ahmad Azrin Adnan dan Jawatankuasa Pengurusan Bank Rakyat.

Menurut Mohammad Hanis, sebanyak RM1.47 juta dana wakaf menerusi sumbangan orang ramai berjaya dikumpul sehingga Oktober tahun ini.

Jelasnya, dana wakaf itu digunakan untuk membiayai kos baik pulih Pusat Hemodialisis Wakaf Terengganu termasuk kos penyediaan kemudahan dan mesin dialisis yang mencecah lebih RM644,000.

2022 ACCOLADES



EXCELLENCE IN PERSONALISATION MARKETING 2021 BY MARKETING EXCELLENCE AWARD



INDUSTRY EXCELLENCE IN CORPORATE SOCIAL RESPONSIBILITY (CSR) BY MALAYSIA TOP ACHIEVERS 2022



THE GOLDEN GLOBE TIGERS AWARDS 2022 (ASIA EDITION) CORPORATE SOCIAL RESPONSIBILITY OF THE YEAR - NURI NUTRISI



THE GOLDEN GLOBE TIGERS AWARDS 2022 (ASIA EDITION) OUSTANDING SOCIAL IMPACTS – RAKYATPRENEUR

2022 ACCOLADES



EXPERTS' CHOICE AWARDS - TOP 10 RAYA TVCS 2022



BANK OF THE YEAR FOR OVERALL SUSTAINABILITY EXCELLENCE – SUSTAINABILITY AND CSR MALAYSIA AWARDS



BANK OF THE YEAR AWARD (CATEGORY: BEST INITIATIVES) FOR EXCELLENCE INITIATIVE IN RAKYATPRENEUR, BANK RAKYAT UNIPRENEUR AND KEBUN NURI NUTRISI - SUSTAINABILITY AND CSR MALAYSIA AWARDS



INTEGRITY, GOVERNANCE AND ANTI-CORRUPTION AWARDS (AIGA) 2022



LONG-STANDING EXCELLENCE IN SUSTAINABILITY - SUSTAINABILITY AND CSR MALAYSIA AWARDS



EXCELLENCE IN TOTAL REWARDS STRATEGY (GOLD) – HUMAN RESOURCES EXCELLENCE AWARDS 2022



BEST TEAM HR (MNC) (SILVER) - HUMAN RESOURCES EXCELLENCE AWARDS 2022



EXCELLENCE IN WORKFORCE MOBILITY (SILVER) - HUMAN RESOURCES EXCELLENCE AWARDS 2022

Trustworthy

We focus on the well-being of every strata of society, providing safe and trusted transactions that meet the expectations of all customer segments.



ACTING CHAIRMAN'S STATEMENT

EMBEDDING VALUES IN ALL WE DO

Dear Shareholders,

RAKYAT is more than a name for us. This name is our DNA and forms the foundation of everything we do. Islam teaches us that intention is the prerequisite for the acceptance of deeds by Allah SWT, so we have transformed each letter within this name to represent one of our core values and to remind ourselves of the intentions behind every action we undertake. For this year, our focus goes beyond performance and results. Our continued work towards providing better services is enhanced and augmented by a commitment to ensure that everything we do is done with the utmost diligence, trust, competence, surety, nobility and piousness.

Narrated by `Umar bin Al-Khattab:

"I heard Allah's Apostle saying,

"The reward of deeds depends upon the intentions and every person will get the reward according to what he has intended. So whoever emigrated for worldly benefits or for a woman to marry, his emigration was for what he emigrated for."

Sahih Bukhari, Volume 1, Book 1, Number 1

At this juncture, I wish to express my gratitude and appreciation for being chosen to helm Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat or the Bank) as Acting Chairman since November 2022. I am humbled and grateful to be entrusted with the responsibility of leading Bank Rakyat in its goal of enhancing the economic well-being of our members, customers and nation. It is also my intention to continue the mission which began with my esteemed predecessor, Datuk Haji Abd Rani Lebai Jaafar, under whose leadership Bank Rakyat continues to reign as Malaysia's No. 1 Progressive Islamic Cooperative Bank.

On behalf of the Board of Directors (the Board), with gratitude, I hereby present Bank Rakyat's annual report for the financial year ended 31 December 2022 (FY2022).

Achieving Excellence with COMPETENCE

Within 2022's environment of economic recovery, the Bank unleashed a dynamic agenda, translating key BR25 initiatives into real impact across the segments of Financial, Capabilities and Environmental, Social and Governance (ESG). This was in tandem with enriching the welfare of our members, creating a thriving entrepreneurship ecosystem and addressing market gaps in our service delivery. Significant headway was achieved on the following fronts:

Development of Entrepreneur and Cooperative Segment

During the year, total financing of more than RM2.10 billion was approved to over 5,800 micro, small and medium enterprises (MSME) and cooperatives. The intensive focus on MSME paid off as financing for the segment surpassed the billion-ringgit mark for the first time ever to deliver RM1.38 billion (growth of 50% from FY2021).

ACTING CHAIRMAN'S STATEMENT

New financing programmes offered include the Commercial Hire Purchase-i for the business market segment and the BR Flex-i financing programme. The Bank's BRCares and BR Flex-i financing programmes, in particular, have led to good outcomes in alleviating short-term cash flow challenges and maintaining the viability of entrepreneurs and cooperatives' businesses. As at December 2022, out of the total number of more than 8,400 MSME and cooperatives which received funds from these financing programmes between 2020 to 2022, over 82% recorded sustainable business performance.

In addition, various advisory and capacity building programmes were conducted for over 2,000 participants from cooperatives and 5,445 entrepreneurs through the *Santai Namun Sampai* (SNS) entrepreneur roadshow, Graduate Mentoring Programme and *Program Pemerkasaan Koperasi dan Usahawan.*

Enriching and Serving Individual Customers and Members

During the year, a total financing amount of about RM25.0 billion was approved to an estimated 700,000 individuals, which comprised over 110,000 members, over 580,000 B40 customers and more than 4,000 affordable housing applicants. These were achieved through effective marketing, strong collaborations, continuous engagements and product innovations.

Some highlights were the adoption of a standardised base rate (SBR), linked solely to Overnight Policy Rate (OPR), for all financing products and the launch of new financing, investment and takaful product, such as Hire Purchase Reducing Term Takaful (HPRTT) and the Rizq-i Plus Investment Account product.

Initiatives were also unleashed as part of concerted efforts to continuously expand engagement with underserved communities and improve customer banking experience. These included:

- Engaging with underserved communities through *Bank Bergerak*.
- Upgrading of two branches to a more modern and conducive design.
- Implementing various financial literacy programmes which attracted participation from about 20,000 individuals including over 19,000 youths.

The Bank has unleashed digital capabilities that scaled new heights for digital channels such as iRakyat and i-bizRAKYAT, which attracted an increase of 17% and 38% new subscribers respectively. This was accompanied by an almost 300% surge in Mobile Banking onboarding. The Bank has also marked a promising turnout for existing and new digital platforms including BRICK, QR2E and e-Lelong Ar-Rahnu upon which the Bank received over 12,000 applications. A new version of Agent Banking Payment Acceptance Device (PAD) was also introduced during the year to provide 4G customer experience through the Agent Banking Rakyat C.A.R.E channel.

Driving sustainability with DILIGENCE

Post-pandemic, the focus on sustainable operations is increasingly integral in the banking industry. Integrating ESG factors into the decision-making processes helps identify opportunities for growth and innovation, while contributing to the long-term sustainable development of the economy and society. Bank Negara Malaysia (BNM) strongly advocates and provides guidance for the integration of ESG factors into banking operations, risk management and credit assessment frameworks, as well as promoting the development of green financial products and services.



ACTING CHAIRMAN'S STATEMENT

Heeding BNM's call, Bank Rakyat has mindfully initiated an ESG financing portfolio and continued to invest in corporate social initiatives that deliver meaningful social impacts. In January 2022, this commitment was supported with the introduction of the Bank Rakyat Sustainability Framework and Policy (BRSFP) and Bank's Sustainability Risk Policy in November 2022. These were conscientiously prepared in accordance with regulatory requirements, as well as in reference to external initiatives, standards and guidelines such as BNM's policy documents such as the Implementation Guide for Value-Based Intermediation (VBI), as well as the Climate Change and Principle-based Taxonomy (CCPT).

With the BRSFP operationalised, the Bank places emphasis on generating measurable positive and sustainable impact to the economy, community and environment. A Sustainability Task Force has been established with representatives from various business units, to drive the BRSFP aspirations and ensure that sustainability is embedded by divisional support across the organisation.

The results have been promising. Financing under the categories of ESG financing surpassed the RM1 billion mark. Further, our distinct long-standing community initiatives received prominent industry accolades for the sustainable social impacts they deliver. These included the RAKYATpreneur, Bank Rakyat UNIpreneur, BaktiRAKYAT and Kebun Nuri Nutrisi programmes, for which Bank Rakyat invested more than RM3.0 million in FY2022.



Delivering financial CONFIDENCE

For the financial year ended 31 December 2022, Bank Rakyat Group posted profit before tax and zakat (PBTZ) growth of 4.32% to RM1.70 billion (FY2021: RM1.63 billion). Return on average shareholders' fund remained steadfast at 7.67% from 7.63% in FY2021, arising from the Group's net profit carried forward during the year.

For the 24th consecutive year, we delivered double-digit dividends to our members with a declaration of 15% dividends, an actual pay out of RM429.48 million to 817,631 members (both individuals and cooperatives). The Group continued to contribute 2% of its PBTZ to the Cooperative Education Trust Fund and 1% to the Cooperative Development Provident Fund, with contributions totalling RM50.35 million for the year.

Risk-Weighted Capital Ratio and Core Capital Ratio remained strong at 27.58% and 25.00% respectively, well above the minimum regulatory requirements and industry average. This makes the Group one of the strongest financial institutions in terms of capital position.

More details on the Bank's financial performance are available on page 62.

ACTING CHAIRMAN'S STATEMENT



Fortifying Governance and TRUST

In order to improve transparency and corporate governance, the Board has established the Fraud Mitigation Policy and Anti-Bribery and Corruption Policy to curb any malpractice and unethical behaviour amongst the Bank's employees. To further strengthen our control process, we are in the midst of developing an Organisational Anti-Corruption Plan (OACP) and ISO 37001 Anti-Bribery Management System (ABMS) which are scheduled to be completed by the end of 2023, since good business practice dictates that all bribery and corruption or suspected bribery and corruption are to be promptly identified, reported, investigated and monitored. Both of these initiatives are part of the Bank's BR25 journey to ensure all forms of business or activities of the Bank are conducted in accordance with relevant Regulations, Acts, Shariah Principles and Laws.

I am proud to report that on 18 January 2023, Bank Rakyat was one of 92 organisations (from both the public and private sectors) to have received recognition at the inaugural Integrity, Governance and Anti-Corruption Awards 2022. The event, held by the Malaysian Institute of Integrity (IIM), saw the Bank being recognised for its commitment to and efforts in cultivating a culture of integrity and good governance. Building on this culture of high performance, integrity and good governance is a high priority for the Board and management. Additional efforts will continue to be made during the year to nurture it further.

On 14 December 2022, Bank Rakyat launched the 'JOM BERSUARA: Tolak Rasuah Cegah Jenayah' campaign in conjunction with Fraud and Integrity Awareness Day 2022 with the objective of fostering a positive work environment and an ethical approach to decision-making. Our efforts in championing integrity have led to Bank Rakyat being awarded as the Gold Winner in Anugerah Integriti, Governans dan Antirasuah (AIGA) 2022 on 18 January 2023.

Continuous compliance awareness has been fortified in 2022 through various programmes and initiatives, beginning with the Compliance Tour and a series of training programmes through a collaboration with the Centre of Excellence covering AML/CFT Compliance, Regulatory and Operational Compliance and Shariah Compliance to head office, regionals, branches and subsidiaries. In addition, compliance reviews and specialised awareness programmes were conducted on entities that obtained financing facilities from the Bank.

A key milestone was achieved in December with the organisation of Compliance Day 2022. The one-day event acted as a platform for the Bank personnel to interact and exchange ideas with policymakers as well as to support the Bank's BR25 aspirations to establish a high-performance culture by embracing compliance as a responsibility of everyone in the Bank. This was achieved via a forum discussion on AML/CFT and Personal Data Protection Act, Shariah matters by internal and external authorities at head office and training webinars to branches.

NOBLY Elevating Risk Management

As a development financial institution (DFI) mandated to support the mission of the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) to drive the cooperative sector as a mainstay of economic growth, the Bank reviews all frameworks and policies periodically to ensure effectiveness of credit risk management while safeguarding our assets for the interest of our members.

ACTING CHAIRMAN'S STATEMENT

Various mechanisms and assessments were undertaken to ensure the Bank's capital position remains strong. Risk Management has established the model risk management policy, an initiative aimed to improve overall policy by regulating the Bank's financial models.

To further strengthen competency in the area of Shariah and Sustainability, the Bank encourages all personnel to embark on various training and certification courses to escalate their knowledge and capabilities. We also ensure our branches and regional offices are equipped with the necessary skills and support from Risk Management by establishing Embedded Risk Function (ERF) to support the inculcation of risk awareness culture and practices within the First Line of Defense. The Bank also actively supported the establishment of the National Scam Response Centre (NSRC), a command centre to coordinate rapid response for online financial scams.

During the year under review, efforts and proactive measures were also taken to strengthen information and cyber security controls to ensure resiliency of our systems and to stay ahead of cyber threats by prioritising technology investment to ensure our data protection and payment security are secure and up to standard. The Bank's Chief Information Security Office (CIS Office) constantly aligns the Bank's cyber security programme with our risk strategy to monitor and respond to threats. These include elevating cyber security effectiveness and scalability across Information Security, Security Operations Centre as well as Threat Intelligence and Research functions. The Bank remains committed to staying ahead of cyber threats by prioritising technology investments to ensure data protection and payment security are secure and up to standard.



Growing Value as a TRUSTed partner

The post-pandemic market environment has revealed unexpected flaws and vulnerabilities in financial sectors, with inflation and tightening monetary policies continuing to challenge businesses and individuals alike, despite the economy entering the endemic phase.

Notwithstanding this challenging economic environment, Bank Rakyat remains committed to building the resilience of all individuals in society, MSMEs and cooperatives through economic uncertainties and challenges. The Bank steadfastly supports the National Entrepreneurship Policy 2030 (DKN2030), in performing our role as an agency of KUSKOP. This is coupled with our institutional mandate as a fully-Shariah compliant cooperative bank in helping to improve the economic well-being of our members (individuals and cooperatives) and champion BNM's Financial Sector Blueprint (FSBP) 2022 - 2026, financial inclusion and additionalities agenda.

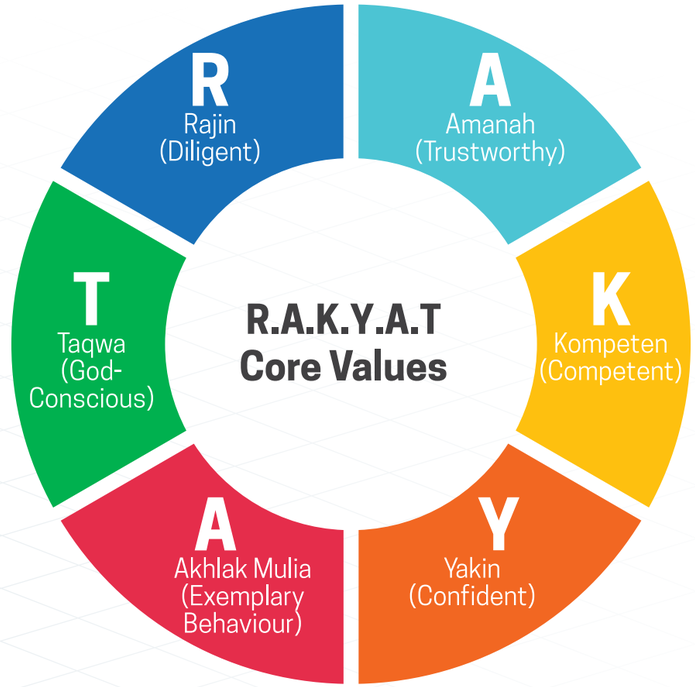
Within this environment of moderating growth and high interest rates, the Bank will thus support the underserved segments within our society as well as the MSMEs and cooperatives segments in line with our Islamic principles, mandate and focus. This will see the Bank continuing our BR25 journey and focusing on strengthening resilience with greater inclusivity in the coming year.

In Appreciation

In 2022, we bid farewell to two esteemed members of the Board - Datuk Haji Abd Rani Lebai Jaafar, who completed his tenure on 31 December 2022 and Encik Mohamad Rafi Shahzada, who retired on 15 August 2022. We are ever so grateful for their exemplary services to Bank Rakyat and wish them well. Their sterling leadership has led to great strides in elevating the Bank's performance and governance.

New members who joined the board are Professor Dr. Haji Raduwan (from 1 June 2022), Encik Idris Abd Hamid (from 1 September 2022) and Dato' Amirudin Abdul Halim (from 21 December 2022). I wish to take this opportunity to welcome them into the Bank Rakyat family.

ACTING CHAIRMAN'S STATEMENT



On behalf of everyone at Bank Rakyat, I also wish to express our sincerest appreciation and gratitude to the Malaysian government, led by the Prime Minister Dato' Seri Anwar Ibrahim and KUSKOP, led by Datuk Ewon Benedick the Minister of Entrepreneur and Cooperatives Development, as well as other regulatory authorities and government agencies for their ongoing guidance and assistance.

The Board and I also wish to commend our employees who continuously strive with the utmost sincerity to embody the values of **R.A.K.Y.A.T** in all they do. With a sound strategy and a team of motivated professionals in place, I believe we are in a strong position to support our stakeholders in a new era of growth and build toward future resilience and sustainability.

To our members, customers, partners and suppliers, we thank you for your continued faith and support. We believe that our performance is testament to the new possibilities that can be achieved. Together, we have full faith that we will be able to scale new heights.

As Acting Chairman of Bank Rakyat, I am honoured by the great responsibility that has been entrusted to me. With the support and collaboration of a lineup of dedicated and dynamic directors, an efficient management team and the committed employees of Bank Rakyat, I know we can do much more in delivering on our mandate and creating value for our stakeholders, Insha-Allah.

Thank you.

MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL ECONOMY

THE GLOBAL ECONOMY CONTINUED TO BE WEIGHED DOWN BY CHALLENGES

Global economic growth experienced a broad-based slowdown to 3.2% year-on-year (YoY) (2021: 6.0% YoY) with advanced economies growing 2.4% YoY (2021: 5.2% YoY) while emerging market and developing economies expanding 3.7% YoY (2021: 6.6% YoY). The slowdown was impacted by number of turbulent challenges: geopolitical aggression, high inflation rates, tightening financial conditions in most regions in response of elevated inflation rates and the lingering COVID-19 pandemic all weighed heavily on the outlook. Russia's invasion of Ukraine in February has destabilised the global economy and led to a severe energy crisis across the world, escalating the cost of living and hampering economic activity. More broadly, the conflict has also pushed up food prices on world markets, causing serious hardship for low-income households worldwide.

For 2023, global growth is expected to continue to moderate to 2.9% YoY as the world's main engines of growth - China, the Euro area and the US - are expected to slow significantly. This will be largely due to the continuing drag from the war in Ukraine, as well as inflation pressures and the high interest rates imposed by the US Fed aimed at easing price pressures.

HIGH INFLATION IS PROMPTING RAPID MONETARY POLICY TIGHTENING

In 2022, inflation has risen faster and more persistently than expected reaching 9.1% YoY (2021: 6.4% YoY) with inflation in advanced economies reached the highest rates in four decades. The causes of rising inflation are mainly due to supply disruption, higher food and energy prices and weakening currencies against the US Dollar (USD). To prevent inflation from becoming entrenched, central banks had to rapidly lift their interest rates. The US Fed, for example, has increased the federal funds target rate by 425 bps since early 2022 and has signalled that further rises are likely. Meanwhile, the European Central Bank has raised its policy rate by 250 bps throughout 2022. Consequently, with the removal of monetary accommodation, economic activity and financial markets have responded accordingly with slowing momentums in private consumption and labour markets.

For 2023, inflation is forecasted to normalize to 5.1% YoY, while interest rate is expected to continue rising, albeit at a slower pace than 2022. The moderation in inflation rate projected for 2023 should occur in almost all economies but would be most pronounced in the advanced economies.



MANAGEMENT DISCUSSION AND ANALYSIS

CRUDE OIL PRICES ROSE HIGHER DESPITE DEMAND CONCERNS

BRENT Oil prices averaged 39% YoY higher at USD99 per barrel (/b) in 2022 (2021: USD71/b), despite an unexpected rise in US crude stocks, the Russia-Ukraine war, recession fears and demand concerns owing to a resurgence of COVID-19 infections in the world's top crude importer, China. Oil price increased in the first half of 2022 (IH22), due to supply concerns before generally decreasing through the remainder of 2022, reaching the year-low at USD76/b on a possible economic recession concern and severe COVID-19 containment measures in China which contributed to lower demand.



Looking ahead, Ministry of Finance (MoF) in its Medium-Term Fiscal Framework (MTFF) has forecasted crude oil prices to average at USD80/b. Organisation of the Petroleum Exporting Countries and its allies (OPEC+) members had agreed in November 2022 to cut their production target by 2 million barrels per day until end-2023.

SMALL GAIN FOR GOLD PRICE IN 2022

Gold has been lacklustre over the past few years, hovering between USD1,600 to USD2,100 per ounce. Gold prices ended slightly 0.1% higher YoY averaging at USD1,801 for 2022 (2021: USD1,799) given an unprecedented rises in rates and a strong USD. After hitting an all-time high at USD2,051 per ounce in March 2022, gold prices have constantly struggled on the back of the geopolitical crisis. Gold prices then steadily declined amid rallies in the USD and bond yields due to hawkish monetary policy from the US Fed. In the last quarter of 2022, demand was recovering to pre-COVID level, supported by stronger consumer sentiments and China loosening its strict COVID policy.



Going forward, further weakening of the USD, geopolitical flare-ups and pressure on commodities due to a slowing global economy are likely to provide headwinds for gold performance.

DOMESTIC ECONOMY

ECONOMIC EXPANSION RECORDED IN 2022

Malaysia economy surpassed expectations with a higher GDP growth of 8.7% in 2022 (2021: 3.1% YoY) exceeding the estimation of 6.5% - 7.0%, driven by domestic demand, steady expansion in external sectors, ongoing recovery in labour market conditions and surging tourist arrivals following the pandemic's transition to endemicity. Growth was further supported by the Government's consistent policy support, particularly with the implementation of initiatives under Budget 2022.

On 24 January, Bank Negara Malaysia (BNM) launched the Financial Sector Blueprint (FSB) 2022 - 2026, in line with key national economic aspirations. The blueprint lays out five priorities, namely (i) funding Malaysia's economic transformation; (ii) elevating the financial well-being of households and businesses; (iii) advancing digitalisation of the financial sector; (iv) positioning the financial system to facilitate an orderly transition to a greener economy; and (v) advancing value-based finance through thought leadership in Islamic finance. The FSB will be critical for the financial sector to navigate the oncoming challenges and capture new opportunities as well as to continue to be the catalyst for reform, drive sustainability and contribute to the aspiration for a "Prosperous, Inclusive and Sustainable Malaysia".



MANAGEMENT DISCUSSION AND ANALYSIS





For 2023, Ministry of Finance (MOF) expects a moderate GDP growth of 4.5% YoY amidst various global headwinds. The growth recovery will be underpinned by strong domestic demand, steady export performance and sustained recovery in the labour market. Additionally, the expected improvement in the services sector, implementation of new and ongoing high multiplier infrastructure projects, coupled with targeted policy measures, will give more support to economic activity and aggregate demand.

FURTHER RECOVERY IN LABOUR MARKET CONDITIONS

The conditions in the labour market recorded encouraging recovery in 2022 in line with the reopening of economic activities. This was attributed to employment initiatives within Budget 2022 and national stimulus packages. These have resulted in a significant reduction in unemployed persons with the unemployment rate to trend lower at 3.6% in 2022 (2021: 4.2%).

The labour market condition is expected to sustain its recovery momentum, with the unemployement rate forecasted to ease further in the range of 3.5% - 3.7% in 2023.



The positive economic outlook coupled with higher tourist arrivals due to China's recent reopening is anticipated to bolster the improvement in the labour market.

HEADLINE INFLATION AVERAGED HIGHER

Headline inflation in 2022 registered an increase to 3.8% in 2022 (2021: 3.2% YoY) dragged up mainly by the rise in food costs. Meanwhile, core inflation reached all-time-high at 4.1% in 2022 (2021: 0.7% YoY) due to demand-driven price pressures.

Moving into 2023, both headline and core inflation are projected to average between 2.8% - 3.8% YoY, driven by the lower prices of key commodities. However, the overall inflation outlook remains tilted to the upside which includes worsening geopolitical conflicts, extreme weather conditions, stronger-than-expected demand from China and higher input costs due to exchange rate developments.

FOUR SUCCESSIVE ROUNDS OF 25BPS HIKES IN OVERNIGHT POLICY RATE (OPR)

For 2022, BNM increased the OPR four times by a cumulative 100 basis points to 2.75% - still below the pre-COVID rate of 3.25% seen in March 2019. The first rate hike was made in May, when BNM hiked the key benchmark interest raised to 2.00% from a record low of 1.75%, in a bid to ease inflationary pressures. Subsequently in July, BNM continued to lessen the degree of policy accommodation in light of improving macroeconomic conditions. As domestic economic growth shows a firmer footing, it led to a demand-pull inflation in which core inflation rose to all time high. Against this backdrop, BNM further tightened profit rates to further reduce inflationary pressure.

FBMKLCI DIPPED YOY BUT FOREIGN INVESTORS RETURNED AS NET BUYERS

Global financial markets, including for Malaysia, experienced a volatile year. FBMKLCI ended 2022 lower by 4.6% YoY at 1,495.49 points from 1,567.53 points in 2021. In early 2022, investors were concerned over the outbreak of the COVID-19 Omicron variant. However, there was market optimism domestically mainly driven by reopening of economy including the easing of border restrictions from April 2022 alongside the rally in commodity prices. Unfortunately, market sentiment was then exacerbated by heightened global inflationary pressure, aggressive US Fed rate hikes, supply-chain disruptions fuelled by geopolitical events and fear of recession. For the 2H22, Malaysian equity market priced in higher risks and greater opportunities arising from the interest rate upcycle, weakening of MYR against USD and uncertainties in the domestic political landscape with the advent of the 15th General Election (GE15).



These caused the FBMKLCI to fall to a year-to-date (YTD) low of 1,373.36 points on 13 Oct, before rebounding after the GE15 once political uncertainty was reduced and led to end the year at 1,495. In terms of foreign fund flow, investors turned to net buyers of RM4.4 billion in 2022 (2021: outflow of RM3.2 billion), reversing the outflow trend seen in the past four years.

MANAGEMENT DISCUSSION AND ANALYSIS

RINGGIT HIT ITS LOWEST HISTORICAL LEVEL

The Malaysian Ringgit (MYR) along with majority of currencies have been in the doldrums for most of 2022 due to the strong USD. In addition, the MYR has been hit by other external factors such as the aggressiveness of monetary tightening by the US Fed and China's economic slowdown. On 19 May 2022, MYR weakened past 4.4 against the USD for the first time since the onset of the pandemic, in anticipation of US interest rate hikes. As a result, the local note has been pressured by the widening interest rate differential between the Federal Funds Rate (FFR) and BNM's OPR. Notably, the US Fed has raised its policy rate by 425 bps since March 2022. Towards the year end, heightened by the run up to GE15, MYR traded at above RM4.50/USD since 7 September 2022, approaching a historical level low of RM4.77/USD against the USD since the Asian Financial Crisis in 1998.

THE BANKING SECTOR

Malaysian banks continued to deliver resilient performances despite coping with several macroeconomic headwinds in 2022, in particular OPR hikes and high inflation. The banks' profitability outlook turned positive on the back of strong financing growth and expansion in Net Interest Margin (NIM) following potential hikes in OPR amid challenging business and economic landscape, as well as the absence of a recurring Prosperity tax.

Stable Net Interest Margin (NIM)	Supported by OPR hikes in 2022, banking system NIM is likely to expand in 2022 (2021: 2.1%). Moving into 2023, NIM is expected to have positive trends as interest rates stabilise while credit cost normalise.
Asset quality deteriorated	Industry gross impaired financings (GIL) ratio inched higher to 1.72% in 2022 (2021: 1.68%) given by the gradual expiry of financing payment assistance since September 2020.
Solid financing growth	Industry financing growth stood at 5.7% YoY for 2022 (2021: 4.6%) mainly driven by the household segment which expanded at a faster pace of 5.9% YoY (2021: 4.3% YoY). Residential (2022: 6.9% YoY vs 2021: 1.69% YoY) and passenger car (2022: 7.4% YoY vs 2021: 1.70% YoY) segments remained the key growth drivers for the household segment. On the flip side, non-household sector grew at a slower rate of 5.3% YoY for 2022 (2021: 5.1%) dragged down by the slower growth in working capital segment (2022: 6.1% YoY vs 2021: 7.4% YoY).
Slower deposit growth	Total deposits growth for the banking industry softened to 5.9% YoY for 2022 (2021: 6.3%) owing to slower growth in current-i account and savings-i account (CASA) deposits (2022: 0.9% YoY vs 2021: 10.9% YoY) as depositors shifted towards term deposit products amid rising rates.

FULFILLING OUR INSTITUTIONAL MANDATE

The Performance Measurement Framework (PMF) for Development Financial Institutions (DFIs) is an outcome-based framework designed to capture the broader contributions of DFIs beyond the narrow focus of financing growth indicators. In particular, PMF incorporates additionality as part of DFIs business operations with the intention to promote greater development impact. Additionality is defined as a positive impact attributable to DFIs participation, beyond that which would have occurred without DFIs participation.

Being a DFI and as per the Bank's Mission, Bank Rakyat is committed to enhance the economic well-being of our members, customers and nation. In tandem with the nation's focus on economic recovery, business resilience and social wellbeing; the Bank also focuses to deliver our counter-cyclical role to weather the impact of the COVID-19 pandemic crisis by providing necessary support during this recovery period.

MANAGEMENT DISCUSSION AND ANALYSIS



The Bank has steadfastly delivered these goals in FY2022 with a focus on providing support to the public individuals, Micro, Small and Medium Enterprises (MSMEs) and cooperatives in helping them in building resilience within a disruptive economic environment.



This continuous focus on MSMEs and cooperatives comes following the Government's National Entrepreneurship Policy 2030 (NEP2030), set out by the Ministry of Entrepreneur Development and Cooperatives (KUSKOP), under which Bank Rakyat acts as one of its agencies.

Currently positioned as the country's largest DFI, Bank Rakyat plans to further accelerate financing to MSMEs and cooperatives including the unserved and underserved groups to at least RM7.0 billion by end-2025 as outlined in the Bank Rakyat 2025's (BR25) Small and Medium Enterprise and Cooperative (SMEC) Business Blueprint.



In addition, the Bank has always been supporting Bank Negara Malaysia's (BNM) financial inclusion agenda to have an inclusive financial system that best serves all members of society, including the underserved, to have access to and usage of quality, affordable and essential financial services. This is also aligned with the latest edition of BNM Financial Sector Blueprint (FSBP) 2022 - 2026 which sets out development priorities for the financial sector over the next five years, anchored on efforts to foster market dynamism and support sustainable development objectives, with a continued focus on monetary and financial stability mandates.

Bank Rakyat's mandate has been upheld over the years with continuous development contributing to the followings:

Members

In line with Bank Rakyat's mission of enhancing economic well-being of our members, customers and nation.



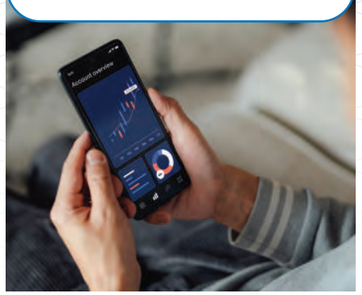
Entrepreneurship ecosystem

As an agency of KUSKOP, Bank Rakyat is committed in supporting the Ministry's mission in the areas of entrepreneurship and cooperatives development.



Financial Inclusion

As a Development Financial Institution (DFI) for BNM's financial inclusion agenda.



MANAGEMENT DISCUSSION AND ANALYSIS

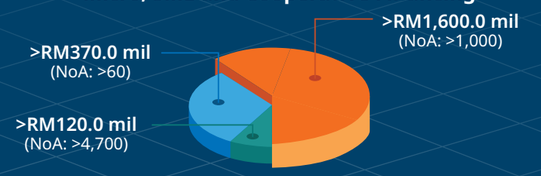
SUMMARY OF FY2022 DEVELOPMENT OUTPUT – FINANCIAL ADDITIONALITY

DEVELOPMENT OUTPUT

Financial Additionality

Financing Approved to Businesses

Micro, SME and Cooperative Financing



SME of which:

- **New Businesses** >RM47.0 mil (NoA: >130)
- **New financing customers with Bank Rakyat** >RM845.0 mil (NoA: >780)

Cooperative | SME | Micro

ESG, Green and Contract Financing

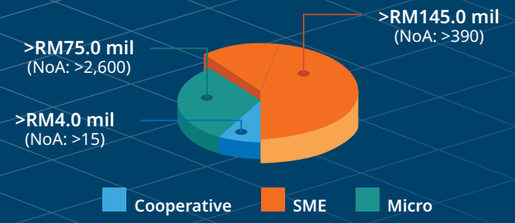


of which:

>RM800.0 mil — Green Financing

Government-led Initiatives and COVID-19 financing programmes

BR Flex-i



BNM and Government Funds



- BNM Targeted Relief and Recovery Facility (TRRF)
- BNM Disaster Relief Facility (DRF)
- *Skim Pembiayaan Mikro Penjaja dan Peniaga Kecil 2.0* (MPPK 2.0)
- *Skim Pembiayaan Industri Sukan* (SPIS)
- *Skim Pembiayaan Ekonomi Desa 2.0* (SPED 2.0)

Financing Approved to Individuals

of which: TOTAL **>RM25,000.0 mil** (NoA: >700,000)

Segment	B40		Members		Affordable Housing
Amount Approved	>RM15,530.0 mil		>RM4,880.0 mil		>RM720.0 mil
NoA	>581,600		>110,800		>4,000
	Amount Approved	NoA	Amount Approved	NoA	
Personal Financing	>RM11,300.0 mil	>136,600	>RM3,640.0 mil	>40,400	
Ar-Rahnu	>RM2,480.0 mil	>422,000	>RM490.0 mil	>62,300	
Auto Financing	>RM990.0 mil	>19,300	>RM400.0 mil	>7,000	
Home Financing	>RM760.0 mil	>3,700	>RM350.0 mil	>1,100	

Note: NoA = No. of accounts

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING APPROVED TO BUSINESSES

As an agency under KUSKOP, Bank Rakyat is mandated to facilitate the development of MSMEs and cooperatives by extending financing and other services such as advisory and training for their businesses to expand and thrive. As of December 2022, total financing of more than RM2.10 billion was approved to over 5,800 MSMEs and cooperatives (YoY value: increase by 59%, NoA: increase by 99%). This consists of more than RM47.0 million granted to over 130 new businesses (businesses operating for less than three years) and around 780 businesses are the first-time financing customers with the Bank amounting to nearly RM850.0 million financing approved.



During FY2022, the Bank has also embarked in identifying financing approved to MSMEs, cooperatives, commercial and corporates under the Environmental, Social and Governance (ESG) financing segments. A total of nearly RM1.1 billion financing has been granted to over 25 customers with around RM800.0 million or over 72% falls under the Green Financing and Climate Change and Principle-based Taxonomy (CCPT) classification.

In addition to the ESG financing, the Bank has also extended assistance to businesses through contracts/projects financing package amounting to over RM360.0 million for 15 customers which have secured contracts/projects from the Government and related agencies.

FINANCING APPROVED FOR GOVERNMENT-LED INITIATIVES AND COVID-19 FINANCING PROGRAMMES

Continuation into FY2022, the BR Flex-i financing programme facilitates recovery for affected MSMEs and cooperatives to withstand the post COVID-19 pandemic crisis. With BR Flex-i, customers are provided with a moratorium of payments for the first 9 months, minimal documentation requirements for financing applications, discounted financing documentation cost, competitive financing rates and no collateral requirement. The BR Flex-i financing package offers a maximum financing limit of up to RM50,000.00 to micro entrepreneurs and RM1.0 million to eligible SMEs and cooperatives. A total amount exceeding RM225.0 million has been approved to over 3,000 MSMEs and Cooperatives as of December 2022 (YoY value: increase by 65%, NoA: increase by 90%).



On top of the Bank's internal financing programmes, Bank Rakyat also continuously supports various BNM and Government's financing programmes in assisting the MSMEs ecosystem.

During FY2022, around RM79.5 million was approved by the Bank to more than 270 SMEs under the BNM Targeted Relief and Recovery Facility (TRRF) which aims to provide relief and support recovery for eligible micro entrepreneurs and SMEs in the services sector. Since the inception of this fund in 2021, the Bank has granted a total of more than RM220.0 million to over 830 SMEs. Another more than RM4.0 million has also been approved to over 10 MSMEs for the BNM Disaster Relief Facility (DRF) 2022 with the objective to alleviate the financial burden of MSMEs affected by floods and enable them to resume their business operations.





The Bank also provided a dedicated financing assistance to sports industry entrepreneurs affected by COVID-19 pandemic through *Skim Pembiayaan Industri Sukan* (SPIS). The SPIS programme is a collaborative initiative between the Ministry of Youth and Sports (KBS) and KUSKOP since 2021 with a total of RM10.0 million allocated for the Bank which has been fully utilised and approved to 49 sports entrepreneurs nationwide as of December 2022 (2022: more than RM1.6 million; 9 sport entrepreneurs).

MANAGEMENT DISCUSSION AND ANALYSIS



In FY2022, KUSKOP had undertaken a revitalisation initiative of the Skim Pembiayaan Mikro Penjaja and Peniaga Kecil (MPPK) to MPPK 2.0 with allocated fund of RM50.0 million for micro and informal entrepreneurs to assist in uplifting their businesses post pandemic. With the revised features of MPPK 2.0, customers are provided with moratorium on payments for the first 12 months, 0% profit rate and no collateral requirement. As of December 2022, more than RM46.0 million had been granted to over 2,000 micro entrepreneurs including more than 1,100 women entrepreneurs.

Other Government financing scheme that is currently being offered by the Bank is Skim Pembiayaan Ekonomi Desa 2.0 (SPED 2.0) by the Ministry of Rural and Regional Development (KKDW). SPED 2.0 aims to boost the economic level of entrepreneurs, especially in rural areas. The total financing granted for this scheme is more than RM0.7 million channelled to 8 micro entrepreneurs.







FINANCING APPROVED TO INDIVIDUALS

Bank Rakyat is committed to serve all segments of society including individuals. This is evidenced with incremental achievements for total financing amounts of more than RM25.0 billion which has been approved to beyond 700,000 individuals (YoY value: increased by 40%, NoA: increased by 37%) including the members of Bank Rakyat, B40 and affordable house financing (market value of RM300,000.00 and below).

The approved financing to the Bank's members recorded more than RM4.9 billion with over 110,000 members (YoY value: increased by 29%, NoA: increased by 31%). In addition, more than RM15.5 billion financing was approved to over 580,000 accounts from the B40 segments (YoY value: increased by 43%, NoA: increased by 51%) and a total of more than RM0.7 billion benefiting over 4,000 applicants for affordable housing (YoY value: increased by 16%, NoA: increased by 17%).

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FY2022 DEVELOPMENT OUTPUT – FINANCIAL ADDITIONALITY (CONTINUED)

DEVELOPMENT OUTPUT

Financial Additionality

Training, Outreach and Advisory Services Conducted

Training and Advisory Services Conducted For Business

>200 programmes

- >5,100 participants (*MSME*)
- >2,000 participants (*Cooperative*)

Financial Literacy Conducted For Individuals

>60 programmes

- >19,800 participants (*Youth*)
- >750 participants (*Adult*)

Deposit Mobilisation

Businesses

>RM39,200.0 mil (NoA: >59,000)

- **Cooperative**: >RM2,400.0 mil (NoA: >6,800)
- **SME**: >RM1,200.0 mil (NoA: >21,000)

>RM57,500.0 mil (NoA: >4,090,000)

Total Balances

Individuals

>RM18,200.0 mil (NoA: >4,030,000)

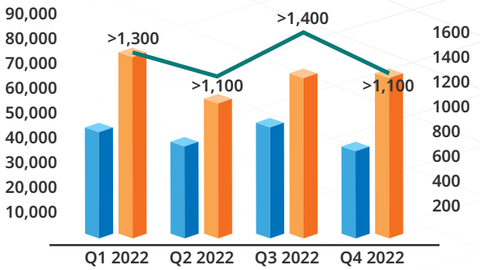
- **B40**: >RM16,500.0 mil (NoA: >3,100,000)
- **Youth**: >300.0 mil (NoA: >480,000)

Financial Access Point



	Total No.	*of which:* Urban			*of which:* Rural		
		No.	Transaction Volumes	Transaction Values	No.	Transaction Volumes	Transaction Values
Agent Bank	273	232	>54,000	>RM6.9 mil	41	>4,600	>RM0.4 mil
Bank Bergerak and ARROW	7	-	-	-	7	>12,000	>RM18.3 mil

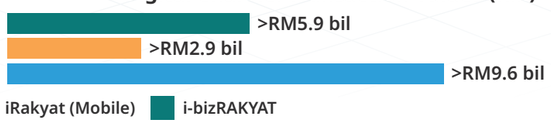
New Digital Channel Users Onboarded



Digital Channel Transaction Volumes (No.)

iRakyat (web)	iRakyat (mobile)	i-bizRAKYAT	Ar-Rahnu e-Appointment	Branch e-Appointment	BRICK, QR2E and eBiz Suite
>21.1 mil	>7.5 mil	>930,000	>105,000	>52,000	>12,000

Digital Channel Transaction Values (RM)



MANAGEMENT DISCUSSION AND ANALYSIS

TRAINING, OUTREACH AND ADVISORY SERVICES CONDUCTED

Throughout FY2022, the Bank conducted various advisory and capacity building programmes for cooperatives and entrepreneurs namely, Cooperative and Entrepreneur Advisory Desk and RAKYATpreneur as well as Bank Rakyat UNIpreneur Series. This has been strengthened with the introduction of *'Kursus Memperkasakan Bangsa Usahawan: Santai Namun Sampai'*, Graduate Mentoring Programme, Business Matching Programme and Cooperative eCa-i Tour.

These programmes have positively attracted participation of over 2,000 from cooperatives and more than 5,100 MSMEs including approximately 3,400 women MSMEs. Further details of the initiatives undertaken for cooperatives are elaborated in the 'Developing the Cooperative Sector' section.

FINANCIAL LITERACY CONDUCTED FOR INDIVIDUALS

Exposure to financial literacy has always been the Bank's key initiative as we work to inculcate a savings culture from an early age and drive the adoption of digital banking services.

In FY2022, the Bank attracted more than 20,000 individuals, with about 19,000 from the youth segment, to participate in various financial literacy programmes. These programmes include components of the Bank's electronic payment agenda (Cashless Desa and Cashless School), youth savings (NURI Kuasa 10), youth entrepreneurship (NURI Teenpreneurship) and others to name a few.



These initiatives are in line with BNM's financial inclusion priorities which are to enhance greater access to digital financial services, as well as to enable the underserved to benefit from increased convenience, greater efficiency and lower cost. Another important priority would be financial education for the newly banked, to ensure that new entrants into the financial system behave responsibly and do not suffer the unintended consequences of being over-indebted. Further details are elaborated in the 'Financial Inclusivity' section.

DEPOSITS MOBILISATION

The Bank has always accentuated the savings culture amongst our customers and potential customers by way of marketing and through promoting our deposit products. As a result, in FY2022, total deposits mobilised exceeded RM57.5 billion, of which over RM18.2 billion were mobilised from over 4.0 million accounts of individual customers. Out of this amount, the deposits mobilised from more than 3.6 million targeted individuals' segments, comprising B40 and youth (age 18 and below), are in the balance of more than RM16.5 billion and over RM300.0 million respectively.

From the non-individual segment, a total deposit balance of more than RM39.2 billion was mobilised from over 59,000 businesses accounts, of which over RM2.4 billion were derived from about 6,800 cooperative accounts and more than RM1.2 billion was from over 21,400 SME accounts.

FINANCIAL ACCESS POINTS

The Bank constantly reviews and improves our physical channel footprints for better community outreach, as well as increased access to financial services, particularly in rural areas. As at end FY2022, Bank Rakyat has 1,566 physical access points located nationwide with 118 serving the rural areas. The physical access points comprise of the Bank's branches, self-service terminals, Ar-Rahnu X'Change, Rakyat Xcess, Rakyat Xcess and Ar-Rahnu X'Change, Rakyat X'Lite, Business Banking Centres, Auto Finance Centres, Mortgage Sales Centre, *Bank Bergerak* and Ar-Rahnu on Wheels (ARROW) and Agent Bank.



In addition to the numerous physical access points made available, the Bank also has further expanded its offerings via digital access points namely, iRakyat (web and mobile apps), i-bizRAKYAT, Quick Response to Entrepreneurs (QR2E), eBiz Suite and Bank Rakyat Quick (BRICK) as well as Ar-Rahnu and Branch e-Appointment. Further details are elaborated in the 'Financial Inclusivity' section.



MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FY2022 DEVELOPMENT OUTCOME – DESIGN ADDITIONALITY

DEVELOPMENT OUTCOME

Design Additionality

Client Resilience and Positive Spillover Into The Economy

	SME	Cooperative
Total sales turnover generated by customers	>RM2,760.0 mil	>RM1,480.0 mil
Increment of sales turnover of customers	>RM278.0 mil	>RM368.0 mil
Existing job sustained by customers	>3,260 jobs sustained	1,670 jobs sustained
New job created by customers	>140 new jobs created	70 new jobs created
Average Productivity	>RM0.81 mil	>RM0.85 mil

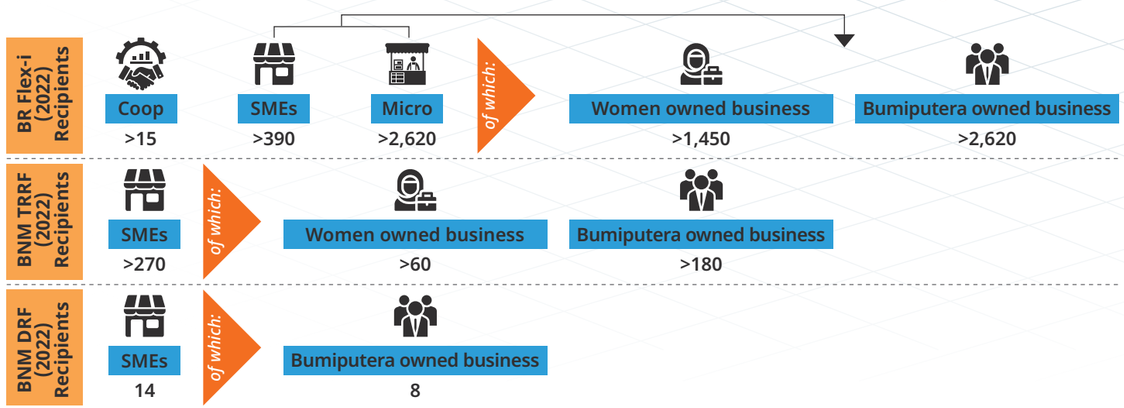
Note: Outcome in year 2021, based on SMEs and Cooperatives granted financing by the Bank in year 2020 and before

Benefitting Customers Affected By COVID-19 and Natural Disaster through Exclusive Financing Programmes

Positive Outcome from BRCARES, BR Flex-i, BNM SRF, BNM TRRF and BNM DRF

	SMEs	Micro Entrepreneurs	Cooperatives
No. of customers who received financing between 2020 to 2022	>2,240	>6,060	>185
No. of customers who recorded positive business performance in 2022	>1,910	>4,900	>180

Breakdown of BR Flex-i, BNM TRRF and BNM DRF recipients in 2022 customer segments



MANAGEMENT DISCUSSION AND ANALYSIS

CLIENT RESILIENCE AND POSITIVE SPILLOVER INTO THE ECONOMY

From the financing extended by the Bank towards our SME and cooperative customers over the years, a number of SMEs and cooperatives have shown positive incremental values in their sales turnover and number of new jobs created along with the sustaining jobs.

A total amount of more than RM4.2 billion sales turnover was generated by the Bank's SME and cooperative customers. This was contributed by the increase of sales turnover recorded in the excess of RM278.0 million and RM368.0 million for the Bank's SME and cooperative customers, respectively.

A total of 3,263 jobs have also been manageably sustained by the SMEs, while more than 140 new jobs created in the same year. A positive outcome was also recorded by the cooperatives segment where 1,670 jobs were sustained with additional 70 new jobs during the year.

In terms of productivity value (total sales turnover over number of employees), the average of RM810.0 million and RM850.0 million for SMEs and Cooperatives have been recorded, respectively.

BENEFITTING CUSTOMERS AFFECTED BY COVID-19 AND NATURAL DISASTER THROUGH EXCLUSIVE FINANCING PROGRAMMES (BRCARES, BR FLEX-I, BNM SRF, BNM TRRF AND BNM DRF FINANCING)

The BRCares and BR Flex-i financing programmes offered by the Bank along with BNM SRF, BNM TRRF and BNM DRF financing programmes have led to good outcomes in alleviating short-term cash flow challenges and maintaining the viability of entrepreneurs' and cooperatives' businesses.

As of December 2022, out of 8,493 MSMEs and cooperatives which have received assistance from these financing programmes between 2020 to 2022, an average of 82% are currently recording positive business performance. This can be further broken-down to more than 80% of micro entrepreneurs, 84% of SMEs and 96% of cooperatives.

From the total of over 3,300 MSME recipients under BR Flex-i, BNM TRRF and BNM DRF programmes' in 2022, the Bank has extended assistance to 46% or more than 1,510 women owned businesses and 85% or more than 2,810 Bumiputera-owned businesses.

DEVELOPMENT OUTCOME

Design Additionality

Supporting the Cooperative's Ecosystem

- >RM33.5 mil — Cooperative Education Trust Fund (CETF)
- >RM16.7 mil — Cooperative Development Provident Fund (CDPF)

Distributing Dividends

- >RM429.0 mil — Benefiting for more than 800,000 members including individuals and cooperatives

Social Finance

Contribution of zakat funds to asnaf entrepreneurs:

RAKYATpreneur 3.0
243 participants
RM1.6 mil seed funding
RM0.6 mil learning modules

UNIpreneur 2.0
500 participants
RM1.5 mil seed funding
RM0.1 mil learning modules

>55% of RAKYATpreneur 3.0 and >78% of Bank Rakyat UNIpreneur 2.0 have shown increased in their sales for the entire six-month period

Contribution For The Needy

Contribution of Zakat and CSR by the Bank
>RM25.7 mil
to >120,000 recipients

Zakat
- Financial support towards asnaf and muallaf entrepreneurs
- Quality education for primary, secondary and tertiary students
- Poor aid to eradicate poverty and hunger as well as improve health and well-being
- Community building in home building and repair, disaster assistance and mosque educational programmes

CSR
- Kebun Nuri Nutrisi
- *Jelajah Ramadan Bank Rakyat*
- School supplies, uniforms and Smart and Easy tables
- *Rindu Aku Mau Kaamatan* and *Rindu Mok Sambut Gawai*

MANAGEMENT DISCUSSION AND ANALYSIS

SUPPORTING THE COOPERATIVE'S ECOSYSTEM

The Bank provides supports to the cooperatives' ecosystem through contributions made to Suruhanjaya Koperasi Malaysia (SKM) via the Cooperative Education Trust Fund (CETF) and Cooperative Development Provident Fund (CDPF). The contribution amount exceeded RM50.3 million in FY2022 based on 2% and 1% of the Bank's annual PBTZ, respectively. Further details on the Bank's other initiatives to support the cooperative ecosystem are deliberated in 'Developing the Cooperative Sector' section.

DISTRIBUTING DIVIDENDS

As a cooperative bank, Bank Rakyat has always been prioritising our members and their economic well-being. Apart from extending financial services to our members, the Bank also offers an attractive dividend pay-out annually. In FY2022, the Bank made a dividend payment totalling over RM429.0 million which has benefited over 800,000 of our members, both individuals and cooperatives.

SOCIAL FINANCE

In 2022, Bank Rakyat continued its philanthropic initiatives via RAKYATpreneur 3.0 and Bank Rakyat UNIpreneur 2.0, with the aim of elevating the potential of asnaf micro and asnaf student entrepreneurs to progress across their business value chains.

The programmes were specially designed to guide asnaf entrepreneurs who received zakat assistance from Bank Rakyat through competency upskilling workshops, advisory services, network building, as well as follow-up monitoring by the Bank's selected partners namely, Universiti Teknologi MARA (UiTM) and 23 other local tertiary education institutions. The main goal of the programmes is to help asnaf entrepreneurs improve their competencies, identify and seize opportunities to remain relevant in the market. These programmes are expected to nurture the entrepreneurs to become Bank Rakyat's future MSME customers.



Through RAKYATpreneur 3.0 and Bank Rakyat UNIpreneur 2.0, the Bank has assisted 243 asnaf micro entrepreneurs and 500 asnaf student micro entrepreneurs during the year. A sum of RM3.1 million has been contributed for seed funding and RM725,000.00 for learning modules from the Bank's zakat fund allocation.

In terms of profile, the selected entrepreneurs were from all states across Malaysia, including Sabah and Sarawak, with diverse businesses ranging from food and beverage, clothing and apparels, handicraft, workshop, agriculture, tailoring, hair dressing to other segments.

After completing the capacity building sessions, more than 60% of RAKYATpreneur 3.0 participants and over 66% of Bank Rakyat UNIpreneur 2.0 have demonstrated improvement in their sales for the entire six-month period.

CONTRIBUTING ZAKAT AND CSR FUNDS FOR THE NEEDY

Throughout the year under review, the Bank has contributed to the community and society nationwide by contributing zakat and Corporate Social Responsibility (CSR) funds totalling over RM25.7 million benefiting more than 120,000 recipients.

The Bank's zakat contributions have been distributed via various programmes in the form of entrepreneurs' support, quality educations, poor aid and community building. Meanwhile, CSR funds were contributed through the programmes such as *Kebun Nuri Nutrisi,* Nuri Club contribution of school supplies, uniforms and Smart and Easy tables, *Jelajah Ramadan Bank Rakyat, Rindu Aku Mau Kaamatan* and *Rindu Mok Sambut Gawai.*





MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FY2022 DEVELOPMENT OUTCOME – DEMONSTRATION AND POLICY ADDITIONALITY

DEVELOPMENT OUTCOME

Demonstration Additionality

>RM720,000.00
Total funding crowded-in from the private sector for the year

through Waqf collections by Bank Rakyat in collaboration with:

- Surau Al-Barakah Bank Rakyat
- MAIDAM
- Yayasan Waqaf Malaysia
- Kolej Profesional Baitulmal Kuala Lumpur
- UKM
- USIM

Policy Additionality

A) Policy Advice by DFIs Taken Up By Government	B) Impact from The Policy Advice
Financial Inclusion — Implementation and expansion of Bank Bergerak, Ar-Rahnu on Wheels (ARROW) and Agent Banks by Bank Rakyat in targeting the underserved communities and areas.	Aligned with BNM's FSB 2022 - 2026 Strategic Thrust 2: Elevate the financial well-being of households and businesses.
Sustainability — Participation in Value-based Intermediation Financing and Investment Impact Assessment Framework's (VBIAF) 3rd Cohort Sectoral Guide Working Group (SGWG) 2022 in developing Sectoral Guide for Waste Management.	The Sectoral Guide will provide a comprehensive guidance to Financial Institutions (FIs) in implementing impact-based assessments for the particular sector with relevant sustainability metrics or indicators for financing and investment assessments.
Shariah Leadership — Publications of shariah papers at distinguished research houses and appointment of Ustaz Mohd Zamerey as Adjunct Professor at Universiti Pendidikan Sultan Idris.	Bank Rakyat became a referral point to industries and academia.
Organised the 4th International Shariah Scholars Roundtable (iSHAR) held from 19 to 20 September 2022. Theme: "Development in Contemporary Islamic Financial Transactions"	Publication of iSHAR resolution journal in the Bank's corporate website as international reference for scholars, practitioners and academician in industries.
Shariah Forum on 19 December 2022 in collaboration with IIiBF and UiTM on social finance and financial inclusion.	Publication of research papers presented during the Forum as a reference point for the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

CROWD-IN FUNDING

Bank Rakyat has undertaken a collaboration with 6 institutions namely, Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), Kolej Profesional Baitulmal Kuala Lumpur, Surau Al-Barakah Bank Rakyat, Universiti Kebangsaan Malaysia (UKM), Universiti Sains Islam Malaysia (USIM) and Yayasan Waqaf Malaysia for the Bank to act as the intermediary to collect waqf funds from any public or private parties via online or physical.

During the year under review, the total waqf funds collected from the public amounted to more than RM720,000.00 with the Bank contributed over RM180,000.00 into these funds, leading to 390% crowd-in efficiency ratio (total funding from the private sector over total funding from DFI).





POLICY ADVICE BY DFIS TAKEN UP BY GOVERNMENT AND IMPACT FROM THE POLICY ADVICE

In the area of financial inclusion, the implementation of *Bank Bergerak* and expansion into Ar-Rahnu on Wheels (ARROW) along with Bank Rakyat Agent Bank has assisted the Bank to serve and reach out to more underserved and unserved communities and areas aligned with BNM FSB 2022 - 2026's Strategic Thrust 2: Elevate the financial well-being of households and businesses.

From a sustainability context, the Bank has continuously participated in the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) 3rd Cohort Sectoral Guide Working Group (SGWG) 2022 in developing Sectoral Guide for Waste Management. The Sectoral Guide provides a comprehensive guidance to Financial Institutions (FIs) in implementing impact-based assessments for the particular sector. It will also provide relevant sustainability metrics or indicators of economic activities for guidance on financing and investment assessments.





As a fully Shariah-compliant bank, the Bank is actively promoting itself as a Muamalah leader through collaboration with local and global institutions:

- Organised the 4th International Shariah Scholars Roundtable (iSHAR) held from 19 to 20 September 2022 with the theme of 'Development in Contemporary Islamic Financial Transactions'.
- The iSHAR resolution journal has been published as an international reference for scholars, practitioners and academicians across industries.
- The Bank has become a referral to the industries and academia through the publication of shariah papers undertaken with Islamic International University Malaysia (IIUM) and Universiti Teknologi MARA (UiTM) and appointment of the senior management of Ustaz Mohd Zamerey Abdul Razak as Adjunct Professor at Universiti Pendidikan Sultan Idris (UPSI).
- Conducted Shariah Forum on 19 December 2022 in collaboration with IIUM Institute of Islamic Banking and Finance (IIiBF) and UiTM to provide insights on other potential solutions in extending financing and diversification in the area of social finance and financial inclusion. The research papers presented during the Forum is published as a reference point for the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL INCLUSIVITY

EMPOWERING FINANCIAL INCLUSION AGENDA

In addition to the existing developmental and mandated initiatives, the Bank also consistently supports the financial inclusion agenda to provide suitable, affordable and quality financial services to all segments of society in contributing to a balanced and sustainable economic growth and development.

The Bank offers a multitude of products, services and innovative touchpoints in catering to the underserved and unserved segments such as:

- Nuri
- Cashless Desa and Cashless School
- *Bank Bergerak* and Ar-Rahnu On Wheels (ARROW)
- Agent Banking (Rakyat C.A.R.E.)
- Rakyat Xcess, Ar-Rahnu X'Change, Rakyat Xcess and Ar-Rahnu X'Change, Rakyat X'Lite and self-service terminals
- Business Banking Centre (BBC), Auto Finance Centre (AFC) and Mortgage Sales Centre (MSC)
- Digital Platforms
  - iRakyat
  - i-bizRAKYAT
  - BRICK
  - QR2E and eBiz Suite
  - Branch and Ar-Rahnu e-Appointment

NURI

- **Nuri Savings-i Account**
  Nuri Savings-i Account is a platform to cultivate a savings culture among children from an early age. They can start saving with a minimum deposit of RM10.00 and it is open to all children aged 12 years and below.

- **Nuri Club**
  Nuri account holders also have the opportunity to become Nuri Club members with various programmes organised by the Club throughout the year as follows:
  - Nuri Kuasa 10 campaign held nationwide to promote the Nuri Club and the Bank's savings and deposit products to foster a culture of savings in addition to providing financial literacy awareness to the community.
  - Nuri Teenpreneurship; a programme held to expose students to entrepreneurial experiences. Students at selected high schools are given funds by the Bank to open their own stalls to sell food and beverages.
  - *Jom Menabung* campaigns and colouring contests held at various locations nationwide in collaboration with a number of local education institutions, agencies and parties.



CASHLESS DESA AND CASHLESS SCHOOL

In cultivating a savings culture and cashless ecosystem in underserved areas especially in FELDA settlements and amongst secondary school students, the Bank has embarked on 2 initiatives namely, Cashless Desa and Cashless School. These initiatives promote cashless banking services (eBanking and ePayment) through deployment of:

- POS Terminal - to facilitate cashless payment
- Agent Banking - to facilitate various cashless banking services including cashless bill payment
- *Bank Bergerak* - to facilitate CASA opening and iRakyat subscription as well as advisory on eBanking and ePayment.



BANK BERGERAK AND ARROW

Bank Bergerak is a CSR initiative introduced by the Bank in ensuring our customers have easy access to banking services and facilities in urban and rural areas.

As of FY2022, Bank Rakyat has 4 *Bank Bergerak* which are stationed in Kuala Lumpur, Temerloh (Pahang), Alor Setar (Kedah) and Kota Bharu (Kelantan). Through frequent visits to surrounding community hubs such as community centres in public areas and within FELDA settlements and morning markets, *Bank Bergerak* also provides easy access to underserved communities. The services include Current-i Account and Savings-i Account (CASA) opening, various banking counter services, wealth management and financing advisory. The latest information on the Bank's products and services are also made available to customers when they visit our *Bank Bergerak*.

MANAGEMENT DISCUSSION AND ANALYSIS

The enhanced version of *Bank Bergerak* known as Ar-Rahnu on Wheels (ARROW) which was established in 2020, provides similar services as offered by *Bank Bergerak* with the inclusion of Ar-Rahnu services such as Pawn Broking-i, payment of storage fee, redemption, jewellery cleaning and jewellery testing. There are currently 3 ARROWs, which are stationed at Kota Tinggi (Johor), Bintulu (Sarawak) and Sandakan (Sabah). As of December 2022, more than 12,000 transactions have been processed by *Bank Bergerak* and ARROWs, with the total transaction value recorded amounting to more than RM18.3 million (YoY volume: increased by 73%, value: increased by 95%).

AGENT BANKING (RAKYAT C.A.R.E.)

Agent Banking is an initiative introduced by BNM to ensure that access to basic banking facilities can be enjoyed throughout Malaysia, even in areas without banking facilities. Bank Rakyat's Agent Banking service has been established since July 2015 and is known as Rakyat C.A.R.E..

Rakyat C.A.R.E. offers basic banking facilities such as savings, cash withdrawals, intrabank fund transfers, bill payment and financing payment (Bank Rakyat) through appointed agents. With the availability of Rakyat C.A.R.E., customers can enjoy the privilege of accessing banking services nearer to their localities and this would in turn benefit the unserved and underserved community segments.



Several win-win benefits are garnered from Rakyat C.A.R.E.. While the unserved and underserved communities enjoy easier access to banking services, the Bank could capture more retail deposits and enable the Bank to enter new markets through Agent Banks which is a cheaper alternative compared to other delivery channels. At the same time, the appointed agents could gain additional income through collection of transaction fees and commissions.

In FY2022, the Rakyat C.A.R.E. network recorded total transactions amounting to over RM7.4 million from 59,000 transactions performed by 273 active Agent Banking channels nationwide.

RAKYAT XCESS, AR-RAHNU X'CHANGE, RAKYAT XCESS AND AR-RAHNU X'CHANGE, RAKYAT X'LITE AND SELF-SERVICE TERMINALS

Apart from the 148 branches, 986 self-service terminals consisting of 696 automated teller machines (ATM), 284 cash deposit machines (CDM) and 6 cash-in cash-out machines (CICO), Bank Rakyat is also equipped with small-scale branches to serve local communities not limited to the underserved and unserved areas.

To-date, the Bank has 4 Rakyat Xcess, 27 Ar-Rahnu X'Change, 21 Rakyat Xcess and Ar-Rahnu X'Change and 1 Rakyat X'Lite located nationwide including in Borneo region.

In addition to the Bank's own operated Ar-Rahnu X'Change, there are 80 other Ar-Rahnu X'Change being operated by various cooperatives under the franchising license of the Bank's subsidiary, Rakyat Management Services Sdn Bhd (RMS). By being a franchisee, this has contributed to the growth in income and creation of new jobs for these cooperatives.

BUSINESS BANKING CENTRE (BBC), AUTO FINANCE CENTRE (AFC) AND MORTGAGE SALES CENTRE (MSC)

In line with our BR25 goal to improve outreach towards entrepreneurs nationwide and increase access to the Bank's financial assistance and solutions, the BBC has been established as a one-stop centre that provides a holistic advisory and financial services for MSMEs and cooperatives. During the year under review, a total of 10 BBCs have been established in KL Sentral, Shah Alam, Ayer Keroh, Ipoh, Sungai Petani, Kota Bharu, Johor Bahru, Kuching, Kota Kinabalu and Kuantan.

From these BBCs, approximately RM1.4 billion financing has been approved to over 5,700 MSMEs and cooperatives nationwide in 2022.

The Bank also has 8 AFCs located nationwide at Jalan Ipoh, Seberang Jaya, Mergong, Johor Bahru, Kuching, Seremban, Shah Alam and Likas as well as 1 MSC in KL Sentral to expand public outreach in providing auto financing and home financing products.



MANAGEMENT DISCUSSION AND ANALYSIS

DIGITAL PLATFORM

In FY2022, Bank Rakyat progressively achieved our digitalisation aspirations by offering more digital channels and heightened customer experiences supported by an integrated Islamic banking system built upon latest technology. This is part of the Bank's BR25 Digitalisation agenda to embrace digitalisation to stay competitive in the market through the introduction of these new channels:

- **iRakyat**
  In addition to the Bank's iRakyat online banking web-based, the iRakyat mobile application was launched in September 2021. This offers customers the ability to self-serve and manage their product holdings. Aside from the regular retail banking functionalities, the application also supports Lembaga Tabung Haji, DuitNow, 1PAY and JomPay transactions as well as zakat, waqf and charity contribution services. This initiative is well aligned with the government's intention to encourage digital spending and cashless transactions.

  In FY2022 alone, the Bank has gained traction of more than 270,000 new users onboarded for the iRakyat mobile application and over 165,000 new users onboarded for the iRakyat web based.





- **i-bizRAKYAT**
  i-bizRAKYAT, the corporate internet banking platform by the Bank which offers our non-individual customers the capability to self-serve in the way of Account, Payable, Receivable and Salary management that help customers to have a comprehensive view of their banking relationship with Bank Rakyat online in real time. For the year under review, more than 5,000 new user subscriptions have been recorded.

- **Bank Rakyat Quick (BRICK)**
  In December 2021, Bank Rakyat introduced a new alternative channel for retail customers to access the Bank's products – "Bank Rakyat Quick" or "BRICK" for short. With BRICK, customers can obtain product information and proceed with product applications via QR scan.

- **QR2E and eBiz Suite**
  The 'Quick Response to Entrepreneur' (QR2E) has been enhanced with eBiz Suite to enable Bank Rakyat's business customers to seek financial assistance and business management advice at their fingertips.

- **Branch and Ar-Rahnu e-Appointment**
  In January 2022, the Bank has introduced Branch e-Appointment which is integrated together with the existing Ar-Rahnu e-Appointment platform to offer customers a convenient way to schedule appointments at any time and at any of the Bank's premises. This service suits the current need to alleviate congestion at the Bank's branches.



DEVELOPING THE COOPERATIVE SECTOR

The Bank plays a significant role in developing the cooperative sector as we share the government's aspiration of making the cooperative sector a vital contributor to economic growth. We fortify the sector's growth through facilitating cooperative and entrepreneur development programmes that provide financial assistance and advisory services. These could enhance business operations, support business expansion and build resilience in cooperative businesses. The programmes, offered via physical and virtual platforms, include the following:

- Cooperative Advisory Desk (CAD)
- Entrepreneurship Advisory Desk (EAD)
- Business Matching Programme
- Cooperative eCa-i Tour

MANAGEMENT DISCUSSION AND ANALYSIS

COOPERATIVE AND ENTREPRENEURSHIP PROGRAMME

Cooperative and Entrepreneur Development Program

- To support the underserved cooperative segment in line with *Pelan Transformasi Koperasi Malaysia* 2021 - 2025 (TransKom) in strengthening cooperative movement.
- To assist in providing advisory services to support in boosting cooperative businesses which focus on building relationship based on cooperative needs and refined solutions for better cooperative position.

Cooperative/Entrepreneur Advisory Desk

- To assist cooperatives by category in terms of providing guidance to expand and grow their business aligned with government aspirations.
- Empowering the overall cooperative ecosystem by expanding access to funding sources.
- Assist micro and small entrepreneur categories in terms of providing guidance to expand their business.

Target Market

- *Koperasi Kariah Masjid/Usahawan Asnaf*
- *Koperasi Institut Pengajian Tinggi* (IPT)
- *Koperasi Wanita/Usahawan di kalangan B40*
- *Koperasi Orang Asli*

Business Matching

- Serve as a single focal point of contact for cooperative segregated by sector.
- Stimulate, integrate and provide holistic cooperative development by encouraging networking and cooperation amongst agencies.
- One-to-one session to establish business relationships and create new business opportunities to improve sales result.

Target Market

- Plantation and property
- Ar-Rahnu
- Consumer
- Service

Drive High Value-Added Growth

Business Diversification
To enhance cooperatives resilience to change in the external environment.

Financial Assistance
To support cooperative with tailored financial products and services to operate efficiently and to grow, with a strong relationship focus identified potential cooperatives for business expansion.

Segment	Programme	As of 31 December 2022 Participants
Cooperative	Cooperative Advisory Desk (CAD) Program	
	Kariah Masjid	457
	IPT	439
	Women	164
	Orang Asli	144
	Total	1,204
Entrepreneur	Entrepreneur Advisory Desk (EAD) Program	
	Kariah Masjid	125
	Women	72
	Orang Asli	7
	Total	204
Grand Total		1,408

Cooperatives Diversified Into Other Business Segment

Outcomes

- Job creation
- Business diversification
- Increase in asset

Segment	Programme	As of 31 December 2022 Participants
Cooperative	Business Matching	132
Entrepreneur		71
Grand Total		203

Segment	Programme	As of 31 December 2022 Participants
Cooperative	Cooperative eCa-i Tour	743
Grand Total		743

These programmes strengthen Bank Rakyat's drive to deliver value to the society by:
- Inculcating a cooperative and entrepreneurship culture through prioritising developmental impact;
- Enhancing Bank Rakyat's ability to self-assess our mandated role's relevance in an evolving economic climate;
- Achieving greater socio-economic outcomes that translate into additionalities;
- Nurturing cooperatives and providing tailored solutions for targeted segments;
- Collaboration with other agencies and external parties.

MANAGEMENT DISCUSSION AND ANALYSIS

The Bank commits to forging long-term relationships that can lead to more business opportunities by way of greater collaboration with agencies such as Suruhanjaya Koperasi Malaysia (SKM), Institut Koperasi Malaysia (IKMa), Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) and Institut Keusahawanan Negara (INSKEN) is needed to be emphasised, in order to promote sustainable cooperative development.

Moving forward, focus has been intensified to steer towards a progressive and sustainable cooperative movement in alignment with the government's Pelan Transformasi Koperasi Malaysia 2021 - 2025 (TransKom). Bank Rakyat will continue to facilitate the development of the cooperative sector in strengthening the cooperative movement and achieving the potential of the cooperative sector as a national economic driver.

