BANKRAKYAT

Your Bank of Choice

The Art of Connection 2021

Annual Report 2021

Vision

Malaysia's No. 1 Progressive Islamic Cooperative Bank.

Mission

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

Our Core Values

R — **Respect**
Respek

A — **Agile**
Akas

K — **Knowledge-driven**
Keilmuan dipacu

Y — **Yearn for excellence**
Yang berorientasikan kecemerlangan

A — **Accountable**
Akauntabiliti

T — **Trust**
Telus

The Art of Connection

From a blank piece of canvas, a painting is created through a seamless merging of lines and colours. This describes the Bank Rakyat's aspiration to add colour to lives at all levels of the community. The front cover of this report carries the theme of THE ART OF CONNECTION which is illustrated through the evolution and transformation of financial solutions as outlined by Bank Rakyat.

Connections are defined as relationships, links and bonds. This year's annual report cover design reveals how a work of art is created from the merging of vision, inspiration, drawing and colouring. The themes and narratives presented flow from this concept, starting with the front page of our report, the segment separators as well as the strategic narrative coverage for the entire report.

Aware of economic trends as well as industry competition, THE ART OF CONNECTION is an inspiration to Bank Rakyat to remain connected in the hearts of our members and customers. We reach out to communities in every corner of the state, both inside and outside the city, to become a supportive partner that is able surmount differences. The bonds that have connected us to our stakeholders for six decades have been a platform for us to continue to popularise our banking services in upholding our position as the number 1 progressive Islamic cooperative bank in Malaysia.

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Solidifying connection

Each intersecting line creates a link that forms a painting. Similarly, our relationships with employees and customers shapes the Bank Rakyat into a firm organisation that simultaneously contributes to the economic development of the country.

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 Products

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

Business Banking
Deposit-i, Micro Financing-i, Term Financing-i, Bridging-i, Property-i, Contract-i, Hire Purchase-i, Share-i, Contract Financing-i Tijari, Working Capital for Ar-Rahnu X'Change and CashLine-i.

Cooperative
Rakan KOOP, Cooperative Seminar and Business Development, Cabinet Showcase.

148 Branches Nationwide

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 Principal 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.

Employees **6,022** personnel	Total Assets **RM115.06** billion
Customers **8.41** million	Shareholders **827,066** Individuals and Cooperatives
Profit before Taxation and Zakat **RM1.63** billion	Members' Share Capital **RM2.99** billion

Corporate Information

BOARD OF DIRECTORS

- Datuk Haji Abd Rani Lebai Jaafar (Chairman)
- Dato' Suriani Dato' Ahmad
- Dato' Shamsul Azri Abu Bakar
- Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan
- Datin Norhamizah Mat Tahir
- Mohd Jafri Kudus
- Datuk Mohd Irwan Mohd Mubarak
- Mohamad Rafi Shahzada
- Dato' Dr Vaseehar Hassan Abdul Razack

BANK WEBSITE

www.bankrakyat.com.my

BANK SECRETARY

- Aidawathy Ismail

AUDITORS

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 **100 Malaysian Cooperatives** (Top 100 Malaysian by Cooperatives Socities Commission SKM)

2nd **Largest Development Financial Institution in Malaysia** (Assets Size)

Attentive

A perfect painting is sketched thoroughly from various angles. Bank Rakyat is always concerned for the needs of the community through the comprehensive and beyond the limit of banking facilities.

Five-Year Performance (Non-Financial)

Branches

Customers (Million)

Ar- Rahnu X'Change

ATM/CDM/CICO Terminals

Employees

Registered i-Rakyat Customers

Contact Centre Calls Received

Banking Agents (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)
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**
2020				
Income	1.60	1.51	1.43	1.53
Expenditure	0.78	0.70	0.62	0.56
Net Income	0.82	0.81	0.81	0.97
Profit before Taxation and Zakat	0.39	0.40	0.49	0.16
Profit after Taxation and Zakat	0.37	0.32	0.53	0.17

Assets

Segmental Analysis for Bank Earnings

	2021 Percentage (%)	2021 RM'000	2020 Percentage (%)	2020 RM'000
Consumer Banking	**64.1**	**3,845,473**	64.8	4,229,900
Commercial Banking	**5.2**	**314,470**	4.6	302,912
Fee-Based	**1.7**	**103,439**	1.61	101,617
Ar-Rahnu	**4.3**	**255,476**	3.8	250,582
Others	**24.3**	**1,483,202**	25.2	1,645,479

Liabilities and Equity

BANK RAKYAT: A SNAPSHOT

Dividend (RM Million)

Banking Operations Performance

Our Members

Total members (Individual and Cooperative): 2017-2021

Year	Category		Total
	Individual	Cooperative	
2021	**824,806**	**2,260**	**827,066**
2020	832,055	2,247	834,302
2019	840,592	2,257	842,849
2018	852,618	2,237	854,855
2017	872,202	2,178	874,380

Total Share Capital: 2017-2021

Year	Total (RM'000)
2021	**2,986,030**
2020	2,986,030
2019	2,986,030
2018	2,986,030
2017	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.

1955
First election of the Board of Directors by regional members.

1955
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.

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, Tuan 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 Malacca 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.

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 and Beras Negara Complex in conjunction with the harvesting season.

1983
Increase in Bank membership to 29,002 comprising 28,134 individuals and 868 cooperatives.

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.

1990
Announcement of the distribution of two percent bonus to members from 1978 to 1988, a 10 percent cash dividend for the financial year 1989, and a 10 percent dividend and 20 percent bonus shares respectively for 1990 and 1991.

1992
Approval of the Cooperative Act 1992 by Parliament.

1992
Four main objectives of the Act:
- To encourage and promote the development of cooperatives.
- To transform cooperatives into a sustainable movement.
- To reform cooperative administration and management.
- To consolidate laws related to the cooperative movement.

Key Milestones

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.

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.

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.

1983
Increase in Bank's total assets to RM519 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.

1988
Scheme (SPKS) with a maximum loan of RM20,000 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.

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 birth place of the Bank.

1993
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 million.

Signing of memorandum of understanding for the implementation of Ar-Rahnu with YaPEIM on 11th 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

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.

2006

Launch of tele-Rakyat Call Centre, enabling customers to perform transactions with the assistance of Call Centre Personel.

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)

2006

Entry of Ar-Rahnu X'Change, the Islamic pawnbroking franchise into the market, managed by Bank Rakyat's subsidiary, Rakyat Management Services Sdn Bhd (RMS).

2007

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.

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.

2014

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.

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).

2015

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.

2018

Organising Choral Speaking Competition for the first time on 14th to 16th September in conjunction with 61st National Day celebration at Concourse, Suria KLCC.

Share the joy of the Eid al-Fitr 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.

2019

Memorandum of Understanding (MoU with Sarawak Islamic Council (MIS to implement the Financial Integrity Programme for Mosques (PINK Masjid) in Sarawak.

Key Milestones

BANKRAKYAT بيڠك رعيت

Your Choice Bank

2002

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

2003

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 i-Rakyat Internet Banking.

2004

Bank Rakyat placed under the Ministry of Entrepreneur and Coperative 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.

YAYASAN BANKRAKYAT يايسن بيڠك رعيت

2009

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.

2016

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

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

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.

2018

Organising Anugerah Dari Hati Ke Hati for the first time on 2nd April in conjunction with Autism Awareness Day 2018.

2019

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 micro entrepreneurs and SMEs to open up sales booth to market their products at Kompleks Sukan Komuniti Felda Palong 6, Negeri Sembilan.

2020

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.

BANK RAKYAT: A SNAPSHOT

Significant Events of 2021

Significant Events of 2021

3 January

Chairman of Bank Rakyat, Datuk Haji Abd Rani Lebai Jaafar delivering the mandate to the employees virtually.

22 February

Handing of flood relief, COVID-19 and back to school assistances amounting to RM140,000.00 to the community in Jelebu, Negeri Sembilan by YB Dato Dr Sri Hj Wan Junaidi Tuanku Jaafar, Minister of Enterpreneur Development and Cooperatives (KUSKOP).

1 March

Bank Rakyat taking the next step by launching SMEC as one of the initiatives in developing the nation's enterpreneurial sector.

11 March

Launching of Skim Pembiayaan Industri Sukan, a collaboration between Ministry of Youth and Sports (KBS) and Ministry of Cooperative Development and Entrepreneur (KUSKOP) that offers financing to sports and recreation operators with RM10 milion channelled to Bank Rakyat for financing under this initiative.

12 March

Bank Rakyat celebrate 141 winners from three campaigns conducted in conjunction with the Bank's 66th Anniversary to appreciate its customer loyalty.

31 March

Bank Rakyat unveiled the new look of Bank Rakyat-Bangsar station as a rebranding exercise of the the light rail transit station which located less than one kilometer from Bank Rakyat's headquarter in Brickfields, Kuala Lumpur.

12 April

Seminar held to encourage anti corruption and intergrity governance culture amongst the Bank's management.

Bank Rakyat announced 13 percent dividen to its members, recorded profit before tax and zakat at RM1.44 bilion.

13 April

Collaboration between Bank Rakyat and Yayasan Waqaf Malaysia (YWM) as a comitment to contribute waqf fund amounting to RM1 million as a matching grant whereby every ringgit is contributed by individual to the platform provided by the Bank Rakyat. The Bank will then channeled the waqf at the same value to Dana Wakaf Tunai for social development nationwide.

27 April

Handing of Jangkauan Komuniti donation: Jalinan Ramadan in Johor by the Chief Marketing and Communications Officer, Nizam Sani, to asnaf from Masjid Taman Megah Ria, Masjid Al-Mihajirin and Masjid Bandar Seri Alam. This initiative is a collaborative effort between Bank Rakyat and Surau Al-Barakah which collected the donation from employees and the public.

27 April

Handing of the Jangkauan Komuniti donation: Jalinan Ramadan in Johor by the Chief Marketing and Communications Officer, Nizam Sani, to the representative of the recipients of the asnaf from Masjid Saiyidina Uthman Al Affan (Masjid Pengkalan Minyak).

1 May

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 micro entrepreneurs, SMEs and cooperatives to conduct digital banking.

8 June

Bank Rakyat's initiative in conjunction with the Kaamatan Festival celebration. This program involves 13 branches in Sabah. Through this program, selected B40 families around the branch received donations of basic necessities.

10 June

Bank Rakyat's initiative in conjunction with the Gawai Dayak celebration. The program involves 14 branches and three Rakyat Xcess in Sarawak. Through this program, selected B40 families around the branch received donations of basic necessities.

31 July

A collaboration program between Bank Rakyat and Universiti Teknologi MARA (UiTM) to train 200 micro-entrepreneurs under Bank Rakyat with the intention of helping these micro-entrepreneurs to go further in their business fields through the enhancement of entrepreneurial competencies.

9 August

Bank Rakyat remains committed to ensuring that every segment of the community has access to financial services with the opening of the Rakyat Xcess and Ar-Rahnu X'Change new branches that will benefit 16,373 residents in the Daerah Kecil Sebuyau, Sarawak.

10 August

Bank Rakyat donated tablets to 240 asnaf students aged between seven to 17 years old with a total value of RM105,000 to help these students from asnaf and B40 families in gaining access to home-based teaching and learning (PdPR) through the 'BR Didik Digital' initiative in collaboration with Yayasan Telekom Malaysia (YTM).

6 September

Performance Award 2020 to recognise the outstanding achievements of Bank Rakyat branch employees.

25 September

The 2021 Annual General Meeting was held at the Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat, officiated by YB Tan Sri Noh Haji Omar, Minister of Entrepreneur Development and Cooperative (KUSKOP).

26 September

Bank Rakyat through the Ministry of Entrepreneur Development and Cooperatives (KUSKOP) came forward to hand over a contribution of RM168,000 to the entrepreneurs affected by the flash floods occurred in Yan, Kedah.

30 September

Bank Rakyat handed over 4,000 hand sanitisers and 400 hand sanitisers pedal to 200 selected schools nationwide in conjunction with the reopening of the school sessions.

18 October

Bank Rakyat launched the 'Kempen Emas 2 Kilo' with the concept of 'Mortgage and Win' (Gadai dan Menang) as an appreciation to the customers who supporting Ar-Rahnu's business aside from encouraging Shariah-compliant pawning with a gift of two kilograms of gold worth more than RM500,000.

13 September

Bank Rakyat launched the Bank Rakyat UNIpreneur Pilot Program in collaboration with local higher education institutions (IPT) to help student entrepreneurs from the asnaf to grow their businesses.

Through this pilot program, 100 potential asnaf student entrepreneurs from 10 local higher education istitutions (IPT) were given an injection of funds amounting to RM200,000.

18 September

Bank Rakyat through the Jalinan Bank Rakyat 67 Program continues to get across the community in need. A total of 67 recipients of various categories in each state nationwide received assistance from Bank Rakyat.

27 September

Yassin recitation and Doa Selamat in conjunction with Bank Rakyat 67th Anniversary was attended by all Bank Rakyat employees through online session.

30 September

Bank Rakyat launched the iRakyat online mobile banking application to expand the digital banking ecosystem to customers.

29-31 October

This program is among the initiatives of Ministry of Entrepreneur Development and Cooperatives (KUSKOP) and its agencies to ensure that all entrepreneurs and cooperatives in every countries receive the exposure and guidance to continue their business in a challenging economic environment.

30 November

Bank Rakyat continued its digital transformation initiative by launching a virtual banking platform, "BRICK" or 'Bank Rakyat Quick' as an alternative channel for customers to access its retail banking products.

Our Presence Throughout Malaysia

Branches
148

Ar-Rahnu X'Change
27

Rakyat Xcess
4

Rakyat Xcess and Ar-Rahnu X'Change
21

Bank Rakyat Service Agents
78

ATM/CDM/CICO Terminals
989

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
Melaka	4	2	-	-	1
Johor	15	5	2	2	7
Pahang	11	1	1	2	9
Kelantan	8	2	-	1	4
Terengganu	8	1	-	1	3
Perak	12	4	-	2	5
Kedah	10	3	-	3	6
Pulau Pinang	7	-	-	-	5
Perlis	2	-	-	-	2
Sabah	13	-	-	-	7
Sarawak	14	1	-	4	6
Total	148	27	4	21	78

Our Presence Throughout Malaysia

BANK RAKYAT: A SNAPSHOT

Ar-Rahnu X'Change
27
Offers Islamic pawn broking services.

Rakyat Xcess
4
Offers essential services except Ar-Rahnu X'Change.

Rakyat Xcess and Ar-Rahnu X'Change
21
Offers Islamic pawn broking and essential services.

Rakyat C.A.R.E
299
Offers basic banking services, especially in rural areas in a cost effective way through the use of non-banking retail channel.

Service Agent
78
A special program where cooperative is appointed as agent to market product and banking facilities of Bank Rakyat.

Bank Bergerak/ ARROW
6
Offers mobile basic banking services and Islamic pawn broking (Ar-Rahnu) through dedicated vehicle assigned at specific locations.

Bank Rakyat in the Media

Bank Rakyat in the Media

2021 Accolades

2021 Accolades

BEST COMPANIES TO WORK FOR IN ASIA 2021 - HR ASIA BEST COMPANIES TO WORK FOR IN ASIA 2021

COMPANY OF THE YEAR AWARD FOR OVERALL EXCELLENCE IN SOCIAL EMPOWERMENT - SUSTAINABILITY AND CSR AWARDS 2021 DRAW

BEST ECOMMERCE SPEND GROWTH PERFORMANCE – ISLAMIC BANKS – MASTERCARD ACHIEVEMENT AWARDS 2020 2021

EXCELLENCE CSR - BUMIPUTERA BUSINESS EXCELLENCE AWARDS (BBEA) 2021 DRAW

BEST IMPROVEMENT IN APPROVAL RATE – MASTERCARD ACHIEVEMENT AWARDS 2020/2021

BANK RAKYAT: A SNAPSHOT

Core Brand

Kebun Nuri Nutrisi

- **Nuri Nutrisi**
  - 45 Schools
  - 16 Universities
  - 15 Students
- **Kebun Nuri Nutrisi**
  - 15 Schools
  - 7,000 Students

Initiatives Key Driver

- **Educations**
  Creating Awareness – Nutrition education program in various forms to encourage students to take up nutritional food
- **Entepreneurship**
  Sustainable Fund Collection – Ensure the donation given will be turn into revolving fund that will be utilised to sustainable develop the school and underprivileged students
- **Well-Beings**
  Empowering Social Mobility – Generating income and creating financial freedom for institutions to continue helping underprivileged students.

Recognition

- Company of The Year Award for Overall Excellence in Social Empowerment - Sustainability and CSR Awards 2021
- Excellence CSR - Bumiputera Business Excellence Awards (BBEA) 2021

Preferred connection

Attractive works of art require innovation and creativity from the artist. These elements are applied in our services in order to promote the economic well-being.

Strengthening Connections With Our Stakeholders

DATUK HAJI ABD RANI LEBAI JAAFAR
Chairman of Bank Rakyat

Dear Shareholders,

Digital connectivity has become a buzzword in the banking industry this past year, but for Bank Kerjasama Rakyat Malaysia Bhd (Bank Rakyat or the Bank), the word connection means more than just accessibility. The Bank has always prioritised forging of positive relationships with our stakeholders to ensure the economic and social well-being of the Cooperative community. This is done primarily through financial support for our members and customers in charting the nation's economic progress and rakyat's overall socio-economic.

The role we play as Malaysia's largest Development Financial Institution (DFI) and the second largest Islamic financier was never more critical than in the past year, as continued disruptions to economic activity took a heavy toll on small businesses. However, the proactive response from the government demonstrated resilient leadership, which paved a robust response. Alhamdulilah, guided by the National Entrepreneurship Policy 2030 (DKN2030), set out by the Ministry of Entrepreneur Development and Cooperatives (KUSKOP), Bank Rakyat focused on implementing the outlined remedial actions to help as many Cooperatives and MSMEs as possible to transition into the phase of recovery.

On behalf of the Board of Directors ("the Board"), I am proud to present Bank Rakyat's annual report for the financial year, which ended 31 December 2021 (FY2021).

MAKING PROGRESS ON SUSTAINABLE BUSINESS AND BR25

The pandemic has tested the financial resilience of Malaysia's financial industry and its ability to shelter customers, employees, and stakeholders, from a prolonged storm of uncertainties. While executing BR25 strategies, Bank Rakyat's priority for the year was also to develop a greater understanding of stakeholder needs and expectations, assist and navigate them through the impacts of COVID-19, and help them recover and rebuild with resilience.

This became a part of our transformative journey as the Execution Phase of our BR25 journey was put in motion. The BR25 strategic plan which was developed to ensure Bank Rakyat stays relevant as a well-governed sustainable bank amid a fast-changing, increasingly competitive landscape. 2021 was the year we began to execute key deliverables under the six established blueprints of Great Customer Experience, Digitalisation, SMEC Business, Human Capital, Sustainability, and Shariah Leadership.

Highlights included the completion of 10 new SME and Cooperatives Business Centres (SMECs) nationwide as part of the Bank's diversification strategy away from being over-dependant on retail financing. This ensures Bank Rakyat is on track with the target of an outstanding balance of over RM7 billion for total SMEC financing by 2025, with about RM3 billion achieved as of 2021. The Bank has also embarked on eight key collaborations and partnerships with various agencies within the KUSKOP ecosystem, as well as communities, Cooperatives and private organisations, to support this key economic sector with targeted products and services.

With the new core banking system capabilities, digital ventures could be rolled out successively during the year. Highlights include launching the Quick Response to Entrepreneurs (QR2E) virtual banking platform for members and customers to access comprehensive, fast, and simple digital financial advisory services and product applications; and the iRakyat Mobile Banking application, which achieved 71,210 downloads in 2021.

Advancing on the Human Capital blueprint, the Bank has embarked on establishing the Centre of Excellence to drive the upskilling and reskilling as well as build a culture of thinking and learning organisation. In 2021, more than 70% or 4,313 personnal, have undergone training programmes. The Bank has also participated in the Best Companies to Work for in Asia (2020 and 2021), organised by HR Asia to benchmark our performance against other industries and markets, as we target to build our brand as a desirable employer that can attract and retain top talents.

A significant step forward under the Sustainability blueprint was the completion of the BR Sustainability Framework and Policy in December 2021. The Bank has also contributed to the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide on Construction and Infrastructure, as the project manager in a joint effort with BNM, Association of Islamic Banks Malaysia (AIBIM) and other financial institutions. The documents were presented by the Bank's representative in 2nd VBIAF Sectoral Guide Townhall on 17 November 2021.

Steps towards demonstrating Shariah Leadership were also taken through the active participation the Bank's representatives in presentations at international conferences and symposiums. In addition, Bank Rakyat ventured into two strategic partnerships with the International Shariah Research Academy for Islamic Finance (ISRA) and Derassat for Research Consulting Islamic Finance, based in Doha, Qatar to enhance cooperation and knowledge-sharing efforts.

Finally, in our quest for shared prosperity through Islamic social financing in 2021, Bank Rakyat directly distributed over RM11 million in *zakat*, under objectives defined by the VBI Model. This was contributed to causes in line with the Bank's VBI principles.

All in all, good progress was made on BR25 in 2021. We are confidently on track with our BR25 strategy and intent to grow as a sustainable bank focused on our mandate to grow the Cooperatives segment and support entrepreneurship throught a holistic intervention, including financing and advisory solutions.

FINANCIAL PERFORMANCE IN FY2021

The pandemic has shown that prudent financial management must withstand external forces. This has strengthened our resolve to deliver sustainable shareholder returns, while creating long-term value for all stakeholders through steadfast adherence to BR25. It is heartening to see that the results achieved in 2021 maintains our position as the most profitable Cooperative Bank, and the second-largest Islamic financial institution in Malaysia.

For the financial year ending 31 December 2021, Bank Rakyat Group posted a profit before tax and zakat ("PBTZ") growth of 13.19% to RM1.63 billion. Shareholders' funds increased by 3.39% or RM0.71 billion to RM21.66 billion compared to RM20.95 billion previously, arising from the Group's net profit carried forward during the year.

For the 23rd consecutive year, we delivered double-digit dividends provided to its members with a declaration of 15% dividends and an estimated payout of RM429.50 million, to 827,066 members. The Group continued to contribute 2% of its PBTZ to the Cooperative Education Trust Fund and 1% to the Cooperative Development Provident Fund, totalling RM48.45 million for the year.

Risk-Weighted Capital Ratio and Core Capital Ratio remained strong at 25.76% and 23.35%, respectively, well above the minimum regulatory requirements and industry average. This makes the Group one of the strongest financial institutions in capital position.

RAM Ratings (RAM) reaffirming the Bank's AA2/Stable/P1 rating is premised on its strong foothold in Personal Financing-i (PF) and robust loss-absorbing capacity. The reaffirmation is underpinned by RAM's view of ready support from the Government if needed, given Bank Rakyat's status as a Cooperative bank-cum-developmental financial institution. It further acknowledges that the impact of modification losses from moratoria and other assistance offered to customers is manageable given the Bank's current solid capitalisation.

ANCHORING GROWTH AND TRANSFORMATION ON GOOD GOVERNANCE

The Board regards corporate governance as the framework that underpins the core values for running the business we all believe in, including a commitment to open and transparent communications with stakeholders. Therefore, high regard is paid to corporate governance and internal control in all aspects of our operations, in close adherence to the standards and principles specified by Bank Negara Malaysia (BNM), to achieve a solid and robust framework within which to develop and expand ever better corporate governance practices, frequently beyond the requirements.

Good corporate governance is vital for the Bank's long-term success and performance. As we grow so must we expand our commitment to governance.

In 2021, in line with the BR25 plans towards regionalisation, the Bank's Board Charter and Board Committees' Charters were revised to catalyse a high-performance culture and reinforce group governance within the Bank by enhancing the roles and responsibilities of the Board, Senior Management and employees. These charters serve as a general statement of intent and expectation to all stakeholders on how the Bank Rakyat's Board of Directors discharges its duties and responsibilities to achieve our mission of enhancing economic well-being of Bank Rakyat's members, customers and nation. The revisions pertain to raising responsibilities, reaping synergies and realising the potential to accelerate the Bank's transformative journey as Malaysia's No. 1 Progressive Islamic Cooperative Bank.

CONTINUOUSLY ELEVATING RISK MANAGEMENT

Bank Rakyat's risk management was also fortified in FY2021 by reviewing the Payment Assistance Programme following the requirements as delineated by BNM on Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH).

This was timely as the Bank plays an integral role in supporting the government's effort by introducing various funds to assist Small and Medium Enterprises (SMEs) businesses affected by the COVID-19 pandemic. Risk Management provided technical assistance to simplify the credit underwriting process with predefined parameters aligned to the minimum acceptance criteria as recommended by the regulator or fund providers to expedite the approval process.

Further prudent steps were taken by ensuring the active engagement of Risk Management in the War Room Committee (WRC), by appointing the Bank's Chief Risk Officer (CRO) as an Alternate Chairman to closely monitor payment assistance granted by the Bank. In addition, Stress Testing and Reverse Stress Testing were used as essential risk management tools to evaluate the capital adequacy of the Bank and assess the impact of a range of adverse scenarios with different probabilities and severities. The outcome has indicated that the Bank's capital position remains strong with continued business momentum and balance sheet growth.

Proactive measures were also taken to stay ahead of cyber threats by prioritising technology investment to ensure 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 risk strategy and upgrades capabilities to monitor and respond to threats. This includes elevating cyber security effectiveness and scalability across Information Security, Security Operations Centre as well as Threat Intelligence and Research functions. Activities such as staff awareness and cyber drills are planned, mainly focusing on increasing our employees' familiarity and alertness on cyber threats and incidents.

SUPPORTING DEVELOPMENT THROUGH A SUSTAINABLE FOCUS

For Bank Rakyat to successfully and effectively integrate sustainability across all operations, it was imperative to establish a strong sustainability governance structures, with clear roles and responsibilities for all parties. Towards this end, the Bank Rakyat Sustainability Framework and Policy (BRSFP) was developed in accordance with a regulatory requirements, as well as in reference to external initiatives, standards and guidelines such as Bank Negara Malaysia (BNM) Implementation Guide for Value-Based Intermediation (VBI), BNM Climate Change and Principle-based Taxonomy (CCPT) and Task Force for Climate-related Financial Disclosures (TCFD) recommendations.

By operationalising the BRSFP, sustainability is embraced as a growth driver for the Bank and emphasis is placed on generating measurable positive and sustainable impact on the economy, community and environment in banking practices, conduct and offerings. Upon the development of BRSFP, a Sustainability Task Force was established with representatives from various business units to ensure clarity of sustainability ownership, roles, responsibilities, targets and reporting structure.

We also made strides in the following initiatives under the BR25 Sustainability Blueprint agenda:

Bank Rakyat Entrepreneur Leadership Series

To ensure that Bank Rakyat can successfully integrate sustainability across its operations and effectively, it is imperative that the Bank initiate the Bank Rakyat Entrepreneur Leadership Series program namely RAKYATpreneur and Bank Rakyat UNIpreneur. The Bank Rakyat Entrepreneur Leadership Series is a philantrophic initiative which uplifts the socio-economic status from underserved background with high potential of growth to progress across the value chain. The Bank provided seed funding, capacity building and coordinated assistance to grow their business.

BR Didik Digital

BR Didik Digital is a philanthropic initiative to provide underprivileged students with better access to education via online learning and to improve the ecosystem of home schooling with proper tools and data connectivity. The initiative was a collaboration with Yayasan Telekom Malaysia and funded by Bank Rakyat's Zakat funds. A total of 240 tablets were distributed among primary and secondary schools across Malaysia, and 740 units of SIM cards were provided to primary and secondary schools as well as several MARA Junior Science College (MRSM).

BaktiRAKYAT

Bank Rakyat also formalised its employees volunteerism initiatives through the BaktiRAKYAT programme. The BaktiRAKYAT Pilot programme was executed in Perak, Sabah, Johor and Pahang state on 11 December 2021. BaktiRAKYAT aims to futher strenghten rapport between the Bank and the surrounding communities, leveraging on the man power of Bank Rakyat's personnel, with the focus on three key areas of upliftment, namely community, environment and public service. The programme is aligned with the Bank's Sustainability Framework, namely to develop activities and initiatives that prioritise sustainable economic progress, drive profit, and contribute to the sustainable development of communities.

KEY STAKEHOLDERS VALUE DELIVERY IN 2021

This year's theme of The Art of Connection, reflects the Bank's Commitment to serve all our stakeholders better and provide value added benefits to colour lives with greater wellbeing.

For our Internal Stakeholders

- Rakyat Care Training programme for 305 of the Bank's agents.
- Launch 410 certified programmes in which 234 personnel were certified.

External Stakeholders

- Introduced e-Appointments for Ar-Rahnu services and branch services.
- Moratorium Programme Application on Bank Rakyat's corporate website.
- QR eApplication for Credit Card-i.
- Launch of Bank Rakyat's iRakyat Mobile Banking application.
- Quick Response to Entrepreneurs (QR2E), a virtual banking platform for SMEs, micro enterprises and Cooperatives.

A Positive Outlook

Malaysia's economic growth is anticipated to accelerate in 2022 after navigating a bumpy and uneven recovery in 2021. All states in Malaysia entered phase four of the National Recovery Plan in 2021, signalling a positive return to activity for many businesses and economic sectors. High vaccination coverage and active vaccine booster rollouts are expected to support consumer and business sentiment amid sizeable fiscal support and accommodative monetary policy. However, the geopolitical risk and ability of the vaccines to guard against any new COVID-19 variants remains a concern to the strength of the recovery.

Enhanced risk management, continued cost discipline and implementation of further BR25 plans and initiatives will remain as our priorities to sustain growth. A key focus area would be especially to harness the potential that could be explored in business and operations through digital transformation to create long-term value for shareholders.

As the economy gradually recovers, digital reliability and customer centricity will drive Bank Rakyat's focus as more touchpoints move towards digital channels. This will enable us to reach out to unserved markets as we focus on further improvements and new growth areas.

Appreciation and Acknowledgements

My sincere appreciation to the Board, Shariah Committee, Management Committee and all our employees who persevered with unwavering spirit despite the uncertainties of the year. Without their determination, we could not have provided the critical financial support that our customers and communities needed during the year.

I take this opportunity to acknowledge, on behalf of all Bank Rakyat management and employees in thanking the unsung heroes of this pandemic: the medical frontliners and government agencies who have delivered on the nation's high vaccination rate; businesses who have taken a lead in lending a helping hand to communities; and citizens who set-up their own support groups and initiatives to help the underserved segments of the society. You have solidified my belief that when the going gets tough, the rakyat gets going.

The Board and I also commend our employees who persevered with unwavering spirit despite the uncertainties of the year. Without their determination, we could not have provided the critical financial support that our customers and communities needed during the year.

Last but not least, we have worked through another year of ups and downs with our partners, suppliers, customers, and our stakeholders. Thank you for your continued support which has been invaluable to the many successes we have enjoyed to date. Let us together build better connections and a more resilient ecosystem towards a future of assured sustainability.

DATUK HAJI ABD RANI LEBAI JAAFAR
Independent Non-Executive Director/Chairman

Global Economy
Uneven Recovery for Global Growth

The global economy continues to recover from the global recession in 2020 and is expected to grow by 5.5% - 6.0% YoY in 2021 (2020: -3.1% YoY). This is the first time since 1976 that global growth reached above 5.0% YoY, despite the uncertainty caused by COVID-19. The Delta variant, for example, led to another economic lockdown across the world beginning early of the year. As movement restrictions were gradually removed, the economic recovery gained momentum with the progress in COVID-19 vaccinations.

Despite the good news, due to unequal access to vaccines, advanced economies (AEs) and emerging market economies (EMEs) have recovered differently, and the lost output has been unevenly distributed. In most AEs, the recovery has occurred across manufacturing and services sectors, as containment measures were eased more quickly as vaccination rates increased. In comparison, many EMEs experienced softer recovery of domestic demand due to tighter containment measures over a longer period, given the relatively slower pace of vaccinations, which caused delays in their economic recoveries until the end of the year. Nevertheless, AEs and EMEs experienced similar challenges, a weaker recovery in labour force participation particularly among vulnerable segments.

As global demand continued to recover, trade activities rebounded by 9.3% YoY (2020: -8.2%YoY), especially for commodities products. For example, Bloomberg Commodity Index (BCOM), which reflects commodity futures price movements, recorded a high average index reading of 92.6 for 2021 (2020: 69.0). The environment of robust demand and rising cost pressures from commodity prices and supply chain disruptions have led to increases in inflation pressure, especially in the second half of the year.

For 2022, global growth is expected to continue its recovery path, albeit at a slower rate of 4.1% to 4.4% as forecasted by International Monetary Fund (IMF) and World Bank (WB). The improvement in labour market conditions amid the gradual transition towards normalcy is expected to facilitate the recovery. However, downside risk remains caused by development of COVID-19, supply chain disruptions, financial volatility from the potential increase in central banks' profit rates and geopolitical tension, and rising inflation.