Depiction of the success stories of several cooperatives that have been assisted by Bank Rakyat is portrayed below:

Success Stories of Cooperatives

Consumer Cooperative

Cooperative A
Business: Food stalls, groceries shop, petrol station, plantation and contract services

Business diversification
Develop 5 shop houses

Rental Business · Ice Making Business · Fresh Market Product Business

Transportation Cooperative

Cooperative C
Business: Transportation, palm oil plantation and general contractor

Business diversification
Bird nest business

which has created 2 new jobs

Agriculture Cooperative

Cooperative E
Business: Transportation and trading of fresh fruit bunch (FFB)

Business expansion
Cultivating pineapple seedling and sweet pumpkin

20 acres → 60 acres
led to enlargement of the plantation size

Cooperative F
Business: Palm oil plantation, cattle breeding and farming and Ar-Rahnu

Business diversification
Open 2nd Bank Rakyat's Ar-Rahnu franchise

which has created 5 new jobs

Credit Cooperative

Cooperative B
Business: Personal Financing

Business diversification
Open Bank Rakyat's Ar-Rahnu franchise

which has created 3 new jobs

Services Cooperative

Cooperative D
Business: Providing multi-services such as qurban program and tahlil program

Business diversification
Open its first Ko-op Mart

which has created 3 new jobs

Business diversification
Produce pineapple end products i.e. jam and tart

which has created 10 new jobs

Cooperative G
Business: Palm oil plantation

Business diversification
Local supplier for frozen food

which has created 3 new jobs

MANAGEMENT DISCUSSION AND ANALYSIS

BANK RAKYAT REVIEW OF FY2022 FINANCIAL PERFORMANCE

The Group recorded higher profit before tax and zakat ("PBTZ") of RM1.70 billion as compared to RM1.63 billion in the previous year. The higher PBTZ was achieved through the Group's strong fundamentals and focus on core activities amid economic uncertainties post pandemic. Bank Rakyat as the main contributor recorded a 3.91% higher PBTZ of RM1.68 billion in comparison to RM1.62 billion previously.

The financial year 2022 results was inspired by the Group's financing and investment activities, reflecting the strength and resilience that the Group developed in recent years. In addition, the adequate provisioning during the year, in line with industry trends has also boosted the Group's performance.

The Group's core operating income rose by 3.42% to RM5.90 billion as compared to RM5.71 billion previously as a result of stronger financing growth both in the Retail and Business financing segment coupled with the Overnight Policy Rate (OPR) movement.

The Group's better performance was further supported by a higher fee-based income and collection from charge-off financing recovery which improved by 24.10% to RM440.79 million from RM355.19 million previously.

The Group demonstrated discipline and efficiency in cost management, which was reflected in its healthy cost to income ratio of 39.79%, much lower than the industry average of 44.20%.

The Group continued to be competitive and profitable during the year and remained one of the largest full-fledged Islamic financial institution in Malaysia.

The Group's total assets grew 1.98% or RM2.27 billion to RM117.33 billion, compared to RM115.06 billion in the preceding financial year. The continuous growth momentum was mainly driven by positive traction in gross financing and supported by net growth in treasury assets, corresponding with the Group's strategy throughout the year.

Return on Assets (ROA) improved to 1.45% from 1.40% in line with industry trends.

Gross financing balance grew 1.04% to RM80.44 billion from RM79.62 billion in the previous financial year. Despite intense competition post pandemic, the Group continued to benefit from the diversification of portfolios, mainly from Home, Vehicle and Business Financing.

As a result of the diversification, the Group's financing Retail segment grew by 0.10% to RM73.41 billion and Business segment posted solid growth of 14.52% to RM7.02 billion.

The Group's asset quality remained sound with gross impaired financing ratio recorded at 1.98% as compared to 1.70% previously.

At the same time, Financing Loss Coverage ratio remained high at 192.51% as compared to 196.70% previously, well above the industry average of 98.20%.

The Group's CASA increased by 2.84% to RM9.49 billion as compared to RM9.23 billion previously coming from aggressive cash management activities as well as continuous promotions throughout the year.

CASA ratio remained stable at 11.14% aligned with the Group's 5 years strategic plan aspirations (BR25).

The Group's shareholders fund increased by 4.15% or RM0.89 billion to RM22.55 billion compared to RM21.66 billion previously contributed by the Group's net profit carried forward during the year.

As at 31 December 2022, Risk-Weighted Capital Ratio and Core Capital Ratio after the proposed final dividend remained strong at 27.58% and 25.00% respectively, well above the minimum regulatory requirements and the industry average, positioning the Group as one of the strongest financial institutions in terms of capital position.

DIVIDEND FOR THE YEAR

The Group announced 15% dividends, marking a record of 24 years double-digit dividends provided to its members. Apart from that, the Group continued to contribute 2% of its PBTZ amounting to RM33.57 million to the Co-operative Education Trust Fund and 1% or RM16.78 million to the Co-operative Development Provident Fund. Total contribution to these co-operative funds for the year 2022 amounted to RM50.35 million.



MANAGEMENT DISCUSSION AND ANALYSIS

CREDIT RATINGS

BANK RAKYAT'S RATING REAFFIRMED AA2 WITH STABLE OUTLOOK

RAM Ratings reaffirmed Bank Rakyat's AA2/Stable/P1 Financial Institution Ratings (FIRs). Ratings of the Bank's sukuk issued through its funding conduits have also been reaffirmed as shown below:

Bank Rakyat's Sukuk	Ratings
Imtiaz Sukuk II Berhad	
RM10 billion Sukuk Wakalah Programme (2020/2050)	AA2(s)/Stable
Mumtaz Rakyat Sukuk Berhad	
RM5 billion Subordinated Sukuk Murabahah Programme (2016/2036)	AA3(s)/Stable

The reaffirmations are premised on the Bank's strong foothold in personal financing (PF) and robust loss absorption capacity. Bank Rakyat boasts the largest share of the highly competitive Malaysian market for PF, which is mostly extended to civil servants. Notwithstanding the impact of modification losses due to the COVID-19 pandemic relief measure, RAM acknowledged that the Bank remains well positioned with its robust gross impaired financing (GIF) coverage and capitalisation.

Effective 1 June 2022, RAM rating's evaluation also include RAM's Environmental, Social and Governance (ESG) credit impact assessment. Bank Rakyat has been rated Neutral with the views that the Bank's ESG risks have little bearing on the credit profile of the entity due to their limited impact on its business and financial profiles. Any risks are sufficiently and appropriately mitigated and are not likely to impact the current ratings.

DELIVERY CHANNEL

We are continuously optimising channels and platforms to expand outreach and accessibility to all Malaysians. Some of the Bank's Delivery Channel initiatives conducted during the year are summarised below.

OUTREACH THROUGH ROADSHOWS AND AR-RAHNU ON WHEELS (ARROW)

Bank Rakyat actively participated in the Financial Literacy Month 2022 (FLM2022), which was organised by the Financial Education Network (FEN) in October 2022. The national roadshow, under the auspices of Bank Negara Malaysia, was themed 'Financial Well-Being: Go Digital Confidently'.

The event took the form of a nationwide roadshow aimed at improving financial literacy among Malaysians, enhancing knowledge and understanding of digital banking channels, as well as spread awareness of online scams.

Bank Rakyat created awareness for the roadshow by distributing FLM information through the ARROW mobile units. This initiative has provided a good turnout and response from local communities. The Bank also took the opportunity to use this platform to educate unserved and underserved local communities on our digital services and encouraged onboarding to the Bank's Cashless Desa Programme.

As a result of the holding the programme in conjunction with FLM2022, the Cashless Desa Programme effectively covered 34 areas and attracted 557 customers.

BRANCH NEW LOOK AND FEEL

Bank Rakyat branches have always been the central interaction point between the Bank and customers and are the largest contributors to the Bank's overall presence and brand. In recognition of this, the Bank works to continuously improve the customer banking experience and customer satisfaction at Bank Rakyat counters by refreshing the look and layout of the branches. Regular refurbishment contributes to the upliftment of the Bank's branding and has a profound effect on employee morale.

During the year, Bank Rakyat's Langkawi and Kuantan branches were refreshed with a new concept design showcasing a more modern façade and conducive layout. The branches commenced operations with a new look and feel on 17 January 2022 and 5 December 2022, respectively.

DEPLOYMENT OF NEW VERSION AGENT BANKING PAYMENT ACCEPTANCE DEVICE (PAD)

Jalinan Digital Negara (JENDELA) was initiated by the Malaysian Communications and Multimedia Commission (MCMC) and aims to provide better digital connectivity across Malaysia. This initiative will see an overall network upgrade to 4G, phasing out the 3G network nationwide. In anticipation of this, Bank Rakyat has begun replacing Agent Banking Rakyat C.A.R.E. PAD with an updated model compatible with the 4G network. The latest device is designed to boost the efficiency of Rakyat C.A.R.E..

Subsequently, Bank Rakyat deployed a new version of Agent Banking PAD to provide faster and better 4G experience for customers in performing the banking services through Rakyat C.A.R.E..

MANAGEMENT DISCUSSION AND ANALYSIS

RETAIL BANKING

PERSONAL FINANCING-i

Personal Financing-i continues to be the central component of the Bank's retail banking business. Diversification of the customer base has continued to be the driver with the Bank actively targeting larger penetration towards the private sector. Nevertheless, the growth of the portfolio has been controlled, in line with the Bank's aspirations to grow and diversify its portfolio towards other products such as Home Financing-i and Vehicle Financing-i which have recorded substantial YoY growth respectively. At the end of FY2022, Personal Financing-i portfolio stood at RM58.40 billion (2021: RM60.01 billion).



HOME FINANCING-i

Bank Rakyat's Home Financing-i segment has seen a steady growth YoY and recorded a substantial increase of 12.15% in 2022 grossing RM8.77 billion as compared to RM7.82 billion in 2021. Given the current post pandemic recovery phase, we endeavoured to support the Bank's direction to expand our mortgage portfolio and achieved commendable performance with monthly average approval of RM16.4 million as compared to RM7.0 million in 2021.

Good growth was achieved despite a slower property market due to improved processes, strategic enhancement of the SJKP package to improve access to home financing and numerous collaborations and engagements carried out through the year.

To meet stipulated sales targets, internal synergies between Head Office personnel such as Mortgage Financing, Branch Sales, Regional Directors with the Bank's branches were intensified. This was accompanied with close monitoring of performance and proactive mitigation to improve performance outcomes.

During the *Semarak Niaga Keluarga Malaysia* in February 2022, Bank Rakyat ranked among the top 3 performers for the SJKP scheme amongst all financial institutions nationwide. This was remarkable as we only began offering the SJKP programme in 2018.



No	List of Campaigns	Date
1	*Kempen Lantikan Guru Baharu Pembiayaan Peribadi dan Kenderaan*	17 December 2021
2	*Kempen Penuhi Impian (Pemasaran)*	1 January 2022
3	*Lanjutan Kempen Kadar Istimewa untuk institusi kewangan terpilih*	1 January 2022
4	*Kempen Rindu Nak Raya (Pemasaran)*	3 April 2022
5	*Kempen Kadar Istimewa untuk Rakan Pintar*	18 April 2022
6	*Kempen Pembiayaan Lestari (Pemasaran)*	1 June 2022
7	*Lanjutan Kempen Kadar Istimewa untuk institusi kewangan terpilih*	1 July 2022
8	*Lanjutan Kempen Kadar Istimewa untuk Rakan Pintar*	31 July 2022
9	*Kempen Kadar Istimewa (Preferential Rate) untuk Kakitangan Syarikat Utiliti Elektrik Terpilih*	3 October 2022
10	*Kempen Akhir Tahun Pembiayaan Peribadi kadar serendah 2.15%*	1 December 2022
11	*Kempen Akhir Tahun Pembiayaan Peribadi (Pemasaran)*	1 December 2022

In widening customer outreach for this segment, in 2022, the Bank targeted key external stakeholders such as developers, valuers, lawyers and real estate property negotiators and agencies to widen the outreach to customers. In addition, strategic partnerships were formed with Amanah Ikhtiar Malaysia (AIM), Institut Keusahawanan Negara (INSKEN), Pusat Pungutan Zakat (PPZ) Wilayah Persekutuan Kuala Lumpur and Langkawi Port Sdn Bhd under the sourcing programme as part of achieving the Bank's 2022 Business Plan.

VEHICLE FINANCING-i

Bank Rakyat managed to record a 11.75% increase, amounting to RM0.36 billion for its Vehicle Financing-i portfolio in FY2022. The gross balance stood at RM3.49 billion compared to RM3.13 billion in the previous year.

This was in line with good industry growth in 2022 as the national Total Industry Volume (TIV) for automotives breached the figure of 700,000 units for the first time to record sales of 720,658, a 41.6% increase from 508,883 units sold in 2021. The higher TIV was ascribed to substantial demand for new vehicles particularly in the first half of 2022 and was further boosted by the government's decision to allow sales tax exemption for buyers with confirmed bookings submitted before 30 June 2022 or vehicles registered before 31 March 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

Currently, Bank Rakyat offers two types of Vehicle Financing products namely An-Naqlu 1 and An-Naqlu 2, which apply the concept of Al Ijarah Thumma Al Bai (AITAB) and Tawarruq respectively. Financing margins of up to 90% are offered for the former and 100% for the later. Both products allow customers to finance the purchase of vehicles for private use for up to nine years.

PAWN BROKING-i

An alternative to conventional pawn broking, Pawn Broking-i (Islamic pawn broking or Ar-Rahnu) provides instant and easy cash of up to RM350,000.00 based on Shariah principles. This has been one of our most successful products since its introduction in 1993. This service is provided at 140 branches and 48 Ar-Rahnu X'Change (ARX) outlets that operate from Monday to Saturday. The Bank's Ar-Rahnu recorded a leading market share of 51.54% and contributed RM2.34 billion of balances in 2022 (2021: RM2.02 billion).

Ongoing promotions fueled the demand for Ar-Rahnu as three campaigns were organised in 2022:

- Campaign Hollow Gold Jewellery
  (3 months campaign)
  Performance:
  - Overall target income: RM2.0 million
  - Achievement: RM2.07 million (101%)
- Campaign Emas 2 Kilo Version 5.0
  (4 months campaign from 1 October 2022 to 31 January 2023)
- Reintroduction of Ar-Rahnu Special Margin Up to 85% for Bank Rakyat's Members
  (2 months campaign from 28 December 2022 to 28 February 2023)

DEPOSIT-i

In 2022, the Bank's total deposits increased by 2.49% or RM2.07 billion to RM85.50 billion as compared to RM83.43 billion in 2021. As at December 2022, CASA stood at RM9.52 billion, an increase of RM230.13 million or 2.48% compared to RM9.29 billion in 2021. TD-i balance also recorded a 2.65% increase to RM75.98 billion.

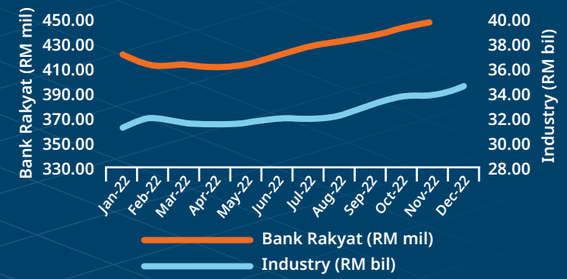
The improved performances reflected better political certainty following the formation of the new Government and also response to continuous hike in OPR since May 2022. The Bank also actively pursued deposit growth through the following eight campaigns:

- Term Deposit-i (Individual 2022) Campaign - 4 months campaign
- Term Deposit (Individual) Campaign - Sweet 12 - 2 months campaign
- Term Deposit (Individual) Campaign - 3 months campaign
- Kempen Jom Qurban - 1 month campaign
- Open, Save and Win Campaign 2022 - 3 months campaign
- Kempen Jom Sedekah - 4 months campaign
- Transact and Win Campaign - 4 months campaign
- NURI Kuasa 10 - 4 months campaign

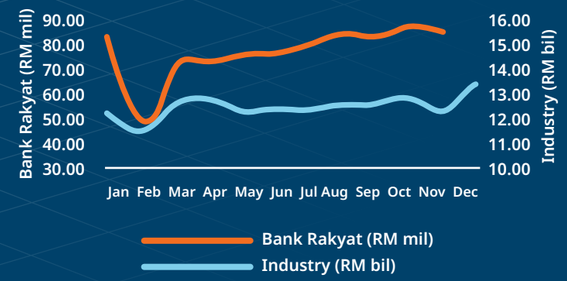
CREDIT CARD-i

There was a turning point in 2022 as the Bank's Credit Card business improved amidst early signs of economic recovery at the end of 2021.

Credit Card Outstanding Financing Amount



Credit Card Spending



The subsequent decision by the Malaysian government to announce a transition to endemic measures on 1 April 2022 also helped boost an outstanding uptrend in both monthly spending and balances for Malaysia's credit card business. After two years of saving and prudent credit card usage, cardholders begin to resume spending.

Consequently, Card Business recorded a significant growth of 27.24% in credit card spending as compared to the year 2021 while credit card balances rose by 9.98%.

Harnessing the economic boost post-pandemic, Bank Rakyat also actively promoted credit card ownership and usage through a host of events, promotions and campaigns, such as:

- 8%.gov.my Programme (throughout the year)
- Muslimah Rebat e-Dompet (January 2022)
- Kempen Ratu Muslimah (March 2022)
- Petrol Khamis 5% (April 2022)
- Jualan Gudang Tanpa Tunai (June 2022)
- Muslimah Makan-Makan Jumaat (July 2022)
- Festival Makanan Halal Tanpa Tunai (September 2022)
- Festival Jualan Akhir Tahun (December 2022)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS BANKING

The Bank's Business Banking Division was established to focus on our mandated target market of Cooperatives and also serve Corporate, Commercial, Small and Medium Enterprises (SME) and Micro financing customers. In FY2022, all these segments registered steadfast growth.



The Division is tasked to ensure good management, engagement and service delivery across the end-to-end process of providing business financing to these customers. On April 2022, a Commercial Hire Purchase plan for purchases of vehicles under Act and Non-Act Goods and Equipment for Business Market Segment was introduced by the Division. This focused on businesses and entrepreneurs under the sectors of transportation, wholesale and trading, construction, agriculture, services and manufacturing.

During the year, the Bank continued to reach out to underserved cooperatives with empowering Programme and Non-Programme Financing, which benefited 62 Cooperatives with a total approval of RM372.18 million. Our financing programmes for SMEs and Micro entrepreneurs, namely Micro, Small and Medium Enterprises (MSME) financing and BR Flex-i, surpassed expectations by benefitting 5,782 MSMEs entrepreneurs with a total approval of RM1.75 billion.

In particular, the Bank's MSME portfolio is being driven in line with the Ministry of Entrepreneur and Cooperative Development (KUSKOP) National Entrepreneurship Policy (NEP), which aims to elevate Malaysia into a full-fledged entrepreneurial nation by 2030.

Through the *Program Pemerkasaan Koperasi dan Usahawan,* we offered financial support to cooperatives and entrepreneurs, which provided them with the opportunity to diversify their businesses. The Bank's Cooperative and Entrepreneur Advisory Desk conducted 61 sessions across all states, attracting 1,408 participants. About 122 Business Matching sessions were also held with 203 participants.

The *Santai Namun Sampai* (SNS) entrepreneur roadshow was another engagement platform executed during the year, to reach out to MSME and Cooperative entrepreneurs. A total of 1,801 MSMEs and Cooperative entrepreneurs participated and benefited from this event.

In nurturing Entrepreneur Development, we implemented a Vendor-Graduate Mentoring Programme that provided business opportunities via a Vendor - Protégé hand-holding concept. The seminar that was held towards this end benefited 2,236 students and graduates.

SUMMARY OF FY2022 FINANCIAL PERFORMANCE

- Total Financing Assets - RM7.03 billion (FY2021: RM6.14 billion)
  (Increased by RM834.0 million, 15%)
  Number of Customers FY2022 - 10,941 (FY2021: 9,233)
  Customer growth of 18%

- Financing Income - RM330.21 million
  (FY2021: RM319.3 million)
  (Increased by RM10.91 million, 3.4%)

- Financing for Bank's Mandated Role
  - SME and Micro - RM1.38 billion (FY2021: RM920.61 million)
    Number of Customers FY2022 - 10,632 (FY2021: 8,953)
    Customer growth of 18%

  - Cooperative - RM2.28 billion (FY2021: RM2.21 billion)
    Number of Customers FY2022 - 246 (FY2021: 222)
    Customer growth of 10%

MOVING FORWARD

With the expectation of economic recovery and better industry outlook backed by continuous support and stimulus from the government, the main focus for FY2023 will continue to be on SME and Micro and Cooperative portfolio expansion in line with the Bank Rakyat's BR25 Strategic Plan and SME Blueprint.

Key initiatives under Business Plan 2023 are as follows:

- Accelerate the government's efforts in the development of MSME and cooperatives through the mandated programmes.
- Strengthen and scale up high impact collaborations with federal and state governments as well as government-linked corporations (GLCs) and private strategic partners.
- Promote a greener climate resilient economy in line with the financial sector blueprint 2022 - 2026 agenda of supporting the green economy and the circular economy.
- Provide comprehensive financing to improve food safety and to support national agenda initiatives in reviving Malaysia's food sector for the well-being of society.
- Provide financing targeted at the development of affordable housing for B40 and M40 societal segments.
- Zoom into financing for government spending and infra works in line with the national agenda.
- Capitalise on the rapid growth of the logistic and warehousing industry.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY

Investors stepped into 2022 highly cautious with continued supply chain disruption fears over the intensified Russia-Ukraine conflict exerting rising global inflation. The market also endured massive pullback from the prior financial year explosion of business revenue growth and exacerbated selling mode across the financial market.

Domestically, after initial uncertainty, prolonged political turmoil dissipated post General Election in November 2022. Malaysia continued to support its progress with the growing supply of Government Issuances during FY2022 by 6.25% despite global bond weakness where foreign investors shed their MYR bond holdings resulting to a cumulative outflow of RM9.8 billion.

Overall the Banks' sukuk replenishments were done cautiously amid rising profit rate environment, cushioned by prudent management of funding composition. Treasury Sales commendably supported the sector by boosting the sector's fee based income which emanated from the striking increase in foreign exchange business volume taking cue on growing consumerism.

Amid the escalating funding costs and increased bond yield, Bank Rakyat managed to strategically maneuver our portfolio resulting in 3.14% of asset growth YoY. In correlation to that, overall Treasury performance demonstrated a positive trajectory whereby Treasury Income grew 5.11% YoY contributing to 22.01% of the Bank's total income compared to 21.67% in the previous year. Meanwhile, Treasury assets grew to 29.54% against the Bank's total assets as compared to 29.21% in the previous year.



Moving forward, investors are monitoring inflation curbing measures by major economies to gauge the magnitude of recession if it is to occur. Though the signs of moderating inflationary pressures are seen, the unsettling energy supply disruption with Russia-Ukraine conflict still in play will remain the key risk. Another key risk factor is the return of China's production which could cushion sharp inflation rise caused by the expectation of slowing activity in the west.

Though Malaysia will not be spared the impact of slower global demand, its ability to leverage on its commodity export, revival of infra projects and upbeat consumer spending is expected to continue to attract foreign investments. This will ensure continuous growth albeit softened.

Additionally, local debt supply is expected to expand marginally to replenish 2023 growing debt maturities of RM80.92 billion. The debt supply is expected to be well supported by foreign participants given the US yield's declining forecast for the year. The Bank's Treasury is expected to leverage on the increasing bond yield via its continuous replenishment activity minimising the impact of forecasted higher funding cost amid rate hike expectations.

Other strategic priorities include strong efforts in identifying new deposit streams and high yielding remittance businesses to further maximise overall Treasury income. In a nutshell, Treasury will remain vigilant and future-proof in sustaining the Bank's strong liquidity position as we navigate an increasingly complex market.

CUSTOMER EXPERIENCE MANAGEMENT

In 2022 we continued to enhance the ways we interact with customers, working on improving our service quality and operational excellence in moving towards achieving great customer experience. Our BR25 Blueprint clearly outlined our initiatives to support the four pillars in the Customer Service Charter.

Crucial to this is our customer performance management, which comprised of a number of internal assessment techniques with the goal of monitoring our great customer experience indicators. It is a continuous evaluation that examines each stage of our customers' journey in Bank Rakyat. The outcome will result in a number of interactions with all touchpoints, including regional offices, branches and businesses. The benefits of the engagement sessions include more in-depth insights that are easier to translate into concrete action plan, which will help us create greater value for customers through tailored customer journeys.



MANAGEMENT DISCUSSION AND ANALYSIS

To enhance the way our business serves our customers, Customer Experience Management (CXMG) sector has led a series of customised in-house training to upskill employees with a systematic improvement to match the various customer personalities and characters. At the same time, the training was also used to reaffirm Bank Rakyat's core values and high-performance culture.

CXMG also undertook several initiatives to update its team members with the latest customer services skills and business tools via subscription to external certification programmes such as Certified Customer Experience Professional, Certified Contact Centre Quality Assurance Analyst, Certified Contact Centre Professional and Certified Contact Centre Digital Agent, endorsed by Western Kentucky University.

A number of campaigns were held throughout the year to focus on best practices, build brand loyalty and enhance knowledge on bank products so as to instill service excellence and great customer experience culture. The pinnacle of it was the Customer Experience (CX) Week where an action plan was strategised with the objectives to raise awareness on CX values and roles, promote CX initiatives and to reward and recognise great achievers who offer outstanding customer experience.

The effectiveness of these CX initiatives, as well as CX's current performance and readiness towards becoming a Top 5 Bank in year 2025 were continuously measured through several internal assessments. Amongst others, the Mystery Shopper programme at branch level. Through this programme, we measured and corrected core customer standard operating procedures such as greetings and communication, product knowledge, external and internal façade, the electronic banking centre and self-service terminal experience.

The overall Bank Rakyat Customer Satisfaction Survey (BRCSS) 2022 score of 81% which reflected the commitment given by employees in delivering a high standard of customer experience with a good offering of products and services in accordance to customer needs. It is our shared commitment to constantly innovate and improve our Malaysian Banking Industry Customer Satisfaction Survey (MBICSS) ratings.

CUSTOMER MANAGEMENT

Complaint Management

Managing customer complaints in an equitable, objective and timely manner is always the Bank's priority.

By having a fair resolution towards customers' complaints as well as the quality assurance of complaint management, Bank Rakyat managed to reduce the number of complaints received by 41% compared to the previous year and resolved 98% of the complaints within industry resolution turnaround time of 14 days.

We have undertaken several initiatives to ensure a high level service is provided at all times. Among the initiatives taken are:

- Continuous oversight by Senior Management on handling the overall CX-related matters such as managing customer issues or complaints and CX projects.
- Engagement with branches and implementation of an annual e-learning programme to upskill staff competency in complaint handling, enhance communication skills and deliver precise product information to the customer.
- Provide fair and effective quality response to customers by improving feedback on customer complaints. This includes offering clear and detailed clarification to ensure customers obtain a comprehensive understanding of the Bank's management of their complaints.
- Perform comprehensive root-cause-analysis to reduce recurrence of complaints while ensuring continuous improvement in the quality of complaint handling.

Voice and Non-Voice Contact

Good customer experience is not complete without good management of feedback and enquiries. The Bank Rakyat Contact Centre plays a vital role as a customer interaction channel. Incoming Calls received for the year 2022 totaled 1,836,016 a reduction of 664,419 or 26.57% from 2021.

Total communication for 2022 was 1,346,380 in which 94.10% or 1,267,885 were from Voice Contact (inbound answered call and contactable telemarketing activities) and 5.83% or 78,495 from Non-Voice Contact (email and social media). Regarding every successful contact as a single customer, this shows that the Bank Rakyat Contact Centre has communicated with over 1,346,380 customers in 2022.



Combating Fraud and Scam

The rising incidence of financial fraud and scams is a serious concern. To help managing fraud and scam cases, the Bank Rakyat Contact Centre launched a dedicated 24-hour Fraud Helpline from 1 October 2022 that is operational 24 hours a day, even on public holidays. The Helpline can be reached at 1 300 80 2273 for local or 03 5526 8800 for overseas.

MANAGEMENT DISCUSSION AND ANALYSIS





The Bank Rakyat Contact Centre also works closely with the National Scam Resource Centre (NSRC) helpline at 997 to manage the reporting and complaints of fraud and scam cases. This initiative act as a quick action maneuver in managing losses due to fraud and scams.

COMPLIANCE

At Bank Rakyat, our principle is 'Compliance is Everyone's Responsibility'. We rigorously promote and instill a strong compliance culture, ensuring it is cultivated by a strong tone from the top, complemented with the momentum from the middle and ingrained in every fiber of each employee's being. The culture is clearly demonstrated through the Board, Senior Management and each employee's adherence to relevant laws, rules, regulations and regulatory guidelines. In setting up the overall compliance environment, the Bank's robust Compliance Framework provides the right platform, guidance and mechanism to identify, assess, monitor and coordinate compliance risk which includes compliance with regulatory, operational, Shariah, Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

In addition to day-to-day monitoring, Compliance is committed in improving the overall control environment and the compliance cultural branding by implementing comprehensive compliance policies, performing periodic compliance assessments and reviews, conducting regular engagement sessions with business units and training programmes across the Bank to ensure employees are kept abreast with the regulatory requirements.

To wrap up year 2022, Compliance successfully organised the Compliance Day programme as part of a continuous effort to grow awareness on the Bank's compliance culture particularly with regards to digitalisation challenges with current and emerging laws, regulations, standards and ethical practices to fortify a strong compliance culture throughout Bank Rakyat.

IT ACHIEVEMENT

Bank Rakyat has been making ongoing progress on the IT front, very much in line with the needs of the new digital era, where accessibility to banking services should be at the fingertips of customers. During the year under review, several achievements were made on the fronts of IT Infrastructure, IT Security and IT Applications.

IT INFRASTRUCTURE

Disaster Recovery Automation

The implementation of Disaster Recovery Automation is a major achievement for IT, providing improved business continuity, increased data protection, cost savings, improved response time and scalability for the Bank.

The value of Disaster Recovery Automation to the Bank:

Improved Business Continuity	By automating disaster recovery processes, the Bank can respond swiftly to disruptive events, reducing downtime and minimising the impact on operations.
Increased Data Protection	Automated disaster recovery solutions provide a more secure and reliable method for backing up and restoring critical data, reducing the risk of data loss and ensuring business continuity.
Cost Savings	Automated disaster recovery solutions can reduce the cost and resources required for manual disaster recovery processes, providing a more cost-effective solution for the Bank.
Improved Response Time	Automated disaster recovery solutions enable faster and more efficient responses to disruptive events, reducing downtime and minimising the impact on operations.
Scalability	Disaster recovery automation solutions can be easily scaled to meet the evolving needs of the Bank, ensuring that the solution continues to provide business continuity as the Bank grows.

MANAGEMENT DISCUSSION AND ANALYSIS

The implementation of the system in 2022 demonstrates a commitment to business continuity and data protection. The implementation process involved several key efforts by IT including:

- Assessment: Continuous oversight by Senior Management on handling the overall CX-related matters such as managing customer issues or complaints and CX projects.
- Planning: Developing a comprehensive disaster recovery plan, including the selection of appropriate automation tools and strategies for backing up, restoring and testing data.
- Implementation: Deploying the chosen disaster recovery automation solution, integrating it into existing systems and configuring it to meet the Bank's specific requirements.
- Testing: Conducting regular testing of the disaster recovery automation solution to ensure it is functioning as expected and to identify any potential issues that may need to be addressed.
- Maintainance: Monitoring and maintaining the disaster recovery automation solution on an ongoing basis, updating it as needed to ensure it continues to meet the Bank's evolving needs.

IT SECURITY

IT Security Operations, Governance, Risk and Compliance

Various operations and project initiatives require the support of IT Security to ensure successful implementation. To meet this requirement, the critical functions of IT Security are spread across different departments.

- The Chief Information Security Officer (CISO) Office is responsible for making strategic decisions and conducting reviews to ensure the effective implementation of IT Security measures.
- IT Cybersecurity and GRC (Governance, Risk and Compliance) is responsible for handling the governance and operations of IT Security to ensure that the Bank's IT Security policies and procedures are properly implemented and followed.
- Digital Department is responsible for overseeing IT Security issues related to internal application development to ensure that the applications are secure and complies to the Bank's security standards.
- Finally, Internal Audit performs periodic independent assessments of IT Security to evaluate the effectiveness of the Bank's IT Security measures and identify areas for improvement. This helps to ensure that the Bank's IT Security is in line with industry standards and best practices.



Some of the crucial security initiatives undertaken in 2022 were:

- **Anti-Bot Protection for Internet Banking:** In order to provide a high level of security and confidence for our customers engaging with the Bank via virtual platform, a security module with the ability to segregate genuine and synthetic traffic has been implemented. This layer has improved customer experience by reducing network congestion to our web and mobile app servers and increased ease and speed of performing transactions.



- **Systematic Vulnerability Assessments and Assurance:** IT has been streamlined to incorporate a fully dedicated and specialized team to review any systemic vulnerabilities consistently and periodically within the Bank's computing environment. This has ensured that any new '0-Day' vulnerabilities and other threats towards our systems are quickly dealt with, ensuring uninterrupted banking operations and superior customer satisfaction.
- **Microsoft OneDrive:** As customer's data security is of paramount importance to Bank Rakyat, any access to removable data storage via USB connection in the Bank has been restricted. Data is now hosted within a secured internal cloud with strict data leakage policies and automation, ensuring legible and documented audit trails and governing the flow of data that negates the risk of theft and fraudulent abuse.

IT APPLICATIONS

Kollect Module

A significant effort in 2022 has been the replacement of the outdated Juris Collect system with the Kollect Module Bank Recovery Management System. This change was necessary to modernise processes and keep up with the evolving technology landscape. By replacing the old Juris Collect system with the Kollect Module Bank Recovery Management System, the Bank has improved its overall efficiency, accuracy, user experience and security. This achievement is a testament to the dedication and hard work of the IT in driving positive change and innovation within Bank Rakyat.

MANAGEMENT DISCUSSION AND ANALYSIS

The replacement of the system brought several critical benefits to the Bank including:

- **Improved efficiency:** The Kollect Module Bank Recovery Management System is more efficient and user-friendly, reducing the time and effort required to complete tasks.
- **Enhanced data management:** The new system provides better management and Bank of data, making it easier to access and use.
- **Increased security:** With the latest security features, the new system offers improved protection of sensitive information, reducing the risk of data breaches.
- **Scalability:** The Kollect Module Bank Recovery Management System is designed to grow with the Bank, making it an ideal choice for future expansion.
- **Better customer experience:** The new system provides a more streamlined and seamless experience for customers, improving satisfaction and loyalty.

Conversion of Base Rate to Standard Base Rate (SBR)

Another significant improvement has been the conversion of the previous Base Rate to the Standard Base Rate (SBR) system to adapt to BNM's new policy on the Reference Rate Framework. This has helped to improve the Bank's performance and ensure its adoption and compliance of the industry standardisation.

The Bank's IT Division worked closely with all relevant departments to ensure a seamless transition from the old base rate to the new standard base rate. The conversion involved the integration of new systems and processes which allowed for the standardisation of rates across Bank Rakyat's system.

Additionally, automated processes for the calculation and updating of the standard base rate has been implemented, which has reduced the amount of manual labour required and thus, increased efficiency. This has also led to significant cost savings for the Bank as manual errors and the time spent on manual processes have been significantly reduced.



Mobile Banking Security SDK

In Mobile Banking Security, an SDK (Software Development Kit) typically refers to a set of tools and programming libraries provided by a financial institution to allow developers to build secure mobile banking applications that interact with the institution's systems and services.



The implementation of a Mobile Banking Security SDK has had a positive impact to the Bank, bringing advanced security and improved user experience to Bank Rakyat's Mobile Banking services, while also providing compliance assurance and improved operational efficiency. It has also advanced security and reliability for mobile banking services.

The key functions of the Mobile Banking Security SDK include:

- **Strong Authentication:** The Kollect Module Bank Recovery Management System is more efficient and user-friendly, reducing the time and effort required to complete tasks.
- **Data Encryption:** Ensuring sensitive information such as account details, transaction history and personal information is protected through end-to-end encryption.
- **Fraud Detection:** Utilising machine learning algorithms to identify and prevent fraudulent activities, protecting customers' financial information.
- **Compliance Assurance:** Adhering to privacy and security regulations such as PDPA to avoid data loss and leakage. Adhering to regulatory requirements reduces the risk of penalties and reputational damage, promoting a trustworthy and compliant Bank.
- **Improved User Experience:** Providing a user-friendly interface for customers to perform financial transactions, access account information and manage security settings.
- **Improved Operational Efficiency:** Automated security functions reduce the risk of human errors, streamlining operations and increasing efficiency.



MANAGEMENT DISCUSSION AND ANALYSIS

DIGITAL

OUR DIGITAL FOCUS

Digitalisation is crucial for banks to remain competitive and meet the evolving needs of customers. By leveraging on digital technologies, banks can improve efficiency, customer service, security and profitability, while also gaining valuable insights into customer behaviour and preferences.

Accelerating Bank Rakyat's digital transformation was a key priority in FY2022, especially in realising a more seamless and convenient banking experience in performing transactions, accessing services and communicating with the Bank through digital channels.

Following a thorough assessment on the Bank's digital position and maturity that was initiated in the fourth quarter (Q4) of FY2021, we developed a comprehensive Digital Transformation Blueprint as an enhanced version of the BR25 Digitalisation Blueprint, to bridge gaps in the existing technology architecture. This five-year blueprint guides the Bank towards a technology architecture that is integration-first, modular, flexible and cloud-enabled. It is developed with the goal to benefit our customers with a seamless banking experience that will help build loyalty and encourage further take up of other products and services. The planned strategic initiatives will be rolled out in three phases from 2023 to 2027.

Phase 0 | (2022) WE ARE HERE

BR25 Implementation and Preparation of Pre-Requisites

Continuous implementation of BR25 initiatives and preparation of pre-requisites for new digital initiatives.

Phase 1 | (H1 2023 – H1 2024)

Deliver Digital Foundation and Early Wins

Focus on building the foundation to enable digital capabilities that will bring Bank Rakyat level with the competition, while delivering early values to gain traction and momentum.

Phase 2 | (H2 2024 – H2 2025)

Accelerate Differentiated Value Delivery

Ramp up value creation with newly built digital capabilities to deliver propositions that will differentiate Bank Rakyat from competitors in the market.

Phase 3 | (H1 2026 – H2 2027)

Deploy Advanced Capabilitiies

Maximise value derived from digital capabilities by further automating processes to minimise operational cost, while delivering traditionally physical products through digital means.

iRakyat

The iRakyat online banking platform provides our customers the convenience of banking at their comfort, anytime and anywhere. This enables them to manage their finances easily in a safe and secure environment. In 2022, the Bank continued to enhance iRakyat (both online and mobile banking platforms) to enable customers to perform card setting maintenance online.

As at end of FY2022, the iRakyat subscriber base grew over 16% to 1.14 million from 980,528 in FY2021.

iRakyat Mobile Banking

On the mobile banking front the iRakyat Mobile Banking facilitates easy access for customers to perform their financial transactions complete with biometric login features, including face identification. In 2022, the Bank was in the final development phase of introducing QR payment services to our Mobile Banking users. *(The QR payment service was made available for customers in Q1 of FY2023).*

As at end of FY2022, the total number of subscribers for iRakyat Mobile Banking more than doubled from 94,303 in FY2021 to 365,717.

i-bizRAKYAT

This is the Bank's banking platform for Non-Individuals and Corporate Customers to manage their financial transactions.

As at end of FY2022, the subscriber base for i-bizRAKYAT increased over 38% from 13,670 in FY2021 to 18,956.

Bank Rakyat Quick (BRICK)

Bank Rakyat Quick or BRICK is a new alternative channel for retail customers to access the Bank's retail banking products as well as apply online for services such as Personal Financing-i, Hire Purchase-i, Home Financing-i and Takaful.

Since June 2022, customer applications for savings account and credit card via the BRICK portal have also been enabled, as part of the Bank's effort to expand product accessibility and encourage further onboarding.

Since BRICK was launched, a total of 11,673 applications have been received.

Quick Response to Entrepreneurs (QR2E)

QR2E is a digital one-stop centre for SMEs and business customers, specifically designed to assist entrepreneurs, cooperatives as well as corporate customers in accessing comprehensive digital financial services. The portal allows business customers to apply for a holistic range of Bank Rakyat business products and services as it delivers an easy onboarding experience and product sign-up for these customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Products available for application via the portal include:

1. eCurrent Account-i
2. i-bizRAKYAT
3. JomPAY Biller
4. Rakyat C.A.R.E Agent Banking
5. MAF-Merchant Post Terminal
6. Micro Financing-i
7. Business Financing-i

The platform is now equipped with Enterprise e-Biz Application or eBiz Suite. Since its launch on 31 March 2022, the portal has attracted more than 750 applications.

FY2022 Fintech Collaborations

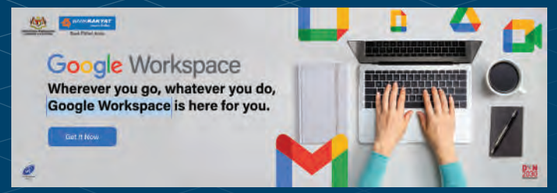
An important strategy moving ahead is to collaborate with fintechs in creating unique value propositions for our customers. These collaborations help improve the speed and scale of the Bank's digital journey.

Mymall

Via our QR2E platform, we now provide direct access to MyMall, an e-commerce platform under the Ministry of Entrepreneur Development and Cooperatives for our SME and Cooperatives customer to experience convenient onboarding and products sign up for them to be part of the e-commerce platform.

Google Workspace

This is a strategic collaboration between Bank Rakyat and Google Malaysia for the Google Workspace solution available on the eBiz Suite portal. The target segments are SMEs, Micro entrepreneurs and Cooperatives. It facilitates a channel (via eBiz Suite, QR2E) for Google Workspace subscriptions and enables customers to create solutions without technical expertise thus simplifying work and improving business process efficiencies.



FY2022 Bank Rakyat Digital Innovations

The Bank continue to engage in internal ideation and development to explore and enhance digital values and experience and at the same time improve operational efficiencies. The following initiatives were achieved during the year under review.

Physical Onboarding (Paperless)

This initiative is to physically facilitate Savings-i Account paperless onboarding for customers by improving customer experience in the application and processing procedures conducted at the Bank Rakyat branch. The pilot programme was launched in December 2022 at:

- Rakyat X'Lite Bangsar
- Main Branch
- Jalan Tangsi Branch
- Bangsar Baru Branch



e-Lelong Ar-Rahnu

The introduction of an online auction platform, e-Lelong Ar-Rahnu since December 2022 has enabled the Bank's Ar-Rahnu customers to bid on jewelry or Pajak Gadai-i gold items anywhere with greater ease and enhanced access to information. It also improves the productivity and efficiency of conducting auction sessions in real-time and allows customers to place their bid for 24 hours.

As part of the Bank's continued commitment in evolving services through the use of technology, the venture has provided the Bank a distinctive competitive advantage in growing our Ar-Rahnu business.



MANAGEMENT DISCUSSION AND ANALYSIS

BANK RAKYAT 2025: EXECUTION AND OUTCOMES

Bank Rakyat has made good headway in our BR25 journey in 2022. Adhering to our roadmap, we implemented continuous refinements in executing robust project governance, with comprehensive monitoring and tracking mechanisms to ensure the realisation of results and impact. The year unlocked Phase 3 of BR25 which focused on execution and implementation of key deliverables in the following six blueprints:

- Great Customer Experience
- Digitalisation
- SMEC Business
- Human Capital
- Sustainability
- Shariah Leadership

Outcomes of the completed initiatives under the respective 6 blueprints are categorised by impact measures covering in the areas of Financial, Capabilities and ESG.

FINANCIAL

Several financial milestones were achieved as a result of BR25 transformation.

MSME financing grew by more than 55% year on year (YoY) to reach RM1.19 billion (SME RM1.01 billion, Micro RM174.3 million), spurred by increased access points provided by the 10 fully operationalised SMEC Business Banking Centres (BBC), as well as expanded outreach achieved by the strategic marketing and collaboration initiatives that were unleashed during the year.

The improvements made in online financing access saw over 30% growth in successful applications across the segments of personal, vehicle and home financing. It is reflected through number of application via BRICK. Targets for online on-boarding of customers for i-bizRakyat has increased to 18,956 while iRakyat Mobile Banking has onboarded 365,717 customers. This has surpassed the Year 2022 target of 18,000 and 344,303 respectively.



The Bank's fund liquidity improved, driven by intensified engagement with agencies as part of the BR25 current account acquisition programme which successfully increased business deposits by 19% YoY.

As a whole, the additional gains in SME, Micro and Cooperative customers during the year, resulted in a 21% YoY growth of customers from the underserved category, reflecting the Bank's goal of enhancing financing access to this category. The Bank's synergised goal to reduce paper usage, improve cost savings and enhance customer convenience were also met through the introduction of Savings-i Account paperless onboarding at four (4) pilot branches. This was estimated to deliver cost savings from reduced paper usage. The simplified onboarding process via consolidated online forms for CIF, savings account and debit card applications was also well received by customers.

ESG

The ESG impacts achieved by BR25 were also commendable. First and foremost, the Bank's sustainability agenda was strengthened with the approval of the Sustainability Risk Policy to support sustainability integration and manage climate risks. This anchors our sustainability roadmap going forward.

The newly introduced ESG Financing achieved commendable performance. Surpassing the RM300 million target, over RM1.0 billion for Green, Social Finance and affordable home financing was approved to support the Bank's sustainability agenda.

Additionally, social financing initiatives for the year such as RAKYATpreneur 3.0 and Bank Rakyat UNIpreneur 2.0, effectively narrowed financial inclusion gaps. There was a 175% growth in asnaf entrepreneurs participation in these two programmes with a total contribution of RM4.0 million from zakat funds dedicated as low cost microfinance allocations. This was supported with seed funding as well as structured training and mentorship provided by the Bank's i-TEKAD programme.

Furthermore, the 13 ongoing sustainability initiatives towards Green Building Index (GBI) certification for Menara Kembar Bank Rakyat (MKBR) was estimated to have a potential impact of 1.52 million kWh or RM1.0 million worth of energy savings; while healthier indoor environment is estimated to deliver 950 tonnes of CO_2 reduction (the equivalent of saving 27,000 trees). Within the community, the BaktiRAKYAT volunteerism initiative, with 2,620 volunteer hours, saw 500 trees being planted to offset 12 tonnes of CO_2 emissions. These represent the Bank's commitment to promote a greener environment and supporting the Malaysia's 2050 net zero carbon vision.

MANAGEMENT DISCUSSION AND ANALYSIS



CAPABILITIES

The Bank has stepped up its capabilities with service enhancements and increased industry engagements.

Harnessing digitalisation, auction processes were made more efficient through the deployment of the first-ever Ar-Rahnu e-Lelong, a real time auction platform. Accessible on desktop and mobile devices to bidders, this digital service improved successful auctions by 13% while contributing to financing balance recovery and complementing sustainability efforts.

Through participation in industry events and collaborations, Bank Rakyat's visibility in thought leadership was also heightened in 2022. These included:

- Hosting of the 4th International Shariah Scholars Roundtable as a platform in exchanging areas of expertise and publication of resolution as reference for the industry.
- Recognition of the Bank's Shariah fraternity with the appointment of the Bank's Chief Shariah Officer, Ustaz Mohd Zamerey Abdul Razak as Adjunct Professor at Universiti Pendidikan Sultan Idris.
- Strategic collaboration with International Islamic University Malaysia and Universiti Teknologi MARA for insights on concrete solutions through the exploration of Islamic concepts as social safety nets, such as zakat for microfinance; musharakah applications; and commercial housing waqf.

Finally, Bank Rakyat was honoured to receive industry acknowledgement at the HR Excellence Award 2022 with the achievement of a Gold award for Excellence in Total Reward Strategy and two Silver awards for Excellence in Mobility and Best HR Team (MNC).

The strategic BR25 programme is currently undergoing a refinement exercise to support the transformation agenda in achieving financial growth beyond the Year 2025. This is in preparation to better drive the current BR25 Blueprints and to assist the Bank in realising intended objectives and outcome.

This refinement is crucial in ensuring that the Blueprints' initiatives to the Bank's agenda corresponds with industry trends and challenges. The exercise will streamline the Bank's transformation with the necessary infrastructures in meeting challenges of an increasingly dynamic future, whilst striving to educate and create long-term value to our stakeholders, including customers, employees and society and at the same time to balance the social and environmental impacts in all our business decisions in supporting sustainable growth.

OUR SOCIAL EFFORTS

STEPPING UP SUSTAINABLE SOCIAL IMPACTS

Since Bank Rakyat's inception, the concept of service to the people has been embedded in our business and in the many ways we keep giving back to the community. As the bank of the people, we are mindful that CSR plays a pivotal role in the Bank's ongoing success and our ability to create long-term value for our wide range of stakeholders. Contributing to society and towards the upliftment of those in need is also an important part of the Shariah principles that govern us. Today, CSR is part of the Bank's overarching aspiration to create a sustainable futures for our stakeholders. We are motivated to build a better future for underserved communities as well as the stability and prosperity of our nation. This is part of the Bank's effort to maintain a friendly corporate image to place us on a sound footing as Your Bank of Choice.

Each year, a portion of business profits are allocated for the purpose of CSR, which are conducted through a multitude of channels. These include our flagship Kebun Nuri Nutrisi programme, Annual zakat and waqf contributions, Surau Al-Barakah activities and Rakyat Management Services (RMS) (franchisor of Bank Rakyat's Ar-Rahnu X'Change Islamic pawn broking brand) CSR programmes.

Over time, our focus on CSR has expanded and today it nurtures the Bank's sustainability journey, spearheaded by the Sustainability Department. This ensures more mindful planning to ensure the delivery of **Environmental, Social and Governance (ESG)** impacts in all initiatives that we support.

Highlight

In FY2022, Bank Rakyat was the recipient of three international awards for delivering outstanding social impact. The awards received were:

- The Golden Globe Tiger Awards (Asia Edition) for Outstanding Social Impacts.
- Sustainability and CSR Malaysia Award 2022 as Bank of the Year for Excellent initiatives in RAKYATpreneur, Bank Rakyat UNIpreneur and Kebun Nuri Nutrisi projects.
- CMO Award - a community development recognition for the RAKYATpreneur and Bank Rakyat UNIpreneur initiatives.

By incorporating sustainable practices into all aspects of our business, implementing new governance structures and integrating environmental, social and governance (ESG) principles into the Bank's decision-making, we aspire to continue nurturing a sustainable future for the communities we serve.

Kebun Nuri Nutrisi Programme

Kebun Nuri Nutrisi continues to be grown as the Bank's flagship award winning community development programme which aims to promote food and nutrition security, agricultural education, social inclusion, economic development and entrepreneurship through the development of successful school-farms. The Bank has been conducting Kebun Nuri Nutrisi initiatives since 2019 with participation from schools nationwide, including tertiary institutions. To date, Kebun Nuri Nutrisi has directly benefited 19,000 recipients from over 20 educational institutions.

In FY2022, through our partnership with the Federal Agricultural Marketing Authority (FAMA), Kebun Nuri Nutrisi advanced into large-scaled projects designed to create a clear and meaningful impact toward social and environmental goals. The focus was directed towards boarding schools such as MRSM Langkawi, MRSM Balik Pulau, MRSM Ulul Albab Sungai Besar, Malay College Kuala Kangsar (MCKK) and the community of Kampung Warna-Warni Seberang Ramai, Perlis.





Our current work with the Kampung Warna-Warni Seberang Ramai, Perlis is to develop a community hydroponic farm to improve the village's competitive advantages and agriculture productivity as well as bringing social progress through the creation of jobs and income to the villagers.

By expanding the reach and impact of Kebun Nuri Nutrisi, Bank Rakyat strives to support a more sustainable lifestyle for Malaysian communities. The programme covers a wide range of issues, including food security, nutrition, social inclusion and economic development, reflecting the interconnected nature of the Sustainable Development Goals and the problems they seek to address.

Sustainable impacts

- **Environmental conservation** - Help preserve land and the environment as well as improve soil health and water quality.
- **Social benefits** - Providing individuals (B40 students and communities) the opportunity to be part of sustainable income-generating agriculture activities.
- **Governance step-up** - Cultivate a more diverse and inclusive community.

OUR SOCIAL EFFORTS



- **Social mobility and inclusion**
  The Kebun Nuri Nutrisi programme was first developed with the intention of uplifting children from low-income families with the opportunity to manage their own nutritious gardens or urban farms. We believe that making a difference in life can be nurtured through small and influential steps. By associating with farming practice at an early age, this initiative will not only help the recipients to improve their personal life but also promotes environmental equity.

- **Empowering ecosystem sustainability**
  In contrast to one-off financial assistance, which can only be used in the short-term and is not sustainable, this initiative provides benefits regularly while also optimising production through market-leading technology. It incorporates agricultural learning and entrepreneurship where the surplus produce can be sold to raise funds that can be used to help the recipients and people around them in a sustainable way. During the unprecedented crisis of the COVID-19 pandemic which forced an immediate worldwide transition from teaching in classrooms to online teaching, many schools used the profits from the Kebun Nuri Nutrisi initiative to help their B40 students get SIM cards and Internet connection to follow online lessons.

- **Food and nutrition security**
  The programme help increase exposure to fresh and healthy local food. Recipients will be better nourished and is given the opportunity to learn about local food production, improving not only their nutritional status but their knowledge and understanding of agriculture which leads to community well-being.

- **The leveraged partnership**
  The collaboration with FAMA has harnessed a better direction for our recipients in terms of orientation and management of farming activities such as agricultural infrastructure which entails all the basic services, facilities and equipment that is needed for efficient production of agricultural commodities and marketing. The recipients were better prepped beforehand with courses and advisory for them to embark on agriculture activities.

- **Community agriculture – Shared prosperity**
  Other than promoting agriculture to students, the Bank is initiating a strong agricultural economy that brings social progress by increasing productivity, employment and income. This initiative would not only help the communities gain access to nutritious food supply but to foster their entrepreneurial skills by allowing them to sell surplus produce to raise funds that will be used to expand initiatives that help communities in a sustainable manner.



- **Financial inclusion – Cashless school programme**
  Beyond the Bank's initiative on agricultural sustainability, Bank Rakyat has been promoting smart spending and financial literacy in students via a cashless programme to schools that participated in Kebun Nuri Nutrisi. This programme transforms the current method of payment at the school cooperative, canteen and book shop into cashless which enables students to utilise Bank Rakyat Student MyDebit Card as a payment method. This initiative, which has benefited over 1,000 students is aimed at empowering them to manage their savings and spending from an early age.

Our future plan

Bank Rakyat aspires to advance this project in the future by incorporating sophisticated technologies such as the Internet of Things (IoT), Artificial Intelligence (AI) and smart farming. These advanced devices and precision agriculture allow farming to be more profitable, efficient, safer and more environmentally friendly. Currently, we are collaborating with one of the universities in Malaysia to implement IoT technology in their farming practice.

OUR SOCIAL EFFORTS

Other Community Welfare Initiatives

Back to School Programme

The Back to School programme is an annual community charity programme aimed at helping students to get ready to come back to school and begin a new school year. The main objective of this programme is to alleviate the financial burden of B40 families with school going children. A total of 6,000 B40 students from 116 schools nationwide benefited from the programme in FY2022.

Sustainable Impacts:

- **Inclusivity**
  - The Back to School initiative serves as an opportunity to assist students with heightened vulnerabilities, from diverse backgrounds and from rural regions who are less likely to receive support.
  - The programme helped reduce the financial burdens of the B40 families who were affected by the Movement Control Order (MCO) due to COVID-19 and the recent flash floods.

Primary School Students		
Item	**Quantity**	**Number of Students**
Black shoes	1 pair	6,000
School uniform • Female student – shirt, long skirt and scarf • Male student – shirt and trousers	1 set	
Socks	1 pair	
School bag	1 unit	

Innovation through Collaboration Programme

Deeply committed to supporting education and every aspect of a child's journey through school and beyond, Bank Rakyat entered an innovative partnership with SK Seri Permai, Pulau Pinang to find a solution for heavy school bags. Heavy school bags have always been a problem and backpacks that are too heavy can cause chronic back pain if regularly carried for long stretches of time. As such, the Bank supported SK Seri Permai's initial idea of incorporating innovative desk solutions, namely Smart and Easy Table (SnET) which benefited more than 1,300 students from both morning and evening sessions. The innovative desk comes with two shelves for books and three side compartments that can be used to store stationery, a Kelab Nuri coin container and a water bottle.

Sustainable Impacts

- **Financial literacy** - This programme educates students about the importance of sound money management and focuses on financial lessons that range from the importance of saving money to developing positive spending habits through the provision of Kelab Nuri's coin container as part of the Bank's ongoing effort in increasing financial literacy among the young.
- **Collaboration** - The creation of this desk was also a collaborative educational project with over 30 students enrolled in the Diploma of Furniture Manufacturing programme at Institut Kemahiran MARA Sungai Petani, support from Sekolah Menengah Kebangsaan Raja Tun Uda (SMKRTU) as well as Pejabat Pendidikan Daerah Barat Daya and Jabatan Pendidikan Pulau Pinang.



OUR SOCIAL EFFORTS

Festive Season Contributions

Jelajah Ramadan Bank Rakyat and FAMA 2022

To celebrate the Ramadan spirit of sharing and giving, Bank Rakyat collaborated with the Federal Agricultural Marketing Authority (FAMA) through *Jelajah Ramadan Bank Rakyat* and FAMA 2022 by contributing food packs (RM414,000.00) to 2,070 families from 25 locations nationwide (mosques and surau).

This initiative also includes *bubur lambuk* distribution, provision of iftar and *moreh* meals, distribution of Bank Rakyat's al-Quran to participating mosques and perform Tarawih prayers together with the local community.



Rindu Aku Mau Kaamatan and Rindu *Mok Sambut Gawai* Programmes

The programmes involved food packs distribution to underprivileged communities in Sabah and Sarawak in conjunction with Gawai and Kaamatan celebrations.

Rindu Aku Mau Kaamatan Programme	*Rindu Mok Sambut Gawai* Programme
370 Recipients	600 Recipients



Waqf and Zakat Contributions

Waqf

Bank Rakyat and the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) launched the Terengganu Waqaf Hemodialysis Centre as an effort to drive the development of waqf projects in Malaysia, particularly in the health sector to help the needy.

This initiative is the peak of Bank Rakyat's strategic collaboration with MAIDAM in supporting my*Wakaf* initiative which focuses on the provision of banking service channels in addition to glorifying waqf as a financial instrument that can have an impact on the country's economic development.

A total of RM1.47 million waqf funds have been succesfully collected as a result of public donations as of October 2022 and these waqf funds are used to finance the cost of refurbishing this hemodialysis centre such as the cost of providing facilities and equipment including dialysis machines which in total reach more than RM644,000.00.



OUR SOCIAL EFFORTS

Zakat

Through zakat contributions, Bank Rakyat supports and executes initiatives to ensure the underserved are provided social equity in education, business and living standards. A total Zakat of RM18.5 million was distributed to 77,487 recipients through the following programmes:

No.	Programme	Total Recipients	Total (RM)
A	**ENTREPRENEURS SUPPORT**		
	RAKYATpreneur 3.0	243 persons	1,300,000.00
	Bank Rakyat UNIpreneur 2.0	500 persons	1,625,000.00
	Entrepreneurs (one-off)	190 persons	310,000.00
	TOTAL	**933**	**3,235,000.00**
B	**QUALITY EDUCATIONS**		
	Students of Primary/Secondary Schools (One-off)	67,248 persons	8,049,541.82
	Zakat *Siswa*	25 persons	949,195.00
	University/University College (Education Programmes)	13 institutions	502,791.30
	Local University Students	433 persons	262,500.00
	International University Students	8 persons	16,500.00
	Mualaf (Education Programmes)	2 institutions	10,000.00
	TOTAL	**67,729**	**9,790,528.12**
C	**NO POVERTY/ZERO HUNGER/GOOD HEALTH AND WELL-BEING**		
	Poor Aid (one-off)	6,971 persons	1,394,200.00
	Cost of Living Aid/Medical Treatment Aid	41 persons	262,871.00
	Poor Aid (Mualaf) (one-off)	1,338 persons	138,600.00
	Poor Aid (Mualaf) (Institution)	1 institution	30,000.00
	TOTAL	**8,351**	**1,825,671.00**
D	**SUSTAINABLE CITIES AND COMMUNITIES**		
	Mosques/Mussolla (Education Programmes)	382 institutions	1,464,000.00
	Home Building	10 persons	650,000.00
	Flood Assistance	21 institutions	370,000.00

OUR SOCIAL EFFORTS

Repair Home	3 persons	85,000.00
Fire Assistance	1 person	10,000.00
TOTAL	**417**	**2,579,000.00**
GRAND TOTAL	**77,430**	**17,430,199.12***

** Excluding Wakalah Fund from Majlis Agama Islam Negeri.*
** Information is from April 2022 to December 2022.*

FY2022 ZAKAT SPOTLIGHT: RAKYATpreneur and Bank Rakyat UNIpreneur

The RAKYATpreneur and Bank Rakyat UNIpreneur programmes display Bank Rakyat's commitment in playing an important role as a growth engine that reactivates the micro, small and medium enterprise sector and contributes to the country's Gross Domestic Product (GDP) which can transform and empower the national economy. The programmes are in line with the aspirations of the Sustainability Blueprint drawn up through the Bank Rakyat 2025 (BR25) strategic plan to prioritise balance between business operations and responsibility towards the community by giving priority to continuous and sustainable economic progress.

Participants of both programmes are given an injection of funds, training and entrepreneurial guidance and inclusive monitoring from Bank Rakyat for six months to help improve their income and nurture the growth of their businesses.

In 2022, both programmes were planned more comprehensively and improved from the previous series to ensure that they remain relevant and help increase participants' income by up to 20%. Since their introduction, the programmes have recorded good performance and proud success for the participants.

RAKYATpreneur

This is a philanthropic initiative to assist asnaf micro entrepreneurs by providing the financial aid to enhance their initial capital and assist them through a comprehensive six-month training module that focuses on the development of entrepreneurial skills, self-confidence and self-reliance.

SELECTION	• Identify potential asnaf micro entrepreneurs who need assistance to boost their current business. • Collaboration with Majlis Agama Islam Negeri and Lembaga Zakat Negeri
COACHING	• Development of RAKYATpreneur module • Knowledge sharing session on entrepreneurship
MENTORING	• Implementation of knowledge • One-to-one guidance • Feedback on key areas and improvements
MONITORING	• Inspection and evaluation of progress • Identify key improvements • Branch engagement to educate on banking products
BRANDING	• Depict the ownership • Elevate the business by building customer recognition
FINANCING	• Align with the National Entrepreneurship Policy (NEP) agenda

OUR SOCIAL EFFORTS

The pilot programme was launched in 2020 with 20 asnaf, this was increased to 170 asnaf in 2021 and in 2022 the programme benefitted 243 asnaf with community-based micro businesses throughout Malaysia. We target businesses with a monthly revenue of RM1,000.00 to RM8,000.00 and provide seed funding RM5,000.00 or RM10,000.00.

RESULTS: 2022 - 60% or 146 participants shown increased sales for the entire six-month.

Bank Rakyat UNIpreneur

This is a philanthropic initiative, in collaboration with higher education institutions, to assist young asnaf student entrepreneurs by providing financial aid to enhance their initial capital and assist them through a comprehensive six-month training module that focuses on the development of entrepreneurial skills, self-confidence and self-reliance for their future careers.



The pilot programme was launched in 2021 with 100 participants in collaboration with 10 higher educational institutions, this was increased to 500 participants in 2022 in collaboration with 24 higher educational institutions. We target businesses with a monthly revenue below RM2,000.00 and provide seed funding of RM3,000.00.

RESULTS: 2022 - 66% of participants has shown increase in sales for the Bank Rakyat UNIpreneur 2022.

YAYASAN BANK RAKYAT AND SURAU AL-BARAKAH

Yayasan Bank Rakyat

Yayasan Bank Rakyat initiates education and community initiatives to help those in need. Funding of the foundation is obtained through a contribution of 0.5% of the shareholding of each member of Bank Rakyat (individuals and cooperatives) and deducted from the dividends received each year. The foundation strives to improve the education level of poor Malaysians regardless of race, religion and descent as well as improve the socio-economic level through knowledge and education in addition to encouraging the attitude of helping Malaysians.

Funds contributed to YBR for 2022 is as below:

Categories	Contributions
Bank Rakyat Members	RM14,303,012.00
Bank Rakyat	RM14,303,012.00
Total Contribution	**RM28,606,024.00**

Surau Al-Barakah

Formed to provide spiritual sustenance and strength for all Bank Rakyat employees, Surau Al-Barakah contributes to the well-being of the muslimah community. Inspired by the Arabic word '*Barakah*' which means sustainable growth, in its community activities, Surau Al-Barakah provides resililence through contributions in times of need and by building spiritual strength.

Jāriah Al-Barakah is a collaborative initiative between Bank Rakyat and Surau Al-Barakah which was created to support the practice of charity among the Bank's employees and the community. Through this platform, the charity is managed more effectively. The collection received for this platform from 1 January 2022 until 31 December 2022 was RM265,948.71 which made the total collection from the establishment of this initiative until 31 December 2022 amounting to RM820,874.92. From this amount, a total of RM248,335.56 has been distributed to the beneficiaries.

OUR SOCIAL EFFORTS

Jāriah Al-Barakah

No.	Collaborative Partner	Total Collection	Total Distribution	Beneficiaries	
1	Jāriah Al-Barakah	RM820,874.92	RM248,335.56	COVID-19 victims	RM5,000.00
				Asnaf and B40	RM24,500.00
				IIUM *(Dermasiswa)*	RM50,000.00
				UPSI *(Bantuan Yuran Pelajar)*	RM85,977.00
				Bantuan Umum (Kebajikan)	RM33,820.00
				Bantuan Umum (Kebajikan)	RM25,784.56
				Maahad Tahfiz Al Aqsa	RM8,570.00
				Rejimen 504, Askar Wataniah	RM14,684.00



In FY2022, Surau Al-Barakah also distributed RM349,356.80 in Islamic Dakwah and Knowledge Enrichment actvities as well as CSR initiatives throughout the year. Other than the annual festive Ramadan and Aidiladha contributions, in FY2022 RM66.404.80 was devoted to *ZON BARAKAH BERGERAK* in collaboration with Bank Rakyat branches. The initiative comprised mobile visits to needy communities all across Malaysia to contribute donations in the form of food and cash. When the floods ravaged Pahang and Selangor, RM75,000.00 was devoted to helping repair works for 29 affected mosques and suraus, in addition to a copy of the al-Quran and a memento wall clock.

BaktiRAKYAT

BaktiRAKYAT is a volunteerism programme that supports the Sustainable Development Goals (SDG) which focuses on aspects of community development, education, health, socioeconomics and support services. It is aimed to cultivate the value of cooperation, fostering team spirit, eradicate selfishness and care for the community and the environment.

This initiative is also in line with the aspirations of the Sustainability Blueprint drawn up through the strategic plan of Bank Rakyat 2025 (BR25) to increase the value of cooperation, foster group spirit, erode self-importance and disregard for the community's cultural environment and the environment to coincide with the concept of 'Malaysian Family'.

At least one volunteering programme was targeted to be held every month starting January 2022 at the regional level and Bank Rakyat headquarters. As a result, a total of 13 BaktiRAKYAT programmes have been organised in 2022, involving 662 employees and 2,612 voluntary service hours.







OUR SOCIAL EFFORTS

Activities include:

Program Pemuliharaan dan Keceriaan	**Department of Fisheries** Turtle Conservation and Information Centre, Pengkalan Balak, Melaka
Program Penanaman dan Pemeliharaan Pokok	Forest Research Institute Malaysia (FRIM)
Program Penambahbaikan Prasarana dan Keceriaan	Madrasah Waqf Islamiah Sabah (MAWIS)
Rewang Ramadan	• PPR Seri Alam 2 • SEKATARAKYAT • Surau Al-Barakah
Penghijauan Malaysia: Pokok Kita, Kehidupan Kita	• Pejabat Hutan Daerah Johor Timur, Mersing • PUSPANITA Daerah Mersing
Program Pelepasan Rama-rama dan Penanaman Pokok	• Sekolah Menengah Kebangsaan Bukit Gambir • McDonald's
• *Aktiviti* Plogging *dan Pembersihan Kawasan Pantai* • *Aktiviti Pembersihan Sekolah akibat banjir*	• NGO Geng Plastik Ija (GPI) • Sekolah Menengah Agama Yayasan Al Khairiah
• *Program Penanaman Pokok Berembang* • *Pembersihan Pantai*	• Majlis Perbandaran Kuala Selangor (MPKS) • Kelab Generasi Warisan Seri Asahan • Persatuan Pendayung Kelip Kelip Kampung Kuantan
• *Aktiviti Pemasangan Tali, Papan Tunjuk Arah dan Penerangan* • *Pembersihan Laluan Pendaki*	Lembaga Pembangunan Tioman
• *Program Pembersihan Kolam Penyu dan Penanaman Pokok Ambong-Ambong* • *Aktiviti Mengecat dan Gotong-Royong*	**Department of Fisheries** • Turtle Conservation and Information Centre, Segari, Perak • Kampung Warna-Warni Seberang Ramai, Kuala Perlis
• *Program Mengecat Surau,* • *Pembersihan Kawasan Kampung* • *Pemasangan Lampu Solar*	i-CATS University College

RMS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Rakyat Management Services (RMS), a wholly owned subsidiary of Bank Rakyat is the franchisor of the Ar-Rahnu X'Change Islamic pawnshop franchise brand. In addition to carrying out Bank Rakyat's mandated role in developing cooperative businesses, RMS is also active in other gold-related business activities such as gold specialist consulting services and gold retail through the RMS Gold brand.

Like Bank Rakyat, RMS allocates a part of its profits for the implementation of CSR programmes that help the needy in our community, regardless of background. In order to ensure an effective and integrated programme structure, RMS has outlined the CSR programme as a brand marketing programme under the Ar-Rahnu X'Change Product and Brand Marketing Plan 2022 through three main approaches which are corporate sponsorships and contribution, contribution to the asnaf and franchise initiatives.

Board members and management are consistent with the aspirations of RMS as an organization with a big heart in helping people in need regardless of background.

The company's corporate social responsibility philosophy is to share all business returns with the community as an appreciation for customer support for over 15 years in operation.

OUR SOCIAL EFFORTS

Corporate Sponsorships and Contributions

Through two budget sources, namely corporate expenditure and the National Marketing Fund, RMS allocated RM100,000.00 in FY2022 for the implementation of CSR programmes. Expenditure was utilised with sponsorship activities and donations to various groups of individuals and institutions. These included:

- RM3,500.00 to Surau Bukit Jelutong, Shah Alam in conjunction with Aidiladha 1443H. This was completed in two locations, namely in Bandar Baru Salak Tinggi, Sepang in addition to activities with the Club Pure Dream Caring Welfare in Ulu Bernam, Selangor.
- RM3,500.00 worth of cash donations earmarked for the successful *Majlis Khatan Perdana* organised by Surau Al-Barakah, Menara Kembar Bank Rakyat on 10 December 2022.
- RM10,000.00 for the sponsorship of the 2022 Drug-Free Malaysia Family Campaign organised by the Malaysian Narcotic Crime Eradication Organisation.

Contributions to the Asnaf

Up to December 2022, a number of Zakat *Wakalah* allocations have been spent for the benefit of various categories of asnaf. For asnaf fisabilillah, several institutions such as mosques, madrasahs, organisations and schools have been listed.

Students are one of the main target groups in the RMS's charity donation activities. During the year, RM100,000.00 was provided to 500 asnaf students from poor families in collaboration with the *Amal Budi* Volunteer Welfare Club. On 7 February, RM30,000.00 donation was given to the Malaysian Schools Islamic Dakwah Activities Organisation (PEKDIS) Selangor Branch, intended to be distributed to 300 less able students around the State of Selangor. A further RM30,000.00 asnaf contribution was given to 300 students on 24 February, channeled through the Islamic College Alumni Association, Klang Malaysia. In addition, more than 20 less fortunate children were also celebrated with cash donations and necessities to celebrate Hari Raya Aidilfitri.

For the first time RMS took the initiative in contributing to the construction of asnaf houses. The construction of a house in Lata Rek village, Kuala Krai has been carried out to ensure that the six family members of Puan Razila Jusoh live in a new house to enjoy a more comfortable life.

'Ar-Rahnu X'Change We Care' Franchise Initiative

The direction of Ar-Rahnu X'Change brand marketing programme as a caring brand is translated through the 'Ar-Rahnu X'Change We Care' campaign which was initiated in 2020. Throughout the year 2022, various activities amounting to RM15,000.00 for each Ar-Rahnu X'Change branch were carried out by franchises nationwide.

More than 30 franchisees were involved in the initiative to make the campaign a success by catering to various groups of individuals and institutions in need through assistance in the form of basic food needs and cash.

Among the many contributions made, the Prime Minister's Department Employees' Cooperative Franchise through Ar-Rahnu X'Change Semenyih and Banting channeled a donation of RM5,000.00 to Mahmudah Malaysia Care Centre in Kampung Sungai Purun, Semenyih and Maahad Tahfiz Sulaimaniyyah Al-Azim Kampung Kelanang in Banting, Selangor. The franchisee of the Ibnu Umar Family Cooperative in Terengganu also took the initiative to help local residents in need by donating basic food aid to 60 poor families.



Competent

We continuously increase our competence to ensure reliable banking access and transactions, even those that span across distance and time.

R.A.K.Y.A.T

BOARD OF DIRECTORS

1. **DATUK MOHD IRWAN MOHD MUBARAK**
   Independent Non-Executive Director/Acting Chairman
2. **DATO' SRI SURIANI DATO' AHMAD**
   Non-Independent Non-Executive Director
3. **TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN**
   Independent Non-Executive Director

BOARD OF DIRECTORS

4. **HAJI MOHD JAFRI KUDUS**
   Independent Non-Executive Director
5. **DATO' DR. VASEEHAR HASSAN ABDUL RAZACK**
   Independent Non-Executive Director
6. **PROFESSOR DR. HAJI RADUWAN IDAR**
   Independent Non-Executive Director
7. **IDRIS ABD HAMID**
   Independent Non-Executive Director
8. **DATO' HAJI AMIRUDIN HAJI ABDUL HALIM**
   Independent Non-Executive Director
9. **MOHAMAD KHAIRIL ABIDIN**
   Senior Vice President, Bank Secretary, Legal and Members



BOARD OF DIRECTORS PROFILE



BOARD OF DIRECTORS PROFILE

DATUK MOHD IRWAN MOHD MUBARAK

Independent Non-Executive Director/Acting Chairman

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 24 July 2020 - 23 July 2022
- Reappointment as Board of Director: 24 July 2022 - 23 July 2024
- Appointment as Acting Chairman: 1 November 2022 - To date

EDUCATION

- Certified Mediator, The Accord Group, Sydney, Australia
- Diploma in Syariah and Legal Administration, Universiti Teknologi MARA (UiTM)
- Master in Comparative Laws (MCL), International Islamic University Malaysia (IIUM)
- Bachelor of Laws (Hons) L.L.B, IIUM
- Certificate of Laws, Matriculation Centre, IIUM
- American Degree Programme in Social Science, UiTM

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Nomination and Remuneration Committee
- Member, Board Risk Committee
- Member, Board Audit and Examination Committee
- Interim Member, Board Financing Committee
- Member, Board IT Committee

OTHER POSITIONS HELD

- Director, Rakyat Management Services Sdn Bhd
- Managing Partner, Messrs Mohd Irwan Mohd Mubarak, Advocates and Solicitors/Syarie Counsel
- Part Time Tutor, Open University Malaysia (OUM)
- Director, MIMM Travel and Tours Sdn Bhd
- Director, MIMM Development Sdn Bhd
- Director, MIMM Consultancy Sdn Bhd
- Director, Seven T Nine Sdn Bhd

PREVIOUS EXPERIENCE

- Reading in Chambers of Messrs Aziz Zakaria Saiful and Wan, Advocates and Solicitors
- Part Time Tutor in English Language, Mawar Tuition Centre, Damansara
- Part Time Lecturer, Systematic College (SEGI) Petaling Jaya
- State Manager of Selangor and Kuala Lumpur, Knowledge Development Centre (PBI)
- Customer Service Agent/Operator, Customer Service Centre Pizza Hut
- Coordinator in Usrah Programme, International Islamic College (IIC), Kuala Lumpur
- *Pembantu Rakan Muda,* Department of Youth and Sports, Pulau Pinang
- Material Handler, Baxter Healthcare S.A, Pulau Pinang
- Housekeeper, Front Office Assistant, Food and Beverage Assistant various Hotel

BOARD OF DIRECTORS PROFILE



DATO' SRI SURIANI DATO' AHMAD

Non-Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 19 January 2021 - 18 January 2023
- Reappointment as Board of Director: 19 January 2023 - 18 January 2025

EDUCATION

- Master of Arts, Strategy and Diplomacy, Universiti Kebangsaan Malaysia (UKM)
- Diploma in Public Management, National Institute of Public Administration (INTAN)
- Bachelor of Communication, Universiti Sains Malaysia (USM)

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Nomination and Remuneration Committee
- Member, Board Integrity and Governance Committee

OTHER POSITIONS HELD

- Secretary General, Ministry of Entrepreneur Development and Cooperatives (KUSKOP)
- Board of Director (UDA)
- Board of Director (PERNAS)

PREVIOUS EXPERIENCE

- Secretary General, Ministry of Communications and Multimedia Malaysia (KKMM)
- Director, INTAN
- Secretary General, Ministry of Women, Family and Community Development (KPWKM)
- Deputy Secretary General (Policy and Control), Ministry of Home Affairs (KDN)
- Deputy Secretary General (Policy), Ministry of Defense
- Undersecretary, Policy Division, Ministry of Defense
- Manager, Corporate Planning Division, Proton Holdings, under the Public and Private Sector Cross Fertilisation Program
- Director, Free Trade Agreements, Policy and Negotiations Coordination Division, Ministry of International Trade and Industry (MITI)
- Director, Multilateral Trade and Policy Division, MITI
- Principal Assistant Director, Multilateral Trade and Policy Division, MITI
- Special Officer to the Honorable Minister of International Trade and Industry
- Chief Assistant Director, ASEAN Economic Cooperation Division, MITI
- Assistant Director and Chief Assistant Director, Bilateral and Regional Division, MITI
- PTD Grade M3 in Malaysian Administrative Modernisation and Management Planning Unit, (MAMPU), Prime Minister's Department
- Editorial Executive, BERNAMA PR

BOARD OF DIRECTORS PROFILE



TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 1 October 2019 - 30 September 2021
- Reappointment as Board of Director: 1 October 2021 - 30 September 2023

EDUCATION

- Fellowship, Association of Chartered Certified Accountants, United Kingdom
- Associate, Association of Chartered Certified Accountants, United Kingdom
- Associate, Malaysian Institute of Accountants, Malaysia
- Graduate, Association of Chartered Certified Accountants, United Kingdom
- Certificate and Diploma, Luton College of Higher Education, United Kingdom
- Graduate, Brighton Technical College, United Kingdom
- Certificate, The Malay College Kuala Kangsar (MCKK)

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Audit and Examination Committee
- Chairman, Board Financing Committee
- Member, Board Risk Committee
- Member, Board Integrity and Governance Committee
- Member, Board Tender Committee

OTHER POSITIONS HELD

- Director, MAA Group Berhad
- Director, St. John's International Edu Group Sdn Bhd
- Director, Imperium Edumaax Sdn Bhd
- Director, Hospitality 360 Sdn Bhd
- Director, 10Star Cinemas Sdn Bhd
- Director, MYMY Payments Malaysia Sdn Bhd
- Director, Jaya Raya Sdn Bhd
- Director, TABS Agro Business Services Sdn Bhd
- Director, SRT Security Services Sdn Bhd

PREVIOUS EXPERIENCE

- Group Managing Director and Group Chief Executive Officer, Themed Attractions Resorts and Hotels Sdn Bhd
- Managing Director/Chief Executive Officer, Themed Attractions and Resorts Sdn Bhd
- Executive Director CIMB Bank Berhad
- Executive Director, CEO's Office, CIMB Bank Berhad Group and CIMB Investment Bank Berhad
- Group Chief Internal Auditor, Bumiputra-Commerce Bank Berhad
- Head - Retail Financial Services, Bumiputra-Commerce Bank Berhad
- Strategic Corporate Planner, Bumiputra-Commerce Bank Berhad
- Executive Director and Chief Executive Officer, Commerce Asset Fund Managers Sdn Bhd
- Financial Controller, Commerce Asset-Holding Berhad
- Group General Manager and Company Secretary, Lenggang Holdings Sdn Bhd
- Senior Bank Officer, Bank of Commerce Berhad

BOARD OF DIRECTORS PROFILE



HAJI MOHD JAFRI KUDUS

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 13 July 2020 - 12 July 2022
- Reappointment as Board of Director: 13 July 2022 - 12 July 2024

EDUCATION

- Diploma in Computer Science, Universiti Teknologi MARA (UiTM)
- Certificate in Multimedia Technology, Institute of Systems Science, National University of Singapore (NUS)
- Certified Instructor, DDI International

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board IT Committee
- Chairman, Board Tender Committee
- Member, Board Nomination and Remuneration Committee
- Member, Board Risk Committee

OTHER POSITIONS HELD

- Executive Director, Strovi Dox Sdn Bhd
- Director, Strovee Media Sdn Bhd
- Director, Strovee Rich Sdn Bhd
- Director, Strovee Event Sdn Bhd
- Director, Strovee Travel & Tours Sdn Bhd
- Director, Ingress Master Sdn Bhd
- Director, Kasturi Kualiti Sdn Bhd

PREVIOUS EXPERIENCE

- Business Development Consultant, Antah SNC Homeland Security Sdn Bhd
- Chief Executive Officer, E Tanah JV Sdn Bhd
- Vice President - Enterprise Market, Celcom (Malaysia) Berhad
- Vice President - Mobile Data, Celcom (Malaysia) Berhad
- Vice President - Wholesale and Global Business, Celcom (Malaysia) Berhad
- Vice President - Government Market and Special Projects, Celcom (Malaysia) Berhad
- Management Representative - Director, Trifiniti Sdn Bhd
- Vice President/Head, Celcom Technology Sdn Bhd
- Senior Manager/Head - Multimedia Services, Celcom Technology Sdn Bhd
- Senior Manager, Celcom Technology Sdn Bhd (CTSB)
- Senior Manager, Celcom (Malaysia) Berhad
- Senior Officer, Celcom (Malaysia) Berhad
- Operation Programmer, Kompleks Kewangan Malaysia Berhad

BOARD OF DIRECTORS PROFILE



DATO' DR. VASEEHAR HASSAN ABDUL RAZACK

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 15 July 2021 - 14 July 2022
- Reappointment as Board of Director: 15 July 2022 - 14 July 2023

EDUCATION

- Currently pursuing Doctor of Psychoanalysis (Psya. D) with Boston Graduate School of Psychoanalysis
- Executive Master in Consulting and Coaching for Change, INSEAD, France
- Doctor of Philosophy, Vrije Universiteit Amsterdam, Netherlands
- Specialised Master in Consulting and Coaching, HEC, France
- Postgraduate Diploma in Industrial Administration, University of Aston in Birmingham, United Kingdom
- Master of Business Administration, University of Aston in Birmingham, United Kingdom
- Bachelor of Commerce, Loyola College, University of Madras, India

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Investment Committee
- Interim Chairman, Board Risk Committee
- Member, Board Audit and Examination Committee
- Member, Board Financing Committee

OTHER POSITIONS HELD

- Director, Saturna Sdn Bhd
- Director, Barkath Burkill Plantations Sdn Bhd
- Director, Jupiter Trading Sdn Bhd
- Director, Golden Angel Sdn Bhd
- Director, Organic Treasure Sdn Bhd
- Director, Kingsley Advisory And Strategic Initiatives Sdn Bhd
- Director, Ingress Corporation Berhad

PREVIOUS EXPERIENCE

- Chief Executive Officer/Managing Director, Dallah al-Baraka (Holdings) Sdn Bhd
- Director of Bank Islam Malaysia Berhad, Bank Utama Malaysia Berhad, Utama Merchant Berhad, UBG Berhad, RHB Berhad, RHB Capital Berhad, RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad, RHB Insurance Berhad, Unicorn Islamic Investment Bank Berhad and Asian Finance Bank (now known as MBSB Bank)
- Manager Corporate Finance, Aseambankers
- Consulting Assistant, Messrs Ernst & Young

BOARD OF DIRECTORS PROFILE



PROFESSOR DR. HAJI RADUWAN IDAR

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 1 June 2022 - 31 May 2024

EDUCATION

- Doctor of Business Administration, Universiti Utara Malaysia (UUM)
- Master of Business Administration, Universiti Kebangsaan Malaysia (UKM)
- Bachelor of Economic, UKM

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Integrity and Governance Committee
- Interim Member, Board Nomination and Remuneration Committee
- Interim Member, Board Financing Committee
- Member, Board IT Committee

OTHER POSITIONS HELD

- Deputy Vice Chancellor Academic, Twintech International Universiti College of Technology
- Director, R.I Options Sdn Bhd

PREVIOUS EXPERIENCE

- Dean of Faculty of Business and Finance, Twintech International University College of Technology
- Panel Assessor, Malaysian Qualification Agency (MQA) Specialisation in Entrepreneurship, Strategic Management and Finance
- HRDF Trainer, Twintech International University College of Technology
- Adjunct Professor, Open University Malaysia
- Panel Assessor, Apel (C), ASA College, Rawang
- Head of Programme Management and Entrepreneurship, Business School, UniKL Business School
- Deputy Dean (Academic) Cum Lecturer, Faculty of Business, University Selangor
- Deputy Dean (Student Affair) Cum Lecturer, Faculty of Business, Head of Programme Bachelor of Marketing, Faculty of Industrial Management (presently known as Faculty of Business) and Lecturer, Faculty of Business, Universiti Selangor, Universiti Industri Selangor
- Company Director, R.I. Option Sdn Bhd
- General Manager - Group Corporate and Business and Group Senior Manager Credit Control, SAP Holding Berhad (presently known as Kumpulan Hartanah Selangor Berhad)
- Branch Manager/Assistant Branch Manager/Bank Officer, Maybank Berhad
- Investment Officer, Koperasi Usaha Bersatu Berhad

BOARD OF DIRECTORS PROFILE



IDRIS ABD HAMID

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 1 September 2022 - 31 August 2024

EDUCATION

- Diploma in Accountancy
- B.SC Finance, Southern Illinois University
- MBA, University Northern Colorado

PREVIOUS EXPERIENCE

- Director - Consumer Banking, Affin Bank Berhad
- Senior Vice President - Hire Purchase Business, Affin Bank Berhad
- Deputy, Chief Executive Officer - Affin-ACF Finance Bhd
- Chief Executive Officer - Affin Finance Bhd
- Head - Retail Loans - Arab Malaysian Finance Bhd
- Branch Manager - Arab Malaysian Finance Bhd
- Assistant Branch Manager - Malayan Finance Corporation Berhad

BOARD OF DIRECTORS PROFILE



DATO' HAJI AMIRUDIN HAJI ABDUL HALIM

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 21 December 2022 - 20 December 2024

EDUCATION

- Advance Management Programme, The Wharton Business School, University of Pennsylvania, Philadelphia, Pennsylvania, United State of America
- BA in Finance, St. Louis University Missouri, United State of America
- Diploma in Business Studies, Universiti Teknologi MARA (UiTM)

OTHER POSITIONS HELD

- Director, Takaful Ikhlas General Berhad

PREVIOUS EXPERIENCE

- Board Member, Bank Simpanan Nasional Berhad
- Chief Operating Officer (Business), Bank Rakyat
- Executive Director, Banking, Affin Bank Berhad
- Director, Business Banking, Affin Bank Berhad
- Deputy Head, Business Banking Division, Maybank Berhad
- Deputy Chief Executive Officer, Mayban Fortis Holdings Berhad (a member of the Maybank Group companies)
- Executive Vice President/Head, Mortgage and Automobile Financing, Maybank Berhad
- Executive Vice President/Head, Automobile Financing, Maybank Berhad
- Assistant General Manager, Credit Control, Mayban Finance Berhad
- Assistant General Manager, Retail Marketing, Mayban Finance Berhad
- Assistant General Manager, Corporate Services, Mayban Finance Berhad
- Assistant General Manager, Branch Operation and Credit Control, Mayban Finance Berhad
- Area Manager, Area Office, Northern, Mayban Finance Berhad
- Branch Manager, Mayban Finance Berhad
- Assistant Branch Manager, Mayban Finance Berhad

BOARD OF DIRECTORS PROFILE



MOHAMAD KHAIRIL ABIDIN

Senior Vice President, Bank Secretary, Legal and Members

APPOINTMENT AS BANK SECRETARY

- First Appointment as Bank Secretary: 1 September 2022

EDUCATION

- Admitted as an Advocate and Solicitor in the High Court Malaya in Kuala Lumpur (Appeals and Special Powers Division)
- Pupilage under the late Mr. T. Kuhanandan, Messrs Badri Kuhan Yeoh and Ghandi, Kuala Lumpur
- Bachelor of Laws, International Islamic University Malaysia (IIUM)
- Law Matriculation Program, Matriculation Centre, IIUM
- Sijil Pelajaran Malaysia (SPM), Penang Free School

PREVIOUS EXPERIENCE

- Vice President, Law, Bank Rakyat
- Managing Partner, Law Firm Messrs Shaikh Harun and Co, Advocates and Solicitors, Kuala Lumpur
- Legal Assistant, Messrs Ling and Mok, Advocates and Solicitors, Kuala Lumpur
- Partner, Law Firm Messrs Rabin and Associates and Co, Advocates and Solicitors, Ipoh (KL Branch)
- Tutor, Ahmad Ibrahim Law Kuliyyah, IIUM
- Legal Assistant, Messrs Kean Chye and Sivalingam, Ipoh
- Legal Assistant, Badri Kuhan Yeoh and Ghandi, Advocates and Solicitors, Kuala Lumpur

SHARIAH COMMITTEE

1. **PROF. DR. AZMAN MOHD NOOR**
   Chairman
2. **PROF. DATO' DR. MOHD AZMI OMAR**
3. **DR. MOHAMMAD ZAINI YAHAYA**
4. **DR. TUAN BADRUL HISYAM TUAN SOH**
5. **SS DR. MOHAMAD SABRI HARON**
6. **DR. AKHTARZAITE ABDUL AZIZ**
7. **USTAZ WAN RUMAIZI WAN HUSIN**
8. **USTAZ MOHD ZAMEREY ABDUL RAZAK**
   Secretary



SHARIAH COMMITTEE PROFILE



SHARIAH COMMITTEE PROFILE

PROF. DR. AZMAN MOHD NOOR

Chairman

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 January 2015 - 31 December 2016
- Reappointment as Shariah Committee Member:
  - 1 January 2017 - 31 December 2018
  - 1 January 2019 - 31 December 2020
  - 1 January 2021 - 31 December 2022
- Appointment as Chairman Shariah Committee: 1 September 2021 - 31 December 2022
- Reappointment as Chairman Shariah Committee: 1 January 2023 - 31 December 2024

EDUCATION

- PhD in Islamic Law, University of Edinburgh, United Kingdom
- Master of Islamic Criminal Law, Universiti Kebangsaan Malaysia (UKM)
- Master of Muamalat (Islamic Law of Transactions), International Islamic University Malaysia (IIUM)
- Bachelor of Islamic Law, Islamic University of Madinah, Saudi Arabia

OTHER POSITIONS HELD

- Senior Lecturer, International Institute of Islamic Banking and Finance, IIUM
- Board member, Etiqa Family Takaful Berhad
- Audit Committee Member, Etiqa Family Takaful Berhad
- Member, Shariah Committee Etiqa Group - Etiqa Family Takaful Berhad and Etiqa General Takaful Berhad
- Member, Shariah Committee, Kuwait Finance House
- Member, Shariah Committee, Tekun Nasional, Malaysia
- Member, Shariah Committee, Sanduk Islamic Banking Window, Micro Credit Deposit Organisation, Tajikistan
- Member, Fatwa Committee, Pejabat Mufti Negeri Perlis

PREVIOUS EXPERIENCE

- Member, Shariah Advisory Council, Securities Commission Malaysia
- Member, Shariah Committee, SME Bank
- Member, Shariah Committee, MNRB Retakaful
- Member, Shariah Advisor, Kenanga Capital
- Chairman, Shariah Committee, AmMetlife Family Takaful Berhad
- Deputy Chairman, Shariah Board, Al Rajhi Bank
- Muamalat Expert Panel, JAKIM

SHARIAH COMMITTEE PROFILE



USTAZ WAN RUMAIZI WAN HUSIN

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 September 2011 - 31 August 2013
- Reappointment as Shariah Committee Member:
  - 1 September 2013 - 31 August 2015
  - 1 September 2015 - 31 August 2017
  - 1 September 2017 - 31 August 2019
  - 1 May 2019 - 31 August 2021
  - 1 September 2021 - 31 March 2023

EDUCATION

- Master of Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)
- Bachelor of Fiqh and Usulul al-Fiqh, al-Bayt University, Jordan

OTHER POSITIONS HELD

- Member, Shariah Committee, PruBSN Takaful
- Chairman, Shariah Board, Al Rajhi Bank Malaysia
- Member, Shariah Advisory Committee, Tabung Haji Board
- Member, Shariah Council, Malaysian Chinese Muslim Association (MACMA)
- Member, Consultant Panel, International Research Centre in Islamic Economics and Finance (IRCIEF), International Islamic University College Selangor (KUIS)
- Consultant, Sadaqah House, IRCIEF, KUIS

PREVIOUS EXPERIENCE

- Lecturer, Department of Fiqh and Usul al-Fiqh, IIUM
- Member, Shariah Committee, Yayasan Muamalat Belia
- Shariah Advisor, Tissue Bank, Universiti Sains Malaysia Hospital, Kubang Kerian, Kelantan
- Consulting Fellow and Module Developer, IRCIEF, KUIS
- Member, Working Group for MS1900: 2014 Standard (Shariah-based Quality Management Systems - Requirement with Guidance), SIRIM Secretariat
- Trainer in Islamic Finance and Banking for staff of Bank Negara Malaysia, CIMB, Hong Leong Bank, Public Bank, Prudential Assurance Malaysia Berhad, Bank Simpanan Nasional (BSN), MBSB, Perbadanan Usahawan Nasional Berhad (PUNB), RHB and OCBC
- Member, International Union of Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar
- Member, Association of Shariah Advisors (ASAS), Kuala Lumpur
- Member, Muamalat Expert Panel, Jabatan Kemajuan Islam Malaysia (JAKIM)
- Member, Shariah Advisory Committee, IIUM

SHARIAH COMMITTEE PROFILE



PROF. DATO' DR. MOHD AZMI OMAR

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 January 2018 - 1 January 2020
- Reappointment as Shariah Committee Member:
  - 1 January 2020 - 31 December 2020
  - 1 January 2021 - 31 December 2022
  - 1 January 2023 - 31 December 2024

EDUCATION

- PhD (Finance), Bangor University, Wales, United Kingdom
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals
- Master of Finance, Northern Illinois University, United State of America
- Bachelor of Finance, Northern Illinois University, United State of America
- Diploma in Finance, Universiti Teknologi MARA (UiTM), Malaysia

OTHER POSITIONS HELD

- President/Chief Executive Officer, International Centre for Education in Islamic Finance (INCEIF)
- Member, Shariah Committee, Etiqa Takaful Berhad
- Member, Shariah Committee, MUFG Bank Malaysia Berhad
- Member, Shariah Advisory Council, Securities Commission Malaysia
- Member, Accreditation Council, Financial Accreditation Agency
- Islamic Finance Expert, Monetary Authority Brunei Darussalam
- Member, External Advisory Group, International Monetary Fund (IMF)

PREVIOUS EXPERIENCE

- Islamic Banking Consultant, EONCAP Islamic Bank Berhad
- Islamic Banking Consultant, Silverlake Systems Sdn Bhd
- Islamic Banking Consultant, Commerce International Merchant Bank (CIMB) Berhad
- Islamic Banking Consultant, KAF Discount House
- Islamic Banking Consultant, Aseambankers Berhad (Currently known as Maybank Investment Bank Berhad)
- Member, Board of Trustees, Responsible Finance & Investment (RFI) Foundation, United Kingdom
- Director General, Islamic Research and Training Institute, Islamic Development Bank Group Jeddah, Kingdom of Saudi Arabia
- Deputy Rector, Professor and Lecturer, International Islamic University Malaysia
- Member, Board of Governors (Majlis), Malaysian Qualification Agency
- Member, Shariah Committee, Amanah Ikhtiar Malaysia
- Member, Board of Directors and Investment Committee, Permodalan Bank Simpanan Nasional Berhad (mutual fund company)
- Interdepartmental Working Committee of Islamic Finance, United States of America
- Member, Advisory Board, World Bank Global Islamic Finance Development Centre, Turkey
- Chairman, Expert Committee for Strategic Plan of Islam Hadhari, Ministry of Higher Education, Malaysia

SHARIAH COMMITTEE PROFILE



DR. MOHAMMAD ZAINI YAHAYA

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 July 2017 - 1 May 2019
- Reappointment as Shariah Committee Member:
  - 1 May 2019 - 31 August 2021
  - 1 September 2021 - 31 August 2023

EDUCATION

- PhD, Fiqh and Usul Department, International Islamic University Malaysia (IIUM)
- Master of Islamic Studies, Universiti Kebangsaan Malaysia (UKM)
- Bachelor of Shariah (Hons), Al-Azhar University, Cairo, Egypt

OTHER POSITIONS HELD

- Senior Lecturer, Department of Shariah, Faculty of Islamic Studies, UKM
- Deputy Director, Islamic Centre, UKM
- Research Panelist, EC Sham Holding Sdn Bhd
- Panelist, Dini Integrated Curriculum Developer, Ministry of Education Malaysia

PREVIOUS EXPERIENCE

- Member, Shariah Committee, Asian Finance Bank
- Member, Research Panel, Research for The Enhancement of KAFA Curriculum, Department of Islamic Development Malaysia (JAKIM)
- Assessment Panel, Chair of Principal Fellow in Fatwa Research Project, World Fatwa Management and Research Institute (INFAD), Universiti Sains Islam Malaysia (USIM)
- Chairman, Panel Meeting for Assessment of Manuscripts and Sample Textbook Packages for Standard Curriculum for Prifor Primary Schools (KSSR), Dewan Bahasa dan Pustaka (DBP)
- Chairman, Panel Meeting for Assessment of Manuscripts and Sample Textbook Packages for Standard Curriculum for Primary Schools (KSSR) Textbooks
- Member, Committee for The Development of DSKP KSSM (Document for Standard Curriculum and Assessment, Standard Curriculum for Secondary Schools) Al-Shahadah Al-Ulya Ulul Albab Turath Dirasat Islamiah 2017, Ministry of Education Malaysia



DR. TUAN BADRUL HISYAM TUAN SOH

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 April 2021 - 31 March 2023

EDUCATION

- PhD Law, Newcastle University, United Kingdom
- LL.M (Shari'ah and Law), International Islamic University Malaysia (IIUM)
- B.A Judicial Studies and Laws (Shariah), Umm Al-Qura University Makkah Al-Mukarramah, Kingdom of Saudi Arabia
- Certificate of Completion, Maahad al-Ta'lim al-Lughah Al-Arabiah Umm al-Qura University, Kingdom of Saudi Arabia
- Diploma Tahfiz al Quran wa al Qiraat Darul Quran (JAKIM), Malaysia

SHARIAH COMMITTEE PROFILE

OTHER POSITIONS HELD

- Manager of Consultation and Documentation, Internal Sharia Control Department of Dubai Islamic Bank
- Senior Consultant Dar Al Sharia Islamic Finance Consultancy LLC Dubai
- Chairman, Shariah Supervision Committee, Alliance Islamic Bank (Malaysia)
- Member, Shariah Committee of MyEG Islamic Finance Sdn Bhd
- Member, Curriculum Review Committee, The Subcommittee of AAOIFI Education Board
- Industry Advisory Panel for the Faculty of Management & Muamalah, Selangor International Islamic University College, Malaysia
- Registered Shariah Adviser, Securities Commission Malaysia
- Secretary, Cluster of Legal and Constitution, Majlis Amal Islami, Islamic Da'wah Foundation Malaysia (YADIM) - Government Agency Under Prime Minister's Department of Malaysia
- Shariah Legal Counsel, The Shariah High Courts of The Federal Territories

PREVIOUS EXPERIENCE

- Shariah Consultant at ISRA Consulting (International Shariah Research Academy for Islamic Finance)
- Legal Researcher, Newcastle Law School, Newcastle University
- Assistant Manager, Shariah Department, CIMB Islamic Berhad
- Manager, Shariah Secretariat and Advisory (Retail, Al Rajhi Banking and Investment Corporation (Malaysia) Berhad
- Senior Executive, Islamic Capital Market Division, Securities Commission Malaysia



SS DR. MOHAMAD SABRI HARON

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 March 2022 - 29 February 2024

EDUCATION

- PhD of Islamic Law, University of Jordan
- Master of Comparative Laws, International Islamic University Malaysia (IIUM)
- Bachelor of Islamic Studies (Hons), Universiti Kebangsaan Malaysia, (UKM)
- Diploma in Islamic Studies, Kolej Agama Sultan Zainal Abidin (KUSZA) (Currently known as Universiti Sultan Zainal Abidin, UniSZA)

OTHER POSITIONS HELD

- Sahibus Samahah Dato' Mufti Terengganu
- Chairman, Shariah Committee, Koperasi Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA)
- Chairman, Shariah Committee, APEX Investment Services Berhad
- Member, Group Shariah Committee, Etiqa Takaful
- Member, Shariah Committee, Koperasi Pos Nasional (KOPONAS)
- Member, Shariah Committee, Koperasi UNIKEB Berhad
- Senate Member, UNITI College, Port Dickson, Negeri Sembilan
- Board Member, MAIDAM Property
- Member, Al-Quran Printing Licensing Board, Ministry of Home Affairs
- Member, Committee for Censorship of Islamic Printed Materials, Jabatan Kemajuan Islam Malaysia (JAKIM)

SHARIAH COMMITTEE PROFILE

- Member, National Fatwa Committee of Malaysia
- Chairman, State Fatwa Committee, Terengganu
- Chairman, Special Committee of Educational Supervision, Terengganu
- Chairman, New Moon Viewing Committee, Terengganu
- Chairman, Imam Bilal Interview, Terengganu
- Chairman, Teaching Credential Interview, Terengganu
- Chairman, Takwim Hijri and Prayer Time Committee, Terengganu
- Chairman, Zakat Committee, Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM)
- Member, Ar-Rahnu Committee, MAIDAM

PREVIOUS EXPERIENCE

- Senior Lecturer (Associate Professor), General Knowledge Centre, Universiti Kebangsaan Malaysia
- Senior Fellow, Institute of Studies on West Asian Regional
- Senior Fellow, Institute of Studies on Malaysia and International
- Senior Fellow, Institute of Islam Hadhari (HADHARI)
- Member, Shariah Committee, Bank Muamalat Malaysia Berhad
- Member, Shariah Committee, Majlis Amanah Rakyat (MARA)



DR. AKHTARZAITE ABDUL AZIZ

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 January 2023 - 31 December 2025

EDUCATION

- PhD Fiqh and Usul Fiqh, International Islamic University Malaysia (IIUM)
- Bachelor in Fiqh and Usul Fiqh, IIUM
- Bachelor Degree of Law (Shariah) with Honours, LLB (Shariah), IIUM
- Bachelor Degree of Law with Honours, LLB, IIUM

OTHER POSITIONS HELD

- Senior Lecturer, Kuliyyah of Islamic Revealed Knowledge and Human Sciences, IIUM
- Shariah Committee Member, Maybank Islamic Berhad
- Shariah Advisory Committee, IIUM Endowment Fund

PREVIOUS EXPERIENCE

- Shariah Advisory Committee Chairperson, Great Eastern Takaful Berhad
- Shariah Committee Chairperson, MBSB Bank
- Shariah Committee Chairperson, Malaysia Building Society Berhad (MBSB)
- Shariah Advisor Committee Member, MBSB
- Shariah Advisory Committee Member, Great Eastern Takaful Berhad
- Shariah Advisor Committee Member, Saadiq Standard Chartered
- Shariah Advisory Committee Member, EONCAP Islamic Bank
- Shariah Advisory Committee Member, RHB Islamic Bank
- Shariah Advisory Committee Member, Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC)
- Shariah Compliance Officer, IIUM
- Treasurer, Association of Shariah Advisors in Islamic Finance (ASAS)
- Protem Committee Member (Treasurer), ASAS
- Module Developer, Fiqh Muamalat Module for ASAS Certification Programme
- Lab Member and Module Writer, Adoption of Murabahah Shariah Standard as a Component in Academic Syllabus of Local Universities, a project by Bank Negara Malaysia (BNM)
- Deputy Director, Academic and Training, International Institute for Halal Research and Training (INHART), IIUM
- Working Committee, IIUM Institute of Islamic Banking and Finance (IIiBF)
- Trainer, IBFIM CPD programme on Islamic Finance Regulatory Framework

SHARIAH COMMITTEE PROFILE

- Trainer, Application of Shariah in Islamic Finance for Delegation from Palestine, organised by IBFIM
- Trainer, Islamic Finance Regulatory Framework for Public Bank, organised by IBFIM
- Trainer, Certificate in Islamic Law-Islamic Capital Market Module, for BSN staff, organised by Law Centre, IIUM
- Trainer, Islamic Finance Regulatory Framework for Scope International (M) Sdn Bhd, organised by IBFIM
- Module Writer for Islamic Capital Market Graduate Training Scheme (ICMGTS), Securities Commission Malaysia



USTAZ MOHD ZAMEREY ABDUL RAZAK

Secretary

APPOINTMENT AS SECRETARY

- First appointment as Secretary of Shariah Committee Member: 18 August (2014 - To date)

EDUCATION

- Master in Islamic Studies, Universiti Kebangsaan Malaysia, (UKM)
- Bachelor's Degree in Shariah (Hons) (Majoring in Fiqh and Islamic Law), Yarmouk University, Jordan

OTHER POSITIONS HELD

- Chief Shariah Officer (2022 - To date)
- Senior Vice President, Shariah Compliance
- Vice President, Shariah Compliance

PREVIOUS EXPERIENCE

- Vice President of Shariah, Asian Finance Bank
- Assistant Vice President of Shariah, Asian Finance Bank
- Vice President of Shariah, Takaful Ikhlas Sdn Bhd
- Manager, Shariah Compliance, Takaful Ikhlas Sdn Bhd
- Industrial Advisor, International Islamic University College Selangor (IIUCS)
- Imam and Teacher, Pusat Latihan Pemulihan and Perindustrian Bangi
- Operation Executive, Mulex Centric Sdn Bhd
- Teacher, Sekolah Kiblah (Private school)
- Secretary, Shariah Committee, Asian Finance Bank (Qatar Islamic Bank Group)
- Khatib and Imam Ratib, Majlis Agama Islam Wilayah Persekutuan, reference JAWI.K500-55
- Speaker of Bicara Muamalat slot, Radio Salam.FM (Radio JAKIM)
- Invitational speaker, Tafaqquh Guru-Guru Takmir program, Majlis Agama Islam Kelantan (MAIK)
- Head of Shariah Department, Takaful Ikhlas Sdn Bhd
- Pioneering employee in establishing Takaful Ikhlas
- Founder, Akademi Imam Syafi'e (AIS)
- Chairman Board of Trustee, Yayasan As-Syafi'e
- Member, Shariah Committee, Stella Capital al-Aqarat Real Estate Fund, United State of America
- Member, Shariah Committee, IsaReit Retail Properties Sdn Bhd, Kuala Lumpur
- Board of Trustee, Yayasan Tok Kenali, Kelantan State Government
- Board of Trustee, KUIS Foundation, IIUCS
- Committee Member, Joint Management of Dana Waqaf Ilmu IIUCS and Perbadanan Waqaf Selangor (PWS)
- Adjunct Lecturer, Universiti Teknologi Petronas
- Associate Research Fellow, International Research Centre of Islamic Economics and Finance (IRCIEF), IIUCS
- Founder, Integration High School (Islamic Education and Academics), Kampot Region, Cambodia
- External Advisory Panel, Centre for Islamic Finance Education and Research (CIFER), Sultan Abdul Halim Mu'adzam Shah International Islamic University
- Committee Member, Joint Management of Waqf Collaboration, Majlis Agama Islam dan Adat Melayu Terengganu dan Bank Rakyat
- Board of Director, Harta Suci Sdn Bhd, Pusat Pungutan Zakat (PPZ) Wilayah Persekutuan Kuala Lumpur
- Adjunct Professor, Department of Islamic Studies, Faculty of Human Sciences, Universiti Pendidikan Sultan Idris

MANAGEMENT COMMITTEE

1. **DR. MOHAMMAD HANIS OSMAN**
   Chief Executive Officer
2. **AHMAD SHAHRIL MOHD SHARIFF**
   Deputy Chief Executive Officer, Business
3. **NOR HAIMEE ZAKARIA**
   Deputy Chief Executive Officer, Operations
4. **AMREN FAISAL FADZIL**
   Chief Finance Officer
5. **FATAYAL ANSHORI ABDUSSYUKUR**
   Chief Strategy and Transformation Officer
6. **JUFREE SOAIDIN**
   Chief People Officer
7. **MOHAMAD SHIBLIE ABG SAPUAN**
   Chief Business Banking Officer
8. **ZULKARNAIN TAMAN**
   Chief Retail Banking Officer

MANAGEMENT COMMITTEE

9. **IINUN SABARIAH YUSOF**
   Relief Chief Treasury Officer
10. **ABDUL RAZAK ABU BAKAR**
    Chief Credit Administration and Banking Operations Officer
11. **MUZAMIR OMAR**
    Chief Corporate Services Officer
12. **ADI AZMIR ABDUL GHANI**
    Chief Information Technology Officer
13. **NIZAM SANI**
    Chief Marketing and Communications Officer
14. **ROSLY MOHAMED**
    Chief Collection and Recovery Officer
15. **AHMAD SHUKRI ABD RAHMAN**
    Chief Risk Officer
16. **USTAZ MOHD ZAMEREY ABDUL RAZAK**
    Chief Shariah Officer
17. **ABDUL AZIZ MD ZIN**
    Chief Compliance Officer



MANAGEMENT COMMITTEE PROFILE



MANAGEMENT COMMITTEE PROFILE

DR. MOHAMMAD HANIS OSMAN

Chief Executive Officer

EDUCATION

- Doctor of Philosophy (Economics), International Islamic University Malaysia (IIUM)
- Master of Business Administration (Finance), IIUM (Being awarded the Overall Best Student Award 2002 for MBA Programme)
- BA (Hons) Accounting and Finance, University of East London, United Kingdom
- Advanced Diploma in Management Accounting, CIMA, United Kingdom

CERTIFICATIONS

- Chartered Professional in Islamic Finance (CPIF), Chartered Institute of Islamic Finance Professionals
- Executive Development Program, The Wharton School of the University of Pennsylvania
- Cambridge Islamic Finance Leadership Program, Clare College, University of Cambridge (Being awarded the Cambridge Islamic Finance Leadership Award)
- High Performers Leadership Development Program, Australian Institute of Management, Western Australia
- Licensed Dealer's Representative, The Securities Commission of Malaysia Examinations
- Certified Treasury Personnel, The Malaysian Financial Markets Certificate

INTERNAL EXPERIENCE

- Chief Executive Officer (2022 - To date)
- Deputy Chief Executive Officer, Business (2020)
- Chief Retail Banking Officer (2018)
- Chief Treasury Officer (2016)
- Senior Vice President, Treasury (2014)
- Head of Treasury and Investment (2009)

EXTERNAL EXPERIENCE

- Senior Manager, Derivatives and Structured Products, Treasury, Bank Islam (2008)
- Head of Treasury, Al Wifaq Finance, United Arab Emirates (2008)
- Vice President, FX Swaps and Money Market, HwangDBS Investment Bank (2006)
- Assistant Vice President, Debt Capital Market, HwangDBS Securities (2003)
- Manager, Fixed Income, K&N Kenanga Securities (2002)
- Senior Dealer, Corporate Treasury, BSNC Corporation (2001)
- Assistant Vice President, International Capital Market and Derivatives, Affin Bank (2001)
- Senior Dealer, Derivatives and Structured Products, BSN Commercial Bank (1999)
- Dealer, Money Market, BSN Commercial Bank (1996)

MANAGEMENT COMMITTEE PROFILE



AHMAD SHAHRIL MOHD SHARIFF

Deputy Chief Executive Officer, Business

EDUCATION

- Bachelor's Degree in Science (Finance and Accounting), University of Salford, United Kingdom
- Certified Chartered Institute of Islamic Finance, Chartered Institute of Islamic Finance

INTERNAL EXPERIENCE

- Deputy Chief Executive Officer, Business (2022 - To date)
- Deputy Chief Executive Officer, Operations (2022)

EXTERNAL EXPERIENCE

- CEO (Advisory Basis), Refflesia Communication Sdn Bhd (2021)
- Chief Business Officer, Agro Bank (2017 - 2021)
- Chief Transformation Officer, Agro Bank (2015 - 2017)
- Deputy Director, Banking Supervision, Bank Negara Malaysia (1998 - 2015)
- Deputy Director, Financial Surveillance, Bank Negara Malaysia (1998 - 2015)
- Risk Specialist, Specialist Group, Bank Negara Malaysia (1998 - 2015)



NOR HAIMEE ZAKARIA

Deputy Chief Executive Officer, Operations

EDUCATION

- BA (Hons) Accounting, Finance and Economics - First Degree, University of Essex, Colchester, Essex, United Kingdom
- Fellowship, Chartered Association of Certified Accountant, United Kingdom (ACCA)
- Chartered Accountant, Malaysia Institute of Accountants (MIA)

INTERNAL EXPERIENCE

- Deputy Chief Executive Officer, Operations (2022 - To date)
- Chief Finance Officer (2014)
- Head, Account and Information Management (2008)

EXTERNAL EXPERIENCE

- Company Secretary, Bank Islam Malaysia Berhad (2007 - 2008)
- Head, Group Finance/Joint Secretary, BIMB Holdings Berhad (2003 - 2006)
- Senior Manager, Group Finance, Bank Islam Malaysia Berhad (2001 - 2003)
- Finance Manager, Arab Malaysian Development Berhad (1995 - 2001)
- Audit Senior, Cooper Lancaster Brewers, Chartered Accountants, London (1994)
- Auditor, Coopers and Lybrand Deloitte (CL), Chartered Accountants, United Kingdom (1990 - 1991)

MANAGEMENT COMMITTEE PROFILE



AMREN FAISAL FADZIL

Chief Finance Officer

EDUCATION

- Bachelor in Finance, Universiti Teknologi MARA (UiTM)
- Diploma in Investment Analysis, UiTM
- Certified Financial Planner (CFP)
- Federation of Malaysia Unit Trust Managers (FMUTM)
- Malaysian Financial Market Certificate (PKMC)
- Chartered Professional in Islamic Finance (CPIF) - Chartered Institute of Islamic Finance Professionals (CIIF)

INTERNAL EXPERIENCE

- Chief Finance Officer (2022 - To date)
- Chief Treasury Officer (2018)
- Vice President, Investment Portfolio Management (2016)
- Equity Manager (2014)
- Investment Manager (2012)

EXTERNAL EXPERIENCE

- Portfolio Manager (Senior Manager), Affin Fund Management (2008 - 2012)
- Financial Planner Executive, Permodalan Nasional Berhad (PNB) (2002 - 2008)



FATAYAL ANSHORI ABDUSSYUKUR

Chief Strategy and Transformation Officer

EDUCATION

- Bachelor in Finance (Hons) - First Class, Universiti Teknologi MARA (UiTM)
- Chartered Professional in Islamic Finance (CPIF) - Chartered Institute of Islamic Finance Professionals (Chartered Member: CM 01390)
- Malaysian Financial Markets Certificate (PKMC)
- Certified Financial Markets Practitioner (Membership: F-074/2)

INTERNAL EXPERIENCE

- Chief Strategy and Transformation Officer (2022 - To date)
- Senior Vice President, Consumer Banking (2020)
- Vice President, Retail Financing (2018)
- Vice President, Funding and Currency Management - Treasury (2016)
- Assistant Vice President, Fixed Income - Treasury and Investment (2014)
- Assistant Vice President, Foreign Exchange - Treasury and Investment (2010)

EXTERNAL EXPERIENCE

- Assistant Manager Corporate Forex, Treasury and Financial Market, Bank Islam Malaysia Berhad (2006 - 2010)

MANAGEMENT COMMITTEE PROFILE



JUFREE SOAIDIN

Chief People Officer

EDUCATION

- Master of Business Administration (Internal Audit), Universiti Malaya (UM)
- Bachelor's Degree in Business Administration (Finance), Universiti Teknologi Malaysia (UTM)

INTERNAL EXPERIENCE

- Chief People Officer (2023 - To date)
- Chief Compliance Officer (2022)
- Chief Compliance and Governance Officer (2022)
- Vice President, Regulatory and Operational Compliance (2020)
- Manager, Regulatory Compliance (2016 - 2018)
- Manager Compliance and Governance (2016)
- Manager, Method and Procedure (2013)
- Manager, Branch Audit (2012)
- Manager, Virtual Audit and Branch Recovery (2011)
- Manager, Operation Audit and Management 3 (2010)

EXTERNAL EXPERIENCE

- Assistant Vice President, Internal Audit Group, CIMB (2008 - 2010)
- Assistant Vice President, Internal Audit Division, Southern Bank Berhad (2004 - 2007)
- Senior Executives, Internal Audit Department, Utusan Melayu (M) Berhad (2002 - 2004)
- Officer, Internal Audit Department, Hong Leong Finance Berhad (1997 - 2001)



MOHAMAD SHIBLIE ABG SAPUAN

Chief Business Banking Officer

EDUCATION

- Master in Business Administration (Entrepreneurship), Universiti Teknologi Malaysia (UTM)
- Diploma in Accountancy, Universiti Teknologi MARA (UiTM)

INTERNAL EXPERIENCE

- Chief Business Banking Officer (2020 - To date)
- Acting Chief Business Banking Officer (2020)
- Acting Regional Director, Sabah and Sarawak Region (2019)
- Head (Vice President), Chief Retail Banking Officer's Office (2018)

EXTERNAL EXPERIENCE

- Affin Bank Berhad
  - Head, Network Sales and Support (2016 - 2018)
  - Branch Manager (2009 - 2016)
- Mayban Finance Berhad
  - Area Manager (2005 - 2009)
  - Branch Manager (1996 - 2005)
  - Assistant Branch Manager (1995 - 1996)
  - Officer (1991 - 1995)

MANAGEMENT COMMITTEE PROFILE



ZULKARNAIN TAMAN

Chief Retail Banking Officer

EDUCATION

- Master in Business Administration, Universiti Teknologi MARA, UiTM
- Bachelor of Science (Statistic), UiTM

INTERNAL EXPERIENCE

- Chief Retail Banking Officer (2020 - To date)
- Acting Chief Retail Banking Officer (2020)
- Head (Vice President) Analytic and Insight, Chief Executive Officer's Office (2020)
- Senior Vice President, Retail Recovery/Rehabilitation (2014)
- Assistant General Manager, Risk Management (2011)
- Assistant General Manager, Strategic Planning (2010)
- Head, Risk Management (2009)
- Manager, Risk Management and Surveillance (2003)

EXTERNAL EXPERIENCE

- Deputy Chief Executive Officer, Koperasi Pembiayaan Syariah Angkasa (KOPSYA) (2018 - 2020)
- Director, MBML Islamic, Bank of Maldives Plc (2017 - 2018)
- Managing Director, Amanie Advisors Sdn Bhd/Amanie Holdings Ltd (2015 - 2016)
- Director, Governance, Risk Management and Compliance, Amanie Advisors Sdn Bhd/Amanie Holdings Ltd (2014 - 2015)
- Assistant Manager, Cagamas Berhad (2003)
- Assistant Manager, Utama Merchant Bank Berhad (1999 - 2003)
- Head of Unit, Sime Bank Berhad (1994 - 1998)
- Research Officer, United Malayan Banking Corporation (1991 - 1994)
- Research Officer, Palm Oil Research Institute of Malaysia (1988 - 1991)



IINUN SABARIAH YUSOF

Relief, Chief Treasury Officer

EDUCATION

- Bachelor of Science (Finance), Arkansas State University, United State of America
- Malaysian Financial Market Certificate (PKMC)

INTERNAL EXPERIENCE

- Relief Chief Treasury Officer (2022 - To date)
- Vice President, Funding and Currency Management (2022)
- Head (Vice President), Funding and Currency Management (2019)
- Acting, Head Funding and Currency Management (2018)
- Head (Manager), Money Market (2011)
- Acting Head (Manager), Money Market (2010)
- Assistant Manager, Treasury (2006)
- Assistant Manager, Branch Subang Perdana (2003)
- Senior Executive, Treasury (1998)
- Executive, Money Market (1991)

MANAGEMENT COMMITTEE PROFILE



ABDUL RAZAK ABU BAKAR

Chief Credit Administration and Banking Operations Officer

EDUCATION

- Bachelor of Accountancy (Hons), Universiti Utara Malaysia, UUM
- Member, Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

INTERNAL EXPERIENCE

- Chief Credit Administration and Banking Operations Officer (2022 - To date)
- Chief Recovery and Collection Officer (2020)
- Chief Business Banking Officer (2018)
- Senior Vice President, Corporate Banking (2014)
- Assistant General Manager, Commercial Banking (2012)

EXTERNAL EXPERIENCE

- Head SME, Commercial Banking, Bank Islam Malaysia Berhad (2009 - 2012)
- Assistant Vice President, Head of Structured Finance, OCBC Bank Berhad (2004 - 2009)
- Senior Relationship Manager, Commercial Banking, RHB Bank Malaysia Berhad (2001 - 2004)
- Assistant Manager, Corporate Finance, Aseambankers Berhad/Aseamlease Berhad, Maybank (1996 - 2001)
- Audit Executive/Tax Executive, Azman Wong Salleh and Co (1993 - 1996)



MUZAMIR OMAR

Chief Corporate Services Officer

EDUCATION

- Chartered Banker (AICB)
- Chartered Islamic Finance Professional (INCEIF)
- Master in Business Administration, Universiti Teknologi MARA (UiTM)
- Bachelor of Education (Kent, United Kingdom)
- Diploma in Accounting Administration (UMCCed)

INTERNAL EXPERIENCE

- Chief Corporate Services Officer (2022 - To date)
- Chief Strategy and Transformation Officer (2018)
- Vice President, Strategic Planning and Corporate Strategy (2015)
- Vice President, Corporate Strategy (2013)
- Manager, Corporate Planning (2005)

EXTERNAL EXPERIENCE

- Bursa Malaysia Berhad
  - Manager, Risk Management (2003 - 2005)
  - Senior Audit Executive, Risk Assurance (2002 - 2003)
  - Senior Strategic Planning Officer (1996 - 2001)
- Business Process Analyst, Time Quantum Tech (1994 - 1996)



ADI AZMIR ABDUL GHANI

Chief Information Technology Officer

EDUCATION

- Executive Programme Digital Distruption - Digital Transformation Strategies, University of Cambridge, Judge Business School
- Master in Computer System, Universiti Putra Malaysia (UPM)
- Bachelor in Engineering (Electronic Engineering) (Communications), The University of Sheffield, United Kingdom

INTERNAL EXPERIENCE

- Chief Information Technology Officer (2020 - To date)

EXTERNAL EXPERIENCE

- Chief Technology Officer, Amanah Raya Berhad (2019 - 2020)
- General Manager, Digital and Strategy, Celcom Axiata Berhad (2018 - 2019)
- Chief Operation Officer, Nixfon (M) Sdn Bhd (2016 - 2017)
- Head, IS Services, DRB HICOM (2012 - 2016)
- Director, IT Division, International Islamic University (IIUM) (2009 - 2012)
- Head, IT, Maersk/Port of Tanjung Pelepas (2007 - 2009)
- Deputy Director Information System, Tourism Malaysia (2003 - 2007)
- Information Service Manager, US Embassy Kuala Lumpur (2001 - 2003)
- Associate Engineer, Measat Broadcast Network Systems (ASTRO) (1997 - 2001)



NIZAM SANI

Chief Marketing and Communications Officer

EDUCATION

- Bachelor of Arts in Marketing and Advertising (Hons), The London Institute, London College of Arts, Distributive Trades England

INTERNAL EXPERIENCE

- Chief Marketing and Communications Officer (2020 - To date)
- Chief Executive Officer, Yayasan Bank Rakyat (2020)
- Senior Vice President, Marketing and Communications (2015)

EXTERNAL EXPERIENCE

- Astro - Measat Broadcast Network Systems Sdn Bhd
  - General Manager, Marketing, Astro Radio, Astro (2015)
  - Head, Malay Premium Channels (Mustika (4) Indopek (2) Basic HD Channel), Astro
  - Senior Manager/Channel Manager, Astro Prima and Warna, Astro
  - Product Strategy Manager, Astro (2007 - 2008)
- Manager, Marketing Communications, Al Rajhi Bank (2007)
- Head, Credit Related Business Unit, AmAssurance Berhad (2004 - 2006)
- Senior Executive, Corporate Communications, Malaysian Electronic Payment System (MEPS) (2003 - 2004)
- Executive, Programme Management and Marcomms, Maybank Berhad (2001 - 2003)

MANAGEMENT COMMITTEE PROFILE



ROSLY MOHAMED

Chief Collection and Recovery Officer

EDUCATION

- Bachelor's Degree in Business Administration (Hons) with Distinction, Royal Melbourne Institute of Technology
- Diploma in Banking, Universiti Teknologi MARA (UiTM)
- Certificate Internal Auditor for Financial Institutions (CIAFIN)

INTERNAL EXPERIENCE

- Chief Collection and Recovery Officer (2023 - To date)
- Senior Vice President, Collection, Rehabilitation and Recovery/ Relief Chief Collection and Recovery Officer (2022)
- Vice President, Business Financing Recovery and Rehabilitation (2014)
- Manager, Business Financing Rehabilitation (2011)
- Assistant Manager, Consumer Financing Collection Centre Department (2010)
- Senior Executive, Business Financing and Rehabilitation Department (2007)
- Senior Executive, Operation Audit and Management 4 Department (2006)
- Senior Executive, Audit 1 Department (2003)
- Executive, Account Department (1994)
- Executive, Account Department (Head of Budget and Financial Reporting Unit) (1993)
- Executive, Management Information System Department (1991)
- Executive, Treasury Department (1990)
- Executive, Property Market Department (1990)



AHMAD SHUKRI ABD RAHMAN

Chief Risk Officer

EDUCATION

- Executive Master in Islamic Banking and Finance, Asia e University, Malaysia
- Bachelor of Business Administration, Texas A&M University at Commerce
- Certificate in Islamic Law, International Islamic University Malaysia (IIUM)
- Chartered Professional in Islamic Finance (CPIF)

INTERNAL EXPERIENCE

- Chief Risk Officer (2016 - To date)

EXTERNAL EXPERIENCE

- Head, Risk Management Department, OCBC Al-Amin Bank Berhad (2008 - 2016)
- Vice President, Retail Credit Operations, Al Rajhi Banking and Investment Corporation (Malaysia) Berhad (2006 - 2008)
- Head, Financing Manangement Section, Automobile Financing Service Department, Bank Muamalat Malaysia Berhad (2006)
- Head, Credit Risk Management Section, Risk Management Department, Bank Muamalat Malaysia Berhad (2003 - 2005)
- Head, Credit Review and Compliance Section, Risk Management Department at Bank Muamalat Malaysia Berhad (2000 - 2002)
- Deputy Manager, Credit Quality, Control Department, The Pacific Bank Berhad (1995 - 2000)
- Senior Officer, Loan Supervision Department, Oriental Finance Berhad (1991 - 1995)
- Member, FAA (Finance Accreditation Agency) - Accrediting Panel
- External Reviewer, INCEIF Certificate of Islamic Professional (CIFP) Risk Management Module
- Risk Committee, Dana Peladang Kebangsaan
- Part time lecturer, Risk Management (INCEIF)



MOHD ZAMEREY ABDUL RAZAK

Chief Shariah Officer

EDUCATION

- Master in Islamic Studies, Universiti Kebangsaan Malaysia (UKM)
- Bachelor's Degree in Shariah (Hons) (Majoring in Fiqh and Islamic Law), Yarmouk University, Jordan

INTERNAL EXPERIENCE

- Chief Shariah Officer (2022 - To date)
- Senior Vice President, Shariah Compliance (2021)
- Vice President, Shariah Compliance (2014)

EXTERNAL EXPERIENCE

** Refer to Shariah Committee Profile*



ABDUL AZIZ MD ZIN

Chief Compliance Officer

EDUCATION

- Bachelor's Degree in Accountancy, Universiti Teknologi MARA (UiTM)

INTERNAL EXPERIENCE

- Chief Compliance Officer (2023 - To date)
- Chief Internal Audit (2022)
- Vice President, Governance Audit and Business Banking (2017)
- Vice President, Strategic Audit and IT (2015)
- Vice President, Strategic Audit (2014)
- Vice President, Development Management (2014)
- Vice President, Compliance (2013)
- Deputy Chief Internal Audit, Investigation and Branch Operation (2012)
- Manager, Early Audit Investigation and Detection (2012)
- Manager, Branch Audit (2011)
- Manager, Operational and Management Audit 1 (2006)
- Manager, Audit 3 (2004)

EXTERNAL EXPERIENCE

- Manager, Inspection, Kuala Lumpur Stock Exchange (KLSE)
- Pembantu Audit, Azman Wong, Salleh & Co

Confident

We build confidence in Bank Rakyat by forging close transparent relationships with our customers, understanding their concerns and providing products that meet every need.







R.A.K.Y.A.T

BOARD OF DIRECTORS AND MAIN COMMITTEES

The Board of Directors (Board) of Bank Kerjasama Rakyat Berhad (Bank Rakyat or the Bank) is committed to upholding the principles and best practices of corporate governance and adheres to the Bank Negara Malaysia's (BNM) Corporate Governance Policy Document (BNM CG Policy) and primary legislative and regulatory provisions such as the Development Financial Institutions Act 2002. The Board is cognisant to ensuring that the Bank adheres to the highest standards of corporate governance in order to maximise its shareholders and stakeholders' values.

1.0 BOARD COMPOSITION AND BALANCE

The composition of the Board follows the requirement stipulated in Section 5 of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (BKRM Act), which states that the Board shall consist of a Chairman and not less than six (6) and not more than eleven (11) other members. The composition also meets the requirement of having a majority of independent directors as set out in the BNM CG Policy.

As at 31 December 2022, the Board comprises ten (10) members, with one (1) Independent Non-Executive Chairman, seven (7) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors (nominees from the Ministry of Finance (MOF) and Ministry of Entrepreneur Development and Cooperatives (KUSKOP or the Minister). The Board takes into account a variety of factors in its composition, including gender, age, educational background, professional experience, skills and knowledge. The Directors come from a variety of backgrounds and have expertise and skills in banking, accounting, law, information technology, socioeconomics/public policy and public administration. This diversity enables the Board to have the critical capabilities, expertise and experience necessary to carry out its functions effectively. The profile of each Director is briefly described on pages 90 to 99 of this Annual Report.

2.0 BOARD CHARTER

The Board Charter (the "Charter") is the guiding document for the Board of the Bank Kerjasama Rakyat Malaysia Berhad (the "Bank") and is in line with Section 4 of the Bank Kerjasama Rakyat (Special Provisions) Act 1978, which empowers the Board to carry out the functions and powers and general administration of the affairs and business of the Bank. The Board of Directors has defined the Bank's core values, principles and ethos, which are used to determine policies and strategies. The governance structure, authority and terms of reference of the Board, its committees and management have all been outlined in the Charter.

The Charter not only reflects current best practises and applicable rules and regulations, but it also outlines processes and procedures to ensure the effectiveness and efficiency of the Board and Board Committees in carrying out their roles and obligations.

The Board has also adequately allocated authority to the Board Committees and Management. Notwithstanding of this delegation of authority, the Board will not abdicate its fiduciary roles and will maintain collective oversight of the Board Committees and Management at all times.

The Charter is reviewed and updated on a regular basis to reflect relevant changes to the policies, procedures and processes, as well as amendments to the rules and regulations, to ensure that the document remains current and complies with the applicable rules and regulations and best practices.

Among others, the Charter comprises the following areas:

- Roles and Responsibilities of the Board;
- Interaction with the Shariah Committee;
- Matters Reserved for the Board's Deliberation and Approval;
- Appointment, Reappointment and Removal of Directors;
- Training And Development for Directors;
- Board And Director Effectiveness Evaluation (BDEE) Exercise;
- Roles of the Chairman, Directors, Managing Director/Chief Executive Officer and Bank Secretary; and
- Board Meetings

BOARD OF DIRECTORS AND MAIN COMMITTEES

3.0 ROLES AND RESPONSIBILITIES OF THE BOARD

Members of the Board of Directors have a fiduciary duty to act in the best interests of the Bank's co-operative members and stakeholders. They are responsible for ensuring the Bank's long-term growth and financial stability, as well as maximising value and preserving members' interests as stewards of the Bank. The Board is responsible for cultivating a culture of good corporate governance and establishing Key Performance Indicators to improve corporate responsibility, including but not limited to the standards set forth by applicable laws and regulations from time to time.

The key responsibilities of the Board are as follows:

- Approve the risk appetite, business plans and any other initiatives which would, singularly or cumulatively, have a material impact on the Bank's risk profile;
- Oversee the selection, performance, compensation and succession plans of the Managing Director/CEO, control function heads and other members of the Senior Management team, such that the Board is satisfied with the collective competence of Senior Management to effectively manage operations of the Bank;
- Evaluate the training needs of Directors on a continuous basis and identify areas that would further their understanding of issues facing the Bank;
- Oversee the implementation of the Bank's governance, including Shariah governance framework, internal control environment and periodically review them to adequately reflect the size, nature and complexity of the Bank's operations. This includes the operating infrastructure, systems of control, systems for risk identification and management, financial and operational controls;
- Promote sustainability through appropriate environmental, social and governance considerations in the DFI's business strategies;
- Promote, together with the Senior Management team, a corporate culture within the Bank that emphasises ethical, prudent and professional behaviour;
- Oversee and approve the recovery and business continuity plans for the Bank to restore its financial strength, critical operations and critical services when it comes under stress; and
- Promote timely and effective communications between the Bank and the regulators on matters affecting or that may affect the safety and soundness of the Bank.

4.0 INTERACTION WITH THE SHARIAH COMMITTEE (SC)

The Board must have due regard to any decisions or advice of the SC on any Shariah issues relating to the operations, business, affairs or activities of the Bank. The duty requires the Board to:

- give sufficient attention to the facts, rationale and basis for any decisions or advice of the Shariah committee before arriving at its own decision;
- give fair consideration to the implications of implementing any decisions or advice of the SC;
- put in place conflict resolution mechanism to deal with any differences in views between the Board and the SC; and
- maintain a record of deliberations between the Board and the SC.

The Board must establish effective communication with the SC on all matters relating to Shariah requirements, Shariah governance, or Shariah non-compliance risks to enable both parties to discharge respective responsibilities effectively under the Shariah governance framework. The Board must regularly review the quality and frequency of its engagement with the SC.

BOARD OF DIRECTORS AND MAIN COMMITTEES

5.0 MATTERS RESERVED FOR THE BOARD'S DELIBERATION AND APPROVAL

Business Strategy

- Review and approve changes to the Bank's organisation structure;
- Review and approve the Bank's business strategies, business plans and significant policies, including Management's performance in implementing the approved strategies, plans and budget, within the approved risk appetites;
- This should take into account the sustainability of the Bank's business, with attention given to the environmental, social and governance aspects of the business and the impacts of its operations and activities on the communities it operates in;
- Approve investment or divestment of the Bank, including its subsidiaries with the consent of the Minister, concurrence of the MOF and in accordance with the legislative provisions of BNM;
- Approve major changes in nature of the principal activities carried out by Bank with the consent of the Minister, concurrence of the MOF and in accordance with the legislative provisions of BNM;
- Approve policies of the Bank in all material aspects; and
- Approve the Bank's delegated limits of authority and its revision therein.

Financial Matters (based on the Bank's authority matrix)

- Approve annual budget of the Bank, including capital expenditure;
- Approve major capital commitments, capital management, acquisitions and divestitures, with the consent of the Minister and with concurrence of the MOF [Section 14(4), BKRM Act];
- Approve adoption of accounting policies in line with the Malaysian Financial Reporting Standards;
- Approve financial statements; and
- Determine the amount of dividends to be paid, with the consent of the Minister and with concurrence of the MOF and in accordance with the legislative provisions of BNM.

Risk Management and Audit

- Determine the Bank's overall risk appetite, level of risk tolerance and ensure that adequate internal control systems are in place to effectively monitor and manage these risks;
- Review and approve risk management framework and policies and ensure that the Bank establishes comprehensive risk management policies, processes and infrastructure;
- Review and approve the Bank's Business Continuity Management Policy and Procedures;
- Establish the internal audit function which reports directly to the Audit and Examination Committee (AEC);
- Select, appoint and terminate the appointment of the external auditor, with the consent of the Minister and with concurrence of the MOF; and
- Oversee the AEC's evaluation of the performance of the external auditor and on an ongoing basis, ascertain the independence of the external auditor.

BOARD OF DIRECTORS AND MAIN COMMITTEES

Appointment and Remuneration of Directors and Senior Management Personnel

- Review and approve formal policies defining "Fit and Proper" standards ("Nomination and Appointment Framework") for Directors and Senior Management personnel and ensure compliance with these standards on continuing basis;
- Review and approve the appointment, job grade, promotion, remuneration, compensation and removal of key Senior Management personnel, subject to the approval by BNM and the Minister;
- Review and approve policies relating to staff benefits, code of conduct, performance appraisal procedures, whistle-blowing procedures, disciplinary action procedures and grievance procedures, including appropriate communication and feedback channels, that would encourage employees and other stakeholders to bring out information helpful in enforcing good corporate governance practices;
- Establish and regularly review succession plans to promote Board and Senior Management renewal and address unplanned vacancies; and
- Review and approve policies and programmes for succession planning for the orderly succession within the Senior Management team and ensure that all candidates appointed to Senior Management positions are of sufficient calibre and competency and monitor the Senior Management team's performance on an ongoing basis.

Compliance and Legal

- Review and approve the Bank's compliance framework to enable the operations of the Bank to be in compliance with relevant laws, statutory acts, Shariah principles and established policies and procedures of the Bank;
- Review and approve the appointment, powers and removal of corporate representatives and lawful attorneys acting on behalf of the Bank; and
- Review and approve Management's responses by the regulatory authorities in relation to compliance with regulatory requirements.

Disclosure

- Ensure that the financial statements are prepared for each financial year and that it gives a true and fair view of the state of affairs of the Bank and its subsidiaries (the "Group");
- Establish a communications policy that enables both the Board and Senior Management team to communicate effectively with its members, the stakeholders and the public. In this regard, the Board shall regularly convey pertinent information to the stakeholder ministries specifically on governance, business strategies as well as issues and challenges faced by the institutions and mitigation actions to address such issues; and
- Ensure that the Bank discloses its sustainability policies and their implementation status in the annual report and on the corporate website.

6.0 APPOINTMENT OF NEW DIRECTORS

The appointment process of Directors shall be conducted in accordance with the Bank's Board Nomination and Appointment Framework (BNAF), which has adopted BNM's Fit and Proper criteria. The Nomination and Remuneration Committee (NRC) is in charge of screening and recommending to the Board for approval qualified candidates to serve as Directors and members of Board Committees based on their skills, core competencies, experience and commitment to effectively discharge their roles as defined by the Bank's BNAF and BNM's Policy Document on Fit and Proper Criteria. Once a potential candidate has been shortlisted for a recommendation, the due diligence process begins with a thorough background check that includes financial and character integrity checks.

BOARD OF DIRECTORS AND MAIN COMMITTEES

Detailed assessments of the candidates' relevant skill sets, expertise and experience are conducted to fill any gaps in the current Board's skills and expertise and the NRC would recommend the appointments for the Board's approval prior to submission to BNM for verification and then to the Minister for final approval.

Directors' Reappointment

The proposed reappointment of a Director at the expiration of their present term of appointment is also subject to BNM verification and the Minister's final approval. Accordingly, the NRC is responsible of evaluating the performance of Directors whose current terms of appointment are due to expire and recommending to the Board whether to submit the application to the BNM for verification and then to the Minister for final approval on the proposed reappointment of the respective Directors.

The NRC evaluates the candidates' competence, commitment, contribution and performance based on an independent assessment conducted by a professional independent firm and their ability to act in the best interests of the Bank when determining their eligibility for reappointment. Upon the Board's approval, submission to BNM for approval is made three (3) months prior to the Director's tenure expires.

7.0 TRAINING AND DEVELOPMENT FOR DIRECTORS

Newly appointed Directors receive a comprehensive induction programme where they will be briefed by Senior Management personnel covering the organisational structure of the Bank, the functions, operations and areas of responsibilities of the various divisions of the Bank. Such induction is to take place within three months of the Director's appointment.

The Board recognises the relevance and value of ongoing training and development and allocates sufficient resources to the Directors' training and development needs.

During the financial year under review, the Directors attended and participated in seminars and conferences that covered areas among others corporate governance, financial, relevant industry updates, global business developments, digital transformation, corruption and risk management.

The Directors' participation in seminars and training programmes are set out below:

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Datuk Haji Abd Rani Lebai Jaafar	24/1/2022 to 28/1/2022	My Fintech Week 2022 Advancing Digitalisation	Bank Negara Malaysia (BNM)
	2/3/2022	In-House Shariah Training for Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	23/2/2022	BNM-FIDE FORUM Dialogues with Senior Leaders on Licensing Framework for Digital Insurers and Takaful Operators	BNM-FIDE
	8/3/2022	BNM-FIDE FORUM Dialogues with Senior Leaders on Climate Risk Management and Scenario Analysis	BNM-FIDE
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group

BOARD OF DIRECTORS AND MAIN COMMITTEES

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
	19/06/2022 to 20/06/2022	ANGKASA ICA General Assembly 2022, Seville, Sepanyol	Angkasa
	20/9/2022	FIDE FORUM - Recovery and Resolution Planning Sharing Session	FIDE
	11/10/2022 to 12/10/2022	Board Risk Intelligence Executive Masterclasss 2022 (Malaysia Edition)	Asian Word Centre
Dato' Sri Suriani Dato' Ahmad	2/3/2022	In-House Shariah Training for Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
Dato' Shamsul Azri Abu Bakar	2/3/2022	In-House Shariah Training For Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division. Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Jemputan Ke Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
	11/10/2022 to 12/10/2022	Board Risk Intelligence Executive Masterclass 2022 (Malaysia Edition)	Asian World Centre
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
	19/12/2022	Latihan "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Programme for Board of Directors & Members of Management Committee"	Bank Rakyat

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Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	20/1/2022	Climate Change: Impact on Insurance Companies & Role of the Board	Iclif Executive Education Center (ICLIF)
	16/2/2022	Webcast on 'Becoming a Boardroom Star'	The Malaysian Institute of Corporate Governance
	2/3/2022	In-House Shariah Training for Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	Artificial Intelligence (AI) for Company Directors and Executives	Malaysian Institute of Corporate Governance
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
	2/11/2022	Principal APAC Summit	Principal
	7/11/2022	An evening talk Inflation, Looming Recession & Climate Change: A Tricky Balancing Act?	Asia School of Business
	17/11/2022	Malaysia Global Boardroom Program Launch: The DNA of Future Chairs	Deloitte PLT
	22/11/2022	FIDE FORUM-ICA: Can We Win the War Against Financial Crime	The Iclif Leadership and Governance Centre (ICLIF) & The International Compliance Association (ICA)
	6/12/2022	Conversation with Audit Committees - Session 2 webinar	Securities Commission Malaysia

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Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Datin Norhamizah Mat Tahir	27/1/2022	BNM-FIDE FORUM MyFintech Week Masterclasses	FIDE FORUM
		Session A Getting it Right: Securing Results from Digital Transformation	
		Session B Web 3.0 and the Future of Finance	
		Session C Deep Dive into DeFi	
	2/3/2022	In-House Shariah Training for Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	9/6/2022	Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
	19/12/2022	Latihan "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Programme for Board of Directors & Members of Management Committee"	Bank Rakyat
Mohd Jafri Kudus	27/1/2022	BNM-FIDE FORUM MyFintech Week Masterclasses	FIDE FORUM
		Session A Getting it Right: Securing Results from Digital Transformation	
		Session B Web 3.0 and the Future of Finance	
		Session C Deep Dive into DeFi	
	2/3/2022	In-House Shariah Training for Board of Directors & Management Of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat

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Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
	22/8/2022 to 25/8/2022	Google Singapore 5th Anniversary Event at Singapore	Google Singapore
	11/10/2022 to12/10/2022	Board Risk Intelligence Executive Masterclass 2022 (Malaysia Edition)	Asian World Centre
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
	19/12/2022	Latihan "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Programme for Board of Directors & Members of Management Committee"	Bank Rakyat
Datuk Mohd Irwan Mohd Mubarak	2/3/2022	In-House Shariah Training For Board Of Directors & Management Of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Sesi Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
	22/8/2022 to 25/8/2022	Google Singapore 5th Anniversary Event at Singapore	Google Singapore
	11/10/2022 to 12/10/2022	Board Risk Intelligence Executive Masterclass 2022 (Malaysia Edition)	Asian World Centre
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
	19/12/2022	Latihan "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Programme for Board of Directors & Members of Management Committee"	Bank Rakyat

BOARD OF DIRECTORS AND MAIN COMMITTEES

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Mohamad Rafi Shahzada	2/3/2022	In-House Shariah Training for Board of Directors & Management of Bank Rakyat 2022 - "Application of Ar-Rahnu in Current Banking Practice" - BNM Shariah Ruling for Ar-Rahnu based on Tawarruq	Shariah Compliance Division, Bank Rakyat
	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	9/6/2022	Taklimat "Keperluan Pembangunan Pelan Anti-Rasuah Organisasi (OACP)"	Bank Rakyat
Dato' Dr Vaseehar Hassan Abdul Razack	15/3/2022	BNM-World Bank Group Report Launch	BNM-World Bank Group
	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
Prof Dr. Haji Raduwan Idar	1/6/2022	Bank Rakyat Sustainability Awareness Workshop	Bank Rakyat
	3/8/2022 to 4/8/2022	Islamic Finance for Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd
	22/8/2022 to 25/8/2022	Google Singapore 5th Anniversary Event at Singapore	Google Singapore
	11/10/2022 to 12/10/2022	Board Risk Intelligence Executive Masterclass 2022 (Malaysia Edition)	Asian World Centre
	14/12/2022	Majlis Perasmian Kempen JOM BERSUARA: Tolak Rasuah, Cegah Jenayah Di Bank Rakyat sempena Hari Kesedaran Fraud dan Integriti 2022	Bank Rakyat
	19/12/2022	Latihan "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) Programme for Board of Directors & Members of Management Committee"	Bank Rakyat
Idris Abd Hamid	9/9/2022 to 10/10/2022	Islamic Finance for Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd
	20/9/2022	FIDE FORUM - Recovery and Resolution Planning Sharing Session	FIDE

BOARD OF DIRECTORS AND MAIN COMMITTEES

8.0 BOARD AND DIRECTOR EFFECTIVENESS EVALUATION (BDEE) EXERCISE

The effectiveness of the Board is pertinent to the success of the Bank. The Board conducts a yearly exercise to evaluate the effectiveness of leadership and competencies of its current Board members. The Board has decided that the BDEE exercise should be conducted by an independent firm of consultant on yearly basis. The performance evaluation focused on among others but not limited to, the assessment of the Board, Board Committees as well individual directors.