Crude Oil Prices Averaged Higher

Oil prices averaged higher at USD71 per barrel (/b) in 2021 (2020: USD43/b). The demand for crude oil has soared, supported by the economic recovery in major economies such as China and U.S., against the backdrop of pandemic mitigation efforts and the recovery of industrial production. Meanwhile, on the supply side, Organisation of the Petroleum Exporting Countries (OPEC) and its allies (OPEC+) had announced in December 2020 that they would keep crude oil prices high by limiting the production in 2021. Only in June 2021, OPEC+ agreed to maintain the existing pace of moderate supply reductions in order to balance an expected upswing in demand. With demand outpacing supply since Q3 2020, this contributed to a rally in crude oil prices with Brent hitting USD86/b at the end-October 2021, the highest rate since 2018. However, the crude oil spot price dropped slightly throughout the end of the year to USD78/b, prompted by the emergence of the Omicron variant, as the market responded to the risk that oil demand could dampen in the near term.

Looking forward, the Russia-Ukraine conflict and the Omicron variant would increase energy prices and have a material effect on economic activity, thus creating market uncertainties to projections for future energy consumption around the world. The US Energy Information Administration forecasts crude oil to average USD105/b in 2022.

Gold Price Fluctuated on Fears of Widespread Infection

Throughout 2021, gold price has followed global trends, reflecting growing concerns about the economic consequences of the spread of the Delta variant, yet averaging higher to USD1,800 per ounce in 2021 (2020: USD1,771/oz). During the first quarter of the year, when countries loosened up their COVID-19 related measurement, gold price was trending down and lost around 13% to USD1,683/oz in March, marking the lowest value for 2021. However, as the concern about the Delta variant grew, people have shifted their focus away from risky assets and towards precious gold, thus putting upward pressure on the price again and hitting a value above USD1,900/oz in the second quarter. In the second half of the year, gold price has lost some strength which saw it closed at USD 1,829/oz at the end of the year driven by outflows in gold-backed exchange-traded funds from investors and slowing central banks' purchases.

For 2022, the gold price is anticipated to react to real rates in response to the profit rates at which global central banks tighten monetary policy together with their ability to contain inflation. Historically, gold price and profit rates have had a negative relationship. Rising profit rates usually make bonds and other fixed-income investments more attractive; people will tend to put money into these higher-yielding investments, which will drive down the demand and price for gold.

DOMESTIC ECONOMY

Malaysia Economy Rebounded in 2021

The Malaysia economy rebounded by 3.1% YoY (2020: -5.6% YoY) in 2021, underpinned by the turnaround in private sector spending. The gradual improvements in income and labour market conditions also supported household spending. Investment activity was also helped by continued capital spending, especially by export-oriented sectors, and policy support remained available for impacted households and businesses.

On the supply side, the domestic economy improved unevenly since the pace of recovery varied across sectors. The strong external trade supported the robust performance of the manufacturing sector. In contrast, the services sector remained constrained by weak demand and high-touch activities (i.e., dine-ins and tourism).

Meanwhile, activity in the construction sector was hampered by labour and operating capacity restrictions. Additionally, adverse weather conditions and continued foreign worker shortages affected output in the agriculture sector.

In the first quarter of 2021, the Malaysian economy registered a smaller GDP growth decline of 0.5% YoY, mainly supported by improvements in domestic demand and exports performance, particularly Electrical and Electronics (E&E) sector. However, the re-imposition of the Movement Control Order (MCO) and the prolonged closure of international borders and interstate travel restrictions have weighed on economic activity. During the second-quarter, the GDP growth rebounded to 16.1% YoY (2Q'20: -17.2% YoY), driven by improved domestic demand and robust exports performance. It was worth to note that this strong growth also came from a low base effect given the big drop of GDP growth in the second quarter of 2020.

Despite the previous quarter's recovery in growth, the GDP declined by 4.5% YoY during the third quarter of 2021, as economic activity was affected by the re-imposition of strict containment measures under the National Recovery Plan (NRP)[1]. As economic activity normalised following the easing of containment measures under the NRP, the GDP growth rebounded to 3.6% YoY in the final quarter of 2021. The recovery in the labour market, continued policy support, and strong external demand also provided further lift to growth during the fourth quarter of 2021.

[1] NRP replaced the Full Movement Control Order (FMCO) that was originally announced on 28 May 2021. There are four phases of the NRP, of which Phase 1 contains the most restrictive containment measures

In 2021, another four economic stimulus packages were announced by government, namely PERMAI, PEMERKASA, PEMERKASA Plus and PEMULIH, to boost economic recovery, as the nation's economy was affected by the movement restriction due to the COVID-19 pandemic. With a budget of RM400 billion (11MP: RM248.5bil), the Prime Minister announced the 12th Malaysia Plan (12MP) on 27 September 2021 to create a prosperous, inclusive, and sustainable Keluarga Malaysia. In an effort to exit the COVID-19 pandemic and transition into the endemic phase, the government tabled the National Budget 2022 on 29 October 2021 with the biggest allocation of RM332.1 billion aimed at driving economic recovery catalysing national development more inclusively and sustainably. The Budget is expected to be a catalyst for implementing the 12MP, to drive economic growth more inclusively and sustainably in the medium term, based on the Sustainable Development Goals (SDG) and Shared Prosperity Vision 2030 (WKB 2030).

As for 2022, BNM expects a GDP growth of 5.3% - 6.3% YoY, lower than the Ministry of Finance (MOF)'s official forecast of 5.5% - 6.5% YoY. At the same time, the IMF and World Bank have forecasted Malaysia's economy to grow by 5.75% and 5.8% YoY, respectively. The growth recovery will be driven by continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. Additionally, the implementation of new and continued investment projects and targeted policy measures will give more support to economic activity and aggregate demand.

Moderate Recovery in Labour Market Conditions

The conditions in the labour market improved moderately in 2021, following significant disruptions in 2020. The labour market was in recovery in the first five months of the year, in line with the pick-up in economic activity. However, the recovery momentum slowed due to the implementation of NRP in June 2021. Overall conditions, however, remained subdued during the year, as the unemployment rate remained elevated at 4.6% YoY (2020: 4.5% YoY), while aggregate nominal wages growth in the private sector was modest at 0.4% YoY (2020: -2.4% YoY), amid an uneven recovery across labour market segments. Supportive measures continued to stay in place to enable businesses and households to withstand the impact of these shocks, support incomes, and mitigate displacements in the labour market. These comprise in large part a continuation of measures put in place in 2020, including Bantuan Prihatin Rakyat, the Targeted Repayment Assistance (TRA), and the Wage Subsidy Programme.

Labour market conditions showed initial signs of recovery with a total of 558,633 people were employed through the Jamin Kerja Keluarga Malaysia initiative, in line with the pick-up in economic activity, despite the temporary weakness caused by the imposition of MCO 2.0.

However, data from SOCSO indicated that jobless claims remained elevated during the third quarter of 2021 (15,753 persons; 2Q21: 14,311) following restructuring exercises by firms in the E&E and primary-related manufacturing sectors. The labour market resumed its recovery trajectory in the fourth quarter of 2021, driven by a stronger recovery in employment and encouraging labour force expansion.

Moving into 2022, the labour market conditions are expected to improve gradually as economic activity picks up, with the unemployment rate expected to ease further to around 4.0%. Targeted measures remain to boost labour demand, make it easier for workers to re-skill and up-skill, and enable persons who have been out of work due to the impact of pandemic to re-enter the labour force. A sustained recovery in employment and income is expected to drive an improvement in household spending.

Headline Inflation was Higher in 2021

Headline inflation in 2021 increased to 2.5% YoY (2020: -1.2% YoY), reflecting mainly higher fuel inflation. Global supply-side disruptions also led to upward price pressures, though the impact on consumer prices was relatively contained as firms absorbed the higher cost. The core inflation remained subdued at 0.7% YoY in 2021 (2020: 1.1%YoY), reflecting the spare capacity in the economy amid a moderate recovery in the labour market. After turning positive to 3.4% YoY in the second quarter of 2021, mainly due to low fuel inflation and electricity tariff rebate, the headline inflation moderated to 2.2% YoY during the third quarter (2Q21: 4.1% YoY), reflecting the dissipating base effect from fuel prices, as well as the implementation of a three-month electricity bill discount, effective July 2021. The headline inflation increased to 3.2% during the fourth quarter of 2021 following the lapse effect of the three-month electricity bill discount.

Moving into 2022, the headline inflation is projected to average between 2.2% to 3.2%, while core inflation is expected to be between 2.0% to 3.0% due to stronger demand conditions amid lingering cost pressures. While high input costs are projected to exert some pressure on selected fresh food prices, price controls will partly mitigate these pressures. However, the overall inflation outlook remains susceptible to upside risks, particularly cost-push factors. These include a more persistent uptrend in input costs due to higher commodity prices and and prolonged disruptions to global supply chains, geopolitical tensions, and lockdowns in China.

FBMKLCI Ended Lower in 2021

The local stock market has been on a roller-coaster ride, impacted by external and domestic developments, including lengthy nation lockdowns, high COVID-19 infection rates, and travel restrictions. To recap, FBMKLCI hit a high of 1,639.83 points on 10 March, spurred by market liquidity and optimism in the economic recovery due to lower average daily domestic cases of COVID-19. The index then plunged to the lowest level in 2021 of 1,489.80 points on 6 August after Malaysia saw a record high of more than 20,000 new COVID-19 infections that day, the most since the pandemic struck the country in February 2020. While Budget 2022 may have the largest allocation for expenditure on record for the country, it has failed to excite the market. This could be due to a new tax dubbed "Cukai Makmur" proposed in Budget 2022, coupled with the absence of significant infrastructure projects in the said budget.

The emergence of the Omicron variant in November and the hawkish signals by the U.S. Federal Reserve (Fed) since September induced market jitters, which were exacerbated by the possibility of an interest rate hike and a faster tapering of the Fed's bond-buying programme. The spectre of a rate increase, which could have led to an outflow from the local bourse, resulted in the FBMKLCI ending at 1,488.88 points on 12 December 2021. Overall, FBMKLCI declined by -3.7% YoY to end at 1,567.5 points (2020: 3.5% YoY, 1,627.2 points).

The equity market will benefit from the broad economic recovery despite several major central banks have begun to normalise their extremely loose monetary policies. However, the downside risks linger and continue on the new COVID-19 variants and a potential delay in economic recovery.

Recovery After 2020's Record High of Fund Outflow

On the equity fund flow, the announcements on Cukai Makmur and the lifting of the stamp duty cap would affect expectations on the stock market in 2022. In addition, other issues seen in 2021 could spill over into 2022, causing some possible negative impacts such as the recent discovery of the Omicron variant, the possibility of lockdowns and prolonged inflation due to supply tightness. Bursa Malaysia recorded an improvement of 86.3% YoY of net foreign outflow of RM3.4 billion, a recovery compared to 2020 data when net foreign outflow hit a record high of RM24.8 billion with -123.4% YoY.

Continued Volatility for Ringgit

Ringgit started 2021 strongly at RM4.02 against the US dollar, driven by optimism over the global growth recovery amid the roll-out of vaccination programmes. However, the local currency has taken a hit from rising domestic COVID-19 cases and containment measures, despite surging global commodity price, and an improving global economic outlook. Nonetheless, the downside risks from the extension to the MCO 3.0 starting from mid-May 2021 continued to dampen investors' risk appetite as the Ringgit depreciated. This was further intensified by shifting expectations surrounding the timeline of the Fed's tapering of its asset purchase programme and the possible interest rate hikes. For 2021, the Malaysian Ringgit depreciated by 3.6% to RM4.17 YoY (2020: -1% YoY, RM4.12).

The outlook for the Ringgit in 2022 continues to be challenged by a combination of external and internal factors that will have a significant impact on its movement. On the global front, factors influencing the Ringgit include the hawkish tone of the global central banks and monetary policies, the emergence of the Omicron variant and the efficacy of the vaccines, oil price movement, geopolitical and political issues, the speed of the economic recovery, as well as the implementation of key measures in Budget 2022 and 12MP.

BANKING SECTOR

The Banking Industry has Shown Continued Resiliency

Malaysian banks continued to display resilience in 2021 and improvement compared to the previous year despite persistent economic headwinds such as prolonged movement restrictions, extended financing moratoriums, and payment assistance. Driven by positive sentiments among businesses and consumers following the reopening of the economy in the third quarter of the year, the financial performance of the local banks has shown strong growth.

Recovery in Earnings in a Challenging Environment

The banking sector continued to face uncertainties in 2021 due to the resurgence of COVID-19 and the return of movement restrictions. The build-up of provisions in 2020 which enabled the banks to have moderate provision growth to 14.0% (2020: 40.3%), coupled with lower modification losses due to the transition to more targeted payment assistance programmes, supported the sector's earnings in 2021.

OPR Remained at 1.75% since July 2020

The central bank kept the OPR unchanged to foster enabling conditions to support economic recovery. Nevertheless, BNM noted that the downside risks remain, amid ongoing uncertainties surrounding the pandemic, both globally and domestically. A policy rate normalisation that could prevent risks, such as persistently high inflation or a further rise in household indebtedness, are likely to occur after mid-2022.

Targeted Payment Assistance Continues

Banks continued to offer payment relief assistance after the auto-moratorium ended in September 2021, but the assistance provided then was more focused. This includes a targeted extension of the moratorium as well as offering payment flexibility to help customers based on their financial needs and circumstances. In addition, the Malaysian banking industry and Agensi Kaunseling dan Pengurusan Kredit (AKPK), a BNM agency, announced the Financial Management and Resilience Programme (URUS) in October 2021, which targets to help B50 household customers who need further financial assistance due to the COVID-19 pandemic. The URUS which was initially set to run for a total of three months until 31 January 2022, had been extended to 31 July 2022 due to flood impact on households and businesses.

The programme had been expected to have minimal impact on the bank's earnings as it offers help to B50 on a targeted basis compared to the blanket moratorium in 2020.

Asset Quality Improved

The industry's gross impaired financings (GIL) ratio, which had been increasing from May 2021 at 1.59% to 1.67% in July and August 2021 had subsequently declined to 1.44% in December 2021 (Dec' 2020: 1.56%) possibly due to the effects of the ongoing financings moratorium. Notwithstanding, asset quality is anticipated to deteriorate when the payment assistance programmes are gradually unwound in 2022. Overall household impairments continued to be driven by residential property financings, with its outstanding financing balances comprising 29% of the total financing in the banking industry.

Financing Growth Accelerated

Financing growth for the banking industry continued to gain momentum, accelerating to 4.5% YoY in 2021 (2020: 3.4% YoY). The household sector, however, grew at a slower rate of 4.3% YoY in 2021 (2020: 5.0% YoY), attributable to moderate growth in the residential segment (2021: 6.8% YoY vs 2020: 7.1% YoY) and passenger car segment (2021: 1.2% YoY vs 2020: 5.6% YoY). Meanwhile, non-household financings registered a higher growth of 4.9% YoY in 2021 (2020: 1.0% YoY) supported by healthy growth in the working capital segment (2021: 7.1% YoY vs 2020: 0.5% YoY).

Deposit Growth Stayed Elevated

Households and businesses continued to maintain a preference for more liquid deposits. The banking system's total deposits grew by 6.3% YoY in 2021 (2020: 4.5% YoY). Current account and saving account (CASA) deposits continued to be the main driver of the overall growth in deposits. CASA, which has maintained its double-digit growth since March 2020 (10.3% YoY), except in October 2021 (9.4% YoY), continued to moderate to 10.9% YoY in 2021 (2020: 19.3% YoY) as depositors may have spent their cash during the prolonged lockdown. Nonetheless, the proportion of CASA to the total deposits increased to 31.6% in 2021 (2020: 30.3%), with total funds placed with Islamic banks representing 31.4% of the total banking sector deposits (2020: 31.0%).

Summary of FY2021 Development Outputs

Development Output

1. Financial Additionality

Financing Approved

Financing approved to businesses

Financing approved for Government-Led initiatives

Financing approved to individuals

> RM17.8 billion
NOA: >510,000

Of which:

Segments	Amount Approved ('billion)	NOA
B40	>RM 10.9	>380,000
Members	>RM 3.8	>84,000
Affordable Housing	>RM0.6	>3,400

Deposit Mobilisation

Deposit mobilised from

>RM63.4 billion
NOA: >4,455,000

Of which:

Individuals: >RM18.9 billion, NOA: >4,400,000

Businesses: >RM44.5 billion, NOA: >55,000

Of which:

	Balance ('billion)	NOA
B40	>RM17.0	>3,400,000
Youth	>RM0.3	>500,000
Cooperative	>RM2.2	>7,000
SME	>RM1.0	>18,000

Training, Outreach and Advisory services conducted

Training and advisory services conducted

828 Participants — Microentrepreneurs

Training conducted with businesses

1,015 Participants — Cooperatives

Financial literacy conducted for individuals

>230,000 — Youth

Financial Access Point

	TOTAL	Of Which: URBAN	Of Which: RURAL
Access Points	1,494	1,383	111
Agent Bank	299	249	50
Agent Bank's Transaction Volumes (RM)	>7,100,000	>6,500,000	>600,000

* Classification of Rural are based on Agent Banking Policy Document's unserved and undeserved mukim listing.

Note: NOA = No. of Accounts

FULFILLING OUR INSTITUTIONAL MANDATE

In tandem with the nation's focus on business resilience, social well-being and economic stability; Bank Rakyat, as a Development Financial Institution (DFI) is committed to deliver our counter-cyclical role to whether the impact of the COVID-19 pandemic crisis and provide full support in this recovery period.

It is imperative for us to have a comprehensive measurement framework in effectively and efficiently discharging our mandate of positively impacting the development of various economic sectors and the well-being of the entrepreneur community. In this context, the Performance Measurement Framework (PMF) introduced by Bank Negara Malaysia (BNM) incorporates additionalities as part of the Bank's business operations with the intention to promote greater development outcomes.

The Bank has steadfastly delivered on these institutional goals in FY2021 with an intensified focus on providing support to underserved Cooperatives and Micro, Small Medium Enterprises (MSMEs) to help them build resilience within a disruptive economic environment.

This continuous focus on Cooperatives and MSMEs comes following the government's launch of the National Entrepreneurship Policy 2030 (DKN2030), set out by the Ministry of Entrepreneur Development and Cooperatives (KUSKOP), under which Bank Rakyat acts as its agency. DKN2030 aims for the turnover of Cooperatives to grow to RM60.0 billion by 2030 from RM40.3 billion in 2018, and to boost MSMEs contribution to the economy to 50% from 37.4% during the same period.

Currently positioned as the country's largest DFI and the second-largest Islamic financier[1] (IFI), Bank Rakyat plans to further accelerate financing to Cooperatives and MSMEs to at least RM7.0 billion by the end-2025 as outlined in the Bank Rakyat 2025's (BR25) SMEC Business Blueprint.

[1] Based on December 2020 published data of DFI and IFI's annual report in terms of Income, Profit Before Tax and *Zakat* (PBTZ), Total Financing and Total Deposit.

Financing Approved to Businesses

Bank Rakyat is mandated to facilitate the development of Cooperatives and SMEs including micro-entrepreneurs by extending financing and advisory services for their businesses to expand and thrive. As of December 2021, total financing of more than RM1.3 billion was approved to over 2,900 micro-entrepreneurs, SMEs and Cooperatives of which more than RM44.0 million was granted to new businesses (businesses operating for less than three years).

As a continuation of the former BRCares, a new financing programme was introduced in May 2021 called BRFlex-i to facilitate recovery for affected micro-entrepreneurs, SMEs and Cooperatives and help them withstand the post-COVID-19 pandemic crisis. With BRFlex-i, customers are provided a moratorium of payments for the first nine months, minimal documentation requirements for financing applications, cost savings for financing documentation, competitive financing rates, and no collateral requirement. The BRFlex-i financing package offers a maximum financing limit of up to RM50,000 to micro-entrepreneurs; and RM1.0 million to eligible SMEs and Cooperatives. A total amount exceeding RM136.0 million has been approved as of December 2021.

Financing Approved for Government-Led Initiatives

In 2021, BNM had announced the Targeted Relief and Recovery Facility (TRRF) to provide relief and support recovery for eligible micro-entrepreneurs and SMEs in the services sector. As of December 2021, around RM141.8 million was approved under this financing programme.

Bank Rakyat also offered financing assistance to sports industry entrepreneurs affected by the COVID-19 pandemic through Skim Pembiayaan Industri Sukan (SPIS). The SPIS facility is a collaborative initiative by the Ministry of Youth and Sports and KUSKOP of which over RM8.0 million was approved as of December 2021.

Financing Approved to Individuals

As a DFI, Bank Rakyat strives to serve all segments of society including individuals. For FY2021, a total financing amount of more than RM17.8 billion was approved to targeted individuals comprising Bank Rakyat's Members, B40 (household income of below RM4,850 monthly) and affordable housing financing applicants (market value less than RM300,000). The approved financing amounts were more than RM3.8 billion, RM10.9 billion and RM0.6 billion respectively.

Deposits Mobilisation

The Bank has always accentuated the promotion of a saving culture amongst our customers and potential customers by way of offering attractive profit rates for our deposit products. As a result, in FY2021, total deposits mobilised exceeded RM63.4 billion, of which more than RM18.9 billion was from individual customers. Out of this amount, the deposits mobilised from targeted individuals' segments, comprising B40 and Youth (below the age of 18), are in the balances of beyond RM17.0 billion and RM330.0 million, respectively.

Meanwhile, a total deposits balance of more than RM44.5 billion were mobilised from businesses of which over RM2.2 billion was derived from Cooperatives and an excess of RM1.0 billion was from SMEs.

Training, Outreach and Advisory Services Conducted

Throughout 2021, the Bank has conducted various capacity-building programmes for Cooperatives and entrepreneurs which attracted participation from 1,015 Cooperatives and 828 entrepreneurs. Further details of this initiative are elaborated in Developing the Cooperative Sector section.

Financial Literacy Conducted for Individuals

More than 230,000 youths have been given and exposed to financial literacy learnings by the Bank in 2021 through a number of programmes and initiatives such as:

Nuri Savings-i Account

The first step in managing children's wealth should be to inculcate a savings culture from an early age. Nuri Savings-i Account is a great platform to cultivate a savings culture among children. They can start saving with a minimum deposit of RM10, and it is open to all children aged 12 years and below.

Nuri Club Member

Nuri account holders also have the opportunity to become a Nuri Club member and participate in various programmes organised by the Club as follows:

- Nuri Club had conducted a Nuri Savings Contest themed Guess and Win Contest and Savings Quiz Contest in conjunction with World Savings Day in October 2021;
- Nuri Club also conducted a My 1st Bank Programme whereby newborns received savings money through their Savings-i account in conjunction with the 67th Anniversary of the Bank in September 2021; and
- Nuri Teenpreneurship Ramadhan Bazaar was a programme held exposing students to entrepreneurial experiences. Students at selected high schools were given funds by the Bank to open their own stalls to sell foods and beverages for breaking fast.

Financial Access Points

Although Bank Rakyat embraces digital technologies, 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. The classification of rural areas is based on BNM Agent Banking Policy Document's Unserved and Underserved Mukim listing. Unserved refers to mukims with no access points at all, while underserved categorises mukims with less than five access points in the vicinity. Further details are elaborated in the Financial Inclusivity section.

Client Resilience and Positive Spillover into the Economy

Since before 2018, SME and Cooperative customers who have been granted financing by the Bank has shown promising incremental values in their sales turnover, as well as new jobs created along with the number of jobs sustained.

In 2020, the total increase of sales turnover recorded was in the excess of RM140.0 million for the Bank's SME customers, and RM34.0 million for the Bank's Cooperative customers. Over 2,100 jobs have also been manageably sustained by the SMEs, and more than 170 new jobs were created in the same year. A positive outcome was also recorded by the Cooperatives segment where around 1,100 jobs were sustained with addition of over 50 new jobs during the year. In terms of productivity value (i.e. total sales turnover over the number of employees), the average of around RM1.1 million per SMEs and RM0.6 million per Cooperatives have been indicated respectively.

Summary of FY2021 Development Outcomes

Development Outcome

2. Design Additionality

Client Resilience and Positive Spillover Into the Economy

SMEs and Cooperatives granted with financing by the Bank ≤ year 2018

In 2020	Increment of sales turnover of customers	Existing job sustained and new job created by customers	Average Productivity
SME	>RM140.0 million	>2,100 jobs sustained and >170 new jobs created	>RM1.1 million
Cooperative	>RM34.0 million	>1,100 jobs sustained and >50 new jobs created	>RM0.6 million

Customers Affected by COVID-19 Benefiting from BRCARES, BRFlex-i, BNM SRF, BNM TRRF and SPIS Financing

BRCARES recipients in 2020 which managed to sustain in their business

- >690 SMEs
- >1,740 Micro Entrepreneurs
- >140 Cooperatives

BRFlex-i (2021) recipients

- >190 SMEs
- >1,360 Micro Entrepreneurs
- >40 Cooperatives
- Of which: >680 WOMEN owned business

BNM SRF recipients in 2020 which managed to sustain in their business

- >45 SMEs

BNM TRRF (2021) recipients

- >520 SMEs
- >30 Micro Entrepreneurs
- Of which: 30 WOMEN owned business

SPIS (2021) recipients

- 40 SMEs

Cooperatives Development

Contributions to:

- >RM32.0 million Cooperative Education Trust Fund (CETF)
- >RM16.0 million Cooperative Development Provident Fund (CDPF)

Dividend Payout

Benefiting for more than 800,000 members including individuals and cooperatives

>RM370.0 million

Social Finance

Contributions of zakat funds to *asnaf* entrepreneurs:

RM2.3 million to
- 220 *RAKYATpreneur*
- 100 *BR UNIpreneur*

Contribution To Needy

Contribution of Zakat and CSR by the Bank >RM12.5 million to >88,000 recipients

- Entrepreneur support
- Poor Aid
- Student Assistance
- Education Program
- Shelter Initiatives
- Disaster Aid

Benefitting Customers Affected by COVID-19 through Exclusive Financing Programmes (BRCares, BRFlex-i BNM SRF and BNM TRRF Financing)

The BRCares and BNM SRF financing programme have led to good outcomes in alleviating short-term cash flow challenges and maintaining the viability of entrepreneurs' businesses. Out of the total number of entrepreneurs who received their financing funds from either of these financing programmes in 2020, over 83% and 85% respectively are currently recording positive business performance, and financing their financings without default.

In addition, the total amount exceeding RM286.0 million approved for BRFlex-i, BNM TRRF and SPIS financing programmes in FY2021 will benefit the business survivability of more than 750 SMEs, 1,390 micro entrepreneurs and 40 Cooperatives nationwide in the coming years.

Out of the estimated total of 2,140 SME and Micro entrepreneurs mentioned above, around 33% or more than 710 of them are women-owned businesses that received the BRFlex-i and BNM TRRF financing assistance from the Bank.

Supporting the Cooperative Ecosystem

The Bank provides annual support to the Cooperative ecosystem and development through contributions made to Suruhanjaya Koperasi Malaysia (SKM) in the Cooperative Education Trust Fund (CETF) and Cooperative Development Provident Fund (CDPF). The total contributions made are based on 2% and 1% of the Bank's annual PBTZ, respectively. This exceeded RM48.0 million in FY2021.

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, the Bank has always been prioritising our members and their economic well-being. Apart from the financial assistance in the form of financing and deposit products to suit the financial needs of our members, the Bank provides our members with an attractive dividend pay-out annually. In FY2021, the Bank have made a dividend payment in a total of more than RM370.0 million which has benefitted over 800,000 of our members, comprising both individuals and Cooperatives.

Social Finance

Rakyatpreneur and UNIpreneur were philanthropic initiatives established by the Bank in FY2021, 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 to identify their strengths and weaknesses through competency workshops, advisory services, network building, as well as follow-up monitoring by the Bank's selected partners namely, INSKEN and ten local public and private universities. The main goal of both programmes is to help *asnaf* entrepreneurs improve their competencies to identify and seize opportunities to remain relevant in the market. As a spillover, these programmes are expected to nurture the entrepreneurs to become Bank Rakyat's future MSME customers.

Through RAKYATpreneur Pilot, RAKYATpreneur 2.0 and UNIpreneur Pilot, we have assisted 220 *asnaf* micro entrepreneurs and 100 asnaf student entrepreneurs during the year. In terms of profile, the selected entrepreneurs were from all states across Malaysia, including Sabah and Sarawak, with diverse businesses ranging from segments such as F&B, clothing and apparels, handicraft, workshop, agriculture, tailoring, hair dressing, and a few others. A promising number of these entrepreneurs have recorded an increase of 10% to 30% in their sales turnover for the first three months after completing the capacity building sessions.

Contributing Zakat and CSR Funds for the Needy

Throughout the year under review, the Bank has been persistently contributing back to the community and society by contributing *Zakat* and Corporate Social Responsibility (CSR) funds totalling over RM12.5 million to more than 88,000 recipients. The Bank's *zakat* fund contributions have been distributed in the form of entrepreneur support, medical treatment aid, student assistance, education programmes, shelter initiatives and disaster aid.

Policy Advice by DFIs Taken Up by Government and Impact from the Policy Advice

In FY2021, Bank Rakyat was appointed as a Project Manager to lead the development of Sectoral Guide for Construction and Infrastructure, the initiative under BNM's Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF). The Sectoral Guide provides a comprehensive guidance for implementing impact-based assessment for the particular sector. It also provides relevant sustainability metrics or indicators for a more holistic approach to the classification of economic activities.

Going further, Bank Rakyat is embarking into Environmental and Social Financing, in line with the Sustainability Framework and Climate Change Principle-based Taxonomy which will lead to more environmentally friendly and ecologically responsible decisions.

Summary of FY2021 Development Outcomes

Development Outcome
3. Policy Additionality
A) Policy advice by DFIs taken up by Government
• Bank Rakyat appointed as Project Manager to lead the development of VBIAF for Construction and Infrastructure
B) Impact from the policy advice
• BNM VBIAF Sectoral Guide of Construction and Infrastructure which is to be used by the FIs • Enhancing the deadiness of FIs' in playing a catalytic role towards realizing the Government's aspiration and commitment as a signatory to the 2015 Paris Agreement • Bank Rakyat to embark into green products and practices which lead to more environmentally friendly and ecologically responsible decision
4. Demonstration Additionality
A) Total funding amount crowded-in from the private sector for the year: RM585.6 million B) Crowd-in efficiency : 205%

Crowd-in Funding

During the year under review, the Bank participated in a number of syndicated financings by collaborating with the nation's other DFIs. The total accumulated crowd-in amount for these financing was RM585.6 million, with the Bank's own portion amounting to around RM285.6 million. Correspondingly, the crowd-in efficiency ratio has been recorded moderately at 205%.

FINANCIAL INCLUSIVITY

Empowering Financial Inclusion Agenda

In addition to the existing developmental and mandate initiatives, the Bank also consistently supports the Financial Inclusion agenda introduced by BNM with the following objectives:

- The provision of suitable, affordable and quality financial services to all segments of society in contributing to balanced and sustainable economic growth and development; and
- Providing the general public access to financing, financial services, financial redress and financial information.

Focusing on Financial Inclusion, the Bank currently provides several service channels such as:

- Bank Bergerak and Ar-Rahnu On Wheels (ARROW)
- Agent Banking (Rakyat C.A.R.E.)
- Rakyat Xcess and Ar-Rahnu X'Change (Xcess COMBO)
- SME and Cooperative Business Centre
- Digital Platforms
- Card Business

Bank Bergerak and ARROW

Bank Bergerak is a CSR initiative introduced by the Bank to ensure that customers in semi-urban and rural areas have access to banking services and facilities on-par with those provided in urban areas.

As of 2021, Bank Rakyat has four Bank Bergerak which are stationed at Kuala Lumpur, Temerloh, Alor Setar and Kota Bharu. Through frequent visits to surrounding community hubs such as community centres in public areas and within FELDA settlements, and morning markets, Bank Bergerak provides easy access to the underserved communities. Banking services provided by Bank Bergerak include Current Account-i and Savings Account-i opening (CASA), 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.

The upgraded Bank Bergerak, known as Ar-Rahnu on Wheels (ARROW), was established in 2020 to provide 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 three ARROWs which are stationed at Kota Tinggi (Johor), Bintulu (Sarawak), and Sandakan (Sabah), with the last being the newest addition deployed in December 2021. As of December 2021, more than 7,000 transactions have been processed by Bank Bergerak and ARROW with the total transaction value recorded amounting to more than RM9.40 million.

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 transfer, bill payment and financing payment (Bank Rakyat) through appointed agents. With the availability of Rakyat C.A.R.E., customers enjoy the privilege of accessing banking services nearer to their localities, and this greatly benefits the unserved and underserved community segments.