The BDEE exercise consists of a structured, confidential face-to-face interview, a review of existing governance documents and a strategic level of Board assessment that can be used to prioritise pivotal issues and implement for Board effectiveness.

Evaluation results will be presented and deliberated at the NRC meeting and thereafter, presented to the Board to enable the Board to identify its strengths, areas for improvement and potential issues that need to be addressed.

9.0 INDEPENDENCE OF DIRECTORS

The Board recognises Independent Directors' effective participation, which enables a balanced and objective assessment of issues and increases accountability during the decision-making process. Independent Directors who meet the criteria for suitability can act as a check and balance on the Board. Additionally, such members can bring fresh perspectives from other businesses, which can help the Board function more effectively. The Bank's Independent Directors shall be independent of Management and free of any business or other relationship that might impair their ability to exercise independent judgement or act in the Bank's best interests.

10.0 REMUNERATION OF DIRECTORS

The Bank acknowledges the importance of attracting and retaining high calibre and qualified Directors with the necessary skills, qualficiations and experience to have an effective board.

The Board's compensation package is generally commensurate with the expertise, skills, responsibilities and risks assumed by the Board. Each Director is paid on a monthly basis with a fixed directors' fee and a meeting attendance allowance for each Board and Board Committee they serve on. Additionally, Directors receive other in-kind benefits, such as medical coverage and peripheral devices. Director compensation will be subject to approval by the Minister and the Ministry of Finance.

BOARD OF DIRECTORS AND MAIN COMMITTEES

The range of remuneration of non-executive Directors of the bank during the financial year ended 31 December 2022 are as follows:

Non-Executive Directors	No. of Directors
Below RM100,000	Two (2)
RM100,000 – RM200,000	Three (3)
RM200,000 – RM300,000	Four (4)
RM300,000 – RM500,000	Two (2)
<RM1,000,000	-

A summary of the total remuneration of the Director for the financial year ended 2022 is set out in the financial statements on page 290 of this annual report.

The Directors' Shareholding Percentage:

Name of Director	Percentage Held By Shareholder (%)
Datuk Mohd Irwan Mohd Mubarak	0.025
Dato' Sri Suriani Dato' Ahmad	0.025
Dato' Shamsul Azri Abu Bakar	0.023
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	0.025
Mohd Jafri Kudus	0.025
Dato' Dr. Vaseehar Hassan Abdul Razack	0.025
Prof. Dr. Raduwan Idar	-
Idris Abd Hamid	-
Datin Norhamizah Mat Tahir	0.023
Dato' Amirudin Abdul Halim	0.005
Datuk Haji Abd Rani Lebai Jaafar	0.025

BOARD OF DIRECTORS AND MAIN COMMITTEES

11.0 BOARD AND BOARD COMMITTEE MEETINGS

Meetings of the Board of Directors and Board Committees for the following financial year are scheduled well in advance before the end of the current financial year's end. The meeting calendar is distributed well in advance to all Directors to allow for planning. The Board shall meet as often as is necessary but not less than once every month. Special Board meetings may be convened as needed to consider urgent proposals or matters requiring the Board's prompt review or consideration.

Detailed agenda and briefing materials (where applicable) are forwarded to all Directors prior to the date of the Board/ Board Committee meetings. All proceedings of Board/Board Committee meetings are minuted and signed by the Chairman of the Board/Board Committees or chairman of the meeting.

All Directors shall have direct access to the Bank Secretary's services. Additionally, the Board may seek independent professional advice for Directors in carrying out their responsibilities, if such services are required.

The Board met 21 times during the financial year ended 31 December 2022. The attendance record of the Directors at Board Meetings for 2022 is as follows:

No.	Name of Director	Board Meeting Attendance 2022
1.	Datuk Mohd Irwan Mohd Mubarak (Acting Chairman) [1]	21/21
2.	Dato' Sri Suriani Dato' Ahmad	20/21
3.	Dato' Shamsul Azri Abu Bakar [2]	18/21
4.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	21/21
5.	Mohd Jafri Kudus [3]	20/20*
6.	Dato' Dr. Vaseehar Hassan Abdul Razack [4]	20/21
7.	Prof. Dr. Raduwan Idar [5]	10/10*
8.	Idris Abd Hamid [6]	6/6*
9.	Datin Norhamizah Mat Tahir [7]	16/17*
10.	Dato' Amirudin Abdul Halim [8]	0/0
11	Datuk Haji Abd Rani Lebai Jaafar [9]	18/18*
12	Mohamad Rafi Shahzada [10]	14/14*

1 Appointed as Acting Chairman of the Board with effect from 1 November 2022
2 Reappointed as member of the Board on 4 November 2022
3 Reappointed as member of the Board on 13 July 2022
4 Reappointed as member of the Board on 15 July 2022
5 Appointed as member of the Board with effect from 1 June 2022
6 Appointed as member of the Board with effect from 1 September 2022
7 Reappointed as a member of the Board with effect from 1 October 2022
8 Appointed as member of the Board with effect from 21 December 2022
9 Garden leave from 1 November 2022 until end of tenure on 31 December 2022
10 Ceased as a Board member with effect from 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

BOARD OF DIRECTORS AND MAIN COMMITTEES

12.0 BOARD COMMITTEES

The Board has delegated several of its governance responsibilities to the Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in execution of its duties and responsibilities. There are eight (8) Board Committees established to assist the Board in discharging its duties and responsibilities. These are:

1) Board Audit and Examination Committee;
2) Board Risk Committee;
3) Board Nomination and Remuneration Committee;
4) Board Tender Committee;
5) Board Investment Committee;
6) Board Financing Committee;
7) Board IT Committee; and
8) Board Integrity and Governance

Where necessary, the Board shall establish ad-hoc Board Committees to consider matters of special importance or to exercise the delegated authority of the Board. The existence of the Board Committees does not diminish the Board's ultimate responsibility over the functions and duties of these Board Committees.

13.0 BOARD AUDIT AND EXAMINATION COMMITTEE (BAEC)

The composition, roles and responsibilities of the BAEC, attendance of each director at the BAEC meetings during the financial year are presented under Audit and Examination Committee Report on page 158 of this Annual Report.

14.0 BOARD RISK COMMITTEE (BRC)

The primary objective of the BRC is to to assist the Board in fulfilling its roles and responsibilities with regards to risk management and compliance.

Duties and Responsibilities

The duties and responsibilities of the BRC are as follows:

1. Risk management of the Bank

   (a) The Committee shall ensure that the Bank's risk governance and business units' activities are in compliance with BNM's Guidelines on Risk Governance;

   (b) The Committee is responsible over the following:

      (i) Review and recommend risk management strategies, policies and risk tolerance for the Board's approval;

      (ii) Review and assess adequacy of risk management framework, policies, guidelines and practices in identifying, measuring, monitoring and controlling key risks and review such policies, guidelines and practices at least once a year to ensure they remain appropriate, relevant and prudent;

BOARD OF DIRECTORS AND MAIN COMMITTEES

(iii) Determine and regularly review the Bank's risk appetite for approval by the Board. The risk appetite should consider operations at the bank-wide level at strategic business unit levels; and

(iv) Ensure the organisational structure, processes and information flows promote an integrated approach to evaluate and monitor interrelated risks and foster bank-wide awareness of the Bank's risk appetite and strategy. This includes the following:

- Properly define relationships of the Risk Management function with other business lines and with the Senior Management team, review and monitor the effectiveness and independence of the Risk Management function and ensure that the Risk Management function has access to the Committee at all times;
- Recommend the appointment of CRO for the consideration of the Board, evaluate the performance of the CRO and in the instance of his resignation, conduct an exit interview; and
- Ensure that adequate and technically competent resources are allocated for effective discharge of responsibilities;

(v) Review the risk management processes and systems throughout the Bank and ensure that they are effectively operating strategy. This includes the following:

- Review risk methodologies for measuring and monitoring significant risks, including credit, market, operational and compliance risks.

(vi) Meet periodically with the Bank's Audit and Examination Committee to facilitate the exchange of information and enable coverage of risks that the Bank faces;

(vii) Review, monitor and report to the Board significant risk profiles, mitigation plans and the controls in place to manage significant risks as well as the overall effectiveness of the risk management framework;

(viii) Ensure that the Shariah risk management function forms part of the Bank's integrated risk framework review and monitor Shariah risk management processes via reports from the Shariah risk management function;

(ix) Oversee the Bank's processes to comply with relevant laws, regulations, internal policies, procedures and authority limits. This includes the following:

- Review and monitor effectiveness of the performance and systems of the Bank's Compliance function in maintaining policies and procedures, detecting and minimising risk of non-compliance; and
- Review reports issued by regulators on the Bank's compliance with applicable requirements.

(x) The Committee shall further be responsible to review and monitor compliance initiatives and activities on anti-money laundering/counter financing of terrorism, in line with Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 as well as the accompanying Guidelines issued by BNM.

(xi) Ensure that all issues related to BNM's Composite Risk Rating (CRR) review are monitored and resolved accordingly;

BOARD OF DIRECTORS AND MAIN COMMITTEES

(xii) Review with the Senior Management team and advise the Board on whether a sound and effective approach has been followed in establishing the Bank's business continuity planning arrangements including whether disaster recovery plans and procedures have been tested periodically;

(xiii) Review the implementation of capital management in line with the Capital Adequacy Framework for Islamic Banks, issued by BNM and approve scenario for stress test on capital adequacy;

(xiv) Oversee the development and implementation of the Internal Capital Adequacy Assessment Process (ICAAP);

(xv) Review the allocation of risk-adjusted capital and broad-based limits across the Bank;

(xvi) Review and recommend to the Board any new outsourcing proposals and approve the renewal of outsourcing services including the appointment and/or renewal of the outsourcing service providers; and

(xvii) In regards to the Bank's compensation system, examine whether incentives provided by the compensation system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Bank's remuneration committee.

2. Risk management on product development

(a) The Committee shall ensure the Bank's risk management framework addresses end-to-end risks in the product life cycle in a consistent manner with expectations set out under Bank Negara Malaysia's guidelines on Introduction of New Products, such as the following:

(i) Review and monitor systems and procedures in place to manage current and new product risks and customer expectations;

(ii) Ensure that the designated senior officer has considered the risk implications of any material change to the current product, or combination of products, from the perspective of the Bank and the customer;

(iii) Ensure that the designated senior officer has consulted the Shariah Committee for risks of non-compliance after considering any material change to the current, or combination of products;

(iv) Ensure that management of product risks are well integrated within the Bank's overall governance framework and risk management system;

(v) Establish and review lines of responsibility for managing related risks;

(vi) Review and ensure that product innovation is consistent with the Bank's risk management framework and capability to manage associated risks before recommendation to the Board; and

(vii) Review and ensure that Senior Management personnel have conducted an assessment of the potential risks associated with the new product, including exposures to money-laundering risk and how these risks will be measured, monitored and controlled before recommendation to the Board.

(b) Legal and regulatory requirements

(i) The Committee shall review with the Senior Management team any legal matters that could have a significant impact on the Bank's operations, reputation and/or financial performance.

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Frequency of Meetings

The BRC shall meet at least every quarter and more frequently as circumstances disctate. During the financial year ended 31 December 2022, the BRC convened thirteen (13) times. The attendance recorded for the members of the BRC is as follows:

No.	Name of BRC Members	BRC Meeting Attendance 2022
1.	Dato' Dr Vaseehar Hassan Abdul Razack [1] (Chairman)	12/13
2.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	13/13
3.	Mohd Jafri Kudus	13/13
4.	Datuk Mohd Irwan Mohd Mubarak	13/13
5.	Mohamad Rafi Shahzada [2] (Chairman)	9/9 *

[1] Appointed as Chairman with effect from 15 August 2022
[2] Ceased as a Chairman of BRC with effect from 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

15.0 BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

The primary objective of the BNRC is to to assist the Board in fulfilling its roles and responsibilities with regards to the following matters:

(a) Composition of the Board and Senior Management;
(b) Nomination, appointment and reappointment of Directors and Senior Management personnel;
(c) Induction and continuing education programmes;
(d) Assessment of Director's independence;
(e) Board assessment;
(f) Succession planning for the Board and Senior Management team;
(g) Remuneration policy and framework for Directors; and
(h) Remuneration structure for the Senior Management team.

Duties and Responsibilities

The duties and responsibilities are as follows:

1. Composition of the Board and Senior Management team

   (a) Review the structure, size and composition of the Board on a regular basis or at least annually and make recommendations to the Board on any adjustments that are deemed necessary including in terms of the appropriate size and skills;

   (b) Determine the appropriate limit for the total number of directorships that can be held by a Director nominee in companies, institutions or organisations;

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   (c) Ensure compliance with the Guidelines on Corporate Governance for Development Financial Institutions which require a minimum of three (3) Directors, excluding the Managing Director/CEO, to possess banking or accounting experience and a minimum of five years working experience at a senior management level in the discipline of banking, takaful or investment;

   (d) Establish and recommend to the Board the minimum requirements on skills, business experience, professional and academic qualifications, expertise and other core competencies of a Director and Shariah Committee members ("SC members");

   (e) Consider the relationship between 'pay and performance' for the Managing Director/CEO and the Senior Management team's remuneration packages; and

   (f) Actively seek women directors in promoting boardroom diversity.

2. Nomination, appointment and reappointment of Directors and Senior Management personnel

   (a) Establish a formal and transparent procedure for the recommendation of eligible candidates for appointment or reappointment as directors, SC members, Managing Director/CEO, Chairman and key Senior Management personnel;

   (b) Assess the Board on the required mix of skills, experience and core competencies regularly as well as to ascertain whether each Director meets the "fit and proper" criteria as defined under the Development Financial Institutions Act 2002, as also outlined in Bank Rakyat's BNAF and the Senior Management Selection and Appointment Framework;

   (c) Assess the competence and experience and recommend to the Board the nominees for directorship, Board Committee members, SC members and the Managing Director/CEO. This includes assessing the competence and experience of directors, SC members and the Managing Director/CEO for reappointment. For this purpose, the names submitted by the Committee to the Board shall be supported by:

      (i) sufficient biographical details and other relevant information to enable the Board to make an informed decision on the recommendation of the nominee to the Minister for appointment or reappointment; and

      (ii) a statement by the Committee setting out why it believes an individual should be appointed and confirming, when proposing reappointment, that following the annual performance evaluation conducted by the Committee, the individual has contributed effectively to the Board, possesses expertise and demonstrates commitment to his role.

   (d) Ensure that all Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities as well as time commitment expected, together with relevant Board and Bank-related documents.

3. Induction and continuing education programmes

   (a) Review and recommend to the Board the appropriate induction programs for newly onboarded Directors and monitor continuous training and ongoing development for all Directors; and

   (b) Evaluate and conduct training needs analysis for each Director based on findings of the Board assessment and ensure that their training needs are met.

BOARD OF DIRECTORS AND MAIN COMMITTEES

4. Board assessment process

   (a) Ensure that prior to a new Director's appointment, a full assessment on the candidate is undertaken based on Bank Rakyat's Policy on Board Composition to assess the core competencies of the said candidate, so that an appropriate balance of skills, experience, expertise and diversity is maintained and that the Board is equipped to discharge its responsibilities effectively;

   (b) Develop, maintain and review the criteria to be used in the assessment of the Board as a whole, Board Committees and individual Directors, including the Managing Director/CEO;

   (c) Assess the findings of the Board's assessment and devise appropriate action plans to address any gaps identified and table to the Board for approval;

   (d) Undertake ongoing assessment and annual review of the performance of the directors, SC members, the Managing Director/CEO and Chairman and in particular to seek confirmation on whether any of the directors and SC members are disqualified under any applicable statutory acts and guidelines issued by Bank Negara Malaysia and whether they are qualified "fit and proper" persons under the BNM Guidelines and report its findings to the Board;

   (e) Develop, maintain and review the independence criteria to asses independent Director on an annual basis and recommend to the Board for approval in accordance with the BNM Guidelines and criteria as outlined in Bank Rakyat's BNAF; and

   (f) Review the suitability of an Independent Director to remain as one, when they have reached the maximum tenure of nine years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Bank

5. Succession planning for the Board and Senior Management team

   (a) Review and oversee the development of a succession planning framework for the Board members, Board Committees, the Managing Director/CEO and Senior Management team;

   (b) Oversee, assess and recommend to the Board the appointment, job grade, promotion, remuneration package (with appropriate input from the Nomination and Remuneration Committee), succession planning and performance evaluation of key senior management personnel;

   (c) Recommend to the Board the removal or any other actions to be taken against any Director, SC member, the Managing Director/CEO or the Chairman from the Board or Board Committees if they are assessed to be ineffective, errant or negligent in discharging their responsibilities;

   (d) Recommend to the Board the actions to be taken for instance the issuance of a warning letter, show cause letter prior to conduct of any Domestic Inquiry process before further stern action against any key Senior Management personnel if they are assessed to ineffective, errant or negligent in discharging their responsibilities; and

   (e) Undertake such other duties and responsibilities as may be determined by the Board from time to time.

BOARD OF DIRECTORS AND MAIN COMMITTEES

6. Policies related to remuneration

   (a) Review and recommend to the Board the overall remuneration policy and framework for Directors, the Managing Director/CEO and key Senior Management personnel to ensure appropriate incentives are in place to encourage performance and that the framework commensurates with their contribution and level of responsibility. The remuneration policy should support the Bank's culture, objectives and strategy;

   (b) Oversee the design and operation of the Bank's remuneration system and make recommendations to the Board in relation to any review of employee remuneration and benefit structures, including bonuses and performance-related pay schemes; and

   (c) Review and recommend to the Board remuneration of the Shariah Committee ("SC") members. The remuneration should commensurate and reflect the roles and responsibilities of the SC members.

7. Remuneration structure:

   (a) Periodically review and recommend to the Board remuneration packages for the Directors, the Managing Director/CEO and key senior management personnel reporting functionally or administratively to the Managing Director/CEO and such other personnel as determined by the Board from time to time;

   (b) The remuneration packages should reflect their contribution, level of responsibility and performance, should be structured to link rewards to corporate and individual performances to encourage high performance standard (such remuneration packages are subject to the Minister's endorsement, where applicable);

   (c) Determine the total individual remuneration package for Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance; and

   (d) Ensure that executive remuneration must be aligned with prudent risk-taking and appropriately adjusted for risks. The Committee also has to ensure that the remuneration payout schedules must reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time

8. Disclosure and other duties:

   (a) Ensure the quantitative disclosure of remuneration shows the breakdown of the total amount of remuneration awards for the Managing Director/CEO and Directors for the financial year in the annual report; and

   (b) Undertake such other duties and responsibilities as may be determined by the Board from time to time.

BOARD OF DIRECTORS AND MAIN COMMITTEES

Frequency of Meetings

The BNRC shall meet as and when required. During the financial year ended 31 December 2022, the BNRC convened nineteen (19) times. The attendance recorded for the members of the BNRC is as follows:

No.	Name of BNRC Members	NRC Meeting Attendance 2022
1.	Datuk Mohd Irwan Mohd Mubarak (Chairman)	19/19
2.	Datuk Haji Abd Rani Lebai Jaafar [1]	11/11 *
3.	Dato' Sri Suriani Dato' Ahmad	17/19
4.	Datin Norhamizah Mat Tahir [2]	9/10 *
5.	Mohd Jafri Kudus [3]	18/18 *
6.	Dato Shamsul Azri Abu Bakar	19/19
7.	Dato' Dr. Vaseehar Hassan Abdul Razack [4]	2/2 *
8	Prof. Dr. Raduwan Idar [5]	9/9 *

[1] Ceased as a member of BNRC with effect from 25 July 2022
[2] Ceased as a member of the BNRC with effect from 13 July 2022
[3] Reappointed as a member of BNRC with effect from 9 August 2022
[4] Appointed as interim member of BNRC with effect from 25 July 2022 and ceased as interim member of BNRC with effect from 15 August 2022
[5] Appointed as a member of BNRC on 25 July 2022
* Reflects the number of meetings attended during the time the Members held office

16.0 BOARD TENDER COMMITTEE (BTC)

The primary objective of the BTC is to deliberate on tenders and recommend a bidder for approval by the Board. The Board authorises the BTC to deliberate and and approve on matters within its primary duties and responsibilities in line with such limits as may be determined by the Board from time to time and approve procurement tenders relating to budgeted and unbudgeted capital expenditure in line with the Bank's Authority Matrix.

Duties and Responsibilities

The duties and responsibilities of the BTC are as follows:

(a) Ensure that all procurement through tender exercise comply to the minimum three (3) quotations;

(b) Deliberate on proposals by prospective suppliers/contractors; and Tender Committee Charter; and

(c) Report directly to the Board of Directors pertaining to the results of tender evaluation, including criteria and basis for approval of the respective tender exercise.

BOARD OF DIRECTORS AND MAIN COMMITTEES

Frequency of Meetings

The BTC shall meet as and when required. During the financial year ended 31 December 2022, the BTC convened five (5) times. The attendance recorded for the members of the BTC is as follows:

No.	Name of BTC Members	BTC Meeting Attendance 2022
1.	Mohd Jafri Kudus (Chairman)	5/5
2.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	5/5
3.	Dato' Shamsul Azri Abu Bakar	5/5
4.	Mohamad Rafi Shahzada [1]	2/2 *

[1] Ceased as a member of BTC with effect from 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

17. BOARD INVESTMENT COMMITTEE (BIC)

The primary objective of the BIC is to to assist the Board in fulfilling its roles and responsibilities with regards to formulation of investment policies and plans to secure the Bank's investment and guaranteed returns.

Duties and Responsibilities

The duties and responsibilities of the BIC are as follows:

(a) Determine and approve policies and procedures for investment, assets allocation, the direction of investment, risk control and other relevant investment;

(b) Review and approve new investment-related activities, except real estate investments;

(c) Approve the purchase of property for relocation of branches and in relation to the Bank's operations;

(d) Inform the Board on investment decisions made;

(e) Appoint and dismiss members of the Investment Committee at Management level;

(f) Review and recommend termination of current investments; and

(g) Review the Bank's investment portfolio.

BOARD OF DIRECTORS AND MAIN COMMITTEES

The BIC shall meet at least once every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2022, the BIC convened four (4) times. The attendance recorded for the members of the BIC is as follows:

No.	Name of BIC Members	BIC Meeting Attendance 2022
1.	Dato' Dr. Vaseehar Hassan Abdul Razack (Chairman)	4/4 *
2.	Datin Norhamizah Mat Tahir [1]	2/2 *
3.	Mohamad Rafi Shahzada [2]	2/2 *
4.	Dato' Shamsul Azri Abu Bakar	4/4
5.	Mohd Jafri Kudus [3]	2/2 *

[1] Ceased as a member of BIC with effect from 13 July 2022
[2] Ceased as a member of BIC with effect from 15 August 2022
[3] Appointed as a member of BIC on 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

18.0 BOARD FINANCING COMMITTEE (BFC)

The primary objective of the BFC is to assist the Board in fulfilling its roles and responsibilities in reviewing current and new financing proposals.

Duties and Responsibilities

The duties and responsibilities of the BFC are as follows:

(a) Affirm or veto the Financing Committee A's approval on annual reviews. Unchanged terms arising from annual review shall be approved by the Financing Committee for subsequent notation to the Board;

(b) Affirm or veto the Financing Committee A's approval on new or additional financing;

(c) Affirm or veto the Financial Committee A's approval on variation to the terms and conditions of existing financing;

(d) Recommend financing or additional conditions on financing exceeding the Financing Committee A's discretionary power, for the Board's approval; Financing Committee Charter;

(e) Affirm or veto all restructuring/rescheduling financing proposals (including business banking and rehabilitation proposals) and recommend for the Board's decision;

(f) Oversee and critically review the performance of rescheduled/restructured accounts to minimise credit loss and maximise the recovery of such accounts;

(g) Affirm or veto the Financing Committee A's approval on all cases of charge-off/writeoff of financing;

(h) Provide strategic views on the Bank's credit risk appetite;

BOARD OF DIRECTORS AND MAIN COMMITTEES

(i) Provide strategic direction and input on the management of delinquent or impaired financing;

(j) Oversee and monitor the management and recovery of impaired financing to ensure financing recovery functions maximise collections;

(k) Approve the appointment and removal of the members of Financing Committee A; and

(l) Undertake such other duties and responsibilities as may be determined by the Board from time to time.

The BFC shall meet at least once a month and more frequently as circumstances dictate to deliberate on its responsibilities. During the financial year ended 31 December 2022, the BFC convened sixteen (16) times. The attendance recorded for the members of the BFC is as follows:

No.	Name of BFC Members	BFC Meeting Attendance 2022
1.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Chairman)	16/16
2.	Datuk Haji Abd Rani Lebai Jaafar [1]	11/11 *
3.	Mohamad Rafi Shahzada [2]	10/11 *
4.	Dato' Dr. Vaseehar Hassan Abdul Razack	16/16
5.	Datuk Mohd Irwan Mohd Mubarak	16/16
6	Prof. Dr. Raduwan Idar [3]	5/5 *
7	Dato' Shamsul Azri Abu Bakar [4]	5/5 *

[1] Ceased as a member of BFC with effect on 26 July 2022
[2] Appointed as a member of BFC with effect from 1 January 2022 and ceased as a member with effect from 15 August 2022
[3] Appointed as a member of BFC on 15 August 2022
[4] Appointed as a member of BFC on 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

19.0 BOARD IT COMMITTEE (BITC)

The primary objective of the BITC is to assist the Board in fulfilling its roles and responsibilities with regard to the following:

(a) Carry out with delegated authority on its behalf in ensuring sustainable oversight of IT and digitalization/innovation strategies, plans and operations, information, cybersecurity and data privacy risk management and third-party technology risk management are in place and implemented within the stipulated or desired timeframe and/or monitored efficiently and effectively by the Management;

(b) To ensure IT development and maintenance projects initiated are consistent with the Bank's strategic business goals and overall priorities of the Bank;

(c) Ensure that the requirements of good corporate governance practices are observed accordingly; and

(d) Govern an effective working relationship with the Management of the Bank to ensure that matters are referred and escalated between the contractors, consultants, advisors, dialogue partner(s) or any other person deemed relevant, Board Committees and the Board as appropriate.

BOARD OF DIRECTORS AND MAIN COMMITTEES

Duties and Responsibilities

The duties and responsibilities of the BITC are as follows:

1. Information Technology Strategy Oversight

   (a) Oversee the implementation and monitoring of the Board's decision including the deliverable(s) of IT strategies, planning and implementation within the expected Project timelines. Where potential delays emerge, the Committee is expected to make credible challenge to contributing factors and review proposed immediate/remediation/catch up/improvement plans accordingly initiated;

   (b) Conduct and perform investigation, interviews, assessments and impacts upon all findings and information relating to the progress and implementation of IT and digitalization strategies in pursuant to the agreements entered between the Bank and any third party(s);

   (c) Evaluate and determine whether the proposed IT system is within the best-of-breed practice in line with the Bank's transformation programme to enable optimum harvest of the said system potentials;

   (d) To evaluate IT requirements that are in line with business needs and meet user specifications with the current industry/market trend;

   (e) Reviewing IT performance against plans and budgets and recommend changes as needed and to set priorities based on resources required, cost/benefit, implementation schedule requirements or limitations;

   (f) To review/reassess any major technological innovations/trends that could pose disruptive threats or opportunities to the Bank; and

   (g) To review and recommend to the Board on any trainings/programmes related to IT, cybersecurity, technology risk etc. that may benefit the Bank, directors and/or any other officers or employees deemed appropriate, if any.

2. Information, Cybersecurity and Data Privacy Risk Management

   Receive reports from members of management including but not limited to the Chief Information Technology Officer, Chief Risk Officer, Chief Information Security or any other officers or employees as appropriate, regarding the Bank's practices, management and functioning of technology operations and information security, cybersecurity and data privacy risks, including reports related to the assessment, analysis and mitigation of related risk.

3. IT Operations and Assets

   (a) Review all proposals, milestones, deliverables, terms of agreements including action plans from the Project Team, appointed consultants and contractors involved with IT to the satisfaction of the Committee in the best interest of the Bank and meeting the authorities' expectations;

   (b) To obtain prompt report on the progress on IT implementation on a frequent or periodic basis from any person subject to validation or approval the subject matter experts for the Committee and/or the Board to make informed decisions from time to time;

   (c) Reviewing and making recommendations to the Board on Information Technology/Data security policies and governance;

   (d) Reviewing and advising the Audit and Examination Committee on matters which may be relevant to the carrying value of IT assets;

BOARD OF DIRECTORS AND MAIN COMMITTEES

   (e) Reviewing results of quality assurance testing to ensure projects meet user specifications and approve implementation or require more development before implementation; and

   (f) Report and make recommendations to the Board on the above, as the case may be and on any matter which falls under its authority, as it may deem fit.

4. IT/Technology Risk, Security and Cyber Security

   (a) Reviewing and making recommendations to the Board and Risk Committee in relation to the overall technology and cyber risk profile of the Bank;

   (b) Receiving and reviewing reports from management on technology and cybersecurity risk and major technology and cybersecurity incidents; and

   (c) Reviewing the effectiveness of disaster recovery plans and disaster recovery testing (as a subset of overall Business Continuity planning) and reporting to the Board on the effectiveness of these plans and testing.

The BITC shall meet at least every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2022, the BITC convened seven (7) times. The attendance recorded for the members of the BITC is as follows:

No.	Name of BITC Members	BITC Meeting Attendance 2022
1.	Mohd Jafri Kudus (Chairman)	7/7
2.	Datin Norhamizah Mat Tahir [1]	4/4 *
3.	Mohamad Rafi Shahzada [2]	4/4 *
4.	Datuk Mohd Irwan Mohd Mubarak	7/7
5.	Prof Dr. Raduwan Idar [3]	3/3 *

1 Ceased as a member of BITC with effect from 12 July 2022
2 Ceased as a member of the BITC with effect from 15 August 2022
3 Appointed as a member of the BITC on 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

20.0 BOARD INTERGITY AND GOVERNANCE COMMITTEE (BIGC)

The primary objective of the BIGC is to assist and advise the Board in fulfilling its statutory and fiduciary responsibilities in relation to Fraud Management and Corporate Integrity and to provide independent oversight of the Bank's financial reporting and internal control system and to ensure check and balance within the Bank; and

Duties and Responsibilities

The duties and responsibilities of the BIGC are as follows:

1. Maintain oversight and governance assurance on execution of framework and policy;

2. Inculcate awareness program among staff in promoting anti-fraud culture and corporate integrity within the Bank towards strong governance and compliance with framework and policy;

BOARD OF DIRECTORS AND MAIN COMMITTEES

3. To direct and oversee the formulation of a structured mechanism in the Bank to inculcate a strong governance of fraud management and corporate integrity culture within the Bank;

4. Respond to, at an appropriate level, fraud matters and corporate integrity, complaints, possible litigation or breaches of the Code of Business Conduct and Ethics, national laws and regulatory requirements;

5. Review and monitor reports on fraud and corruption risks, policies and control activities, which includes the following:

   (a) Provide assurance that the controls are effective;

   (b) Establish mechanism to ensure the Committee receives accurate and timely information from management, employees, internal and external auditors and other stakeholders; and

   (c) Ensure the effectiveness of independent reporting of fraud and integrity incidences including the whistle-blowing reporting channel.

6. Provide the key findings and decision of all official investigations to the Board;

7. Establish clear policies on zero-tolerance towards fraud and corruption;

8. Undertake firm corrective actions on any fraud and integrity incidences;

9. To ensure the terms of references for Fraud Management and Corporate Integrity is in accordance to both Fraud Management Framework and the Guideline For The Management of Integrity and Governance by Malaysia Anti-Corruption Commission; and

10. Appoint, upgrading and promotion, set compensation, evaluate performance and decide on the transfer, suspension, disciplinary action, dismissal and/or termination of the Head of Fraud Management and/or Head of Corporate Integrity, subject to the Nomination and Remuneration Committee and/or the Board of Directors' approval.

Note:
Fraud Management and Corporate Integrity functions report functionally to the Committee and administratively report to the Chief Executive Officer.

The BIGC shall meet at least every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2022, the BIGC convened five (5) times. The attendance recorded for the members of the BIGC is as follows:

No.	Name of BIGC Members	BIGC Meeting Attendance 2022
1.	Prof Dr Raduwan Idar [1] (Chairman)	2/2*
2.	Datin Norhamizah Mat Tahir [2]	3/3*
3.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	5/5
4.	Dato' Sri Suriani Dato' Ahmad	4/5*
5.	Datuk Mohd Irwan Mohd Mubarak [3]	3/3*

[1] Appointed as the Chairman of BIGC on 15 August 2022
[2] No longer the Chairman of BIGC on 12 July 2022
[3] Ceased as Chairman of BIGC on 15 August 2022
* Reflects the number of meetings attended during the time the Members held office

REMUNERATION PRINCIPLE

BANK RAKYAT REMUNERATION SYSTEM/PHILOSOPHY

The Bank Rakyat Remuneration Principle is under the purview of the Nomination Remuneration Committee (NRC) for its endorsement and approval by the Board where the guiding principles in designing the employee's remuneration are being deliberated and reviewed as necessary. There are three key principles in Bank Rakyat's Remuneration principles as follows:

Principle	Purpose	Approach
Governance	To ensure strong and independent oversight of the remuneration system.	• Oversight and review by NRC and approved by the Board. • Guided by input from control functions (i.e. Shariah, Compliance, Risk, Audit).
Appropriate assessment of performance	To support a performance-based culture.	• Performance measurement indicators in 4 Key Results Areas (KRAs) which are Financial, Customer, Governance and Internal Business Process and People (Learning and Growth).
Market competitiveness	To offer remuneration including rewards that allow Bank Rakyat to attract, motivate and retain the right talent.	• Benchmarking against banks of similar standing in the financial industries.

COMPONENTS OF REMUNERATION

Emphasis on a competitive remuneration forms the various aspects of the Total Rewards Management structure. This is carried out through the comprehensive inclusion of performance measurement standards and the governing process with the levels of assessment to determine reward, therein lies effective governance. KPIs are set by aligning performance measure to the business goals to reinforce a high-performance culture. Its Rewards structure is the result of benchmarking with market via formal and informal channels.

The remuneration system is based on accountability to targets or KPIs and competencies. Reward for performance is designed to be competitive, cost-effective and in line with market practice. The overall objectives are:

(i) To attract, motivate and retain high performing employees.

(ii) To provide a strong link between achievement-based remuneration to our business goals and financial performance.

All elements of remuneration are summarised in the table below:

Element	Objective	Purpose and Approach
Annual base salary	To Attract and Retain high-performing employees.	• Reviewed annually based on individual compa-ratios against market and individual performance.
Fixed Cash	To provide additional cash benefits based on job requirements.	• Review market rate of industry peers for competitiveness.
Variable Cash	To Differentiate remuneration for employees who contribute to the success of the Bank.	• Performance-based reward, reflecting the individual employee's performance against Sectors' and Bank's performance.
Benefits-in-Kind (BIK)	To support wellbeing of the employees through BIK.	• Benchmark industry peers to ensure competitiveness.

REMUNERATION PRINCIPLE

MEASUREMENT OF PERFORMANCE

The fundamental purpose of performance management is to enhance results of the organization supported by teams and individuals by managing performance within an agreed framework of planned goals, standards and competency requirements.

Performance Management incorporate two (2) key elements:

i. Key Performance Indicators (KPIs)

Employees must know what is expected of them and know "what" that must be achieved by them through structured KPIs.

ii. Behavioural Competencies

Employees must have the knowledge, skills and attitude to deliver on these expectations of "what" is expected.

Performance metrices in Bank Rakyat are divided into two main categories: KPIs derived from the Key Results Areas (KRAs) and Competencies.

There are four (4) categories under Key Result Area (KRA) which are:

- Financial
- Customer
- Governance & Internal Business Process
- People (Learning & Growth)

The performance metrics implemented is to ensure the employee strives towards meeting the goals to support Bank Rakyat towards achieving its Vision and Mission.

The first KRA category is for the Bank, through its employees, to work towards achieving its financial goals in terms of profit and growth. Thus, financial KPIs are determined to enable the employees to strategise to achieve the target financial goals.

The second KRA is to address its target market in terms of customer reach by identifying the best channel for market penetration through appropriate customer-oriented strategies and initiatives to promote its products. Identified KPIs for employees would be to drive customer-oriented initiatives to increase its customer base as well provide value to its customers.

The third KRA is to inculcate a compliance culture and strengthen the business processes. A compliance culture displays adherence to governance and mitigation of risks to ensure integrity. While a strong business process supports systems and structural capabilities necessary in an efficient as well as effective management. Employees will have KPIs that range from applying the relevant policies & procedures to applying appropriate SOPs. This serves as an enabler to meet customers' requirement. Monitoring and reporting become key in managing, analysing and delivering results. KPIs will include areas such as meeting Turn Around Time (TAT) or acceptable response time in completing task with adequate controls in place.

The fourth KRA category is in learning and growth to build internal capability and to support the employee's career development based on their career aspiration. KPIs are structured for supervisors to make people management as part of their agenda. Building of internal capability ensures sustainability as competencies are to be embedded in all aspects of work in the Bank. While a long-term career growth allows for a strong succession pipeline to be institutionalised. Both the supervisor and employee will develop synergy in crafting their KPIs for the Bank's growth.

REMUNERATION PRINCIPLE

The second element of our performance metric is Competencies. In Bank Rakyat, we have developed a set of competencies we refer to as I.N.S.P.I.R.E framework to measure the competencies as follows:

i. Impact and Influence (I)

Why it matters - To position Bank Rakyat as a major player in commercial and retail banking whilst maintaining its cooperative bank role. It is critical for its leaders to be able to effectively use/adapt persuasion and influencing skills to grow its customer base, position a diverse product portfolio as well as to effectively manage key stakeholders (e.g. Bank Negara, Ministry of Domestic Trade, Cooperatives and Consumerism and MOF).

ii. Nurture and Develop Others (N)

Why it matters - Building up internal capabilities to mitigate the risk in succession and ensure long-term business sustainability. Ensure that capability development interventions match the longterm business demand.

iii. Strategic Insight (S)

Why it matters - To realise the transformation of Bank Rakyat in strengthening its role as a competitive retail and commercial bank whilst maintaining its core mandate, its leaders needs to be able to recognise market trends and developments; and adapts strategy to achieve business results and meet evolving customer needs.

iv. Performance Excellence Mindset (P)

Why it matters - To drive a high-performance culture and to become a merit-based organisation, it is critical to emphasise accountability and personal ownership at all levels of the Bank.

v. Innovation and Change (I)

Why it matters - In alignment with the Bank's Vision to become a competitive commercial and retail bank, it is critical to continuously improve and evolve its internal processes and practices such that greater efficiency can be achieved.

vi. Re-Energise Customer Service Orientation (R)

Why it matters - To become the bank of choice, it is critical to ensure reliable and efficient service to all customer segments. Enhance end-to-end customer experience by improving service standards, recognising different needs and taking a proactive service approach to meeting those needs.

vii. Engage Internal Collaboration (E)

Why it matters - Greater collaboration and a sense of shared purpose within and across functions would promote better alignment and optimisation of resources.

In maintaining integrity in our performance management process whereby rewards commensurate with the balance of contribution and compliance, we have obtained approval from the Management to incorporate the Demerit System into our appraisal exercise. We have also conducted various briefings to ensure KPIs are better structured for alignment to business goals.

DETERMINATION OF VARIABLE CASH

Based on Bank Rakyat's performance, the Board will determine the overall variable cash elements taking into consideration key performance measures. The Board has discretion to adjust the rewards component of the cash elements where required, based on performance, requirements, economic conditions.

Variable bonus of each individual employees is determined based on individual assessment subject to the bonus pool allocated by the Bank in its business and budget plan.

REMUNERATION PRINCIPLE

CEO, SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS

The remuneration of CEO, Senior Management and Other Material Risk Takers are reviewed annually. The remuneration of those in key roles in Bank Rakyat in FY2022 is summarised in the table below:

Rank	Annual Base Salary (RM)	Fixed Cash (RM)	Variable Cash (RM)	Benefits-in-Kind (BIK) (RM)	Total Annual (RM)
CEO	1,135,500.00	655,891.32	1,684,719.15	45,186.06	3,521,296.53
Senior Management	6,580,634.89	2,990,674.40	4,149,316.00	180,596.93	13,901,222.22
Other Material Risk Takers (OMRTs)	9,307,143.32	4,522,802.56	6,894,448.00	179,346.20	20,903,740.08
TOTAL	**17,023,278.21**	**8,169,368.28**	**12,728,483.15**	**405,129.19**	**38,326,258.83**

Category	Definition
CEO	An individual, who either individually or jointly with one or more persons, is responsible, subject to the authority of the directors, for the conduct of the business and the administration of the Bank.
Senior Management	A person who performs Senior Management functions (solely or jointly) who is having principal authority and responsibility for planning, directing or controlling the whole or substantial part business activities of the Bank, which include: a) Having the authority and influence in making decisions. b) Is accountable or responsible for implementing and enforcing policies and strategies approved by the Board. c) Is accountable or responsible for developing and implementing systems, internal controls and processes that identify, measure, monitor or control the Bank's risks. d) Permanent members of the Bank's Management Committee. e) Has the responsibility for key control functions, including to be accountable for monitoring the appropriateness and effectiveness of the Bank's internal controls, risk management, internal audit and compliance systems and processes.
Other Material Risk Takers (OMRTs)	a) An officer who is not a member of Senior Management of the Bank and who: i) Can materially execute or control significant amounts of the Bank's resources or whose actions are likely to have a significant impact on its risk profile; or ii) Either individually or jointly having the authority to approve new business product or to commit to the credit risk exposure and market risk transactions; or iii) Among the most highly remunerated officers in the Bank. iv) Except for those who identify as Key Responsible Persons and Senior Management, all the Bank's Senior Vice President shall be identified as the Bank's Other Material Risk Taker. b) The list of the officers who fall under Other Material Risk Taker shall be approved by the Management Committee.

INDEPENDENT MEASURE OF THE CONTROL FUNCTION

In ensuring the interdependencies of Bank Rakyat's control functions, each control function has the appropriate authority and operates independently from the business units. Therefore, the performance of each control function is assessed independently without intervention from the business units to avoid any conflict of interest. The annual reviews of their remuneration are benchmarked internally and against the market to ensure they are competitive.

AUDIT AND EXAMINATION COMMITTEE REPORT

1.0 COMPOSITION

- The Audit & Examination Committee ("AEC") is a committee established by the Board of Directors from amongst its directors.
- The AEC comprises only non-executive directors with no less than three (3) members, of which the majority should be independent directors.
- All members of the AEC have the skills, knowledge and experience relevant to the responsibilities of the AEC. At least one (1) member should be a member of a relevant professional body.
- They are also financially literate and able to understand matters under the purview of the AEC including the financial reporting process.

2.0 AUTHORITY

- The Board authorises the AEC to act within the scope of its duties and responsibilities as set out in the AEC Charter. In the exercise of its functions, it is understood that the AEC is not delegated with decision-making powers but shall report its recommendations to the Board for decision.
- The AEC has explicit authority to investigate matters within its terms of reference in line with such limits as may be determined by the Board from time to time. During the discharge of such duties, the AEC shall have full and unrestricted access to:
  - the records, properties and personnel of the Bank;
  - the resources which are required to perform its duties;
  - co-operation from Management and the discretion to invite any Director and/or employee, including external auditors without the presence of other employees to attend its meetings;
  - the advice and services of the Bank Secretary, the Chief Executive Officer, the Chief Internal Audit ("CIA") and external auditors; and
  - independent professional advice and expertise necessary to perform its duties at the expense of the Bank, provided that written approval from the Board must be obtained prior to the incurring of any such expense on behalf of the Bank.

3.0 DUTIES AND RESPONSIBILITIES

Roles and responsibilities of the AEC, amongst others, include the following:

3.1 Corporate Governance, Internal Control and Audit Functions

- Oversee the work and performance of the Internal Audit function and ensure that the Internal Audit function is in compliance with Bank Negara Malaysia's "Guidelines on Internal Audit Function of Licensed Institutions" (BNM/RH/GL013-4), including the following:
  - Ensure that the Internal Audit function has an appropriate standing within the Bank and access to the AEC at all times;
  - Approve the Internal Audit Charter for endorsement by the Board;

AUDIT AND EXAMINATION COMMITTEE REPORT

- Review the adequacy and effectiveness of the systems of internal control, risk management and governance processes (which includes compliance with shariah) of the Bank and its subsidiary including reviewing and approving the audit plan, scope, procedures and frequency;
- Review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensure that the Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit and other control functions;
- Note significant disagreements between the CIA and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings;
- Establish a mechanism to assess the performance and effectiveness of the Internal Audit function;
- Endorse training programmes and budgetary resources for effective discharge of Internal Audit responsibilities;
- Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the CIA;
- Review the adequacy of the functions and resources of Internal Audit and that it has the necessary authority to carry out its work; and
- Ensure the effectiveness of the internal technology audit function. This includes ensuring the adequate competence of the audit staff to perform technology audits. The AEC shall review and ensure appropriate audit scope, procedures and frequency of technology audits. The AEC must also ensure effective oversight over the prompt closure of corrective actions to address technology control gaps.

- Recommend to the Board the external advisors to be engaged when the Internal Audit function lacks expertise needed to perform specialised audit. In such instance, recommend the fees payable, ensure clear establishment of the terms and scope of engagement and reporting requirements.
- Monitor compliance with practices of corporate governance and identification of significant non-compliance.
- Determination of compliance with relevant statutory requirements.
- Review third-party opinions on the design and effectiveness of the Bank's internal control framework.

3.2 External Audit Function

The AEC shall oversee the external auditors, by undertaking the following:

- Recommend to the board on the appointment, removal and remuneration of the external auditor;
- Review the external auditors' plan, audit report and maintain a regular communication with the external auditor and ensure the external auditor reports to the Committee on significant matters;
- Review the external auditor's letter on weaknesses of accounting procedures and internal controls and Management's responses to the external auditors' report and letter as well as to ensure that the Senior Management team takes necessary and corrective actions in a timely manner to address the findings;

AUDIT AND EXAMINATION COMMITTEE REPORT

- Establish policies and procedures, to assess and monitor the suitability and independence of the external auditors;
- Approve the provision of non-audit services by the external auditor and ensure adequacy of checks and balances on the provision of such non-audit services; and
- Monitor and assess the effectiveness of the external audit, including by meeting with the external auditor without the presence of Senior Management at least annually.

3.3 Shariah Audit

- Review and determine the deliverables of the Shariah audit function upon consultation with the Shariah Committee; and
- Review internal, external and Shariah audit findings and recommend to the Board the action to be taken by the Senior Management team.

3.4 Financial Reporting Process

- Review appropriateness and applicability of accounting standards used in preparation of the financial statements;
- Ensure that the accounts are prepared in a timely and accurate manner, with frequent reviews of the adequacy of provisions for contingencies as well as bad and doubtful debts;
- Ensure fair and transparent reporting, prompt publication of financial accounts and review financial statements to be submitted to the Board;
- Ensure that all fraud and non-fraud related irregularities are investigated and the responses and explanations are examined and investigated and findings are reported to the Board; and
- Review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

3.5 Other Duties

- Monitor compliance with the Board's conflicts of interest policy described in BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019;
- Review any conflict of interest situations and significant transactions which are not usual to the course of business and review and monitor all related party transactions and report such transactions to the Board;
- Meet regularly with the Bank's Risk Committee to facilitate exchange of information so as to apprise the Committee of risks that the Bank faces, including emerging risks that could have an impact on the Bank's risk appetite and business plan; and
- Maintain oversight on the Bank's Fraud Management and Corporate Integrity functions.

AUDIT AND EXAMINATION COMMITTEE REPORT

4.0 ATTENDANCE AT MEETINGS

12 AEC Meetings were held during 2022. The details of attendance of each member are as follows:

AEC Members	AEC Meeting Attendance
YM. Tunku Dato' Ahmad Burhanuddin YM. Tunku Datuk Seri Adnan Chairman (appointed effective from 29 October 2019)	12/12 (100%)
Datin Norhamizah Mat Tahir Member (appointed effective from 28 July 2020) (tenure ended on 12 July 2022)	8/8 (100%)
Datuk Mohd Irwan Mohd Mubarak Member (appointed effective from 28 July 2020)	12/12 (100%)
Dato' Dr. Vaseehar Hassan Abdul Razack Member (appointed effective from 1 August 2021)	12/12 (100%)

5.0 SUMMARY OF ACTIVITIES

For the financial year ended 31 December 2022, the AEC had carried out the following activities in the discharge of its roles and responsibilities:

5.1 Financial Reporting

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and Bank Rakyat Group to ensure that the financial reporting and disclosure requirements were in compliance with the accounting standards and regulatory requirements.

5.2 Annual Report

Reviewed and approved the AEC Report for inclusion in Bank Rakyat's Annual Report for Financial Year ended 31 December 2021.

5.3 Internal Audit

- Reviewed and approved the annual audit plan as well as revision to the audit plan to ensure the comprehensiveness of audit scope and coverage over the activities of Bank Rakyat, its subsidiary and Yayasan Bank Rakyat (upon request) as well as the adequacy of Internal Audit Sector's resources to carry out its functions.
- Reviewed the Internal Audit reports, audit recommendations and Management's responses to these recommendations.

AUDIT AND EXAMINATION COMMITTEE REPORT

- Reviewed the status report on actions implemented by Management to rectify the outstanding audit issues to ensure control lapses were addressed.
- Reviewed and deliberated audit findings related to Shariah non-compliance as well as the actions to be taken by the Management to resolve the issues prior to escalation to the Board.
- Reviewed various periodical regulatory reporting made by Internal Audit prior to submission to the regulators such as BNM and PayNet.
- Deliberated key observations points raised by Internal Audit through its IT advisory services and ensured that the Management would addressed the concerns raised accordingly.
- Reviewed the Internal Audit Achievements and Performance Reports to ensure the progress, achievement, performance and coverage of the Internal Audit functions in line with the annual audit plan.
- Reviewed the audit reports issued by regulatory authorities, Management's responses to the Regulators' recommendations and the remedial actions taken to rectify the weaknesses highlighted.
- Reviewed the audit reports on the Bank's subsidiary and Yayasan Bank Rakyat for an overview of the risk management and internal control systems of these entities.
- Deliberated and approved the 2022 key performance indicators (KPI) setting for CIA.
- Evaluated the performance of the CIA.
- Reviewed and noted the AEC's minutes of meetings to obtain an overview of the deliberation and remedial actions taken by Management on the control lapses raised by the Internal Audit Sector.

5.4 External Audit

- Reviewed with the external auditors the results of audit, the relevant audit reports, Management Letter and Memorandum of Recommendations together with Management's responses/comments to the findings.
- Ensured that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the auditors.
- Assessed the performance of the external auditors and made recommendations to the Board of Directors on their reappointment.
- Periodically reviewed and monitored the progress of actions taken to rectify audit findings raised by the external auditor to ensure the issues are being managed and rectified appropriately and in a timely manner.
- Performed assessment on the external auditors prior to recommendation to the Board on its reappointment. The assessment was conducted in accordance with BNM's Guidelines on External Auditor on principal areas covering performance, independence and objectivity.

6.0 TRAINING

The training attended by the AEC members is reported under the Board of Directors and Main Committees section.

AUDIT AND EXAMINATION COMMITTEE REPORT

7.0 INTERNAL AUDIT FUNCTION

The AEC is supported by Internal Audit Sector in the discharge of its duties and responsibilities. Internal Audit Sector provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes. Internal Audit Sector also carries out investigative audits where there are improper, illegal and dishonest acts reported.

Internal Audit Sector reviews the effectiveness of internal control structures over the activities of Bank Rakyat, its subsidiary and Yayasan Bank Rakyat focusing on high risk areas as determined using a risk-based approach. All high-risk activities in each auditable area are audited annually.

Internal Audit Sector covers the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieved acceptable risk exposures consistent with the Bank's risk management policy. In performing such reviews, Internal Audit Sector made recommendations for improvement and enhancements to the existing system of internal controls and work processes.

Internal Audit Sector also conducts audits on the information systems of Bank Rakyat to ensure that the computing resources are adequately secured to protect data integrity and confidentiality, availability of adequate measures to safeguard and provide for the continued availability of the system to support business operational needs.

Internal Audit Sector provides consulting or advisory functions in the evaluation of risk exposures of new systems, business products and services to assess the controls that should be in place to mitigate the risks identified prior to their implementation. In order to maintain its objectivity and independence, Internal Audit Sector is not involved in the system selection or implementation process when providing such consulting or advisory functions.

All auditing activities are conducted in line with Bank Rakyat's objectives and policies and in compliance with the relevant policies and guidelines issued by BNM and as guided by the Code of Ethics and International Standards for the Professional Practice of Internal Auditing promulgated by the IIA.

During 2022, the activities undertaken by Internal Audit Sector were as follows:

- Developed an annual audit plan using a risk-based approach, taking into consideration the Bank's Strategic Plan, namely BR25 and inputs from the Management (as recommended by the Institute of Internal Auditors);
- Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management, internal control and governance processes through structured reviews of departments and operations identified in the annual audit plan;
- Performed reviews on the draft unaudited quarterly financial statements to ensure the Bank's conformity with applicable accounting and financial reporting standards as well as compliance with the relevant regulatory requirements;
- Provided independent Shariah audit assessment on the quality and effectiveness of the Bank and its subsidiary's internal control, risk management systems, governance processes as well as the overall compliance of the Bank and its subsidiary's operations, business, affairs and activities with Shariah.
- Performed Shariah audit analysis (including screening process on possible Shariah Non-Compliance ("SNC") event) on result of internal audit assessment; initiated internal collaboration across various functions/departments/ divisions etc. of the Bank and its subsidiary related to the proposed rectification plan for the possible SNC event; and conducted reporting process of the possible SNC event as required by BNM

AUDIT AND EXAMINATION COMMITTEE REPORT

- Assisted the Shariah Committee in discharging its oversight role on Shariah matters related to the Bank's and its subdiary's operations, business, affairs and activities through Shariah Audit's observations and participations at Shariah Committee Meetings which enabled the Shariah Committee to identify issues that require its attention and where appropriate, to propose corrective measures;
- Performed audits on the Bank's information systems to ensure the adequacy of the systems' security, controls and compliance with the relevant acts or regulatory requirements;
- Attended various management level committees' meetings such as Project Working Committees (PWC) and Project Steering Committee (PSC), in a consultative and advisory capacity to provide independent views pertaining to the governance and controls encompassing the Bank's critical IT projects;
- Provided assistance and consultation to the Bank in developing and enhancing the procurement function.
- Acted as an independent function in observing the Bank's negotiation meetings for major IT projects;
- Participated in proposal paper review discussions for IT projects;
- Conducted ad-hoc assignments and special reviews as instructed by the AEC, Management or BNM;
- Participated in various Business Continuity Management exercises to ensure the Bank's readiness in resuming/ recovering its operational activities and systems in the event of disaster within the expected timelines;
- Ascertained the level of compliance with established policies and procedures and statutory requirements;
- Recommended improvements and enhancements to the existing system of internal controls, work procedures/ processes, relevant guidelines and department manuals;
- Prepared the Audit & Examination Committee Report for Bank Rakyat's Annual Report for Financial Year ended 31 December 2021.

The total costs incurred for the Internal Audit Sector of Bank Rakyat for 2022 is RM9,196,892.

RISK MANAGEMENT COMMITTEE

RISK MANAGEMENT

Vulnerabilities in economic environment due to inflation and tightening of monetary policies continued to challenge industry sectors and individuals in 2022 despite entering into endemic phase that allowed Malaysia to return to near-normal life. In upholding "Values above All", Risk Management as a control function continued to play its role in setting the Bank's direction to ensure that risk taking activities are aligned with the Bank's approved risk appetite.

As a development financial institution with mandated roles to support the mission of Ministry of Entrepreneur Development and Cooperatives (KUSKOP) to drive the cooperative sectors as mainstay of economic growth of the nation, frameworks and policies were periodically reviewed to ensure effectiveness of credit risk management practices while safeguarding the Bank's asset for the interest of our members.

The Bank maintained strong capital levels, with excess of capital buffers above the Internal Capital Target. This buffer provides stakeholders confidence in safeguarding against any potential unexpected losses that may arise given unfavorable scenarios. This as well in turn preserves Banks' capacity to drive the business growth and supporting its mandated role. Stress testing has been conducted as part of Bank's capital endurance measurement as well as a mechanism for assessing the Bank's capability and capacity to ensure business sustainability. The outcome from the stress testing has captured all material types of risk identified and indicated capital position remains strong to continue business expansion and balance sheet growth.

Various assessment and in-depth analysis were conducted based on economic outlook to observe asset quality. Risk Management proactively highlighted the credit risk concerns to ensure the Bank remained resilience. In support of the government's effort in servicing the nation especially to assist Small and Medium Enterprises (SMEs) businesses that still affected by COVID-19, Risk Management provided technical assistance to simplify credit underwriting process with predefined parameters that aligned with the minimum acceptance criteria as recommended by the fund providers with a view to expedite approval process and to ensure the exposure is within the Bank's risk appetite.

Additionally, the Bank is committed in ensuring sufficient provisions computed from Expected Credit Loss (ECL) model through the process of model calibration for the financial year 2022. The model has undergone validation by an external party and has been deemed robust and capable of mitigating potential adversities that may arise in the future.

ENSURING SUSTAINABLE GROWTH AND RETURN

Aligned with the latest indicators of Malaysia economy activity that indicates further strengthening, the Bank continues its effort to focus on growth. The strategy to strive for an optimal balance sheet through assets and funding diversification, reflective of the internal and external market conditions is served as a guide in harmonising both risk and reward. The Bank's key strategy in balance sheet management is focusing on targeted growth and realigning the portfolio composition. The investment portfolio strategy is directed towards maintaining an adequate level of high-quality liquid assets in line with compliance requirements and ensuring sufficient growth to cater for return requirements.

The Bank remained focused in managing structural risk exposures, namely rate of return and liquidity risks which guaranteed a healthy balance sheet and safeguard the return. The exposure in the rate of return risk is managed through capital reserving and portfolio composition diversification, which emphasises the growth of the floating rate financing and current and savings accounts. With all the plans and efforts put forward over the years, the Bank has successfully managed to ensure that the rate of return risk exposure level is within the prescribed best practice.

LIQUIDITY RESILIENCY

The year 2022 has witnessed Overnight Policy Rate (OPR) increased gradually by 100 bps from 1.75% to 2.75% as part of the measures undertaken by BNM to balance the risks to domestic inflation and sustainable growth. Similar measures are also employed by many central banks to manage inflationary pressures, in particular, aggressive adjustment by Federal Reserve with a much higher 'terminal rate' in the US.

RISK MANAGEMENT COMMITTEE

Against this backdrop, the Bank has remained adaptive with the expectations of rising profit rate environment amidst potential future OPR hikes, to ensure continuous liquidity resilience. The Bank's liquidity position has remained adequate and key liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were above the prescribed minimum requirements. These are supported by the Bank's comprehensive liquidity risk strategy and management.

The Bank accelerated its effort to enhance diversification in liability structure with the primary objective on the stability of funding sources via growth in customer deposits, interbank deposits and medium-term funds.

Liquidity risk positions are monitored regularly against the established liquidity risk management framework, policies and procedures. The Bank uses a range of tools to monitor and control liquidity risk exposure such as intra-day cash position, liquidity mismatch gap, concentration of deposits, availability of funding, stress testing and reverse stress testing. The process of managing liquidity risk includes maintaining enough unencumbered high-quality liquid assets as a protection against any unforeseen interruption to the Bank's cash flows.

The Bank has in place a Liquidity Contingency Funding Plan (LCFP) formulated to provide a systematic approach in addressing potential liquidity crisis or funding disruption affecting its liquidity soundness and financial solvency. The LCFP comprises strategies, decision-making authorities, communication channels and processes as well as courses of action for management to make prompt decisions. The plan is reviewed and tested regularly to ensure its effectiveness and robustness in handling liquidity crisis events and to meet its obligations in a timely manner and at a reasonable cost.

FOCUSING ON VALUE CREATION BY MANAGING MARKET VOLATILITY AND EFFECTIVE MARKET SURVEILLANCE

As a second line of defense, Risk Management Sector is consistently monitor the Bank's financial instruments (Foreign Exchange, Money Market, Fixed Income and Equity) performance through identifying, measuring, monitoring and reporting the Market Risk limits such as Value at Risk (VaR), Management Action Trigger (MAT), stop loss and sensitivity limits on daily and monthly basis to ensure the trading is in or within the Bank risk parameter. Aside from daily limit monitoring and periodic stress testing, thematic reviews and ad-hoc stress tests are also performed for insights into banking and trading book exposures.

This ongoing effort is crucial to ensure accurate risk recognition, which includes the identification and measurement of market risk factors in line with the Bank's risk appetite. Risk appetite is translated into risk thresholds which are approved by the Board. These risk thresholds align specific risk-taking activities with the overall risk appetite of the Bank and its business units, i.e., the Treasury Sector. In addition, Risk Management Sector is continuing to focus on value creation and supporting the lines of business to develop dynamic tools in managing the Bank's portfolio risk during economic uncertainty and meeting Bank's strategic and business objectives.

The adherence or compliance of the Market Risk policy i.e., Trading Book Policy (TBPS), is to avoid undue concentration of market on profit rate risk, equity risk, foreign exchange risk and commodity price risk. The guided policy is prepared with a benchmark against the best market practices and adheres to regulatory requirements and is intended for trading and non-trading activities. The Risk Management Sector is to ensure timely early warning when risk thresholds are to be reached or exceeded, hence allowing the Treasury Department to manage their exposure within the risk thresholds. Besides that, periodic review of Bank Rakyat Trading Book limits is essential to cater for anticipated changes in risk profile and business strategy.

Setting up an effective trade communication surveillance program and forming a strong conduct control environment is Risk Management Sector main agenda this year. Maintaining adequate oversight of employees' conduct during their market activity is essential to meet regulatory expectation, enhance efficiency and reduce the bank costs. It is a core pillar that support the bank in detecting a market misconduct by the Bank's dealers as the breaches of conduct can have a serious impact from financial, reputational and regulatory perspectives.

The robust Treasury trading system, reporting and data solution is essential to empower the Bank to remain resilient during the pandemic. For that reason, Bank Rakyat continues to invest resources into processes and system improvements, which help define and control inherent risks within the Bank. The enhancement initiatives on the Treasury system, led by the IT team in collaboration with the Front, Middle and Back Office teams are to ensure the current system used is at par with the industry practice and provide a working environment suited to address the Business Continuity Plan during the crisis.

RISK MANAGEMENT COMMITTEE

OPERATIONAL RISK MANAGEMENT

Operational Risk Management is responsible for establishing and maintaining the Operational Risk Management Policy, implementing various operational risk tools to facilitate management of operational risk, continuous monitoring the risk through established risk indicators, avoidance of recurrence of operational risk incidents through post monitoring function and assessing the risk issues and escalating the issue to the relevant Committee with recommendations on appropriate risk mitigation strategies. In creating strong risk culture, Operational Risk Management is also responsible to promote risk awareness within the Bank.

In 2022, Operational Risk Management continuously implemented appropriate measures in managing operational risk including Shariah non-compliance (SNC) risk within the Bank. The implementation of Risk Control Self-Assessment (RCSA) aims to assess the identified operational risks and the effectiveness of the internal controls in the respective Business and Support Units. The completion of RCSA across the Bank in 2022, Operational Risk Management had successfully managed the risk profiles and identified potential emerging risk in the Business and Support Units with appropriate recommendation and enhancement of internal control to mitigate the risk. To reinforce accountability and ownership of risk and control, a Risk Agent (RA) for each Business and Support Units are appointed to assist in driving the RCSA for the Bank.

In addition, to facilitate the effective implementation of operational risk tools, Operational Risk Management had successfully enhanced and established the role of Embedded Risk Function (ERF) within the significant Business and Support Units. The establishment of ERF would assist Operational Risk Management in implementing and monitoring the operational risk activities within the Business and Support Units. The ERU's knowledge of the business allow for a more focused implementation and effective oversight of operational risk within the Business and Support Units.

To inculcate risk culture and awareness within the First Line of Defense, Operational Risk Management continues to conduct several sessions of Operational Risk Awareness trainings in 2022 with all regional offices which have been completed in Quarter 4 2022.

With the robust implementation of operational risk framework, Operational Risk Management able to manage the risk profiles for all Business and Support Units more effectively by reducing the recurrence of operational risk incident in 2022 and ensure the risk exposure of operational risk is within the threshold of Operational Risk Management.

ROBUST CYBERSECURITY AND TECHNOLOGY RISK MANAGEMENT

Efforts to strengthen the controls and protection over information assets continue to be the main agenda in upholding the Bank's values. Proactive measures have been taken to ensure resiliency of our systems and provide high availability to our customers through these continuous improvement efforts:

- Enhancement to the Technology Risk Management Policy and Cyber Resilience Framework Policy to ensure technology and cyber risks are identified, assessed and managed effectively;
- Alignment of the Bank's cyber security programme with risk appetite to ensure adequacy and resiliency of IT infrastructure;
- Heighten technology and cyber defence capabilities to protect information assets; and
- Elevate security awareness for Board, Management and staff in detecting and responding effectively towards technology and cyber threats.

The Bank also remains committed to stay ahead of the cyber threats by prioritising technology investment to ensure data protection and payment security are secure and up to standards.

STATEMENT OF INTERNAL CONTROL

RESPONSIBILITY

In line with BNM's Policy Document on Corporate Governance, the Board acknowledges its responsibility to oversee the implementation of the Bank's internal control framework. In fulfilling its fiduciary obligation, the Board is aware that it is imperative that the right tone is set at the top and the Board has consistently emphasized that control responsibilities must be taken seriously.

Apart from ensuring the establishment of a sound internal control system, an essential part of the Board's responsibilities include reviewing the effectiveness and appropriateness of the internal control framework in light of material changes to the size, nature and complexity of the Bank's operations. In order to form its view on the effectiveness of the internal control system, the Board would obtain the necessary assurance from the Management that appropriate policies have been implemented and that the controls in place are adequate and functioning effectively.

While the 'tone at the top' is set by the Board, it is the role of Management to implement the established policies and procedures. The Management is also responsible in identifying and evaluating the risks faced by the Bank and subsequently to design, operate and monitor an appropriate system of internal control.

In view of the inherent limitations in any risk management and internal control system, the Board takes cognisance that such a system can only provide reasonable, rather than absolute assurance to realise the Bank's objectives and against any material financial misstatement, fraud or losses.

KEY INTERNAL CONTROL SYSTEM

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

- **Organisation Structure**

  The Board has established an organisation structure with clearly defined lines of responsibility, authority limits and accountabilities, aligned with business and operations requirements to support the maintenance of a strong control environment. In order to fulfil its responsibilities effectively, the Board has delegated authority to various Board committees such as the Board Nomination and Remuneration Committee, Board Risk Committee, Board Financing Committee, Board Integrity and Governance Committee, Board Audit and Examination Committee, Board Tender Committee, Board Investment Committee and Board IT Committee to oversee specific responsibilities based on the approved terms of reference. Any change to the terms of reference for any Board committee requires the Board's approval.

  As a full-fledged Islamic financial institution incorporated in Malaysia, Bank Rakyat has also established the Shariah Committee to ensure all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries are Shariah compliant at all times.

- **Oversight by Audit and Examination Committee**

  The Audit & Examination Committee ("AEC") is a committee, which comprises of only independent non-executive directors, established by the Board to assist in the execution of its governance and oversight responsibilities as well as to provide independent assurance to the Board that the risk management, internal control systems and governance processes are functioning effectively through the Internal Audit ("IA") function.

  The AEC actively oversees the work and performance of the IA function. In discharging its duties, the AEC meets periodically to review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensure that the Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliances with laws, regulatory requirements, policies and other issues identified by IA and other control functions.

STATEMENT OF INTERNAL CONTROL

- **Management Committees**

  Various Management Committees (Executive-level) are established by the Management to assist and support the various Board Committees to oversee the core areas of business operations. These Committees include the Management Committee (MANCO), Management Risk Committee (MRC), Asset and Liability Committee (ALCO), Management Procurement Committee (MPC), Digital Information Technology Steering Committee (DITSC), Financing Committee A (FCA), Management Audit, Fraud & Integrity Committee (AFIC), Financing Recovery Committee (FRC), Crisis Management Team (CMT) and Liquidity Management Committee (LMC).

- **Annual Business Plan and Budget**

  The Board deliberates and approves the annual business plan and budget for the year which are developed in line with the Bank's strategic objectives. The performance achievements are reviewed periodically against the targeted results, allowing time for the appropriate responses and required remedial actions to be taken.

- **Second Line of Defense Functions**

  The second line of defense assist the Bank to ensure business and operations in accordance with applicable laws, guidelines and rules issued by regulators by providing guidance and oversight of the first line of defense.

- **Risk Management Sector**

  Risk Management Sector performs independent assessment and monitoring of risk-taking activities and ensure the risk profile and policies remained accommodative for business growth without transgressing the Bank's Risk Appetite Statement.

  In promoting sound implementation of risk management, the Bank has established relevant framework and policies in managing the risk-taking activities, for example, Group Risk Management Framework and dedicated policy for each type of risk (e.g., Credit Risk, Market Risk, Liquidity Risk, Operational Risk etc).

  The framework and policies have been established in tandem with the relevant regulatory requirements issued by BNM.

- **Compliance**

  Compliance is committed to upholding good governance principles and regulatory requirements by ensuring the Bank operates with comprehensive integrity and adheres to applicable laws, regulations and internal policies. Compliance provides oversight, coordination and engagements of Bank's compliance towards regulatory requirements inclusive of Shariah and Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA).

  These are achieved through periodically compliance reviews and monitoring to assess the overall effectiveness of business' compliance practices. This commitment is clearly demonstrated through the establishment and strengthening of policies, controls in managing and preventing non-compliance whilst ensuring Bank's responsibilities to stakeholders and business objectives are met. Additionally, Compliance actively engages in continuous compliance awareness among employees through designated training programmes to inculcate compliance culture within the Bank.

- **Fraud and Corporate Integrity (FRCI) Function**

  FRCI is established and reports functionally to the Board Integrity & Governance Committee (BIGC) authorised by the Board of Directors of Bank Rakyat. FRCI executes and prevents the conduct of fraudulent act through bank-wide Fraud Management Framework inclusive of 3 prong approaches namely Fraud Prevention, Fraud Detection and Fraud Response.

STATEMENT OF INTERNAL CONTROL

Corporate Integrity on the other hand governs the Anti-Bribery & Corruption objectives, strategies & control measures via implementation of three (3) core functions namely:

- Integrity Governance
- Integrity Detection and Verification
- Integrity Complaint Management

In addition, FRCI promotes & embrace Zero Tolerance towards Fraud, Bribery & Corruption through awareness among stakeholders having business relationship with Bank Rakyat as well as recommendation value added proposition in the fulfillment of the business partner role.

FRCI shall provide consultancy and advisory to the Board of Directors and Management in meeting ISO:37001 Anti-Bribery Management Systems (ABMS) standard.