Several win-win benefits are unleashed by Rakyat C.A.R.E. for the unserved and underserved communities, easier access to banking services opens up more opportunities. For the Bank, appointing agents is a cheaper alternative compared to other delivery channels (i.e. branch and self-service terminal). The touch points gained also help to capture more retail deposits and enable the Bank to enter new markets. For appointed agents, this strategy offers additional income opportunities through collection of transaction fees.

In FY2021, the Rakyat C.A.R.E. network reported a total of 299 active agent banking channels nationwide with the total transaction value recorded amounting to more than RM7.1 million.

Rakyat Xcess and Ar-Rahnu X'Change (Xcess COMBO)

The Bank has successfully opened two new Xcess COMBO in Sarawak during the year, as part of the channel expansion initiatives with KUSKOP in supporting the government's Financial Inclusion agenda. Representing Bank Rakyat's 21st and 22nd Xcess COMBO offering, the services were launched at Sebuyau and Serian, on 9 August 2021 and 16 August 2021 respectively; serving the underserved local communities at these two areas and the neighbouring localities with various banking facilities, Personal Financing-i and Ar-Rahnu services.

The opening of these hubs was effectively coordinated and completed within five months as the chosen localities had been identified to be in dire need of financial services. Sebuyau and Serian are main districts serving the local communities and have a substantial population that stand to benefit from Ar-Rahnu's easy financing service with hassle-free documentation requisites.

Within a few months of their opening, both Rakyat Xcess and Ar-Rahnu X'Change have managed to capture more than 8,269 Term Deposit-i and CASA accounts with accumulated deposit amounting to more than RM90.38 million. In terms of financing assistance, over 589 accounts in total have been granted Ar-Rahnu and Personal Financing-i with disbursement of more than RM38.65 million successfully made to the Bank's customers in these areas.

SME and Cooperative Business Centres (SMEC)

In line with our BR25 goal to improve outreach towards entrepreneurs nationwide and increase access to the Bank's financial assistance and solutions, the SME and Cooperative (SMEC) Business Centre has been established as a one-stop centre that provides holistic advisory and financing services for Micro, Small and Medium enterprises and Cooperatives. During the year under review, another seven SMEC centres have been established. This brings the current total to ten SMEC Business Centres in the following regions; Kuala Lumpur/Putrajaya, Selangor, Melaka/Negeri Sembilan, Perak, Kedah/Perlis/Pulau Pinang, Kelantan/Terengganu, Johor, Sarawak, Sabah and Pahang.

From these SMEC Business Centres, a total of nearly RM850.0 million has been approved to over 1,000 SMEs and Cooperatives nationwide in 2021.

Digital Platforms

In FY2021, Bank Rakyat progressively achieved our digitalisation aspirations by offering more robust digital products and heightening customer experiences supported by an integrated Islamic banking system built upon modern technology. This is part of the Bank's BR25 digitalisation agenda to embrace digitalisation to suit the new norm and stay competitive in the market.

Bank Rakyat is compelled to advance this digital transformation journey within an enhanced, fully integrated and digital environment with diverse financing. This will enable the Bank to make a rapid technological advancement and to build a Digital Banking Eco System.

The digital transformation journey consists of five key on-going initiatives and the key outcomes are presented below:

Quick Response to Entrepreneurs

The Bank enhanced its digital service platform with 'Quick Response to Entrepreneur' (QR2E) in March 2021 with the key objective to enable Bank Rakyat's business customers e.g.: micro-entrepreneurs, SMEs and Cooperatives, to seek financial assistance and business management advice conveniently at their fingertips. As of December 2021, the Bank has received more than 440 business applications and a total sum of more than RM61.0 million potential financing value.

Ar-Rahnu e-Appointment Implementation

In June 2021, the Bank introduced Ar-Rahnu e-Appointment platform to offer the customers a convenient way to schedule appointments for Ar-Rahnu products online. This service suits the current need and situation to alleviate congestion at the Bank's branches and curb the spread of COVID-19. As at end-December 2021, the service has attracted more than 50,000 customers.

Paperless Credit Card-i Processing for iRakyat

In December 2021, we enhanced the iRakyat mobile application with functionalities to facilitate an end-to-end paperless e-application including processing for credit cards. Credit card processing is just the tip of the iceberg for the Bank's digital customer experience initiative. Moving forward, we have an aspiration to further customer process digitalisation to include CASA on-boarding. This will ultimately result in cost-saving by the reduction of operational expenditure (OPEX), while enhancing customer experiences digitally.

iRakyat Mobile Application

The Bank successfully rolled out the new iRakyat mobile application in September 2021 to offer 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 and DuitNow transactions. This initiative is well aligned with the government's intention to encourage digital spending and cashless transactions. Since its inception, the Bank has gained traction of more than 94,000 new users for the iRakyat mobile application.

Bank Rakyat Quick

Also 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 via a QR scan and proceed with product applications. This technology will enables Bank Rakyat to generate and capture qualified leads from the market. Within just one month of launching, BRICK has captured almost 500 applications and continues to grow.

Bank Rakyat Card Business

Hassle-Free MyDebit Card Renewal

In light of the pandemic situation and keeping in mind our cardholders' health and safety, Bank Rakyat has proactively introduced online request for MyDebit card renewals through our iRakyat online banking platform. With this hassle-free process, new cards are couriered to the cardholders' mailing addresses at no cost.

Campaign: Wave and Menang @ D'Mart Outlets

Bank Rakyat collaborated with Payments Network Malaysia Sdn Bhd (PayNet) and Koperasi Permodalan Felda Trading Sdn Bhd (KPFTSB) to organise the 'Wave and Menang' – MyDebit Campaign with D'Mart to support the national financial inclusion framework objective of serving all members of society, especially the underserved segments.

The MyDebit Card Acceptance Campaign aims to promote the use of MyDebit cards at all 206 D'Mart convenience stores which are located within FELDA settlements throughout Malaysia. Customers were entitled to enter the campaign by paying a minimum of RM5 in a single receipt with MyDebit to stand a chance to win one of the prizes worth more than RM163,000.

Running from 1 September 2021 until 31 December 2021, the campaign has created awareness on the MyDebit card brand, as well as encouraged cashless acceptance at D'Mart outlets among the FELDA settlers and their family members. Results showed a positive change and acceptance among FELDA settlers on the cashless payment which met the aim of the financial inclusion agenda to provide lower-income segments of society with an access to quality financial services.

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 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)
- Cooperative/Entrepreneur Business Development
- Sales Force Effectiveness (SFE)

The programmes fortify Bank Rakyat's drive to change mindsets and 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;
- Collaborating amongst agencies and external parties.

Mindful that 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) need to be emphasised in order to promote sustainable Cooperative development, the Bank commits to forging long-term relationships that can lead to more business opportunities.

Cooperative Development

Bank Rakyat Cooperative/Entrepreneur Program

Objectives

- Support the underserved cooperative segment in line with the Performance Measurement Framework (Bank Negara Malaysia) to increase economic spillover (new employment generated, increase of sales turnover and upward migration).
- To assist in providing advisory services to suppport in boosting the cooperative business on learning facilities, information assistance and form an official touch-point to underserved cooperative.

1. Cooperative/Entrepreneur Program

- Cooperative Advisory Desk (CAD)
- Entrepreneur Advisory Desk (EAD)
- Cooperative/Entrepreneur Business Development
- Sales Force Effectiveness (SFE)

Engagement 2021

Cooperative	1,015
Entrepreneur	828

Total: 1,843 Engagements

2. Cooperative Advisory Desk (CAD)

To assist cooperative by categories in terms of providing guidance and training to expand and grow their business align with government aspiration

Business Diversification
To enhance cooperative 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

3. Target Cooperative Segment

Identified potential cooperatives for business expansion

Type of Cooperative

- Credit Cooperative
- Agriculture Cooperative
- Consumer Cooperative
- Services Cooperative

→ Cooperatives diversified into other business segment

Outcomes

- Job creation by cooperative
- Sustainability of cooperative turnover
- Upward migration on upgrade Bank's internal rating

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.

BANK RAKYAT'S REVIEW OF FY2021 FINANCIAL PERFORMANCE

Despite the continued economic uncertainty caused by prolonged COVID-19 challenges, the Group recorded a profit before tax and *zakat* ("PBTZ") of RM1.63 billion for FY2021 against RM1.44 billion in FY2020. Net profit at RM1.86 billion was 34.78% higher from the RM1.38 billion recorded the previous year. This commendable performance was achieved through strong fundamentals and a focus on core activities, while the net profit was buoyed by lower deferred tax liabilities.

The encouraging growth was mainly driven by the Group's financing and investment activities, coupled by improved net operating income, which increased 3.2% to RM3.52 billion from RM3.41 billion previously, due to lower funding costs as a result of effective asset liability management and the low overnight policy rate. This achievement was supported by Current Accounts-i and Savings Accounts-i (CASA) which were higher at RM9.23 billion from RM8.28 billion previously. Lower impairment provision in the year, in line with industry trends, also boosted the Group's performance.

Effective cost management activities sustained a healthy cost to income ratio at below 40.0%, lower than industry average of 47.0%. As a result, the Group continued to be the most profitable Cooperative Bank, as well as the second largest Islamic financial institution in Malaysia.

Despite the uncertainties during the year, total assets rose by 3% or RM3.31 billion to RM115.06 billion from RM111.75 billion as at the end of FY2020, driven by 1.6% growth in financing balance and 7% solid growth in treasury assets through steadfast commitment to set strategic initiatives throughout the year. Total deposits for the year rose 1.1% to RM86.52 billion in 2021, compared to RM85.58 billion previously, while Return On Assets improved to 1.4% in line with the industry trend.

In realising its mandate to strengthen the economic well-being of its members and customers, the Group announced 15% dividends with an estimated pay out of RM429.50 million to 827,066 members for the year ended 31 December 2021. This marked a record 23 years of double-digit dividends provided to its members. Apart from that, the Group continued to contribute 2% of its PBTZ amounting RM32.30 million to the Cooperative Education Trust Fund and 1% or RM16.15 million to the Cooperative Development Provident Fund. The total contribution to these cooperative funds for the year 2021 amounted to RM48.45 million. Through the good dividends and annual commitment to support the Cooperative ecosystem, Bank Rakyat hopes to help reduce the financial burden faced by members in weathering the COVID-19 pandemic.

As at 31 December 2021, Bank Rakyat had a total market capitalisation of RM21 billion. Risk-Weighted Capital Ratio and Core Capital Ratio after the proposed final dividend remained strong at 25.76% and 23.35% 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.

CHANNEL MANAGEMENT

Launching of iRakyat Mobile Banking

The unprecedented challenges posed by COVID-19 have significantly impacted customer behaviour notably towards the shift to digital channels. In response to this, we have facilitated e-Banking and e-Payment requisites for our customers with the launch of our mobile banking application on 30 September 2021.

With an attractive and intuitive or User Interface User Experience, the Bank aims to accommodate an ideal customer experience and satisfaction through quality, convenience, and personalisation.

Moving forward, our team will strive to provide further improvement and enhancement towards the application features to meet our consumers' digital lifestyles and focus on customer security with adoption towards advanced and extensive mobile banking functionalities.

Growing Our Physical Network in Sarawak

Improving banking access to the community, we focused on supporting the financial inclusion agenda to best serve all segments of customers with the latest establishment of Rakyat Xcess (Combo) in Sebuyau and Serian, Sarawak on 9 August 2021 and 16 August 2021 respectively.

Rakyat Xcess (Combo) Sebuyau has been recognised as the first financial institution that provides the local community with access to safe and affordable branch banking and Ar-Rahnu experience in the district. Meanwhile, our physical channel in Serian has been transformed and upgraded to provide customers in the locality with an immediate access to Ar-Rahnu services, in addition to existing banking services.

These additional physical channels not only improves access to banking and Ar-Rahnu services, but also maintain a balanced distribution of our infrastructure capital in supporting the banking needs by the underserved areas.

Ar-Rahnu On Wheel (ARROW) in Sabah

The Bank's mobile ARROW units have proven to be efficient and effective as an alternate channel to provide our customers' accessibility to more affordable financial services without the need to invest in traditional brick-and-mortar branches.

In December 2021, we successfully deployed our third ARROW in Sandakan, Sabah which coincided with the national aspiration of the PEMULIH recovery plan package announced earlier in the same year. The Government had allocated RM18 million for domestic financial institutions, including Bank Rakyat, to provide about 30 mobile units in totality covering almost 250 mukims in the rural and remote areas of Peninsular Malaysia, Sabah and Sarawak under the PEMULIH initiative.With proactive measures taken to ensure minimised disruptions during the pandemic, ARROW Sabah provided the local community in Sandakan (including Mukims of Kuamut, Labuk, Sukau and Sekon) a greater financial accessibility.

Expanding Customer Outreach Through Rakyat X'Lite

An alternative delivery channel was pioneered with the commencement of Rakyat X'Lite in LRT Bank Rakyat-Bangsar Station on 13 December 2021.

Within a confined space area available for Bank Rakyat at the concourse level of the LRT Station, our Rakyat X'Lite provides two teller counters, an Automatic Teller Machine (ATM) and a Cash Deposit Machine (CDM). This concept of implementing assisted counter services outside of a traditional branch and leveraging cash transactions on the self-service terminals is the first of its kind throughout the Bank Rakyat physical channel network.

RAM RATINGS

Reaffirmed AA2 with Stable Outlook

RAM Ratings has 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
RM9 billion Islamic Medium Term Notes Programme (2013/2023)	AA2(s)/Stable
Mumtaz Rakyat Sukuk Berhad	
RM5 billion Subordinated Sukuk Murabahah Programme (2016/2036)	AA3(s)/Stable

The reaffirmation is premised on Bank Rakyat's strong foothold in Personal Financing-i (PF) and its robust loss absorption capacity. The Bank boasts the largest share of the Malaysian market for PF, which is mostly extended to civil servants with higher job security.

RAM acknowledged that the impact of modification losses from moratoria and other forms of assistance offered to customers is manageable given its current solid capitalisation, afforded by a Basel I tier-1 capital ratio of 22.2% as at end-June 2021. The Bank's ample loss absorption buffers will cushion further potential impairments amplified by the gradual expiration of pandemic-related relief measures.

The rating reaffirmation also incorporates the view of ready support from the Government if needed, given Bank Rakyat's status as a Cooperative-cum-developmental financial institution.

In view of the Bank's overall gross impaired financing (GIF) ratio, strong GIF coverage of above 150% provides further comfort to the increase of GIF to 2.2% as at end-June 2021 (end-December 2019: 1.9%) which was primarily driven by the PF portfolio's weaker GIF ratio of 1.2% (end-December 2019: 0.6%). Due to the current uncertain economic climate caused by COVID-19 pandemic, job losses or income cuts suffered by the customers had led to higher defaults from its non-Angkasa segment under PF portfolio.

RETAIL BANKING

Gross Financing

Gross financing is sustained with slight increase of 1.95%, maintaining traction in line with the Five Years Business Plan (5YSP).

Personal Financing-i

Personal Financing-i continues to be the central component of the Bank's retail banking business. The portfolio increased 1.0% in FY2020, due to our effort to control its growth at under 1% a year as we are taking steps to diversify into other areas. Retail banking strives to broaden the customer base, diversifying to other customer segment, namely the private sector and non-fixed income earners. The Personal Financing-i portfolio figure was recorded at RM60.01 billion as at the end of 2021.

Home Financing-i

Bank Rakyat's Home Financing-i segment recorded substantial growth of 13.4% in 2021 with a sum of RM7.82 billion as compared to RM6.90 billion in 2020. The growth has been achieved despite a slower property market due to measures introduced by;

1. Synergy and strong collaboration between internal stakeholders in Head Office such as Mortgage Financing, Branch Sales, Regional Directors and Branches in meeting stipulated sales target.

2. The commendable financing growth is contributed by our strategy to focus on secondary market property whereby the time taken on disbursement is shorter as compared to primary market property,

3. Continuous engagement and collaboration with external stakeholders namely developers, valuer, lawyers and Real Property Negotiators and Agencies to widen the outreach to consumer.

4. Periodic customer retention program being performed by telemarketing team and branches to mitigate attrition rate.

5. Close monitoring by stakeholders such as HQ, region and branches on performance and take necessary action to improve the outcomes.

6. Aggressive cross selling activities performed by branches to increase product holding by existing customers.

Vehicle Financing-i

Bank Rakyat offers two type of Vehicle Financing products namely, Al Ijarah Thumma Al Bai (AITAB) which apply the Islamic Hire Purchase-i concept and financing under Shariah principal of Murabahah (by adopting Tawarruq practices). Financing margin are offered up to 90% for the former and 100% for the latter. Both products allow customer to finance the purchase of new vehicles with the financing tenure up to nine years.

Despite the reduction in Malaysian Total Industry Volume (TIV) of 4% in 2021 compared to 2020 [TIV 2020: 529,514 units, TIV 2021: 508,911 units], Bank Rakyat managed to record the growth of 1% for its Vehicle Financing-i portfolio during the said period. The gross balance stood at RM3.13 billion compared to RM3.10 billion in the previous year. 2021 saw the growth of Vehicle Financing-i by 0.92% to RM3.13 billion compared to RM3.10 billion in the previous year.

Pawn Broking-i

An alternative to conventional pawn broking, Pawn Broking-i (Islamic pawnbroking or Ar-Rahnu) provides instant and easy cash of up to RM350,000 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 outlets that operate from Monday to Saturday (ARX). Market share of 45% represents the Bank and RMS, and contributed RM2.02 billion of balances in 2021 (Bank only).

Deposit-i

In 2021, our total deposits rose by 16.15% or RM8.94 billion to RM64.28 billion as compared to RM55.35 billion in 2020. As at December 2021, our eCA-i balance was recorded at RM2.38 billion, which saw an increase of RM102.52 million from the figure in the previous year while our SA-i balance has increased to RM6.91 billion or 14.72% as compared to the figure collected in 2020. TD-i balance on the other hand recorded a 16.89% increase to RM54.99 billion. FY2021 showed CASA growth of 11.91% YoY to RM9.29 billion resulting in higher CASA ratio of 11.14% with households taking more precautions in their spending behaviour by retaining more liquid deposits.

Credit Card-i

Undoubtedly, 2021 was another challenging year for the credit card business when the monthly spending and balances were again affected due to the announced MCO 3.0 and additional cash extended under the PEMULIH program respectively.

Consistent with the industry's trend, Bank Rakyat Credit Card-i usage started to recover in the second half of the year under the National Recovery Plan, where it reached the highest usage amount in December 2021 of RM55.02 million.

The healthy growth was contributed by the continuous promotions and programs implemented throughout the year as follows:

A. 8%.GOV.MY PROGRAM

Affordable source of financing remains the ultimate demand from consumers whilst the economy progress towards recovery from COVID-19 pandemic. As an institution that is sensitive towards consumers demand, a new financing program was launched on 20 August 2021 targeted at existing and new Credit Card-i cardholders from the government and GLC sectors. The 8%.GOV.MY program offers profit rate as low as 8% per annum (or 0.66% monthly) on all retail outstanding balances arising from payments of goods and services. The low profit rate will be applicable for the next three years for cardholders who meets the eligibility criteria.

B. "CASH NOW" CAMPAIGN

This initiative was re-introduced in year 2021 where the Bank only charged a profit rate of 6% per annum (as compared to 18% per annum) for cash withdrawals performed at Bank Rakyat counters, ATMs and via call-in to our Customer Service. The campaign started on 1 August and lasted until 31 October 2021. The low profit rate is applicable up until the cash withdrawal balance is paid out.

C. "BELANJA DAN MENANG" CAMPAIGN

The three-months campaign was launched from 1 October 2021 to 31 December 2021 with an objective to drive the debit and credit card spending for the following categories:

i. Bank Rakyat merchants that are categorised under the essential needs segment,

ii. Bank Rakyat cardholders who spent at Bank Rakyat's essential needs merchants.

As purchasing habit during the pandemic shifted from cash to non-cash, this campaign focused and encouraged our customers to opt for cashless payment by offering chances to win cash prizes worth of RM500 with a minimal purchase of RM30.

Performance Recognition

Whilst the payment card industry took a knock during the COVID-19 pandemic, BR Credit Card-i and Debit Card-i managed to bag two awards from MasterCard in recognition of our performances. Our Credit Card-i was rated as the Best Improvement in Approval Rates amongst the Islamic and conventional card issuers over the course of 2020 to 2021 whilst our Debit Dard-i was awarded the Best Ecommerce Spend Growth Performance amongst the Islamic Banks.

BUSINESS BANKING

Established to focus on our mandated target market of cooperatives, the Bank's Business Banking Division also looks into the needs of corporate, commercial, small and medium enterprises (SME) and micro financing customers. 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.

The main focus of the year was on SME and micro financing in line with the BR25 Strategic Plan and SME Blueprint. Bank Rakyat's SME portfolio expansion was in line with the Ministry of Entrepreneur Development and Cooperative (KUSKOP) National Entrepreneurship Policy (NEP), which aims to elevate Malaysia into a full-fledged entrepreneurial nation by 2030 towards strengthening the economic contribution of SMEs to the country's Gross Domestic Product (GDP) to 50% by 2030.

SME Financing

For the SME market, the division fully operationalisation 10 (ten) SMEC Business Centres in order to expand our reach and market share. Service improvements were targeted with the launching of Quick Response to Entrepreneur (QR2E) initiative. Together, these helped increase our SME customer base by 78%.

The Bank also embarked into capacity building programmes covering both Business Banking personnel and entrepreneurs. These included the '*Kursus Memperkasakan Bangsa Usahawan*' which attracted 1,400 entrepreneurs; Program '*Santai Namun Sampai*' which was launched at Tanjong Karang, Selangor; and subsequent follow-up programmes held at Paya Besar Kuantan, Pahang.

Micro Financing

Our micro financing business grew by RM23.9 million or 22% to RM131.4 million as compared to RM107.5 million in the previous year due to attractive product offerings such as BRFlex-i which focuses on helping micro businesses as well as retail-based businesses affected by the COVID-19 pandemic. Moving forward in FY2022, Business Banking will further strengthen this portfolio with a targeted financing balance of RM150.0 million and growth of 15%.

The Bank provides micro financing services to entrepreneurs and extend financing from the government mandated fund. Under the latter, the active government funds distributed during the year comprised the Rural Economic Financing Scheme (SPED) and *Skim 'Pembiayaan Industri Sukan'* (SPIS). For SPED, RM194.81 million has been disbursed to 1,877 applicants; whereas for SPIS, RM5.38 million was disbursed in FY2021.

Summary of FY2021 Performance

Moving Forward

With the expectation of economic recovery and better industry outlook backed by continuous support and stimulus packages from government, the main focus for FY2022 will continue to be on SMEs, micro financing and cooperative portfolio expansion. A significant number of key initiatives have been planned under Business Plan 2022 including the followings: -

1. Championing entrepreneur/businesses through stronger quality financing to mandated role business, Environmental, Social, and Governance (ESG) – Green Financing and Sustainability and Contract Financing and Commercial HP.

2. Positioning of Bank Rakyat as operating bank to business financing customers.
3. Strategic coverage and efficient trade solutions to business and logistic industries.
4. High impact collaboration and vibrant products as well as services solutions.
5. Strengthening asset quality and productivity.
6. Human capital and business process improvement.

TREASURY

Performance Review

2021 saw countries across the globe were aiming to win at the vaccination race as its population eager to move forward pass the pandemic amid the rise of new variants. Economic activities began rebounding as movement restrictions were gradually uplifted causing commodity prices gain major traction.

Malaysia's pre-existing political pressures remained a threat of uncertainty in the local capital market, as we faced the spill-over effect of the robust global economic recovery resulting to pressures in global supply chain as the pandemic prompted changes in consumption trends, heightened demand for goods and shortage of labor.

Local economic data were mostly static with inflationary pressure deemed contained relative to other parts of the world while unemployment rate relatively stagnant at 4.5% although underemployment rate remained elevated caused by job mismatches due to the continued economic uncertainty during the year. This led BNM into staying dovish on its OPR stance throughout 2021 sending local's bond market to be unwavered for the most part of the year while foreign investors adding duration risk to their portfolio recalibration exercise.

Treasury continue to face disparity in its fixed rate investment yield replenishment although cushioned by prudent management of funding composition. Treasury sales strongly supported the division by boosting the division's fee based income after showing striking increase in foreign exchange business volume taking cue on the growing money supply within the financial system.

Moving Forward

Strong cautious mode would remain on the play until uncertainty recedes as all eyes were on the timing for first policy tightening by the major economies post steadier rebound in economic data while the world is now talking about endemic. Most major countries withdraw their concern on the emerging of new variants amid high inoculated population exhibiting less yearning for more lockdowns.

Subsequently, recovery is expected to come into sight across all sectors mainly driven by accelerating private consumption. Local debt supply is expected to continue to dilate year on year to fund the proposed budget, unveiled to be at 20.3% of GDP while major corporations are sustaining healthy CAPEX and working capital requirement.

Treasury will emphasis the effort in identifying high yielding remittance businesses to fully employ its remittance resources as well as new deposit streams while providing comprehensive Treasury solutions to new and existing clienteles. Effective allocation of the Bank's assets and liabilities will be a continuous effort as the Treasury remain sensible in its sukuk replenishment despite facing stretchy valuation risk.

Moving ahead, the world expects to sustain endemic watchfully considering uncertainty now relies upon a well anchored inflation expectation amid imbalance supply-demand while investors await for monetary policy in major economies responds. All in all, Treasury will essentially remain vigilant in sustaining the Bank's strong liquidity position as we strive towards more uncertainty ahead.

CUSTOMER EXPERIENCE MANAGEMENT (CXMG)

As part of BR25 Great Customer Experience (GCX) Blueprint, the year heavily focused on the strategic pillar of CXMG to ensure the delivery of high quality customer service that builds customer's trust and confidence. The year was marked with intensive investments in high caliber customer service programmes, people skills and product knowledge training to grow our capabilities on this front.

- **Know, Love, Use, Sell (K.L.U.S) initiative**

  The K.L.U.S. learning initiative was part of the Kempen Kelestarian Pelanggan 2020. It was conducted continuously from Quarter 3 (Q3) to Quarter 4 (Q4) 2021. Prior to selling the products and getting the sales lead, all employees were required to complete e-learning modules for seven core products which are Personal Financing-i, Home Financing-i, Home Financing-i (SJKP), Hire Purchase-i, Credit Card-i, Savings Account-i, as well as Pawn Broking-i.

A series of coaching sessions with all touchpoints related to people skills and product knowledge was conducted. The coaching sessions focused the one upskilling employees competency in delivering and promoting the Bank's product and services, as well as communication skills in dealing with customers.

This initiative had helped employees to promote and sell the Bank's products to the customers and contributed to the Bank's improved financial performance during the year.

- **Customer Service Excellence Training**

As the branch is the first customer point of contact in executing physical banking transactions and ensuring great customer experience, besides Branch Manager, the Assistant Branch Manager (ABM) plays an important role in managing and portraying an excellent service culture. All Bank Rakyat's ABMs attended customer service excellence training which was held from November 2021 to December 2021. Among the modules covered are Customer Service Mindset, Build Customer Relationship, Communication and Service Delivery as well as managing customer.

- **Certified Customer Experience Professional (CCXP)**

The CCXP is a certification programme offered by the Western Kentucky University, USA. 7 (seven) managers from different Business Units were successfully certified for the first batch of this programme, and this was completed in November 2021. The programme offered training in many competencies including Customer Centric Culture, Voice of Customer, Customer Insight and Understanding, Organisational Adoption and Accountability, Customer Experience Strategy, Experience Design, Improvement and Innovation, as well as Metrics, Measure and Return on Investment (ROI)

- **Customer Experience Officer (CXO)**

New functions were also created for frontlines within the Bank through the exploration of the Customer Experience Officer (CXO) function at branches.

The function of a CXO was made effective, with 30 selected ABMs appointed as interim CXO from December 2021 to March 2022. This initiative will continue with the appointment of a permanent CXO at 50 branches in phase 1 and phase 2 and the remaining 48 branches in phase 3. Among the main functions of a CXO are to strategise, execute, monitor and lead the customer experience journey at branches aligned with the BR25 GCX blueprint objectives.

- **Experience Management (XM) Team**

The establishment of XM Team was approved by the Management Committee in November 2021. The main objective of the establishment is to act as a centralised team to handle overall customer experience related matters which cover, but is not limited to, providing strategic direction and remedial action. It also encompasses creating a mitigation plan in managing customer issues or complaints, customer experience projects and cross-functional department initiatives.

- **Customer Experience (CX) Appreciation**

The Bank has continuously received compliments from customers about their satisfaction with an excellent customer experience when dealing with the Bank. It has resulted from the great service provided by the Bank's employees. This initiative has helped boost the spirit of the recipients and other employees.

- **Birthday Wishes**

In 2021, a total of 740,400 birthday wishes have been sent to our customers. It is a way to express the Bank's thoughtfulness and appreciation to the customers by celebrating their special month. This builds customer satisfaction which in turn ensures customer retention, richer customer experience and customer loyalty. Bank Rakyat is proud that this initiative has had good response from customers who felt valued and recognised by the annual greeting.

Regular engagements to monitor the Bank's level of customer service delivery continued to be conducted with employees and customers towards fulfilling the GCX Blueprint goals. These included:

- **Branch and Regional Engagements**

Held virtually due to the COVID-19 pandemic, these strategic engagements were held throughout the year and focused on the sharing of customer experience performance such as the strengths and weaknesses of the service performance, as well as identifying the best action plan for improvement. Improvements in branch and regional service performance were recognised with customer experience awards to the top three branches, top three regions and the best regional zone for year 2021.

- **Bank Rakyat Customer Satisfaction Survey (BRCSS)**

BRCSS was conducted internally. It is aimed towards the following objectives:

- Gauge the current state of customer satisfaction.
- Promote quality and transparency of customer services as listed in the Customer Service Charter.
- Establish a year-on-year comparison.
- Achieve readiness for MBICSS industry customer satisfaction survey.

The results of the 2021 survey highlighted the Bank's current strengths and weaknesses as well as customer expectations and perception of the Bank. The findings and results are summarised as follows:

- Achieved a Net Promoter Score (NPS) of +42 indicates good and acceptable as it reflects our customers' willingness to promote and recommend Bank Rakyat to their friends and families.
- Current strengths that contribute to overall satisfaction are:
  - Existing and loyal customers that will promote the Bank to their friends and families.
  - Relevant products and services that meet customers' current needs.
  - Friendly, helpful and accommodative employees.
- To drive further recommendations by customers, the Bank needs to improve accessibility by developing Banking apps, improve on the efficiency of Contact Centre accessibility, and to continuously improve our processes.

- **Branch Service Rating (BSR)**

BSR is a yearly initiative. It is aimed towards the following objectives:

a) To support the BR25 Great Customer Experience deliverables.

b) To support and motivate the branches in persistently deliver the best-in-class customer experience and, develop high performance culture to achieve Bank business objectives.

c) As a readiness assessment to identify the gaps and develop strategic actions in delivering a seamless customer experience towards enhancing the overall customer satisfaction level.

The BSR overall score for 2021 is 80.9%.

- **CX Onz - Tone From The Top**

(CX = Customer Experience | Onz = expression of our confirmation on enhancing customer experience and to boost customer centric culture)

CX Onz programme is a Head Office level initiative to empower customer experience leadership, increase service performance and improve overall customer satisfaction. The objectives of CX Onz are as follows:

- A platform for stakeholder's engagement with Head Office employees to share their knowledge and experience about CX.
- Increase department service performance and improve overall customer satisfaction score.
- Inculcate great customer experience among employees at Head Office.

To improve future overall satisfaction score, and to increase awareness and embedded sufficient knowledge of CX, CXMG had implemented two programs which are Teh Tarik and Brown Beg session delivered by management level.

- **Complaints**

2021 was a challenging year as the Bank received an overwhelming high volume of complaints related to the implementation of Payment Assistance. Bank is committed to continuously enhance and strengthen the management of customer's complaints to ensure that complaints are addressed promptly, fairly and effectively. The Bank took remedial actions to overcome this issue and resolved customers' complaints successfully.

As a result, the Bank managed to resolve 84% of complaints within 14 days and committed to ensure continuous quality of handling customers' complaints by implementing several initiatives such as:

i. Provide online training on handling complaints to selected employees.

ii. Established eLearning Module on Handling Complaint which to be enrolled by all employees.

COMPLIANCE

At Bank Rakyat, our motto is "Compliance is Everyone's Responsibility". We rigorously promote and instil a strong compliance culture, ensuring it is cultivated by the strong tone from the top, complemented with the momentum from the middle, and ingrained in every fibre 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, the Bank's Compliance Department 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 that all employees are kept abreast of the regulatory requirements.