- **Internal Audit Function**

  As the third line of defence, Internal Audit Sector ("IAS") serves as an independent function that provides objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operation of Bank Rakyat. IAS is committed in bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Bank Rakyat's governance, risk management and internal control. It is headed by the Chief Internal Audit, who reports functionally to the AEC and administratively to the Chief Executive Officer. IAS' activities are governed by the relevant regulatory guidelines, the Bank's Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards).

  Note: More detailed description of IAS's function is highlighted in the Audit & Examination Committee Report.

- **Policies and Procedures**

  The Bank established a set clearly defined policies and procedures to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures will be updated from time to time to cater any changes in the business environment or regulatory guidelines. These documents are published and accessible by all employees in the Bank's portal.

- **Code of Business Conducts and Ethics**

  This Code sets the values and minimum standards for ethical business conduct aimed to inculcate ethical behaviour among the Bank's employees. The Code complies with the laws of Malaysia as well as all internal policies and procedures of the Bank. All employees of the Bank are expected to perform business activities and represent the Bank with the highest ethical, legal and professional standards.

- **Branch Compliance & Governance Officer**

  Branch Compliance & Governance Officer "BCGO" act as Compliance Officers that perform monitoring to further strengthen the level of compliance culture at branches. The "BCGO" are assigned at every region and are entrusted to perform site visits and review on branches under their purview are in compliance with the internal Policies and Procedures, minimise Regulatory, Laws, Audit, Compliance or Shariah findings.

  BCGO function is important to ensure that the branch operations remains compliant at all times and to strengthen the internal process by conducting regular review in ensuring that branch operations and activities of the branch are conducted within internal policies and regulatory requirements.

SHARIAH COMMITTEE TERMS OF REFERENCE

1.0 INTRODUCTION

Establishment of Shariah Committee ("SC") of Bank Rakyat is a requirement by Bank Negara Malaysia ("BNM") pursuant to Section 33 F of the Development Financial Institutions Act 2002 (DFIA). The purpose is to ensure all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries are Shariah compliant at all times as a full-fledged Islamic financial institution incorporated in Malaysia.

2.0 REPORTING LINE

2.1 The SC shall report directly to the Board of Directors ("BOD") and shall be recognised as an independent committee.

3.0 FORMATION OF SHARIAH COMMITTEE

3.1 The appointment of the SC members must obtain prior written approval from BNM and BOD upon recommendation by the Nomination Committee.

3.2 SC member must fulfill the 'fit and proper' criteria to become an SC as described in Shariah Governance Policy Document (SGPD/BNM) as follows:

a) the person is a Muslim individual.

b) the person has been assessed to have met the requirements specified in the policy document on "Fit and Proper Criteria" on a continuous basis; and

c) the person is either:

i. a Shariah qualified person; or

ii. an expert who possesses skills, knowledge and experience relevant to support the roles and responsibilities of the SC.

In determining a Shariah qualified person, the SC must fulfils the following:

a) holds, at minimum, a bachelor's degree in Shariah, which includes study in *Usul Fiqh* (principles of Islamic jurisprudence) or *Fiqh Muamalat* (Islamic transaction/commercial law);

b) possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and

c) demonstrates strong proficiency and knowledge in written and verbal Arabic, with good command in the preferred language of the bank, either Bahasa Malaysia or English language.

3.3 The SC shall comprise of at least five (5) members as required by SGPD BNM.

3.4 Majority members in the SC shall have qualified Shariah background with at least bachelor's degree in Shariah, which includes study in *usul fiqh* (origin of Islamic law) or *fiqh muamalat* (Islamic transaction/commercial law) from a recognised university.

3.5 Chairman of the SC shall have qualified Shariah background.

3.6 The SC may comprise experts with diverse qualification, experience and knowledge to support the depth and breadth of the Shariah deliberations.

SHARIAH COMMITTEE TERMS OF REFERENCE

3.7 Majority members of SC should be able to demonstrate strong proficiency and knowledge in written and verbal Arabic and have good understanding in Bahasa Malaysia and English.

3.8 The SC member is not considered an SC member and disallowed to perform the roles of SC upon expiry of the appointment term until fresh approval is obtained from BNM.

4.0 CESSATION AND DISQUALIFICATION

4.1 Pursuant to section 12.3 of the Shariah Governance Policy Document issued by Bank Negara Malaysia (BNM), a person is disqualified from being appointed or reappointed, accepting any appointment or reappointment or holding office as a Shariah committee member of the bank if:

a) he is an undischarged bankrupt, has suspended payments or has compounded by his creditors whether in or outside Malaysia;

b) a charge for criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against him; or

c) under any law relating to prevention of crime, drug trafficking or immigration:

(i) an order for detention, supervision or deportation has been made against him; or

(ii) any forms of restriction or supervision by bond or otherwise, has been imposed on him.

Where any criminal proceeding is pending in any court for any offence referred to in paragraph 4.1(b) against a SC member of the bank, such person shall not:

a) act in such capacity, hold any other office or act in any other capacity, in the bank; or

b) be concerned with, take part or engage in, any manner, whether directly or indirectly, in any activity, affairs or business of, or in relation to, the bank, except as may be permitted by the BOD subject to such conditions as may be specified by the bank.

For the purpose of this paragraph, "criminal proceedings" shall be deemed to be pending from the date that the accused person is first charged in court for the offence until the date of the final conclusion of the proceedings, whether in the court of original jurisdiction or, in the event of any appeal by any party, in the court of final appellate jurisdiction.

4.2 SC member or his immediate family member must not:

a) be an executive of the bank during the tenure of his appointment or within the last two (2) years of his proposed appointment as a SC member;

b) be a substantial shareholder, executive director or senior officer of the bank or any of its affiliates; or

c) have a significant business or other contractual relationship with the bank or any of its affiliates within the last two (2) years.

4.3 Effective from 1 April 2023, SC member must not serve the bank for more than nine (9) years.

4.4 SC member must not have competing time commitments that may impair his ability to discharge his duties effectively. In respect of multiple appointments, a SC member is required to manage his commitments effectively, observe professional objectivity and confidentiality in carrying out his duties.

SHARIAH COMMITTEE TERMS OF REFERENCE

4.5 SC member must not accept any appointment in more than one licensed Islamic bank, one licensed takaful operator and one prescribed institution.

4.6 SC member must not be an active politician.

4.7 SC member must immediately disclose to the BOD any circumstances that may affect his ability to meet the minimum requirements.

4.8 Secretariat of SC must submit an application in writing to the BNM for the purpose of appointment and reappointment of SC members and chairman of the SC at least three (3) months before it expects a proposed candidate to assume his responsibilities. In the case of reappointment, the application must be submitted three (3) months prior to the expiry of the SC member's tenure. All applications shall be made using the form enclosed in FI@KijangNet portal.

5.0 ROLES AND RESPONSIBILITIES

In line with the Shariah Governance Policy Document issued by Bank Negara Malaysia (BNM), the SC during the discharge of its duties shall:

5.1 Responsible and accountable for all Shariah decisions, views and opinions issued on Shariah matters to ensure the operations, business, affairs and activities of the bank are in compliance with Shariah.

5.2 Advice, provide input and necessary assistance on Shariah matters to BOD, bank's stakeholders and parties associated with bank's business operations and activities including the activities of its subsidiary and cooperatives regulated by Suruhanjaya Koperasi Malaysia (SKM) which consult or refer to the bank on case-by-case basis to ensure compliance with Shariah requirements at all time.

5.3 To adopt the resolutions of Shariah Advisory Council of Bank Negara Malaysia (SAC BNM) and Shariah Advisory Council of Securities Commission (SAC SECCOM) upon publishment in deriving Shariah decisions and to highlight to Management and BOD in the event SC invokes its right to adopt stringent decisions as permissible by BNM.

5.4 Perform oversight role on Shariah matters related to the bank's business operations and activities including its subsidiaries and guide the bank and its subsidiaries on the implementation of Shariah decisions issued.

5.5 Providing a decision or advice on the operations, business, affairs and activities of the bank which may trigger a Shariah non-compliance event.

5.6 Deliberate, validate and endorse all matters related to Shariah Non-Compliance (SNC) event, rectification measures and purification process including the list of beneficiaries of tainted income for further reporting to BOD.

5.7 Assess and validate works which include Shariah research, *takyif fiqhi* (adaptation of Shariah ruling), report and finding carried out by all Shariah functions inclusive of Shariah Secretariat and Advisory, Shariah Review, Shariah Risk and Shariah Audit in order to ensure Shariah compliance.

5.8 Approve and provide written confirmation on Shariah compliance of bank's product proposal based on proper support of *takyif fiqhi* and confirmation whereby no contradiction against Shariah Advisory Council (SAC) BNM ruling is identified in the product proposal for the purpose of new product approval submission to BNM.

5.9 Endorse and approve all frameworks, policies, procedures and any other applicable documents relating to Shariah and ensure the contents do not contain any elements which are not in line with Shariah.

5.10 Endorse and validate all relevant documentations relating to products, business and operations including, but not limited to, legal documents, product policies and procedures, product manual and marketing collaterals to ensure compliance with Shariah requirements with exception to certain specific tasks empowered to a specific internal Shariah functions by recorded decision of SC in consensus.

SHARIAH COMMITTEE TERMS OF REFERENCE

5.11 Accountable for the quality, accuracy and soundness of its own decision or advice.

5.12 Where the SC has reason to believe that any Shariah issues or matter may affect the safety and soundness of the bank, the SC must immediately update the BOD on such matter.

5.13 In cases where the SAC BNM has not made any rulings on a particular matter or the SC is not able to arrive at a decision or advice, the bank shall refer to the SAC BNM for a ruling in accordance with *Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah.* Any requests for a ruling or advice shall be communicated through the Secretariat of the SAC BNM.

5.14 Advice the bank on the calculation, allocation and distribution of zakat and validate the list of zakat recipients' post-decision of JZPBA.

5.15 Abstain from making decision which is not in line with the ruling of SAC BNM which may violate the Central Bank of Malaysia Act 2009.

5.16 Retreat of Shariah decision issued by SC in the event of issuance of new and/or revised Shariah resolutions and decisions made by SAC BNM and SAC SECCOM.

5.17 Harmonise the conflict between Shariah and legal approaches to gradually lead bank's practices towards the best globally accepted Shariah practices.

5.18 Inform BNM on SNC activities in the event they are not effectively or adequately addressed, or no rectification measures are made by the bank.

5.19 Regularly inform the BOD on relevant Shariah matters.

5.20 Disclose sufficient information relating to Shariah as required by BNM in the Annual SC Report which is embedded in bank's annual report and endorse the annual report prior to publishment.

5.21 Act as Shariah spokesperson to respond on Shariah related inquiries during bank's annual general meeting or any public events which involve Bank Rakyat.

5.22 Observe the principle of confidentiality in relation to the bank's business, operations and affairs at all times whereby all information obtained shall not be used in the manner that could be detrimental to Bank Rakyat.

5.23 Other responsibilities being assigned by BOD from time to time or any Shariah matters that require SC's immediate attention.

5.24 Free from association or circumstances that may impair the exercise of SC's professional objectivity in arriving a Shariah decision or advice.

5.25 Devote sufficient time to prepare for and attend Shariah committee meetings.

5.26 Ensure consistency in providing his views and must not act in a manner that would undermine the rulings of the SAC BNM or any decisions of the SC that they represent.

5.27 Disclose the nature and extent of his interest that constitutes or gives rise to a conflict or potential conflict of interest upon the appointment, reappointment or as soon as there is any changes in his circumstances that may affect his status.

5.28 Continuously develop a reasonable understanding of the business and operations of the bank and keep abreast with relevant market and regulatory developments. The chairman of the SC must lead efforts to manage the SC's developmental plans.

SHARIAH COMMITTEE TERMS OF REFERENCE

6.0 SHARIAH COMMITTEE MEETING

6.1 The chairman of the Shariah committee, in leading the Shariah Committee is responsible for the effective functioning of the Shariah Committee. In fulfilling this role, the chairman of the Shariah committee must:

a) ensure appropriate procedures are in place to govern the SC's deliberations and proceedings;

b) act as a direct liaison between the BOD and SC to foster greater understanding between both organs;

c) ensure that Shariah decisions or advice are made on a sound and well-informed basis, including based on a robust decision-making methodology which ensures that all business, operations and risk implications are considered by the Shariah committee;

d) encourage healthy discussion, participation and contribution and ensure that dissenting views can be freely expressed and discussed; and

e) ensure sufficient records of the discussion leading to formulation of the SC's decision or advice are maintained.

6.2 SC meeting can be facilitated by means of video or telephone conference as an alternative.

6.3 Secretariat of SC must ensure that attendance of members at a Shariah committee meeting, by way other than physical presence, remains the exception rather than the norm and is subject to appropriate safeguards to preserve confidentiality of the deliberations.

6.4 Secretariat of SC must provide the SC with access to all information required and ensure that the information provided is timely, accurate, comprehensive and clear.

6.5 MANCO must provide the SC with access to advice from third party experts on any matters deliberated by the SC as and when required and the cost of such advice shall be borne by the bank.

6.6 In relation to paragraphs 6.4 and 6.5, any party with the knowledge or awareness of a Shariah committee's access to any relevant information or request for third party expert advice being declined, denied or withheld by any officers or employees of the bank, the SC must inform the BOD of the situation. The BOD shall take appropriate action to rectify the situation.

For avoidance of doubt, reference to "any party" in this paragraph shall include a SC member.

6.7 While the BOD or MANCO may provide useful insights on any business, technical or operational matters discussed during a Shariah committee meeting, the BOD and MANCO must not exercise undue influence that could hinder the SC in exercising objective judgment in its deliberations and decision-making.

6.8 Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Internal Audit (CIA), Chief Compliance Officer and other members of Management may be invited on per meeting invitation basis to provide explanation to SC on matters arising and/or papers presented.

6.9 Bank Rakyat shall ensure potential Shariah non-compliance events must be tabled at SC meeting within the regulatory timeline. SC shall be called for ad-hoc meeting to ensure compliance with regulatory requirement on the confirmation of SNC events.

6.10 SC must confirm on the potential SNC events presented as to whether it is SNC or non-SNC and approved the rectification plan. This decision must be clearly reflected in the SC's meeting and minutes.

SHARIAH COMMITTEE TERMS OF REFERENCE

7.0 SECRETARY AND SECRETARIAT TO SHARIAH COMMITTEE

7.1 Chief Shariah Officer who is qualified Shariah personnel shall be appointed by SC as the Secretary to SC. Secretary to SC has no voting power in decision making by the SC.

7.2 Secretary to SC, or an alternate secretary appointed by the Secretary to SC in his/her absence with apology, should attend all SC meetings and should maintain accurate and adequate records of any action deliberated during the meetings. All records regarding SC meeting shall be reviewed by the Secretary prior to escalation.

7.3 The function of Shariah Secretariat to SC is assigned to SC Secretariat under the Shariah Secretariat and Advisory Department.

8.0 FREQUENCY OF SHARIAH COMMITTEE MEETING

8.1 The SC meeting shall be held at minimum, at least once in every two (2) months.

9.0 NOTICE OF MEETING

9.1 The notice for each meeting confirming the venue, date and time together with the agenda of the meetings shall be forwarded to each member of the SC at least five (5) days prior to the date of the meeting.

10.0 QUORUM FOR MEETING

10.1 Minimum quorum for SC meetings shall be 2/3 with majority attending are Shariah qualified members to be present at each meeting.

10.2 In the event Chairman of SC is unable to attend the SC meeting, the members shall elect one (1) member among themselves to become the alternate Chairman with qualified Shariah background to preside over the meeting.

10.3 Any member who participates in the meeting via tele-conferencing device shall be counted for the purpose of determining a quorum.

11.0 ATTENDANCE

11.1 The SC members must attend at least 75% of the SC meetings held in each financial year, except with reasonable excuse, at venue determined by Shariah Secretariat to the SC in or outside Malaysia. The SC must not appoint another person to attend or participate in Shariah committee meetings on his behalf.

12.0 DECISION OF MEETING

12.1 Any decisions during the SC meeting shall be made on the basis of simple majority. Majority of the 2/3 votes shall come from Shariah qualified members.

12.2 If a matter to be brought before the SC gives rise to a conflict of interest to any SC members, the SC must excuse himself from the discussion and abstain from voting on that particular matter.

12.3 Any dissenting view by member of SC shall be properly recorded with justification and he/she reserves the right to abstain from voting in decision making.

12.4 In reaching to the decision on matters referred to the SC, the SC must always observe the methodology of Shariah decision making process as detailed out in Shariah Governance Framework of Bank Rakyat.

SHARIAH COMMITTEE TERMS OF REFERENCE

13.0 CIRCULAR RESOLUTION

13.1 Decision by the SC may be made via circular resolution where the mode of communication can be via telephone, email, mobile meeting apps, facsimile etc.

13.2 Decisions made via circular resolutions are deemed effective after being executed by two-third (2/3) of the members with majority of the votes shall be members with qualified Shariah background.

13.3 All decisions made via circular resolution shall be presented at the subsequent SC meeting for notification.

14.0 MINUTES OF MEETING

14.1 Secretariat of SC shall ensure that clear and accurate minutes of SC meetings are maintained to record the decisions or advice of the SC, including the key deliberations, rationale for each decision or advice made and any significant concerns and dissenting views.

14.2 All Shariah decisions made by the SC must be documented in the form of meeting minutes or resolution by circulation including views and opinions from all of the SC members.

14.3 The Shariah decisions should be written precisely, concisely and free from any confusing details that may lead to blights and preachy expressions that have nothing to do with serving the purpose.

14.4 Any dissenting views by the SC members shall be clearly recorded in the meeting minutes.

14.5 The meeting minutes shall be signed by all SC members attended the meeting while the resolution by circulation is valid upon signing by at least 2/3 of the SC members.

14.6 SC Secretariat is responsible and accountable for management of documentations relating to Shariah decision issued by the SC.

14.7 Formal decision of SC shall be submitted to MANCO and BOD at least on quarterly basis for notification and circulation to respective sector/division/department shall be done on post-meeting basis upon review by the Secretary of SC and validation by the Chairman of SC.

15.0 DELEGATION OF AUTHORITY

15.1 The SC may be delegated any of its responsibilities to Shariah functions to expedite the approval process base on case-to-case basis.

15.2 The SC must remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.

16.0 REPRESENTATION IN BOARD OF DIRECTORS MEETING

16.1 In relation to paragraph 12.10, Shariah Governance Policy Document issued by BNM, one (1) of SC members may be appointed as BOD member to serve as a bridge between SC and BOD in matters pertaining to Shariah and expected to foster closer integration of Shariah governance consideration within the business and risk strategy of the bank.

16.2 The bank may be appointed permanent representative while another one (1) as an alternate representative in the event the permanent representative is unavailable to attend the meeting.

SHARIAH COMMITTEE TERMS OF REFERENCE

16.3 The appointed SC as BOD member or the SC representative shall provide advices on Shariah related matters only without intervening into other than the coverage of roles and responsibilities of the SC.

16.4 Seating fee paid to the appointed SC as BOD member or the SC representative who attends the meeting is subjected to BOD's approval and/or review from time to time upon recommendation by the Remuneration Committee.

17.0 ADVISOR TO JAWATANKUASA ZAKAT PERNIAGAAN BANK DI BAWAH ASNAF

17.1 Two (2) of the SC members are appointed as an advisor to Jawatankuasa Zakat Perniagaan Bank di Bawah Asnaf (JZPBA) to ensure the management of zakat is compliant with Shariah.

17.2 JZPBA meeting can only be conducted with the present of at least one (1) of the appointed advisors.

17.3 The SC representative or zakat advisors shall provide advices on zakat matters which cover the zakat calculation, allocation, distribution, issue of *had kifayah* (sufficient amount) and asnaf qualification related matters to be in line with Shariah principles and requirements.

17.4 Seating fee paid to the advisors is subjected to BOD's approval and/or review from time to time upon recommendation by the Remuneration Committee.

18.0 SHARIAH COMMITTEE'S ANNUAL REPORT

18.1 The Shariah Committee's Annual Report shall disclose:

a) responsibilities of the SC relating to Shariah governance; and

b) opinion on the state of the bank's compliance with Shariah.

18.2 SC is required to report all approved and launched products for the year, disclose sufficient information relating to Shariah which is embedded in Bank Rakyat's annual report, confirm the management of Zakat is compliant to Shariah and endorse the annual report prior to publishment.

18.3 The Shariah Committee's Annual Report must also address all information required by BNM as per Shariah Governance Policy Document issued by BNM.

18.4 Secretariat of SC shall disclose the number of SC meetings held during the financial year and the attendance of every SC member in the bank's annual report.

18.5 SC shall not disclose any information in the bank's annual report which is false, misleading, inaccurate or incomplete.

18.6 The Shariah committee's opinion on the state of the bank compliance with Shariah shall be expressed as follows:

a) nothing has come to the Shariah committee's attention that causes the Shariah committee to believe that the operations, business, affairs and activities of the bank involve any material Shariah non-compliances; or

b) the overall operations, business, affairs and activities of the bank are in compliance with Shariah but it has come to the Shariah committee's attention that a material Shariah non-compliance event(s) has occurred and has been or in the process of being rectified.

18.7 The Shariah Committee's Annual Report must include the nature, status and measures undertaken to address the material Shariah non-compliance events reported.

18.8 The report shall be signed by all SC members.

SHARIAH COMMITTEE TERMS OF REFERENCE

19.0 REMUNERATION OF SHARIAH COMMITTEE

19.1 SC member is remunerated with fixed monthly allowance and seating allowance which are paid based on meeting attendance.

19.2 Seating allowance includes SC meeting and all other meetings that require the SC member to be present.

19.3 Whenever SC member is invited to attend formal or informal bank's event, attending formal event on bank's behalf, invited as a trainer to bank's internal or external program or any other event in the name of Bank Rakyat, the respective SC member is entitled to a fixed allowance and mileage claim.

19.4 Upon reappointment of SC member, an increment to the respective SC member shall be considered.

19.5 Remuneration amount is subjected to BOD's approval and/or review from time to time upon recommendation by the Remuneration Committee and it shall commensurate with the roles and responsibilities of the SC member.

20.0 ASSESSMENT OF SHARIAH COMMITTEE

20.1 The annual assessment of SC is to ensure that the SC meet the criteria of 'fit and proper' as outlined in the Shariah Governance Policy Document issued by BNM.

20.2 Assessment of each SC members must be conducted at least once in a year. The assessment process may be prepared by the Secretariat of SC based on the criteria required i.e. commitment and diligence, integrity and reputation, quality of input, interpersonal skills, knowledge and contribution of each Shariah committee member to the overall functioning of the SC.

20.3 The analysis of the SC assessment methods will be considered by the Secretariat of SC to produce the overall assessment of each SC.

20.4 The assessment process and result is to be presented to Nomination Committee for recommendation to the BOD for approval.

20.5 SC Secretariat shall keep all documents involve in the process for easy reference.

21.0 REVIEW OF TERMS OF REFERENCE

21.1 This Terms of Reference may be reviewed as and when is necessary.

NOTICE OF ANNUAL GENERAL MEETING

Date : 23 May 2023

All Representatives of Bank Rakyat Cooperative Members
All Representatives of Bank Rakyat Individual Members

NOTICE OF BANK RAKYAT ANNUAL GENERAL MEETING 2023

NOTICE IS HEREBY GIVEN THAT the Bank Rakyat Annual General Meeting 2023 will be held as follows:

Date : 10 June 2023 (Saturday)

Venue : Dewan Tun Abdul Razak
Level 2, Tower 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat
50470 Kuala Lumpur.

Time : 10.30 a.m.

Registration : 8.00 a.m. - 10.00 a.m.

MEETING AGENDA

1. Confirmation of the minutes of the Annual General Meeting held on 11 June 2022;

2. To appoint a Committee of six (6) representatives and four (4) members of the Board including the Chairman, to verify the draft of the minutes of the Annual General Meeting;

3. To present the Audited Financial Statements for the year ended 31 December 2022, together with the Board of Directors' Report, Audit and Examination Committee Report, Auditor General's Report and Views of the Malaysia Cooperative Societies Commission; and

4. To deliberate on the motions from members received by the Board not less than seven days before the Annual General Meeting (if available).

By Order of the Board

MOHAMAD KHAIRIL ABIDIN
Senior Vice President, Bank Secretary, Legal and Members

Exemplary Behaviour

Caring for the community and the environment is Bank Rakyat's DNA. Our role is to provide inclusive services to all segments of society, and also safeguard environmental sustainability.

R.A.K.Y.A.T

CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
FOR THE YEAR ENDED 31 DECEMBER 2022

Certificate on the Audit of the Financial Statements

Opinion

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [*Act 62*] to undertake an audit of the Financial Statements of the Bank Kerjasama Rakyat Malaysia Berhad. The financial statements comprise the Statements of Financial Position as at 31 December 2022 of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 222.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [*Act 202*], the Co-operative Societies Act 1993 [*Act 502*] and the Development Financial Institutions Act 2002 [*Act 618*] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of Directors of the Bank Kerjasama Rakyat Malaysia Berhad is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [*Act 202*], the Co-operative Societies Act 1993 [*Act 502*] and the Development Financial Institutions Act 2002 [*Act 618*] requirements. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, the Board of Directors is responsible for assessing the Group's and the Bank Kerjasama Rakyat Malaysia Berhad's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

a. identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank Kerjasama Rakyat Malaysia Berhad's internal control;

c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

d. conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank Kerjasama Rakyat Malaysia Berhad's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Group or the Bank Kerjasama Rakyat Malaysia Berhad to cease to continue as a going concern;

e. evaluate the overall presentation, structure and content of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

f. obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Financial Statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

The Board of Directors has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

I have also disclosed to the Board of Directors that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [*Act 202*], the Co-operative Societies Act 1993 [*Act 502*] and the Development Financial Institutions Act 2002 [*Act 618*], I report that the subsidiaries, of which I have not acted as auditor, are disclosed in Note 16 to the Financial Statements.

Other Matters

a. Other Liabilities

At the end of 2022, Bank Rakyat recorded other liabilities amounted RM1.732 billion. The amount comprises of RM172 million Other Creditors. Bank Rakyat needs to increase efforts to ensure payments to Other Creditors are done in a timely manner. Any outstanding balance should be transferred to Unclaimed Money.

In addition, there is RM53.38 million Unpaid Zakat. These funds need to be disbursed to the relevant parties for the designated purposes. Bank Rakyat needs to ensure that the distribution can be carried out promptly.

b. Information Technology Management

Bank Rakyat should strengthened the internal control mechanism within the Silverlake Integrated Islamic Banking System (SIIBS) and Enterprise Risk Management System (ERMS). This is to ensure more effective monitoring and prevent the risk of misuse by unauthorised parties.

For this purpose, Bank Rakyat should update the Operational Guidelines to immediately deactivate access to the SIIBS system for unauthorised employees to prevent the risk of unauthorised changes to the profit rate maintenance schedule. The ERMS system needs to be improved by adding a user log monitoring module.

This certificate is made solely to the Board of Directors of the Bank Kerjasama Rakyat Malaysia Berhad in accordance with the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [*Act 202*], the Co-operative Societies Act 1993 [*Act 502*] and the Development Financial Institutions Act 2002 [*Act 618*] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.

(PATIMAH BINTI RAMUJI)
ON BEHALF OF AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
9 MARCH 2023

STATEMENT BY DIRECTORS

We, **DATUK MOHD IRWAN MOHD MUBARAK** and **TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN**, being two of the Directors of Bank Kerjasama Rakyat Malaysia Berhad, do hereby state that:

(i) The financial statements of the Bank have been prepared in accordance with the provisions of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Co-operative Societies Act 1993 (Act 502), Development Financial Institutions Act 2002 (Act 618) and applicable Malaysian Financial Reporting Standards ("MFRS") as modified by Guidelines issued by Bank Negara Malaysia ("BNM") and in compliance with the principles of Shariah;

(ii) The financial statements of the subsidiaries of the Bank have been prepared in accordance with MFRS, IFRS and the provisions of the Companies Act, 2016 in Malaysia.

In the opinion of the Directors, the financial statements are drawn up so as to give true and fair view of state of affairs as at 31 December 2022 and of the results of the operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATUK MOHD IRWAN MOHD MUBARAK
Acting Chairman

TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN
Director

Kuala Lumpur
Date: 19 JAN 2023

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

In carrying out the roles and responsibilities of Shariah Committee (SC) of Bank Rakyat, we hereby submit the following report on Shariah compliance of Bank Rakyat's business activities and operations for the financial year ended 31 December 2022.

The Management of Bank Rakyat is responsible to ensure Bank Rakyat conducts its business in accordance with Shariah principles and it is our responsibility to form an independent opinion, based on our review on Bank Rakyat's operation and to report to the Board of Director of Bank Rakyat. We are responsible to assist the Board of Director in ensuring that the operations, business, affairs and activities of the bank are in compliance with Shariah at all times.

We have provided the Shariah advisory services on various aspects to the Bank in order to ensure compliance with applicable Shariah principles as well as the relevant resolutions and rulings locally and globally made by the Shariah Advisory Councils of the regulatory bodies.

During the financial year ended 31 December 2022, the Shariah Committee had convened 12 meetings including two (2) special meetings and seven (7) resolutions via circulation to cater for urgent proposals and notifications. All Shariah Committee members have satisfied the attendance requirement under BNM's Shariah Governance Policy. Shariah Committee and the Board places importance on ensuring effective implementation of Shariah governance and work harmonically with best practices of corporate governance. In view of this, two (2) engagement sessions were held between Shariah Committee and the Board of Directors in financial year 2022.

To ensure smoothness of banking operation, we empowered and delegated the approval authority to Shariah Secretariat and Advisory Department (previously known as Shariah Research and Advisory) to approve generic Shariah related matters. Nonetheless, all request for approvals to the Shariah Secretariat and Advisory Department are duly reported to us on quarterly basis for review and confirmation. Chief Shariah Officer or his representative is also sitting as a member in the following committees to advise the Bank on matters relating Shariah requirement and principles:

a) Management Committee
b) Assets and Liabilities Committee
c) Digital IT Steering Committee
d) Financing Recovery Committee
e) Financing Committee A
f) Financing Committee B
g) Crisis Management Team
h) Management Audit, Fraud & Integrity Committee
i) Management Risk Committee
j) Operational Risk Management Committee
k) Product Committee
l) Zakat Management Committee
m) Surau Al-Barakah Committee
n) Member's Share Approval Committee

We planned and performed our review to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Bank Rakyat has not violated the Shariah principles.

APPROVAL

1. We have endorsed and approved the transactions, applications and dealings entered into by Bank Rakyat through the following processes:

   i. Shariah advisory and review on development of Bank products including policies, operational guidelines and procedures.

   ii. Shariah advisory and review on legal and banking documentations, Products Disclosure Sheets (PDS), notices and marketing materials.

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

   iii. Shariah advisory and review on Shariah compliance status of commercial banking customers prior to approval of financing.

   iv. Shariah advisory and review on banking operations at the branches level, related departments and Bank's subsidiaries which involve review on legal documents executed and *akad* sequences.

   v. Shariah advisory and review on system application related to banking products.

   vi. Shariah advisory and review on banking activities, asset rental by the bank and its subsidiaries to third party as well as sponsorship activities.

   vii. Shariah risk assessment on new products or enhancement to the existing products, processes and procedures, business activities and operations.

   viii. Shariah audit assessment on the quality and effectiveness of the Bank and its subsidiary's internal control, risk management systems, governance processes as well as the overall compliance of the Bank and its subsidiary's operations, business, affairs and activities with Shariah.

SHARIAH SECRETARIAT AND ADVISORY DEPARTMENT, SHARIAH RESEARCH, GOVERNANCE & TRAINING DEPARTMENT, SHARIAH REVIEW DEPARTMENT, SHARIAH AUDIT DEPARTMENT AND SHARIAH RISK UNIT

2. Shariah Secretariat and Advisory, Shariah Review, Shariah Audit and Shariah Risk functions play a vital role in achieving the objective of ensuring end to end Shariah Compliance of the bank at all times by evaluating and assessing all activities and banking operation.

3. We have assessed the function carried out by Shariah Secretariat and Advisory, Shariah Review, Shariah Audit and Shariah Risk which included examining on a sample basis of each type of transaction, the relevant documentations and procedures adopted by Bank Rakyat.

4. Shariah Secretariat and Advisory provide advisory on product development and day to day business operations which includes:

   a) issuing of Shariah Compliance Review Certificate
   b) setting the Shariah parameters
   c) vetting of legal documentations
   d) screening business banking financing applications
   e) approving marketing materials and appointment of card merchants
   f) preparing *Takyif Fiqhi* for validation by us on the current issues related to Islamic Banking products and services as a support to the business proposal of the bank.

5. We also supervised and endorsed any new and revised guidelines issued by Bank Negara Malaysia which was presented by Shariah Research, Governance & Training.

6. We have also endorsed the Shariah research papers under the supervision of Shariah Research, Governance and Training in collaboration with Academic Institutions namely International Islamic University Malaysia (IIUM) and Universiti Teknologi Mara (UITM) on the current issues related to Islamic Banking products and services as a support to the new development in banking businesses. Among the Shariah research papers that have been presented to us are as follows:

   a) Exploring the potential of Using Zakat Funds to provide Microfinance to Zakat Recipients: A Shariah Analysis

   b) Musharakah as an Islamic Financial Structure for Venture Capital: Its Potentials and Possible Applications for Small and Medium Enterprises (SMEs) in Malaysia

   c) Contemporary Model: Development of Waqf Commercial Housing

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

7. Shariah Review and Shariah Audit have performed their review and audit based on review and audit plan as advised and approved by us. Shariah Review and Shariah Audit Reports were presented and deliberated in our meetings to confirm that the Bank has complied with the rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, Shariah Advisory Council of Securities Commission Malaysia and decisions made by us.

8. During the financial year of 2022, Shariah Review and Shariah Audit presented to us the following reports:

Shariah Review

a) Shariah Review Report on 147 Bank Rakyat's branches in Malaysia.
b) Shariah Review Report on 25 Rakyat Xcess/Rakyat Xcess and Ar-Rahnu X'Change and 27 Ar-Rahnu X'Change (ARX).
c) Shariah Review Report on 6 Auto Finance Centre (AFC).
d) Shariah Review Report on 239 corporate financing and cooperative financing application.
e) Shariah Review Report on 33 Trade Finance application.
f) Shariah Review Report on 6 Small Medium Enterprise and Cooperatrive Business Centre (SMEC).
g) Shariah Review Report on 25 Cooperatives (Credit and Ar-Rahnu) and 1 factoring company.
h) Shariah Review Report on Funding and Currency Management.
i) Shariah Review Report on Treasury Sales and Correspondent Banking.
j) Shariah Review Report on Portfolio Investment Management.
k) Shariah Review Report on Overall Marketing Materials issued by Bank Rakyat through social media.
l) Shariah Review Report on Rakyat Management Services Sdn Bhd.
m) Shariah Review Report on Mobile Banking iRakyat Apps.
n) Shariah Review Report on Documents of Retail Financing Product.
o) Shariah Review Report on Moratorium Program.
p) Shariah Review Report on the activities of Bank asset's rental.
q) Shariah Review Report on Investment Account.
r) Shariah Review Report on Conversion Shariah Concept of Ar-Rahnu Product to Tawarruq.

Shariah Audit

a) Shariah Audit Report: Trade Finance Department
b) Shariah Audit Report: Rakyat Management Services Sdn Bhd
c) Shariah Audit Report: Retail Rehabilitation
d) Shariah Audit Report: Member Services
e) Shariah Audit Report: Debit Card-i
f) Shariah Audit Report: Retail Recovery
g) Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit for Quarter 4, 2021
h) Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit for Quarter 1, 2022
i) Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit for Quarter 2, 2022
j) Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit for Quarter 3, 2022

Shariah Risk

9. Shariah Risk is responsible to systematically identify, measure, monitor and control Shariah non-compliance risks and therefore mitigate or minimise the occurrence of Shariah non-compliances. For the year 2022, Shariah Risk has continuously implemented appropriate measures in managing its SNC risk exposures. SNC risk are mitigated by implementing and putting in place appropriate control measures, such as policies, guidelines and procedures on Shariah requirements.

10. The implementation of Risk Control Self-Assessment (RCSA) profiling aims to assess the potential SNC risk and effectiveness of the internal controls to mitigate risk in Business Unit (BU). In managing SNC risk, continuous process of identifying and assessing SNC risks at various BUs have been carried out by all Risk Agents (RAs) where the RAs are responsible to implement an appropriate control to mitigate any potential SNC events without compromising the business objectives of their respective BUs and exposing the Bank to unacceptable levels of risk.

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

11. All potential and actual SNC events are to be reported to BNM within the required timeframe set by BNM.

12. Awareness training on the enhanced Shariah risk management process were conducted to instil Shariah risk compliance culture and to guide Business Unit in identifying Shariah risk and its control measures within their daily operations.

13. All report related to SNC risk has also been tabled in the Operational Risk Management Committee, Management Risk Committee and Board Risk Committee for monitoring and oversight purposes as follows:

- SNC Analysis
- Shariah Risk Profiling
- Risk Control Self-Assessment (RCSA) Profiling

SHARIAH DEVELOPMENT AND AWARENESS

14. In the year of 2022, sixty (60) Shariah sessions namely "Prihatin Insan" were delivered to the Bank's internal employees covering about 994 participants nationwide. The "Prihatin Insan" session was one of the initiatives in the Shariah Leadership Blueprint to spread out awareness of Shariah and Islamic knowledge as a whole among employees.

15. Bank Rakyat has also committed to strengthening the level of understanding of Shariah knowledge among its employees with the execution of the "International Shariah Scholars Roundtable" (iSHAR) program while also extending the recognition of Bank Rakyat in the eyes of industry players. Six (6) members of the Shariah Committee together with thirty-one (31) Shariah officers have attended two (2) days of robust discussion among prominent Shariah scholars of the worldwide Islamic Finance industry.

16. The 4th iSHAR was held on 19 and 20 September 2022 in collaboration with International Centre for Education in Islamic Finance (INCEIF University) and Derasat for Research & Consulting Islamic Banking (Derasat). The iSHAR 2022 has gathered 34 Shariah scholars around the world to discuss Shariah issues related to *muamalat* and exploring new initiative to approach within the Shariah compliance framework in Muamalat, Zakat and Waqf.

17. In order to ensure all employees are expected to have a reasonable understanding of the principles of the Shariah and its broad application in Islamic finance, Shariah Sector in collaboration with Islamic Banking and Finance Institute Malaysia (IBFIM) has developed an e-Learning (Advanced) module regarding fundamentals of Muamalat Contracts in Islamic Finance as well as Shariah Governance in Islamic Financial Institutions which was enrolled to all Bank Rakyat employees in 4th Quarter of 2022.

18. In addition, Bank Rakyat has also extended the commitment for the Board of Directors and Management Committee to be equipped with a deeper knowledge and understanding of Muamalat and Islamic Finance with the execution of an In-House training program, which was conducted by a Shariah Committee Member of Bank Rakyat.

19. Apart from that, with the aim to inculcate the Shariah compliance culture within Bank Rakyat, Shariah Review Department's officers who had conducted Shariah Review at Bank Rakyat's branches were delegated to deliver a briefing session with branch employees on the Shariah compliance. A session called 'Compliance Day' Program was also co-organised with the Compliance & Governance Sector focusing on the compliance from Shariah perspective. The program was aimed to provide awareness to Business Support & Unit (BSU) in avoidance of Shariah non-compliant event and to update on the new Shariah rulings issued by Shariah Committee of Bank Rakyat, Bank Negara Malaysia (BNM), Securities Commission and other related authorities/regulators.

20. In addition, awareness about Shariah banking among students and the public had also been conducted by Shariah Review Department's officers at IPTA & IPTS, cooperatives as well as companies that have received facility from Bank Rakyat.

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

SHARIAH NON-COMPLIANCE ISSUE

21. For the financial year ended 31 December 2022, there were a total of eight (8) Shariah non-compliance incidents recorded and deliberated in the Shariah Committee Meeting as follows:

a) Overcharged of Late Payment Charges (LPC) during the migration to Silverlake Integrated Islamic Banking System (SIIBS).

Overcharged of Late Payment Charges (LPC) to customers' account of Business Banking product during the migration process from previous system to current Silverlake Integrated Islamic Banking System (SIIBS). Overcharged of the LPC is non-compliance with BNM's Guideline of LPC. The excess amount of RM 5,027.65 was successfully refunded to the customers.

b) Overcharged of Late Payment Charges (LPC) to a cooperative's customer due to inaccurate new maturity date stated in the system.

Overcharged LPC to a cooperative's customer due to wrong maturity date maintained in Silverlake Integrated Islamic Banking System (SIIBS). Overcharged of LPC is non-compliance with BNM's Guideline of LPC. The excess amount RM 72,461.58 will be refunded to the customers through the reduction of its latest outstanding balance.

c) Overcharged of effective profit due to inaccurate maturity date stated in the system.

Overcharged profit to a customer's account of Working Capital Financing-i due to inaccurate maturity date maintained in Silverlake Integrated Islamic Banking System (SIIBS). Overcharged of LPC is non-compliance with BNM's Guideline of LPC. The excess amount RM6,641.61 was successfully refunded to the customers.

d) Shariah Non-compliance on the redemption process and new pawn broking.

Non-compliance on internal policy and procedures which resulted SNC event due to the transaction performed was not in compliance with the Shariah requirements. No financial implication involved.

e) The sale and purchase of gold between the successful bidder and the Bank was carried out without proof of payment.

The transaction process for successful bidder was conducted without obtaining any physical cash from customer and the said Marhun still remain under the branch custodian. This process is non-compliance with Financing Operating Guideline No. 215 – Pawn Broking-i. No financial implication involved.

f) Acceptance of marhun item with non-Islamic religions related symbol.

Acceptance of marhun item depicting non-Islamic religious symbol (Om/Aum) is non-compliance with Shariah Committee Resolution and Financing Operating Guideline No. 215 – Pawn Broking-i. No financial implication involved.

g) Inconsistency in the dividend calculation for new and additional share applications.

Dividend calculation should be calculated based on minimum monthly balance and should be reflected one month after the payment/receipt date. The inconsistency occurred for new and additional applications made in the previous system (IBS). No financial implication involved.

h) Disbursement of Personal Financing-i to a deceased customer.

The completion of *Tawarruq* contract (aqad) was done after the customer deceased in which *Wakalah* fee was regarded as bank's income for the transaction. Hibah transaction executed in eCurrent Account-i is invalid due to the Hibah transaction was executed without fulfilment of all components of Hibah arrangement due to demise of the recipient. The fee collected by the bank amounting RM28.30 was successfully refunded to the customer's heirs.

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

22. All potential Shariah Non-Compliant events are initially assessed by the Qualified Shariah Officer and all of the Shariah non-compliance events together with the rectification plans were presented to us and the Board of Directors for confirmation and was subsequently reported to Bank Negara Malaysia in accordance with the Shariah non-compliance reporting process within the required timeframe set by Bank Negara Malaysia.

23. Shariah non-compliance events experienced by the Bank were mostly due to the non-compliance to the operational guidelines based on the report presented by Shariah Review and Shariah Audit. The Bank has taken the corrective as well as preventive measures in order to avoid the same Shariah non-compliance events from occurring in the future which includes specific Shariah training to all staff.

BANK RAKYAT'S WAQF/SEDEKAH INITIATIVE

24. Waqf/Sedekah initiatives in Bank Rakyat which has been approved by us is divided into three (3), namely:

a) Waqf

This waqf initiative involves various types of waqf and the implementation of a wider waqf. The Bank has collaborated with Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) and as of 31 December 2022, the total accumulated waqf collection (including hibah) received amounted to RM1,489,235.52. Of these, a total of RM644,875.38 was used for the purpose of renovation and purchase of medical equipment of the MAIDAM Haemodialysis Centre. The MAIDAM Haemodialysis Centre has commenced operations on 8 November 2022 and the Opening Ceremony was held on 13 December 2022.

b) Cash Waqf

Waqf is one of the types of waqf introduced by the Bank. Through this waqf, the cash value will be maintained and invested and the proceeds of the investment will be distributed to the beneficiaries. Bank Rakyat has collaborated with several Higher Education Institutions as well as Waqf-related Institutions. As of 31 December 2022, the total collection (including hibah) is as follows:

Institution	Collection (includes hibah) (RM)
Kolej Professional Baitulmal, Kuala Lumpur	332,391.87
Universiti Kebangsaan Malaysia	83,205.00
Yayasan Waqaf Malaysia	780,151.09

c) Sedekah (Jāriah Al-Barakah)

Jāriah Al-Barakah is a collaborative initiative between Bank Rakyat and Surau Al-Barakah which was created to support the practice of charity among the Bank's employees and the community. Through this platform, the sedekah/charity will be managed more effectively. Collection received for this platform from 1 January 2022 until 31 December 2022 is RM265,948.71 which made the total collection from the establishment of this initiative until 31 December 2022 amounting to RM820,874.92. From this amount, a total of RM248,335.56 has been distributed to the qualified beneficiaries.

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

ZAKAT ON BUSINESS

25. We confirmed that the bank has fulfilled its obligation to pay Zakat on its business for the financial year ended 2021 to Majlis Agama Islam Negeri-Negeri amounting **RM14,856,875.00** by adopting the computation based on capital growth method and in compliance with the *Manual Pengurusan Zakat Perbankan* issued by *Jabatan Wakaf, Zakat dan Haji* (JAWHAR).

26. For the Zakat Asnaf (own distribution), we confirmed that business Zakat of the bank was distributed accordingly amounting to **RM25,994,125.00** to the eligible Asnaf as guided by Policy and Procedure Business Zakat Management of Bank Rakyat that was approved by us.

27. The distribution of zakat is based on Objective of Shariah and in line with the Sustainable Development Goals (SDGs) such as basic needs assistance, education, religion, medication, housing, asnaf entrepreneurs and muallaf.

28. In summary, we endorsed that Bank Rakyat has managed to pay Zakat on business for the year of 2021 in total sum of **RM40,851,000.00**.

Based on the report, **we opined that**:

1. The Shariah principles and contracts implemented on products offered by the bank are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

2. The transactions, applications and dealings entered into by the Bank that we have reviewed excluding the Shariah Non-compliance events mentioned above, are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

3. Rectification plans has been executed on all confirmed Shariah Non-Compliant events.

4. The transactions, applications and dealings which are subjected to further investigation and rectification has been regulated on an on-going basis.

5. All earnings that have been realised from sources or by means incompliance with the Shariah principles were purified accordingly.

6. The distribution of Zakat on Banking Business for the year of 2021 is in compliance with Shariah principles.

7. The collection and management of Waqf fund under Bank Rakyat Waqf Initiative for the year of 2022 is in compliance with Shariah principles.

SHARIAH COMMITTEE ATTENDANCE 2022

For January to December 2022, Shariah Committee attendance for twelve (12) meetings held are as follows:

No.	Shariah Committee Member	Attendance	(%)
1.	Prof. Dr. Azman Mohd Noor	12/12	100%
2.	Prof. Dato' Dr. Mohd Azmi Omar	12/12	100%
3.	Ustaz Wan Rumaizi Wan Husin	12/12	100%
4.	Dr. Mohammad Zaini Yahaya	11/12	92%
5.	Dr. Tuan Badrul Hisyam Tuan Soh	12/12	100%
6.	SS Dr. Mohamad Sabri Haron	9/9	100%

ANNUAL REPORT OF SHARIAH COMMITTEE OF BANK RAKYAT 2022

We, the members of the Shariah Committee of Bank Rakyat, to the best of our knowledge, do hereby confirm that the operations of Bank Rakyat, to the best of its effort, for the year ended 31 December 2022 have been conducted in conformity with the Shariah principles.

PROF. DR. AZMAN MOHD NOOR
Chairman of Shariah Committee

PROF. DATO' DR. MOHD AZMI OMAR
Shariah Committee Member

USTAZ WAN RUMAIZI WAN HUSIN
Shariah Committee Member

DR. MOHAMMAD ZAINI YAHAYA
Shariah Committee Member

DR. TUAN BADRUL HISYAM TUAN SOH
Shariah Committee Member

SS DR. MOHAMAD SABRI HARON
Shariah Committee Member

STATUTORY DECLARATION

I, **AMREN FAISAL FADZIL**, being the officer primarily responsible for the financial management of Bank Kerjasama Rakyat Malaysia Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 19 JAN 2023

AMREN FAISAL FADZIL

Before me:

PESURUHJAYA SUMPAH
No. W 574
Ashmadi Bin Othman
BC/A/690
1/1/2022- 31/12/2024
MALAYSIA

ZULPADLI & EDHAM
NO. 24, JALAN PERUMAHAN GURNEY
54000 KUALA LUMPUR

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of Bank Kerjasama Rakyat Malaysia Berhad ("the Bank") have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and the Bank.

RESULTS OF OPERATIONS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	1,696,311	1,678,229
Taxation	158,167	162,271
Zakat	(40,926)	(39,851)
Profit after taxation and zakat	1,813,552	1,800,649
Statutory appropriations	(525,402)	(525,402)
Profit for the year after statutory appropriations	1,288,150	1,275,247
Other comprehensive loss	(416,604)	(416,604)
Total comprehensive income for the year	871,546	858,643
Total comprehensive income for the year attributable to:		
Equity holders of the Bank	871,546	858,643

In the opinion of the Directors, the results of operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIVIDENDS

During the financial year ended 31 December 2022, the Bank paid a cash dividend of 15% amounting to RM429 million in regard to the previous financial year ended 31 December 2021.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 15% amounting to approximately RM450 million. The proposed dividend will be recognised in the subsequent financial year upon approval by the relevant external authorities.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

In the opinion of the Directors, the financial statements set out on pages 198 to 357 have been drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as of 31 December 2022 and of the results of their operations and cash flows for the year ended on that date.

The Directors are satisfied that before the statements of financial position and the statements of profit or loss and other comprehensive income of the Group and of the Bank were made out, reasonable steps have been taken on the following matters:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment provisions and allowance for doubtful debts and had satisfied themselves that all known bad financing and bad debts had been written off and that adequate impairment provisions and allowance for impaired financing had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, within the knowledge of the Directors, they are not aware of any circumstances that would cause the following:

(i) the amount written off for bad financing and bad debts or the amount of the impairment provisions and allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or

(iii) the amount reported in the financial statements of the Group and of the Bank misleading; and

(iv) any adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability which has not been discharged has been undertaken by the Group and the Bank, except as disclosed in Note 41 to the financial statements. No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Bank for the succeeding financial year.

DIRECTORS' REPORT

The Directors do solemnly and sincerely declare that there were no other matters, within their knowledge, that are not disclosed in accordance with Section 59, Co-operative Societies Act 1993.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATUK MOHD IRWAN MOHD MUBARAK

TUNKU DATO' AHMAD BURHANUDDIN
TUNKU DATUK SERI ADNAN

Kuala Lumpur, Malaysia
19 JAN 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Bank 2022 RM'000	Bank 2021 RM'000
Assets					
Cash and short-term funds	6	**1,834,420**	835,189	**1,831,709**	834,987
Deposits and placements with financial institutions	7	**368,445**	672,463	**368,303**	672,463
Financial investments at fair value through profit or loss	8	**255,027**	976,032	**255,027**	976,032
Financial investments at fair value through other comprehensive income	9	**20,466,301**	20,781,718	**20,466,293**	20,781,710
Financial investments at amortised cost	10	**12,427,045**	10,826,850	**12,427,045**	10,826,850
Financing and advances	11	**77,709,892**	77,296,437	**77,997,917**	77,516,581
Trade receivables	12	**1,228**	909	**-**	-
Other assets	13	**975,749**	620,169	**948,807**	596,551
Right-of-use assets	14	**40,262**	49,075	**46,954**	60,948
Inventories	15	**43,801**	23,393	**-**	-
Investments in subsidiaries	16	**-**	-	**100,744**	100,744
Property and equipment	17	**613,202**	606,186	**523,536**	514,446
Intangible assets	18	**544,365**	579,046	**531,180**	565,861
Investment properties	19	**1,490,411**	1,388,091	**958,370**	948,920
Prepaid lease payments	20	**55,193**	59,038	**55,193**	59,038
Tax recoverable		**218,713**	142,078	**215,653**	138,747
Deferred tax assets	21	**290,672**	201,484	**290,000**	201,000
Total assets		**117,334,726**	115,058,158	**117,016,731**	114,794,878
Liabilities					
Deposits from customers	22	**86,338,197**	86,523,884	**86,338,197**	86,523,884
Investment accounts of customers	23	**19,983**	-	**19,983**	-
Deposits and placements from banks and financial institutions	24	**1,592,461**	850,000	**1,592,461**	850,000
Trade payables		**1,735**	1,839	**-**	-
Recourse obligations on financing sold to Cagamas	25	**500,000**	318,311	**500,000**	318,311
Debt securities issued	26	**4,023,391**	3,297,940	**4,023,391**	3,297,940
Cashline facility	27	**704,122**	700,417	**704,122**	700,417
Other liabilities	28	**1,585,415**	1,697,022	**1,732,357**	1,884,260
Deferred tax liabilities	21	**15,170**	13,550	**-**	-
Total liabilities		**94,780,474**	93,402,963	**94,910,511**	93,574,812
Shareholders' fund					
Share capital	29	**2,986,030**	2,986,030	**2,986,030**	2,986,030
Share redemption fund		**2,120**	5,885	**2,120**	5,885
Reserves	30	**19,566,102**	18,663,280	**19,118,070**	18,228,151
Total shareholders' fund		**22,554,252**	21,655,195	**22,106,220**	21,220,066
Total liabilities and shareholders' fund		**117,334,726**	115,058,158	**117,016,731**	114,794,878
Commitments and contingencies	41	**2,573,104**	2,543,134	**2,573,104**	2,543,134

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Bank 2022 RM'000	Bank 2021 RM'000
Income	31	**5,904,223**	5,708,550	**5,822,795**	5,654,258
Expenditure	32	**(2,427,353)**	(2,184,440)	**(2,351,517)**	(2,134,250)
Net income		**3,476,870**	3,524,110	**3,471,278**	3,520,008
Allowances for impairment	33	**(670,098)**	(728,892)	**(666,802)**	(729,615)
Other operating income	34	**440,793**	355,194	**423,650**	347,802
Operating expenses	35	**(1,551,254)**	(1,524,346)	**(1,549,897)**	(1,523,099)
Profit before taxation and zakat		**1,696,311**	1,626,066	**1,678,229**	1,615,096
Taxation	36	**158,167**	274,201	**162,271**	278,107
Zakat	37	**(40,926)**	(42,382)	**(39,851)**	(40,465)
Profit after taxation and zakat		**1,813,552**	1,857,885	**1,800,649**	1,852,738
Statutory appropriations	38				
Transfer to statutory reserve: 25% (2021: 25%)		**(460,125)**	(473,301)	**(460,125)**	(473,301)
Contribution to the Co-operative Education Trust Fund: 2% (2021: 2%)		**(33,565)**	(32,302)	**(33,565)**	(32,302)
Contribution to the Co-operative Development Provident Fund: 1% (2021: 1%)		**(16,782)**	(16,151)	**(16,782)**	(16,151)
Contribution to Bank Rakyat Foundation		**(14,930)**	(14,930)	**(14,930)**	(14,930)
		(525,402)	(536,684)	**(525,402)**	(536,684)
Profit for the year		**1,288,150**	1,321,201	**1,275,247**	1,316,054
Other comprehensive loss					
Items that will not be reclassified to profit or loss:					
Change in fair value reserve (equity instruments)		**14,395**	14,714	**14,395**	14,714
Items that may be reclassified subsequently to profit or loss:					
Fair value reserve (debt instruments)					
- Change in fair value		**(429,599)**	(723,327)	**(429,599)**	(723,327)
- Amount transferred to profit or loss		**(1,349)**	(2,304)	**(1,349)**	(2,304)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		**(51)**	(45)	**(51)**	(45)
Other comprehensive loss for the year		**(416,604)**	(710,962)	**(416,604)**	(710,962)
Total comprehensive income for the year		**871,546**	610,239	**858,643**	605,092
Earnings per share (RM)					
Basic	39	**0.62**	0.63	**0.61**	0.63

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	← Non-distributable			→ Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Group					
At 1 January 2021	2,986,030	9,977	8,091,563	9,860,818	20,948,388
Profit after taxation and zakat	-	-	-	1,857,885	1,857,885
Transfer to statutory reserve	-	-	-	(473,301)	(473,301)
Contribution to the Co-operative Education Trust Fund	-	-	-	(32,302)	(32,302)
Contribution to the Co-operative Development Provident Fund	-	-	-	(16,151)	(16,151)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,321,201	1,321,201
Other comprehensive loss	-	-	(710,962)	-	(710,962)
Total comprehensive (loss)/income for the year	-	-	(710,962)	1,321,201	610,239
Transfer from retained profits	-	-	473,301	-	473,301
Issuance to new member	18,282	-	-	-	18,282
Share withdrawal	(22,374)	-	-	-	(22,374)
Transfer to share capital	4,092	(4,092)	-	-	-
Dividends (Note 40)	-	-	-	(373,230)	(373,230)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	589	589
At 31 December 2021	2,986,030	5,885	7,853,902	10,809,378	21,655,195
	Note 29		Note 30	Note 30	

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	← Non-distributable			→ Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Group					
At 1 January 2022	**2,986,030**	**5,885**	**7,853,902**	**10,809,378**	**21,655,195**
Profit after taxation and zakat	**-**	**-**	**-**	**1,813,552**	**1,813,552**
Transfer to statutory reserve	**-**	**-**	**-**	**(460,125)**	**(460,125)**
Contribution to the Co-operative Education Trust Fund	**-**	**-**	**-**	**(33,565)**	**(33,565)**
Contribution to the Co-operative Development Provident Fund	**-**	**-**	**-**	**(16,782)**	**(16,782)**
Contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**(14,930)**	**(14,930)**
Profit for the year	**-**	**-**	**-**	**1,288,150**	**1,288,150**
Other comprehensive loss	**-**	**-**	**(416,604)**	**-**	**(416,604)**
Total comprehensive (loss)/income for the year	**-**	**-**	**(416,604)**	**1,288,150**	**871,546**
Transfer from retained profits	**-**	**-**	**460,125**	**-**	**460,125**
Issuance to new member	**22,939**	**-**	**-**	**-**	**22,939**
Share withdrawal	**(26,704)**	**-**	**-**	**-**	**(26,704)**
Transfer to share capital	**3,765**	**(3,765)**	**-**	**-**	**-**
Dividends (Note 40)	**-**	**-**	**-**	**(429,476)**	**(429,476)**
Overprovision in contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**627**	**627**
At 31 December 2022	**2,986,030**	**2,120**	**7,897,423**	**11,668,679**	**22,554,252**
	Note 29		Note 30	Note 30	

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	← Non-distributable →			Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Bank					
At 1 January 2021	2,986,030	9,977	8,092,304	9,430,095	20,518,406
Profit after taxation and zakat	-	-	-	1,852,738	1,852,738
Transfer to statutory reserve	-	-	-	(473,301)	(473,301)
Contribution to the Co-operative Education Trust Fund	-	-	-	(32,302)	(32,302)
Contribution to the Co-operative Development Provident Fund	-	-	-	(16,151)	(16,151)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,316,054	1,316,054
Other comprehensive loss	-	-	(710,962)	-	(710,962)
Total comprehensive (loss)/income for the year	-	-	(710,962)	1,316,054	605,092
Transfer from retained profits	-	-	473,301	-	473,301
Issuance to new member	18,282	-	-	-	18,282
Share withdrawal	(22,374)	-	-	-	(22,374)
Transfer to share capital	4,092	(4,092)	-	-	-
Dividends (Note 40)	-	-	-	(373,230)	(373,230)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	589	589
At 31 December 2021	2,986,030	5,885	7,854,643	10,373,508	21,220,066
	Note 29		Note 30	Note 30	

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	← Non-distributable →			Distributable	
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Bank					
At 1 January 2022	**2,986,030**	**5,885**	**7,854,643**	**10,373,508**	**21,220,066**
Profit after taxation and zakat	**-**	**-**	**-**	**1,800,649**	**1,800,649**
Transfer to statutory reserve	**-**	**-**	**-**	**(460,125)**	**(460,125)**
Contribution to the Co-operative Education Trust Fund	**-**	**-**	**-**	**(33,565)**	**(33,565)**
Contribution to the Co-operative Development Provident Fund	**-**	**-**	**-**	**(16,782)**	**(16,782)**
Contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**(14,930)**	**(14,930)**
Profit for the year	**-**	**-**	**-**	**1,275,247**	**1,275,247**
Other comprehensive loss	**-**	**-**	**(416,604)**	**-**	**(416,604)**
Total comprehensive (loss)/income for the year	**-**	**-**	**(416,604)**	**1,275,247**	**858,643**
Transfer from retained profits	**-**	**-**	**460,125**	**-**	**460,125**
Issuance to new member	**22,939**	**-**	**-**	**-**	**22,939**
Share withdrawal	**(26,704)**	**-**	**-**	**-**	**(26,704)**
Transfer to share capital	**3,765**	**(3,765)**	**-**	**-**	**-**
Dividends (Note 40)	**-**	**-**	**-**	**(429,476)**	**(429,476)**
Overprovision in contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**627**	**627**
At 31 December 2022	**2,986,030**	**2,120**	**7,898,164**	**11,219,906**	**22,106,220**
	Note 29		Note 30	Note 30	

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before taxation and zakat	**1,696,311**	1,626,066	**1,678,229**	1,615,096
Adjustment for:				
Profit expense on debt securities issued (Note 32)	**150,551**	134,198	**150,551**	134,198
Allowance for impairment on financing and advances (Note 33)	**677,550**	729,585	**674,254**	730,308
Writeback for impairment on financial investments at fair value through other comprehensive income (Note 33)	**(51)**	(45)	**(51)**	(45)
Writeback for impairment on financial investments at amortised cost (Note 33)	**(7,401)**	(648)	**(7,401)**	(648)
Depreciation of property and equipment (Note 35(ii))	**39,058**	37,924	**36,517**	34,643
Depreciation of right-of-use assets (Note 35(ii))	**18,959**	16,190	**24,447**	21,976
Amortisation of prepaid lease payment (Note 35(ii))	**1,550**	1,590	**1,550**	1,590
Amortisation of intangible assets (Note 35(ii))	**54,306**	49,448	**54,306**	49,448
Finance cost on lease liabilities (Note 35(ii))	**1,913**	2,117	**2,316**	2,777
Property and equipment written off (Note 35(ii))	**37**	257	**37**	238
Intangible assets written off (Note 35(ii))	**-**	31	**-**	31
Gain on disposal of property and equipment (Note 34(ii))	**-**	(185)	**-**	-
Loss on financing written off (Note 35(ii))	**6,936**	6,785	**6,936**	6,785
Impairment of trade and other receivables (Note 35(ii))	**-**	438	**-**	135
Gain on revaluation of investment properties (Note 34(ii))	**(26,281)**	(8,871)	**(9,450)**	(2,779)
Writeback for impairment on trade receivables (Note 34(ii))	**(149)**	(1,054)	**-**	-
Writeback for impairment on other receivables, deposits and prepayments (Note 34(ii))	**(1,138)**	-	**(1,138)**	-
Net loss/(gain) on disposal of financial investments at fair value through profit or loss (Note 34(ii))	**24,813**	(2,608)	**24,813**	(2,608)
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 34(ii))	**(1,349)**	(2,304)	**(1,349)**	(2,304)
Net loss on revaluation of financial investments at fair value through profit or loss (Note 34(ii))	**846**	46,840	**846**	46,840
Profit expense on financing sold with recourse to Cagamas (Note 32)	**15,467**	16,567	**15,467**	16,567
Profit expense on cashline facility (Note 32)	**8,647**	3,473	**8,647**	3,473
Dividend from financial investments at fair value through profit or loss (Note 34(ii))	**(15,623)**	(17,538)	**(15,623)**	(17,538)
Operating profit before working capital changes	**2,644,952**	2,638,256	**2,643,904**	2,638,183
Decrease/(Increase) in assets:				
Deposits and placements with financial institutions	**243,905**	(405,134)	**244,047**	(405,134)
Financing and advances	**(1,099,490)**	(1,951,358)	**(1,164,075)**	(1,970,058)
Trade receivables	**(170)**	(11)	**-**	-
Other assets	**(354,442)**	327,535	**(351,118)**	327,722
Inventories	**(20,408)**	(19,936)	**-**	-

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities (continued)				
(Decrease)/Increase in liabilities:				
Deposits from customers	**(185,687)**	948,453	**(185,687)**	948,453
Investment accounts of customers	**19,983**	-	**19,983**	-
Deposits and placements from banks and financial institutions	**742,461**	700,000	**742,461**	700,000
Trade payables	**(104)**	465	**-**	-
Recourse obligations on financing sold to Cagamas	**166,222**	(38,082)	**166,222**	(38,082)
Other liabilities	**(254,735)**	(150,552)	**(289,812)**	(168,712)
Cash generated from operations activities	**1,902,487**	2,049,636	**1,825,925**	2,032,372
Income tax paid	**(6,036)**	(50,483)	**(3,635)**	(47,587)
Zakat paid	**(37,974)**	(28,869)	**(36,728)**	(26,414)
Net cash generated from operating activities	**1,858,477**	1,970,284	**1,785,562**	1,958,371
Cash flows from investing activities				
Purchases of financial investments at fair value through profit or loss	**(330,000)**	(960,000)	**(330,000)**	(960,000)
Proceed from disposal of financial investments at fair value through profit or loss	**1,025,346**	387,562	**1,025,346**	387,562
Purchases of financial investments at fair value through other comprehensive income	**(3,855,000)**	(4,433,100)	**(3,855,000)**	(4,433,100)
Proceed from disposal of financial investments at fair value through other comprehensive income	**3,755,213**	3,562,839	**3,755,213**	3,562,839
Purchases of financial investments at amortised cost	**(3,961,150)**	(3,905,000)	**(3,961,150)**	(3,905,000)
Proceeds from disposal of financial investments at amortised cost	**2,368,356**	2,826,663	**2,368,356**	2,826,663
Purchase of investment properties	**(76,039)**	(25,536)	**-**	(6,836)
Purchase of property and equipment	**(43,816)**	(42,263)	**(43,349)**	(42,161)
Purchase of intangible assets	**(19,625)**	(157,520)	**(19,625)**	(157,520)
Proceeds from disposal of property and equipment	**-**	187	**-**	-
Dividend from financial investments at fair value through profit or loss (Note 34(ii))	**15,623**	17,538	**15,623**	17,538
Net cash used in investing activities	**(1,121,092)**	(2,728,630)	**(1,044,586)**	(2,710,015)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from financing activities				
Proceeds from issue of shares to members	**22,939**	18,282	**22,939**	18,282
Dividend paid	**(429,476)**	(373,230)	**(429,476)**	(373,230)
Fund received from government	**59,229**	157,471	**59,229**	157,471
Proceeds from debt securities issued	**2,000,000**	1,300,000	**2,000,000**	1,300,000
Payment of profit expenses on debt securities issued	**(145,100)**	(128,816)	**(145,100)**	(128,816)
Payment on debt securities issued	**(1,280,000)**	(650,000)	**(1,280,000)**	(650,000)
Payment of lease liabilities	**(20,917)**	(17,828)	**(27,017)**	(24,276)
Payment of cashline facility	**(704,942)**	(803,926)	**(704,942)**	(803,926)
Receipt of cashline facilities	**700,000**	1,100,000	**700,000**	1,100,000
Net cash generated from financing activities	**201,733**	601,953	**195,633**	595,505
Net increase/(decrease) in cash and cash equivalents	**939,118**	(156,393)	**936,609**	(156,139)
Cash and cash equivalents at beginning of the year	**895,302**	1,051,695	**895,100**	1,051,239
Cash and cash equivalents at end of the year	**1,834,420**	895,302	**1,831,709**	895,100
Cash and cash equivalents comprises:				
Cash and short-term funds (Note 6)	**1,834,420**	835,189	**1,831,709**	834,987
Deposits and placements with financial institutions (Note 7)	**368,445**	672,463	**368,303**	672,463
	2,202,865	1,507,652	**2,200,012**	1,507,450
Less:				
Cash and short-term funds and deposits and placements with original maturity of more than three months	**(368,445)**	(612,350)	**(368,303)**	(612,350)
	1,834,420	895,302	**1,831,709**	895,100

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

An analysis of changes in liabilities arising from financing activities is as follows:

	Debt securities RM'000	Lease liabilities RM'000	Cashline facility RM'000	Total RM'000
Group				
At 1 January 2022	**3,297,940**	**51,236**	**700,417**	**4,049,593**
Profit expense during the year	**150,551**	**1,913**	**8,647**	**161,111**
Profit paid during the year	**(145,100)**	**-**	**-**	**(145,100)**
Additions	**2,000,000**	**10,146**	**700,000**	**2,710,146**
Payment	**(1,280,000)**	**(20,917)**	**(704,942)**	**(2,005,859)**
At 31 December 2022	**4,023,391**	**42,378**	**704,122**	**4,769,891**
At 1 January 2021	2,642,558	58,027	400,870	3,101,455
Profit expense during the year	134,198	2,117	3,473	139,788
Profit paid during the year	(128,816)	-	-	(128,816)
Additions	1,300,000	8,920	1,100,000	2,408,920
Payment	(650,000)	(17,828)	(803,926)	(1,471,754)
At 31 December 2021	3,297,940	51,236	700,417	4,049,593
Bank				
At 1 January 2022	**3,297,940**	**63,705**	**700,417**	**4,062,062**
Profit expense during the year	**150,551**	**2,316**	**8,647**	**161,514**
Payment on profit expenses	**(145,100)**	**-**	**-**	**(145,100)**
Additions	**2,000,000**	**10,453**	**700,000**	**2,710,453**
Payment	**(1,280,000)**	**(27,017)**	**(704,942)**	**(2,011,959)**
At 31 December 2022	**4,023,391**	**49,457**	**704,122**	**4,776,970**
At 1 January 2021	2,642,558	77,210	400,870	3,120,638
Profit expense during the year	134,198	2,777	3,473	140,448
Profit paid during the year	(128,816)	-	-	(128,816)
Additions	1,300,000	7,994	1,100,000	2,407,994
Payment	(650,000)	(24,276)	(803,926)	(1,478,202)
At 31 December 2021	3,297,940	63,705	700,417	4,062,062

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Bank was established under the Co-operative Societies Act 1993 with the registered office address at 35th Floor, Menara 1, Menara Kembar Bank Rakyat, No. 33, Jalan Rakyat, 50470 Kuala Lumpur.

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 16.

There have been no significant changes in the nature of these principal activities of the Group and the Bank.

The Bank has a total of 148 branches as of 31 December 2022 (2021: 148).

These financial statements have been approved and authorised for issue by the Board of Directors on 19 January 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank have been prepared in accordance with the provisions of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Co-operative Societies Act 1993 (Act 502), Development Financial Institutions Act 2002 (Act 618) and applicable Malaysian Financial Reporting Standards ("MFRS") as modified by Guidelines issued by Bank Negara Malaysia ("BNM") and in compliance with the principles of Shariah.

The financial statements of the subsidiaries of the Bank have been prepared in accordance with MFRS, IFRS and the provisions of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and are rounded to the nearest thousand ("000"), unless otherwise stated.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Bank.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Bank.

The Group and the Bank plan to apply the abovementioned accounting standards, amendments or interpretations, where applicable:

- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which are not applicable to the Group and the Bank.
- from the annual period beginning on 1 January 2024 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared on the historical cost basis, except for certain assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration involved in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The principal accounting policies are set out below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiaries. Control is achieved when the Bank has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the investee's return.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Subsidiaries and basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9, *Financial Instruments* ("MFRS 9"), and when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are measured in the Bank's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112, *Income Taxes* and MFRS 119, *Employee Benefits respectively*;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2, *Share-based Payment at the acquisition date*; and
- assets (or disposal groups) that are classified and measured as held-for-sale in accordance with MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Business combinations (continued)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, is measured at fair value with the changes in fair value recognised in the statements of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Goodwill on consolidation

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments

Financial assets and financial liabilities are recognised when, and only when the Group and the Bank become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.5.1 Financial assets

3.5.1.1 Date of recognition

All financial assets are initially recognised on the trade date, i.e. the date that the Group and the Bank become a party to the contractual provisions of the instruments. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3.5.1.2 Initial recognition and subsequent measurement

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics, measured at either:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

Included in financial assets are the following:

(i) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit ("SPPP") on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Initial recognition and subsequent measurement (continued)

(i) Financial assets at amortised cost (continued)

The details of these conditions are outlined below:

(a) Business model assessment

The Group and the Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Group and the Bank's business model is not assessed on an instrument-by-instrument basis, but a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); or
- The expected frequency, value and timing of sales are also important aspects of the Group and the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

(b) The SPPP test

As a second step of its classification process, the Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPP test.