Key Development

1) Driving initiatives and good self-governance, Compliance Department has completed the Compliance Tour 2021 attended by representatives from 10 regions, cementing our promise in materialising Compliance's mission and vision. Throughout this programme, a variety of topics have been covered, including data privacy, confidentiality, awareness of common non-compliance issues at branches, discussion of Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) in the Silverlake Integrated Islamic Banking System (SIIBS) and CoBRa system, as well as enriching knowledge on Shariah compliance and principles, particularly on the products offered by the Bank.

2) In the spirit of upholding the compliance values particularly in the knowledge of AML/CFT among the employees, the Compliance Department inculcates awareness and nurtures a continuous stream of highly capable talents through various conventional and virtual training programmes. Additionally, efforts to spread public awareness on the risk of mule account involvement are intensified through various awareness campaigns and materials.

3) Nurturing a community of lifelong learners among our employees, we commenced our effort by enrolling employees in various Compliance Certification Programmes such as Certified Anti-Money Laundering and Counter Financing of Terrorism Compliance Officer (CAMCO), Certification in Regulatory Compliance (CRC) and Associate Qualification in Islamic Finance (AQIF) which amongst others, equip the employees with the necessary skills required in enhancing Compliance's function capabilities.

4) In the early stage of the COVID-19 pandemic, we took a proactive stance to lend a helping hand in facilitating business units with regulatory matters pertaining to the launching of payment assistance programmes for customers, offering moratorium and facilitating the Standard Operating Procedures (SOPs) for the Bank. We remain steadfast in being proactive by performing validation on the post implementation of payment assistance programmes to ensure that the Bank is always complying with the requirements imposed by the regulators.

5) Solidifying the compliance culture and agenda within the Bank's business strategies and operations, we have taken the initiative to anchor as the regulator counterparts by supporting business units in operationalising Digital Banking, e-KYC, Sustainability, Contract Management, Shariah Governance and Corporate Governance. A specific policy on Electronic-Know Your Customer (e-KYC) has been established as a guiding principle when embarking on new business opportunities through the digital environment. This ideally supports electronic means without the need of face-to-face interaction with customers.

6) Embarking on a strategy to promote a Shariah compliance culture to increase awareness, understanding and appreciation of the underlying principles of Shariah by putting in place structured learning programmes to various government agencies and universities such as Seminar Kewangan dan Perbankan Islam. These programmes sought to emphasise the importance of having a value system based on Shariah principles and how this dictates outward conduct and behaviour.

IT ACHIEVEMENTS 2021

Bank Rakyat continues to be innovative in keeping up with the digitisation era with key enhancements to create more efficient automation while improving customer experience. The focus on digital services is very much in line with the needs of the current scenario as well as the practice of the new standards when everything is at the fingertips of customers. In FY2021, strong stride in the Bank's IT journey were made with milestones achieved on the fronts of new applications, enhanced infrastructure and fortified security.

IT Applications

iRakyat

iRakyat mobile banking customers can access account information such as balances and statements for their Savings Account-i, Current Account-i, Credit card-i, financing, and Home Financing-i accounts at any time. They can also conduct Lembaga Tabung Haji and DuitNow transactions, alongside JomPAY. All these transactions are backed with assured safety and security, as the app has a biometric login feature which users can activate for their subsequent logins. These include the use of face identification, among others.

During the year, iRakyat has been enhanced with the following features to provide the convenience of online banking from the comfort of home:

- 24 hours Operation Mode
- Ar-Rahnu Financing Payment
- NURI Savings Account-i Enablement
- iReward Module (point system for Credit Card-i holders to redeem their points to pay their Credit Card-i outstanding amount)
- E-Apps Credit Card-i Application

iRakyat Mobile Banking

The iRakyat mobile banking application was launched on 30 September 2021 to expand the digital banking ecosystem for customers and elevate customer experience.

The app's launch demonstrates the Bank's commitment in achieving its digitalisation goals, which include providing a more efficient and effective integrated Islamic banking system based on cutting-edge technology. The iRakyat app also aligns with the government's intention in encouraging digital spending and cashless transactions.

Online Moratorium 2.0

Bank Rakyat continued to offer a moratorium of up to six months including 50% deferment instalment of monthly commitment. IT Internal team once again delivered this initiative to ensure the impacted customers received the assistance in a timely manner.

The moratorium assistance includes modules such as Personal Financing-i, Home Financing-i, Vehicle Financing-i, Vehicle Hire Purchase-i, Education Financing-i, Micro Financing-i and deferment of profit payments for Mortgage-i. Customers of small and medium enterprises (SMEs) may also directly contact the SME and Cooperatives (SMEC) Business Online Moratorium 2.0 Center for the moratorium assistance.

Ar-Rahnu Appointments Apps

Adapting to the new norm, a new Online Appointment Booking Application System has been deployed for Bank's Ar-Rahnu customers at Branches in adherence to SOPs and safety measures.

Ar-Rahnu Conversion to Tawarruq Concept

As a part of regulatory requirements from Bank Negara, IT as enabler has facilitated and contributed in converting Ar-Rahnu Shariah concept to Tawarruq in order for Ar-Rahnu to become recognisable income for the Bank.

MyHR website

Employees of the Bank are now able to access the MyHR system anywhere and whenever necessary without having to be physically present at the Bank's facility or having to connect to SSL VPN (Virtual Private Network). The introduction of this initiative ensures that no Bank's domain is required to access the MyHR website.

IT Infrastructure

Upgraded IP VPN

The Bank renewed the IP VPN Managed Services implementation which began in September 2020. It has been completed with major upgrades on the bandwidth at the main locations including Host Data Center, Disaster Recovery Centre, Menara Kembar, 100 branches sites, new router refresh at all nodes, and other value-added services to ensure the best network stability, reliability, connectivity and to support business requirements.

Subscription of Microsoft Enterprise Agreement

Bank Rakyat has successfully subscribed to Microsoft Enterprise Agreement (EA), a volume licensing package offered in a three-year contract covering all software licensing, updates and comprehensive support by Microsoft through their authorised Licensing Solution Partners (LSP).

Endpoint Technology Refresh

Due to the significant rise of COVID-19 cases, the Bank has had to embrace and enable flexible Working from Home (WFH) requirements. An endpoint technology refresh was performed during the year to accommodate the myriad ad hoc demands and requirements. IT has successfully distributed a total of 636 notebooks as Phase 1 to Bank's employees. These endpoints were secured with latest protection controls such as Data Leak Protection (DLP), Antivirus and others, in compliance with RMiT, to fully secure the Bank's IT environment.

PC and Technical Support

PC and Technical Support are essential at all times, and more so during the end of the year when unexpected flooding affected our branches at Kota Tinggi, Mentakab, Ar-Rahnu X'Change Balakong, Jalan Ipoh KL, Seksyen 23 Shah Alam, Port Klang, Bentong, Seberang Jaya, Temerloh and Bera. Immediate support was deployed to ensure all IT equipment can operate as usual.

The support team were also on hand during any relocation for our branches, small and medium enterprise (SME) centres or combination relocation. Some of the relocations which needed assistance in 2021 were for our branches at Taman Melawati, Larkin Perdana, Kota Padawan, Rakyat Xcess Serian, Ranau, Sebuyau, Sungai Petani, Johor and Langkawi.

PC and technical support is also dedicated to continuous monitoring and eradication of any Malware activity detected. This is conducted promptly to prevent further complications.

Disaster Recovery Automation on Oracle VM Server for Solaris Operating System

The Bank's DR (Disaster Recovery) Automation uses Info Scale Availability and has a single-node cluster in both the primary Datacentre and DR centre. This acts as a standby for local clusters to take over the services in the event of a failure in both LDOM (Logical Domain) and Application. The system provides comprehensive On-premises automated DR solutions for all the Oracle VM Servers for SPARC platform, with a dedicated centralised management dashboard to automate the DR exercise with a Single Click to migrate the entire Business Unit. This ensures all mission-critical IT services can function normally during any IT infrastructure component failure, by mitigating unprecedented risks.

IT Security

The need to ensure safety and security in our IT services is paramount. A Minimum Baseline Security Standard (MBSS) has been implemented by establishing a hardening standard across all IT services to ensure a minimum level of assurance in security design and setup. Some of our security highlights are listed below:

- **Cybersecurity Technology and Services Roadmap (CTSR)**
  Any unauthorised access to the Bank's Core Banking system is prevented by the integration of the Cybersecurity Technology and Services Roadmap (CTSR) File Integrity Check and Monitoring.

- **Introduction of Multifactor Authentication (MFA)**
  The Bank's SSL VPN security has been strengthened with the introduction of Multifactor Authentication (MFA) via the Microsoft Authenticator app. MFA is an authentication system that requires more than one distinct authentication factor for successful authentication.

- **Established Capabilities to Extract Information from Dark Web**
  Going further to protect customer information, the Bank has established capabilities to extract information from the Dark web for any customers' leaked card info. This is done via a Dark Web monitoring system that continuously checks for Bank Rakyat's info leakage on the internet.

- **Bring Your Own Device (BYOD) Capability**
  Bring Your Own Device (BYOD) Capability for the Bank's employees has been enabled by incorporating security measures and infrastructure such as Pulse Secure VPN, Microsoft Authenticator, Kaspersky AntiVirus and Imperva Cloud WAF on our employees's personal devices.

- **Implementation of Forced Change of User Password feature**
  The strength of Bank's Cyber Resilience is now improved with the implementation of Forced Change of User Password feature to eliminate issues of identification (ID) and credentials theft.

- **Implementation of Identity Access Management System (IAMS)**
  An Identity Access Management System (IAMS) was successfully implemented in September 2021. IAMS improves efficiency and effectiveness of Access Management in managing user IDs and resolving security-related findings and compliance issues. IAMS also enhances security management of privileged/superuser IDs and improves regulatory compliance for security access review.

GIVING BACK THROUGH OUR FOCUS ON CORPORATE SOCIAL RESPONSIBILITY

Bank Rakyat has always been committed to serve the people through Corporate Social Responsibility (CSR) initiatives. Our very DNA has been ingrained with the concept of serving the people since the Bank's inception. This is imbued by our name as the Bank of the People. We are also 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 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 Yayasan Bank Rakyat outreach, flagship Nuri Nutrisi programme, annual *zakat* contributions, Surau Al-Barakah activities, and Rakyat Management Services Sdn. Bhd (RMS)'s (franchisor of Bank Rakyat's Ar-Rahnu X'Change Islamic pawn broking brand) CSR programmes.

The COVID-19 pandemic has had an extraordinary impact on the country and its effect will be felt for a long while especially to low income families and entrepreneurs. In the last two years, the Bank has been a supportive partner to our employees, customers, communities, and society to lend a helping hand to the needy during the pandemic challenges. Recognising that many were affected by the economic crisis because of the pandemic, in 2021, the Bank's various CSR contributing entities focused on continued support for targeted groups in need such as B40 families, B40 students, entrepreneurs and frontliners.

Through CSR, Bank Rakyat is also committed to contributing to the UN 2030 SDGs agenda by prioritising six goals that are directly connected with the Bank's operations which has been outlined in Bank Rakyat's five-year plan Business Plan. These six goals are focused on:

i. Goal 1: No poverty
ii. Goal 2: Zero hunger
iii. Goal 3: Good health and well-being
iv. Goal 4: Quality education
v. Goal 6: Clean water and sanitation
vi. Goal 17: Partnerships for the goals

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.

Nuri Nutrisi Programme

Bank Rakyat's Nuri Nutrisi programme has been voted the winner of a number of CSR awards to date due to its holistic impact and sustainable structure. The programme is recognised for its multifold benefits in health, education and welfare of students.

According to the Department of Statistics Malaysia, Malaysia has succeeded in reducing its incidence of poverty from 5.5% in 2000 to 0.4% in 2016. However, quality nutrition of Malaysians continues to be an ongoing area of concern that requires urgent attention.Thus, this CSR programme focusing on nutritional food for underprivileged school children have been one of the primary initiatives of the Corporate Communications department of Bank Rakyat since 2019.

The main objective of Nuri Nutrisi is to raise nutrition, health and wellness awareness through the provision of nutritious food and safe drinking water for all students. Underprivileged students selected by their schools are provided with nutritious meals for three months during recess, and various nutrition education programmes are organised to share information and guidance with the students on healthy eating practices and nutritious food choices.

As part of the Nuri Nutrisi programme, the Bank funds a "Kebun Nuri Nutrisi", working in partnership with schools and universities to install vegetable gardens and urban farms for continuous supply of nutritious food for the underprivileged students. Vegetables such as spinach, ladyfingers, mushrooms, sweet potatoes and chillies are cultivated in these farms. Once vegetables can be harvested, the programme entails educating students on entrepreneurship and agricultural business as they harvest, wash, weigh and package their vegetable produce for sale. All earned proceeds are reinvested into the programme and used to fund meals for underprivileged students.

As schools experienced extended closures due to MCO in FY2021, the Nuri Nutrisi programme could not take off as scheduled at several schools. However, impact of Kebun Nuri Nutrisi Programme has been much appreciated based on reports sent by participating schools. In 2021, Sekolah Menengah Kebangsaan Dang Anum, Merlimau, Melaka continued to upgrade their farm with over RM10,000 worth of hydrophonic hut and sets which were contributed by Bank Rakyat. Most of the farms have been prepared in readiness for continued planting once schools resume face to face classroom sessions in 2022.

To date, 45 schools, three universities and 16,000 students from underprivileged backgrounds have directly benefitted from the programme; and Kebun Nuri Nutrisi have managed to impact 5,700 students.

In the near future, the Bank will be embarking on larger scale projects with collaborations involving MARA Junior Science College (MRSM) and Federal Agriculture Marketing Authority (FAMA). This programme aims to commence the development of agriculture and livestock activities in selected MRSM across the country to uphold food security and safety by ensuring the availability and continuous access to safe and nutritious food for students. This project will not only allow us to help underprivileged students to have access to nutritional food supply, but also to help in fostering students' entrepreneurial skills by allowing them to sell the surplus produce.

2021 Zakat Contributions

Our Bank is more than just a business, as we believe that business should serve the people and not the other way around. In line with this, we anchor our existence on supporting nation-building using our own platform and resources to uplift underserved communities and contribute positively to their lives.

Our focus on the underserved upholds a commitment to social inclusion. This drives our focus on achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. Among the key interventions include reducing gaps in education by making education more inclusive for children no matter their income or residency status, supporting financial inclusion, investing in infrastructure, and ensuring better access to clean water and sanitation.

Through *zakat* contributions, Bank Rakyat supports and executes initiatives to ensure the underserved are provided scoial equity in education, business and living standards. A total *Zakat* of RM19.6 million was distributed to 111,008 recipients through the following programmes:

Over and beyond the Bank's *zakat* contributions, a host of other supportive programmes were organised through Yayasan Bank Rakyat and Surau Al-Barakah during the year. These spanned across educational, community welfare and festive programmes.

Educational and Career Development Programmes

Yayasan Bank Rakyat resumed active implementation of its educational programmes in 2021. Some of the programmes contnued to be held online and through virtual platforms for better outreach. The Tuition Rakyat programme was also ongoing in 2021. This has been held since 2015 to provide underserved students with access to tuition and extra classes and bridge the educational divide between urban and rural students. In 2021, 224 schools were provided with Tuition Rakyat classes involving 11,981 students.

A new educational development programme was launched during the year with RM313,418.30 invested on 121,958 students to implement the Learning Prestige Programme in the state of Selangor. This is an effort to ensure that the students' achievements in the Sijil Pelajaran Malaysia, SPM and Sijil Tinggi Persekolahan Malaysia, STPM examinations improves even when challenges by the COVID-19 pandemic.

Surau Al-Barakah also distributed RM7,098.80 in funds in collaboration with the Bank's Department of Sustainability to help students from B40 families get access digital learning equipment such as laptops via the Tabung Didik Digital.

YBR also emphasised career development during the year to help the underprivileged upgrade skills and find employment. Twenty skill-based workshops and two Certified Recovery Coach Training sessions were held during the year benefitting 828 individuals.

Pandemic and Disaster Related Contributions

Recognising that many were affected by the economic crisis as a result of the pandemic, the Bank's various CSR contributing entities focused on supporting targeted groups in need with financial contributions, daily necessities, food packs, face masks and personal protective equipment (PPE).

Targeting the B40 group, a food distribution programme costing RM89,872.95, was organised to aid 2,118 Malaysians of all creeds. For COVID-19 victims in the *asnaf* category, delivery of cash assistance and necessities were sent urgently in their time of need.

At the end of the year, in response to the floods that impacted the nation, food relief support for victims was carried out through the Ministry of Entrepreneur Development and Cooperatives (KUSKOP). Asssistance for flood victims was also provided by Surau Al-Barakah during the year.

Festive Contributions

During the festive months of Ramadan, Eid and Aidiladha, Bank Rakyat celebrates with the underprivileged and selected target groups through Surau Al-Barakah CSR initiatives.

Over RM56,000 was spent on Ramadan Iftar and Bubur Lambuk Sponsorhip whereby 80 sets of iftar food were provided daily to frontliners who had to work through the breaking of fast time; and 80 packs of bubur lambuk were distributed from Bank Rakyat headquarters twice a week during the month of Ramadan.

The Ambang Ramadan programme provided contributions in cash and kind to 16 underprivileged families in Jerantut, Pahang, helping to alleviate their burdens. In collaboration with the Bank's Corporate Communications Department, Surau Al-Barakah also executed a Jalinan Ramadhan community support event whereby an estimated RM60,000 of contributions were delivered to the *asnaf* through 11 of the Bank's branches.

On the onset of Raya, the Cakna Aidilfitri 2021 programme provided RM30,000 cash in festive contributions to six selected welfare and care homes across Selangor.

During Aidiladha, a series of Jalinan Aidiladha programmes were implemented to provide contributions of sacrificial cows vacuum-packed beef portions, rice, oil and cash were made to selected institutions, organisations, frontliners and *asnaf* families.

RMS CSR Programme

Rakyat Management Services Sdn. Bhd. (RMS), a wholly-owned subsidiary of Bank Rakyat is the franchisor of the Ar-Rahnu X'Change Islamic pawn franchise 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.

To ensure an effective and integrated programme structure, RMS has outlined its CSR initiatives under the Ar-Rahnu X'Change 2021 Product and Brand Marketing Plan, through three main approaches of Corporate Sponsorship and Contributions, *Asnaf* Contributions and the 'Ar-Rahnu X'Change We Care' franchise initiative.

Corporate Sponsorship and Contributions

Through two budget sources, namely corporate expenditure and the National Marketing Fund, RMS allocated RM150,000.00 in FY2021 for the implementation of CSR programmes. Expenditure was utilised with sponsorship activities and donations to various groups of individuals and institutions. These includes:

- RM20,000 to the Pahang State Flood Disaster Special Fund in aid of flood victims;
- Sponsorship of hand sanitisers to security personnel, hospitals and Vaccination Centers (PPV) to support frontliners working to curb the spread of the pandemic. The handover to PPV Universiti Kebangsaan Malaysia (UKM) was held on 16 July 2021.
- Sponsorship of the Sinar Aidiladha Bank Rakyat programme organised by Surau Al-Barakah amounting to RM27,000.00.
- Supports healthy lifestyle promotion activities through the sponsorship of Teachers Day Virtual Run Malaysia 2021 organised by Pertubuhan Nadi Sihat on 24 April 2021.

Up to December 2021, a total of RM433,000.00 has been allocated for *asnaf* contribution activities involving various categories *(asnaf).* For *asnaf* fisabilillah, several institutions such as mosques, madrasahs, organisations and schools, such as Sahabat Pendidik Islam Selangor, Masjid Al-Falah Bendang Tok Leh (Changloon, Kedah), Surau Al-Khairiah (Tapah, Perak), SMK Sungai Buaya (Rawang, Selangor), were listed as recipients of donations.

On 25 January 2021, RM50,000.00 was contributed to Pertubuhan Kegiatan Dakwah Islamiah Sekolah-Sekolah Malaysia (PEKDIS) for distribution to 500 underprivileged students around Selangor. Following that, the An Nur Puncak Alam Women's Micro Independent Mothers Association is one of the earliest Non-Governmental Organisations (NGOs) to receive *asnaf* contributions amounting to RM10,000.00 for the school preparation expenses of members' children.

A total of 2,639 poor students from various schools also received *asnaf* contributions amounting to RM259,800.00. The donation involved 18 schools, including students from Sekolah Kebangsaan Lembah Subang, Sekolah Menengah Kebangsaan Khir Johari, Perak, Sekolah Menengah Kebangsaan Pangkal Kalong, Kelantan, Sekolah Kebangsaan Batu Yon, Kuala Lipis, Pahang and Sekolah Kebangsaan Kelana Jaya, Petaling Jaya, Selangor.

Ar-Rahnu X'Change We Care 2

The marketing direction of the Ar-Rahnu X'Change brand as a caring brand through the 'Ar-Rahnu X'Change We Care' campaign since 2020 continued in FY2021, with the 'Ar-Rahnu X'Change We Care 2' campaign. The campaign, which started in May 2021, provided a bit of a twist as Ar-Rahnu X'Change customers were given the opportunity to be involved in the success of this campaign by suggesting the types of activities and target groups for the CSR programmes implemented.

Environmental Sustainability

In 2020, RMS had allocated funds for the implementation of environmental sustainability programmes with the agenda to provide exposure to the community, especially the younger generation, on the importance of mangrove forests to the ecosystem. The activities were designed to involve the local community, NGOs, and students. This is to support the 'Sustainable Development Goal' initiative which has been outlined in Bank Rakyat's five-year Business Plan (BR25).

BANK RAKYAT 2025: EXECUTION AND MONITORING OF OUR BLUEPRINTS

On track with our new Vision to be 'Malaysia's No.1 Progressive Islamic Cooperative Bank' and Mission of 'Enhancing economic well-being of our members, customers and nation', Bank Rakyat has made good headway in our BR25 journey in 2021. The year unlocked the exciting Phase 3 of BR25 which focused on execution and implementation of deliverables in the six established blueprints under:

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

Great Customer Experience Blueprint

This blueprint identifies Great Customer Experience as a commodity and aims to make customer centricity a part of the Bank's culture and DNA. Its core focus is to ensure improved branding and reputation, build customer loyalty and make available a seamless banking experience via all banking channels. Towards meeting expectations of this "Banking for Future" goal, the Bank has launched e-Appointments for Ar-Rahnu services in July 2021 and for branch services on 28 August 2021. The timely completion of this convenient service has seen total bookings for Ar-Rahnu services rising, accompanied by a significant increase in income.

In ensuring enhanced service levels, the Bank has also completed the Rakyat Care Training programme for 305 of the Bank's agents in August 2021. The refresher training covered modules on withdrawal, deposit, bill payment, payment and transfer transactions.

The provision of well-trained Bank agents supports Bank Negara Malaysia (BNM)'s financial inclusion mandate to reach out and provide services for the overall well-being of isolated communities. While primarily serving as a community service to underserved and unserved areas, the provision of Bank agents also serves as a marketing tool to increase deposits in Current Accounts-i and Saving Accounts-i (CASA).

Digitalisation Blueprint

The Bank's digitalisation blueprint targets sales effectiveness and service excellence through strategic digital transformation. This requires the Bank to willingly disrupt current processes by displacing existing manual processes and embarking on digital platforms. At the same time, the Bank is expected to leverage on digital capabilities to shape delightful customer experiences through new programme applications.

On 5 April 2021, Bank Rakyat launched the Moratorium Programme Application. The application was made available on Bank Rakyat's corporate website to enable easy application and refund inquiries. Soon after, the QR e-Application for Credit Card-i was launched on 27 April 2021. This revitalised the demand for Bank Rakyat's Credit Card-i with 2,404 applications received by December 2021. The highlight of the year however was the launch of Bank Rakyat's iRakyat Mobile Banking application which was launched on 30 September 2021 and has achieved 71,210 downloads in 2021.

SMEC Business Blueprint

Bank Rakyat's new vision and mission coincide with the objectives of our mandate that aims to improve the economic status and development of communities as well as drive growth in the Cooperative and entrepreneurship sector for the benefit of members and customers.

Focusing on this mandated role as well as new growth areas to create long-term value for members, Bank Rakyat's 2025 strategic plan includes the establishment of 10 Small and Medium Enterprises and Cooperatives (SMEC) business centres nationwide, including in Sabah and Sarawak. This was completed in 2021. Through the SMECs, the Bank is able to foster and build loyalty with Cooperative businesses at micro to SME to pre-IPO levels; play a role as a strategic enabler through alliances within the SME ecosystem; and reach out to unserved and underserved Cooperatives. This serves the KUSKOP's National Entrepreneurship Policy 2030 agenda which is to establish Malaysia as a full-fledged entrepreneurial nation by 2030.

To ensure the effectiveness of the Bank's SMECs, Bank Rakyat also partners and collaborates with various agencies within the KUSKOP ecosystem, as well as communities, Cooperatives and private organisations to ensure a system of shared prosperity. In 2021, Bank Rakyat has embarked on eight key collaborations and partnerships to support this key economic sector with targeted products and services. These includes:

1. TEKUN - Collaboration with Tekun in providing business financing for entrepreneurs that have graduated from Tekun.

2. INSKEN - Bank Rakyat provides free Entrepreneurship 101 training to Rakyat2E customers.

3. PETRONAS - Collaboration on the PETRONAS-Vendor Financing programme.

4. PUNB - Collaboration with PUNB on providing property financing for entrepreneurs to purchase PUNB's property assets.

5. TELEKOM - Collaboration on the Vendor Financing programme for Telekom vendors.

6. SARAWAK STATE GOVERNMENT - Collaboration with Sarawak State Government in enrolling Sarawak based entrepreneurs for a profit subsidy programme to cover 3.5% of profit charge for 3.5 years of the financing period.

7. KUSKOP and KBS - Collaboration with KUSKOP and KBS in providing business financing for sports industry players in the market.

Bank Rakyat also launched the Quick Response to Entrepreneurs (QR2E), a virtual banking platform for SMEs, micro enterprises and Cooperatives that is specifically designed to provide comprehensive, fast, and simple digital financial advisory services and product application as part of its Banker to Entrepreneur (B2E) initiative. QR2E, allows the Bank to engage with potential customers and expand the Bank's outreach which can be done via QR Code scanning. As of 2021, total applications for financing received via QR2E was 438.

Human Capital Blueprint

Bank Rakyat is actively committed to be an Employer of Choice to attract a growing talent pool. To boost our repute, the Bank participated in the Best Companies to Work for in Asia 2020 and 2021 organised by HR Asia. This is a reputed awards recognition programme for organisations that have been identified by their employees as one of Asia's employers of choice and ascertains the best employers to work for. It allows for benchmarking of results across industries and markets, allowing winners to build their brand as a desirable employer that can attract and retain top talents.

The award recognises companies with the best HR practices and which demonstrate high levels of employee engagement and excellent workplace cultures, thus attracts applications from Fortune 500 companies, as well as multinational corporations and government-linked companies.

Entry to the HR Asia Best Companies to Work for in Asia Awards also entitles the nominee company to a holistic and informative assessment of the applicant's HR practices and employees, via a proprietary TEAM assessment. For Bank Rakyat, the assessment yielded that Bank Rakyat scored higher than Industry Average for all the scoring i.e. Core, Self and Group.

In nurturing the potential of its human capital, Bank Rakyat also took the opportunity to launch 410 programmes conducted to train 4,313 personnel in 2021. At the end of the programme, 234 personnel were certified.

Sustainability Blueprint

This blueprint serves to ensure that customers and community are at the heart of the Bank's strategy. Through adoption of Value-Based Intermediation (VBI), Bank Rakyat is going beyond Shariah compliant practices, products, and services to positively contribute to the community, environment as well as national aspirations.

A significant step forward was achieved in 2021 with the completion of the BR Sustainability Framework and Policy in December 2021. Engagement with the management committee and endorsement by PSC members followed soon after and the framework underwent the final approval process in January 2022.

The Bank has also completed its contribution to the VBIAF Sectoral Guide on Construction and Infrastructure, as the project manager in a joint effort with BNM, Association of Islamic Banks Malaysia (AIBIM) and other financial institutions. The documents were presented by the Bank's representative in the 2nd VBIAF Sectoral Guide Townhall on 17 November 2021.

Efforts to manage our environmental footprint were also ongoing. The Bank's procurement team were committed to reducing electricity usage and sustaining a low carbon footprint. Some of the initiatives performed internally within Menara Bank Rakyat during the year included:

- Upgrade to LED lighting.
- Change to more sustainable IT equipment i.e. distributed 636 notebooks that produces less carbon compared to desktop.
- Cold water piping upgrade. Main pipe T1.
- Appointed Green Building Consultant to assist the Bank to identify green initiatives to achieve Certified Green Building Index (GBI).
- Fire protection system upgrading.
- Vertical Garden upgrading.

Shariah Leadership Blueprint

By demonstrating "Exemplary Shariah Banking", Bank Rakyat aims to be a reference model and leader in Islamic Banking, not just locally but also internationally. This entails initiatives towards gaining thought leadership in Islamic finance, widening the current base of Shariah knowledge and ushering financial inclusion and shared prosperity through *zakat* and waqf platforms.

Advancing our quest for thought leadership, Bank Rakyat's representatives actively participated in presentations at international conferences and symposiums. The topics were diverse and comprised current issues and challenges that impacts Islamic finance.

Key Conferences and Symposiums

1. Presentation on Shariah Sources and Legal Deductions, organised by International Research Centre of Islamic Economics and Finance (INCEIF).

2. *Forum Siri Kerjaya Perundangan: Perbankan dan Kewangan* organised by University Of Malaya.

3. *Hibah Wasiat: Pengurusan Harta untuk yang Hidup dan yang akan mati*, organised by Usrah Gabungan Qatar.

4. Presentation on Journal entitled: *Penggunaan e-Wallet di Malaysia: Analisa dan Pandangan Menurut Perspektif Syariah* at International Conference on Contemporary Islamic Studies Kedah.

5. Malaysian Technical Cooperation Programme (Islamic Micro Finance Product).

6. Key Note Speaker – Enhancing Islamic Financial Literacy For Financial Inclusion – ICIFIL.

7. Young Scholar Young Scholar Discourse Series: Islamic Banking and Finance Series.

8. Implementation of Moratorium by Islamic Bank During the COVID-19 Pandemic: Maqasid Shariah Perspective – 5th International Conference on Business and Economic (ICBE).

Two strategic partnerships were also ventured into by Bank Rakyat in enhancing cooperation and knowledge sharing efforts. These were with the International Shariah Research Academy For Islamic Finance (ISRA) and Derassat for Research Consulting Islamic Finance, based in Doha Qatar.

Finally, in our quest for shared prosperity in 2021, Bank Rakyat distributed over RM11 million in *zakat*, , and collection of waqf related transaction amounted to over RM1 million. This was contributed to causes in line with the Bank's VBI principles.

All in all, good progress was made on BR25 in 2021.

Going forward, Bank Rakyat will continue to be guided by the BR25 strategic framework to focus on further improvements and new growth areas. A key focus area would be especially to harness the potential that could be explored in business and operations through digital transformation to create long-term value for shareholders.

Group Corporate Structure

BANKRAKYAT
بيڠك رعيت
Your Bank of Choice

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

Bank Rakyat and the Government

BANKRAKYAT
بيڠك رعيت
Your Bank of Choice

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

Organisation Chart

Organisation Chart

FROM THE TOP

Coloring connection

From a blank canvas, there sketched a beautiful painting. That is how we implicate the color of lives that we fill throughout the corners of society.

Board of Directors

Board of Directors

1. **DATUK HAJI ABD RANI LEBAI JAAFAR**
   Independent Non-Executive Director/Chairman
2. **DATO' SURIANI DATO' AHMAD**
   Non-Independent Non-Executive Director
3. **DATO' SHAMSUL AZRI ABU BAKAR**
   Non-Independent Non-Executive Director
4. **TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN**
   Independent Non-Executive Director
5. **DATIN NORHAMIZAH MAT TAHIR**
   Independent Non-Executive Director
6. **MOHD JAFRI KUDUS**
   Independent Non-Executive Director
7. **DATUK MOHD IRWAN MOHD MUBARAK**
   Independent Non-Executive Director
8. **MOHAMAD RAFI SHAHZADA**
   Independent Non-Executive Director
9. **DATO' DR. VASEEHAR HASSAN ABDUL RAZACK**
   Independent Non-Executive Director
10. **AIDAWATHY ISMAIL**
    Relief Bank Secretary/Head, Board Secretarial Services

OUR LEADERSHIP TEAM

DATUK HAJI ABD RANI LEBAI JAAFAR
Independent Non-Executive Director/Chairman

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director: 1 January 2018 - 31 December 2019
- Re-appointment as Board of Director: 1 January 2020 - 31 December 2020
- Appointment as Acting Chairman: 28 July 2020 - 31 December 2020
- Appointment as Chairman: 1 January 2021 - 31 December 2022

EDUCATION
- Member, Chartered Institute of Islamic Finance Professionals (CIIF)
- Financial Institutions Directors' Education Programme (FIDE), Bank Negara Malaysia
- Leadership Development Summer Program (GLDP), Harvard University Boston, Massachusetts, United States of America
- Charter Member of Certified Risk Professional, Operation and Credit (CRP) BAI Centre for Certification, United States of America
- Member, Institute of Bankers Malaysia (MIBM)
- Master of Business Administration Finance and Marketing, University of New Haven, Connecticut, United States of America
- Bachelor of Science in Business Finance, Indiana University Bloomington, Bloomington, Indiana, United States of America
- Diploma in Accountancy, MARA Institute of Technology (UiTM)

MEMBERSHIP OF BOARD COMMITTEES
- Member, Board Nomination and Remuneration Committee
- Member, Board Financing Committee

OTHER POSITIONS HELD IN BANK RAKYAT GROUP
- Chairman, Rakyat Holdings Sdn Bhd

OTHER POSITIONS HELD
- Board Member, Federation of Financial Services Cooperatives Malaysia Berhad
- Adjunct Professor, Management and Science University (MSU)
- Adjunct Professor, School of Management, Asia University

PREVIOUS EXPERIENCE
- Board Member, Leadership and Entrepreneurship Advance Institute (LEAD), Management and Science University (MSU)
- Chairman and Director, Zikay Factoring Sdn Bhd
- Director, Public Sector and Business Development, RHB Capital
- Chief Executive Officer/Managing Director, RHB Islamic Bank
- Deputy Chief Executive Officer, Affin Islamic Bank
- Senior Vice President, Contract Financing and SME Department, Affin Bank Berhad
- First Vice President, Enterprise Banking, Affin Bank Berhad
- Deputy General Manager, Banking Division, Affin Bank Berhad
- Head of Operations Division, Affin Bank Berhad
- Branch Manager, Affin Bank Berhad
- Account Relationship Manager, Corporate Banking, Standard Chartered Bank

DATO' SURIANI DATO' AHMAD
Non-Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director: 19 January 2021 - 18 January 2023

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

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)
- Adjunct Professor, School of Multimedia Technology and Communication (SMMTC), Universiti Utara Malaysia (UUM)

PREVIOUS EXPERIENCE
- Secretary General, Ministry of Communications and Multimedia Malaysia (KKMM)
- Director, National Institute of Public Administration (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 Negoti0ations 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

OUR LEADERSHIP TEAM

DATO' SHAMSUL AZRI ABU BAKAR
Non-Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director: 4 November 2020 - 3 November 2022

EDUCATION
- Bachelor of Science in Business Administration (Hons), University of Tulsa, Oklahoma, United States of America
- Professional Course: Cambridge Management Programme, Judge Business School, University of Cambridge

MEMBERSHIP OF BOARD COMMITTEES
- Member, Board Nomination and Remuneration Committee
- Member, Board Investment Committee
- Member, Board Tender Committee

OTHER POSITIONS HELD
- Under Secretary, Government Investment Company, Ministry of Finance, March 2021 - present
- Board of Directors, Universiti Pendidikan Sultan Idris (UPSI)
- Board of Directors, Malaysia Development Holding Sdn Bhd
- Board of Directors, Danainfra Nasional Berhad
- Board of Directors, Johor Port Berhad
- Board of Directors, Prokhas Sdn Bhd
- Board of Directors, Urusharta Jamaah Sdn Bhd
- Board of Directors, Penjana Kapital Sdn Bhd
- Board of Directors, Suria Strategic Energy Resources Sdn Bhd
- Board of Directors, 1Malaysia Development Berhad

PREVIOUS EXPERIENCE
- Under Secretary, Remuneration Policy and Management Division, Ministry of Finance
- Deputy Under Secretary, Remuneration Policy and Management Division, Ministry of Finance
- Budget Review Officer, Social Sector, National Budget Office, Ministry of Finance
- Deputy State Finance Officer, Selangor State Treasury
- Secretary, Selangor State Legislative Assembly
- Deputy Director, Selangor State Economic Planning Unit
- Chief Assistant District Officer, District/Land Office Sepang
- Assistant District Officer, District/Land Office Klang, Selangor
- Assistant District Officer, District/Land Office Gombak, Selangor
- Assistant Director, Service Division, Public Service Department

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
- Re-appointment 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), Malaysia

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 and MAA Group of Subsidiaries
- Director, Jaya Raya Sdn Bhd and Jaya Raya Group of Subsidiaries
- Director, International Paint Sdn Bhd
- Director, MyMy Payments Malaysia Sdn Bhd
- Director, Tabs Agro Business 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

DATIN NORHAMIZAH MAT TAHIR
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director: 13 July 2020 - 12 July 2022

EDUCATION
- Bachelor in Town and Regional Planning (Hons), MARA Institute of Technology (UiTM)
- Diploma in Town and Regional Planning (UiTM)

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Board Integrity and Governance Committee
- Member, Board Investment Committee
- Member, Board Nomination and Remuneration Committee
- Member, Board Audit and Examination Committee
- Member, Board IT Committee

OTHER POSITIONS HELD
- Managing Director, Norhamizah Tahir Associate Sdn Bhd
- Director, DSDM Rezki Sdn Bhd

PREVIOUS EXPERIENCE
- Director, Liberty Triangle Sdn Bhd
- Special Assistant to Minister, Ministry of Youth and Sports
- Marketing Executive, Media Prima (Formerly known as TV3)
- Practical Trainer, MAG Technical and Transportation Consultant

MOHD JAFRI KUDUS
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director: 13 July 2020 - 12 July 2022

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

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Board Tender Committee
- Member, Board Nomination and Remuneration Committee
- Member, Board Risk Committee
- Chairman, Board IT Committee

OTHER POSITION HELD
- Executive Director, Strovi Dox 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

DATUK MOHD IRWAN MOHD MUBARAK
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director:
  24 July 2020 - 23 July 2022

EDUCATION
- Certified Mediator, The Accord Group, Sydney, Australia
- Diploma in Syariah and Legal Administration, MARA Institute of Technology (UiTM)
- Master in Comparative Laws (MCL), International Islamic University Malaysia (IIUM)
- Bachelor of Laws (Hons) L.L.B (IIUM)
- Certificate of Laws, Matriculation Center (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
- Member, Board Integrity and Governance
- Interim Member, Board Financing Committee
- Member, Board IT Committee

OTHER POSITIONS HELD IN BANK RAKYAT GROUP
- Director, Rakyat Management Services Sdn Bhd

OTHER POSITIONS HELD
- 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
- Independent Non-Executive Director, KNM Group Berhad

PREVIOUS EXPERIENCE
- Reading in Chambers of Messrs. Aziz Zakaria Saiful and Wan, Advocates and Solicitors
- Part time Tutor in English Language, Mawar Tuition Center, Damansara
- Part Time Lecturer, Systematic College (SEGI) Petaling Jaya
- State Manager of Selangor and Kuala Lumpur, Knowledge Development Center (PBI)
- Customer service agent/operator, Customer Service Center Pizza Hut, Petaling Jaya
- Coordinator in Usrah Programme, International Islamic College (IIC), Kuala Lumpur
- Pembantu Rakan Muda, Jabatan Belia dan Sukan Negeri Pulau Pinang
- Material Handler, Baxter Healthcare S.A, Penang
- Housekeeper, Front Office Assistant, Food and Beverage Assistant various Hotel

MOHAMAD RAFI SHAHZADA
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR
- First Appointment as Board of Director:
  5 March 2021 - 4 March 2023

EDUCATION
- Chartered Auditors Committee Director (CACD), Institute Internal Auditors Malaysia, Malaysia
- Certification in General Insurance and Takaful, Malaysia Institute Insurance (MII) Malaysia
- Master in Accounting and Finance, University of Wales, United Kingdom
- Hon. Degree in Accounting and Finance, University of Wales, United Kingdom
- Chartered Institute Management Accountant (CIMA), London School of Accountancy and Emile Wolfe. (CIMA - U.K), United Kingdom

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Board Risk Committee
- Member, Board Investment Committee
- Member, Board Tender Committee
- Member, Board IT Committee
- Member, Board Financing Committee

PREVIOUS EXPERIENCE
- Independent Director, Global Marine Venture Berhad Pembangunan Leasing Corporation Sdn Bhd - Public Listed Company (Subsidiary of BPMB), Audit Examination and Risk Committee in BPMB Board by invitation. (Banking, Leasing, Factoring and Capital Venture and Investment) (2016 - 2020)
- Senior Vice President/Group Project Director, Board of Directors, Puncak Niaga Holdings Berhad, Puncak Oil and Gas Sdn Bhd, Global Offshore Malaysia (GOM Resources Sdn Bhd), (Upstream and Downstream Oil and Gas, Construction EPCIC and EPC - Government and GLC Contract) (2014 - 2017)
- Group Financial and Planning Controller/Head of Risk and Compliance Committee, Board of Director, IBN SINA (National Methanol Co.) Saudi Kayan - Saudi Aramco JV, SABIC (Saudi Basic Ind. Corp) - GLC Saudi Govt and subsidiaries - (Downstream petrochemicals, Oil and Gas, Construction, Investment Companies, Financial Institution) (2010 - 2014)
- Chief Executive Officer/Project Director, Konsortium Wawasan Klasik Sdn Bhd, (International Manpower and Project Contractor and Management Company in Oil and Gas - Upstream and Downstream) (2004 - 2010)
- Chief Executive Officer, Board of Director, Absolute Heritage (M) Sdn Bhd (Manufacturer of Machineries and Equipment including Sales and Service) (1999 - 2004)
- Chief Financial Officer, Nittoku (Malaysia) Sdn Bhd, (Manufacturer High Tech Machine and After Sales Service - Japan) (1995 - 1999)
- Chief Financial Officer, Canon Inc. Group. Canon Opto Malaysia Sdn Bhd (Manufacturer of Business Machine and Cameras) (1992 - 1994)
- Senior Credit Officer (AVP), Bank of Credit and Commerce International (BCCI), (Consumer and International Corporate Bank including Investment Banking) (1989 - 1992)
- Management Trainee, Price WaterHouse United Kingdom Ltd, (Audit Firm) (1989 - 1990)
- Store Manager (Night Shift), 7 Eleven United Kingdom - Linnco Ltd, (Consumer Retail Chain) (1989 - 1990)
- Management Trainee, Bank of America, (Bank) (1986 - 1987)

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

EDUCATION

- 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
- Member, Board Risk Committee
- Member, Board Audit and Examination Committee
- Member, Board Financing Committee

PREVIOUS EXPERIENCE

- Chief Executive Officer/Managing Director, Dallah al-Baraka (Holdings) Sdn Bhd (1990 - 2010)
- 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) (1989 - 2018)
- Manager Corporate Finance, Aseambankers (1980 - 1990)
- Consulting Assistant, Messrs. Ernst & Young (1980)

AIDAWATHY ISMAIL

Relief Bank Secretary/Head, Board Secretarial Services

APPOINTMENT AS RELIEF OF BANK SECRETARY

- Appointment as Relief of Bank Secretary: 1 February 2022

EDUCATION

- A-Level in Law (General Certificate of Education, United Kingdom)
- Diploma and Higher Diploma in Law (Twinning Programme with QUT, Australia)
- Bachelor Degree in Law (Jurisprudens) (Hons) University Malaya
- Certificate in Company Law and Secretarial Practice, International Islamic University Malaysia (IIUM)
- License Company Secretary from Companies Commission Malaysia (CCM) Malaysia (LS0009949)
- Member Malaysia Institute of Approved Company Secretaries (IACS) (MIACS:2504)
- Certified Professional Trainer from Malaysian Institute of Management (MIM) and Human Resource Development Fund (HRDF)
- Certified Coach from Interdevelopmental Institute (IDM)

PREVIOUS EXPERIENCE

- Legal Executive, Lion Group (Property Division)
- Executive, Companies Commission Malaysia
- Legal Officer/Group Company Secretary, Perbadanan Nasional Berhad (PERNAS)
- Head Credit Administration Section (PERNAS)

OUR LEADERSHIP TEAM

Shariah Committee

Shariah Committee

1. **ASSOC. PROF. DR. AZMAN MOHD NOOR**
   Chairman
2. **USTAZ WAN RUMAIZI WAN HUSIN**
3. **PROF. DATO' DR. MOHD AZMI OMAR**
4. **DR. MOHAMMAD ZAINI YAHAYA**
5. **DR. TUAN BADRUL HISYAM TUAN SOH**
6. **USTAZ MOHD ZAMEREY ABDUL RAZAK**
   Secretary

* Dato' Setia Hj Mohd Tamyes Abdul Wahid tenure as Chairman of Shariah Committee ended effective on 31 August 2021

** Assoc. Prof. Dr. Azman Mohd Noor appointment as Chairman of Shariah Committee effective on 1 September 2021

ASSOC. PROF. DR. AZMAN MOHD NOOR
Chairman

APPOINTED TO SHARIAH COMMITTEE
- Chairman: Effective 1 September 2021
- 1 January 2021 - 31 December 2022

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)
- Deputy Chairman, Shariah Board, Al Rajhi Bank Malaysia
- Member, Fatwa Committee, Pejabat Mufti Negeri Perlis
- Member, Shariah Committee Etiqa Family Takaful
- Member, Shariah Committee TEKUN Nasional, Malaysia
- Member, Shariah Committee Rushdi Oriyon, Micro Credit Deposit Organisation, Tajikistan

PREVIOUS EXPERIENCE
- Member, Shariah Committee, SME Bank
- Member, Shariah Advisory Council, Securities Commission Malaysia
- Member, Shariah Committee, MNRB Retakaful
- Shariah Advisor for Kenanga Capital
- Member, JAKIM Muamalat Expert Panel
- Chairman, Shariah Committee Am MetLife Family Takaful

OUR LEADERSHIP TEAM

USTAZ WAN RUMAIZI WAN HUSIN

APPOINTED TO SHARIAH COMMITTEE
- 1 September 2021 - 31 March 2023

EDUCATION
- Master of Fiqh and Usul al-Fiqh, International Islamic University Malaysia (IIUM)
- Bachelor of Fiqh and Usul 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 (IIUCS)
- Consultant, Sadaqa House, IRCIEF (IIUCS)

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 (IIUCS)
- 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, BSN, MBSB, 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)

PROF. DATO' DR. MOHD AZMI OMAR

APPOINTED TO SHARIAH COMMITTEE
- 1 January 2021 - 31 December 2022

EDUCATION
- PhD (Finance), Bangor University, Wales, United Kingdom
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals (CIIF)
- Master of Finance, Northern Illinois University, United States of America
- Bachelor of Finance, Northern Illinois University, United States of America
- Diploma in Banking, MARA Institute of Technology (UiTM)

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 Committee, Securities Commission Malaysia
- Member, Malaysian Qualification Agency Council

PREVIOUS EXPERIENCE
- Director General, Islamic Research and Training Institute (now known as Islamic Development Bank Institute), Islamic Development Bank Group, Jeddah, Kingdom of Saudi Arabia
- Deputy Rector and Professor, International Islamic University Malaysia (IIUM)
- Member, Shariah Committee, Amanah Ikhtiar Malaysia
- Islamic Finance Expert, Monetary Authority Brunei Darussalam

DR. MOHAMMAD ZAINI YAHAYA

APPOINTED TO SHARIAH COMMITTEE
- 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 Panel of EC Sham Holding Sdn Bhd
- Member, Drafting Panel of Integrated Islamic Curriculum of the Ministry of Education Malaysia

PREVIOUS EXPERIENCE
- Lecturer (UKM)
- Tutor (UKM)
- 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 Primary Schools Standard Curriculum (KSSR), Dewan Bahasa dan Pustaka (DBP)
- Chairman, Panel Meeting for Assessment of Manuscripts and Sample Textbook Packages for KSSR Textbooks
- Member, Committee for The Development of DSKP KSSM (Document for Standard Curiculum and Assesment, Standard Curriculum for Secondary Schools) Al-Shahadah Al-Ulya Ulul Albab Turath Dirasat Islamiah 2017, Ministry of Education Malaysia
- Member, Shariah Committee, Asian Finance Bank

DR. TUAN BADRUL HISYAM TUAN SOH

APPOINTED TO SHARIAH COMMITTEE
- 1 April 2021 - 31 March 2023

EDUCATION
- PhD Law, Newcastle University, United Kingdom
- LL.M (Shariah and Law), International Islamic University Malaysia (IIUM)
- B.A Judicial Studies and Laws (Shariah), Umm Al-Qura University Makkah Al-Mukarramah

OTHER POSITIONS HELD
- Senior Consultant, Dar al-Sharia, Dubai
- Shariah Committee Member of MyEG Islamic Finance Sdn Bhd
- Chairman, Shariah Committee Member of Alliance Islamic Bank Berhad

PREVIOUS EXPERIENCE
- Shariah Consultant at ISRA Consulting (International Shariah Research Academy for Islamic Finance)
- Manager, Shariah Secretariat and Advisory (Retail, Al Rajhi Banking and Investment Corporation (Malaysia) Berhad
- Senior Executive, Islamic Capital Market Division, Securities Comission Malaysia
- Assistant Manager, Shariah Department, CIMB Islamic Berhad

USTAZ MOHD ZAMEREY ABDUL RAZAK
Secretary

APPOINTMENT AS SECRETARY
- 18 August 2014 - To date

EDUCATION
- Master in Islamic Studies, Universiti Kebangsaan Malaysia (UKM)
- Bachelor of Shariah (Hons), Yarmouk University, Jordan

OTHER POSITIONS HELD
- Chairman, Board of Trustees, Academy Imam Syafi'e
- Member, Board of Trustees, Tabung Amanah Tok Kenali
- Member, Board of Trustees, Yayasan Kolej Universiti Islam Selangor

PREVIOUS EXPERIENCE
- Head, Shariah Compliance, Takaful Ikhlas Berhad
- Member, Shariah Committee, Stella Capital al-Aqarat, United States of America
- Member, Shariah Committee, Islamic Retail Fund (Isareit Retail Properties Sdn Bhd Malaysia)
- Head of Shariah, Asian Finance Bank Berhad
- Shariah Secretary, Asian Finance Bank Berhad
- Shariah Secretary, Safeena (L) Ltd (Islamic Marine Fund-Labuan)
- Industrial Advisor, Faculty of Muamalat and Management, International Islamic University College Selangor (IIUCS)

Management Committee

Management Committee

1. **DATO' SYED ABDUL AZIZ SYED HASSAN**
   Chief Executive Officer
2. **DR. MOHAMMAD HANIS OSMAN**
   Deputy Chief Executive Officer, Business
3. **NOR HAIMEE ZAKARIA**
   Chief Finance Officer
4. **AHMAD SHUKRI ABD RAHMAN**
   Chief Risk Officer
5. **ABDUL RAZAK ABU BAKAR**
   Chief Recovery and Collection Officer
6. **MUZAMIR OMAR**
   Chief Strategy and Transformation Officer
7. **AMREN FAISAL FADZIL**
   Chief Treasury Officer
8. **ADI AZMIR ABDUL GHANI**
   Chief Information Technology Officer
9. **NIZAM SANI**
   Chief Marketing and Communications Officer
10. **MOHAMAD SHIBLIE ABG SAPUAN**
    Chief Business Banking Officer
11. **ZULKARNAIN TAMAN**
    Chief Retail Banking Officer
12. **SITI SALMIAH MOHD NOR**
    Chief Human Capital Officer

OUR LEADERSHIP TEAM

DATO' SYED ABDUL AZIZ SYED HASSAN

Chief Executive Officer

EDUCATION

- Bachelor of Business Administration, Ohio University
- Diploma in Planting Industry and Management, MARA Institute of Technology (UiTM)
- Senior Management Programme, Harvard Business School

INTERNAL EXPERIENCE

- Chief Executive Officer (2021)
- Acting Chief Executive Officer (2020)
- Deputy Chief Executive Officer, Operation (2020)
- Acting Chief Operation Officer, Banking Operations (2019)
- Chief Executive, Corporate Services (2017)

EXTERNAL EXPERIENCE

- Chief Executive Officer, Rakyat Holdings Sdn Bhd (2012 - 2017)
- Chief Executive Officer, Zikay Group Sdn Bhd (2008 - 2012)
- General Manager (Property), PECD Berhad (2000 - 2007)
- Senior Marketing Manager, Island and Peninsular Berhad (1988 - 2000)

DR. MOHAMMAD HANIS OSMAN

Deputy Chief Executive Officer, Business

EDUCATION

- Doctor of Philosophy (Economics), International Islamic University Malaysia (IIUM)
- Master of Business Administration (Finance) (IIUM)
- B.A (Hons) Accounting and Finance, University of East London (UEL), United Kingdom
- Advanced Diploma in Management Accounting, United Kingdom (CIMA)
- Member, The Malaysian Financial Markets Certificate (PKMC Examination) - Certified Treasury Professional
- The Securities Commision of Malaysian Examinations - Licensed Dealer's Representatives

INTERNAL EXPERIENCE

- 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 Malaysia Berhad (2008 - 2009)
- Head of Treasury, Al Wifaq Finance Company, Abu Dhabi, United Arab Emirates (UAE) (2008)
- Hwangdbs Investment Bank Berhad
  - Assistant Vice President, FX Swaps (2006 - 2007)
  - Assistant Vice President, Fixed Income (2003 - 2006)
- Manager, Fixed Income, K&N Kenanga Securities Berhad (2002 - 2003)
- BSN Commercial Bank Berhad (Affin Bank)
  - Manager, Derivatives and Fixed Income (2001 - 2002)
  - Senior Dealer, Derivatives and Structured Products (1999 - 2000)
  - Dealer, Money Market (1996 - 1999)

NOR HAIMEE ZAKARIA

Chief Finance Officer

EDUCATION

- B.A (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

- 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)

AHMAD SHUKRI ABDUL 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)

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, Credit Risk Management Section, Risk Management Department, Bank Muamalat Malaysia Berhad (2003 - 2005)
- 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)

ABDUL RAZAK ABD BAKAR

Chief Recovery and Collection Officer

EDUCATION

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

INTERNAL EXPERIENCE

- 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 CB, CPIF

Chief Strategy and Transformation Officer

EDUCATION

- Chartered Banker (AICB)
- Chartered Islamic Finance Professional (INCEIF)
- Masters in Business Administration (UiTM)
- Bachelor of Education (Kent, UK)
- Diploma in Accounting Administration (UMCCed)

INTERNAL EXPERIENCE

- Chief Strategy and Transformation Officer (2018)
- Vice President, Corporate Strategy (2014)
- Head, Strategic Planning (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)

AMREN FAISAL FADZIL
Chief Treasury Officer

EDUCATION
- Bachelor in Finance, MARA Institute of Technology (UiTM)
- Diploma in Investment Analysis (UiTM)
- Certified Financial Planner (CFP)
- Federation of Malaysia Unit Trust Managers (FMUTM)

INTERNAL EXPERIENCE
- Chief Treasury Officer (2018)
- Vice President of 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)

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)

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)
- 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, Bank Al Rajhi (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)

MOHAMAD SHIBLIE ABG SAPUAN
Chief Business Banking Officer

EDUCATION
- Diploma in Accountancy, MARA Institute of Technology (UiTM)

INTERNAL EXPERIENCE
- Chief Business Banking Officer (2020)
- Acting Chief Business Banking Officer (2020)
- Acting Regional Director, Sabah and Sarawak Region (2019)
- Head (Vice President) at 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 (1996)
  - Officer (1991 - 1995)

ZULKARNAIN TAMAN
Chief Retail Banking Officer

EDUCATION
- Master in Business Administration, MARA Institute of Technology (UiTM)
- Bachelor of Science (Statistic) (UiTM)

INTERNAL EXPERIENCE
- Chief Retail Banking Officer (2020)
- 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)
- Amanie Advisors Sdn Bhd/Amanie Holdings Ltd
  - Managing Director, Amanie Advisors (2015 - 2016)
  - Director, Governance, Risk Management and Compliance (2014 - 2015)
- Assistant Manager, Cagamas Berhad (2003)
- Head of Unit, Utama Merchant Bank Berhad (1998 - 2003)
- Sime Bank Berhad
  - Head of Unit (1994 - 1998)
  - Research Officer (1991 - 1994)
- Asisstant Research Officer, Palm Oil Research Institute of Malaysia (1988 - 1991)
- Officer (UiTM) (1988)

SITI SALMIAH MOHD NOR
Chief Human Capital Officer

EDUCATION
- Master of Education, University of Oregon
- Bachelor of Arts (TESL) and Minor in International Relations, California State University Chico

INTERNAL EXPERIENCE
- Chief Human Capital Officer (2021)

EXTERNAL EXPERIENCE
- Senior General Manager, Naza Corporation Management Sdn Bhd (2012 - 2020)
- Head Human Resources, Guocoland (Malaysia) Bhd (2011 - 2012)
- Senior Manager Human Resource, HL Management Co Sdn Bhd (2006 - 2011)
- Head, Training, Hong Leong Management School Sdn Bhd (1992 - 2006)
- Lecturer, MARA Junior Science College (MRSM) Kulim (1986 - 1992)

Relevant connection

Each colour indicates a different meaning in every painting. Bank Rakyat has always given a meaningful life by providing the relevant banking facilities and fulfilling the current needs.

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 ensure 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 2021, the Board comprises nine (9) members with one Independent Non-Executive Director/Chairman, six (6) 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, socio-economics/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 82 to 91 of this Annual Report.

2.0 Board Charter

The Board Charter (the "Charter") is a 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, 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, as well as 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 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, Re-appointment 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

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 cooperative members and stakeholders. They are responsible in 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 (KPI) 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 the 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 SC 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.

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 the 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.

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 the 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.

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' Re-appointment

The proposed re-appointment of a Director at the expiration of their present term of appointment is also subject to BNM's 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 re-appointment 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 re-appointment. 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 the 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	2/2/2021	Enhancing Your Image on social media by Ranukka Singham	Institute Corporate Directors Malaysia (ICDM)
	2/3/2021	Cultural Diversity in the Boardroom	
	8/3/2021 to 10/3/2021	Introduction to Corporate Directorship by Cheryl Khor and Munir Abdul Aziz	
	22/3/2021	Collaboration In and Outside The Boardroom: Behaviour And Relationships	
	23/3/2021	Powerx: Building the Mindset of Tomorrow	
	24/3/2021	In Conversation with Dr. Jesus Estanislao: Leadership Lessons: Realizing the Value of CG In ASEAN	
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond the Crisis	

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
	1/4/2021	M&A Due Diligence: From Legal and Risk Perspectives by Munir Abdul Aziz	
	6/4/2021	FCD Module E - Digital Disruption: Predator or Prey? By Audrey Kuah, Ryan Lim	
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	20/4/2021 to 22/4/2021	Board Dynamics Bootcamp	Institute Corparate Directors Malaysia (ICDM)
	7/5/2021	One Year On: Taking Your MACC Act Section 17A Programme to The Next Level	Institute Corparate Directors Malaysia (ICDM)
	24/5/2021	Board Committees Overview	
	15/6/2021	Masterclass: Board Behavioural Dynamics	
	6/7/2021	How to be an Effective NED in a Disruptive World	
	8/7/2021	Launch of the 2020 Malaysia Board Practive Review Report	
	13/7/2021	Board And Executive Remuneration In Times Of Crisis	
	6/11/2021 to 7/11/2021	Forum Kelestarian Kewangan S-Track 2021	Co-OpBank
Dato' Suriani Dato' Ahmad	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	8/7/2021 to 9/7/2021 12/7/2021 to 15/7/2021 21/7/2021 to 22/7/2021	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	2/8/2021 to 4/8/2021 5/8/2021 to 6/8/2021 9/8/2021 11/8/2021 to 12/8/2021	FIDE MODULE B	
	8/9/2021 to 9/9/2021	Islamic Finance for Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Dato' Shamsul Azri Abu Bakar	11/1/2021 to 12/1/2021 18/1/2021 to 21/1/2021 25/1/2021 to 26/1/2021	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	2/8/2021 to 4/8/2021 5/8/2021 to 6/8/2021 9/8/2021 11/8/2021 to 12/8/2021	FIDE MODULE B	The Iclif Leadership and Governance Centre (ICLIF)
	5/7/2021 to 6/7/2021	Islamic Finance for Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	22/3/2021	Collaboration In and Outside The Boardroom: Behaviour And Relationships	Institute Corparate Directors Malaysia (ICDM)
	23/3/2021	Powerx: Building the Mindset of Tomorrow	
	24/3/2021	In Conversation with Dr. Jesus Estanislao: Leadership Lessons: Realizing The Value of CG In ASEAN	
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond the Crisis	
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	17/8/2021 to 18/8/2021	Climate Change: Impact on Banks and Role of the Banks	The Iclif Leadership and Governance Centre (ICLIF)
	29/11/2021	CONFERENCE JOINING INSTRUCTIONS (SPEAKER): BOARD TRANSFORMATIONAL AND FUTURE GOVERNANCE ROUNDTABLE MALAYSIA 2021	ASIAN WORLD CENTRE
	6/12/2021	Securites Commission Malaysia Audit Oversight Board Conversation with Audit Committees	Securities Commission Malaysia

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Yuri Zaharin Wahab	1/3/2021 to 3/3/2021 4/3/2021 to 5/3/2021 8/3/2021 to 10/3/2021	FIDE MODULE B	ICLIF
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	5/7/2021 to 6/7/2021	Islamic Finance for Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd
Datin Norhamizah Mat Tahir	11/1/2021 to 12/1/2021 18/1/2021 to 21/1/2021 25/1/2021 to 26/1/2021	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	1/3/2021 to 3/3/2021 4/3/2021 to 5/3/2021 8/3/2021 to 10/3/2021	FIDE MODULE	
	10/2/2021 to 11/2/2021	Islamic Finance for Board of Director	ISRA Consulting Sdn Bhd
	22/3/2021	Collaboration In and Outside The Boardroom: Behaviour And Relationships	Institute Corparate Directors Malaysia (ICDM)
	23/3/2021	Powerx: Building The Mindset of Tomorrow	
	24/3/2021	In Conversation With Dr. Jesus Estanislao: Leadership Lessons: Realizing The Value of CG In ASEAN	
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond The Crisis	
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Mohd Jafri Kudus	11/1/2021 to 12/1/2021 18/1/2021 to 21/1/2021 25/1/2021 to 26/1/2021	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	1/3/2021 to 3/3/2021 4/3/2021 to 5/3/2021 8/3/2021 to 10/3/2021	FIDE MODULE B	
	10/2/2021 to 11/2/2021	Islamic Finance For Board of Director	ISRA Consulting Sdn Bhd
	22/3/2021	Collaboration In And Outside The Boardroom: Behaviour And Relationships	Institute Corparate Directors Malaysia (ICDM)
	23/3/2021	Powerx: Building The Mindset of Tomorrow	Institute Corparate Directors Malaysia (ICDM)
	24/3/2021	In Conversation With Dr. Jesus Estanislao: Leadership Lessons: Realizing The Value of CG In ASEAN	Institute Corparate Directors Malaysia (ICDM)
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	Institute Corparate Directors Malaysia (ICDM)
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond The Crisis	Institute Corparate Directors Malaysia (ICDM)
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	29/7/2021 to 30/7/2021	Nominating and Remuneration Committees: Beyond Box Ticking and Enhancing Effectiveness	Institute Corparate Directors Malaysia (ICDM)

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Datuk Mohd Irwan Mohd Mubarak	11/1/2021 to 12/1/2021 18/1/2021 to 21/1/2021 25/1/2021 to 26/1/2021	FIDE MODULE A	Institute Corparate Directors Malaysia (ICDM)
	1/3/2021 to 3/3/2021 4/3/2021 to 5/3/2021 8/3/2021 to 10/3/2021	FIDE MODULE B	Institute Corparate Directors Malaysia (ICDM)
	10/2/2021 to 11/2/2021	Islamic Finance For Board of Director	ISRA Consulting Sdn Bhd
	22/3/2021	Collaboration In And Outside The Boardroom: Behaviour And Relationships	Institute Corparate Directors Malaysia (ICDM)
	23/3/2021	Powerx: Building The Mindset of Tomorrow	Institute Corparate Directors Malaysia (ICDM)
	24/3/2021	In Conversation With Dr. Jesus Estanislao: Leadership Lessons: Realizing The Value of CG In ASEAN	Institute Corparate Directors Malaysia (ICDM)
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	Institute Corparate Directors Malaysia (ICDM)
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond The Crisis	Institute Corparate Directors Malaysia (ICDM)
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	13/7/2021	Board and Executive Remuneration in Times of Crisis	Institute Corparate Directors Malaysia (ICDM)
	29/7/2021 and 30/7/2021	Nominating and Remuneration Committees: Beyond Box Ticking and Enhancing Effectiveness	The Iclif Leadership and Governance Centre (ICLIF)

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Mohamad Rafi Shahzada	22/3/2021	Collaboration In And Outside The Boardroom: Behaviour And Relationships	Institute Corparate Directors Malaysia (ICDM)
	23/3/2021	Powerx: Building The Mindset of Tomorrow	
	24/3/2021	In Conversation With Dr. Jesus Estanislao: Leadership Lessons: Realizing The Value of CG In ASEAN	
	25/3/2021	Accelerated Digital Transformation of Legacy Companies	
	26/3/2021	A Boardroom Simulation Live! Corporate Strategy Beyond The Crisis	
	12/4/2021	Bicara Santai 'Cegah Rasuah Hidup Megah, Organisasi Gagah'	Suruhanjaya Pencegah Rasuah Malaysia (SPRM)
	19/4/2021	Cybersecurity and Anti-Money Laundering	Visioon Business Solutions Sdn Bhd
	8/7/2021 to 9/7/2021 12/7/2021, 13/7/2021 and 15/7/2021 21/7/2021 to 22/7/2021 12/1/2022	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	2/8/2021 to 4/8/2021 5/8/2021 to 6/8/2021 9/8/2021 11/8/2021 to 12/8/2021	FIDE MODULE B	
	8/9/2021 to 9/9/2021	Islamic Finance For Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd
Dato' Dr. Vaseehar Hassan Abdul Razack	10/11/2021 to 11/11/2021	Islamic Finance For Board of Director (IF4BOD)	ISRA Consulting Sdn Bhd

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 BDEE exercise was undertaken in two (2) major criteria focusing on the followings:

1. BEE (oversight role, duties and functions); and
2. Directors Development Analysis (DDA) (evaluate performance, addressing gaps and ensuring action plan is carried out).
3. IDE – Individual Development Programme.