"Principal" for the purpose of this test is defined as their fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are payments of principal or amortisation of the premium/discount).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Initial recognition and subsequent measurement (continued)

(i) Financial assets at amortised cost (continued)

(b) The SPPP test (continued)

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Group and the Bank apply judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Fair value through other comprehensive income ("FVOCI")

The Group and the Bank apply the new category under MFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets meet the SPPP test.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income ("OCI"). Profit income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for unquoted equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through FVOCI (without recycling profit or loss upon derecognition).

(iii) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held-for-trading and financial asset designated at FVTPL upon initial recognition. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Initial recognition and subsequent measurement (continued)

(iii) Financial assets at fair value through profit or loss ("FVTPL") (continued)

Financial assets at FVTPL are those that are not held-for-trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under MFRS 9. Management designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statements of financial position at fair value. Changes in fair value are recognised in profit or loss under the heading of 'other operating income'.

(iv) Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financing and receivables are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method, less any impairment. Regular way recognition of financing and advances is recorded on settlement date, when all the conditions under financing contract have been fulfilled.

Profit on financing is recognised in profit or loss by applying the effective profit rate.

Effective profit method

The effective profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating profit income or expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.3 Impairment of financial assets

The MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model. The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable financing commitments and financial guarantee contracts; which include financing and advances, as well as financial instruments held by the Group and the Bank. The ECL model also applies to contract assets under MFRS 15, *Revenue from Contracts with Customers.*

The measurement of ECL involves increased complexity and judgement that include:

(i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is the key to determine the point of switching between measuring an allowance based on 12-month ECL, or an allowance based on lifetime ECL. A number of both qualitative and quantitative assessments are used in determining whether there is a significant increase in credit risk as at reporting date when compared with the date of initial recognition.

The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
Description	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

(ii) ECL Measurement

There are three main components to measure ECL which are probability of default ("PD") model, a loss given default ("LGD") model, and the exposure at default model ("EAD").

a) Probability of default

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.3 Impairment of financial assets (continued)

(ii) ECL Measurement (continued)

b) Loss Given Default

LGD is defined as the percentage of exposure the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of EAD, and depend, amongst others, on the type and amount of collateral as well as the type of customer and the expected proceeds from the work-out of the assets.

c) Exposure at Default

EAD is an estimate of the Bank's exposure to its counterparty at the time of default. For defaulted accounts, EAD is simply the amount outstanding at the point of default.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank have continued to measure impairment on individual assessment basis for financial assets that are deemed to be individually significant. All other remaining financial assets are collectively assessed as per the Group's policy.

(iii) Expected life

Lifetime expected credit losses must be measured over the expected life. This is defined to be the maximum contractual life, including any expected prepayment, extension, call and similar options.

(iv) Financial investments at FVOCI

The ECLs of financial investments measured at FVOCI do not reduce the carrying amount of these financial assets, which remains at fair value. Rather, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to profit or loss upon derecognition of the assets.

(v) Forward-looking information

Expected credit losses are the unbiased probability-weighted credit losses, determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking forward is based on the Group's and the Bank's Economic Research Division.

Where applicable, the Group and the Bank incorporate forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation, taking into account the impact of multiple probability-weighted future forecast economic scenarios.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.3 Impairment of financial assets (continued)

(v) Forward-looking information (continued)

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Private Final Consumption ("PFC");
- Gross Domestic Product ("GDP");
- Consumer Sentiment Index ("CSI");
- Unemployment Rate ("Unemployment");
- Overnight Pricing Rate ("OPR");
- Passenger Cars ("Passenger Cars");
- Consumer Price Indices ("CPI");
- House Price Indices ("HPI"); or
- FTSE Bursa Malaysia Small Cap Index ("FTSE").

The Group and Bank apply the following three alternative macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

- *Base scenario:* This scenario reflects the current macro-economic conditions continue to prevail.

- *Best and Worst scenarios:* These scenarios are set relative to the base scenario; reflecting the best and worst case macro-economic conditions respectively, based on subject matter expert's best judgement from current economic conditions.

(vi) Valuation for Stage 3 ECL

The Group and the Bank's accounting policy for collateral assigned to it through its lending arrangements under MFRS 9 is the same as it was under MFRS 139.

3.5.1.4 Rescheduled and restructured financing

Where a financing shows evidence of credit weaknesses, the Group and the Bank may seek to renegotiate the financing rather than to take possession of collateral. This may involve an extension of the payment arrangements via rescheduling or the renegotiation of new financing terms and conditions via restructuring. Management monitors the renegotiated financing to ensure that all the revised terms are met and that the payments are made promptly for a continuous period. Where an impaired financing is renegotiated, the customer must adhere to the revised and/or restructured payment terms for a continuous period of six months before the financing is classified as non-impaired. This financing continues to be subjected to ECL individually or collectively assessed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.5 Modification of financing *(Policy applicable from 1 January 2020 to 31 December 2022)*

Based on the BNM's revised guideline on Financial Reporting for Development Financial Institutions, the prescribed development financial institutions ("DFIs") shall make one-time election in 2020 to apply revision to the original effective profit rate in respect of any modifications made to the contractual cash flows of financing. In the event of election, the requirements shall apply for financial years beginning between 1 January 2020 to 31 December 2022 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these financial years. The Group and the Bank elected to adopt the modified accounting treatment.

3.5.1.6 Modification of financing *(Policy applicable before 1 January 2020)*

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amount the customer is expected to be able to pay;
- Whether any substantial new terms are introduced, such as profit share/equity-based return that substantially affects the risk profile of the financing;
- Significant extension of the financing term when the customer is not in financial difficulty; or
- Significant change in profit rate.

The Group and Bank sometimes renegotiate or otherwise modify the contractual cash flows of customer financing. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and Bank do this by considering, among others, the insertion of collateral, other security, or credit enhancements that significantly affect the credit risk associated with the financing.

If the terms are substantially different, the Group and the Bank derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for both impairment calculation purposes and in determining whether a significant increase in credit risk has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition. The Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the income statements. The new gross carrying amount is recalculated by discounting the modified cashflows at the original effective profit rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.7 Reclassification of financial assets

Reclassification of financial assets is permissible when and only when there is change in business model for managing financial assets.

Subsequent to initial recognition, the Group and the Bank do not reclassify its financial assets.

3.5.2 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when the Group and the Bank transfer the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the financial asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collaterised financing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated under the heading of other reserves is recognised in profit or loss.

3.5.3 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

3.5.4 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's and of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and of the Bank's own equity instruments.

3.5.5 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at amortised cost include deposits from customers, deposits and placements from banks and financial institutions, trade and other payables, recourse obligations on financing sold to Cagamas, debt securities issued and other fund placements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.5 Financial liabilities (continued)

The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3.5.5.1 Investment accounts

Investment accounts are based on the concept of profit sharing. Under this concept, the customer provides capital for the Group and the Bank to invest. The profit earned from the investment will be shared as dividend between the customer and the Group and the Bank according to the predetermined mutually agreed Profit Sharing Ratio ("PSR").

An unrestricted investment account ("UA") refers to a type of investment account where the investor provides the Group and the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. The UA is structured under Mudarabah contracts.

The financial losses associated with the investment are to be borne by the customer whilst the Group and the Bank may suffer losses in term of costs and time.

3.5.6 Derecognition of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

3.5.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on Bursa Malaysia and broker quotes from Bond Pricing Agency.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. Under these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, and using inputs existing at the end of the reporting period.

The fair value for financing and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Cash and cash equivalents

Cash and short term funds in the statements of financial position comprise of cash and bank balances with bank and other financial institutions and short-term deposits maturing within one month. For purpose of the statements of cash flows, cash and cash equivalents consist of cash and short term funds with original maturity of less than three months.

3.7 Leases

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank use the definition of a lease in MFRS 16.

(a) Group as lessor

The Group and the Bank enter into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group and the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group or the Bank is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as part of 'Other operating income' (Note 34). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Bank's net investment outstanding in respect of the leases.

(b) Group as lessee

The Group and the Bank apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

(i) Right-of-use assets (continued)

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets.* To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Bank expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease:

Buildings	1 - 10 years
Other equipment	1 - 2 years

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Bank apply MFRS 136, *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.20 Impairment of non-financial assets.

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of compensation for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs and are included in 'Operating expenses' in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

(ii) Lease liabilities (continued)

The Group and the Bank present lease liabilities in 'Other liabilities' (Note 28) in the statements of financial position.

In calculating the present value of lease payments, the Group and the Bank use finance rate implicit in the lease. If this rate cannot be readily determined, the lessees uses its incremental financing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured (and makes a corresponding adjustment to the related right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero) if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group and the Bank do not make any such adjustments during the periods presented.

(iii) Short-term leases and leases of low-value assets

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases of parking space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.8 Financing costs

Financing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other financing costs are expensed in the period in which they occur. Financing costs consist of profit expense and other costs that an entity incurs in connection with the financing of funds.

3.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group and the Bank, are classified as investment properties. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net disposal proceeds and the carrying amount of the assets), is included in profit or loss in the period which the property is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investment properties (continued)

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group and the Bank consider the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group and the Bank account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease.

3.10 Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent expenditures are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are not depreciated until the assets are ready for their intended use.

Depreciation of other property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	50 years
Leasehold land and buildings	50 years
Renovation	5 - 50 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Property and equipment (continued)

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on disposals are determined as the difference between sales proceeds and the carrying amount of the asset and are recognised in profit or loss.

3.11 Intangible assets

In addition to goodwill, intangible assets also include computer software and software-in-development.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group and the Bank.

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses, except software-in-development which is not subject to amortisation until the development is completed and the asset is available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives recognised in the income statements in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in income statements when the asset are derecognised.

Amortisation of intangible assets are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer software	5 - 15 years

3.12 Prepaid lease payments

Leasehold land that has an indefinite economic life which title is not expected to pass to the Group by end of the lease period is classified as operating lease.

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised. The prepaid lease payments are amortised on a straight-line basis over the remaining lease terms, ranging from 3 to 859 years (2021: 4 to 860 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

3.14 Inventories

Inventories are valued at the lower of cost (determined using the first-in, first out method) and net realisable value. The cost of inventories comprises the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion. In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the 'specific identification' method.

3.15 Profit income and expense

For all financial instruments measured at amortised cost and profit-bearing financial assets classified as fair value through profit or loss and fair value through other comprehensive income, income and expense are recognised under "Income" and "Expenditure" respectively using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating the profit income or expense over the relevant period. The effective profit rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The calculation takes into account all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. Significant fees and transaction costs integral to the effective profit rate, as well as premiums or discounts are also considered.

For impaired assets where the value of the financial assets has been written down as a result of an impairment loss, profit income continues to be recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

3.16 Fee and commission income

Financing arrangement fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of sales and service tax and discounts on completion of each stage of the assignment.

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Dividend income

Dividends are recognised in profit or loss as 'dividend income' when the Group's right to receive payment is established.

3.18 Income tax

3.18.1 Current income tax

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3.18.2 Deferred income tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their current tax assets and liabilities on a net basis.

3.19 Employee benefits

3.19.1 Defined contribution plan

For defined contribution plan, the Group and the Bank pay contributions to Employees Provident Fund ("EPF") on a mandatory basis. The Group and the Bank have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Employee benefits (continued)

3.19.2 Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.20 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.21 Zakat

In computing for zakat, the Group and the Bank have been applying the growth capital method based on the rate of 2.5%. This method applies the rate on owners' equity, long term liability, net of fixed assets and non-current assets, and subjected to allowable adjustments.

It is an obligatory amount payable on the business on behalf of the shareholders and/or business entity depending on the ownership characteristics.

Zakat is distributed according to Shariah principle and being extended through Islamic Religious Council of the respective states and other rightful beneficiaries or asnaf.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's and the Bank's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the course of preparation of the financial statements.

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with MFRS are best estimates undertaken in accordance with the applicable standards.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's and the Bank's results and financial situation due to their materiality.

4.1 Impairment losses on financing and advances

The Group and the Bank review their financing and advances portfolio to determine whether impairment losses should be recognised in profit or loss.

Financing is considered as impaired when there is objective evidence of impairment as a result of loss event that has affected future estimated cash flows of the financing subsequent to its initial recognition.

Components of impairment allowance are as follows:

(i) ECL individually assessed

Where an account has exceeded certain number of arrears or when the account has fulfilled certain criteria that indicates credit weaknesses, the account is individually assessed for impairment.

Individual allowance is measured as the difference between carrying amount of the financing and present value of estimated future cash flows that are discounted at the effective profit rate.

Expectation on future cash flows is established by applying the best estimate formed on reliable and objective evidence. This process involves significant and reasonable judgement.

(ii) ECL collectively assessed

The Group and the Bank's ECL calculations under MFRS 9 are outputs of complex models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Criteria for assessing if there has been a significant increase in credit risk, which includes qualitative assessment, to determine whether financial assets should be measures on lifetime ECL basis rather than 12-month ECL basis;
- The segmentation of financial assets, when their ECL is assessed on a collective basis;
- Development of ECL models, including various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios, and economic inputs, such as unemployment levels and overnight pricing rate, and their effect on PDs, EADs, and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment of financial assets portfolio

The Group and the Bank review their financial investments at FVOCI and financial investments at amortised cost under MFRS 9 to recognise the ECL at each reporting date to reflect changes in credit risk of the financial investments not measured through FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the impairment review, the following management's judgements are required:

(i) Determination whether the investment is impaired based on certain indicators such as, among others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and

(ii) Determination of ECL that reflect:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and supportable information, that is available without undue cost or effort, as at the reporting date about past events, current conditions, and forecasts of future economic conditions.

4.3 Fair value estimation of financial assets at FVTPL and financial investments at FVOCI

When the fair value of financial assets recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques. Valuation techniques include the discounted cashflow methods, option pricing models, and other relevant valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

4.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profit together with future tax planning strategies.

4.5 Determine the lease term of contracts with renewal and termination options - Group as lessee

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank have several lease contracts that include extension and termination options. The Group and the Bank apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.5 Determine the lease term of contracts with renewal and termination options - Group as lessee (continued)

The Group and the Bank include the renewal period as part of the lease term for leases of buildings and other equipment with shorter non-cancellable period (i.e., one to three years). The Group and the Bank typically exercise its option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 14 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

5. CHANGES IN REGULATORY REQUIREMENTS

Based on the BNM's revised guideline on Financial Reporting for Development Financial Institutions, the prescribed development financial institutions ("DFIs") can make a one-time election in 2020 to apply revisions to the original effective profit rate in respect of any modifications made to the contractual cash flows of financing. In the event of election, the requirements shall apply for financial years beginning between 1 January 2020 to 31 December 2022 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these financial years.

The Group and the Bank elected to adopt the modified accounting treatment. The comparison of the financial impact of applying the accounting treatment in accordance with Malaysian Financial Reporting Standard ("MFRS") and the modified accounting treatment is as follows:

	Group		Bank	
As at 31 December	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Financing and advances				
Closing balance under MFRS	**79,928,613**	78,933,161	**80,226,948**	79,166,911
Modification loss	**799,759**	858,835	**799,759**	858,835
Loss of income due to changes in effective rate	**(287,942)**	(176,532)	**(287,942)**	(176,532)
Closing balance under modified accounting treatment	**80,440,430**	79,615,464	**80,738,765**	79,849,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5. CHANGES IN REGULATORY REQUIREMENTS (CONTINUED)

	Group		Bank	
For the year ended 31 December	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income				
Year ended balance under MFRS	**4,704,690**	4,010,549	**4,716,106**	4,020,606
(Reversal of)/Modification loss	**(59,076)**	509,405	**(59,076)**	509,405
Loss of income due to changes in effective rate	**(111,410)**	(114,592)	**(111,410)**	(114,592)
Year ended balance under modified accounting treatment	**4,534,204**	4,405,362	**4,545,620**	4,415,419

From January 2023, the Group and the Bank will discontinue the adoption of the above-modified accounting treatment and continue to comply with MFRS.

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At amortised cost				
Cash and balances with banks and other financial institutions	**1,048,826**	835,189	**1,046,115**	834,987
Money at call and deposit placements maturing within one month	**785,594**	-	**785,594**	-
	1,834,420	835,189	**1,831,709**	834,987

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Cash and short-term funds	**1,834,420**	835,189	**1,831,709**	834,987

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At amortised cost				
Licensed banks	**368,445**	672,463	**368,303**	672,463

The maturity structure of the deposits and placements with financial institutions is as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Maturity more than one month and than three months	**-**	311,214	**-**	311,214
More than three months	**368,445**	361,249	**368,303**	361,249
	368,445	672,463	**368,303**	672,463

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Debt instruments at fair value through profit or loss:		
Government investment issues	**41,827**	695,939
Islamic redeemable convertible preference shares	**213,200**	213,200
	255,027	909,139
Equity securities at fair value through profit or loss:		
Quoted shares	**-**	66,893
	-	66,893
Total financial investments at fair value through profit or loss	**255,027**	976,032

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	**4,520,183**	5,036,372	**4,520,183**	5,036,372
Government investment issues	**6,803,294**	5,550,252	**6,803,294**	5,550,252
Government sukuk	**8,403,783**	8,709,494	**8,403,783**	8,709,494
Khazanah sukuk	**-**	156,319	**-**	156,319
Cagamas sukuk	**651,866**	1,256,502	**651,866**	1,256,502
	20,379,126	20,708,939	**20,379,126**	20,708,939
Equity securities at fair value through other comprehensive income:				
Unquoted shares	**87,175**	72,779	**87,167**	72,771
	87,175	72,779	**87,167**	72,771
Total financial investments at fair value through other comprehensive income	**20,466,301**	20,781,718	**20,466,293**	20,781,710

Movement of allowance for ECL by stage for debt instruments at fair value through other comprehensive income is as follows:

Group and Bank	**12-month ECL Stage 1 RM'000**
At 1 January 2021	174
Changes in credit risk (Note 33(ii))	(45)
At 31 December 2021/1 January 2022	**129**
Changes in credit risk (Note 33(ii))	**(51)**
At 31 December 2022	**78**

The decrease in ECL Stage 1 of RM51,000 was due to improvement in credit quality during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The maturity structure of the debt instruments is as follows:

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Maturity within one year	**2,667,668**	3,124,637
More than one year to five years	**9,071,779**	9,814,499
More than five years	**8,639,679**	7,769,803
	20,379,126	20,708,939

10. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2022 RM'000	**2021 RM'000**
At amortised cost		
Islamic debt securities	**1,286,778**	471,788
Government investment issues	**7,803,055**	6,925,903
Government sukuk	**3,184,122**	3,170,872
Khazanah sukuk	**63,354**	100,040
Cagamas sukuk	**50,451**	76,349
Negotiable Islamic debt certificates	**49,926**	99,940
	12,437,686	10,844,892
Less: Allowance for ECL		
Negotiable Islamic debt certificates	**(1)**	(12)
Islamic debt securities	**(10,640)**	(18,030)
	12,427,045	10,826,850

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

Movement of allowance for ECL by stage is as follows:

Group and Bank	12-month ECL Stage 1 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January 2021	39	18,651	18,690
Changes in credit risk (Note 33(ii))	(7)	(641)	(648)
At 31 December 2021/1 January 2022	**32**	**18,010**	**18,042**
Changes in credit risk (Note 33(ii))	**4**	**(7,405)**	**(7,401)**
At 31 December 2022	**36**	**10,605**	**10,641**

The increase in ECL Stage 1 of RM4,000 is due to increase in gross carrying amount during the financial year. The decrease in ECL Stage 3 is due to partial redemption of impaired sukuk.

The maturity structure of the instruments is as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Maturity within one year	**1,001,266**	1,669,423
More than one year to five years	**3,465,348**	2,298,512
More than five years	**7,971,072**	6,876,957
	12,437,686	10,844,892

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept

Group 2022	Bai` `Inah RM'000	Bai` Bithaman Ajil RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost							
Term financing							
- Personal financing	**15,078,396**	**-**	**-**	**-**	**-**	**43,176,986**	**58,255,382**
- House financing	**-**	**699,555**	**-**	**-**	**-**	**8,588,989**	**9,288,544**
- Hire-purchase receivables	**-**	**-**	**-**	**-**	**2,284,433**	**-**	**2,284,433**
- Syndicated financing	**-**	**-**	**-**	**-**	**-**	**397,821**	**397,821**
- Bridging financing	**-**	**-**	**-**	**-**	**-**	**71,320**	**71,320**
- Other term financing	**75,935**	**3,220**	**6**	**40,918**	**-**	**6,122,314**	**6,242,393**
Pawn broking	**-**	**-**	**-**	**-**	**-**	**2,336,283**	**2,336,283**
Cashline	**-**	**-**	**-**	**-**	**-**	**482,496**	**482,4966**
Revolving credit	**-**	**-**	**-**	**-**	**-**	**192,309**	**192,309**
Credit card	**-**	**-**	**-**	**-**	**-**	**391,826**	**391,826**
Staff financing	**-**	**-**	**-**	**-**	**-**	**497,623**	**497,623**
	15,154,331	**702,775**	**6**	**40,918**	**2,284,433**	**62,257,967**	**80,440,430**
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							**(860,331)**
Stage 2 - lifetime ECL not credit impaired							**(874,052)**
Stage 3 - lifetime ECL credit impaired							**(996,155)**
Net financing and advances							**77,709,892**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept (continued)

Group 2021	Bai` `Inah RM'000	Bai` Bithaman Ajil RM'000	Ar-Rahn RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost								
Term financing								
- Personal financing	17,640,575	-	-	-	-	-	42,269,868	59,910,443
- House financing	-	809,343	-	-	-	-	7,579,937	8,389,280
- Hire-purchase receivables	-	-	-	-	-	1,922,355	-	1,922,355
- Syndicated financing	-	-	-	-	-	-	346,196	346,196
- Bridging financing	-	-	-	-	-	-	257,291	257,291
- Other term financing	105,462	3,981	-	11	29,700	-	5,262,980	5,402,134
Pawn broking	-	-	437	-	-	-	2,015,366	2,015,803
Cashline	-	-	-	-	-	-	224,006	224,006
Revolving credit	-	-	-	-	-	-	304,539	304,539
Credit card	-	-	-	-	-	-	356,279	356,279
Staff financing	-	-	-	-	-	-	487,138	487,138
	17,746,037	813,324	437	11	29,700	1,922,355	59,103,600	79,615,464
Allowance for ECL on financing and advances:								
Stage 1 - 12-month ECL								(934,553)
Stage 2 - lifetime ECL not credit impaired								(609,842)
Stage 3 - lifetime ECL credit impaired								(774,632)
Net financing and advances								77,296,437

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept (continued)

Bank 2022	Bai` `Inah RM'000	Bai` Bithaman Ajil RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost							
Term financing							
- Personal financing	**15,078,396**	**-**	**-**	**-**	**-**	**43,176,986**	**58,255,382**
- House financing	**-**	**699,555**	**-**	**-**	**-**	**8,887,324**	**9,586,8794**
- Hire-purchase receivables	**-**	**-**	**-**	**-**	**2,284,433**	**-**	**2,284,433**
- Syndicated financing	**-**	**-**	**-**	**-**	**-**	**397,821**	**397,821**
- Bridging financing	**-**	**-**	**-**	**-**	**-**	**71,320**	**71,320**
- Other term financing	**75,935**	**3,220**	**6**	**40,918**	**-**	**6,122,314**	**6,242,393**
Pawn broking	**-**	**-**	**-**	**-**	**-**	**2,336,283**	**2,336,283**
Cashline	**-**	**-**	**-**	**-**	**-**	**482,496**	**482,496**
Revolving credit	**-**	**-**	**-**	**-**	**-**	**192,309**	**192,309**
Credit card	**-**	**-**	**-**	**-**	**-**	**391,826**	**391,826**
Staff financing	**-**	**-**	**-**	**-**	**-**	**497,623**	**497,623**
	15,154,331	**702,775**	**6**	**40,918**	**2,284,433**	**62,556,302**	**80,738,765**
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							**(870,641)**
Stage 2 - lifetime ECL not credit impaired							**(874,052**
Stage 3 - lifetime ECL credit impaired							**(996,155)**
Net financing and advances							**77,997,917**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept (continued)

Bank 2021	Bai` `Inah RM'000	Bai` Bithaman Ajil RM'000	Ar-Rahn RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost								
Term financing								
- Personal financing	17,640,575	-	-	-	-	-	42,269,868	59,910,443
- House financing	-	809,343	-	-	-	-	7,813,687	8,623,030
- Hire-purchase receivables	-	-	-	-	-	1,922,355	-	1,922,355
- Syndicated financing	-	-	-	-	-	-	346,196	346,196
- Bridging financing	-	-	-	-	-	-	257,291	257,291
- Other term financing	105,462	3,981	-	11	29,700	-	5,262,980	5,402,134
Pawn broking	-	-	437	-	-	-	2,015,366	2,015,803
Cashline	-	-	-	-	-	-	224,006	224,006
Revolving credit	-	-	-	-	-	-	304,539	304,539
Credit card	-	-	-	-	-	-	356,279	356,279
Staff financing	-	-	-	-	-	-	487,138	487,138
	17,746,037	813,324	437	11	29,700	1,922,355	59,337,350	79,849,214
Allowance for ECL on financing and advances:								
Stage 1 - 12-month ECL								(948,159)
Stage 2 - lifetime ECL not credit impaired								(609,842)
Stage 3 - lifetime ECL credit impaired								(774,632)
Net financing and advances								77,516,581

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(i) Financing and advances analysed by type and concept (continued)

Assets funded under *Ijarah* financing are owned by the Bank throughout the tenure of the *Ijarah* financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the *Ijarah* financing contract.

Included in the Bank's financing and advances is financing granted to Rakyat Holdings Sdn Bhd, a subsidiary of the Bank, amounting to RM228.03 million net of expected credit losses (2021: RM220.14 million), subject to profit rate of 4.14% to 4.45% (2021: 4.53% to 8.62%).

Included in the Group's and the Bank's financing and advances as at 31 December 2022 is government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing amounting to RM193.15 million (2021: RM128.68 million).

(ii) Financing and advances analysed by geographical distribution

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Central Region	**31,789,320**	31,337,571	**32,087,655**	31,571,321
Southern Region	**12,293,558**	12,143,631	**12,293,558**	12,143,631
Eastern Region	**12,356,109**	12,180,512	**12,356,109**	12,180,512
Northern Region	**9,443,527**	9,376,603	**9,443,527**	9,376,603
East Malaysia Region	**14,557,916**	14,577,147	**14,557,916**	14,577,147
	80,440,430	79,615,464	**80,738,765**	79,849,214

(iii) Financing and advances analysed by economic sector

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Household	**74,156,004**	74,187,925	**74,156,004**	74,187,925
Agriculture	**97,812**	81,262	**97,812**	81,262
Mining and quarrying	**4,450**	300	**4,450**	300
Manufacturing	**107,067**	76,503	**107,067**	76,503
Electricity, gas and water	**163,602**	27,433	**163,602**	27,433
Construction	**798,941**	961,923	**798,941**	961,923
Wholesale and retail trade	**862,019**	512,490	**862,019**	512,490
Transportation and communication	**923,682**	358,223	**923,682**	358,223
Financial, takaful and business services	**2,414,303**	2,462,052	**2,712,638**	2,695,802
Community, social and personal services	**912,550**	947,353	**912,550**	947,353
	80,440,430	79,615,464	**80,738,765**	79,849,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(iv) Financing and advances analysed by remaining contractual maturity

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Maturity within one year	**1,682,514**	2,380,353	**1,682,514**	2,380,353
More than one year to three years	**4,385,736**	2,864,804	**4,385,736**	2,864,804
More than three years to five years	**6,232,290**	6,423,600	**6,232,290**	6,423,600
More than five years	**68,139,890**	67,946,707	**68,438,225**	68,180,457
	80,440,430	79,615,464	**80,738,765**	79,849,214

(v) Financing and advances analysed by customer type

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Individuals	**74,162,018**	74,104,154	**74,162,018**	74,104,154
Business enterprises	**3,833,726**	3,041,960	**4,132,061**	3,275,710
Non-bank financial institutions				
- Co-operatives	**2,277,135**	2,214,452	**2,277,135**	2,214,452
Foreign entities	**1,515**	1,566	**1,515**	1,566
Other entities	**166,036**	253,332	**166,036**	253,332
	80,440,430	79,615,464	**80,738,765**	79,849,214

(vi) Financing and advances analysed by profit rate sensitivity

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate				
Personal financing	**15,935,228**	18,896,645	**15,935,228**	18,896,645
House financing	**1,434,130**	1,499,808	**1,434,130**	1,499,808
Others	**7,161,500**	6,340,666	**7,161,500**	6,340,666
Floating rate				
Personal financing	**42,320,154**	41,013,798	**42,320,154**	41,013,798
House financing	**7,854,412**	6,889,473	**8,152,747**	7,123,223
Others	**5,735,006**	4,975,074	**5,735,006**	4,975,074
	80,440,430	79,615,464	**80,738,765**	79,849,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances analysed by geographical distribution

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Central Region	**1,135,498**	1,035,174
Southern Region	**99,524**	70,532
Eastern Region	**115,091**	87,720
Northern Region	**92,432**	63,022
East Malaysia Region	**152,430**	97,052
	1,594,975	1,353,500

(viii) Impaired financing and advances analysed by economic sector

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Household	**889,764**	629,184
Agriculture	**3,965**	29,225
Mining and quarrying	**1,301**	-
Manufacturing	**5,395**	2,010
Electricity, gas and water	**2,634**	-
Construction	**116,051**	184,089
Wholesale and retail trade	**45,935**	7,861
Transportation and communication	**108,280**	7,617
Financial, takaful and business services	**374,639**	491,873
Community, social and personal services	**47,011**	1,641
	1,594,975	1,353,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(ix) Movements in impaired financing and advances are as follows:

	Group and Bank	
	2022 RM'000	**2021 RM'000**
At 1 January	**1,353,500**	1,518,204
Classified as impaired during the year	**2,156,229**	2,005,755
Amount written back in respect of recoveries	**(1,647,166)**	(1,685,467)
Amount written off during the year	**(267,588)**	(484,992)
	241,475	(164,704)
At 31 December	**1,594,975**	1,353,500
Gross impaired financing and advances as a percentage of gross financing and advances	**1.98%**	1.70%

(x) Movements in allowance for ECL on financing and advances are as follows:

Group 2022	**12-month ECL Stage 1 RM'000**	**Lifetime ECL Not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
ECL allowance				
At 1 January 2022	**934,553**	**609,842**	**774,632**	**2,319,027**
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	**108,654**	**(77,857)**	**(30,797)**	**-**
- Transfer to lifetime ECL not credit impaired (Stage 2)	**(26,480)**	**75,372**	**(48,892)**	**-**
- Transfer to lifetime ECL credit impaired (Stage 3)	**(7,545)**	**(54,806)**	**62,351**	**-**
New financial assets originated *	**145,610**	**40,565**	**84,547**	**270,722**
Changes in credit risk	**(234,844)**	**324,983**	**457,486**	**547,625**
Financial assets derecognised	**(59,617)**	**(44,047)**	**(35,584)**	**(139,248)**
Amount written off	**-**	**-**	**(267,588)**	**(267,588)**
At 31 December 2022	**860,331**	**874,052**	**996,155**	**2,730,538**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(x) Movements in allowance for ECL on financing and advances are as follows (continued):

Group 2021	**12-month ECL Stage 1 RM'000**	**Lifetime ECL Not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
ECL allowance				
At 1 January 2021	388,082	709,254	975,349	2,072,685
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	398,873	(336,297)	(62,576)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(30,758)	113,902	(83,144)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(2,623)	(35,976)	38,599	-
New financial assets originated *	108,643	14,599	16,998	140,240
Changes in credit risk	99,925	174,923	405,806	680,654
Financial assets derecognised	(27,589)	(30,563)	(31,408)	(89,560)
Amount written off	-	-	(484,992)	(484,992)
At 31 December 2021	934,553	609,842	774,632	2,319,027

Bank 2022	**12-month ECL Stage 1 RM'000**	**Lifetime ECL Not Credit Impaired Stage 2 RM'000**	**Lifetime ECL Credit Impaired Stage 3 RM'000**	**Total RM'000**
ECL allowance				
At 1 January 2022	**948,159**	**609,842**	**774,632**	**2,332,633**
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	**108,654**	**(77,857)**	**(30,797)**	**-**
- Transfer to lifetime ECL not credit impaired (Stage 2)	**(26,480)**	**75,372**	**(48,892)**	**-**
- Transfer to lifetime ECL credit impaired (Stage 3)	**(7,545)**	**(54,806)**	**62,351**	**-**
New financial assets originated *	**145,610**	**40,565**	**84,547**	**270,722**
Changes in credit risk	**(238,140)**	**324,983**	**457,486**	**544,329**
Financial assets derecognised	**(59,617)**	**(44,047)**	**(35,584)**	**(139,248)**
Amount written off	**-**	**-**	**(267,588)**	**(267,588)**
At 31 December 2022	**870,641**	**874,052**	**996,155**	**2,740,848**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11. FINANCING AND ADVANCES (CONTINUED)

(x) Movements in allowance for ECL on financing and advances are as follows (continued):

Bank 2021	12-month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
ECL allowance				
At 1 January 2022	400,965	709,254	975,349	2,085,568
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	398,873	(336,297)	(62,576)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(30,758)	113,902	(83,144)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(2,623)	(35,976)	38,599	-
New financial assets originated *	108,643	14,599	16,998	140,240
Changes in credit risk	100,648	174,923	405,806	681,377
Financial assets derecognised	(27,589)	(30,563)	(31,408)	(89,560)
Amount written off	-	-	(484,992)	(484,992)
At 31 December 2022	948,159	609,842	774,632	2,332,633

* New financing and advances originated during the year which were not credit impaired at origination but subsequently the credit risk has deteriorated.

The following explains how significant changes in the gross carrying amount of financing and advances during the financial year have contributed to the change in the allowance for ECL on financing and advances.

Overall, the total allowance for impairment on financing and advances has increased due to the following:

a) 12-month ECL (Stage 1) - The decrease by RM74.22 million for the Group and RM77.52 million for the Bank was mainly due to the reversal of management overlays of RM106.59 million in relation to COVID-19 which was guided by the Guidance on Reversing COVID-19-related ECL overlays issued by MASB.

b) Lifetime ECL (Stage 2) - The increase by RM264.21 million for the Group and the Bank was mainly due to deterioration in credit quality.

c) Lifetime ECL (Stage 3) - The increase by RM221.52 million for the Group and the Bank was mainly due to deterioration in credit quality and lower written off financing and advances amount during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12. TRADE RECEIVABLES

	Group 2022 RM'000	Group 2021 RM'000
At amortised cost		
Trade receivables	**2,245**	2,075
Less: Allowance for ECL	**(1,017)**	(1,166)
	1,228	909

The credit period granted for sale of goods is 30 days (2021: 30 days). No profit is charged on trade receivables.

The table below is an analysis of trade receivables at the end of the reporting period:

	Group 2022 RM'000	Group 2021 RM'000
Neither past due nor impaired		
1 day to less than 1 month	**153**	60
Past due but not impaired		
1 month to less than 2 months	**850**	374
2 months to less than 3 months	**265**	597
	1,115	971
Past due and impaired	**977**	1,044
	2,245	2,075

Movements in the allowance for ECL are as follows:

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	**1,166**	1,961
Impairment losses recognised during the year (Note 35(ii))	**-**	303
Amount recovered during the year (Note 34(ii))	**(149)**	(1,054)
Amount written off during the year	**-**	(44)
At 31 December	**1,017**	1,166

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date which credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. OTHER ASSETS

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Amount due from subsidiaries (i)	**-**	-	**7,941**	12,524
Other receivables, deposits and prepayments (ii)	**975,749**	620,169	**940,866**	584,027
	975,749	620,169	**948,807**	596,551

The Group's and Bank's other assets include financial assets of RM946.27 million (2021: RM586.52 million) and RM911.79 million (2021: RM550.71 million) that are classified as amortised cost.

(i) Amount due from subsidiaries

The amount due from subsidiaries is non-trade in nature, not subject to financing charges and has no fixed terms of payment.

	Bank	
	2022 RM'000	**2021 RM'000**
Outstanding balances	**9,452**	23,952
Less: Allowance for ECL	**(1,511)**	(11,428)
	7,941	12,524

Movements in the allowance for ECL of amount due from subsidiaries that are neither past due nor impaired are as follows:

	Bank	
	2022 RM'000	**2021 RM'000**
At 1 January	**11,428**	11,428
Reclassification to other receivables	**(9,917)**	-
At 31 December	**1,511**	11,428

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13. OTHER ASSETS (CONTINUED)

(ii) Other receivables, deposits and prepayments

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Other receivables	**723,365**	351,626	**720,574**	350,797
Allowance for ECL	**(19,875)**	(11,096)	**(19,346)**	(10,567)
	703,490	340,530	**701,228**	340,230
Refundable deposits	**42,775**	45,989	**10,564**	10,479
Prepayments	**29,484**	33,650	**29,074**	33,318
Contribution to Central Liquidity Fund *	**200,000**	200,000	**200,000**	200,000
	975,749	620,169	**940,866**	584,027

Movements in the allowance for ECL of other receivables that are neither past due nor impaired are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At 1 January	**11,096**	31,973	**10,567**	31,333
Impairment losses recognised during the year (Note 35(ii))	**-**	135	**-**	135
Amount recovered during the year (Note 34(ii))	**(1,138)**	-	**(1,138)**	-
Reclassed from amount due from subsidiaries	**9,917**	-	**9,917**	-
Amount written off during the year	**-**	(21,012)	**-**	(20,901)
At 31 December	**19,875**	11,096	**19,346**	10,567

* This contribution is required under sub-section 42(i) of Malaysia Co-operative Societies Commission Act 2007 (Act 665) either at a rate of 3% on the qualifying liability or RM200 million, whichever is lower, commencing in the financial period beginning on or after 1 January 2012.

14. RIGHT-OF-USE ASSETS

(i) Group as a lessee

The Group and the Bank have lease contracts for buildings and other equipment used in its operations. Leases of buildings generally have lease terms between 1 to 10 years, with the option to extend for another 1 to 3 years, while other equipment generally have lease terms between 1 to 2 years. The Group's and the Bank's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group and the Bank are restricted from assigning and subleasing the leased assets and some contracts require the Group and the Bank to maintain certain financial ratios. There are several lease contracts that include extension and variable lease payments, which are further discussed below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

The Group and the Bank also have certain leases of motor vehicle with lease terms of 12 months or less and lease of office equipment with low value. The Group and the Bank apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings RM'000	Other equipment RM'000	Total RM'000
Group			
At 1 January 2021	47,957	8,388	56,345
Additions	1,494	-	1,494
Termination	(4,706)	(15)	(4,721)
Remeasurement	12,147	-	12,147
Depreciation (Note 35(ii))	(14,181)	(2,009)	(16,190)
At 31 December 2021/1 January 2022	42,711	6,364	49,075
Additions	**4,589**	**-**	**4,589**
Termination	**(695)**	**(2)**	**(697)**
Remeasurement	**4,067**	**2,187**	**6,254**
Depreciation (Note 35(ii))	**(16,510)**	**(2,449)**	**(18,959)**
At 31 December 2022	**34,162**	**6,100**	**40,262**
Bank			
At 1 January 2021	66,542	8,388	74,930
Termination	(4,706)	(15)	(4,721)
Remeasurement	12,715	-	12,715
Depreciation (Note 35(ii))	(19,967)	(2,009)	(21,976)
At 31 December 2021/1 January 2022	54,584	6,364	60,948
Additions	**4,589**	**-**	**4,589**
Termination	**(695)**	**(2)**	**(697)**
Remeasurement	**4,374**	**2,187**	**6,561**
Depreciation (Note 35(ii))	**(21,998)**	**(2,449)**	**(24,447)**
At 31 December 2022	**40,854**	**6,100**	**46,954**

The Group's total cash outflow for leases is RM20,917,000 (2021: RM17,828,000) and for the Bank is RM27,017,000 (2021: RM24,276,000). There are no non-cash additions to right-of-use assets and lease liabilities. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

Some property leases contain extension options exercisable by the Group and the Bank up to three years before the end of the non-cancellable contract period. Where practicable, the Group and the Bank seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group and the Bank assess at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Bank reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Depreciation expense of right-of-use assets (Note 35(ii))	**18,959**	16,190	**24,447**	21,976
Finance cost on lease liabilities (Note 35(ii))	**1,913**	2,117	**2,316**	2,777
Total amount recognised in profit or loss	**20,872**	18,307	**26,763**	24,753

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(ii) Group as a lessor

The Group and the Bank have entered into operating leases on its investment property portfolio consisting of certain office buildings (Note 19). These leases have terms of between 1 to 3 years. Rental income recognised by the Group and the Bank during the year is RM22,391,025 (2021: RM19,760,097) and RM21,588,967 (2021: RM19,069,786), respectively.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Future rental income within:				
- 1 year	**13,655**	13,144	**12,807**	12,411
- 2 years	**8,668**	6,530	**7,669**	5,616
- 3 years	**6,874**	3,788	**4,809**	1,881
	29,197	23,462	**25,285**	19,908

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15. INVENTORIES

Inventories consist of the following:

	Group	
	2022 RM'000	2021 RM'000
Trading inventories, at cost	**43,801**	23,393
Recognised in profit or loss:		
Inventories recognised as cost of sales	**66,762**	50,955

16. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	**100,744**	100,744

Details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name	Proportion of ownership interest and voting power held by the Group		Principal activities
	2022 %	2021 %	
Directly owned			
Rakyat Holdings Sdn Bhd *	**100**	100	Investment and property management
Rakyat Management Services Sdn Bhd *	**100**	100	Management of Ar-Rahnu business and franchise
Rakyat Nominees Sdn Bhd *	**100**	100	Dormant
Rakyat Hartanah Sdn Bhd *	**100**	100	Dormant
Rakyat Asset Management Sdn Bhd *	**100**	100	Dormant
Rakyat Facility Management Sdn Bhd *	**100**	100	Dormant
Rakyat Niaga Sdn Bhd *	**100**	100	Dormant
Indirectly owned through Rakyat Holdings Sdn Bhd			
Rakyat Travel Sdn Bhd *	**100**	100	Dormant

* The financial statements of these subsidiaries were not audited by the Auditor General of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of Incorporation and Operation	Number of directly owned subsidiaries		Number of indirectly owned subsidiaries	
		2022	2021	2022	2021
Investment and property management	Malaysia	**1**	1	**-**	-
Management of Ar-Rahnu business and franchise	Malaysia	**1**	1	**-**	-
Dormant	Malaysia	**5**	5	**1**	1
		7	7	**1**	1

17. PROPERTY AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in-progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group 2022									
At cost									
At 1 January	**41,510**	**474,896**	**119,060**	**928**	**17,196**	**285,365**	**439,063**	**6,696**	**1,384,714**
Additions	**-**	**224**	**-**	**-**	**12,788**	**1,337**	**28,391**	**1,076**	**43,816**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**	**-**	**(16)**
Write-offs	**-**	**-**	**-**	**-**	**-**	**(79)**	**(17,079)**	**-**	**(17,158)**
Reclassifications	**-**	**(205)**	**-**	**-**	**(22,445)**	**22,650**	**-**	**-**	**-**
At 31 December	**41,510**	**474,915**	**119,060**	**928**	**7,539**	**309,273**	**450,359**	**7,772**	**1,411,356**
Accumulated depreciation									
At 1 January	**-**	**70,456**	**30,235**	**920**	**-**	**276,535**	**396,314**	**4,068**	**778,528**
Charge for the year	**-**	**9,494**	**2,455**	**8**	**-**	**9,363**	**16,916**	**822**	**39,058**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**	**-**	**(16)**
Write-offs	**-**	**-**	**-**	**-**	**-**	**(79)**	**(17,042)**	**-**	**(17,121)**
Transfer to prepaid lease payments (Note 20)	**-**	**-**	**(2,295)**	**-**	**-**	**-**	**-**	**-**	**(2,295)**
At 31 December	**-**	**79,950**	**30,395**	**928**	**-**	**285,819**	**396,172**	**4,890**	**798,154**
Net book value									
At 31 December	**41,510**	**394,965**	**88,665**	**-**	**7,539**	**23,454**	**54,187**	**2,882**	**613,202**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in-progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group (continued)									
2021									
At cost									
At 1 January	41,510	457,291	114,425	928	22,805	284,103	427,086	6,403	1,354,551
Additions	-	-	-	-	16,631	2,036	23,027	569	42,263
Disposals	-	-	-	-	-	(43)	(211)	(276)	(530)
Write-offs	-	-	-	-	-	(731)	(10,839)	-	(11,570)
Reclassifications	-	17,605	4,635	-	(22,240)	-	-	-	-
At 31 December	41,510	474,896	119,060	928	17,196	285,365	439,063	6,696	1,384,714
Accumulated depreciation									
At 1 January	-	61,214	27,863	902	-	269,181	389,832	3,453	752,445
Charge for the year	-	9,242	2,372	18	-	8,129	17,272	891	37,924
Disposals	-	-	-	-	-	(43)	(209)	(276)	(528)
Write-offs	-	-	-	-	-	(732)	(10,581)	-	(11,313)
At 31 December	-	70,456	30,235	920	-	276,535	396,314	4,068	778,528
Net book value									
At 31 December	41,510	404,440	88,825	8	17,196	8,830	42,749	2,628	606,186

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in-progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Bank									
2022									
At cost									
At 1 January	**40,122**	**411,851**	**80,325**	**928**	**17,196**	**283,425**	**436,447**	**6,554**	**1,276,848**
Additions	**-**	**224**	**-**	**-**	**12,788**	**1,337**	**28,329**	**671**	**43,349**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**
Write-offs	**-**	**-**	**-**	**-**	**-**	**(79)**	**(17,075)**	**-**	**(17,154)**
Reclassifications	**-**	**(205)**	**-**	**-**	**(22,445)**	**22,650**	**-**	**-**	**-**
At 31 December	**40,122**	**411,870**	**80,325**	**928**	**7,539**	**307,333**	**447,693**	**7,225**	**1,303,035**
Accumulated depreciation									
At 1 January	**-**	**63,987**	**24,757**	**920**	**-**	**274,750**	**394,049**	**3,939**	**762,402**
Charge for the year	**-**	**8,077**	**1,585**	**8**	**-**	**9,298**	**16,786**	**763**	**36,517**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**
Write-offs	**-**	**-**	**-**	**-**	**-**	**(79)**	**(17,038)**	**-**	**(17,117)**
Transfer to prepaid lease payments (Note 20)	**-**	**-**	**(2,295)**	**-**	**-**	**-**	**-**	**-**	**(2,295)**
At 31 December	**-**	**72,064**	**24,047**	**928**	**-**	**283,969**	**393,789**	**4,702**	**779,499**
Net book value									
At 31 December	**40,122**	**339,806**	**56,278**	**-**	**7,539**	**23,364**	**53,904**	**2,523**	**523,536**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in-progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Bank (continued)									
2021									
At cost									
At 1 January	40,122	394,246	75,690	928	22,805	282,135	424,191	5,985	1,246,102
Additions	-	-	-	-	16,631	2,021	22,940	569	42,161
Write-offs	-	-	-	-	-	(731)	(10,684)	-	(11,415)
Reclassifications	-	17,605	4,635	-	(22,240)	-	-	-	-
At 31 December	40,122	411,851	80,325	928	17,196	283,425	436,447	6,554	1,276,848
Accumulated depreciation									
At 1 January	-	56,162	23,255	902	-	267,922	387,585	3,110	738,936
Charge for the year	-	7,825	1,502	18	-	7,560	16,909	829	34,643
Write-offs	-	-	-	-	-	(732)	(10,445)	-	(11,177)
At 31 December	-	63,987	24,757	920	-	274,750	394,049	3,939	762,402
Net book value									
At 31 December	40,122	347,864	55,568	8	17,196	8,675	42,398	2,615	514,446

Land titles of certain freehold land of the Group and the Bank with carrying amount of RM23,012,387 (2021: RM25,014,244) have not yet been issued by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18. INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
Group			
2022			
At cost			
At 1 January	**13,185**	**889,172**	**902,357**
Additions	**-**	**19,625**	**19,625**
Write-offs	**-**	**(80)**	**(80)**
At 31 December	**13,185**	**908,717**	**921,902**
Accumulated amortisation			
At 1 January	**-**	**323,311**	**323,311**
Charge for the year	**-**	**54,306**	**54,306**
Write-offs	**-**	**(80)**	**(80)**
At 31 December	**-**	**377,537**	**377,537**
Net book value			
At 31 December	**13,185**	**531,180**	**544,365**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Computer software RM'000	Total RM'000
Group (continued)			
2021			
At cost			
At 1 January	13,185	731,775	744,960
Additions	-	157,520	157,520
Write-offs	-	(123)	(123)
At 31 December	13,185	889,172	902,357
Accumulated amortisation			
At 1 January	-	273,955	273,955
Charge for the year	-	49,448	49,448
Write-offs	-	(92)	(92)
At 31 December	-	323,311	323,311
Net book value			
At 31 December	13,185	565,861	579,046

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Bank	
2022	
At cost	
At 1 January	**889,172**
Additions	**19,625**
Write-offs	**(80)**
At 31 December	**908,717**
Accumulated amortisation	
At 1 January	**323,311**
Charge for the year	**54,306**
Write-offs	**(80)**
At 31 December	**377,537**
Net book value	
At 31 December	**531,180**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Bank (continued)	
2021	
At cost	
At 1 January	731,775
Additions	157,520
Write-offs	(123)
At 31 December	889,172
Accumulated amortisation	
At 1 January	273,955
Charge for the year	49,448
Write-offs	(92)
At 31 December	323,311
Net book value	
At 31 December	565,861

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

19. INVESTMENT PROPERTIES

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value				
At 1 January	**1,388,091**	1,353,684	**948,920**	939,305
Additions	**76,039**	25,536	**-**	6,836
Gain on revaluation (Note 34(ii))	**26,281**	8,871	**9,450**	2,779
At 31 December	**1,490,411**	1,388,091	**958,370**	948,920

Investment properties include the following:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	**153,055**	145,245	**145,453**	145,203
Buildings	**1,022,009**	931,692	**528,010**	522,200
Long-term leasehold land	**315,347**	311,154	**284,907**	281,517
	1,490,411	1,388,091	**958,370**	948,920

Investment properties of the Group and of the Bank are stated at fair value and are situated in Malaysia.

The fair values of the Group's and of the Bank's investment properties as at 31 December 2022 and 31 December 2021 have been arrived at on the basis of valuation carried out by independent valuers who have appropriate qualification and recent experience in the valuation of properties in the relevant locations. The fair value at level 3 was arrived at by using a variety of approaches such as sales comparison and investment method.

The Group and the Bank have assessed that the highest and best use of its properties do not differ from their existing use.

No investment properties were pledged as security for banking facilities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

19. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's and the Bank's investment properties and information about the fair value hierarchy are as follows:

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
At 31 December 2022	**1,490,411**	**1,490,411**	**-**	**-**	**1,490,411**
At 31 December 2021	1,388,091	1,388,091	-	-	1,388,091
Bank					
At 31 December 2022	**958,370**	**958,370**	**-**	**-**	**958,370**
At 31 December 2021	948,920	948,920	-	-	948,920

Reconciliation of fair value:

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land RM'000	Total RM'000
Group				
At 1 January 2021	145,235	904,517	303,932	1,353,684
Additions	-	18,700	6,836	25,536
Remeasurement recognised in profit or loss	10	8,475	386	8,871
At 31 December 2021/1 January 2022	145,245	931,692	311,154	1,388,091
Additions	**-**	**76,039**	**-**	**76,039**
Remeasurement recognised in profit or loss (Note 34(ii))	**7,810**	**14,278**	**4,193**	**26,281**
At 31 December 2022	**153,055**	**1,022,009**	**315,347**	**1,490,411**
Bank				
At 1 January 2021	145,203	519,635	274,467	939,305
Additions	-	-	6,836	6,836
Remeasurement recognised in profit or loss	-	2,565	214	2,779
At 31 December 2021/1 January 2022	145,203	522,200	281,517	948,920
Remeasurement recognised in profit or loss (Note 34(ii))	**250**	**5,810**	**3,390**	**9,450**
At 31 December 2022	**145,453**	**528,010**	**284,907**	**958,370**

Land titles for certain freehold land and leasehold land of the Group and the Bank with fair value amounting to RM1,000,000 (2021: RM980,000) have not been issued to the Group and the Bank by the relevant authorities.

The investment properties held by the Group and the Bank are let under operating leases to third parties, from which rental income of RM22,391,025 (2021: RM19,760,097) and RM21,588,967 (2021: RM19,069,786) has been earned during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

20. PREPAID LEASE PAYMENTS

	Group and Bank	
	2022 RM'000	2021 RM'000
Cost		
At 1 January/31 December	**79,853**	79,853
Accumulated amortisation		
At 1 January	**20,815**	19,225
Charge for the year (Note 35(ii))	**1,550**	1,590
Transfer from property and equipment (Note 17)	**2,295**	-
At 31 December	**24,660**	20,815
	55,193	59,038

	Group and Bank	
	2022 RM'000	2021 RM'000
Prepaid lease payments include:		
Long-term leasehold land	**49,872**	52,044
Short-term leasehold land	**5,321**	6,994
	55,193	59,038

The remaining period of the leasehold land of the Group and of the Bank ranges from 3 to 859 years (2021: 4 to 860 years).

The land titles of certain leasehold land of the Group and of the Bank amounting to RM6,347,002 (2021: RM6,730,115) have not yet been issued to the Group and the Bank by the relevant authorities.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	**187,934**	(92,131)	**201,000**	(80,000)
Recognised in profit or loss (net) (Note 36)				
- relating to origination and reversal of temporary differences	**87,838**	280,787	**89,000**	281,000
- underprovision of net deferred tax liabilities	**(270)**	(722)	**-**	-
As of 31 December	**275,502**	187,934	**290,000**	201,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities in respect of each entity and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deferred tax assets, net	**290,672**	201,484	**290,000**	201,000
Deferred tax liabilities, net	**(15,170)**	(13,550)	**-**	-
	275,502	187,934	**290,000**	201,000

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deferred tax assets	**394,825**	386,088	**393,000**	385,000
Deferred tax liabilities	**(119,323)**	(198,154)	**(103,000)**	(184,000)
	275,502	187,934	**290,000**	201,000

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	**Financing allowances for ECL RM'000**	**Provision of liabilities RM'000**	**Other temporary differences * RM'000**	**Total RM'000**
Deferred tax assets				
At 1 January 2021	112,000	107,954	29,449	249,403
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	132,000	13,350	(8,719)	136,631
- overprovision	-	-	54	54
At 31 December 2021/1 January 2022	**244,000**	**121,304**	**20,784**	**386,088**
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	**31,000**	**(16,056)**	**(5,937)**	**9,007**
- underprovision	**-**	**-**	**(270)**	**(270)**
At 31 December 2022	**275,000**	**105,248**	**14,577**	**394,825**

* Mainly consist of temporary differences in respect of allowance for ECL of other receivables and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Group	**FVOCI reserve and impairment losses on financial investments RM'000**	**Other temporary differences ^ RM'000**	**Total RM'000**
Deferred tax liabilities			
At 1 January 2021	207,000	134,534	341,534
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	(174,000)	29,844	(144,156)
- overprovision	-	776	776
At 31 December 2021/1 January 2022	**33,000**	**165,154**	**198,154**
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	**(103,000)**	**24,169**	**(78,831)**
At 31 December 2022	**(70,000)**	**189,323**	**119,323**

^ Mainly consist of temporary differences in respect of property and equipment, investment in properties and right-of-use assets.

Bank	**Financing allowances for ECL RM'000**	**Provision of liabilities RM'000**	**Other temporary differences * RM'000**	**Total RM'000**
Deferred tax assets				
At 1 January 2021	112,000	107,000	29,000	248,000
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	132,000	14,000	(9,000)	137,000
At 31 December 2021/1 January 2022	**244,000**	**121,000**	**20,000**	**385,000**
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	**31,000**	**(17,000)**	**(6,000)**	**8,000**
At 31 December 2022	**275,000**	**104,000**	**14,000**	**393,000**

* Mainly consist of temporary differences in respect of allowance for ECL of other receivables and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Bank	FVOCI reserve and impairment losses on financial investments RM'000	Other temporary differences ^ RM'000	Total RM'000
Deferred tax liabilities			
At 1 January 2021	207,000	121,000	328,000
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	(174,000)	30,000	(144,000)
At 31 December 2021/1 January 2022	**33,000**	**151,000**	**184,000**
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	**(103,000)**	**22,000**	**(81,000)**
At 31 December 2022	**(70,000)**	**173,000**	**103,000**

^ Mainly consist of temporary differences in respect of property and equipment, investment in properties and right-of-use assets.

22. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2022 RM'000	2021 RM'000
At amortised cost		
Savings deposits		
Qard	**6,690,395**	6,910,552
Demand deposits		
Qard	**2,803,919**	2,321,400
Term deposits		
Tawarruq	**75,856,383**	74,016,432
Negotiable Islamic debt certificates	**987,500**	3,275,500
	86,338,197	86,523,884

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22. DEPOSITS FROM CUSTOMERS (CONTINUED)

Deposits from customers are sourced from the following type of customers:

	Group and Bank	
	2022 RM'000	2021 RM'000
Government	**41,953,477**	43,517,087
Business enterprises	**20,689,800**	19,314,090
Co-operatives	**2,691,533**	2,439,694
Individuals	**19,042,369**	19,597,897
Others	**1,961,018**	1,655,116
	86,338,197	86,523,884

Maturity structure of deposits from customers are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Maturity within six months	**72,020,090**	69,244,255
More than six months to one year	**8,484,552**	11,156,420
More than one year to five years	**5,833,555**	6,123,209
	86,338,197	86,523,884

23. INVESTMENT ACCOUNTS OF CUSTOMERS

a) By type and Shariah contract

	Group and Bank	
	2022 RM'000	2021 RM'000
Unrestricted investment accounts		
Without maturity:		
Mudarabah	**19,983**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

b) By type of customers

	Group and Bank	
	2022 RM'000	2021 RM'000
Individuals	**19,983**	-

c) Movement of unrestricted investment accounts of customers

	Group and Bank	
	2022 RM'000	2021 RM'000
As at 1 January	**-**	-
Funding inflows/outflows:		
Net movement	**19,972**	-
Bank's share of profit:		
Profit distributed to Mudharib	**11**	-
As at 31 December	**19,983**	-

	Group and Bank	
	2022 RM'000	2021 RM'000
Investment portfolio:		
Personal financing	**13,988**	-
Islamic debt securities	**5,995**	-
	19,983	-

d) By maturity structures, profit sharing ratio and rate of return

	Investment account holders		
Group and Bank 2022	**Total amount RM'000**	**Average profit sharing ratio (%)**	**Average rate of return (%)**
Unrestricted investment accounts:			
Less than 3 months			
Mudarabah	**19,983**	**4.80**	**0.02**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

24. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group and Bank	
	2022 RM'000	2021 RM'000
At amortised cost		
Cash and short-term funds	**1,592,461**	850,000

25. RECOURSE OBLIGATIONS ON FINANCING SOLD TO CAGAMAS

This represents proceeds received from financing sold directly to Cagamas Berhad with recourse to the Bank. Types of financing involved are personal financing and house financing. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to replace any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad.

Recourse obligations on financing sold to Cagamas are stated at amortised cost.

26. DEBT SECURITIES ISSUED

		Group and Bank	
	Note	2022 RM'000	2021 RM'000
Issued under the RM9.0 billion Senior Islamic Medium Term Notes (IMTN) Programme:			
RM850 million IMTN due in 2022	(i)(a)	**-**	853,176
RM430 million IMTN due in 2022	(i)(b)	**-**	433,370
Issued under the RM10.0 billion Senior Sukuk Wakalah Programme:			
RM400 million IMTN due in 2025	(ii)(a)	**402,477**	402,368
RM300 million IMTN due in 2027	(ii)(a)	**301,962**	301,905
RM300 million IMTN due in 2026	(ii)(b)	**302,052**	301,996
RM700 million IMTN due in 2028	(ii)(b)	**705,261**	705,138
RM700 million IMTN due in 2027	(ii)(c)	**703,709**	-
RM800 million IMTN due in 2029	(ii)(c)	**804,627**	-
RM200 million IMTN due in 2025	(ii)(d)	**201,261**	-
RM200 million IMTN due in 2027	(ii)(d)	**201,355**	-
RM100 million IMTN due in 2029	(ii)(d)	**100,682**	-
Issued under the RM5.0 billion Tier II Subordinated Programme:			
RM300 million Tier II due in 2031	(iii)(a)	**300,005**	299,987
		4,023,391	3,297,940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. DEBT SECURITIES ISSUED (CONTINUED)

(i) On 25 October 2013, the Bank established a RM9.0 billion Senior IMTNs Programme to issue Sukuk Musharakah via a Special Purpose Vehicle ("SPV"), Imtiaz Sukuk II Berhad with a programme tenor of 10 years.

(a) On 29 May 2017, the Bank issued the eighth tranche of RM850 million. The eighth tranche bears a profit distribution rate at 4.58%. The profit is payable semi-annually each year commencing 29 November 2017. The eighth tranche has been fully redeemed on 27 May 2022.

(b) On 17 October 2017, the Bank issued the tenth tranche of RM430 million. The tenth tranche bears a profit distribution rate at 4.57%. The profit is payable semi-annually each year commencing 17 April 2018. The tenth tranche has been fully redeemed on 17 October 2022.

The Sukuk Musharakah constitutes direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, subject to the previous of the Transaction Documents and those preferred by law.

(ii) On 10 July 2020, the Bank established a RM10 billion Senior IMTNs Programme to issue Sukuk Wakalah via a SPV, Imtiaz Sukuk II Berhad with a programme tenor of 30 years.

(a) On 7 October 2020, the Bank issued the first and second tranches of RM400 million and RM300 million, respectively. The first tranche bears a profit distribution rate at 2.97% maturing on 7 October 2025. The second tranche bears a profit distribution rate at 3.20% maturing on 7 October 2027. The profit is payable semi-annually each year commencing 7 April 2021.

(b) On 19 April 2021, the Bank issued the third and fourth tranches of RM300 million and RM700 million. The third tranche bears a profit distribution rate at 3.54% maturing on 17 April 2026. The fourth tranche bears a profit distribution rate at 3.90% maturing on 19 April 2028. The profit is payable semi-annually each year commencing 20 October 2021.

(c) On 12 May 2022, the Bank issued the fifth and sixth tranches of RM700 million and RM800 million, respectively. The fifth tranche bears a profit distribution rate at 4.38% maturing on 12 May 2027. The sixth tranche bears a profit distribution rate at 4.77% maturing on 11 May 2029. The profit is payable semi-annually each year commencing 14 November 2022.

(d) On 8 November 2022, the Bank issued the seventh, eighth and ninth tranches of RM200 million, RM200 million and RM100 million, respectively. The seventh tranche bears a profit distribution rate at 4.63% maturing on 7 November 2025. The eighth tranche bears a profit distribution rate at 4.97% maturing on 8 November 2027. The ninth tranche bears a profit distribution rate at 5.00% maturing on 8 November 2029. The profit is payable semi-annually each year commencing 8 May 2023.

The Sukuk Wakalah constitutes direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, subject to the previous of the Transaction Documents and those preferred by law.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26. DEBT SECURITIES ISSUED (CONTINUED)

(iii) On 19 April 2016, the Bank established a Subordinated Sukuk Programme to issue a Basel III compliant Tier II Subordinated Sukuk Murabahah of up to RM5.0 billion in nominal value. The issuance was made via a SPV, Mumtaz Rakyat Sukuk Berhad. The Subordinated Sukuk Programme has a tenor of up to 20 years from the date of the first issuance and shall be issued with a maturity for at least 5 years and up to 20 years.

On 25 June 2021, the Bank issued the second tranche of RM300 million on nominal value of the Tier II Subordinated Sukuk for a tenor of 10 years on a 10 non-callable 5 basis with profit distribution rate at 3.78% and maturing on 25 June 2031. The profit is payable semi-annually each year commencing 27 December 2021.

The Subordinated Sukuk Murabahah will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking pari passu without any preference among themselves and at least pari passu with all other present and future unsecured and subordinated obligations of the Issuer, except those preferred by law and the Transaction Documents.

The proceeds from the issuances were utilised by the Bank for Shariah-compliant working capital and general corporate purposes.

27. CASHLINE FACILITY

The cashline facility is a committed line provided by local banks. It is an interbank arrangement where the facility is collateralised on agreed terms and alternative source of funds.

As at the end of the reporting period, the following are the assets that are pledged as the collateral for the cashline facility:

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Cash and short-term funds	**239,829**	234,841
Deposits and placements with financial institutions	**368,303**	361,249
	608,132	596,090

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28. OTHER LIABILITIES

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Amount due to subsidiaries (i)	**-**	-	**148,921**	177,889
Sundry creditors	**167,601**	169,554	**172,000**	176,286
Income payable	**428,136**	431,786	**428,136**	431,786
Other liabilities and accruals	**586,074**	654,131	**574,556**	646,389
Lease liabilities (ii)	**42,378**	51,236	**49,457**	63,705
Allowances for ECL on financial guarantee (iii)	**2,664**	4,213	**2,664**	4,213
Government fund	**303,240**	333,732	**303,240**	333,732
Zakat payable	**55,322**	52,370	**53,383**	50,260
	1,585,415	1,697,022	**1,732,357**	1,884,260

Included in the government fund is amount received by the Group and the Bank under various financing facilities established by the government to provide relief and support recovery for SME/micro enterprises at below than the market rate.

The Group's and Bank's other liabilities include financial liabilities of RM588.74 million (2021: RM658.34 million) and RM577.22 million (2021: RM650.60 million) that are classified as amortised cost.

(i) Amount due to subsidiaries

	Bank	
	2022 RM'000	**2021 RM'000**
Term deposits	**121,754**	118,486
Savings deposits	**27,167**	59,403
	148,921	177,889

The amount due to subsidiaries represents deposits placed with the Bank at profit rate paid/payable ranging from 1.90% to 2.30% (2021:1.90% to 2.30%) per annum and have maturity period ranging from 30 days to 365 days (2021: 30 days to 365 days).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28. OTHER LIABILITIES (CONTINUED)

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
At 1 January	**51,236**	58,027	**63,705**	77,210
Additions	**4,589**	1,494	**4,589**	-
Termination	**(697)**	(2,342)	**(697)**	(2,342)
Remeasurement	**6,254**	9,768	**6,561**	10,336
Lease payments	**(20,917)**	(17,828)	**(27,017)**	(24,276)
Finance cost on lease liabilities (Note 35(ii))	**1,913**	2,117	**2,316**	2,777
At 31 December	**42,378**	51,236	**49,457**	63,705

Future minimum rentals commitment under non-cancellable operating leases as at 31 December are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Future rental commitment within:				
- 1 year	**661**	1,399	**895**	381
- 2 years	**10,191**	608	**11,224**	4,488
- 3 years	**23,849**	10,921	**29,342**	13,771
- 4 years	**5,041**	31,684	**5,094**	38,112
- 5 years	**2,423**	6,058	**2,689**	6,387
- 6 years onwards	**213**	566	**213**	566
	42,378	51,236	**49,457**	63,705

The Group and the Bank do not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's and the Bank's treasury function.

All lease obligations are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28. OTHER LIABILITIES (CONTINUED)

(iii) Allowances for ECL on financial guarantee

Group and Bank	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January 2021	3,298	2,664	5,962
Changes in credit risk	(1,749)	-	(1,749)
At 31 December 2021/1 January 2022	**1,549**	**2,664**	**4,213**
Changes in credit risk	**(1,549)**	**-**	**(1,549)**
At 31 December 2022	**-**	**2,664**	**2,664**

29. SHARE CAPITAL

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Issued and fully paid - Ordinary shares		
At 1 January	**2,986,030**	2,986,030
Net issuance during the year	**22,939**	18,282
Share withdrawal	**(26,704)**	(22,374)
Transfer from share redemption fund *	**3,765**	4,092
At 31 December	**2,986,030**	2,986,030

Membership as of 31 December is as follows:

	Group and Bank	
	2022	**2021**
Individual	**815,367**	824,799
Co-operative	**2,264**	2,267
	817,631	827,066

* The share redemption fund is maintained under Paragraph 19(i) of Undang-undang Kecil Bank Kerjasama Rakyat Malaysia Berhad for redemption of shares by members.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

30. RESERVES

	← Non-distributable →						← Distributable →	
	Capital reserve RM'000	Statutory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Group								
At 1 January 2022	**14,617**	**7,306,693**	**129**	**202,791**	**329,672**	**7,853,902**	**10,809,378**	**18,663,280**
Profit after taxation and zakat	**-**	**-**	**-**	**-**	**-**	**-**	**1,813,552**	**1,813,552**
Transfer from retained profits	**-**	**460,125**	**-**	**-**	**-**	**460,125**	**(460,125)**	**-**
Contribution to the Co-operative Education Trust Fund	**-**	**-**	**-**	**-**	**-**	**-**	**(33,565)**	**(33,565)**
Contribution to the Co-operative Development Provident Fund	**-**	**-**	**-**	**-**	**-**	**-**	**(16,782)**	**(16,782)**
Contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**-**	**-**	**-**	**(14,303)**	**(14,303)**
Fair value reserve								
- Change in fair value	**-**	**-**	**-**	**(415,204)**	**-**	**(415,204)**	**-**	**(415,204)**
- Transferred to profit or loss	**-**	**-**	**-**	**(1,349)**	**-**	**(1,349)**	**-**	**(1,349)**
Change in ECL reserve	**-**	**-**	**(51)**	**-**	**-**	**(51)**	**-**	**(51)**
Dividends (Note 40)	**-**	**-**	**-**	**-**	**-**	**-**	**(429,476)**	**(429,476)**
At 31 December 2022	**14,617**	**7,766,818**	**78**	**(213,762)**	**329,672**	**7,897,423**	**11,668,679**	**19,566,102**
At 1 January 2021	14,617	6,833,392	174	913,708	329,672	8,091,563	9,860,818	17,952,381
Profit after taxation and zakat	-	-	-	-	-	-	1,857,885	1,857,885
Transfer from retained profits	-	473,301	-	-	-	473,301	(473,301)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(32,302)	(32,302)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(16,151)	(16,151)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,341)	(14,341)
Fair value reserve								
- Change in fair value	-	-	-	(708,613)	-	(708,613)	-	(708,613)
- Transferred to profit or loss	-	-	-	(2,304)	-	(2,304)	-	(2,304)
Change in ECL reserve	-	-	(45)	-	-	(45)	-	(45)
Dividends (Note 40)	-	-	-	-	-	-	(373,230)	(373,230)
At 31 December 2021	14,617	7,306,693	129	202,791	329,672	7,853,902	10,809,378	18,663,280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

30. RESERVES (CONTINUED)

	← Non-distributable →						Distributable →	
	Capital reserve RM'000	Statutory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Bank								
At 1 January 2022	**15,358**	**7,306,693**	**129**	**202,791**	**329,672**	**7,854,643**	**10,373,508**	**18,228,151**
Profit after taxation and zakat	**-**	**-**	**-**	**-**	**-**	**-**	**1,800,649**	**1,800,649**
Transfer from retained profits	**-**	**460,125**	**-**	**-**	**-**	**460,125**	**(460,125)**	**-**
Contribution to the Co-operative Education Trust Fund	**-**	**-**	**-**	**-**	**-**	**-**	**(33,565)**	**(33,565)**
Contribution to the Co-operative Development Provident Fund	**-**	**-**	**-**	**-**	**-**	**-**	**(16,782)**	**(16,782)**
Contribution to Bank Rakyat Foundation	**-**	**-**	**-**	**-**	**-**	**-**	**(14,303)**	**(14,303)**
Fair value reserve								
- Change in fair value	**-**	**-**	**-**	**(415,204)**	**-**	**(415,204)**	**-**	**(415,204)**
- Transferred to profit or loss	**-**	**-**	**-**	**(1,349)**	**-**	**(1,349)**	**-**	**(1,349)**
Change in ECL reserve	**-**	**-**	**(51)**	**-**	**-**	**(51)**	**-**	**(51)**
Dividends (Note 40)	**-**	**-**	**-**	**-**	**-**	**-**	**(429,476)**	**(429,476)**
At 31 December 2022	**15,358**	**7,766,818**	**78**	**(213,762)**	**329,672**	**7,898,164**	**11,219,906**	**19,118,070**
At 1 January 2021	15,358	6,833,392	174	913,708	329,672	8,092,304	9,430,095	17,522,399
Profit after taxation and zakat	-	-	-	-	-	-	1,852,738	1,852,738
Transfer from retained profits	-	473,301	-	-	-	473,301	(473,301)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(32,302)	(32,302)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(16,151)	(16,151)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,341)	(14,341)
Fair value reserve								
- Change in fair value	-	-	-	(708,613)	-	(708,613)	-	(708,613)
- Transferred to profit or loss	-	-	-	(2,304)	-	(2,304)	-	(2,304)
Change in ECL reserve	-	-	(45)	-	-	(45)	-	(45)
Dividends (Note 40)	-	-	-	-	-	-	(373,230)	(373,230)
At 31 December 2021	15,358	7,306,693	129	202,791	329,672	7,854,643	10,373,508	18,228,151

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

30. RESERVES (CONTINUED)

(i) Statutory reserve

The statutory reserve is maintained in compliance with Development Financial Institutions Act 2002 (Act 618) and is not distributable as dividend.