The BDEE exercise consists of a structured, confidential face-to-face interview, a review of existing governance documents (related Board Charters, Standard Operating Procedures and Minutes of Meeting), and a strategic level of the Board assessment that can be used to prioritise pivotal issues and implement for the Board effectiveness.

The Board assessment will be based on the following key strengths:

(i) Board Leadership
(ii) Board Composition, Skills and Development
(iii) Board Committees
(iv) Board Governance, Oversight and Process
(v) Board Agenda, Minutes and Information
(vi) Board Dynamics and Culture
(vii) Board and Management Relationship
(viii) Board and Stakeholder Engagement
(ix) Board Sustainability Matters
(x) Board's Crisis Management Response

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, qualificiations 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.

The range of remuneration of non-executive directors of the bank during the financial year ended 31 December 2021 are as follows:

Non-Executive Directors	No. of Directors
Below RM100,000	Two (2)
RM100,000 – RM200,000	Three (3)
RM200,000 – RM300,000	Two (2)
RM300,000 – RM500,000	Four (4)
<RM1,000,000	One (1)

A summary of the total remuneration of the Director for the financial year ended 2021 is set out in the Financial Statements on page 266 of this annual report.

The Directors' Shareholding Percentage:

Name of Director	Percentage Held By Shareholder (%)
Datuk Haji Abd Rani Lebai Jaafar	0.000250
Dato' Suriani Dato' Ahmad	0.000250
Dato' Shamsul Azri Abu Bakar	0.000240
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	0.000250
Datin Norhamizah Mat Tahir	0.000230
Mohd Jafri Kudus	0.000250
Datuk Mohd Irwan Mohd Mubarak	0.000250
Mohamad Rafi Shahzada	0.000250
Dato' Dr. Vaseehar Hassan Abdul Razack	0.000250

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 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 made available to Directors in carrying out their responsibilities, if such services are required.

The Board met 21 times during the financial year ended 31 December 2021. The attendance record of the Directors at Board Meetings for 2021 is as follows:

No.	Name of Director	Board Meeting Attendance 2021
1.	Datuk Haji Abd Rani Lebai Jaafar (Chairman) [1]	21/21 *
2.	Dato' Suriani Dato' Ahmad [2]	17/20 *
3.	Dato' Shamsul Azri Abu Bakar	19/21
4.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	21/21
5.	Yuri Zaharin Wahab [3]	11/12 *
6.	Mohd Jafri Kudus	21/21
7.	Datuk Mohd Irwan Mohd Mubarak	21/21
8.	Mohamad Rafi Shahzada [4]	17/17 *
9.	Datin Norhamizah Mat Tahir	21/21
10.	Dato' Dr. Vaseehar Hassan Abdul Razack [5]	8/9 *

[1] Appointed as a Chairman of the Board with effect from 1 January 2021
[2] Appointed as member of the Board on 19 January 2021
[3] Term ended with effect from 1 July 2021
[4] Appointed as member of the Board on 5 March 2021
[5] Appointed as a member of the Board on 15 July 2021
* Reflects the number of meetings attended during the time the Director held office

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 139 of this Annual Report.

14.0 BOARD RISK COMMITTEE (BRC)

The primary objective of the BRC is 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;

(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;

(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.

Frequency of Meetings

The BRC shall meet at least every quarter and more frequently as circumstances disctate. During the financial year ended 31 December 2021, the BRC convened fifteen (15) times. The attendance recorded for the members of the BRC is as follows:

No.	Name of BRC Members	BRC Meeting Attendance 2021
1.	Mohamad Rafi Shahzada [1] (Chairman)	13/13 *
2.	Datuk Haji Abd Rani Lebai Jaafar [2]	2/2 *
3.	Yuri Zaharin Wahab [3]	7/7 *
4.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	15/15
5.	Mohd Jafri Kudus	15/15
6.	Datuk Mohd Irwan Mohd Mubarak [4]	6/6 *
7.	Dato' Dr Vaseehar Hassan Abdul Razack [5]	6/6 *

[1] Appointed as Chairman with effect from 1 April 2021
[2] No longer a member of BRC with effect from 1 April 2021
[3] Term ended with effect from 1 July 2021
[4] Appointed as a member of the BRC on 1 August 2021
[5] Appointed as a member of the BRC on 1 August 2021
* Reflects the number of meetings attended during the time the Director held office

15.0 BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

The primary objective of the BNRC is 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 re-appointment 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;

(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 re-appointment of Directors and Senior Management personnel

(a) Establish a formal and transparent procedure for the recommendation of eligible candidates for appointment or re-appointment 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 competency 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 re-appointment. 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 re-appointment; and

(ii) a statement by the Committee setting out why it believes an individual should be appointed and confirming, when proposing re-appointment, 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.

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 assess 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.

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 crystallize 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.

Frequency of Meetings

The BNRC shall meet as and when required. During the financial year ended 31 December 2021, the BNRC convened twenty-nine (29) times. The attendance recorded for the members of the BNRC is as follows:

No.	Name of BNRC Members	NRC Meeting Attendance 2021
1.	Datuk Mohd Irwan Mohd Mubarak (Chairman)	29/29
2.	Datuk Haji Abd Rani Lebai Jaafar	29/29
3.	Dato' Suriani Dato' Ahmad [1]	19/21 *
4.	Yuri Zaharin Wahab [2]	7/8 *
5.	Datin Norhamizah Mat Tahir	29/29
6.	Mohd Jafri Kudus	29/29
7.	Dato' Shamsul Azri Abu Bakar	27/29

[1] Appointed as a member of the BNRC on 1 April 2021
[2] No Longer a member of BNRC with effect from 1 April 2021
* Reflects the number of meetings attended during the time the Director 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.

Frequency of Meetings

The BTC shall meet as and when required. During the financial year ended 31 December 2021, the BTC convened seven (7) times. The attendance recorded for the members of the BTC is as follows:

No.	Name of BTC Members	BTC Meeting Attendance 2021
1.	Mohd Jafri Kudus (Chairman)	7/7
2.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	7/7
3.	Yuri Zaharin Wahab [1]	4/4 *
4.	Mohamad Rafi Shahzada [2]	2/2 *
5.	Dato' Shamsul Azri Abu Bakar	7/7

[1] Term ended with effect from 1 July 2021
[2] Appointed as a member of the BTC on 1 August 2021
* Reflects the number of meetings attended during the time the Director 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.

The BIC shall meet at least once every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2021, the BIC convened five (5) times. The attendance recorded for the members of the BIC is as follows:

No.	Name of BIC Members	BIC Meeting Attendance 2021
1.	Dato' Dr. Vaseehar Hassan Abdul Razack [1] (Chairman)	2/2 *
2.	Datin Norhamizah Mat Tahir	5/5
3.	Datuk Haji Abd Rani Lebai Jaafar [2]	1/1 *
4.	Mohamad Rafi Shahzada [3]	4/4 *
5.	Dato' Shamsul Azri Abu Bakar	4/5
6.	Mohd Irwan Mohd Mubarak [4]	3/3 *

[1] Appointed as a member and the Chairman of BIC on 1 August 2021
[2] No longer a member of BIC with effect from 1 April 2021
[3] Appointed as a member of BIC on 1 April 2021
[4] No longer a member of BIC with effect from 1 August 2021
* Reflects the number of meetings attended during the time the Director 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;

(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 2021, the BFC convened twenty (20) times. The attendance recorded for the members of the BFC is as follows:

No.	Name of BFC Members	BFC Meeting Attendance 2021
1.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Chairman)	20/20
2.	Datuk Haji Abd Rani Lebai Jaafar	20/20
3.	Mohamad Rafi Shahzada [1]	6/6 *
4.	Dato' Dr. Vaseehar Hassan Abdul Razack [2]	7/7 *
5.	Datuk Mohd Irwan Mohd Mubarak [3]	20/20 *

[1] Appointed as a member of BFC with effect from 1 April 2021 and no longer a member with effect from 16 August 2021
[2] Appointed as a member of the BFC on 1 August 2021
[3] Appointed as an interim member of the BFC on 1 August 2021
* Reflects the number of meetings attended during the time the Director 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.

The BITC was formed by the Board to replace the Board Oversight Committee (BOC) for the Bank's Core Banking Systems (CBS) in order to ensure a seamless transition between CBS and IT implementation, particularly during the new CBS system's stability period.

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;

   (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 was established on 1 January 2021 to replace the Board Oversight Committee (CoBRa) and during the financial year ended 31 December 2021, the BITC convened seventeen (17) times. The attendance recorded for the members of the BITC is as follows:

No.	Name of BITC Members	BITC Meeting Attendance 2021
1.	Mohd Jafri Kudus [1] (Chairman)	17/17
2.	Yuri Zaharin Wahab [2]	10/10 *
3.	Datin Norhamizah Mat Tahir	17/17
4.	Dato' Shamsul Azri Abu Bakar [3]	6/7 *
5.	Mohamad Rafi Shahzada [4]	8/8 *
6.	Datuk Mohd Irwan Mohd Mubarak [5]	6/6 *

[1] Appointed as the Chairman of BITC on 8 June 2021
[2] Term ended with effect from 1 July 2021
[3] No longer a member of BITC with effect from 1 April 2021
[4] Appointed as a member of the BITC on 8 June 2021
[5] Appointed as a member of the BITC on 1 August 2021
* Reflects the number of meetings attended during the time the Director 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;

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.

During the financial year ended 31 December 2021, the BIGC convened eight (8) times. The attendance recorded for the members of the BIGC is as follows:

No.	Name of BIGC Members	BIGC Meeting Attendance 2021
1.	Datin Norhamizah Mat Tahir [1] (Chairman)	8/8
2.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	8/8
3.	Dato' Suriani Dato' Ahmad [2]	3/4 *
4.	Datuk Mohd Irwan Mohd Mubarak	8/8

[1] Appointed as the Chairman of BIGC on 1 August 2021
[2] Appointed as a member of BIGC on 1 August 2021
* Reflects the number of meetings attended during the time the Director held office

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 & Internal Business Process, and People (Learning & 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.

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 strategize 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 institutionalized. Both the supervisor and employee will develop synergy in crafting their KPIs for the Bank's growth.

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.

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 FY2021 is summarised in the table below:

Total value of Remuneration Award for the financial year (RM'000)	Annual Base Salary	Fixed Cash	Variable Cash	Benefits-in-Kind (BIK)	Total Annual Remuneration
CEO	755.27	408.67	595.88	48.10	1,807.93
Senior Management	4,906.02	2,274.13	3,582.04	164.18	10,926.37
Other Material Risk Takers (OMRTs)	4,101.93	1,973.80	2,809.52	116.85	9,002.10

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.

1.0 COMPOSITION

- The Audit and 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;

- 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, suspension, disciplinary action, dismissal and/or termination of the CIA;
- Review the adequacy of the functions and resources of the 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 AEC 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, and ensure that the Senior Management team takes necessary and corrective actions in a timely manner to address the findings;

- 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.

4.0 ATTENDANCE AT MEETINGS

17 AEC Meetings were held during 2021. 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)	17/17 (100%)
Datin Norhamizah Mat Tahir Member (appointed effective from 28 July 2020)	17/17 (100%)
Datuk Mohd Irwan Mohd Mubarak Member (appointed effective from 28 July 2020)	17/17 (100%)
Dato' Dr. Vaseehar Hassan Abdul Razack Member (appointed effective from 1 August 2021)	6/6 (100%)

5.0 SUMMARY OF ACTIVITIES

For the financial year ended 31 December 2021, 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 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 2020.

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.
- 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 monthly 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 Yayasan Bank Rakyat for an overview of the risk management and internal control systems of this entity.
- Deliberated and approved the 2021 key performance indicators (KPI) setting for CIA.
- Evaluated the performance of the CIA.
- Instructed the conduct of investigation on matters within its terms of reference.
- 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 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 Statement on Corporate Governance.

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 2021, 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;
- Conducted periodical assessment to ensure that a sound and effective internal control system for Shariah compliance have been implemented;
- Performed independent assessment and objective assurance designed to add value and improve the Bank's compliance with Shariah;
- Monitored and provided assurance on the soundness and robustness of the Bank's Shariah governance framework;

- Assisted the Shariah Committee in discharging its oversight role on Shariah matters related to the Bank's business operations 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 Board of Directors, Board Sub-Committee, Management Committee, Project Working Committee (PWC) and Project Steering Committee (PSC) meetings 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 for IT projects;
- Acted as an independent function in observing the Bank's negotiation meetings for major IT project;
- 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;
- Conducted investigation into activities or matters as instructed by the AEC and Management; and
- Prepared the Audit and Examination Committee Report for Bank Rakyat's Annual Report for Financial Year ended 31 December 2020.

The total costs incurred for the Internal Audit Sector of Bank Rakyat for 2021 is RM11,884,866.60.

Together We Can!

Forging Unity and Harnessing Synergies in The Face of Volatility and Hardship

Economic and social disruptions caused by the COVID-19 pandemic continued to hit all industry sectors in 2021. As the nation continued to sail through unprecedented terrain, Risk Management through its role as the second line of defence continued to manoeuvre the Bank's direction through an uncharted landscape. Bank Rakyat's Risk Strategy 2021 was established by Risk Management in collaboration with all business units to ensure that the Bank is able to continue to fulfil our mandated role without prejudicing our profitability and our customers' financial wellbeing.

As an agency under the Ministry of Entrepreneur Development and Cooperatives (KUSKOP), Bank Rakyat continued to support the Government's initiatives in line with the announced National Budget 2021 and *Pakej Perlindungan Rakyat Dan Pemulihan Ekonomi* (PEMULIH). On this note, the Policy for Payment Assistance Programme was reviewed in accordance with the said initiatives and requirements as delineated by Bank Negara Malaysia (BNM).

Risk Management continued to be an active participant within the War Room Committee (WRC) where the Chief Risk Officer (CRO) has been given the role of an Alternate Chairman to closely monitor payment assistance granted by the Bank. In-depth analysis was conducted to prudently monitor asset quality and credit risk concerns were proactively highlighted based on monthly market updates to ensure the Bank remained resilient.

In support of the Government's effort to assist Small and Medium Enterprises (SMEs) businesses affected by the COVID-19 pandemic via the introduction of various funds, Risk Management provided technical assistance to simplify the credit underwriting process. Predefined parameters were aligned with the minimum acceptance criteria, as recommended by the regulator/fund providers to expedite the approval process.

Risk management is committed to ensure Expected Credit Loss (ECL) computed from the MFRS9 impairment model is sufficient by performing model calibration for the financial year 2021. The model has been validated by an external party, and is deemed robust and able to cushion the Bank from all expected future adversity that may arise. Moreover, to ensure the Bank's financials remain resilient, the Credit Risk premium is periodically reviewed.

The year's unprecedented events required the Bank to play a more expansive role in supporting the needs of society and our customers. Priority was placed on a *#kitajagakita* approach as most of our customers' income were impacted by the COVID-19 outbreak. Stress Testing and Reverse Stress Testing were used as key risk management tools to evaluate the capital adequacy of the Bank. The tests were carried out to assess the impact of a range of adverse scenarios with different probabilities and severities. The outcome from stress testing indicates the Bank's capital position remains strong, with continued business momentum and balance sheet growth.

As the country continues to stabilise and taking prudent steps to end the pandemic phase, the Bank will continue to practice good risk management in facing volatility and hardship.

Ensuring Sustainable Growth and Return

The pandemic was expected to finally fade into the background in 2021. By leveraging on emerging opportunities, the Bank geared all resources 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, served as a guide in harmonising both risk and reward. The Bank's key strategy in balance sheet management was to focus on targeted growth and realigning the portfolio composition. The investment portfolio strategy was 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.

Throughout the year, the Bank concentrated on managing structural risk exposures, namely rate of return and liquidity risks, which guarantee a healthy balance sheet and safeguard returns.

The exposure in the rate of return risk was managed through capital reserving and portfolio composition diversification. This emphasised the growth of floating rate financing and current and savings accounts. With commitment to the implemented plans and action steps put forward over the years, the Bank has successfully managed to ensure that the rate of return risk exposure level is within prescribed best practice levels.

Liquidity Resiliency

Emerging from the worst of the pandemic, resilience was fortified across all operations against a new backdrop in the financial ecosphere with the introduction of various financial assistance programmes, moratoriums and new platforms for conducting business.

The Bank adapted to these new variables and ensured liquidity resiliency, recording an adequate liquidity position, with key liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) well above the prescribed minimum requirements. These are supported by the Bank's comprehensive liquidity risk strategy and management.

The Bank accelerated efforts 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 flow 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 the Bank's obligations in a timely manner and at a reasonable cost.

Maintaining and managing market volatility

As a second line of defense, the Treasury Risk Department consistently monitors the Bank's financial instruments' (Foreign Exchange, Money Market, Fixed Income and Equity) performance through identifying, measuring, monitoring, and reporting Market Risk limits such as Value at Risk (VaR), Management Action Trigger (MAT), stop loss and sensitivity limits, on a daily and monthly basis, to ensure the trading is in or within the Bank risk parameters.

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 our business units, i.e., the Treasury Sector. In addition, Treasury Risk continued to support lines of business to develop dynamic tools in managing the Bank's portfolio risk during the economic uncertainty, as the pandemic slowdown persisted throughout the year.

The adherence or compliance to 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 for trading and non-trading activities is prepared with a benchmark against best market practices and adheres to regulatory requirements. The Treasury Risk Department ensures timely early warning is provided when risk thresholds are to be reached or exceeded, hence allowing the Treasury Department to manage their exposure within the risk thresholds. Besides that, a periodic review of Bank Rakyat's Trading Book limits is essential to cater to the anticipated changes in risk profiles and business strategy.

The robust Treasury trading system, reporting and data solution empowered the Bank to remain resilient during the pandemic. For that reason, Bank Rakyat continues to invest resources into process 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 industry practices, and provides a working environment suited to address the Business Continuity Plan during the crisis.

Resilience in Times of Crisis

Despite the expectations of economic recovery in 2021, the emergence of new COVID-19 variants and the rising number of cases changed the scenario and delayed recovery expectations. Making it worse, in 2021, Malaysia experienced the worst flood in the country since 2014 – 2015. This was declared as a "once in a century" disaster. The intersection of both events disrupted the Bank's operation, due to the numerous closures of affected branches and impact on the health of our customers.

As long-term adjustments to the new norm were enforced, there were calls for new initiatives and collective efforts to minimise systemic disruption in factoring the impacts. Relocation of the Bank's alternate sites to a new centralised location have been initiated to better coordinate our operations whilst safeguarding the continuity of the business during such periods of volatility and uncertainty.

By sharing our practices and challenges on operational risks with the industry, we hone our agility to handle emerging risks. Bank Rakyat was a panelist at the 9th Head Operational Risk Consultative Group, where we stood alongside other operational risk players to discuss risk management of outsourcing, which includes concentration risk and substitutability risk during disasters.

Continuous efforts were made to build a cohesive risk management organisation that serves the dual needs of supporting the business and support units through sharing expertise and best practice, whilst at the same time ensuring appropriate risk controls are always in place. A series of Operational Risk Awareness Programmes have been activated to help set an effective Top-Down Approach with Risk Agents at respective regions. These assemble collective efforts to inculcate risk culture at the first line of defense and ensure that all related Operational risk tools are clearly understood and comprehensively executed in tackling the rise of new emerging risks.

Our unity as an institution in successfully navigating through the unprecedented events of 2021 is the key pivot by which we can brave another such year in the foreseeable future. Now, more than ever before, organised coordination and efforts are required from each and every stakeholder, as encapsulated by our belief that 'Together We Can!'.

Staying Ahead of Technology and Cybersecurity Threats

As financial institutions today are more reliant on complex technology, the risk of system failure and data compromise are comparatively high. To remain operationally resilient, the Bank continuously strengthens Technology Risk functions through effective identification of technology and data related risks subsequently reducing and managing those risks by developing appropriate response plans to enhance the Bank's technology risk posture.

With the challenges that arose from the COVID-19 pandemic, cyber security threats continue to evolve, posing the same theme of malicious threat actors taking advantage of the vulnerabilities that could be found on one's systems or computer networks. Rapid large-scale adoption of digital business and remote working have accelerated opportunities for these threat actors to exploit the unprecedented landscape. In 2021, Malaysia reported eight significant cases of personal data leakage involving 67.5 million personal records of users, and the number of ransomware attacks continues to rise [1].

The Bank remains committed and has taken proactive measures to stay ahead of cyber threats by prioritising technology investment that ensures our data protection and payment security are secure and up to standards. The Chief Information Security Office (CIS Office) continuously aligns the Bank's cyber security programme with risk strategy and enhances our capabilities to continuously monitor and respond to threats by elevating cyber security effectiveness and scalability across Information Security, Security Operations Centre as well as Threat Intelligence and Research functions. Regular activities that raise staff awareness, familiarity and alertness on technology and cyber threats and incidents and cyber drills have been carried out continuously.

Moving Forward

Bank Rakyat is focused on sustainable progress, in line with the Bank's Sustainability Blueprint and regulatory requirements on Climate Change and Principles-based Taxonomy (CCPT) and Climate Risk Management and Scenario Analysis (CRMSA) by BNM.

Towards this end, the Bank will develop a policy on sustainability risk management to manage our exposure in line with the key principles or requirements of BNM's CCPT and CRMSA, as well as Value-based Intermediation (VBI).

[1] Source: Malaysia Kini, 22 December 2021, https://www.malaysiakini.com/news/604088

Responsibility

In accordance with BNM's Policy Document on Corporate Governance, the Board acknowledges its responsibility to oversee the Bank's internal control framework's implementation. In fulfilling its fiduciary duty, the Board recognizes the importance of setting the right tone at the top, and the Board has consistently emphasised that control responsibilities must be taken seriously.

Apart from ensuring the establishment of a sound internal control system, one of the Board's primary responsibilities is to review the effectiveness and suitability 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 an opinion regarding the effectiveness of the internal control system, the Board would obtain from Management the necessary assurance that appropriate policies have been implemented and that the controls in place are adequate and functioning effectively.

While the Board sets the 'tone at the top', it is the Management's responsibility to implement the established policies and procedures. The Management is also responsible for identifying and evaluating the risks faced by the Bank as well as designing, implementing and monitoring an appropriate internal control system.

In view of the inherent limitations of any risk management and internal control system, the Board takes cognisance that such a system can only provide reasonable assurance, rather than absolute assurance, that the Bank's objectives will be met and that it will be protected from material financial misstatement, fraud or losses.

Key Internal Control System

The critical components of the Board's established internal control system that ensures effective governance and oversight of internal controls include, amongst others, the following:

- **Organisation Structure**

  The Board has established an organisational structure with clearly defined lines of responsibility, authority limits and accountabilities, which are aligned with business and operations requirements to support the maintenance of a robust control environment. In order to effectively carry out its responsibilities, the Board has delegated authority to various Board Committees including the Board Nomination and Remuneration Committee, Board Risk Committee, Audit and Examination Committee, Board Financing Committee, Board Integrity and Governance Committee, Board IT Committee, Board Tender Committee and Board Investment Committee to oversee specific responsibilities based on the approved terms of reference. Any amendment to the Board Committees' terms of reference 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 compliance of all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries at all times.

- **Oversight by Audit and Examination Committee**

  The Audit and 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-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit and other control functions.

- **Management Committees**

Management establishes various Management Committees (Executive-level) to assist and support the various Board Committees in overseeing the core areas of business operations. These Committees include amongst others the Management Committee (MANCO), Management Risk Committee (MRC), Financing Committee A, Financing Recovery Committee, Asset and Liability Committee (ALCO), Management Tender Committee (MTC), Management Investment Committee, Information Technology Steering Committee (ITSC) and Crisis Management Team.

- **Annual Business Plan and Budget**

The Board deliberates and approves the annual business plan and budget, which are developed in accordance with the Bank's strategic objectives. Periodically, the performance achievements are reviewed against the targeted results, allowing time for the necessary responses and corrective actions.

- **Second Line of Defence Functions**

The second line of defence functions assist the Bank in building and/or monitoring the first line of defence controls to ensure that the controls embedded in the operation processes are properly designed, in place, and functioning as intended.

- **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's commitment is to ensure that the Bank operates with integrity and adheres to applicable laws, regulations and internal policies. Compliance sectors provides oversight, coordination and consultation of bank's compliance towards regulatory requirements including Shariah and Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA).

These are achieved through reviews and monitoring to assess the overall effectiveness of business' compliance practices. Compliance sectors also assists and advices business to ensure regulatory requirements are served whilst ensuring bank's responsibilities to stakeholders and business objectives are met. Additionally, the sector actively engages in continuous awareness programme to inculcate compliance culture within the Bank.

- **Fraud and Corporate Integrity (FRCI) Function**

FRCI is established and reports directly to 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.

Corporate Integrity on the other hand governs the Anti-Bribery and Corruption objectives, strategies and control measures via implementation of four (4) core functions namely:

- Integrity Governance
- Integrity Detection and Verification
- Integrity Complaint Management
- Integrity Enhancement

In addition, FRCI promotes and embrace Zero Tolerance towards Fraud, Bribery and 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.

- **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 Auditor, who reports functionally to the AEC and administratively to the Chief Executive Officer. The internal audit 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 the Internal Audit function is highlighted in the Audit and 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 describes the values and minimum standards for ethical business conduct for all Bank's employees. All employees of the Bank are expected to perform business activities and represent the Bank with the highest ethical, legal and professional standards.

This Code also consists of the Bank's consequence management in Disciplinary Procedure. The Bank's consequence management provides a detailed and comprehensive guideline for disciplinary management, which consists of employee behavioral, fraud, integrity, and compliance. The Bank's consequence management was reviewed once in 2021 to ensure this Code is relevant to the current employment environment, best industry practices and in line with employment law requirements.

- **Task Force Officers**

Task Force Officers ("TFO") act as Compliance Officers that perform monitoring to further strengthen the level of compliance culture at branches. The TFO 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, minimize Regulatory, Laws, Audit, Compliance or Shariah findings.

The TFOs 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.

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 recognized 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.

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 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.

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.

In line with the Shariah Governance Policy Document issued by Bank Negara Malaysia (BNM), the SC during the discharge of its duties shall:

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 Research and Advisory, Shariah Review, SRM 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 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.

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 Harmonize 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.

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 of Compliance and Governance 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.

7.0 SECRETARY AND SECRETARIAT TO SHARIAH COMMITTEE

7.1 Head of Shariah 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 Research 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.

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 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.

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 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.

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.

Date : 27 May 2022

All Representatives of Bank Rakyat Cooperative Members
All Representatives of Bank Rakyat Individual Members

NOTICE OF BANK RAKYAT ANNUAL GENERAL MEETING 2022

NOTICE IS HEREBY GIVEN THAT the Bank Rakyat Annual General Meeting 2022 will be held as follows:

Date : 11 June 2022 (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.

Method : Fully Virtual
(www.agm2022bankrakyat.com)

MEETING AGENDA

1. Confirmation of the minutes of the Annual General Meeting held on 25 September 2021;

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 2021, 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 proposals from members received by the Board not less than seven (7) days before the Annual General Meeting (if available).

By Order of the Board

AIDAWATHY BINTI ISMAIL
Relief Bank Secretary

Innovating connection

Each colour indicates a different meaning in every painting.
Bank Rakyat has always given a meaningful life by providing
the relevant banking facilities and fulfilling the current needs.

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BANK KERJASAMA RAKYAT MALAYSIA BERHAD FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 211.

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 2021, 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

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.

(DATUK SERI NIK AZMAN NIK ABDUL MAJID)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
25 MARCH 2022

Statement by Directors

We, **DATUK HAJI ABD RANI LEBAI JAAFAR** 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 2021 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 HAJI ABD RANI LEBAI JAAFAR
Chairman

TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN
Director

Kuala Lumpur
Date: 15 FEB 2022

Annual Report of Shariah Committee of Bank Rakyat 2021

In carrying out the roles and responsibilities of Shariah Committee 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 31st December 2021.

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 of Bank Rakyat's operation and to report to the Board of Director of Bank Rakyat. Our main responsibility and accountability is to assist the Board in ensuring that the Bank's business does not have elements and activities which are not permissible under Shariah. 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 31st December 2021, the Shariah Committee had convened 14 meetings including 2 special meetings and 9 resolutions passed by circulation to cater for urgent proposals. All Shariah Committee members have satisfied attendance requirement under BNM's Shariah Governance Policy. Shariah Committee places importance on ensuring effective implementation of Shariah governance and best practices of corporate governance. In view of this, 2 engagement sessions were held between Shariah Committee and the Board of Directors in financial year 2021.

To ensure smoothness of banking operation, we empowered and delegated the approval authority to Shariah Research and Advisory Department to approve generic Shariah related matters and the approvals by the Shariah Research and Advisory Department are duly reported to us on quarterly basis for review and confirmation. Head of Shariah Compliance Division 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) Sponsorship Committee
b) Operation Risk Committee
c) Product Committee
d) Zakat Committee
e) Surau Al-Barakah Committee
f) Member's Share Approval Committee (JKSA)

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 review on development of Bank products including policies, operational guidelines and procedures.

   ii. Shariah review on legal and banking documentation, Products Disclosure Sheet (PDS), notices and marketing materials prior to publishment.

   iii. Shariah review on Shariah compliance status of commercial banking customers prior to approval of financing.

   iv. Shariah review on product operations at the branches level, related departments and Bank's subsidiaries which involve review on legal documents executed and *akad* sequences.

   v. Shariah review on system application related to banking products.

   vi. Shariah 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 on operations, documentations and system application of departments, branches and subsidiaries of Bank Rakyat.

SHARIAH RESEARCH AND ADVISORY, SHARIAH REVIEW, SHARIAH AUDIT AND SHARIAH RISK

2. Shariah Research 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 Research 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 Research and Advisory provide advisory on product development and day to day business operations which includes issuing of Shariah Compliance Review Certificate, Shariah parameters, vetting of legal documentation, screening business banking financing applications, approving marketing materials and cooperative appointment of card merchants as delegated by us. We are also responsible to validate Shariah research papers conducted by Shariah Research and Advisory Department as well as *Takyif Fiqhi* on current issues related to Islamic Banking products and services as a support to the business proposal of the bank. Among the Shariah research papers that have been validated by us is the Shariah studies on the Application of Deemed Consent In Contract Execution.

5. Shariah Review and Shariah Audit have performed their review and audit based on review and audit plan. 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.

6. Shariah Risk responsible to systematically identify, measure, monitor and control Shariah non-compliance risks, and therefore mitigate or minimize the occurrence of Shariah non-compliances. A systematic approach of managing Shariah non-compliance risks will enable the Bank to continue its operations and activities effectively without exposing the Bank to unacceptable levels of risk.

7. During the financial year of 2021, Shariah Review, Shariah Audit and Shariah Risk 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 27 Ar-Rahnu X'Change (ARX), 20 Rakyat Xcess and Ar-Rahnu X'Change and 4 Rakyat Xcess.
c) Shariah Review Report on 5 *Auto Finance Centre* (AFC).
d) Shariah Review Report on 187 corporate financing and cooperative financing application.
e) Shariah Review Report on 21 Trade Finance application.
f) Shariah Review Report on 17 departments of Bank Rakyat.
g) Shariah Review Report on 7 Cooperatives (Credit and Ar-Rahnu).
h) Shariah Review Report on Rakyat Management Services Sdn Bhd.
i) Shariah Review Report on Commodity's Platforms.

Shariah Audit

a) Follow-up Report on Unresolved Shariah Audit Finding for Q4 2020.
b) Shariah Audit Report on Quality Management Department.
c) Shariah Audit Report on Sustainability Department.
d) Shariah Audit Report on Creative Communications Department.
e) Shariah Audit Report on Events Management Department.
f) Shariah Audit Report on Corporate Communications Department.
g) Follow-up Report on Unresolved Shariah Audit Finding for Q1 2021.
h) Shariah Audit Report on Foreign Exchange.
i) Shariah Audit Report on Fixed Income.
j) Shariah Audit Report on Marketing Department.
k) Shariah Audit Report on IT Sector.
l) Shariah Audit Report on Waqf.
m) Shariah Audit Report on Money Market.
n) Follow-up Report on Unresolved Shariah Audit Finding for Q2, 2021.
o) Shariah Audit Report on Personal Financing-i.
p) Shariah Audit Report on Pawn Broking-i.
q) Shariah Audit Report on Home Financing-i.
r) Shariah Audit Report on Vehicle Financing-i.
s) Shariah Audit Report on Savings Account-i.
t) Follow-up Report on Unresolved Shariah Audit Finding for Q3 2021.
u) Shariah Audit Report: Retail Collection.

Shariah Risk

a) Shariah Risk Profiling 2020.
b) Risk and Control Self-Assessment (RCSA) Profiling Report 2021 for Branches.

Shariah Development and Awareness Program

8. In the year of 2021, thirty (30) Shariah training and briefing sessions were conducted within Bank's internal employees covering more than 500 of participants throughout nationwide with more than 10 of total hours spent.

9. For Bank Rakyat's newly recruits, they were required to spend a half-day session to be exposed to the fundamentals of Shariah application in Islamic Banking, which has been incorporated in induction program organized by Centre of Excellence Department.

10. As an effort to ensure all employees are expected to have reasonable understanding on the principles of the Shariah and its broad application in Islamic finance, Shariah Compliance Division has developed an e-Learning (Intermediate) regarding Shariah Concept application in current Bank Rakyat's practise as well as Shariah Governance which resulting more than 90% participation of Bank Rakyat employees.

11. Apart from that, with the aim to inculcate the Shariah compliance culture within Bank Rakyat, Shariah Review Department's officers who's conducted Shariah Review at Bank Rakyat's branches were delegated to deliver a briefing session with branch employees regarding Shariah Compliance. The program was aimed to provide awareness to Business Support and Unit (BSU) on the 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.

12. Bank Rakyat has also extended the commitment for its Shariah fraternity to have a deeper knowledge and understanding on Shariah and Muamalat with execution of in-house training program. Shariah officers of Bank Rakyat has attended three (3) series of Intensive Course of Fiqh Muamalat, which were conducted by local prominent Shariah scholars of Islamic Finance industry.

Shariah Non-Compliance Issue

13. For the financial year ended 31st December 2021, there were a total of two (2) Shariah non-compliance incidents recorded and deliberated in the Shariah Committee Meeting as follows:

Issue No. 1	Shariah Non-Compliance Incident	Status
Pawn Broking Financing-i *(Tawarruq)* product	a) Error in the disbursement process executed through (I18) system that was made prior to the completion of commodity trading transaction. b) Wrong execution of selling price during commodity trading transaction in which selling price generated in the commodity certificate is lower than Surat Akuan Gadaian's (SAG) sales price. c) Absence of commodity trading (sale commodity from Bank to customer) perform by the branch at the second leg of *Tawarruq* transaction.	Shariah Non-Compliance with financial implication
Issue No. 2	**Shariah Non-Compliance Incident**	**Status**
Pawn Broking Financing-i *(Tawarruq)* product	a) Acceptance of one (1) marhun item with the symbol of the divinity and spirituality in Indian religion (Hinduism, Buddhism, Jainism).	Shariah Non-Compliance without financial implication

14. 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.

15. 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.

16. Within the financial year of 2021, the Bank received Shariah non-compliant income amounting of **RM267,088.53**. Part of that amount was disposed to the eligible beneficiaries that not related to the bank for charitable purposes upon Shariah Committee's approval.

Bank Rakyat Waqf Initiative

17. Waqf initiatives in Bank Rakyat which has been approved by us is divided into two, as follows:

    a) Waqf

    This waqf initiative involves various types of waqf and the wider implementation of waqf. Bank Rakyat through MyWakaf initiative introduced by Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) has collaborated with the Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) and as of 31 December 2021, the accumulated waqf received is RM1,401,173.25.

    b) Cash Waqf

    Cash Waqf is one of the types of waqf introduced by Bank Rakyat. Through this waqf, the cash value will be maintained and invested and the investment proceeds will be distributed to the beneficiaries. As of 31 December 2021, the total collection for the Kolej Profesional Baitulmal Kuala Lumpur (KPBKL) is RM191,103.91 and for Yayasan Waqaf Malaysia (YWM) is RM224,315.23.

18. Jāriah al-Barakah is a collaborative initiative between Bank Rakyat and Surau Al-Barakah which was created to support the practice of giving alms among Bank employees and the community. Through this Jāriah al-Barakah platform, charity management can be implemented more effectively and the total collection until 31 December 2021 is RM502,961.08.

Zakat on Business

19. We confirmed that the bank has fulfilled its obligation to pay Zakat on its business for the financial year ended 2020 to Majlis Agama Islam Negeri-Negeri amounting **RM12,790,334.00** 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).

20. For the Zakat Asnaf (own distribution), we confirmed that business Zakat of the bank was distributed accordingly amounting to RM7,674,201.00 to the eligible Asnaf as guided by Policy and Procedure Business Zakat Management of Bank Rakyat that was approved by us. With due concern to the Asnaf during COVID-19 Pandemic, Bank Rakyat has approved an additional payment of Hibah/Tabarru' amounting to RM10,000,000.00.

21. In summary, we endorsed that Bank Rakyat has managed to pay Zakat on business for the year of 2020 in total sum of **RM30,464,535.00**.

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 will be carried out on an on-going basis.

5. All earnings that have been realized from sources or by means prohibited with the Shariah principles were disposed accordingly.

6. The distribution of Zakat on Banking Business for the year of 2021 is in compliance with Shariah principles.

7. The collection of Waqf fund under Bank Rakyat Waqf Initiative for the year of 2020 is in compliance with Shariah principles.

Annual Report of Shariah Committee of Bank Rakyat 2021

SHARIAH COMMITTEE ATTENDANCE 2021

For January to December 2021, Shariah Committee attendance for fourteen (14) meetings held are as follows:

No.	Shariah Committee Member	Attendance	(%)
1.	SS Dato' Setia Mohd Tamyes Abd Wahid	10/10	100%
2.	Prof. Dato' Dr. Mohd Azmi Omar	14/14	100%
3.	Assoc. Prof. Dr. Azman Mohd Noor	14/14	100%
4.	Dr. Mohammad Zaini Yahaya	14/14	100%
5.	Ustaz Wan Rumaizi Wan Husin	14/14	100%
6.	Dr. Tuan Badrul Hisyam Tuan Soh	10/10	100%

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 31st December 2021 have been conducted in conformity with the Shariah principles.

ASSOC. 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

Statutory Declaration

I, **NOR HAIMEE ZAKARIA**, 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 15 FEB 2022

NOR HAIMEE ZAKARIA

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

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 2021.

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	1,626,066	1,615,096
Taxation	274,201	278,107
Zakat	(42,382)	(40,465)
Profit after taxation and zakat	1,857,885	1,852,738
Statutory appropriations	(536,684)	(536,684)
Profit for the year after statutory appropriations	1,321,201	1,316,054
Other comprehensive loss	(710,962)	(710,962)
Total comprehensive income for the year	610,239	605,092
Total comprehensive income for the year attributable to:		
Equity holders of the Bank	610,239	605,092

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 2021, the Bank paid a cash dividend of 13% amounting to RM373 million in regard to the previous financial year ended 31 December 2020.

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.

OTHER STATUTORY INFORMATION

In the opinion of the Directors, the financial statements set out on pages 178 to 331 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 2021 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; and

(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 40 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.

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 HAJI ABD RANI LEBAI JAAFAR

TUNKU DATO' AHMAD BURHANUDDIN
TUNKU DATUK SERI ADNAN

Kuala Lumpur, Malaysia
15 FEB 2022

Statements of Financial Position

as at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Assets					
Cash and short-term funds	6	**835,189**	981,636	**834,987**	981,180
Deposits and placements with financial institutions	7	**672,463**	277,275	**672,463**	277,275
Financial investments at fair value through profit or loss	8	**976,032**	447,826	**976,032**	447,826
Financial investments at fair value through other comprehensive income	9	**20,781,718**	20,620,070	**20,781,710**	20,620,062
Financial investments at amortised cost	10	**10,826,850**	9,747,865	**10,826,850**	9,747,865
Financing and advances	11	**77,296,437**	76,083,198	**77,516,581**	76,285,365
Trade receivables	12	**909**	147	**-**	-
Other assets	13	**620,169**	947,839	**596,551**	924,408
Right-of-use assets	14	**49,075**	56,345	**60,948**	74,930
Inventories	15	**23,393**	3,457	**-**	-
Investments in subsidiaries	16	**-**	-	**100,744**	100,744
Property and equipment	17	**606,186**	602,106	**514,446**	507,166
Intangible assets	18	**579,046**	471,005	**565,861**	457,820
Investment properties	19	**1,388,091**	1,353,684	**948,920**	939,305
Prepaid lease payments	20	**59,038**	60,628	**59,038**	60,628
Tax recoverable		**142,078**	97,492	**138,747**	94,053
Deferred tax assets	21	**201,484**	571	**201,000**	-
Total assets		**115,058,158**	111,751,144	**114,794,878**	111,518,627
Liabilities					
Deposits from customers	22	**86,523,884**	85,575,431	**86,523,884**	85,575,431
Deposits and placements from banks and financial institutions	23	**850,000**	150,000	**850,000**	150,000
Trade payables		**1,839**	1,374	**-**	-
Recourse obligations on financing sold to Cagamas	24	**318,311**	339,826	**318,311**	339,826
Debt securities issued	25	**3,297,940**	2,642,558	**3,297,940**	2,642,558
Cashline facility	26	**700,417**	400,870	**700,417**	400,870
Other liabilities	27	**1,697,022**	1,599,962	**1,884,260**	1,811,536
Provision for taxation		**-**	33	**-**	-
Deferred tax liabilities	21	**13,550**	92,702	**-**	80,000
Total liabilities		**93,402,963**	90,802,756	**93,574,812**	91,000,221
Shareholders' fund					
Share capital	28	**2,986,030**	2,986,030	**2,986,030**	2,986,030
Share redemption fund		**5,885**	9,977	**5,885**	9,977
Reserves	29	**18,663,280**	17,952,381	**18,228,151**	17,522,399
Total shareholders' fund		**21,655,195**	20,948,388	**21,220,066**	20,518,406
Total liabilities and shareholders' fund		**115,058,158**	111,751,144	**114,794,878**	111,518,627
Commitments and contingencies	40	**2,543,134**	2,697,856	**2,543,134**	2,697,856

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 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Income	30	**5,708,550**	6,082,473	**5,654,258**	6,062,235
Expenditure	31	**(2,184,440)**	(2,669,129)	**(2,134,250)**	(2,655,077)
Net income		**3,524,110**	3,413,344	**3,520,008**	3,407,158
Allowances for impairment	32	**(728,892)**	(876,311)	**(729,615)**	(879,467)
Other operating income	33	**355,194**	470,545	**347,802**	468,255
Operating expenses	34	**(1,524,346)**	(1,571,757)	**(1,523,099)**	(1,590,897)
Profit before taxation and zakat		**1,626,066**	1,435,821	**1,615,096**	1,405,049
Taxation	35	**274,201**	(33,558)	**278,107**	(28,938)
Zakat	36	**(42,382)**	(26,412)	**(40,465)**	(23,993)
Profit after taxation and zakat		**1,857,885**	1,375,851	**1,852,738**	1,352,118
Statutory appropriations	37				
Transfer to statutory reserve: 25% (2020: 25%)		**(473,301)**	(344,028)	**(473,301)**	(344,028)
Contribution to the Co-operative Education Trust Fund: 2% (2020: 2%)		**(32,302)**	(28,101)	**(32,302)**	(28,101)
Contribution to the Co-operative Development Provident Fund: 1% (2020: 1%)		**(16,151)**	(14,050)	**(16,151)**	(14,050)
Contribution to Bank Rakyat Foundation		**(14,930)**	(14,930)	**(14,930)**	(14,930)
		(536,684)	(401,109)	**(536,684)**	(401,109)
Profit for the year		**1,321,201**	974,742	**1,316,054**	951,009
Other comprehensive (loss)/income					
Items that will not be reclassified to profit or loss:					
Change in fair value reserve (equity instruments)		**14,714**	10,619	**14,714**	10,619
Items that may be reclassified subsequently to profit or loss:					
Fair value reserve (debt instruments)					
- Change in fair value		**(723,327)**	410,275	**(723,327)**	410,275
- Amount transferred to profit or loss		**(2,304)**	(120,305)	**(2,304)**	(120,305)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		**(45)**	(100)	**(45)**	(100)
Other comprehensive (loss)/income for the year		**(710,962)**	300,489	**(710,962)**	300,489
Total comprehensive income for the year		**610,239**	1,275,231	**605,092**	1,251,498
Earnings per share (RM)					
Basic	38	**0.63**	0.47	**0.63**	0.46

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity
for the Year Ended 31 December 2021

	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 2020	2,986,030	9,860	7,447,046	9,291,102	19,734,038
Profit after taxation and zakat	-	-	-	1,375,851	1,375,851
Transfer to statutory reserve	-	-	-	(344,028)	(344,028)
Contribution to the Co-operative Education Trust Fund	-	-	-	(28,101)	(28,101)
Contribution to the Co-operative Development Provident Fund	-	-	-	(14,050)	(14,050)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	974,742	974,742
Other comprehensive income	-	-	300,489	-	300,489
Total comprehensive income for the year	-	-	300,489	974,742	1,275,231
Transfer from retained profits	-	-	344,028	-	344,028
Issuance to new member	24,485	-	-	-	24,485
Share withdrawal	(24,368)	-	-	-	(24,368)
Transfer to share capital	(117)	117	-	-	-
Dividends (Note 39)	-	-	-	(405,484)	(405,484)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	458	458
At 31 December 2020	2,986,030	9,977	8,091,563	9,860,818	20,948,388
	Note 28		Note 29	Note 29	

Statements of Changes In Equity
for the Year Ended 31 December 2021 (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 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 39)	**-**	**-**	**-**	**(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 28		Note 29	Note 29	

Statements of Changes In Equity
for the Year Ended 31 December 2021 (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 2020	2,986,030	9,860	7,447,787	8,884,112	19,327,789
Profit after taxation and zakat	-	-	-	1,352,118	1,352,118
Transfer to statutory reserve	-	-	-	(344,028)	(344,028)
Contribution to the Co-operative Education Trust Fund	-	-	-	(28,101)	(28,101)
Contribution to the Co-operative Development Provident Fund	-	-	-	(14,050)	(14,050)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	951,009	951,009
Other comprehensive income	-	-	300,489	-	300,489
Total comprehensive income for the year	-	-	300,489	951,009	1,251,498
Transfer from retained profits	-	-	344,028	-	344,028
Issuance to new member	24,485	-	-	-	24,485
Share withdrawal	(24,368)	-	-	-	(24,368)
Transfer to share capital	(117)	117	-	-	-
Dividends (Note 39)	-	-	-	(405,484)	(405,484)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	458	458
At 31 December 2020	2,986,030	9,977	8,092,304	9,430,095	20,518,406
	Note 28		Note 29	Note 29	

Statements of Changes In Equity
for the Year Ended 31 December 2021 (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 39)	**-**	**-**	**-**	**(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 28		Note 29	Note 29	

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows
for the Year Ended 31 December 2021

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit for the year	**1,321,201**	974,742	**1,316,054**	951,009
Adjustment for:				
Transfer to statutory reserve	**473,301**	344,028	**473,301**	344,028
Contribution to the Co-operative Education Trust Fund	**32,302**	28,101	**32,302**	28,101
Contribution to the Co-operative Development Provident Fund	**16,151**	14,050	**16,151**	14,050
Contribution to Bank Rakyat Foundation	**14,930**	14,930	**14,930**	14,930
Taxation	**(274,201)**	33,558	**(278,107)**	28,938
Zakat	**42,382**	26,412	**40,465**	23,993
Profit expense on debt securities issued (Note 31)	**134,198**	110,616	**134,198**	110,616
Allowance for impairment on financing and advances (Note 32)	**729,585**	877,644	**730,308**	880,800
Writeback for impairment on financial investments at fair value through other comprehensive income (Note 32)	**(45)**	(100)	**(45)**	(100)
Writeback for impairment on financial investments at amortised cost (Note 32)	**(648)**	(1,233)	**(648)**	(1,233)
Depreciation of property and equipment (Note 34(ii))	**37,924**	45,897	**34,643**	42,883
Depreciation of right-of-use assets (Note 34(ii))	**16,190**	19,731	**21,976**	24,903
Amortisation of prepaid lease payment (Note 34(ii))	**1,590**	1,542	**1,590**	1,542
Amortisation of intangible assets (Note 34(ii))	**49,448**	29,954	**49,448**	29,954
Finance cost on lease liabilities (Note 34(ii))	**2,117**	1,314	**2,777**	2,160
Property and equipment written off (Note 34(ii))	**257**	329	**238**	101
Intangible assets written off (Note 34(ii))	**31**	-	**31**	-
Gain on disposal of property and equipment (Note 33(ii))	**(185)**	(18)	**-**	-
Loss on financing written off (Note 34(ii))	**6,785**	11,633	**6,785**	11,633
Impairment of trade and other receivables (Note 34(ii))	**438**	49,361	**135**	49,438
Gain on revaluation of investment properties (Note 33(ii))	**(8,871)**	-	**(2,779)**	-
Loss on revaluation of investment properties (Note 34(ii))	**-**	49,084	**-**	68,742
Writeback for impairment on trade receivables (Note 33(ii))	**(1,054)**	(33)	**-**	-
Net gain on disposal of financial investments at fair value through profit or loss (Note 33(ii))	**(2,608)**	(18,852)	**(2,608)**	(18,852)
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 33(ii))	**(2,304)**	(120,305)	**(2,304)**	(120,305)
Net loss on revaluation of financial investments at fair value through profit or loss (Note 33(ii))	**46,840**	50,722	**46,840**	50,722
Net gain on redemption of financial assets at amortised cost (Note 33(ii))	**-**	(926)	**-**	(926)
Profit expense on financing sold with recourse to Cagamas (Note 31)	**16,567**	17,631	**16,567**	17,631
Profit expense on cashline facility (Note 31)	**3,473**	2,858	**3,473**	2,858
Dividend from financial investments at fair value through profit or loss (Note 33(ii))	**(17,538)**	(18,580)	**(17,538)**	(18,580)
Operating profit before working capital changes	**2,638,256**	2,544,090	**2,638,183**	2,539,036

Statements of Cash Flows
for the Year Ended 31 December 2021 (Continued)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (continued)				
Decrease/(Increase) in assets:				
Deposits and placements with financial institutions	**(405,134)**	(207,216)	**(405,134)**	(207,216)
Financing and advances	**(1,951,358)**	(5,782,830)	**(1,970,058)**	(5,913,234)
Trade receivables	**(11)**	177	**-**	-
Other assets	**327,535**	142,531	**327,722**	147,738
Inventories	**(19,936)**	3,333	**-**	-
(Decrease)/Increase in liabilities:				
Deposits from customers	**948,453**	1,744,026	**948,453**	1,744,026
Deposits and placements from banks and financial institutions	**700,000**	(1,150,000)	**700,000**	(1,150,000)
Trade payables	**465**	(278)	**-**	-
Recourse obligations on financing sold to Cagamas	**(38,082)**	(38,575)	**(38,082)**	(38,575)
Other liabilities	**(150,552)**	(216,387)	**(168,712)**	(162,942)
Cash generated from/(used in) operations activities	**2,049,636**	(2,961,129)	**2,032,372**	(3,041,167)
Income tax paid	**(50,483)**	(25,171)	**(47,587)**	(21,324)
Zakat paid	**(28,869)**	(35,195)	**(26,414)**	(32,736)
Net cash generated from/(used in) operating activities	**1,970,284**	(3,021,495)	**1,958,371**	(3,095,227)
Cash flows from investing activities				
Purchases of financial investments at fair value through profit or loss	**(960,000)**	(1,720,000)	**(960,000)**	(1,720,000)
Proceed from disposal of financial investments at fair value through profit or loss	**387,562**	1,876,997	**387,562**	1,876,997
Purchases of financial investments at fair value through other comprehensive income	**(4,433,100)**	(2,660,000)	**(4,433,100)**	(2,660,000)
Proceed from disposal of financial investments at fair value through other comprehensive income	**3,562,839**	4,734,666	**3,562,839**	4,734,666
Purchases of financial investments at amortised cost	**(3,905,000)**	(3,210,000)	**(3,905,000)**	(3,210,000)
Proceeds from disposal of financial investments at amortised cost	**2,826,663**	3,725,385	**2,826,663**	3,725,385
Purchase of investment properties	**(25,536)**	(80,042)	**(6,836)**	-
Purchase of property and equipment	**(42,263)**	(16,991)	**(42,161)**	(16,845)
Purchase of intangible assets	**(157,520)**	(144,789)	**(157,520)**	(144,789)
Proceeds from disposal of property and equipment	**187**	601	**-**	25
Dividend from financial investments at fair value through profit or loss (Note 33(ii))	**17,538**	18,580	**17,538**	18,580
Net cash (used in)/generated from investing activities	**(2,728,630)**	2,524,407	**(2,710,015)**	2,604,019

Statements of Cash Flows
for the Year Ended 31 December 2021 (Continued)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities				
Proceeds from issue of shares to members	**18,282**	24,485	**18,282**	24,485
Dividend paid	**(373,230)**	(405,484)	**(373,230)**	(405,484)
Fund received from government	**157,471**	23,885	**157,471**	23,885
Proceeds from debt securities issued	**1,300,000**	700,000	**1,300,000**	700,000
Payment of profit expenses on debt securities issued	**(778,816)**	(730,844)	**(778,816)**	(730,844)
Payment of lease liabilities	**(17,828)**	(20,951)	**(24,276)**	(26,669)
Payment of cashline facility	**(803,926)**	(202,595)	**(803,926)**	(202,595)
Receipt of cashline facilities	**1,100,000**	400,000	**1,100,000**	400,000
Net cash generated from/(used in) financing activities	**601,953**	(211,504)	**595,505**	(217,222)
Net decrease in cash and cash equivalents	**(156,393)**	(708,592)	**(156,139)**	(708,430)
Cash and cash equivalents at beginning of the year	**1,051,695**	1,760,287	**1,051,239**	1,759,669
Cash and cash equivalents at end of the year	**895,302**	1,051,695	**895,100**	1,051,239
Cash and cash equivalents comprises:				
Cash and short-term funds (Note 6)	**835,189**	981,636	**834,987**	981,180
Deposits and placements with financial institutions (Note 7)	**672,463**	277,275	**672,463**	277,275
	1,507,652	1,258,911	**1,507,450**	1,258,455
Less:				
Cash and short-term funds and deposits and placements with original maturity of more than three months	**(612,350)**	(207,216)	**(612,350)**	(207,216)
	895,302	1,051,695	**895,100**	1,051,239

Statements of Cash Flows
for the Year Ended 31 December 2021 (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 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	**(778,816)**	**-**	**-**	**(778,816)**
Additions	**1,300,000**	**8,920**	**1,100,000**	**2,408,920**
Payment	**-**	**(17,828)**	**(803,926)**	**(821,754)**
At 31 December 2021	**3,297,940**	**51,236**	**700,417**	**4,049,593**
At 1 January 2020	2,562,786	65,875	200,607	2,829,268
Profit expense during the year	110,616	1,314	2,858	114,788
Profit paid during the year	(730,844)	-	-	(730,844)
Additions	700,000	11,789	400,000	1,111,789
Payment	-	(20,951)	(202,595)	(223,546)
At 31 December 2020	2,642,558	58,027	400,870	3,101,455
Bank				
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	**(778,816)**	**-**	**-**	**(778,816)**
Additions	**1,300,000**	**7,994**	**1,100,000**	**2,407,994**
Payment	**-**	**(24,276)**	**(803,926)**	**(828,202)**
At 31 December 2021	**3,297,940**	**63,705**	**700,417**	**4,062,062**
At 1 January 2020	2,562,786	92,116	200,607	2,855,509
Profit expense during the year	110,616	2,160	2,858	115,634
Profit paid during the year	(730,844)	-	-	(730,844)
Additions	700,000	9,603	400,000	1,109,603
Payment	-	(26,669)	(202,595)	(229,264)
At 31 December 2020	2,642,558	77,210	400,870	3,120,638

The accompanying notes form an integral part of the financial statements.

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 2021 (2020: 147).

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, amendments and interpretations 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 April 2021

- Amendment to MFRS 16, Leases - *COVID-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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 - Classification of Liabilities as Current or Non-current and 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 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 impacts to the current period and prior period financial statements of the Group and of the Bank.

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.

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.

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.

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.

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.

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 financing payment of principal or amortisation of the premium/discount).

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 financing 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 financing 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.

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 the 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.

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*.

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)

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.

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.

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)

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 the 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.

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").

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)

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 financing 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

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.

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.

FINANCIAL STATEMENT

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

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 placement.

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.

3.5.6 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(a) Group as lessor (continued)

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 33). 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

(i) Right-of-use assets (continued)

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. The Group and the Bank present lease liabilities in 'Other liabilities' (Note 27) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 impairment losses. Historical cost includes expenditure 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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Property and equipment (continued)

All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has 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

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 is recognised in profit or loss.

3.11 Intangible assets

In addition to goodwill, intangible assets also includes 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets (continued)

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 4 to 860 years (2020: 5 to 861 years).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Profit income and expense (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (continued)

3.18.2 Deferred income tax (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 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Impairment losses on financing and advances (continued)

(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.

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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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.

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.

FINANCIAL STATEMENT

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") shall 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	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Financing and advances				
Closing balance under MFRS	**78,933,161**	77,868,394	**79,166,911**	78,083,444
Modification loss	**858,835**	349,430	**858,835**	349,430
Loss of income due to changes in effective rate	**(176,532)**	(61,941)	**(176,532)**	(61,941)
Closing balance under modified accounting treatment	**79,615,464**	78,155,883	**79,849,214**	78,370,933

	Group		Bank	
For the year ended 31 December	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income				
Year ended balance under MFRS	**4,010,549**	4,488,913	**4,020,606**	4,495,905
Modification loss	**509,405**	349,430	**509,405**	349,430
Loss of income due to changes in effective rate	**(114,592)**	(61,941)	**(114,592)**	(61,941)
Year ended balance under modified accounting treatment	**4,405,362**	4,776,402	**4,415,419**	4,783,394

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At amortised cost				
Cash and balances with banks and other financial institutions	**835,189**	881,621	**834,987**	881,165
Money at call and deposit placements maturing within one month	**-**	100,015	**-**	100,015
	835,189	981,636	**834,987**	981,180

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and short-term funds	**835,189**	981,636	**834,987**	981,180

7. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	2021 RM'000	2020 RM'000
At amortised cost		
Licensed banks	**672,463**	277,275

The maturity structure of the deposits and placements with financial institutions is as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Maturity more than one month and less than three months	**311,214**	70,059
More than three months	**361,249**	207,216
	672,463	277,275

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	2021 RM'000	2020 RM'000
Debt instruments at fair value through profit or loss:		
Government investment issues	**695,939**	89,942
Islamic redeemable convertible preference shares	**213,200**	213,200
	909,139	303,142
Equity securities at fair value through profit or loss:		
Quoted shares	**66,893**	144,684
	66,893	144,684
Total financial investments at fair value through profit or loss	**976,032**	447,826

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	**5,036,372**	4,764,843	**5,036,372**	4,764,843
Government investment issues	**5,550,252**	6,034,142	**5,550,252**	6,034,142
Government sukuk	**8,709,494**	7,703,704	**8,709,494**	7,703,704
Khazanah sukuk	**156,319**	235,038	**156,319**	235,038
Cagamas sukuk	**1,256,502**	1,824,378	**1,256,502**	1,824,378
	20,708,939	20,562,105	**20,708,939**	20,562,105
Equity securities at fair value through other comprehensive income:				
Unquoted shares	**72,779**	57,965	**72,771**	57,957
	72,779	57,965	**72,771**	57,957
Total financial investments at fair value through other comprehensive income	**20,781,718**	20,620,070	**20,781,710**	20,620,062

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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 2020	274
Changes in credit risk (Note 32(ii))	(100)
At 31 December 2020/1 January 2021	**174**
Changes in credit risk (Note 32(ii))	**(45)**
At 31 December 2021	**129**

The decrease in ECL Stage 1 of RM45,000 is due to improvement in credit quality during the financial year.

The maturity structure of the debt instruments is as follows:

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Maturity within one year	**3,124,637**	3,809,671
More than one year to five years	**9,814,499**	10,936,085
More than five years	**7,769,803**	5,816,349
	20,708,939	20,562,105

10. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2021 RM'000	**2020 RM'000**
At amortised cost		
Islamic debt securities	**471,788**	572,783
Government investment issues	**6,925,903**	5,480,409
Government sukuk	**3,170,872**	2,923,692
Khazanah sukuk	**100,040**	240,070
Cagamas sukuk	**76,349**	449,617
Negotiable Islamic debt certificates	**99,940**	99,984
	10,844,892	9,766,555
Less: Allowance for ECL		
Negotiable Islamic debt certificates	**(12)**	(2)
Islamic debt securities	**(18,030)**	(18,688)
	10,826,850	9,747,865

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 2020	94	19,829	19,923
Changes in credit risk (Note 32(ii))	(55)	(1,178)	(1,233)
At 31 December 2020/1 January 2021	**39**	**18,651**	**18,690**
Changes in credit risk (Note 32(ii))	**(7)**	**(641)**	**(648)**
At 31 December 2021	**32**	**18,010**	**18,042**

The decrease in ECL Stage 1 of RM7,000 is due to decrease 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	
	2021 RM'000	**2020 RM'000**
Maturity within one year	**1,669,423**	1,731,426
More than one year to five years	**2,298,512**	3,450,553
More than five years	**6,876,957**	4,584,576
	10,844,892	9,766,555

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept

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**

11. FINANCING AND ADVANCES (CONTINUED)

(i) Financing and advances analysed by type and concept (continued)

Group 2020	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	20,961,835	-	-	-	-	-	38,416,192	59,378,027
- House financing	-	933,849	-	116	-	-	6,539,130	7,473,095
- Hire-purchase receivables	-	-	-	-	-	1,872,092	-	1,872,092
- Syndicated financing	-	-	-	-	-	-	313,742	313,742
- Bridging financing	-	-	-	-	-	-	258,354	258,354
- Other term financing	8,605	1,159	-	16	-	-	5,297,634	5,307,414
Pawn broking	-	-	599,893	-	-	-	1,594,886	2,194,779
Cashline	-	-	-	-	-	-	147,637	147,637
Revolving credit	-	-	-	-	-	-	356,659	356,659
Credit card	-	-	-	-	-	-	376,004	376,004
Staff financing	-	-	-	-	-	-	478,080	478,080
	20,970,440	935,008	599,893	132	-	1,872,092	53,778,318	78,155,883
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(388,082)
Stage 2 - lifetime ECL not credit impaired								(709,254)
Stage 3 - lifetime ECL credit impaired								(975,349)
Net financing and advances								76,083,198

11. FINANCING AND ADVANCES (CONTINUED)

(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**

11. FINANCING AND ADVANCES (CONTINUED)

(i) Financing and advances analysed by type and concept (continued)

Bank 2020	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	20,961,835	-	-	-	-	-	38,416,192	59,378,027
- House financing	-	933,849	-	116	-	-	6,754,180	7,688,145
- Hire-purchase receivables	-	-	-	-	-	1,872,092	-	1,872,092
- Syndicated financing	-	-	-	-	-	-	313,742	313,742
- Bridging financing	-	-	-	-	-	-	258,354	258,354
- Other term financing	8,605	1,159	-	16	-	-	5,297,634	5,307,414
Pawn broking	-	-	599,893	-	-	-	1,594,886	2,194,779
Cashline	-	-	-	-	-	-	147,637	147,637
Revolving credit	-	-	-	-	-	-	356,659	356,659
Credit card	-	-	-	-	-	-	376,004	376,004
Staff financing	-	-	-	-	-	-	478,080	478,080
	20,970,440	935,008	599,893	132	-	1,872,092	53,993,368	78,370,933
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(400,965)
Stage 2 - lifetime ECL not credit impaired								(709,254)
Stage 3 - lifetime ECL credit impaired								(975,349)
Net financing and advances								76,285,365

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 RM220.14 million net of expected credit losses (2020: RM202.17 million), subject to profit rate of 4.53% to 8.62% (2020: 4.53% to 8.62%).