(ii) Capital reserve

This is a reserve required to be maintained under Co-operative Societies Act 1993 and consists of capital gain from disposal of land or building, or both, under non-current assets.

(iii) ECL reserve

This ECL reserve comprises ECL allowance for financial investments at FVOCI. The ECL allowance will be reversed to profit or loss upon disposal or derecognition of the financial instruments.

(iv) Fair value reserve of financial investments at FVOCI

This reserve relates to unrealised fair value gains and losses on financial investments at fair value through other comprehensive income.

(v) Regulatory reserve

The regulatory reserve is maintained as an additional credit risk buffer to ensure the robustness of the financing impairment assessment methodology. The regulatory reserve is maintained in accordance with Bank Negara Malaysia's policy on Financial Reporting for Development Financial Institutions to maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserve of no less than 1% (2021: no less than 1%) of total credit exposures, net of loss allowance for credit-impaired exposures.

During the year, Bank Negara Malaysia permitted reduction of the reserve as part of the COVID-19 related measures to disburse prudential buffers. The Bank has not disbursed the reserve for the year 2022.

(vi) Retained profits

Included in retained profits is an amount of RM1,340,000,000 (2021: RM1,340,000,000) earmarked to improve the Rate of Return Risk (ROR) exposure as part of asset and liability management strategies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. INCOME

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income derived from investment of depositors' fund (i)	**4,434,593**	4,349,252	**4,443,306**	4,357,001
Income derived from investment account funds (ii)	**283**	-	**283**	-
Income derived from investment of shareholders' fund (iii)	**1,376,501**	1,294,949	**1,379,206**	1,297,257
Income generated by subsidiaries (iv)	**92,846**	64,349	**-**	-
	5,904,223	5,708,550	**5,822,795**	5,654,258

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL:

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Amortised cost before modification	**15,042,499**	23,543,608
Net modification loss	**(287,942)**	(176,532)

(i) Income derived from investment of depositors' fund

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income from financing and advances *	**3,459,995**	3,394,640	**3,468,708**	3,402,389
Income from deposits and placements with banks and financial institutions	**12,586**	8,396	**12,586**	8,396
Income from financial investments	**962,012**	946,216	**962,012**	946,216
	4,434,593	4,349,252	**4,443,306**	4,357,001

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

31. INCOME (CONTINUED)

(ii) Income derived from investment account funds

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income from financing and advances *	**224**	-	**224**	-
Income from financial investments	**59**	-	**59**	-
	283	-	**283**	-

(iii) Income derived from investment of shareholders' fund

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income from financing and advances *	**1,073,985**	1,010,722	**1,076,690**	1,013,030
Income from deposits and placements with banks and financial institutions	**3,907**	2,500	**3,907**	2,500
Income from financial investments	**298,609**	281,727	**298,609**	281,727
	1,376,501	1,294,949	**1,379,206**	1,297,257

* Included in income from financing and advances for the current year is profit accrued on impaired financing of RM64,925,919 (2021: RM71,443,653).

Included the net effect under government support measures to provide relief and support recovery for SME/micro enterprises in order to sustain their business operations amounting to RM5,902,547 (2021: RM27,523,270) for the Group and the Bank.

(iv) Income generated by subsidiaries

	Group	
	2022 RM'000	**2021 RM'000**
Pawning income	**82,140**	54,550
Rental income	**832**	716
Management fee	**9,874**	9,083
	92,846	64,349

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

32. EXPENDITURE

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income attributable to depositors (i)	**2,173,261**	1,976,444	**2,176,841**	1,980,012
Income attributable to investment account holders (ii)	**11**	-	**11**	-
Profit expense on financing sold with recourse to Cagamas	**15,467**	16,567	**15,467**	16,567
Profit expense on debt securities issued	**150,551**	134,198	**150,551**	134,198
Profit expense on cashline facility	**8,647**	3,473	**8,647**	3,473
Cost of sales	**79,416**	53,758	**-**	-
	2,427,353	2,184,440	**2,351,517**	2,134,250

(i) Income attributable to depositors

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deposits from customers				
Non-Mudarabah	**2,146,088**	1,951,789	**2,149,668**	1,955,357
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	**27,173**	24,655	**27,173**	24,655
	2,173,261	1,976,444	**2,176,841**	1,980,012

(ii) Income attributable to investment account holders

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Unrestricted investment accounts				
Mudarabah	**11**	-	**11**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

33. ALLOWANCES FOR IMPAIRMENT

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Allowance for impairment on financing and advances (i)	**677,550**	729,585	**674,254**	730,308
Allowance for impairment on financial investments (ii)	**(7,452)**	(693)	**(7,452)**	(693)
	670,098	728,892	**666,802**	729,615

(i) Allowance for impairment on financing and advances

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Stage 1 - 12-month ECL	**(74,222)**	546,471	**(77,518)**	547,194
Stage 2 - lifetime ECL not credit impaired	**262,661**	(101,161)	**262,661**	(101,161)
Stage 3 - lifetime ECL credit impaired	**489,111**	284,275	**489,111**	284,275
	677,550	729,585	**674,254**	730,308

(ii) Allowance for impairment on financial investments

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Financial investments at fair value through other comprehensive income (Note 9)	**(51)**	(45)
Financial investments at amortised cost (Note 10)	**(7,401)**	(648)
	(7,452)	(693)

34. OTHER OPERATING INCOME

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fees and commission (i)	**115,346**	103,439	**115,346**	103,439
Other income (ii)	**325,447**	251,755	**308,304**	244,363
	440,793	355,194	**423,650**	347,802

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34. OTHER OPERATING INCOME (CONTINUED)

(i) Fees and commission

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Takaful commission	**64,082**	60,600	**64,082**	60,600
ATM service fees	**4**	9	**4**	9
Wasiat commission	**9,484**	8,813	**9,484**	8,813
Other commission	**22,592**	23,251	**22,592**	23,251
Processing fees	**27**	35	**27**	35
MEPS fees	**15,167**	6,476	**15,167**	6,476
Other fees	**3,990**	4,255	**3,990**	4,255
	115,346	103,439	**115,346**	103,439

(ii) Other income

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Net other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	**15,623**	17,538	**15,623**	17,538
Net (loss)/gain on disposal of financial investments atfair value through profit or loss	**(24,813)**	2,608	**(24,813)**	2,608
Net gain on disposal of financial investments at fair value through other comprehensive income	**1,349**	2,304	**1,349**	2,304
Net loss on revaluation of financial investments at fair value through profit or loss	**(846)**	(46,840)	**(846)**	(46,840)
	(8,687)	(24,390)	**(8,687)**	(24,390)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34. OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Others				
Rental income	**21,598**	19,095	**21,627**	19,120
Compensation for late payment	**6,450**	6,903	**6,450**	6,903
Charges from credit card services	**5,145**	5,092	**5,145**	5,092
Other service charges	**13,634**	12,823	**13,634**	12,823
Recoveries from financing written off	**187,865**	169,933	**187,865**	169,933
Writeback for impairment on trade receivables (Note 12)	**149**	1,054	**-**	-
Writeback for impairment on other receivables, deposits and prepayments (Note 13(ii))	**1,138**	-	**1,138**	-
Gain on disposal of property and equipment	**-**	185	**-**	-
Other income	**71,874**	52,189	**71,682**	52,103
Gain on revaluation of investment properties (Note 19)	**26,281**	8,871	**9,450**	2,779
	334,134	276,145	**316,991**	268,753
	325,447	251,755	**308,304**	244,363

35. OPERATING EXPENSES

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Personnel expenses (i)	**1,002,758**	959,515	**997,121**	955,256
Other overheads and expenditure (ii)	**548,496**	564,831	**552,776**	567,843
	1,551,254	1,524,346	**1,549,897**	1,523,099

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(i) Personnel expenses

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Salaries and wages	**499,122**	456,792	**495,449**	454,085
Allowances and bonuses	**259,230**	300,629	**257,987**	299,652
Defined contribution plan - EPF	**159,244**	144,772	**158,957**	144,533
Social security contributions - SOCSO	**5,763**	5,153	**5,731**	5,128
Other staff related costs	**79,399**	52,169	**78,997**	51,858
	1,002,758	959,515	**997,121**	955,256

Total number of staff (excluding the Board of Directors) for the Group is 6,168 (2021: 6,060) and for the Bank is 6,117 (2021: 6,022).

(ii) Other overheads and expenditures

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Establishment				
Rental	**1,781**	1,074	**1,818**	1,098
Depreciation of property and equipment (Note 17)	**39,058**	37,924	**36,517**	34,643
Depreciation of right-of-use assets (Note 14)	**18,959**	16,190	**24,447**	21,976
Amortisation of prepaid lease payments (Note 20)	**1,550**	1,590	**1,550**	1,590
Amortisation of intangible assets (Note 18)	**54,306**	49,448	**54,306**	49,448
Finance cost on lease liabilities (Note 28(ii))	**1,913**	2,117	**2,316**	2,777
Repair and maintenance	**93,965**	137,432	**93,887**	137,346
Takaful	**10,022**	9,562	**9,967**	9,515
	221,554	255,337	**224,808**	258,393

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Promotion				
Advertisement and publicity	**27,999**	17,793	**27,991**	17,789
General expenses				
Legal and professional fees	**19,482**	38,739	**19,270**	38,480
Auditors' remuneration	**1,365**	1,351	**1,200**	1,200
Communication expenses	**21,950**	35,243	**21,907**	35,194
Utilities expenses	**17,562**	18,212	**17,522**	18,174
Printing and stationery	**18,540**	16,781	**18,461**	16,709
Postage and courier	**19,574**	13,962	**19,515**	13,910
Security expenses	**29,533**	22,666	**29,533**	22,666
Service charges	**44,112**	37,048	**47,072**	38,577
Loss on financing written off	**6,936**	6,785	**6,936**	6,785
Property and equipment written off	**37**	257	**37**	238
Intangible assets written off	**-**	31	**-**	31
Commission expenses	**77,334**	61,067	**77,334**	61,067
Travelling and transportation	**18,499**	6,052	**18,475**	6,036
Others	**24,019**	33,507	**22,715**	32,594
	298,943	291,701	**299,977**	291,661
	548,496	564,831	**552,776**	567,843

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Impairment losses on:				
Trade receivables (Note 12)	**-**	303	**-**	-
Other receivables, deposits and prepayments (Note 13(ii))	**-**	135	**-**	135
Auditors' remuneration:				
Current year:				
Statutory audit fees	**1,365**	1,351	**1,200**	1,200
Amortisation of prepaid lease payment (Note 20)	**1,550**	1,590	**1,550**	1,590
Depreciation of property and equipment (Note 17)	**39,058**	37,924	**36,517**	34,643
Amortisation of intangible assets (Note 18)	**54,306**	49,448	**54,306**	49,448
Depreciation of right-of-use assets (Note 14)	**18,959**	16,190	**24,447**	21,976
Finance cost on lease liabilities (Note 28(ii))	**1,913**	2,117	**2,316**	2,777
Property and equipment written off	**37**	257	**37**	238
Intangible assets written off	**-**	31	**-**	31
Rental of premises	**1,755**	1,058	**1,818**	1,098
Rental of equipment	**26**	16	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

Included in general expenses are the following Chief Executive Officer, Directors and Shariah Committee members' remuneration:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Chief Executive Officer				
Salary and other remuneration	**1,001**	-	**1,001**	-
Bonuses	**624**	-	**624**	-
EPF contributions	**304**	-	**304**	-
Other emoluments	**4**	-	**4**	-
	1,933	-	**1,933**	-
Former Chief Executive Officer				
Salary and other remuneration	**613**	860	**613**	860
Bonuses	**922**	602	**922**	602
EPF contributions	**292**	271	**292**	271
Other emoluments	**3**	-	**3**	-
	1,830	1,733	**1,830**	1,733
Non-Executive Directors				
Fees	**2,434**	3,165	**2,321**	3,025
Other emoluments	**31**	51	**31**	51
	2,465	3,216	**2,352**	3,076
	6,228	4,949	**6,115**	4,809
Shariah Committee				
Fees	**444**	476	**444**	476
Other emoluments	**-**	10	**-**	10
	444	486	**444**	486
	6,672	5,435	**6,559**	5,295

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

Total remuneration of the Chief Executive Officer and Directors is as follows:

	Bank			Group			
	Remuneration received from the Bank			Bank	Remuneration received from Subsidiary Companies		
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Total RM'000	Total RM'000
2022							
Chief Executive Officer							
Dr. Mohammad Hanis Osman	**1,929**	**-**	**4**	**1,933**	**-**	**-**	**1,933**
Non-Executive Directors							
Datuk Mohd Irwan Mohd Mubarak	**-**	**319**	**-**	**319**	**21**	**21**	**340**
Datuk Haji Abd Rani Lebai Jaafar	**-**	**308**	**31**	**339**	**92**	**92**	**431**
Dato' Sri Suriani Dato' Ahmad	**-**	**186**	**-**	**186**	**-**	**-**	**186**
Dato' Shamsul Azri Abu Bakar	**-**	**202**	**-**	**202**	**-**	**-**	**202**
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	**-**	**271**	**-**	**271**	**-**	**-**	**271**
Mohd Jafri Kudus	**-**	**231**	**-**	**231**	**-**	**-**	**231**
Dato' Dr. Vaseehar Hassan Abdul Razack	**-**	**257**	**-**	**257**	**-**	**-**	**257**
Prof. Dr. Raduwan Idar	**-**	**114**	**-**	**114**	**-**	**-**	**114**
Idris Abdul Hamid	**-**	**52**	**-**	**52**	**-**	**-**	**52**
Datin Norhamizah Mat Tahir	**-**	**165**	**-**	**165**	**-**	**-**	**165**
	-	**2,105**	**31**	**2,136**	**113**	**113**	**2,249**
Former Chief Executive Officer							
Dato' Syed Abdul Aziz Syed Hassan	**1,827**	**-**	**3**	**1,830**	**-**	**-**	**1,830**
Former Non-Executive Directors							
Mohamad Rafi Shahzada	**-**	**216**	**-**	**216**	**-**	**-**	**216**
	3,756	**2,321**	**38**	**6,115**	**113**	**113**	**6,228**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

Total remuneration of the Chief Executive Officer and Directors is as follows: (continued)

	Bank			Group			
	Remuneration received from the Bank			Bank	Remuneration received from Subsidiary Companies		
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Total RM'000	Total RM'000
2021							
Chief Executive Officer							
Dato' Syed Abdul Aziz Syed Hassan	1,733	-	-	1,733	-	-	1,733
Non-Executive Directors							
Datuk Haji Abd Rani Lebai Jaafar	-	549	31	580	123	123	703
Dato' Sri Suriani Dato' Ahmad	-	177	-	177	-	-	177
Dato' Shamsul Azri Abu Bakar	-	247	-	247	-	-	247
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	-	415	-	415	-	-	415
Datin Norhamizah Mat Tahir	-	336	-	336	-	-	336
Mohd Jafri Kudus	-	343	-	343	-	-	343
Datuk Mohd Irwan Mohd Mubarak	-	368	-	368	17	17	385
Mohamad Rafi Shahzada	-	186	-	186	-	-	186
Dato' Dr. Vaseehar Hassan Abdul Razack	-	108	-	108	-	-	108
	-	2,729	31	2,760	140	140	2,900
Former Non-Executive Directors							
Yuri Zaharin Wahab	-	276	10	286	-	-	286
Prof. Dr. Obiyathulla Ismath Bacha	-	10	10	20	-	-	20
Sofiyan Yahya	-	10	-	10	-	-	10
	-	296	20	316	-	-	316
	1,733	3,025	51	4,809	140	140	4,949

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

Total remuneration of the Shariah Committee is as follows:

	Group and Bank		
	Remuneration received from the Bank		
	Fees RM'000	Other emoluments RM'000	Total RM'000
2022			
Shariah Committees			
Prof. Dr. Azman Mohd Noor	**98**	**-**	**98**
Dr. Mohamad Zaini Yahaya	**80**	**-**	**80**
Ustaz Wan Rumaizi Wan Husin	**72**	**-**	**72**
Prof. Dato' Dr. Mohd Azmi Omar	**69**	**-**	**69**
Dr. Tuan Badrul Hisyam Tuan Soh	**70**	**-**	**70**
Sahibus Samahah Dr. Mohamad Sabri Haron	**55**	**-**	**55**
	444	**-**	**444**
2021			
Shariah Committees			
Prof. Dr. Azman Mohd Noor	98	-	98
Ustaz Wan Rumaizi Wan Husin	81	-	81
Dr. Tuan Badrul Hisyam Tuan Soh	57	-	57
Dr. Mohamad Zaini Yahaya	88	-	88
Prof. Dato' Dr. Mohd Azmi Omar	72	-	72
	396	-	396
Former Shariah Committee			
Dato' Setia Hj. Mohd Tamyes Abd Wahid	62	5	67
Dr. Abdullaah Jalil	18	5	23
	80	10	90
	476	10	486

The above disclosure on total remuneration of the Shariah Committee is presented in accordance with para 12.16 as per BNM's policy on Financial Reporting for Development Financial Institutions, which became effective on or after 1 January 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

36. TAXATION

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian income tax				
Current year	**2,843**	44,771	**-**	42,650
Overprovision in prior years	**(73,442)**	(38,907)	**(73,271)**	(39,757)
	(70,599)	5,864	**(73,271)**	2,893
Deferred tax (Note 21)				
Current year	**(87,838)**	(280,787)	**(89,000)**	(281,000)
Underprovision in prior years	**270**	722	**-**	-
	(87,568)	(280,065)	**(89,000)**	(281,000)
Total	**(158,167)**	(274,201)	**(162,271)**	(278,107)

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation and zakat	**1,696,311**	1,626,066	**1,678,229**	1,615,096
Tax expense at statutory tax rate of 24% (2021: 24%) *	**407,115**	390,256	**402,775**	387,623
Non-taxable income	**(230,217)**	(185,509)	**(231,703)**	(187,999)
Non-deductible expenses	**134,149**	25,733	**135,969**	28,522
Tax exempt under Section 65(A) of the Income Tax Act 1967	**(396,042)**	(466,496)	**(396,041)**	(466,496)
(Over)/Underprovision in prior years:				
Income tax	**(73,442)**	(38,907)	**(73,271)**	(39,757)
Deferred tax	**270**	722	**-**	-
	(158,167)	(274,201)	**(162,271)**	(278,107)

* The Bank, being a co-operative society uses the tax rates under Part IV, Schedule 1 of the Income Tax Act, 1967 as follows:

- On the first RM30,000 of chargeable income: 0% (2021: 0%)
- On the next RM30,000 of chargeable income: 5% (2021: 5%)
- On the next RM40,000 of chargeable income: 10% (2021: 10%)
- On the next RM50,000 of chargeable income: 15% (2021: 15%)
- On the next RM100,000 of chargeable income: 18% (2021: 18%)
- On the next RM250,000 of chargeable income: 21% (2021: 21%)
- On the next RM250,000 of chargeable income: 23% (2021: 23%)
- In excess of RM750,000 of chargeable income: 24% (2021: 24%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

37. ZAKAT

The Group's and the Bank's zakat have been computed by applying the growth capital method based on the rate of 2.5%. This method applies the rate on owners' equity, long term liability, net of fixed assets and non-current assets, and subjected to allowable adjustments.

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Provision for current year	**41,075**	42,917	**40,000**	41,000
Overprovision in prior years	**(149)**	(535)	**(149)**	(535)
	40,926	42,382	**39,851**	40,465

38. STATUTORY APPROPRIATIONS

Maintenance of statutory reserve fund is required under the Development Financial Institutions Act 2002 (Act 618), whereas contributions to Co-operative Education Trust Fund and Co-operative Development Provident Fund are made in compliance with the Co-operative Societies Act 1993 (Act 502).

Contribution to Bank Rakyat Foundation is made under paragraph 65(ii) of Undang-Undang Kecil Bank Kerjasama Rakyat Malaysia Berhad, which states that net profit for the year can be utilised towards a fund meant for welfare and benefits of members.

39. EARNINGS PER SHARE

Basic earnings per ordinary share have been calculated based on the Group's and the Bank's profit after taxation and zakat of RM1,813,552,000 (2021: RM1,857,885,000) and RM1,800,649,000 (2021: RM1,852,738,000) divided by the weighted average number of ordinary shares of 2,937,247,000 (2021: 2,940,605,000) of RM1 each in issue during the financial year.

40. DIVIDENDS

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Cash dividend of 15% for the year ended 31 December 2021 (2020: 13%)	**429,476**	373,230

During the financial year ended 31 December 2022, the Bank paid a cash dividend of 15% amounting to RM429 million in regard to the previous financial year ended 31 December 2021.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 15% amounting to approximately RM450 million. The proposed dividend will be recognised in the subsequent financial year upon approval by the relevant external authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

41. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	**149,847**	130,900
Claims for damages from litigation taken against the Bank	**15,575**	140,403
Commitments		
Undrawn financing	**2,407,682**	2,271,831
	2,573,104	2,543,134

A summary of the status of material litigations against the Bank is as follows:

Case 1
The Bank had terminated financing facility and filed a claim against a customer and its corporate guarantors to recover the outstanding financing of approximately RM24 million. The main contractor, the customer and its corporate guarantors had also filed claims against the Bank respectively. The High Court on 24 January 2018 had dismissed the main contractor's claim against the Bank and other defendants. The Court of Appeal has dismissed the suit on 19 August 2022 which is a basis for the Bank to remove RM101.66 million of contingent liabilities during the current financial year.

However, the counter claim by the Bank against the customer and its corporate guarantors was dismissed by the Court. Meanwhile, the customer's counter claim against the Bank was allowed but no sum has been determined by the Court and is subject to further assessment. The corporate guarantors' counter claim against the Bank was allowed but it was a non-monetary claim. The hearing of Assessment of Damages is set to be from 26 June 2023 to 28 June 2023. With regards to Bank's Application for Leave to Appeal to the Federal Court of which the hearing was held on 2 February 2023, the Court has adjourned the Bank's Leave Application as the Ground of Judgment from Court of Appeal is not yet received. The Court has yet to fix the hearing date for the Leave Application.

Case 2
The Bank had granted three financing facilities to the Defendants for the purpose of financing a development project. The total amount of the facilities is RM47.68 million. Under the terms of the financing facilities, the Bank agreed to build and handover the project to the first Defendant and it was also agreed that the Bank will appoint the first Defendant as the Contractor for the project. At the same time, the first Defendant had entered into an agreement with a third party in relation to the completion of the project.

However, the agreements were subsequently terminated by the third party as the Defendant failed to fulfill their obligations under the agreements. The Bank then initiated a recovery action against the Defendant after failing to settle the outstanding amount. The Defendant has filed a counterclaim against the Bank claiming misreprentation by the Bank which has led them to enter into the financing agreement.

The Court of Appeal dismissed the Defendant's appeal on 28 June 2022. The Defendant then applied to the Federal Court which fixed a new Case Management date on 16 March 2023. According to the Bank's solicitors, the Bank has a good chance of success and as such, the Bank has removed RM30.00 million of contingent liabilities during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

42. CAPITAL COMMITMENTS

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Capital expenditure				
Approved and contracted for	**370,647**	385,118	**294,982**	244,868

43. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both.

The related parties of the Group and of the Bank are:

43.1 Subsidiaries

Details of the subsidiaries are shown in Note 16.

43.2 Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel of the Group and of the Bank includes Executive Director and Non-Executive Directors of the Bank and certain members of senior management of the Bank and heads of major subsidiaries of the Group.

Remuneration of Directors and other members of key management are as follows:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Short-term employee benefits				
Fees	**2,434**	3,165	**2,321**	3,025
Salary	**8,524**	5,501	**8,524**	5,501
Allowances	**1,058**	717	**1,058**	717
EPF contribution	**2,788**	1,724	**2,788**	1,724
Bonuses	**5,827**	3,630	**5,827**	3,630
Other emoluments	**38**	51	**38**	51
	20,669	14,788	**20,556**	14,648

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

43. RELATED PARTY TRANSACTIONS (CONTINUED)

43.2 Key Management Personnel (continued)

Included in the total compensation for key management personnel are the following items:

	Group		Bank	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Directors' remuneration				
From the Bank	**2,352**	3,076	**2,352**	3,076
From subsidiaries	**113**	140	**-**	-
	2,465	3,216	**2,352**	3,076

43.3 Transactions with subsidiaries

All related party transactions within the Bank Rakyat group are conducted on normal commercial terms which are not more favourable than those generally available to the public.

	Bank	
	2022 RM'000	**2021 RM'000**
Income earned		
Income from financing and advances	**(11,418)**	(10,057)
Rental income	**(44)**	(40)
Expenditure incurred		
Profit expenses	**3,580**	3,569
Management fee expenses	**3,019**	1,561
Rental expenses	**6,650**	6,441
	1,787	1,474

44. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank	
	2022 RM'000	**2021 RM'000**
Outstanding exposures with connected parties	**4,453,193**	4,125,195
% of outstanding exposures to connected parties as a proportion of total exposure	**3.94%**	3.71%
% of outstanding exposures financing exposures with connected parties which is non-performing or in default	**0.01%**	0.00%

The above disclosure on Financing Facilities with Connected Parties is presented in accordance with para 14.1 as per BNM's policy on Financing Facilities with Connected Parties, which became effective on 13 July 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

45. FINANCIAL INSTRUMENTS

45.1 Net gains and losses arising from financial instruments

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) arising on:				
Financial assets measured at fair value through profit or loss				
Income ^	**15,641**	18,543	**15,641**	18,543
Dividend	**15,623**	17,538	**15,623**	17,538
Disposal	**(24,813)**	2,608	**(24,813)**	2,608
Revaluation	**(846)**	(46,840)	**(846)**	(46,840)
	5,605	(8,151)	**5,605**	(8,151)
Financial assets measured at fair value through other comprehensive income				
Income ^	**778,404**	807,587	**778,404**	807,587
Disposal	**1,349**	2,304	**1,349**	2,304
Revaluation on:				
Equity instruments	**14,395**	14,714	**14,395**	14,714
Debt instruments	**(429,599)**	(723,327)	**(429,599)**	(723,327)
	364,549	101,278	**364,549**	101,278
Financial assets measured at amortised cost: ^				
Income from:				
Financing and advances	**4,534,204**	4,405,362	**4,545,622**	4,415,419
Deposits and placements with banks and financial institutions	**16,493**	10,896	**16,493**	10,896
Financial investments at amortised cost	**466,635**	401,813	**466,635**	401,813
	5,017,332	4,818,071	**5,028,750**	4,828,128

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

45. FINANCIAL INSTRUMENTS (CONTINUED)

45.1 Net gains and losses arising from financial instruments

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial liabilities measured at amortised cost: ^				
Income attributable to depositors	**(2,146,088)**	(1,951,789)	**(2,149,668)**	(1,955,357)
Income attributable to investment accountholders	**(11)**	-	**(11)**	-
Income attributable to deposits and placements from banks and other financial institutions	**(27,173)**	(24,655)	**(27,173)**	(24,655)
Profit expense on financing sold with recourse to Cagamas	**(15,467)**	(16,567)	**(15,467)**	(16,567)
Profit expense on debt securities issued	**(150,551)**	(134,198)	**(150,551)**	(134,198)
Profit expense on cashline facility	**(8,647)**	(3,473)	**(8,647)**	(3,473)
	(2,347,937)	(2,130,682)	**(2,351,517)**	(2,134,250)
	3,039,549	2,780,516	**3,047,387**	2,787,005
Net gains/(losses) on impairments of financial instruments:				
Financial assets at:				
Amortised cost	**(670,149)**	(728,937)	**(666,853)**	(729,660)
Fair value through other comprehensive income	**51**	45	**51**	45
	(670,098)	(728,892)	**(666,802)**	(729,615)

^ Profit income and expenses for these financial instruments are calculated using the effective profit rate method.

46. FINANCIAL RISK MANAGEMENT

46.1 Overview

The Bank's business activities involve the use of financial instruments that expose the Bank to a variety of financial risks with the following as the primary risks:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Operational risk

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Risk management framework

Risk Management Framework articulates the objectives, guiding principles and governance structure for risk management processes in the Bank. This enables the identification, assessment and measurement control and continuous monitoring of all material risks on a group-and bank-wide basis, supported by robust management information system that facilitates timely and reliable reporting of risks and the integration of information across the Bank.

Risk Management within the Bank is guided by the following principles:

- Alignment of risk taking activities with the Bank's risk appetite;
- Risk aware decision making with clear understanding of risks and their impacts on profitability and sustainability;
- Accountability through ownership of risks, controls, and profitability inherent in the Bank's business and support functions; and
- Integration of risk management, compliance and ethical business practices into the culture of the Bank.

The Bank's Risk Appetite Statement is as follows:

"The Bank's business strategy and risk-taking activities should always be within the capacity of the Bank. This is achieved by strengthening the following six dimensions - Risk Governance; Capital Adequacy and Shareholders' Value; Reputation as Islamic Bank; Asset Quality; Liquidity; and Operational Resilience."

46.2.1 Risk governance

The Bank manages its risks in accordance with the "Three Lines of Defence Model", which places accountability and ownership to the source of risk, whilst ensuring sufficient level of independent oversight.

The "Three Lines of Defence" consists of the following components:

(i) First Line of Defence - Informed Decision Making by Business Units

The Business Units are responsible to identify, manage and report their own risks. At this stage risk awareness is instilled starting at risk taking units so that Risk Management is incorporated into every aspect of work conducted.

(ii) Second Line of Defence - Oversight by Risk Management and Compliance

Risk Management and Compliance supports business units, as well as review and report key risks to the Management and Board of Directors. In doing so, Risk Management and Compliance provides support to Management and Board of Directors in fulfilling their oversight functions.

(iii) Third Line of Defence - Independent Assurance by Internal Audit

Internal Audit conducts quality assurance review, to ensure that the risk-taking activities are in line with established standards. Internal Audit provides recommendations for improvement where necessary. Its functions complement the support extended to the Management and Board Audit Committee in the risk oversight functions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Risk management framework (continued)

46.2.1 Risk governance (continued)

Roles and responsibilities of the oversight Committee:

Roles and responsibilities of the Board Risk Committee ("BRC"):

(a) The BRC shall be responsible to review and recommend risk management strategies, policies, appetite and tolerance for Board's approval.

(b) The BRC with the recommendation of Management Risk Committee periodically reviews the Risk Management Framework.

(c) The BRC shall be responsible to assess the adequacy of risk management policies, processes and infrastructure to manage various types of risks is comprehensive and recommend to the Board for approval.

(d) eview management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

Roles and responsibilities of Management Risk Committee:

(a) Assess whether the Bank's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities.

(b) Establish, review and implement Board approved risk management framework and policies.

(c) Communicate approved policies to employees and monitor as well as enforce compliance with these policies.

(d) Periodically review Risk Management Framework and recommend to Management Risk Committee for escalation to BRC and Board.

Roles and responsibilities of Operational Risk Management Committee:

(a) Review and recommend operational risk management strategies, policies, guidelines and procedures.

(b) Review and assess the adequacy of operational risk management framework, policies, guidelines and procedures in identifying, assessing, controlling and monitoring of operational risk and the extent to which these are operating effectively.

(c) Ensure that infrastructure, resources and systems are in place to effectively manage operational risks.

(d) Review operational risk profiles and periodic reports, including progress and follow-up actions.

(e) Monitor the identified operational risks, key risk indicators and loss incidents in the business and functional units' operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Risk management framework (continued)

46.2.1 Risk governance (continued)

Roles and responsibilities of the oversight Committee (continued):

Roles and responsibilities of Financing Review Committee:

(a) Direct, monitor, review and consider such issues as may materially impact on the present and future quality of the Bank's financing book.

(b) Conduct post-mortem on impaired financing and to learn weaknesses in existing credit policies and processes.

(c) Ensure the procedures and resources are effective to identify and manage irregular and problem credits, minimise credit loss and maximise recoveries.

(d) Review and recommend any enhancement of credit related policies, processes and procedures.

46.3 Credit risk

Credit risk is the risk of suffering financial or non-financial loss should any of the customers, clients or market counterparties fail to fulfill their contractual obligations through the Bank's financing, hedging, trading and investing activities.

The Bank's retail and corporate credit exposures are governed by credit policies and stringent underwriting criteria. The Bank's credit processes are in line with industry best practices which emphasizes on individual accountability with clear lines of responsibility where credit administration, early monitoring and recovery are independent from Business Units.

46.3.1 Management of credit risk

The Bank's credit risk management includes the establishment of comprehensive credit risk policies, guidelines and procedures that document financing standards, credit risk rating, acceptable collateral and valuation, and compliance with regulatory and statutory requirements. The policies are periodically reviewed to ensure their continuous relevance.

Risk Management is responsible to formulate and review the credit risk policies, guidelines and procedures as well as credit portfolio monitoring. Risk Management also conducts independent credit assessments to evaluate quality of credit proposals by Business Units for corporate customers.

Risk Management also prepares reports to be presented to Board and Senior Management. The reports contain information on identified credit risk factors. With this information, Board and Senior Management are able to effectively identify adverse credit risk trends, take corrective actions and formulate business strategies accordingly.

46.3.2 Financing to retail customers

Financing granted to retail customers is individually underwritten by assessing historical payment track record and payment capacity of the customer. This process is governed by Retail Credit Risk Policy, Product Policies and assessed using credit scorecard. Both Retail Credit Risk Policy and credit scorecard are developed by Risk Management while Product Policies are developed by Product Division within Retail Banking and are independently reviewed by Risk Management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.2 Financing to retail customers (continued)

The credit approving authority and credit approving officers have the responsibility to ensure that credit risk is properly assessed and all crucial credit information of the customer is included in the financing application.

Risk Management is also responsible to assess new/variations of financing products or programs to ensure that the products/programs offered to customers are beneficial to both customers and Bank whilst mitigating the inherent risks.

46.3.3 Financing to corporate customers

Granting of credit to corporate customers is individually underwritten as guided by the Bank's risk appetite and policies. In its oversight role, Risk Management conducts independent assessments on all credit proposals to corporate customers prior to approval.

46.3.4 Purchase of investment securities

Credit qualities of financial instruments are assessed based on ratings from external credit rating agencies.

Portfolio review and monitoring is frequently conducted in ensuring the exposures are effectively managed and concentration risk is observed at all times.

46.3.5 Impaired financing and investment securities

Individually impaired financing and investment securities are financing and advances and investment securities (other than those carried at fair value through profit or loss) for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and profits due according to the contractual terms of the financing/investment security agreement(s).

46.3.6 Neither past due nor impaired financing and investment securities

These are financing and investment securities from which contractual payment of profit or principal have not defaulted and therefore are not impaired since there is no objective evidence of impairment.

46.3.7 Past due but not impaired financing and investment securities

Past due but not impaired financing and investment securities, other than those carried at fair value through profit or loss, are those for which contractual profits or principal payments are past due, more than 1 day but less than three (3) months.

46.3.8 Financing with renegotiated terms

Financing with renegotiated terms are financing that have been restructured due to deterioration in the customer's financial position. Once the financing is restructured it remains in this category independent of satisfactory performance after restructuring.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.9 Allowances for impairment

The Bank establishes an allowance for impairment loss on assets carried at amortised cost and fair value through other comprehensive income, which represents an estimation of expected losses in the financing and investment security portfolio.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective financing loss allowance established for groups of homogenous assets. Both components of allowance incorporates historical, current, and forecasted information in estimating the expected losses.

Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

46.3.10 Write-off policy

The Bank writes-off a financing or an investment security, and any related allowances for impairment losses, when the Bank determines that the financing or investment security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the customer's/issuer's financial position such that the customer/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

46.3.11 Collateral on financing and advances

In mitigating credit risk on financing and advances granted to customers, collaterals are obtained as follows:

(i) House financing - charges over residential properties.

(ii) Commercial property financing - charges over the properties being financed.

(iii) Vehicle financing - ownership claims over the vehicles being financed.

(iv) Other financing and advances - charges over business assets such as premises, trade receivables or deposits.

46.3.12 Credit grading for investment securities

Credit qualities of financial instruments are assessed based on ratings from external credit ratings agencies.

At the end of the reporting period, instruments rated with "Grade D" are those that have defaulted beyond their maturity period.

46.3.13 Maximum exposure to credit risk

The following table presents the Bank's credit exposure of on-balance sheet and off-balance sheet financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.13 Maximum exposure to credit risk (continued)

For on-balance sheet assets, the exposure to credit risk equals the carrying amount.

For credit commitments, maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Group	
	2022 RM'000	**2021 RM'000**
Assets		
Cash and short-term funds	**1,834,420**	835,189
Deposits and placements with financial institutions	**368,445**	672,463
Financial investments at fair value through profit or loss	**255,027**	976,032
Financial investments at fair value through other comprehensive income	**20,466,301**	20,781,718
Financial investments at amortised cost	**12,427,045**	10,826,850
Financing and advances	**77,709,892**	77,296,437
Trade receivables	**1,228**	909
Other receivables	**703,490**	340,530
	113,765,848	111,730,128
Commitments		
Undrawn financing	**2,407,682**	2,271,831
Total maximum exposure to credit risk	**116,173,530**	114,001,959

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.13 Maximum exposure to credit risk (continued)

	Bank	
	2022 RM'000	**2021 RM'000**
Assets		
Cash and short-term funds	**1,831,709**	834,987
Deposits and placements with financial institutions	**368,303**	672,463
Financial investments at fair value through profit or loss	**255,027**	976,032
Financial investments at fair value through other comprehensive income	**20,466,293**	20,781,710
Financial investments at amortised cost	**12,427,045**	10,826,850
Financing and advances	**77,997,917**	77,516,581
Other receivables	**709,169**	352,754
	114,055,463	111,961,377
Commitments		
Undrawn financing	**2,407,682**	2,271,831
Total maximum exposure to credit risk	**116,463,145**	114,233,208

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.14 Credit risk exposure on financing and advances

	Group	
	2022 RM'000	**2021 RM'000**
At amortised cost		
Neither past due nor impaired		
0 month	**77,092,037**	77,360,901
Past due but not impaired		
1 month	**1,186,885**	616,274
2 months	**568,051**	252,876
3 months	**876**	31,913
	1,755,812	901,063
Past due and impaired		
Less than 4 months	**492,016**	438,104
4 months to 6 months	**261,515**	91,981
7 months to 9 months	**171,194**	118,725
More than 9 months	**667,856**	704,690
	1,592,581	1,353,500
Gross financing and advances	**80,440,430**	79,615,464
Less:		
Stage 1 - 12-month ECL	**(860,331)**	(934,553)
Stage 2 - lifetime ECL not credit impaired	**(874,052)**	(609,842)
Stage 3 - lifetime ECL credit impaired	**(996,155)**	(774,632)
Net financing and advances	**77,709,892**	77,296,437

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.14 Credit risk exposure on financing and advances (continued)

	Bank	
	2022 RM'000	2021 RM'000
At amortised cost		
Neither past due nor impaired		
0 month	**77,390,372**	77,594,651
Past due but not impaired		
1 month	**1,186,885**	616,274
2 months	**568,051**	252,876
3 months	**876**	31,913
	1,755,812	901,063
Past due and impaired		
Less than 4 months	**492,016**	438,104
4 months to 6 months	**261,515**	91,981
7 months to 9 months	**171,194**	118,725
More than 9 months	**667,856**	704,690
	1,592,581	1,353,500
Gross financing and advances	**80,738,765**	79,849,214
Less:		
Stage 1 - 12-month ECL	**(870,641)**	(948,159)
Stage 2 - lifetime ECL not credit impaired	**(874,052)**	(609,842)
Stage 3 - lifetime ECL credit impaired	**(996,155)**	(774,632)
Net financing and advances	**77,997,917**	77,516,581

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities

Group 2022	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	**-**	**3,333,756**	**962,732**	**4,296,488**
Grade AA+	**-**	**119,668**	**-**	**119,668**
Grade AA	**-**	**239,341**	**30,039**	**269,380**
Grade AA-	**-**	**293,923**	**68,183**	**362,106**
Grade AA1	**-**	**174,782**	**107,058**	**281,840**
Grade AA2	**-**	**106,418**	**50,934**	**157,352**
Grade AA3	**-**	**252,295**	**57,192**	**309,487**
	-	**4,520,183**	**1,276,138**	**5,796,321**
Cagamas sukuk				
Grade AAA	**-**	**651,866**	**50,451**	**702,317**
Negotiable Islamic debt certificates				
Grade AA1	**-**	**-**	**49,925**	**49,925**
	-	**5,172,049**	**1,376,514**	**6,548,563**
Unrated securities				
Government investment issues	**41,827**	**6,803,294**	**7,803,055**	**14,648,176**
Government sukuk	**-**	**8,403,783**	**3,184,122**	**11,587,905**
Khazanah sukuk	**-**	**-**	**63,354**	**63,354**
Islamic redeemable convertible preference shares	**213,200**	**-**	**-**	**213,200**
	255,027	**15,207,077**	**11,050,531**	**26,512,635**
Shares				
Unquoted shares	**-**	**87,175**	**-**	**87,175**
	255,027	**20,466,301**	**12,427,045**	**33,148,373**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Bank 2022	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	**-**	**3,333,756**	**962,732**	**4,296,488**
Grade AA+	**-**	**119,668**	**-**	**119,6688**
Grade AA	**-**	**239,341**	**30,039**	**269,380**
Grade AA-	**-**	**293,923**	**68,183**	**362,106**
Grade AA1	**-**	**174,782**	**107,058**	**281,840**
Grade AA2	**-**	**106,418**	**50,934**	**157,352**
Grade AA3	**-**	**252,295**	**57,192**	**309,487**
	-	**4,520,183**	**1,276,138**	**5,796,321**
Cagamas sukuk				
Grade AAA	**-**	**651,866**	**50,451**	**702,317**
Negotiable Islamic debt certificates				
Grade AA1	**-**	**-**	**49,925**	**49,925**
	-	**5,172,049**	**1,376,514**	**6,548,563**
Unrated securities				
Government investment issues	**41,827**	**6,803,294**	**7,803,055**	**14,648,176**
Government sukuk	**-**	**8,403,783**	**3,184,122**	**11,587,905**
Khazanah sukuk	**-**	**-**	**63,354**	**63,354**
Islamic redeemable convertible preference shares	**213,200**	**-**	**-**	**213,200**
	255,027	**15,207,077**	**11,050,531**	**26,512,635**
Shares				
Unquoted shares	**-**	**87,167**	**-**	**87,167**
	255,027	**20,466,293**	**12,427,045**	**33,148,365**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Group 2021	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	-	3,580,875	249,755	3,830,630
Grade AA+	-	204,172	-	204,172
Grade AA	-	274,972	5,170	280,142
Grade AA-	-	284,251	84,082	368,333
Grade AA1	-	185,615	67,033	252,648
Grade AA2	-	139,783	20,545	160,328
Grade AA3	-	366,704	27,173	393,877
	-	5,036,372	453,758	5,490,130
Cagamas sukuk				
Grade AAA	-	1,256,502	76,349	1,332,851
Negotiable Islamic debt certificates				
Grade AA2	-	-	99,928	99,928
	-	6,292,874	630,035	6,922,909
Unrated securities				
Government investment issues	695,939	5,550,252	6,925,903	13,172,094
Government sukuk	-	8,709,494	3,170,872	11,880,366
Khazanah sukuk	-	156,319	100,040	256,359
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	909,139	14,416,065	10,196,815	25,522,019
Shares				
Quoted and unit trust shares	66,893	-	-	66,893
Unquoted shares	-	72,779	-	72,779
	66,893	72,779	-	139,672
	976,032	20,781,718	10,826,850	32,584,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Bank 2021	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	-	3,580,875	249,755	3,830,630
Grade AA+	-	204,172	-	204,172
Grade AA	-	274,972	5,170	280,142
Grade AA-	-	284,251	84,082	368,333
Grade AA1	-	185,615	67,033	252,648
Grade AA2	-	139,783	20,545	160,328
Grade AA3	-	366,704	27,173	393,877
	-	5,036,372	453,758	5,490,130
Cagamas sukuk				
Grade AAA	-	1,256,502	76,349	1,332,851
Negotiable Islamic debt certificates				
Grade AA2	-	-	99,928	99,928
	-	6,292,874	630,035	6,922,909
Unrated securities				
Government investment issues	695,939	5,550,252	6,925,903	13,172,094
Government sukuk	-	8,709,494	3,170,872	11,880,366
Khazanah sukuk	-	156,319	100,040	256,359
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	909,139	14,416,065	10,196,815	25,522,019
Shares				
Quoted and unit trust shares	66,893	-	-	66,893
Unquoted shares	-	72,771	-	72,771
	66,893	72,771	-	139,664
	976,032	20,781,710	10,826,850	32,584,592

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.16 Maximum exposure to credit risk

The following analysis represents the Group's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

	2022 RM'000	2021 RM'000
Group		
Credit exposure for on-balance sheet financial assets		
Cash and short-term funds	**1,834,420**	835,189
Deposits and placements with financial institutions	**368,445**	672,463
Financial investments portfolio *	**33,082,558**	32,462,970
Financing and advances	**71,203,954**	69,032,986
Trade receivables	**1,228**	909
Other assets	**903,490**	540,530
Credit exposure for off-balance sheet financial assets		
Undrawn financing	**2,407,682**	2,271,831
Total maximum credit risk exposure	**109,801,777**	105,816,878
Bank		
Credit exposure for on-balance sheet financial assets		
Cash and short-term funds	**1,831,709**	834,987
Deposits and placementswith financial institutions	**368,303**	672,463
Financial investments portfolio *	**33,082,558**	32,462,970
Financing and advances	**71,203,954**	69,032,986
Other assets	**948,807**	552,754
Credit exposure for off-balance sheet financial assets		
Undrawn financing	**2,407,682**	2,271,831
Total maximum credit risk exposure	**109,843,013**	105,827,991

* Financial investment portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised costs, excluding equity investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.17 Exposures to COVID-19 impacted sectors

	2022 RM'000	2021 RM'000
Group and Bank		
Financing and advances		
On-balance sheet (net of impairment)		
Retail and wholesale/trading, manufacturing, transportation, agriculture, food and beverage services/restaurants	**3,428,350**	3,388,882

46.3.18 COVID-19 customer relief and support measures

	Retail customers					Non-retail customers	
Group and Bank At 31 December 2022	**House financing RM'000**	**Personal financing RM'000**	**Hire-purchase RM'000**	**Other term financing RM'000**	**Total RM'000**	**Corporate financing RM'000**	**Grand total RM'000**
Total payment moratoriums, payment assistances, rescheduling and restructuring ("R&R") granted	**720,517**	**2,710,852**	**123,645**	**285,512**	**3,840,526**	**59,742**	**3,900,268**
of which:							
Resumed payments	**506,929**	**1,896,081**	**102,445**	**270,509**	**2,775,964**	**44,465**	**2,820,429**
Extended and paying as per revised schedules	**51,262**	**489,831**	**2,353**	**6,544**	**549,990**	**4,031**	**554,021**
Missed payments	**162,326**	**324,940**	**18,847**	**8,459**	**514,572**	**11,246**	**525,818**
As a percentage of total:							
Resumed payments	**70%**	**70%**	**83%**	**95%**	**72%**	**74%**	**73%**
Extended and paying as per revised schedules	**7%**	**18%**	**2%**	**2%**	**14%**	**7%**	**14%**
Missed payments	**23%**	**12%**	**15%**	**3%**	**13%**	**19%**	**13%**
	100%	**100%**	**100%**	**100%**	**99%**	**100%**	**100%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.18 COVID-19 customer relief and support measures (continued)

	Retail customers					Non-retail customers	
Group and Bank At 31 December 2021	**House financing RM'000**	**Personal financing RM'000**	**Hire-purchase RM'000**	**Other term financing RM'000**	**Total RM'000**	**Corporate financing RM'000**	**Grand total RM'000**
Total payment moratoriums, payment assistances, rescheduling and restructuring ("R&R") granted	4,322,768	37,260,066	1,246,073	353,528	43,182,435	1,131,206	44,313,641
of which:							
Resumed payments	3,205,622	24,784,149	923,510	326,229	29,239,510	918,885	30,158,395
Extended and paying as per revised schedules	885,837	12,231,692	294,242	19,197	13,430,968	168,499	13,599,467
Missed payments	231,309	244,225	28,321	8,102	511,957	43,822	555,779
As a percentage of total:							
Resumed payments	75%	66%	74%	93%	68%	81%	68%
Extended and paying as per revised schedules	20%	33%	24%	5%	31%	15%	31%
Missed payments	5%	1%	2%	2%	1%	4%	1%
	100%	100%	100%	100%	100%	100%	100%

46.3.19 Overlays and adjustments for expected credit losses amid COVID-19 environment

As the MFRS 9 models are expected to generate expected credit losses ("ECL") with sufficient reliability in view of recalibration and validation of ECL models in a post Covid-19 environment, overlays and post-model adjustments in relation to Covid-19 have been reversed.

Notwithstanding, the Bank continues to exercise caution on measuring future macroeconomic headwinds by mainly providing overlays to the identified customers possibly affected from the continuous Overnight Policy Rate ("OPR") hikes. The impact of these post-model adjustments were estimated at account level, remain outside the core MFRS 9 process and amounted to RM481 million (2021: RM578 million) as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk

Liquidity risk arises from mismatches in the timing of cash flows due to the inability to meet maturing or regulatory obligations and customers' demands for funds when required, which may adversely affect daily operations, Bank's reputation and incur unacceptable losses.

46.4.1 Management of liquidity risk

The management of liquidity risk is subject to Bank Negara Malaysia's Liquidity Framework and Liquidity Coverage Ratio requirements as well as the Bank's liquidity risk management framework.

The Bank adopts various liquidity risk measurement tools in managing the cash flows for daily movement as well as medium and long-term positions to ensure sufficient funding sources to meet obligations.

It is important for the Bank to maintain diversification strategy of funding sources and providers to ensure the stability of the funding structure and adequate standby facilities while managing excessive concentration towards key depositors. The Bank maintains sufficient high-quality liquid assets to withstand against any unforeseen liquidity stress.

In addition, a liquidity stress testing is conducted based on sensitivity analysis for various stress scenarios covering the Bank's specific and market-wide crisis scenario. The stress scenarios would provide a valuable assessment on the impact from adverse liquidity environment and the Bank's vulnerable portfolios.

The Bank has established liquidity contingency funding plan which entails the early warning indicators as well as strategies and actions to be taken by the liquidity crisis management team arising from different liquidity crisis scenarios.

The Bank's liquidity risk management framework, policies and procedures are reviewed periodically which are endorsed by Asset and Liability Committee ("ALCO") and approved by the Board. ALCO meets on a monthly basis and is responsible to monitor the liquidity risk position against the Bank's risk appetite and approved limits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.2 Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade securities for which there is an active and liquid market.

Details of the reported Bank ratio of net liquid assets to deposits from customers at the end of the reporting period and during the year were as follows:

	Bank	
	2022	**2021**
At 31 December	**33.83%**	31.84%
Average for the year	**32.76%**	32.19%
Maximum for the year	**33.83%**	33.23%
Minimum for the year	**32.17%**	31.26%

46.4.3 Liquidity risk of assets and liabilities

The main thrust of liquidity management is the projection of up to one year of the maturity profile of the Bank's assets, liabilities and off-balance sheet commitments from a given position.

The focus is on the ability of the Bank to match its short-term liquidity requirement arising from maturing obligations with maturing assets, followed by a medium-term assessment of liquidity up to one year.

The primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

Group 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	1,048,968	785,594	-	-	368,303	-	-	2,202,865
Investment securities	-	130,033	366,094	911,274	2,250,986	29,189,611	300,375	33,148,373
Financing and advances	791,658	1,179,159	2,125,812	3,197,583	5,938,730	67,207,488	(2,730,538)	77,709,892
Trade receivables	2,092	153	-	-	-	-	(1,017)	1,228
Other assets	-	-	723,365	-	-	-	222,900	946,265
	1,842,718	2,094,939	3,215,271	4,108,857	8,558,019	96,397,099	(2,208,280)	114,008,623
Liabilities								
Deposits from customers	17,874,155	19,601,521	20,535,292	14,009,122	8,484,552	5,833,555	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	500,000	-	500,000
Debt securities issued	-	-	-	23,391	-	4,000,000	-	4,023,391
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Trade payables	-	-	1,735	-	-	-	-	1,735
Other liabilities	-	55	1,237,243	165	331	41,717	305,904	1,585,415
	18,600,423	21,091,874	21,874,270	14,032,678	8,484,883	10,375,272	305,904	94,765,304
Net maturity mismatch	(16,757,705)	(18,996,935)	(18,658,999)	(9,923,821)	73,136	86,021,827	(2,514,184)	19,243,319

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group (continued) 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies								
Bank guarantee given in respect of banking facilities granted to customers	149,847	-	-	-	-	-	-	149,847
Claims for damages from litigation taken against the Bank	-	-	-	-	-	15,575	-	15,575
Undrawn financing	2,407,682	-	-	-	-	-	-	2,407,682
	2,557,529	-	-	-	-	15,575	-	2,573,104

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group 2021	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	835,189	-	311,214	-	361,249	-	-	1,507,652
Investment securities	-	304,065	334,578	1,506,914	2,652,425	27,664,988	121,630	32,584,600
Financing and advances	533,934	1,066,585	2,193,918	3,152,636	5,683,199	66,985,192	(2,319,027)	77,296,437
Trade receivables	2,015	60	-	-	-	-	(1,166)	909
Other assets	-	-	351,626	-	-	-	234,893	586,519
	1,371,138	1,370,710	3,191,336	4,659,550	8,696,873	94,650,180	(1,963,670)	111,976,117
Liabilities								
Deposits from customers	15,617,109	16,397,345	20,446,183	16,783,618	11,156,420	6,123,209	-	86,523,884
Deposits and placements from banks and financial institutions	450,000	150,000	250,000	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	1,834	3,699	5,626	307,152	-	-	318,311
Debt securities issued	-	-	-	867,940	430,000	2,000,000	-	3,297,940
Cashline facility	-	400,032	300,385	-	-	-	-	700,417
Trade payables	-	-	1,839	-	-	-	-	1,839
Other liabilities	-	116	1,308,074	350	700	49,837	337,945	1,697,022
	16,067,109	16,949,327	22,310,180	17,657,534	11,894,272	8,173,046	337,945	93,389,413
Net maturity mismatch	(14,695,971)	(15,578,617)	(19,118,844)	(12,997,984)	(3,197,399)	86,477,134	(2,301,615)	18,586,704

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group (continued) 2021	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies								
Bank guarantee given in respect of banking facilities granted to customers	130,900	-	-	-	-	-	-	130,900
Claims for damages from litigation taken against the Bank	-	-	-	-	-	140,403	-	140,403
Undrawn financing	2,271,831	-	-	-	-	-	-	2,271,831
	2,402,731	-	-	-	-	140,403	-	2,543,134

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	1,046,115	785,594	-	-	368,303	-	-	2,200,012
Investment securities	-	130,033	366,094	911,274	2,250,986	29,189,611	300,367	33,148,365
Financing and advances	791,658	1,179,159	2,125,812	3,197,583	5,938,730	67,505,823	(2,740,848)	77,997,917
Other assets	-	-	728,515	-	-	-	191,218	919,733
	1,837,773	2,094,786	3,220,421	4,108,857	8,558,019	96,695,434	(2,249,263)	114,266,027
Liabilities								
Deposits from customers	17,874,155	19,601,521	20,535,292	14,009,122	8,484,552	5,833,555	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	500,000	-	500,000
Debt securities issued	-	-	-	23,391	-	4,000,000	-	4,023,391
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Other liabilities	6,993	7,461	1,265,404	21,454	49,412	48,562	333,071	1,732,357
	18,607,416	21,099,280	21,900,696	14,053,967	8,533,964	10,382,117	333,071	94,910,511
Net maturity mismatch	(16,769,643)	(19,004,494)	(18,680,275)	(9,945,110)	24,055	86,313,317	(2,582,334)	19,355,516

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank (continued) 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies								
Bank guarantee given in respect of banking facilities granted to customers	149,847	-	-	-	-	-	-	149,847
Claims for damages from litigation taken against the Bank	-	-	-	-	-	15,575	-	15,575
Undrawn financing	2,407,682	-	-	-	-	-	-	2,407,682
	2,557,529	-	-	-	-	15,575	-	2,573,104

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 2021	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	834,987	-	311,214	-	361,249	-	-	1,507,450
Investment securities	-	304,065	334,578	1,506,914	2,652,425	27,664,988	121,622	32,584,592
Financing and advances	533,934	1,066,585	2,193,918	3,152,636	5,683,199	67,218,942	(2,332,633)	77,516,581
Other assets	-	-	363,321	-	-	-	199,912	563,233
	1,368,921	1,370,650	3,203,031	4,659,550	8,696,873	94,883,930	(2,011,099)	112,171,856
Liabilities								
Deposits from customers	15,617,109	16,397,345	20,446,183	16,783,618	11,156,420	6,123,209	-	86,523,884
Deposits and placements from banks and financial institutions	450,000	150,000	250,000	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	1,834	3,699	5,626	307,152	-	-	318,311
Debt securities issued	-	-	-	867,940	430,000	2,000,000	-	3,297,940
Cashline facility	-	400,032	300,385	-	-	-	-	700,417
Other liabilities	928	7,573	1,324,335	30,931	59,821	63,324	397,348	1,884,260
	16,068,037	16,956,784	22,324,602	17,688,115	11,953,393	8,186,533	397,348	93,574,812
Net maturity mismatch	(14,699,116)	(15,586,134)	(19,121,571)	(13,028,565)	(3,256,520)	86,697,397	(2,408,447)	18,597,044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank (continued) 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Commitment and contingencies								
Bank guarantee given in respect of banking facilities granted to customers	130,900	-	-	-	-	-	-	130,900
Claims for damages from litigation taken against the Bank	-	-	-	-	-	140,403	-	140,403
Undrawn financing	2,271,831	-	-	-	-	-	-	2,271,831
	2,402,731	-	-	-	-	140,403	-	2,543,134

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities as at 31 December 2022 and 31 December 2021. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial positions as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and profit analysis. The Group and the Bank manage profit liquidity risk based on discounted expected cash flows.

Group 2022	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	**17,911,560**	**19,646,875**	**20,710,507**	**14,248,146**	**8,795,764**	**7,509,634**	**-**	**88,822,486**
Investment accounts of customers	**19,983**	**-**	**-**	**-**	**-**	**-**	**-**	**19,983**
Deposits and placements from banks and financial institutions	**305,082**	**1,187,379**	**100,000**	**-**	**-**	**-**	**-**	**1,592,461**
Recourse obligations on financing sold to Cagamas	**-**	**-**	**5,850**	**5,850**	**11,700**	**469,803**	**-**	**493,203**
Debt securities issued	**-**	**-**	**-**	**80,993**	**82,665**	**4,701,877**	**-**	**4,865,535**
Trade payables	**-**	**-**	**1,735**	**-**	**-**	**-**	**-**	**1,735**
Cashline facility	**401,203**	**302,919**	**-**	**-**	**-**	**-**	**-**	**704,122**
Other liabilities	**-**	**55**	**1,237,243**	**165**	**331**	**41,717**	**305,904**	**1,585,415**
	18,637,828	**21,137,228**	**22,055,335**	**14,335,154**	**8,890,460**	**12,723,031**	**305,904**	**98,084,940**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group 2021	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	15,678,932	16,424,494	20,546,341	16,986,269	11,438,960	7,667,554	-	88,742,550
Deposits and placements from banks and financial institutions	450,416	150,454	251,264	-	-	-	-	852,134
Recourse obligations on financing sold to Cagamas	-	3,166	6,339	9,528	314,741	-	-	333,774
Debt securities issued	-	-	-	914,059	475,265	2,367,462	-	3,756,786
Trade payables	-	-	1,839	-	-	-	-	1,839
Cashline facility	-	401,002	301,325	-	-	-	-	702,327
Other liabilities	-	116	1,308,074	350	700	49,837	337,945	1,697,022
	16,129,348	16,979,232	22,415,182	17,910,206	12,229,666	10,084,853	337,945	96,086,432

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2022	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	**17,911,560**	**19,646,875**	**20,710,507**	**14,248,146**	**8,795,764**	**7,509,634**	**-**	**88,822,486**
Investment accounts of customers	**19,983**	**-**	**-**	**-**	**-**	**-**	**-**	**19,983**
Deposits and placements from banks and financial institutions	**305,082**	**1,187,379**	**100,000**	**-**	**-**	**-**	**-**	**1,592,461**
Recourse obligations on financing sold to Cagamas	**-**	**-**	**5,850**	**5,850**	**11,700**	**469,803**	**-**	**493,203**
Debt securities issued	**-**	**-**	**-**	**80,993**	**82,665**	**4,701,877**	**-**	**4,865,535**
Cashline facility	**401,203**	**302,919**	**-**	**-**	**-**	**-**	**-**	**704,122**
Other liabilities	**6,993**	**7,461**	**1,265,404**	**21,454**	**49,412**	**48,562**	**333,071**	**1,732,357**
	18,644,821	**21,144,634**	**22,081,761**	**14,356,443**	**8,939,541**	**12,729,876**	**333,071**	**98,230,147**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2021	Up to 1 week RM'000	More than 1 week-1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-6 months RM'000	More than 6 months-1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	15,678,932	16,424,494	20,546,341	16,986,269	11,438,960	7,667,554	-	88,742,550
Deposits and placements from banks and financial institutions	450,416	150,454	251,264	-	-	-	-	852,134
Recourse obligations on financing sold to Cagamas	-	3,166	6,339	9,528	314,741	-	-	333,774
Debt securities issued	-	-	-	914,059	475,265	2,367,462	-	3,756,786
Cashline facility	-	401,002	301,325	-	-	-	-	702,327
Other liabilities	928	7,573	1,324,335	30,931	59,821	63,324	397,348	1,884,260
	16,130,276	16,986,689	22,429,604	17,940,787	12,288,787	10,098,340	397,348	96,271,831

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk

Market risk is defined as the risk of financial loss due to changes in equity prices, benchmark rates, credit spreads, foreign-exchange rates, commodity prices, and other indicators whose values are set in a public market. Changes in market rates can affect the Bank's net earnings and also the economic value of Bank's equity.

The function of Market Risk and Asset Liability Management ("ALM") is to manage and control market risk exposure in order to optimise return on risk while maintaining a market profile consistent with the Bank's strategic plan.

The Bank has established the market risk policy, strategy and processes which are periodically reviewed and updated to take into account changes in activities and market structure to ensure effective implementation of risk management policies.

46.5.1 Management of market risk

The Bank manages market risk by segregating exposure to market risk between trading and non-trading portfolios. Trading portfolios are held by the treasury department which consist of financial assets that are managed on fair value basis.

The risk measurement techniques employed by the Bank to measure and quantify the market value changes and the level of market risk comprise of Value-at-Risk ("VaR"), Modified Duration and Present Value of One Basis Point ("PV01").

Exposure of the Bank to the foreign exchange rates is minimal since operation of foreign currency unit is limited to remittance services only.

46.5.2 Profit rate risk

Investment in debt securities and financing are exposed to risk of change in profit rates that would result in changes in cash flows. On the other hand, investment in equity securities and other short-term receivables and payables are not significantly exposed to profit rate risk.

Among other efforts in mitigating this risk is by diversifying investment mainly in fixed-income securities with different duration. The Bank has not engaged in hedging through derivative instruments during the year.

The sensitivity of the Bank's financial assets and liabilities to the profit rate risk is measured and monitored proactively using multiple measurement techniques such as Gap Analysis, Duration and Simulation Model.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.2 Profit rate risk (continued)

The following shows the Bank's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position.

Sensitivity of projected net profit income	Increase by 100 bp RM'000	Decrease by 100 bp RM'000	Increase by 50 bp RM'000	Decrease by 50 bp RM'000
Bank				
2022				
Year ended 31 December	**51,931**	**(66,434)**	**25,958**	**(24,454)**
Average for the year	**42,318**	**(57,286)**	**21,241**	**(20,281)**
Maximum for the year	**101,165**	**(14,185)**	**50,575**	**(16,712)**
Minimum for the year	**22,341**	**(117,337)**	**10,110**	**(50,561)**
2021				
Year ended 31 December	83,351	(100,261)	41,670	(41,658)
Average for the year	69,627	(84,255)	34,801	(34,750)
Maximum for the year	122,631	(47,959)	61,305	(16,228)
Minimum for the year	32,508	(137,325)	16,246	(61,284)

46.5.3 Exposure to profit rate

Among other controls to ensure that market risk exposures remain within tolerable levels include stress testing, new product approval procedures and listing of permissible instruments that can be traded.

Periodic stress testing and control assessment are conducted to address the plausible market events relating to the threat of market failure that could disrupt the Bank's profitability and capital adequacy in ensuring its resiliency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments

	Non-trading book							
Group 2022	Up to 1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-1 year RM'000	More than 1 year-5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	-	-	368,303	-	-	1,834,562	-	2,202,865
Financial investments at fair value through profit or loss	-	-	-	-	-	-	255,027	255,027
Financial investments at fair value through other comprehensive income	80,107	305,057	2,282,572	9,071,730	8,639,660	-	87,175	20,466,301
Financial investments at amortised cost	49,926	61,039	879,693	3,465,323	7,971,064	-	-	12,427,045
Financing and advances								
- Non-impaired	55,735,839	78,237	76,946	3,310,421	17,590,801	2,053,211	-	78,845,455
- Impaired, net of allowances	-	-	-	-	-	(1,135,563)	-	(1,135,563)
Other non-profit sensitive balances	-	-	-	-	-	4,273,596	-	4,273,596
	55,865,872	444,333	3,607,514	15,847,474	34,201,525	7,025,806	342,202	117,334,726

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 2022	Up to 1 month RM'000	More than 1 month-3 months RM'000	More than 3 months-1 year RM'000	More than 1 year-5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	31,101,097	20,535,291	22,493,674	9,453,101	2,755,034	-	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	1,492,461	100,000	-	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	-	-	500,000
Debt securities issued	-	-	-	2,112,817	1,910,574	-	-	4,023,391
Cashline facility	704,122	-	-	-	-	-	-	704,122
Other non-profit sensitive balances	-	-	-	-	-	1,602,320	-	1,602,320
	33,317,663	20,635,291	22,493,674	12,065,918	4,665,608	1,602,320	-	94,780,474
On-balance sheet profit sensitivity gap	22,548,209	(20,190,958)	(18,886,160)	3,781,556	29,535,917	5,423,486	342,202	22,554,252
Total profit sensitivity gap	22,548,209	(20,190,958)	(18,886,160)	3,781,556	29,535,917	5,423,486	342,202	22,554,252

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 2021	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	150,189	311,214	211,060	-	-	835,189	-	1,507,652
Financial investments at fair value through profit or loss	-	-	-	-	-	-	976,032	976,032
Financial investments at fair value through other comprehensive income	199,160	335,682	2,589,900	9,814,429	7,769,768	-	72,779	20,781,718
Financial investments at amortised cost	105,022	-	1,546,374	2,298,504	6,876,950	-	-	10,826,850
Financing and advances								
- Non-impaired	52,857,393	45,689	65,819	3,569,809	19,915,070	1,808,184	-	78,261,964
- Impaired, net of allowances	-	-	-	-	-	(965,527)	-	(965,527)
Other non-profit sensitive balances	-	-	-	-	-	3,669,469	-	3,669,469
	53,311,764	692,585	4,413,153	15,682,742	34,561,788	5,347,315	1,048,811	115,058,158

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 2021	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	25,829,046	20,446,183	27,940,038	10,182,524	2,126,093	-	-	86,523,884
Deposits and placements from banks and financial institutions	600,000	250,000	-	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	-	-	318,311	-	-	-	318,311
Debt securities issued	-	-	1,286,546	704,367	1,307,027	-	-	3,297,940
Cashline facility	400,032	300,385	-	-	-	-	-	700,417
Other non-profit sensitive balances	-	-	-	-	-	1,712,411	-	1,712,411
	26,829,078	20,996,568	29,226,584	11,205,202	3,433,120	1,712,411	-	93,402,963
On-balance sheet profit sensitivity gap	26,482,686	(20,303,983)	(24,813,431)	4,477,540	31,128,668	3,634,904	1,048,811	21,655,195
Total profit sensitivity gap	26,482,686	(20,303,983)	(24,813,431)	4,477,540	31,128,668	3,634,904	1,048,811	21,655,195

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank 2022	**Up to 1 month RM'000**	**More than 1 month-3 months RM'000**	**More than 3 months-1 year RM'000**	**More than 1 year-5 years RM'000**	**More than 5 years RM'000**	**Non-profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash, deposits and placements with financial institutions	-	-	368,303	-	-	1,831,709	-	2,200,012
Financial investments at fair value through profit or loss	-	-	-	-	-	-	255,027	255,027
Financial investments at fair value through other comprehensive income	80,107	305,057	2,282,572	9,071,730	8,639,660	-	87,167	20,466,293
Financial investments at amortised cost	49,926	61,039	879,693	3,465,323	7,971,064	-	-	12,427,045
Financing and advances								
- Non-impaired	55,735,839	78,237	76,946	3,310,421	17,889,136	2,053,211	-	79,143,790
- Impaired, net of allowances	-	-	-	-	-	(1,145,873)	-	(1,145,873)
Other non-profit sensitive balances	-	-	-	-	-	3,670,437	-	3,670,437
	55,865,872	444,333	3,607,514	15,847,474	34,499,860	6,409,484	342,194	117,016,731

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 2022	**Up to 1 month RM'000**	**More than 1 month-3 months RM'000**	**More than 3 months-1 year RM'000**	**More than 1 year-5 years RM'000**	**More than 5 years RM'000**	**Non-profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	31,101,097	20,535,291	22,493,674	9,453,101	2,755,034	-	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	1,492,461	100,000	-	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	-	-	500,000
Debt securities issued	-	-	-	2,112,817	1,910,574	-	-	4,023,391
Cashline facility	704,122	-	-	-	-	-	-	704,122
Other non-profit sensitive balances	-	-	-	-	-	1,732,357	-	1,732,357
	33,317,663	20,635,291	22,493,674	12,065,918	4,665,608	1,732,357	-	94,910,511
On-balance sheet profit sensitivity gap	22,548,209	(20,190,958)	(18,886,160)	3,781,556	29,834,252	4,677,127	342,194	22,106,220
Total profit sensitivity gap	22,548,209	(20,190,958)	(18,886,160)	3,781,556	29,834,252	4,677,127	342,194	22,106,220

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 2021	**Up to 1 month RM'000**	**More than 1 month-3 months RM'000**	**More than 3 months-1 year RM'000**	**More than 1 year-5 years RM'000**	**More than 5 years RM'000**	**Non-profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash, deposits and placements with financial institutions	150,189	311,214	211,060	-	-	834,987	-	1,507,450
Financial investments at fair value through profit or loss	-	-	-	-	-	-	976,032	976,032
Financial investments at fair value through other comprehensive income	199,160	335,682	2,589,900	9,814,429	7,769,768	-	72,771	20,781,710
Financial investments at amortised cost	105,022	-	1,546,374	2,298,504	6,876,950	-	-	10,826,850
Financing and advances								
- Non-impaired	52,857,393	45,689	65,819	3,569,809	20,148,820	1,808,184	-	78,495,714
- Impaired, net of allowances	-	-	-	-	-	(979,133)	-	(979,133)
Other non-profit sensitive balances	-	-	-	-	-	3,186,255	-	3,186,255
	53,311,764	692,585	4,413,153	15,682,742	34,795,538	4,850,293	1,048,803	114,794,878

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 2021	**Up to 1 month RM'000**	**More than 1 month-3 months RM'000**	**More than 3 months-1 year RM'000**	**More than 1 year-5 years RM'000**	**More than 5 years RM'000**	**Non-profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Deposits from customers	25,829,046	20,446,183	27,940,038	10,182,524	2,126,093	-	-	86,523,884
Deposits and placements from banks and financial institutions	600,000	250,000	-	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	-	-	318,311	-	-	-	318,311
Debt securities issued	-	-	1,286,546	704,367	1,307,027	-	-	3,297,940
Cashline facility	400,032	300,385	-	-	-	-	-	700,417
Other non-profit sensitive balances	-	-	-	-	-	1,884,260	-	1,884,260
	26,829,078	20,996,568	29,226,584	11,205,202	3,433,120	1,884,260	-	93,574,812
On-balance sheet profit sensitivity gap	26,482,686	(20,303,983)	(24,813,431)	4,477,540	31,362,418	2,966,033	1,048,803	21,220,066
Total profit sensitivity gap	26,482,686	(20,303,983)	(24,813,431)	4,477,540	31,362,418	2,966,033	1,048,803	21,220,066

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.6 Operational risk

The Bank defines operational risk as the risk of loss or non-achievement of business objectives due to inadequate or failed internal processes, people and systems, or from external events.

The Bank's Operational Risk Management ("ORM") Framework sets out the governance and oversight structure, roles and relationships of the three lines of defense mechanism as well as the highlevel principles and methodologies for operational risk identification, assessment, control and monitoring.

The framework recognises the relationships between operational risk and other risk types such as strategic, credit, market and reputation risks; and is cascaded to also govern the management of operational risk sub-types i.e. legal and compliance risk, Shariah non-compliance risk, Information Technology risk and outsourcing risk.

The Bank has no appetite for losses arising from inadequate internal controls, systems, and processes; which can be elaborated as zero appetite for:

- Failure to maintain a sound and proportionate system of internal controls to manage the expected operational risk losses and avoid the unexpected operational risk losses;
- Regulatory censures, fines or prosecution relating to the laws and regulations applicable to the Bank; and
- Failure to comply with Shariah rules and parameters as set out by the Shariah Committee ("SC") and/or the Shariah Advisory Council of Bank Negara Malaysia.

The Bank continuously monitors its operational risk exposure to ensure the level of exposure is within the acceptable tolerance. This is conducted by means of the established governance and oversight structure as well as through the day-to-day operational risk management processes.

ORM processes are undertaken through the implementation of tools such as Risk and Control Self-Assessment ("RCSA"), Key Risk Indicator ("KRI") and Loss Event Data ("LED") collection. RCSA is a tool used to identify and assess the risks in key business processes, evaluate the effectiveness of internal controls and provide the basis for determining risk responses/strategies in pursuing business objectives. KRI provides an early warning signal of any increase in risk exposure and/or occurrence of control failures. To support operational risk analytics, the Bank collects LED based on BNM's Operational Risk Integrated Online Network ("ORION") requirements.

To improve its operational resilience, the Bank has revamped its Business Continuity Management ("BCM") framework and processes by streamlining the governance structure and response matrix based on the severity of disruption; namely code Amber, Red and Black. Code Amber incidents are isolated disruption affecting only a particular business/activity which shall be managed by the respective business involved. The entire crisis management hierarchy headed by Managing Director/President shall be activated under Code Black, which is a full-on crisis that could potentially affect the going concern of the Bank. To ensure the effectiveness of the business continuity plans and to be in line with regulatory requirements, regular exercises, disaster simulations and recovery drills are conducted throughout the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management

The objective of capital management is to maintain a strong capital position to support business growth, to maintain investors, depositors, customers and market confidence and to provide cushion for any potential losses. In line with this objective, the Bank manages its capital actively and ensures that the capital adequacy ratios which take into account the risk profile of the Bank, are above the regulatory minimum requirement.

Capital adequacy and the use of regulatory capital are monitored monthly by the Bank's management, employing techniques based on the Capital Framework for Development Financial Institutions by Bank Negara Malaysia. The required information is filed with Bank Negara Malaysia on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with Bank Negara Malaysia which takes into account the risk profile of the Bank. The regulatory capital requirements are strictly observed when managing economic capital.

The Bank's regulatory capital comprises two tiers:

(i) Tier 1 capital: share capital, statutory reserve, capital reserve and retained profits; and

(ii) Tier 2 capital: subordinated sukuk, collective impairment allowances on non-impaired financing and regulatory reserve.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and exposures not recognised in the statements of financial position.

The Bank's policy is to maintain a strong capital base so as to ensure investors', creditors' and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

46.7.1 Capital adequacy ratio

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Framework for Development Financial Institutions (Capital Component & Risk-Weighted Asset). The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	2022	**2021**
Before proposed dividend		
Core capital ratio	**24.996%**	23.868%
Risk-weighted capital adequacy ratio	**27.581%**	26.277%
After proposed dividend		
Core capital ratio	**24.485%**	23.349%
Risk-weighted capital adequacy ratio	**27.069%**	25.757%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management (continued)

46.7.1 Capital adequacy ratio (continued)

The above ratios are derived by taking into account the core capital and capital base against the risk-weighted assets of the Bank. Components of the capital are as follows:

	Bank	
	2022 RM'000	**2021 RM'000**
Tier I capital		
Paid-up share capital	**2,986,030**	2,986,030
Retained profits	**11,219,906**	10,373,508
Other reserves	**7,782,176**	7,322,051
Total Tier I capital (core)	**21,988,112**	20,681,589
Tier II capital		
Subordinated sukuk	**300,000**	300,000
Collective impairment *	**1,744,693**	1,558,001
Regulatory reserve	**329,672**	329,672
Total Tier II capital	**2,374,365**	2,187,673
Total capital	**24,362,477**	22,869,262
Less: Investment in subsidiaries	**(100,744)**	(100,744)
Total capital base	**24,261,733**	22,768,518

* This is a surplus amount allowable after taking into account the collective impairment allowance on impaired financing of the Bank.

Assets in various categories are risk-weighted as follows:

	Bank	
	2022 RM'000	**2021 RM'000**
Total assets assigned 20% risk-weighted	**224,109**	421,050
Total assets assigned 50% risk-weighted	**2,479,554**	2,596,734
Total assets assigned 100% risk-weighted	**84,211,144**	82,638,060
Off-Balance Sheet claims assigned 100% risk-weighted	**1,051,069**	993,140
	87,965,876	86,648,984

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management (continued)

46.7.2 Transitional Arrangement

Based on the BNM's policy document on Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions for Development Financial Institutions (DFIs) issued on 9 December 2020, the prescribed development financial institutions ("DFIs") which elect to apply the transitional arrangements are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to Tier I Capital over a four-year period from financial year beginning 2020 or a three-year period from financial year beginning 2021. The Group and Bank elected to adopt the transitional arrangements for four-year period from financial year beginning 2020.

Bank	**Before Transitional Arrangement RM'000**	**After Transitional Arrangement RM'000**
2022		
Total Tier I Capital	**21,988,112**	**21,988,112**
of which: Total Add-back	-	813,338
Total Additional Tier I Capital	**21,988,112**	**22,801,450**
Total Tier II Capital	**2,374,365**	**2,374,365**
of which: Loss provisions	2,074,365	2,074,365
Total Risk Weighted Assets	**87,965,876**	**87,965,876**
Core capital ratio	**24.996%**	**25.921%**
Risk-weighted capital adequacy ratio	**27.581%**	**28.505%**
2021		
Total Tier I Capital	20,681,589	20,681,589
of which: Total Add-back	-	899,305
Total Additional Tier I Capital	20,681,589	21,580,894
Total Tier II Capital	2,187,673	2,187,673
of which: Loss provisions	1,887,673	1,887,673
Total Risk Weighted Assets	86,648,984	86,648,984
Core capital ratio	23.868%	24.906%
Risk-weighted capital adequacy ratio	26.277%	27.315%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting period.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132, *Financial Instruments: Disclosure and Presentation* which requires the fair value information to be disclosed.

47.1 Valuation of financial instruments

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

(i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

(ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Group and the Bank determine fair values using valuation techniques.

There were no financial liabilities of the Group and the Bank at the end of the reporting period that were measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value

Group 2022	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial investments at fair value through profit or loss					
Government investment issues	**41,827**	**41,827**	**-**	**41,827**	**-**
Islamic redeemable convertible preference shares	**213,200**	**213,200**	**-**	**213,200**	**-**
	255,027	**255,027**	**-**	**255,027**	**-**
Financial investments at fair value through other comprehensive income					
Islamic debt securities	**4,520,183**	**4,520,183**	**-**	**4,520,183**	**-**
Government investment issues	**6,803,294**	**6,803,294**	**-**	**6,803,294**	**-**
Government sukuk	**8,403,783**	**8,403,783**	**-**	**8,403,783**	**-**
Cagamas sukuk	**651,866**	**651,866**	**-**	**651,866**	**-**
Unquoted shares	**87,175**	**87,175**	**-**	**-**	**87,175**
	20,466,301	**20,466,301**	**-**	**20,379,126**	**87,175**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

Group 2021	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial investments at fair value through profit or loss					
Government investment issues	695,939	695,939	-	695,939	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
Quoted shares	66,893	66,893	66,893	-	-
	976,032	976,032	66,893	909,139	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	5,036,372	5,036,372	-	5,036,372	-
Government investment issues	5,550,252	5,550,252	-	5,550,252	-
Government sukuk	8,709,494	8,709,494	-	8,709,494	-
Khazanah sukuk	156,319	156,319	-	156,319	-
Cagamas sukuk	1,256,502	1,256,502	-	1,256,502	-
Unquoted shares	72,779	72,779	-	-	72,779
	20,781,718	20,781,718	-	20,708,939	72,779

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

Bank 2022	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial investments at fair value through profit or loss					
Government investment issues	**41,827**	**41,827**	**-**	**41,827**	**-**
Islamic redeemable convertible preference shares	**213,200**	**213,200**	**-**	**213,200**	**-**
	255,027	**255,027**	**-**	**255,027**	**-**
Financial investments at fair value through other comprehensive income					
Islamic debt securities	**4,520,183**	**4,520,183**	**-**	**4,520,183**	**-**
Government investment issues	**6,803,294**	**6,803,294**	**-**	**6,803,294**	**-**
Government sukuk	**8,403,783**	**8,403,783**	**-**	**8,403,783**	**-**
Cagamas sukuk	**651,866**	**651,866**	**-**	**651,866**	**-**
Unquoted shares	**87,167**	**87,167**	**-**	**-**	**87,167**
	20,466,293	**20,466,293**	**-**	**20,379,126**	**87,167**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

Bank 2021	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial investments at fair value through profit or loss					
Government investment issues	695,939	695,939	-	695,939	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
Quoted shares	66,893	66,893	66,893	-	-
	976,032	976,032	66,893	909,139	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	5,036,372	5,036,372	-	5,036,372	-
Government investment issues	5,550,252	5,550,252	-	5,550,252	-
Government sukuk	8,709,494	8,709,494	-	8,709,494	-
Khazanah sukuk	156,319	156,319	-	156,319	-
Cagamas sukuk	1,256,502	1,256,502	-	1,256,502	-
Unquoted shares	72,771	72,771	-	-	72,771
	20,781,710	20,781,710	-	20,708,939	72,771

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

	Group	
	2022 RM'000	2021 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	**72,779**	57,965
Addition of unquoted shares	**1**	100
Unrealised gains recognised in other comprehensive income	**14,395**	14,714
At 31 December	**87,175**	72,779

	Bank	
	2022 RM'000	2021 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	**72,771**	57,957
Addition of unquoted shares	**1**	100
Unrealised gains recognised in other comprehensive income	**14,395**	14,714
At 31 December	**87,167**	72,771

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required)

Set out below is a comparison of the carrying amount and fair value of financial instruments that are not measured at fair value in the financial statements.

	Carrying amount 2022 RM'000	Fair value 2022 RM'000	Carrying amount 2021 RM'000	Fair value 2021 RM'000
Group				
Financial assets				
Cash and short-term funds	**1,834,420**	**1,834,420**	835,189	835,189
Deposits and placements with financial institutions	**368,445**	**368,445**	672,463	672,463
Financial investments at amortised cost	**12,427,045**	**12,015,044**	10,826,850	10,682,828
Financing and advances	**77,709,892**	**79,940,749**	77,296,437	79,026,320
Trade receivables	**1,228**	**1,228**	909	909
Other receivables and deposits	**946,265**	**946,265**	586,519	586,519
Financial liabilities				
Deposits from customers	**86,338,197**	**86,151,840**	86,523,884	86,383,292
Investment accounts of customers	**19,983**	**19,983**	-	-
Deposits and placements from banks and financial institutions	**1,592,461**	**1,592,461**	850,000	850,000
Recourse obligations on financing sold to Cagamas	**500,000**	**501,777**	318,311	318,646
Debt securities issued	**4,023,391**	**3,921,772**	3,297,940	3,261,597
Trade payables	**1,735**	**1,735**	1,839	1,839
Cashline facility	**704,122**	**704,122**	700,417	700,417
Other liabilities	**996,677**	**996,677**	1,038,678	1,038,678

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount 2022 RM'000	Fair value 2022 RM'000	Carrying amount 2021 RM'000	Fair value 2021 RM'000
Bank				
Financial assets				
Cash and short-term funds	**1,831,709**	**1,831,709**	834,987	834,987
Deposits and placements with financial institutions	**368,303**	**368,303**	672,463	672,463
Financial investments at amortised cost	**12,427,045**	**12,015,044**	10,826,850	10,682,828
Financing and advances	**77,997,917**	**80,228,774**	77,516,581	79,246,464
Other receivables and deposits	**911,792**	**911,792**	550,709	550,709
Financial liabilities				
Deposits from customers	**86,338,197**	**86,151,840**	86,523,884	86,383,292
Investment accounts of customers	**19,983**	**19,983**	-	-
Deposits and placements from banks and financial institutions	**1,592,461**	**1,592,461**	850,000	850,000
Recourse obligations on financing sold to Cagamas	**500,000**	**501,777**	318,311	318,646
Debt securities issued	**4,023,391**	**3,921,772**	3,297,940	3,261,597
Cashline facility	**704,122**	**704,122**	700,417	700,417
Other liabilities	**1,155,137**	**1,155,137**	1,233,658	1,233,658

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
2022					
Financial assets					
Cash and short-term funds	**1,834,420**	**1,834,420**	**-**	**-**	**1,834,420**
Deposits and placements with financial institutions	**368,445**	**368,445**	**-**	**-**	**368,445**
Financial investments at amortised cost:					
Government sukuk	**3,184,122**	**3,071,187**	**-**	**3,071,187**	**-**
Government investment issues	**7,803,055**	**7,520,318**	**-**	**7,520,318**	**-**
Islamic debt securities	**1,276,138**	**1,259,758**	**-**	**1,259,758**	**-**
Khazanah sukuk	**63,354**	**63,682**	**-**	**63,682**	**-**
Cagamas sukuk	**50,451**	**50,173**	**-**	**50,173**	**-**
Negotiable Islamic debt certificates	**49,925**	**49,925**	**-**	**-**	**49,925**
Financing and advances	**77,709,892**	**79,940,749**	**-**	**-**	**79,940,749**
Trade receivables	**1,228**	**1,228**	**-**	**-**	**1,228**
Other receivables and deposits	**946,265**	**946,265**	**-**	**-**	**946,265**
	93,287,295	**95,106,150**	**-**	**11,965,118**	**83,141,032**
Financial liabilities					
Deposits from customers	**86,338,197**	**86,151,840**	**-**	**-**	**86,151,840**
Investment accounts of customers	**19,983**	**19,983**	**-**	**-**	**19,983**
Deposits and placements from banks and financial Institutions	**1,592,461**	**1,592,461**	**-**	**-**	**1,592,461**
Recourse obligations on financing sold to Cagamas	**500,000**	**501,777**	**-**	**-**	**501,777**
Debt securities issued	**4,023,391**	**3,921,772**	**-**	**3,921,772**	**-**
Trade payables	**1,735**	**1,735**	**-**	**-**	**1,735**
Cashline facility	**704,122**	**704,122**	**-**	**-**	**704,122**
Other liabilities	**996,677**	**996,677**	**-**	**-**	**996,677**
	94,176,566	**93,890,367**	**-**	**3,921,772**	**89,968,595**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group (continued)					
2021					
Financial assets					
Cash and short-term funds	835,189	835,189	-	-	835,189
Deposits and placements with financial institutions	672,463	672,463	-	-	672,463
Financial investments at amortised cost:					
Government sukuk	3,170,872	3,137,762	-	3,137,762	-
Government investment issues	6,925,903	6,816,254	-	6,816,254	-
Islamic debt securities	453,758	449,496	-	449,496	-
Khazanah sukuk	100,040	102,220	-	102,220	-
Cagamas sukuk	76,349	77,168	-	77,168	-
Negotiable Islamic debt certificates	99,928	99,928	-	-	99,928
Financing and advances	77,296,437	79,026,320	-	-	79,026,320
Trade receivables	909	909	-	-	909
Other receivables and deposits	586,519	586,519	-	-	586,519
	90,218,367	91,804,228	-	10,582,900	81,221,328
Financial liabilities					
Deposits from customers	86,523,884	86,383,292	-	-	86,383,292
Deposits and placements from banks and financial Institutions	850,000	850,000	-	-	850,000
Recourse obligations on financing sold to Cagamas	318,311	318,646	-	-	318,646
Debt securities issued	3,297,940	3,261,597	-	3,261,597	-
Trade payables	1,839	1,839	-	-	1,839
Cashline facility	700,417	700,417	-	-	700,417
Other liabilities	1,038,678	1,038,678	-	-	1,038,678
	92,731,069	92,554,469	-	3,261,597	89,292,872

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank					
2022					
Financial assets					
Cash and short-term funds	**1,831,709**	**1,831,709**	**-**	**-**	**1,831,709**
Deposits and placements with financial institutions	**368,303**	**368,303**	**-**	**-**	**368,303**
Financial investments at amortised cost:					
Government sukuk	**3,184,122**	**3,071,187**	**-**	**3,071,187**	**-**
Government investment issues	**7,803,055**	**7,520,318**	**-**	**7,520,318**	**-**
Islamic debt securities	**1,276,138**	**1,259,758**	**-**	**1,259,758**	**-**
Khazanah sukuk	**63,354**	**63,682**	**-**	**63,682**	**-**
Cagamas sukuk	**50,451**	**50,173**	**-**	**50,173**	**-**
Negotiable Islamic debt certificates	**49,925**	**49,925**	**-**	**-**	**49,925**
Financing and advances	**77,997,917**	**80,228,774**	**-**	**-**	**80,228,774**
Other receivables and deposits	**911,792**	**911,792**	**-**	**-**	**911,792**
	93,536,766	**95,355,621**	**-**	**11,965,118**	**83,390,503**
Financial liabilities					
Deposits from customers	**86,338,197**	**86,151,840**	**-**	**-**	**86,151,840**
Investment accounts of customers	**19,983**	**19,983**	**-**	**-**	**19,983**
Deposits and placements from banks and financial Institutions	**1,592,461**	**1,592,461**	**-**	**-**	**1,592,461**
Recourse obligations on financing sold to Cagamas	**500,000**	**501,777**	**-**	**-**	**501,777**
Debt securities issued	**4,023,391**	**3,921,772**	**-**	**3,921,772**	**-**
Cashline facility	**704,122**	**704,122**	**-**	**-**	**704,122**
Other liabilities	**1,155,137**	**1,155,137**	**-**	**-**	**1,155,137**
	94,333,291	**94,047,092**	**-**	**3,921,772**	**90,125,320**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank (continued)					
2021					
Financial assets					
Cash and short-term funds	834,987	834,987	-	-	834,987
Deposits and placements with financial institutions	672,463	672,463	-	-	672,463
Financial investments at amortised cost:					
Government sukuk	3,170,872	3,137,762	-	3,137,762	-
Government investment issues	6,925,903	6,816,254	-	6,816,254	-
Islamic debt securities	453,758	449,496	-	449,496	-
Khazanah sukuk	100,040	102,220	-	102,220	-
Cagamas sukuk	76,349	77,168	-	77,168	-
Negotiable Islamic debt certificates	99,928	99,928	-	-	99,928
Financing and advances	77,516,581	79,246,464	-	-	79,246,464
Other receivables and deposits	550,709	550,709	-	-	550,709
	90,401,590	91,987,451	-	10,582,900	81,404,551
Financial liabilities					
Deposits from customers	86,523,884	86,383,292	-	-	86,383,292
Deposits and placements from banks and financial Institutions	850,000	850,000	-	-	850,000
Recourse obligations on financing sold to Cagamas	318,311	318,646	-	-	318,646
Debt securities issued	3,297,940	3,261,597	-	3,261,597	-
Cashline facility	700,417	700,417	-	-	700,417
Other liabilities	1,884,260	1,884,260	-	-	1,884,260
	93,574,812	93,398,212	-	3,261,597	90,136,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

47.3.1 Cash and short-term funds

The carrying amounts of cash and short-term funds approximate fair values due to the relatively short maturity of the financial instruments. This is similar to deposits and placements with financial institutions maturing within one month that have a relatively short maturity period.

47.3.2 Deposits and placements with financial institutions

The fair values of deposits and placements with financial institutions are not materially sensitive to changes in market profit rate because of their limited term to maturity.

47.3.3 Financial investments at amortised cost

Financial investments at amortised are carried at amortised cost at the end of the reporting period. Fair values for these financial instruments are estimated based on broker quotes from Bond Pricing Agency Malaysia.

47.3.4 Financing and advances

Financing and advances are carried at amortised cost at the end of the reporting period. Fair valuation of these financial instruments are estimated based on discounted payment to be received in the future using the effective profit rate offered for similar financing at the reporting date.

47.3.5 Trade and other receivables

The carrying amounts of trade and other receivables reported in the statements of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

47.3.6 Deposits from customers

The fair values of deposits payable on demand (demand and savings deposits), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on effective profit rates for similar deposits from customers at the reporting date.

However, since all deposits received can be classified as Islamic deposits, their fair values are deemed to approximate their carrying amounts as profit rates are determined at the end of the maturity period based on the sharing of profits generated from investments of the deposits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

47.3.7 Deposits and placements from banks and financial institutions

The fair values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments.

47.3.8 Recourse obligations on financing sold to Cagamas

The fair values for recourse obligations sold to Cagamas that have remaining maturity of less than one year are estimated to approximate their carrying amounts. For remaining maturity of more than one year, they are estimated using discounted cash flows based on prevailing Cagamas rates at the reporting date.

47.3.9 Debt securities issued

Debt securities issued are measured at amortised cost at the end of the reporting period. The fair value of the securities are derived by referring to the present value of the expected amount due in the future by applying the effective profit rate for the debt securities at the reporting date.

47.3.10 Trade and other liabilities

The carrying amounts of trade and other liabilities reported in the statements of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

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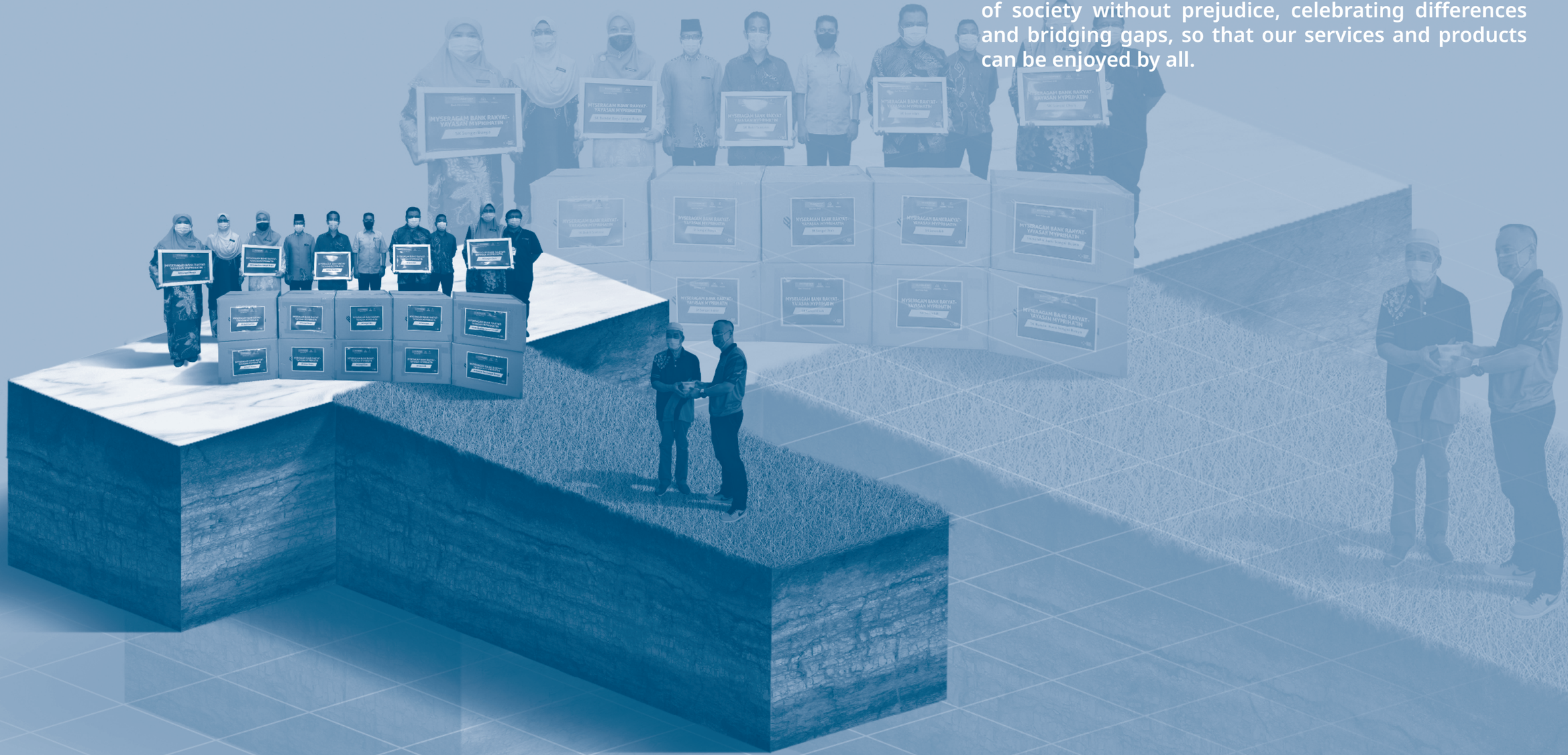

R.A.K.Y.A.T

CORPORATE OFFICE AND BRANCHES

CORPORATE OFFICE

BANK RAKYAT
Menara 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
Tel: 03-2612 9600

Website: www.bankrakyat.com.my
Tele-Rakyat: 1-300-80-5454
International Call: +603-5526 9000
i-Rakyat: www.irakyat.com.my
Facebook/Twitter/Instagram:
/myBankRakyat

BRANCHES

REGION OFFICE (PERLIS/KEDAH/PULAU PINANG)
No. 66, Level 2, Jalan Langgar
05460 Alor Setar, Kedah

ARAU
No. 6, 8 dan 10, Jalan Pauh
Taman Pauh Utama
02600 Arau, Perlis

KANGAR
No. 13, Jalan Hospital
01000 Kangar, Perlis

ALOR SETAR
No. 66, Jalan Langgar
05460 Alor Setar, Kedah

BALING
Tingkat Bawah, Bangunan UMNO
Pekan Baru
09100 Baling, Kedah

GURUN
No. 19 C dan 19 D, Jalan Sungai Petani
08300 Gurun, Kedah

JITRA
No. 247 dan 248, Jalan PJ 2/2
Pekan Jitra 2
06000 Jitra, Kedah

KUALA NERANG
No. 32-33 Pekan Baru
Jalan Semeliang
06300 Kuala Nerang, Kedah

KULIM
No. 203 dan 204, Jalan Lunas
Taman Seluang, Kelang Lama
09000 Kulim, Kedah

LANGKAWI
No. 28 dan 29, Jalan Mahawangsa 1
Langkawi Blvd
07000 Langkawi, Kedah

MERGONG
No. 7 dan 8, Susuran Tuanku Haminah
Pusat Perdagangan Tuanku Haminah
Mergong
05150 Alor Setar, Kedah

PENDANG
Lot 9-11, Pendang Square
06700 Pendang, Kedah

SUNGAI PETANI
No. 21 dan 22, Jalan Jati 1/1
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah

BAYAN BARU
No. 49, 51 and 53, Block H
Persiaran Mahsuri 1/3
Sunway Avenue
11950 Bayan Baru, Pulau Pinang

BUKIT MERTAJAM
No. 22 dan 24, Jalan Perda Selatan
Bandar Perda
14000 Bukit Mertajam, Pulau Pinang

GEORGETOWN
No. 137, Jalan Magazine
10300 Georgetown, Pulau Pinang

JAWI
No. 56 dan 58, Jalan Jawi Jaya 1
Taman Jawi Jaya
Seberang Perai Selatan
14200 Sungai Jawi, Pulau Pinang

JELUTONG
No. 13 and 13A, Metro Avenue
Jelutong Express Way
11600 Pulau Pinang

KEPALA BATAS
No. 8, Jalan Dagangan 2
Pusat Bandar Bertam Perdana
13200 Kepala Batas, Pulau Pinang

SEBERANG JAYA
No. 1, Tingkat Bawah dan 1, Jalan Todak 1
Pusat Bandar Seberang Jaya
13700 Perai, Pulau Pinang

REGION OFFICE (PERAK)
No. 47B, Jalan Meru Bestari A2
Medan Meru Bestari
30020 Ipoh, Perak

BAGAN SERAI
No. 132, Jalan Setia, Pusat Bandar
34300 Bagan Serai, Perak

GREENTOWN
No. 8 dan 10, Jalan Greentown 1
Greentown Nova
30450 Ipoh, Perak

GRIK
No. 1, Jalan Indah 1
33600 Grik, Perak

KUALA KANGSAR
No. 1 dan 2, Bangunan Bank Rakyat
Jalan Daeng Selili
33000 Kuala Kangsar, Perak

MANJUNG
No. 41, 43 and 45, Persiaran PM 3/2
Seri Manjung City Centre, Section III
32040 Seri Manjung, Perak

MEDAN GOPENG
No. 37 dan 39, Medan Gopeng 1
Jalan Raja Dr Nazrin Shah
Peti Surat 494
30750 Ipoh, Perak

MERU RAYA
No. 42 dan 44, Jalan Meru, Impian A1
Meru Impian Business Centre
Bandar Meru Raya
30020 Ipoh, Perak

SERI ISKANDAR
No. 24 dan 26, Jalan Maju Satu
Taman Maju, Bandar Sri Iskandar
32610 Bandar Seri Iskandar, Perak

CORPORATE OFFICE AND BRANCHES

TAIPING
Lot 2478 dan 2482, Jalan Berek
34000 Taiping, Perak

TANJUNG MALIM
Lot 27 dan 29, Jalan Permai 1
Taman Ketoyong Permai 2
35900 Tanjung Malim, Perak

TAPAH
No. 56 dan 57, Jalan Besar
35000 Tapah, Perak

TELUK INTAN
No. 187, Jalan Intan 5, Bandar Baru
36000 Teluk Intan, Perak

REGION OFFICE (SELANGOR)
No. 9 and 11, Level 3
Jalan Tuanku Ampuan Zabedah H/9H
Seksyen 9
40000 Shah Alam, Selangor

AMPANG
No. 2, Jalan Dagang 1/1A
Taman Dagang
68000 Ampang, Selangor

BANDAR BARU BANGI
No. 37 dan 39
Jalan Medan Pusat 2D, Seksyen 9
43650 Bandar Baru Bangi, Selangor

BANDAR BARU KLANG
No. 2, Lorong Tiara 1B
Bandar Baru Klang
41150 Klang, Selangor

BANTING
No. 239, Jalan Sultan Abdul Samad
42700 Banting, Selangor

CYBERJAYA
Unit F03A, Fasa 1
Glomac Cyberjaya, Persiaran APEC
63000 Cyberjaya, Selangor

KAJANG
No. 18 dan 19, Jalan Jelok 3
Off Jalan Bukit Kajang
43000 Kajang, Selangor

KELANA JAYA
Ground Floor, Wisma Sekatarakyat
Glomac Business Centre
Jalan SS 5/1, Kelana Jaya
47301 Petaling Jaya, Selangor

KUALA SELANGOR
No. 2, Jalan Bendahara 1/1
Bandar Bendahara
45000 Kuala Selangor, Selangor

MELAWATI
No. G-2 and G-3, Melawati Corporate Centre
Taman Melawati
53100 Kuala Lumpur

PETALING JAYA
No. 1-1, Jalan 14/22
Wisma Federal Academy Ballet
46100 Petaling Jaya, Selangor

PJ STATE
No. 11 dan 13
Jalan Yong Shook Lin, Seksyen 52
46200 Petaling Jaya, Selangor

PORT KLANG
No. 2 and 4, Harbour Point
Commercial Centre, Jalan Sungai Aur
42000 Port Klang, Selangor

PUCHONG
No. 28 dan 30, Jalan Puteri 4/2
Bandar Puteri
47100 Puchong, Selangor

RAWANG
No. 73, Jalan Bandar Rawang 2
Pusat Bandar Rawang
48000 Rawang, Selangor

SEKSYEN 23, SHAH ALAM
No. 23 dan 25, Jalan Pelabur B/23B
Seksyen 23
40300 Shah Alam, Selangor

SERDANG RAYA
No. C1-00-28, Seksyen 9, Jalan SR 1/9
Taman Serdang Raya
43300 Seri Kembangan, Selangor

SHAH ALAM
No. F30 dan F31 Vista Alam
Jalan Ikhtisas 14/1
40000 Shah Alam, Selangor

SUBANG PERDANA
No. 39, Jalan Dinar GU 3/G
Seksyen U3, Taman Subang Perdana
40150 Shah Alam, Selangor

SUNGAI BESAR
No. A12 dan A13, Jalan Menteri
45300 Sungai Besar, Selangor

SUNGAI BULOH
Lot 91 dan 93, Pusat Commercial TSB
Jalan Nautika A U20/A
Seksyen U20, Sungai Buloh
40160 Shah Alam, Selangor

TANJONG KARANG
No.1 dan 3, Jalan Makmur 1
Taman Makmur, Batu 7
45500, Tanjong Karang, Selangor

USJ, SUBANG JAYA
No. 22 dan 24, Jalan USJ 9/5Q, UEP
47600 Subang Jaya, Selangor

REGION OFFICE (KUALA LUMPUR/PUTRAJAYA)
Tingkat 6, No. 140
Bangunan Bank Rakyat, Jalan Ipoh
51200 Kuala Lumpur

BANGSAR BARU
No. 60 dan 62
Tingkat Bawah 1 dan 2, Jalan Maarof
59100 Bangsar Baru, Kuala Lumpur

BANDAR TUN RAZAK
No. G11, G12, 01-11 dan 01-12
Wisma Zelan, Bandar Tun Razak
56000 Kuala Lumpur

DESA PANDAN
No. 33 dan 35 Jalan 1/76
Desa Pandan
55100 Kuala Lumpur

DESA SRI HARTAMAS
Lot B-02, Galeria Hartamas
Jalan 26/70A, Desa Seri Hartamas
50480 Kuala Lumpur

GLO DAMANSARA
Level G.01, G.01AL
Aras Bawah, GLO Damansara
Jalan Damansara
60000 Kuala Lumpur

CORPORATE OFFICE AND BRANCHES

JALAN IPOH, KL
No. 140, Bangunan Bank Rakyat
Jalan Ipoh
51200 Kuala Lumpur

JALAN PINANG, KL
No. 19-1-1 Tingkat Bawah dan 19-1-1A
Mezzanine Floor, UOA Centre
No. 19 Jalan Pinang
50450 Kuala Lumpur

JALAN TANGSI, KL
Tingkat Bawah, Bangunan Bank Rakyat
Jalan Tangsi
50732 Kuala Lumpur

KEPONG
No. 11 dan 15, Jalan Rimbunan Raya 1
Laman Rimbunan Raya 1
Laman Rimbunan
52100 Kepong, Kuala Lumpur

PRESINT 15, PUTRAJAYA
No. 22 dan 24, Jalan Diplomatik 3/1
Presint 15
62050 Putrajaya

PUTRAJAYA
Ayer @ 8, Lot 3 dan 3A, Blok B8C1
Jalan P8G, Presint 8
62250 Putrajaya

SELAYANG
Tingkat Bawah, Blok B, KIP Tower
Jalan Kuching
68100 Kuala Lumpur

SETAPAK
No. 13, Plaza KLTS
Kuala Lumpur Traders Square
Block A, Jalan Gombak
53000 Kuala Lumpur

SHAMELIN
No. 68-1-1 dan 68-1-2, Jalan 4/91
Dataran Shamelin
Taman Shamelin Perkasa
56100 Kuala Lumpur

UTAMA, MKBR
Tingkat Bawah
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

REGION OFFICE (MELAKA/NEGERI SEMBILAN)
No. 4-5 dan 6-5, Tingkat 5, Jalan KC 1
Kota Cemerlang
75450 Ayer Keroh, Melaka

AYER KEROH
No. G-4 dan G-6, Jalan KC 1
Kota Cemerlang
75450 Ayer Keroh, Melaka

JASIN
No. JA 9943 Bandar Baru Jasin III
77000 Jasin, Melaka

MASJID TANAH
MT 2893-2895
Jalan Taman Bandar Baru Utama
Taman Bandar Baru Masjid Tanah
78300 Masjid Tanah, Melaka

MELAKA
Bangunan Bank Rakyat
Jalan Hang Tuah, Peti Surat No. 354
75760 Melaka

BAHAU
No. 25 dan 27, Jalan Ara 1
Pusat Perniagaan Ara
72100 Bahau, Negeri Sembilan

KUALA PILAH
Lot No. 3803 dan 3804
Jalan Dato' Ulu Muar
72000 Kuala Pilah, Negeri Sembilan

LUKUT
No. 137 dan 138, Jalan D8 1/11
Bandar Dataran Segar, Lukut
71010 Port Dickson, Negeri Sembilan

NILAI
PT 332, Jalan BBN 1/1A
Pusat Bandar Putra Point
71800 Nilai, Negeri Sembilan

SENAWANG
No. 156 dan 157, Blok L
Senawang Commercial Park
70450 Seremban, Negeri Sembilan

SEREMBAN
Bangunan Bank Rakyat, Lot 5750
Jalan Tuanku Munawir, Peti Surat 70
70000 Seremban, Negeri Sembilan

TAMPIN
No. 1135 Taman Seri Intan
73000 Tampin, Negeri Sembilan

REGION OFFICE (JOHOR)
No. 21, Jalan Indah 15/2
Taman Bukit Indah
81200 Johor Bahru, Johor

BATU PAHAT
No. 3 dan 4, Jalan Maju Barat
Taman Maju, Bukit Pasir
83000 Batu Pahat, Johor

DAMANSARA ALIFF
No. 57 dan 59, Jalan Aliff 4
Taman Damansara Aliff
81200 Johor Bahru, Johor

JOHOR BAHRU
Podium 2, Unit 2B, Menara Ansar
No. 65, Jalan Trus, Peti Surat 112
80000 Johor Bahru, Johor

KLUANG
No. 27 dan 29, Jalan Md Lazim Saim
86000 Kluang, Johor

KOTA TINGGI
No. 24 dan 26, Jalan Jaya 1
Taman Jaya
81900 Kota Tinggi, Johor

KULAI
No. 4 dan 5, Jalan Anggerik Satu
Taman Kulai Utama
81000 Kulai, Johor

LABIS
No. 4A dan 4B Jalan Segamat
85300 Labis, Johor

MASAI
No. 31, Jalan Suria 3
Bandar Seri Alam
81750 Masai, Johor

MERSING
No. 345 F dan 345 G
Jalan Ismail
86800 Mersing, Johor

CORPORATE OFFICE AND BRANCHES

MUAR
No. 222, Jalan Abdullah
84000 Muar, Johor

NUSAJAYA
No. 21, Jalan Indah 15/2
Taman Bukit Indah
81200 Johor Bahru, Johor

PONTIAN
No. 11, Jalan Delima 2
Pusat Perdagangan Pontian
82000 Pontian, Johor

SEGAMAT
No. 123 dan 124, Jalan Genuang
85000 Segamat, Johor

TAMAN UNIVERSITI, SKUDAI
No. 14 dan 16, Jalan Pendidikan 8
Taman Universiti
81300 Skudai, Johor

YONG PENG
No. 5 dan 6, Jalan Tropika Utama 4
Taman Bukit Tropika
83700 Yong Peng, Johor

REGION OFFICE (PAHANG)
B 160 dan B 162, Tingkat 1
IM 8/33, Bandar Indera Mahkota
25200 Kuantan, Pahang

BANDAR INDERA MAHKOTA
No. B 56 dan B 58, Persiaran Sultan
Abu Bakar, Bandar Indera Mahkota
25000 Kuantan, Pahang

BENTONG
No. P18 dan P19
Jalan Prima 1, Bentong Prima
28700 Bentong, Pahang

BERA
No. 13, 15 dan 17, Jalan Angsana 1
Taman Angsana, Bandar Bera
28200 Bera, Pahang

JENGKA
Lot 92, Jalan Zamrud Nadi Kota
26400 Bandar Jengka, Pahang

JERANTUT
No. 1, Jalan Pine 1, Taman Pine
27000 Jerantut, Pahang

KUALA LIPIS
Lot 2891, Lorong BBKL 2/3/1
Bandar Baru Kuala Lipis
27200 Kuala Lipis, Pahang

KUANTAN
No. G-15, Mahkota Square
Jalan Mahkota
25000 Kuantan, Pahang

MUADZAM SHAH
No. 117, 118 dan 119
Jalan Medan Mewah 7, Medan Mewah
26700 Bandar Muadzam Shah, Pahang

PEKAN
No. G-1, Bangunan UMNO Pekan
Jalan Teng Quee
26600 Pekan, Pahang

RAUB
No. 25 dan 26
Bandar Raub Perdana, Jalan Lipis
27600 Raub, Pahang

TEMERLOH
No. 7 dan 9, Jalan Sudirman 2
Bandar Sri Semantan
28000 Temerloh, Pahang

REGION OFFICE (TERENGGANU/KELANTAN)
No. 25 dan 26, Tingkat 4
Bazar Maidam, Jalan Masjid Abidin
20100 Kuala Terengganu, Terengganu

DUNGUN
Lot PT 12447 dan 12448
Taman Saujana, Sura Gate
23000 Dungun, Terengganu

GONG BADAK
No. 1, 2 dan 3, Taman Tanjung Permata
Kampung Gong Badak
Jalan Batu Rakit
21300 Kuala Terengganu, Terengganu

JERTIH
Lot 4123 dan 4124, Jalan Pasar
Bandar Jertih
22000 Jertih, Terengganu

KEMAMAN
Lot K12086 dan K12087
Jalan Kubang Kurus
24000 Kemaman, Terengganu

KERTEH
Lot PT14507, 14508 dan 14509
Kampung Baru, Mukim Kerteh
24300 Kerteh, Terengganu

KUALA BERANG
Lot PT 11282 dan 11283, Batu 23
Jalan Kuala Berang
21700 Kuala Berang, Terangganu

KUALA TERENGGANU
No. 8 dan 9
Pusat Niaga Paya Keladi
Jalan Paya Keladi
20000 Kuala Terengganu, Terengganu

MARANG
Lot 8996 dan 8997
Kompleks Komersial Marang
21600 Marang, Terengganu

GUA MUSANG
Lot PT 7841 dan PT 7842
Jalan Persiaran Raya, Taman Mesra
18300 Gua Musang, Kelantan

KOTA BHARU
Lot 206 dan 207, Jalan Pengkalan Chepa
15400 Kota Bharu, Kelantan

KUALA KRAI
No. PT 5572 dan PT 5573
KM 2, Jalan Kuala Krai - Gua Musang
18000 Kuala Krai, Kelantan

KUBANG KERIAN
Lot PT 1709 dan 1710
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kubang Kerian, Kelantan

MACHANG
Lot 90-92
Bangunan Usahasama Sentosa Jaya
Dev. Sdn Bhd, Jalan Bakat
18500 Machang, Kelantan

PASIR MAS
Lot PT 315 dan PT 316
Wisma Majlis Daerah Pasir Mas
Jalan Pasir Pekan
17000 Pasir Mas, Kelantan

CORPORATE OFFICE AND BRANCHES

TANAH MERAH
Lot PT 237 dan PT 238
Bandar Tanah Merah
17500 Tanah Merah, Kelantan

WAKAF CHE YEH
No. J-105 dan J-106
Zon Komersial Wakaf Che Yeh
15050 Kota Bharu, Kelantan

REGION OFFICE (SARAWAK)

Tingkat 2
Blok E, Sentosa Parade
KCLD, Jalan Kucing-Serian
93250 Kuching, Sarawak

BINTULU
Lot 22 dan 23
Parkcity Commercial Square
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak

KAPIT
Lot 542 dan 543
Wisma Ngieng Ping Toh
Jalan Airport
96800 Kapit, Sarawak

KOTA SENTOSA
Tingkat Bawah dan 1
Block E, Sentosa Parade
KCLD, Jalan Kucing-Serian
93250 Kuching, Sarawak

KOTA SAMARAHAN
Lot 18 and 19
Uni Capital Commercial Centre
Kuching/Kota Samarahan Express Way
94300 Kota Samarahan, Sarawak

LIMBANG
Lot 11 and 12, Limbang Town District
Jalan Pandaruan
98700 Limbang, Sarawak

MATANG JAYA
No. 3 dan 4, Taman Lee Ling
Commercial Centre, Jalan Matang
93050 Kuching, Sarawak

MIRI
Lot 1111 dan 1112
Bangunan Tabung Baitulmal
Sarawak Pelita Commercial Central
98000 Miri, Sarawak

MUKAH
No. 1152 dan 1153, Blok C
Mukah Town Extension Phase II
96400 Mukah, Sarawak

PERMY JAYA
Lot 6131 dan 6132, Pusat Bandar Fasa 6
Bandar Baru Permy Jaya
98000 Miri, Sarawak

SARIKEI
No. 22 dan 22A, Lorong Tun Razak 1
96100 Sarikei, Sarawak

SATOK
Lot 504, Section 6
KTLD, Jalan Kulas Tengah
93400 Kuching, Sarawak

SIBU
Lot 12 E dan 12 F, Blok 4
Jalan Kampung Datu
96000 Sibu, Sarawak

SIMPANG TIGA
Tingkat Bawah dan 1, No. 9 dan 10
Blok 16, KCLD, Jalan Tun Jugah
93350 Kuching, Sarawak

SRI AMAN
Lot 1467 dan 1468
Seksyen 3 S.T.D, Jalan Hospital
95000 Sri Aman, Sarawak

REGION OFFICE (SABAH)

Tingkat 5, Blok B
Harbour City, Lot 20 dan 21
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu, Sabah

KOTA BELUD
Lot 3 and 4, Block E
Yick Ming Commercial Centre
89157 Kota Belud, Sabah

KOTA MARUDU
No. 6 and 7, WTK Phase 2
89108 Kota Marudu, Sabah

LABUAN
Unit No. E001, Tingkat Bawah
Financial Park Labuan Complex
Jalan Merdeka
87000 Wilayah Persekutuan, Labuan

LAHAD DATU
Lot 27 and 28, Block D, Airport Plaza
Fajar Centre, Jalan Segama
91100 Lahad Datu, Sabah

KENINGAU
Lot 7 dan 8, Blok C
Keningau Plaza, Peti Surat 910
89008 Keningau, Sabah

LIKAS
No. 1, Block A, Plaza Juta
Jalan Tuaran
88400 Kota Kinabalu, Sabah

PENAMPANG
No. 49 and 50, Block H
Donggongan Square, Penampang
89500 Kota Kinabalu, Sabah

PUTATAN
Lot 5 dan 6, Tapak Putatan Baru
Jalan Putatan
88300 Kota Kinabalu, Sabah

SANDAKAN
Lot 4 dan 5, Fasa 2
Sandakan Square, Jalan Prayer
90000 Sandakan, Sabah

SEMPORNA
Lot D2 dan A19, Jalan Bubul
Bandar Utama Semporna
91308 Semporna, Sabah

TAWAU
TB 4615-4617
Pusat Komersial Ba Zhong
Jalan Tawau Lama
91000 Tawau, Sabah

KOTA KINABALU
Lot 20 dan 21, Blok B, Harbour City
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu

BEAUFORT
Lot 21 and 22, Block C
At Commercial Lot New Beaufort Jaya
Near Beaufort Bridge
89800 Beaufort, Sabah

AR-RAHNU X'CHANGE

KEDAH

CHANGLUN
No. 61-B, Pekan Baru
Jalan Kodiang
06010 Changlun, Kedah

LANGKAWI
No. 66, Persiaran Dayang 1
Pusat Perniagaan Dayang
07000 Langkawi, Kedah

MERGONG
No. 19, Lorong Putih 9
Taman Rakyat Mergong
05150 Alor Setar, Kedah

PERAK

BATU GAJAH
No. 5, Tingkat Bawah
Jalan Dewangsa
31000 Batu Gajah, Perak

SITIAWAN
No. 25, Tingkat Bawah
Taman Sentosa, Jalan Lumut
32000 Sitiawan, Perak

TELUK INTAN
No. 61A, Jalan Selat
36000 Teluk Intan, Perak

TAIPING
No. 31, Tingkat Bawah
Susur Simpang Jalan Kg. Dew
34700 Simpang, Perak

SELANGOR

AMPANG
No. 6-G, Tingkat Bawah
Jalan Dagang 1/1A
Taman Dagang
68000 Ampang, Selangor

BALAKONG
No. 7G, Jalan Cheras Maju
Pusat Perniagaan Cheras Maju
43200 Balakong, Selangor

MELAWATI
No. G-1, Melawati Corporate Centre
Taman Melawati
53100 Kuala Lumpur

SHAH ALAM
No. 9 & 11
Jalan Tuanku Ampuan Zabedah H/9H
Seksyen 9
40000 Shah Alam, Selangor

BATANG KALI
No. 37, Jalan Mahogani 7/1, Seksyen 4
Bandar Utama Batang Kali
44300 Batang Kali, Selangor

WILAYAH PERSEKUTUAN

JALAN RAKYAT
Tingkat GB, Menara 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

SENTUL
No. 22, Jalan 14/48 A
Sentul Raya Boulevard
51000 Kuala Lumpur

NEGERI SEMBILAN

REMBAU
No. 990, Tingkat Bawah, Jalan
Terentang
71300 Rembau, Negeri Sembilan

MELAKA

MELAKA SENTRAL
No. 24, Jalan Cempaka 1
Taman Seri Cempaka
Peringgit
75400 Melaka

SUNGAI UDANG
No. 2, Tingkat Bawah, Jalan Pahlawan 7
Taman Pahlawan
76300 Sungai Udang, Melaka

JOHOR

KLUANG
No. 22, Tingkat Bawah, Jalan Pesona 2
Taman Pesona
86000 Kluang, Johor

MASAI
No. 16, Jalan Sejambak 14
Taman Bukit Dahlia
81700 Pasir Gudang, Johor

MUAR
No. 25-2, Jalan Majidi
84000 Muar, Johor

TANGKAK
No. 9, Tingkat Bawah dan Mezzanine
Jalan Muar
84900 Tangkak, Johor

ULU TIRAM
No. 1, Jalan Ledang 25
Taman Bukit Tiram
81800 Ulu Tiram, Johor

PAHANG

KUANTAN
No. 43A, Ground Floor,
Jalan Haji Abdul Aziz 25000
Kuantan, Pahang

TERENGGANU

KEMAMAN
Kedai Ar-Rahnu Kemaman
No. 22, Jalan Sulaimani Chukai
24000 Kemaman, Terengganu

KELANTAN

JELAWAT
Lot 164, Pekan Jelawat
16070 Bachok, Kelantan

KOTA BHARU
Tingkat Bawah, Lot PT 68
Bangunan Yamud
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan

SARAWAK

SATOK
Lot 497, Seksyen 6
KTLD Jalan Kulas Tengah
93400 Kuching, Sarawak

RAKYAT XCESS AND AR-RAHNU X'CHANGE

KEDAH

ALOR SETAR
No. 33 dan 34, Jalan SPK 1
Pekan Simpang Kuala
05400 Alor Setar, Kedah

LANGKAWI
No. 140 dan 142 Persiaran Bunga Raya
Langkawi Mall
07000 Langkawi, Kedah

SIK
No. 1A dan 1B, Susur Alamanda 2
Pusat Perniagaan Alamanda
08200 Sik, Kedah

SUNGAI PETANI
No. 21-F, Jalan Ibrahim
08000 Sungai Petani, Kedah

PERAK

KAMPAR
No. 7 dan 8, Jalan Siswa 3
Taman Siswa
31900 Kampar, Perak

SUNGAI SIPUT
No. 15, Jalan Ipoh
31100 Sungai Siput (U), Perak

SELANGOR

BANDAR TASIK PUTERI
No. 69-G dan 1, Jalan 7A/3
Bandar Tasik Puteri
48020 Rawang, Selangor

BANGI
Lot 1.01, Tingkat Bawah
Wisma UNIKEB
43609 Bangi, Selangor

BERANANG
No. 27-G dan 1, Jalan TPS 2/1
Taman Pelangi Semenyih 2
43700 Beranang, Selangor

SAUJANA UTAMA
No. 1-G-52 dan 1-G-50, Jalan Bidara 6/3
Saujana Utama 3
47000 Sungai Buloh, Selangor

NEGERI SEMBILAN

ENSTEK
No. 78-1 dan 78-2
Mercato Jalan Timur 6/1B, Bandar Enstek
71800 Bandar Enstek, Negeri Sembilan

GEMAS
Lot 4642, Tingkat Bawah, Pekan Gemas
73400 Gemas, Negeri Sembilan

JOHOR

BENUT
No. 39 dan 40, Tingkat Bawah
Jalan Mutiara 4
Pusat Perniagaan Benut
82200 Pontian, Johor

LARKIN PERDANA
No. 63 Susur Larkin Perdana 1
Persiaran Larkin Perdana
Taman Larkin Perdana
80350 Johor Bahru, Johor

PARIT RAJA
No. 52 dan 53, Jalan Universiti 1
Taman Universiti, Parit Raja
86400 Batu Pahat, Johor

PAHANG

MENTAKAB
No. 119 dan 121, Tingkat Bawah
Jalan Temerloh
28400 Mentakab, Pahang

KUALA ROMPIN
No. 70 dan 71, Jalan Pasar
Bandar Baru Rompin
26800 Kuala Rompin, Pahang

KUANTAN
No. G14, Tingkat Bawah
Mahkota Square, Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

TERENGGANU

CHABANG TIGA
No. 2 dan 3, Tingkat Bawah
Wisma KY, Kg. Chabang 3
Simpang Tok Ku
21000 Kuala Terengganu, Terengganu

KELANTAN

JELI
Lot 6491, Tingkat Bawah dan Atas
Hadapan Balai Bomba dan Penyelamat
Taman Haji Hamat
17600 Jeli, Kelantan

SARAWAK

BETONG
Tingkat Bawah dan 1, SL 8, Lot 1936
Bandar Baru Betong Phase 1
95700 Betong, Sarawak

LUNDU
Tingkat 1, No. 76
Lundu Bazaar
94500 Lundu, Sarawak

SEBUYAU
Lot 120
Pasar Sebuyau
94850 Sebuyau, Sarawak

SERIAN
Lot 1401 dan 1402 Tingkat Bawah
Blok 9, STLD, Jalan Serian By-Pass
Serian Jaya Commercial Centre
94700 Serian, Sarawak

RAKYAT XCESS

NEGERI SEMBILAN

SEREMBAN 2
No. 115, Tingkat Bawah
Jalan S2 F2, Garden Homes Seremban 2
70000 Seremban, Negeri Sembilan

JOHOR

BUKIT GAMBIR
No. 6, Jalan Gambir 5
Pusat Komersil Gambir
84800 Bukit Gambir, Johor

LARKIN PERDANA
No. 61, Susur Larkin Perdana 1
Persiaran Larkin Perdana
Taman Larkin Perdana
81100 Johor Bahru, Johor

PAHANG

CAMERON HIGHLANDS
No. 6-1, Marigold Square
Tanah Rata
39000 Cameron Highlands, Pahang

BANK RAKYAT SERVICE AGENTS

PERLIS

KOPERASI UNIMAP PERLIS (KOUNIMAP) BERHAD
No. 8, 10 dan 12, Jalan M.U. Satu
Medan Universiti
02600 Arau, Perlis
Tel: 019-481 5686

KOPERASI GURU-GURU MELAYU PERLIS BERHAD
No. 11, Jalan Syed Saffi
01000 Kangar, Perlis
Tel: 04-976 5282
Fax: 04-976 5096

KEDAH

KOPERASI GURU-GURU MELAYU KEDAH BERHAD (KGMKB)
Menara Guru
Persiaran Sultan Abdul Hamid
05050 Alor Setar, Kedah
Tel: 04-777 3373
Fax: 04-771 1215

KOPERASI PASAR MINGGUAN GUAR CHEMPEDAK BERHAD
No. 3, Level 1, Bangunan Arked
08800 Guar Chempedak, Kedah
Tel: 04-468 1697
Fax: 04-468 1697

KOPERASI PEKEBUN KECIL DAERAH KUBANG PASU BERHAD
No. 167, Jalan Hosba 7
Taman Sri Hosba
KM 18, Lebuhraya Utara-Selatan
Pekan Napoh
06000 Jitra, Kedah
Tel: 04-917 2172

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA PULAU BELANTIK SIK BERHAD
Felcra Pulau Belantik, Kota Aur
08210 Sik, Kedah
Tel: 04-752 1440

KOPERASI UNIVERSITI UTARA MALAYSIA (UUM) BERHAD
Pejabat Urusan, No. 66, Tingkat 1
Pekan Changlun 2
06010 Changlun, Kedah
Tel: 04-928 5507
Fax: 04-924 2539

KOPERASI INSTITUT PERGURUAN SULTAN ABDUL HALIM SUNGAI PETANI KEDAH BERHAD
Institut Perguruan Sultan Abdul Halim
Jalan Kuala Ketil
08000 Sungai Petani, Kedah
Tel: 04-421 8621
Fax: 04-421 8582

PULAU PINANG

KOPERASI GURU AGAMA KERAJAAN NEGERI PULAU PINANG BERHAD
No. 2640, Tingkat 1
Taman Haji Ahmad Jamil
Tasek Gelugor
13300 Seberang Perai, Pulau Pinang
Tel: 04-575 9566
Fax: 04-575 9566

KOPERASI KOLEJ KEMAHIRAN TINGGI BALIK PULAU BERHAD
Jalan Genting
11000 Balik Pulau, Pulau Pinang
Tel: 04-866 5805
Fax: 04-866 5741

KOPERASI PEKERJA PRASARANA MALAYSIA BERHAD
Block 228A-2-1, Fortune Court
Bandar Baru Farlim, Jalan Thean Teik
11400 Pulau Pinang
Tel: 04-827 9006
Fax: 04-829 6007

KOPERASI POS DAN TELEKOM PULAU PINANG BERHAD
No. 80, Jalan Rangoon
10400 Georgetown, Pulau Pinang
Tel: 04-226 1346
Fax: 04-227 1346

BANK RAKYAT SERVICE AGENTS

KOPERASI UNIVERSITI SAINS MALAYSIA (USM) BERHAD
Universiti Sains Malaysia
11800 Minden, Pulau Pinang
Tel: 04-653 3888
Fax: 04-657 5688

PERAK

KOPERASI BINA BERSAMA KAMPONG GAJAH PERAK BERHAD
No. 14A, Medan Koperasi
36800 Kampong Gajah, Perak
Tel: 05-631 1368
Fax: 05-631 1368

KOPERASI KAKITANGAN KERAJAAN HULU PERAK BERHAD
No. 8281, Tingkat Bawah
Jalan Suda Bahagia
Jalan Sultan Iskandar
33300 Grik, Perak
Tel: 05-791 1887
Fax: 05-791 1887

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA SEBERANG PERAK BERHAD
Lot 4271, Co-op Business Centre
(CBC) Lebuh Paduka
Bandar Seberang Perak
36800 Kampung Gajah, Perak
Tel: 05-655 8101
Fax: 05-655 8100

KOPERASI SELAMA PERAK BERHAD
Lot No. 4, Jalan Besar Selama
34100 Selama, Perak
Tel: 05-839 4532
Fax: 05-839 2940

KOPERASI BUKIT SEMANGGOL BERHAD
No. 16, Jalan Besar Gunung Semanggol
34400 Simpang 4 Semanggol, Perak
Tel: 05-890 4320
Fax: 05-890 4320

SELANGOR

KOPERASI KAKITANGAN UNIKL MIAT SEPANG BERHAD
Lot 2891, Jalan Jenderam Hulu
43800 Dengkil, Selangor
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KOPERASI KAKITANGAN UNIVERSITI TEKNOLOGI MARA (UiTM) BERHAD
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40000 Shah Alam, Selangor
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Fax: 03-5513 0540

KOPERASI MEMBELI DAN MEMBUKA TANAH SERI CHEEDING BERHAD
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Kampung Seri Cheeding
42700 Banting, Selangor
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KOPERASI PELABURAN PEKERJA PROTON BERHAD
Kedai Koperasi Pelaburan Pekerja
Proton Berhad, Seksyen 26
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Fax: 03-5102 6148

KOPERASI PENEROKA SUNGAI TENGI BERHAD
Bangunan Stesen Minyak BH Petrol
Jalan Merdeka
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Taman Dagang
68000 Ampang, Selangor
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KOPERASI PEMBANGUNAN PULAU LUMUT BERHAD
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Bayu Perdana
41200 Klang, Selangor
Tel: 03-3324 2728
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KOPERASI TERAS SEMENYIH SELANGOR BERHAD
No. 24 dan 25, Seksyen 2, Jalan Besar
43500 Semenyih, Selangor
Tel: 03-8723 8615
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KOPERASI UNIKEB BERHAD
Wisma UNIKEB
Universiti Kebangsaan Malaysia
43600 Bangi, Selangor
Tel: 03-8925 2540
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KOPERASI UNIVERSITI PUTRA MALAYSIA BERHAD
Tingkat 1, Bangunan Pusat Perniagaan
Beg Berkunci 260, Pejabat Pos UPM
Universiti Putra Malaysia
43400 Serdang, Selangor
Tel: 03-8946 7980
Fax: 03-8948 9796

KOPERASI PEGAWAI-PEGAWAI KERAJAAN MALAYSIA BERHAD
No. 54G-1, Jalan SS1/22
Kampung Tunku
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Tingkat 2A, Menara 2
Menara Kembar Bank Rakyat
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50470 Kuala Lumpur
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BANK RAKYAT SERVICE AGENTS

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Bangunan Perdana siswa
Universiti Malaya
Peti Surat 1127, Jalan Pantai Baru
59700 Kuala Lumpur
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Fax: 03-7954 7040

KOPERASI PEKERJA FELDA MALAYSIA BERHAD (KOGUNA)
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KOPERASI PEKERJA-PEKERJA BANK MALAYSIA BERHAD (KOBANK)
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Jalan Raja Chulan
50200 Kuala Lumpur
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KOPERASI SIMPANAN DAN KREDIT BERSATU MALAYSIA BERHAD
Suite 10.03, Level 10
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59200 Kuala Lumpur
Tel: 2282 7233

KOPERASI RANGKAIAN GLOBAL MALAYSIA BERHAD
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Off Jalan Tuanku Abdul Rahman
50300 Kuala Lumpur
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KOPERASI KEMENTERIAN SUMBER MANUSIA (KOKESUMA)
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50450 Kuala Lumpur
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KOPERASI MODAL DAN AMANAH MALAYSIA BERHAD
A-G-5, Blok A
Glomac Damansara
No. 699 Jalan Damansara
60000 Kuala Lumpur
Tel: 03-7731 3699

NEGERI SEMBILAN

KOPERASI JELAI TIGA GEMAS BERHAD
Stesen Minyak Koperasi
Kampung Felda Jelai Tiga
73480 Gemas, Negeri Sembilan
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KOPERASI MELAYU BERJAWATAN KERAJAAN NEGERI SEMBILAN BERHAD (KOMBEK)
No. 39 dan 40, Wisma Bukti
Taman Bukti Ampangan
70400 Seremban, Negeri Sembilan
Tel: 06-679 1633
Fax: 06-679 1733

KOPERASI SERBAMAJU DAERAH JEMPOL BERHAD
No. 10 (Tingkat Atas), Jalan Beringin 2
72200 Batu Kikir, Negeri Sembilan
Tel: 06-454 8621

KOPERASI PEMBANGUNAN MUKIM JOHOL NEGERI SEMBILAN BERHAD
No. 82, Jalan Besar Pekan Johol
73100 Johol, Negeri Sembilan
Tel: 06-436 9254
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KOPERASI KAKITANGAN PENJARA MELAKA BERHAD
Tingkat Bawah
Pasar Mini Koperasi Sekolah Henry
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75450 Melaka
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JOHOR

KOPERASI FELDA LOK HENG TIMUR BERHAD
Bangunan Koperasi
Felda Lok Heng Timur
81909 Kota Tinggi, Johor
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KOPERASI KONTRAKTOR DAN USAHAWAN MELAYU LEDANG BERHAD
No. 166, Tingkat Bawah, Jalan Muar
84900 Tangkak, Johor
Tel: 06-978 3719
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KOPERASI PELABURAN PEKERJA-PEKERJA KEJORA BERHAD
No. 15, Bangunan Kedai, Pusat Bandar
Bandar Penawar
81930 Kota Tinggi, Johor
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TL MBP 115, Parit Raja
KM5, Jalan Temenggong Ahmad
84000 Muar, Johor
Tel: 06-981 1226
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KOPERASI PERUNDING TAKAFUL IKHLAS MALAYSIA BERHAD
No. 3, Jalan Langsat, Peti Surat 142
88000, Kluang, Johor
Tel: 07-771 9788
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KOPERASI PERBADANAN JOHOR BERHAD
Tingkat 11, Bangunan KOMTAR
Johor Bahru City Centre (JBCC)
80000 Johor Bahru, Johor
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BANK RAKYAT SERVICE AGENTS

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Kompleks Lipis Inn
27200 Kuala Lipis, Pahang
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KOPERASI MUKMIN CAMERON HIGHLANDS BERHAD
Pejabat Agama Islam Daerah Cameron Highlands, Tanah Rata
39000 Cameron Highlands, Pahang
Tel: 05-491 1425

KOPERASI PENEROKA FELDA TEMBANGAU SATU KEMAYAN PAHANG BERHAD
Pejabat Koperasi Felda Tembangau Satu
28380 Kemayan, Pahang
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Bangunan Wisma Pemuda UMNO
Jalan Perpustakaan
26500 Maran, Pahang
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Felcra Sri Makmur
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Fax: 09-546 1040

KOPERASI SERBAGUNA FELDA KERATONG TIGA BERHAD
Felda Keratong Tiga
26900 Bandar Tun Abdul Razak, Pahang
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KOPERASI SERBAGUNA FELDA CHINI TIMUR SATU BERHAD
Felda Chini Timur Satu, Chini
26690 Pekan, Pahang
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KOPERASI FELDA SELANCAR DUA ROMPIN BERHAD
Felda Selancar 2
26700 Muadzam Shah, Pahang
Tel: 09-438 1435
Fax: 09-438 1159

TERENGGANU

KOPERASI COBE PANTAI TIMUR BERHAD
No. 102B, Tingkat 2, Bangunan COBE
Jalan Tengku Embong Fatimah
20200 Kuala Terengganu, Terengganu
Tel: 09-622 2796
Fax: 09-624 1498

KOPERASI FELCRA KAWASAN HULU BERANG HULU TERENGGANU BERHAD
Lot 3765, Kg Matang
Jalan Felda Mengkawang
21800 Ajil, Hulu Terengganu
Terengganu
Tel: 09-612 4845

KOPERASI PEMBANGUNAN DAERAH SETIU BERHAD
Wisma KPD, Bandar Permaisuri
22100 Setiu, Terengganu
Tel: 09-609 2333
Fax: 09-609 2332

KELANTAN

KOPERASI PEKEBUN KECIL PASIR PUTEH BERHAD
Lot 455, Bangunan PKINK, Jalan Nara
16800 Pasir Puteh, Kelantan
Tel: 09-786 7302
Fax: 09-786 2717

KOPERASI PENEROKA FELDA KEMAHANG 1 BERHAD
Felda Kemahang 1
17500 Tanah Merah, Kelantan
Tel: 09-958 2007
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KOPERASI PESERTA-PESERTA FELCRA GUGUSAN BUKIT TANDAK KELANTAN BERHAD
Pejabat Felcra Berhad
Kawasan Bukit Tandak
17200 Rantau Panjang, Kelantan
Tel: 013-933 5259
Fax: 09-958 4288

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA GUGUSAN GEMANG BERHAD
PT 2103/C, Bandar Baru Bukit Bunga
17700 Air Lanas, Kelantan
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89300 Ranau, Sabah
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Fax: 088-876 073

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Central Shopping Plaza
Jalan Banjaran
88200 Kota Kinabalu, Sabah
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Fax: 088-254 534

KOPERASI BELIA TENOM BERHAD
Asia Rasa Bed and Breakfast
Jalan Tun Mustafa, W.D.T 32
89907 Tenom, Sabah
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KOPERASI PEKERJA YAYASAN SABAH BERHAD
Lot 7-3, Tingkat 3
Bunga Raja Shopping Complex
Lorong Bunga Raja 5, Off Jalan Lintas
88845 Kota Kinabalu, Sabah
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Blok C1, Lot 1
Tingkat 1, Wisma Kosuk Berhad
Bandar Lubuk Jaya, Batu 7
90000 Sandakan, Sabah
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Bangunan Pusat Perkhidmatan Pelajar (Anjung Siswa)
Universiti Malaysia Sabah
88999 Kota Kinabalu, Sabah
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Court Light Industrial Durian Tunjung
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87008 Wilayah Persekutuan Labuan
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96700 Kanowit, Sarawak
Tel: 019-865 2539

KOPERASI DAERAH JULAU BERHAD
Lot 42, Jalan Lim Ah Din
96600 Julau, Sarawak
Tel: 019-817 5566
Fax: 084-734 299

KOPERASI KOPERKASA BERHAD (KOPERKASA)
No. 16-19, Wisma KOPERKASA
Jalan Simpang Tiga
93300 Kuching, Sarawak
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KOPERASI PERDAGANGAN DAN PERINDUSTRIAN BARAM MIRI BERHAD
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KOPERASI SARATOK BERHAD
Lot 379, Stesen Minyak Petronas
Saratok Town District
95400 Saratok, Sarawak
Tel: 083-438 385

KOPERASI SINARAN LAWAS BERHAD
Batu 1/4, Jalan Punang
98850 Lawas, Sarawak
Tel: 085-284 340

BUSINESS BANKING CENTRE

JOHOR
No. 63, Tingkat 1
Susur Larkin Perdana 1
Persiaran Lakin Perdana
Taman Larkin Perdana
81100 Johor Bahru, Johor
Tel: 07-232 1931

KEDAH/PERLIS/PULAU PINANG
No. 21 dan 22, Tingkat 2, Jalan Jati 1/1
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah
Tel: 04-441 2565

KELANTAN/TERENGGANU
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Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu, Kelantan
Tel: 09-697 3116

KUALA LUMPUR/PUTRAJAYA
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Menara Kembar Bank Rakyat
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Jalan KC 1, Kota Cemerlang
75450 Air Keroh, Melaka
Tel: 06-231 0498

PAHANG
No. 43A, Jalan Haji Abdul Aziz
25000 Kuantan, Pahang
Tel: 09-573 2037

PERAK
No. 61, Tingkat Bawah dan Tingkat 1
Lengkok Kledang Raya
Taman Kledang Raya
30100 Ipoh, Perak
Tel: 05-526 3758

SABAH
Lot 5 dan 6, Tapak Putatan Baru
Jalan Putatan
88300 Kota Kinabalu, Sabah
Tel: 088-487 623

SARAWAK
Block E Tower, Lot No. 1654 (SL46)
Sentosa Parade
Block 46 Kuching Central Land District
7th Mile, Jalan Penrissen
93250 Kuching, Sarawak
Tel: 082-237 159

SELANGOR
No. 9 dan 11, Tingkat 1
Jalan Tengku Ampuan Zabedah, U9/9H
Seksyen 9
40000 Shah Alam, Selangor
Tel: 03-5519 8427

AUTO FINANCE CENTRE

JALAN IPOH
Tingkat 4, Bangunan Bank Rakyat
Jalan Ipoh
51200 Kuala Lumpur

JOHOR BAHRU
Tingkat 2, No. 59 Jalan Aliff 4
Taman Damansara Aliff
81200 Johor Bahru, Johor

KUCHING
Tingkat Dua, No. 9 dan 10, Blok 16
KCLD Jalan Tun Jugah
93350 Kuching, Sarawak

LIKAS
Tingkat 2, No. 1, Blok A
Plaza Juta, Jalan Tuaran
88400 Kota Kinabalu, Sabah

MERGONG
2nd Floor, Auto Finance Centre
Bangunan Bank Rakyat
No. 7 dan 8, Susur Tuanku Haminah
05150 Setar, Kedah

SEBERANG JAYA
3rd Floor, Auto Finance Centre
Bangunan Bank Rakyat
Jalan Todak 1
Pusat Bandar Seberang Jaya
13700 Prai, Pulau Pinang

SEREMBAN
Tingkat 2, PT5750
Jalan Tunku Munawir
Peti Surat 70
70000 Seremban, Negeri Sembilan

SHAH ALAM
Tingkat 2, No. F31-2 Vista Alam
Jalan Ikhtisas 14/1 Seksyen 14
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RAKYAT XCLUSIVE

MAIN BRANCH
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MORTGAGE SALES CENTRE

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