Included in the Group's and the Bank's financing and advances as at 31 December 2021 are government financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing amounting to RM128.68 million (2020: RM22.70 million).

(ii) Financing and advances analysed by geographical distribution

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Central Region	**31,337,571**	30,253,813	**31,571,321**	30,468,863
Southern Region	**12,143,631**	11,638,991	**12,143,631**	11,638,991
Eastern Region	**12,180,512**	12,954,657	**12,180,512**	12,954,657
Northern Region	**9,376,603**	9,069,875	**9,376,603**	9,069,875
East Malaysia Region	**14,577,147**	14,238,547	**14,577,147**	14,238,547
	79,615,464	78,155,883	**79,849,214**	78,370,933

(iii) Financing and advances analysed by economic sector

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of securities	**18,660**	19,666	**18,660**	19,666
Purchase of non-residential property	**110,945**	157,446	**110,945**	157,446
Consumption credit	**73,976,115**	72,558,742	**73,976,115**	72,558,742
Agriculture	**81,262**	81,988	**81,262**	81,988
Mining and quarrying	**300**	-	**300**	-
Manufacturing	**77,107**	37,150	**77,107**	37,150
Electricity, gas and water	**27,433**	11,044	**27,433**	11,044
Construction	**961,965**	983,569	**961,965**	983,569
Wholesale and retail trade	**562,177**	690,652	**562,177**	690,652
Transportation and communication	**274,798**	256,447	**274,798**	256,447
Financial, takaful and business services	**3,135,950**	3,091,935	**3,369,700**	3,306,985
Community, social and personal services	**388,752**	267,244	**388,752**	267,244
	79,615,464	78,155,883	**79,849,214**	78,370,933

11. FINANCING AND ADVANCES (CONTINUED)

(iv) Financing and advances analysed by remaining contractual maturity

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturity within one year	**2,380,353**	1,910,855	**2,380,353**	1,910,855
More than one year to three years	**2,864,804**	3,017,360	**2,864,804**	3,017,360
More than three years to five years	**6,423,600**	6,514,507	**6,423,600**	6,514,507
More than five years	**67,946,707**	66,713,161	**68,180,457**	66,928,211
	79,615,464	78,155,883	**79,849,214**	78,370,933

(v) Financing and advances analysed by customer type

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Individuals	**74,104,154**	72,751,866	**74,104,154**	72,751,866
Business enterprises	**3,041,960**	2,789,517	**3,275,710**	3,004,567
Non-bank financial institutions				
- Co-operatives	**2,214,452**	2,352,121	**2,214,452**	2,352,121
Foreign entities	**1,566**	2,132	**1,566**	2,132
Other entities	**253,332**	260,247	**253,332**	260,247
	79,615,464	78,155,883	**79,849,214**	78,370,933

(vi) Financing and advances analysed by profit rate sensitivity

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
Personal financing-i	**18,896,645**	21,074,788	**18,896,645**	21,074,788
House financing-i	**1,499,808**	1,559,125	**1,499,808**	1,559,125
Others	**6,340,666**	6,444,482	**6,340,666**	6,444,482
Floating rate				
Personal financing-i	**41,013,798**	38,303,214	**41,013,798**	38,303,214
House financing-i	**6,889,473**	5,913,979	**7,123,223**	6,129,029
Others	**4,975,074**	4,860,295	**4,975,074**	4,860,295
	79,615,464	78,155,883	**79,849,214**	78,370,933

11. FINANCING AND ADVANCES (CONTINUED)

(vii) Impaired financing and advances analysed by geographical distribution

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Central Region	**1,035,174**	1,180,067
Southern Region	**70,532**	83,215
Eastern Region	**87,720**	87,393
Northern Region	**63,022**	68,089
East Malaysia Region	**97,052**	99,440
	1,353,500	1,518,204

(viii) Impaired financing and advances analysed by economic sector

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Purchase of securities	**1,004**	131
Purchase of non-residential property	**2,245**	3,833
Consumption credit	**605,093**	740,707
Agriculture	**49,965**	28,858
Manufacturing	**2,011**	2,236
Construction	**184,089**	190,911
Wholesale and retail trade	**8,375**	12,988
Transportation and communication	**7,542**	930
Financial, takaful and business services	**492,542**	537,610
Community, social and personal services	**634**	-
	1,353,500	1,518,204

(ix) Movements in impaired financing and advances are as follows:

	Group and Bank	
	2021 RM'000	**2020 RM'000**
At 1 January	**1,518,204**	1,406,672
Classified as impaired during the year	**2,005,755**	1,207,376
Amount written back in respect of recoveries	**(1,685,467)**	(826,201)
Amount written off during the year	**(484,992)**	(269,643)
	(164,704)	111,532
At 31 December	**1,353,500**	1,518,204
Gross impaired financing and advances as a percentage of gross financing and advances	**1.70%**	1.94%

11. FINANCING AND ADVANCES (CONTINUED)

(x) Movements in allowance for ECL on financing and advances are as follows:

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**

Group 2020	**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 2020	240,394	399,011	820,128	1,459,533
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	44,517	(41,217)	(3,300)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(17,255)	102,616	(85,361)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(1,475)	(57,697)	59,172	-
New financial assets originated *	84,720	36,888	30,988	152,596
Changes in credit risk	70,520	320,040	454,082	844,642
Financial assets derecognised	(33,339)	(50,387)	(30,717)	(114,443)
Amount written off	-	-	(269,643)	(269,643)
At 31 December 2020	388,082	709,254	975,349	2,072,685

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 2021	**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 2021	**948,159**	**609,842**	**774,632**	**2,332,633**

Bank 2020	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 2020	250,121	399,011	820,128	1,469,260
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	44,517	(41,217)	(3,300)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(17,255)	102,616	(85,361)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(1,475)	(57,697)	59,172	-
New financial assets originated *	84,720	36,888	30,988	152,596
Changes in credit risk	73,676	320,040	454,082	847,798
Financial assets derecognised	(33,339)	(50,387)	(30,717)	(114,443)
Amount written off	-	-	(269,643)	(269,643)
At 31 December 2020	400,965	709,254	975,349	2,085,568

* New financing and advances originated during the year which were not credit impaired at origination but subsequently the credit risk has deteriorated.

11. FINANCING AND ADVANCES (CONTINUED)

(x) Movements in allowance for ECL on financing and advances are as follows: (continued)

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 increased due to the following:

a) 12 month ECL (Stage 1) - increase by RM546.47 million for the Group and increase by RM547.19 million for the Bank mainly due to changes in ECL staging policy and refinement of management overlay to further include the presumption of payment ability to be affected from COVID-19 and flood which has resulted in additional ECL charge.

b) Lifetime ECL (Stage 2) - decrease by RM99.41 million for the Group and the Bank mainly due to changes in ECL staging policy.

c) Lifetime ECL (Stage 3) - decrease by RM200.72 million for the Group and the Bank mainly from financing and advances amount written off and partially offset by financing and advances that migrated into Stage 3 due to deterioration in credit quality.

12. TRADE RECEIVABLES

	Group	
	2021 RM'000	**2020 RM'000**
At amortised cost		
Trade receivables	**2,075**	2,108
Less: Allowance for ECL	**(1,166)**	(1,961)
	909	147

The credit period granted for sale of goods is 30 days (2020: 30 days). No profit is charged on trade receivables.

12. TRADE RECEIVABLES (CONTINUED)

The table below is an analysis of trade receivables at the end of the reporting period:

	Group	
	2021 RM'000	**2020 RM'000**
Neither past due nor impaired		
1 day to less than 1 month	**60**	122
Past due but not impaired		
1 month to less than 2 months	**374**	455
2 months to less than 3 months	**597**	349
	971	804
Past due and impaired	**1,044**	1,182
	2,075	2,108

Movements in the allowance for ECL are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**1,961**	1,971
Impairment losses recognised during the year (Note 34(ii))	**303**	33
Amount recovered during the year (Note 33(ii))	**(1,054)**	(33)
Amount written off during the year	**(44)**	(10)
At 31 December	**1,166**	1,961

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date 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.

13. OTHER ASSETS

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amount due from subsidiaries (i)	**-**	-	**12,524**	13,976
Other receivables, deposits and prepayments (ii)	**620,169**	947,839	**584,027**	910,432
	620,169	947,839	**596,551**	924,408

13. OTHER ASSETS (CONTINUED)

(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	
	2021 RM'000	**2020 RM'000**
Outstanding balances	**23,952**	25,404
Less: Allowance for ECL	**(11,428)**	(11,428)
	12,524	13,976

Movements in the allowance for ECL of amount due from subsidiaries that are neither past due nor impaired are as follows:

	Bank	
	2021 RM'000	**2020 RM'000**
At 1 January/31 December	**11,428**	11,428

(ii) Other receivables, deposits and prepayments

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Other receivables	**351,626**	663,015	**350,797**	661,211
Allowance for ECL	**(11,096)**	(31,973)	**(10,567)**	(31,333)
	340,530	631,042	**340,230**	629,878
Refundable deposits	**45,989**	46,433	**10,479**	10,290
Prepayments	**33,650**	70,364	**33,318**	70,264
Contribution to Central Liquidity Monetary Fund *	**200,000**	200,000	**200,000**	200,000
	620,169	947,839	**584,027**	910,432

13. OTHER ASSETS (CONTINUED)

(ii) Other receivables, deposits and prepayments (continued)

Movements in the allowance for ECL of other receivables that are neither past due nor impaired are as follows:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**31,973**	20,563	**31,333**	19,813
Impairment losses recognised during the year (Note 34(ii))	**135**	49,328	**135**	49,438
Amount written off during the year	**(21,012)**	(37,918)	**(20,901)**	(37,918)
At 31 December	**11,096**	31,973	**10,567**	31,333

* 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 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.

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.

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

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 2020	61,322	2,965	64,287
Additions	15,713	8,252	23,965
Disposal	(12,176)	-	(12,176)
Depreciation (Note 34(ii))	(16,902)	(2,829)	(19,731)
At 31 December 2020/1 January 2021	47,957	8,388	56,345
Additions	**18,680**	**-**	**18,680**
Disposal	**(9,605)**	**(155)**	**(9,760)**
Depreciation (Note 34(ii))	**(14,181)**	**(2,009)**	**(16,190)**
At 31 December 2021	**42,851**	**6,224**	**49,075**
Bank			
At 1 January 2020	87,265	2,965	90,230
Additions	18,925	8,252	27,177
Disposal	(17,574)	-	(17,574)
Depreciation (Note 34(ii))	(22,074)	(2,829)	(24,903)
At 31 December 2020/1 January 2021	66,542	8,388	74,930
Additions	**18,558**	**-**	**18,558**
Disposal	**(10,409)**	**(155)**	**(10,564)**
Depreciation (Note 34(ii))	**(19,967)**	**(2,009)**	**(21,976)**
At 31 December 2021	**54,724**	**6,224**	**60,948**

The total cash outflow for leases for the Group is RM17,828,000 (2020: RM20,951,000) and for the Bank is RM24,276,000 (2020: RM26,669,000). 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 27.

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.

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Depreciation expense of right-of-use assets (Note 34(ii))	**16,190**	19,731	**21,976**	24,903
Finance cost on lease liabilities (Note 34(ii))	**2,117**	1,314	**2,777**	2,160
Total amount recognised in profit or loss	**18,307**	21,045	**24,753**	27,063

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 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 and 3 years. Rental income recognised by the Group and the Bank during the year is RM19,760,097 (2020: RM21,430,010) and RM19,069,786 (2020: RM20,860,171), respectively.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Future rental income within:				
- 1 year	**13,144**	15,555	**12,411**	14,846
- 2 years	**6,530**	9,852	**5,616**	9,119
- 3 years	**3,788**	4,780	**1,881**	2,916
	23,462	30,187	**19,908**	26,881

15. INVENTORIES

Inventories consist of the following:

	Group	
	2021 RM'000	**2020 RM'000**
Trading inventories, at cost	**23,393**	3,457
Recognised in profit or loss:		
Inventories recognised as cost of sales	**50,955**	17,534

16. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2021 RM'000	**2020 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
	2021 %	**2020 %**	
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.

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 2021	Number of directly owned subsidiaries 2020	Number of indirectly owned subsidiaries 2021	Number of indirectly owned subsidiaries 2020
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 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**

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) 2020									
At cost									
At 1 January	41,510	457,189	117,598	928	85,954	283,332	425,446	5,289	1,417,246
Additions	-	102	-	-	565	3,952	11,111	1,261	16,991
Disposals	-	-	-	-	-	(545)	(2,317)	(87)	(2,949)
Write-offs	-	-	-	-	-	(4,544)	(7,111)	(60)	(11,715)
Reclassifications	-	-	-	-	(1,865)	1,908	(43)	-	-
Transfer to intangible assets (Note 18)	-	-	-	-	(61,849)	-	-	-	(61,849)
Transfer to prepaid lease payments (Note 20)	-	-	(3,173)	-	-	-	-	-	(3,173)
At 31 December	41,510	457,291	114,425	928	22,805	284,103	427,086	6,403	1,354,551
Accumulated depreciation									
At 1 January	-	52,305	25,371	881	-	261,772	377,253	2,903	720,485
Charge for the year	-	8,909	2,677	21	-	12,183	21,457	650	45,897
Disposals	-	-	-	-	-	(465)	(1,814)	(87)	(2,366)
Write-offs	-	-	-	-	-	(4,318)	(7,055)	(13)	(11,386)
Reclassifications	-	-	-	-	-	9	(9)	-	-
Transfer to prepaid lease payments (Note 20)	-	-	(185)	-	-	-	-	-	(185)
At 31 December	-	61,214	27,863	902	-	269,181	389,832	3,453	752,445
Net book value									
At 31 December	41,510	396,077	86,562	26	22,805	14,922	37,254	2,950	602,106

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 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**

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) 2020									
At cost									
At 1 January	40,122	394,144	78,863	928	85,954	280,384	421,033	4,784	1,306,212
Additions	-	102	-	-	565	3,952	10,965	1,261	16,845
Disposals	-	-	-	-	-	(431)	(714)	-	(1,145)
Write-offs	-	-	-	-	-	(3,635)	(7,093)	(60)	(10,788)
Reclassifications	-	-	-	-	(1,865)	1,865	-	-	-
Transfer to intangible assets (Note 18)	-	-	-	-	(61,849)	-	-	-	(61,849)
Transfer to prepaid lease payments (Note 20)	-	-	(3,173)	-	-	-	-	-	(3,173)
At 31 December	40,122	394,246	75,690	928	22,805	282,135	424,191	5,985	1,246,102
Accumulated depreciation									
At 1 January	-	48,670	21,633	881	-	260,092	374,258	2,511	708,045
Charge for the year	-	7,492	1,807	21	-	11,895	21,057	611	42,883
Disposals	-	-	-	-	-	(431)	(689)	-	(1,120)
Write-offs	-	-	-	-	-	(3,634)	(7,041)	(12)	(10,687)
Transfer to prepaid lease payments (Note 20)	-	-	(185)	-	-	-	-	-	(185)
At 31 December	-	56,162	23,255	902	-	267,922	387,585	3,110	738,936
Net book value									
At 31 December	40,122	338,084	52,435	26	22,805	14,213	36,606	2,875	507,166

Land titles of certain freehold land of the Group and the Bank with carrying amount of RM25,014,244 (2020: RM3,003,259) have not yet been issued by the relevant authorities.

18. INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
Group 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**

18. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Computer software RM'000	Software in development RM'000	Total RM'000
Group (continued) 2020				
At cost				
At 1 January	13,185	300,105	225,222	538,512
Additions	-	25,312	119,477	144,789
Disposals	-	(3)	-	(3)
Write-offs	-	(187)	-	(187)
Transfer from property and equipment (Note 17)	-	-	61,849	61,849
Reclassifications	-	406,548	(406,548)	-
At 31 December	13,185	731,775	-	744,960
Accumulated amortisation				
At 1 January	-	244,191	-	244,1915
Charge for the year	-	29,954	-	29,9548
Disposals	-	(3)	-	(3)
Write-offs	-	(187)	-	(187)
At 31 December	-	273,955	-	273,955
Net book value				
At 31 December	13,185	457,820	-	471,005

18. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Bank	
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**

18. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000	Software in development RM'000	Total RM'000
Bank (continued)			
2020			
At cost			
At 1 January	300,105	225,222	525,327
Additions	25,312	119,477	144,789
Disposals	(3)	-	(3)
Write-offs	(187)	-	(187)
Transfer from property and equipment (Note 17)	-	61,849	61,849
Reclassifications	406,548	(406,548)	-
At 31 December	731,775	-	731,775
Accumulated amortisation			
At 1 January	244,191	-	244,191
Charge for the year	29,954	-	29,954
Disposals	(3)	-	(3)
Write-offs	(187)	-	(187)
At 31 December	273,955	-	273,955
Net book value			
At 31 December	457,820	-	457,820

19. INVESTMENT PROPERTIES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At fair value				
At 1 January	**1,353,684**	1,322,726	**939,305**	1,008,047
Additions	**25,536**	80,042	**6,836**	-
Gain on revaluation (Note 33(ii))	**8,871**	-	**2,779**	-
Loss on revaluation (Note 34(ii))	**-**	(49,084)	**-**	(68,742)
At 31 December	**1,388,091**	1,353,684	**948,920**	939,305

Investment properties include the following:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	**145,245**	145,235	**145,203**	145,203
Buildings	**931,692**	904,517	**522,200**	519,635
Long-term leasehold land	**311,154**	303,932	**281,517**	274,467
	1,388,091	1,353,684	**948,920**	939,305

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 2021 and 31 December 2020 have been arrived at on the basis of a 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.

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 2021	**1,388,091**	**1,388,091**	**-**	**-**	**1,388,091**
At 31 December 2020	1,353,684	1,353,684	-	-	1,353,684
Bank					
At 31 December 2021	**948,920**	**948,920**	**-**	**-**	**948,920**
At 31 December 2020	939,305	939,305	-	-	939,305

19. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of fair value:

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land RM'000	Total RM'000
Group				
At 1 January 2020	145,192	848,390	329,144	1,322,726
Additions	-	80,040	2	80,042
Remeasurement recognised in profit or loss	43	(23,913)	(25,214)	(49,084)
At 31 December 2020/1 January 2021	145,235	904,517	303,932	1,353,684
Additions	**-**	**18,700**	**6,836**	**25,536**
Remeasurement recognised in profit or loss (Note 33(ii))	**10**	**8,475**	**386**	**8,871**
At 31 December 2021	**145,245**	**931,692**	**311,154**	**1,388,091**
Bank				
At 1 January 2020	145,160	560,197	302,690	1,008,047
Remeasurement recognised in profit or loss	43	(40,562)	(28,223)	(68,742)
At 31 December 2020/1 January 2021	145,203	519,635	274,467	939,305
Additions	**-**	**-**	**6,836**	**6,836**
Remeasurement recognised in profit or loss (Note 33(ii))	**-**	**2,565**	**214**	**2,779**
At 31 December 2021	**145,203**	**522,200**	**281,517**	**948,920**

Land titles for certain freehold land and leasehold land of the Group and the Bank with fair value amounting to RM980,000 (2020: 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 RM19,760,097 (2020: RM21,430,010) and RM19,069,786 (2020: RM20,860,171) has been earned during the year.

20. PREPAID LEASE PAYMENTS

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Cost		
At 1 January	**79,853**	76,680
Transfer from property and equipment (Note 17)	**-**	3,173
At 31 December	**79,853**	79,853
Accumulated amortisation		
At 1 January	**19,225**	17,498
Charge for the year (Note 34(ii))	**1,590**	1,542
Transfer from property and equipment (Note 17)	**-**	185
At 31 December	**20,815**	19,225
	59,038	60,628

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Prepaid lease payments include:		
Long-term leasehold land	**52,044**	53,448
Short-term leasehold land	**6,994**	7,180
	59,038	60,628

The remaining period of the leasehold land of the Group and of the Bank ranges from 4 to 860 years (2020: 5 to 861 years).

The land titles of certain leasehold land of the Group and of the Bank amounting to RM6,730,115 (2020: RM6,901,409) have not yet been issued to the Group and the Bank by the relevant authorities.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**(92,131)**	(79,344)	**(80,000)**	(69,000)
Recognised in profit or loss (net) (Note 35)				
- relating to origination and reversal of temporary differences	**280,787**	(12,725)	**281,000**	(11,000)
- underprovision of net deferred tax liabilities	**(722)**	(62)	**-**	-
As of 31 December	**187,934**	(92,131)	**201,000**	(80,000)

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deferred tax assets, net	**201,484**	571	**201,000**	-
Deferred tax liabilities, net	**(13,550)**	(92,702)	**-**	(80,000)
	187,934	(92,131)	**201,000**	(80,000)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deferred tax assets	**386,088**	249,403	**385,000**	248,000
Deferred tax liabilities	**(198,154)**	(341,534)	**(184,000)**	(328,000)
	187,934	(92,131)	**201,000**	(80,000)

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:

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 2020	41,000	93,890	29,744	164,634
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	71,000	14,064	(224)	84,840
- overprovision	-	-	(71)	(71)
At 31 December 2020/1 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**
- underprovision	**-**	**-**	**54**	**54**
At 31 December 2021	**244,000**	**121,304**	**20,784**	**386,088**

* Mainly consist of temporary differences in respect of allowance for ECL of other receivables and lease liabilities.

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 2020	138,000	105,978	243,978
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	69,000	28,565	97,565
- overprovision	-	(9)	(9)
At 31 December 2020/1 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)**
- underprovision	**-**	**776**	**776**
At 31 December 2021	**33,000**	**165,154**	**198,154**

^ Mainly consist of temporary differences in respect of property and equipment, investment in properties and right-of-use assets.

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	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 2020	41,000	93,000	29,000	163,000
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	71,000	14,000	-	85,000
At 31 December 2020/1 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	**244,000**	**121,000**	**20,000**	**385,000**

* Mainly consist of temporary differences in respect of allowance for ECL of other receivables and lease liabilities.

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 2020	138,000	94,000	232,000
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	69,000	27,000	96,000
At 31 December 2020/1 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	**33,000**	**151,000**	**184,000**

^ 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	
	2021 RM'000	2020 RM'000
Savings deposits		
Qard	**9,231,952**	8,283,345
Term deposits		
Tawarruq	**74,016,432**	72,992,086
Negotiable Islamic debt certificates	**3,275,500**	4,300,000
	86,523,884	85,575,431

Deposits from customers are sourced from the following type of customers:

	Group and Bank	
	2021 RM'000	2020 RM'000
Government	**43,517,087**	38,041,363
Business enterprises	**19,314,090**	23,717,792
Co-operatives	**2,439,694**	3,041,520
Individuals	**19,597,897**	19,212,057
Others	**1,655,116**	1,562,699
	86,523,884	85,575,431

Maturity structure of term deposits and negotiable Islamic debt certificates is as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Maturity within six months	**60,012,303**	60,790,619
More than six months to one year	**11,156,420**	11,314,941
More than one year to five years	**6,123,209**	5,186,526
	77,291,932	77,292,086

23. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed Islamic banks	**850,000**	150,000

24. 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.

25. DEBT SECURITIES ISSUED

		Group and Bank	
	Note	2021 RM'000	2020 RM'000
Issued under the RM9.0 billion Senior Islamic Medium Term Notes (IMTN) Programme:			
RM350 million IMTN due in 2021	(i)(a)	**-**	351,579
RM850 million IMTN due in 2022	(i)(b)	**853,176**	853,095
RM430 million IMTN due in 2022	(i)(c)	**433,370**	433,447
Issued under the RM10.0 billion Senior Sukuk Wakalah Programme:			
RM400 million IMTN due in 2025	(ii)(a)	**402,368**	402,262
RM300 million IMTN due in 2027	(ii)(a)	**301,905**	301,850
RM300 million IMTN due in 2026	(ii)(b)	**301,996**	-
RM700 million IMTN due in 2028	(ii)(b)	**705,138**	-
Issued under the RM5.0 billion Tier II Subordinated Programme:			
RM300 million Tier II due in 2026	(iii)(a)	**-**	300,325
RM300 million Tier II due in 2031	(iii)(b)	**299,987**	-
		3,297,940	2,642,558

25. 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 24 November 2014, the Bank issued the sixth tranche of RM350 million. The sixth tranche bears a profit distribution rate at 4.65% matured on 24 November 2021. The profit is payable semi-annually each year commencing 25 May 2015. The sixth tranche has been fully redeemed on 24 November 2021.

(b) On 29 May 2017, the Bank issued the seventh and eighth tranches of RM350 million and RM850 million. The seventh tranche bears a profit distribution rate at 4.46% matured on 29 May 2020. The seventh tranche has been fully redeemed on 29 May 2020. The eighth tranche bears a profit distribution rate at 4.58% maturing on 27 May 2022. The profit is payable semi-annually each year commencing 29 November 2017.

(c) On 17 October 2017, the Bank issued the ninth and tenth tranches of RM270 million and RM430 million. The ninth tranche bears a profit distribution rate at 4.45% matured on 16 October 2020. The ninth tranche has been fully redeemed on 16 October 2020. The tenth tranche bears a profit distribution rate at 4.57% maturing on 17 October 2022. The profit is payable semi-annually each year commencing 17 April 2018.

The Sukuk Musharakah constitute 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 RM10.0 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. 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.

The Sukuk Wakalah constitute 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.

(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.

(a) On 20 June 2016, the Bank issued the first 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 4.95% and maturing on 19 June 2026. The profit is payable semi-annually each year commencing 20 December 2016. The first tranche has been fully redeemed on 18 June 2021.

25. DEBT SECURITIES ISSUED (CONTINUED)

(b) 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.

26. CASHLINE FACILITY

The cashline facility is a committed lines provided by local banks. It is an interbank arrangement where the facility is collateralised on agreed terms and alternative source of funds.

27. OTHER LIABILITIES

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amount due to subsidiaries (i)	**-**	-	**177,889**	200,430
Sundry creditors	**169,554**	233,432	**176,286**	237,685
Income payable	**431,786**	473,204	**431,786**	473,203
Other liabilities and accruals	**654,131**	597,567	**646,389**	587,924
Lease liabilities (ii)	**51,236**	58,027	**63,705**	77,210
Allowances for ECL on financial guarantee (iii)	**4,213**	5,962	**4,213**	5,962
Government fund	**333,732**	192,913	**333,732**	192,913
Zakat payable	**52,370**	38,857	**50,260**	36,209
	1,697,022	1,599,962	**1,884,260**	1,811,536

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 market rate.

(i) Amount due to subsidiaries

	Bank	
	2021 RM'000	**2020 RM'000**
Term deposits	**118,486**	180,947
Savings deposits	**59,403**	19,483
	177,889	200,430

27. OTHER LIABILITIES (CONTINUED)

(i) Amount due to subsidiaries (continued)

The amount due to subsidiaries represents deposits placed with the Bank at profit rate paid/payable ranging from 1.90% to 2.30% (2020:1.85% to 4.00%) per annum and have maturity period ranging from 30 days to 365 days (2020: 30 days to 365 days).

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**58,027**	65,875	**77,210**	92,116
Additions	**18,680**	23,965	**18,558**	27,177
Disposal	**(9,760)**	(12,176)	**(10,564)**	(17,574)
Lease payments	**(17,828)**	(20,951)	**(24,276)**	(26,669)
Finance cost on lease liabilities (Note 34(ii))	**2,117**	1,314	**2,777**	2,160
At 31 December	**51,236**	58,027	**63,705**	77,210

Future minimum rentals commitment under non-cancellable operating leases as at 31 December are as follows:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Future rental commitment within:				
- 1 year	**1,399**	1,110	**381**	1,093
- 2 years	**608**	1,388	**4,488**	1,423
- 3 years	**10,921**	5,268	**13,771**	12,338
- 4 years	**31,684**	11,096	**38,112**	14,961
- 5 years	**6,058**	38,813	**6,387**	47,043
- 6 years onwards	**566**	352	**566**	352
	51,236	58,027	**63,705**	77,210

The Group and the Bank do not face a significant liquidity risk with regard 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.

27. OTHER LIABILITIES (CONTINUED)

(iii) Allowances for ECL on financial guarantee

Group and Bank	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
At 1 January 2020	11,113	-	-	11,113
New financial assets originated	-	3,298	2,664	5,962
Financial assets derecognised	(11,113)	-	-	(11,113)
At 31 December 2020/1 January 2021	**-**	**3,298**	**2,664**	**5,962**
Changes in credit risk	**-**	**(1,749)**	**-**	**(1,749)**
At 31 December 2021	**-**	**1,549**	**2,664**	**4,213**

28. SHARE CAPITAL

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Issued and fully paid - Ordinary shares		
At 1 January	**2,986,030**	2,986,030
Net issuance during the year	**18,282**	24,485
Share withdrawal	**(22,374)**	(24,368)
Transfer from/(to) share redemption fund *	**4,092**	(117)
At 31 December	**2,986,030**	2,986,030

Membership as of 31 December is as follows:

	Group and Bank	
	2021	**2020**
Individual	**824,799**	832,055
Co-operative	**2,267**	2,247
	827,066	834,302

* 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.

29. 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 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 39)	-	-	-	-	-	-	**(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**
At 1 January 2020	14,617	6,489,364	274	613,119	329,672	7,447,046	9,291,102	16,738,148
Profit after taxation and zakat	-	-	-	-	-	-	1,375,851	1,375,851
Transfer from retained profits	-	344,028	-	-	-	344,028	(344,028)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(28,101)	(28,101)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(14,050)	(14,050)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,472)	(14,472)
Fair value reserve								
- Change in fair value	-	-	-	420,894	-	420,894	-	420,894
- Transferred to profit or loss	-	-	-	(120,305)	-	(120,305)	-	(120,305)
Change in ECL reserve	-	-	(100)	-	-	(100)	-	(100)
Dividends (Note 39)	-	-	-	-	-	-	(405,484)	(405,484)
At 31 December 2020	14,617	6,833,392	174	913,708	329,672	8,091,563	9,860,818	17,952,381

29. 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 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 39)	-	-	-	-	-	-	**(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**
At 1 January 2020	15,358	6,489,364	274	613,119	329,672	7,447,787	8,884,112	16,331,899
Profit after taxation and zakat	-	-	-	-	-	-	1,352,118	1,352,118
Transfer from retained profits	-	344,028	-	-	-	344,028	(344,028)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(28,101)	(28,101)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(14,050)	(14,050)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,472)	(14,472)
Fair value reserve								
- Change in fair value	-	-	-	420,894	-	420,894	-	420,894
- Transferred to profit or loss	-	-	-	(120,305)	-	(120,305)	-	(120,305)
Change in ECL reserve	-	-	(100)	-	-	(100)	-	(100)
Dividends (Note 39)	-	-	-	-	-	-	(405,484)	(405,484)
At 31 December 2020	15,358	6,833,392	174	913,708	329,672	8,092,304	9,430,095	17,522,399

29. 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% (2020: 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 yet to disburse the reserve for the year 2021.

(vi) Retained profits

Included in retained profits is an amount of RM1,340,000,000 (2020: RM1,340,000,000) earmarked to improve the Rate of Return Risk (ROR) exposure as part of asset and liability management strategies.

30. INCOME

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income derived from investment of depositors' fund (i)	**4,349,252**	4,718,081	**4,357,001**	4,723,529
Income derived from investment of shareholders' fund (ii)	**1,294,949**	1,337,162	**1,297,257**	1,338,706
Income generated by subsidiaries (iii)	**64,349**	27,230	**-**	-
	5,708,550	6,082,473	**5,654,258**	6,062,235

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	
	2021 RM'000	**2020 RM'000**
Amortised cost before modification	**23,543,608**	16,076,000
Net modification loss	**(176,532)**	(82,888)

(i) Income derived from investment of depositors' fund

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income from financing and advances *	**3,394,640**	3,721,643	**3,402,389**	3,727,091
Income from deposits and placements with banks and financial institutions	**8,396**	16,011	**8,396**	16,011
Income from financial investments	**946,216**	980,427	**946,216**	980,427
	4,349,252	4,718,081	**4,357,001**	4,723,529

(ii) Income derived from investment of shareholders' fund

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income from financing and advances *	**1,010,722**	1,054,759	**1,013,030**	1,056,303
Income from deposits and placements with banks and financial institutions	**2,500**	4,538	**2,500**	4,538
Income from financial investments	**281,727**	277,865	**281,727**	277,865
	1,294,949	1,337,162	**1,297,257**	1,338,706

* Included in income from financing and advances for the current year is profit accrued on impaired financing of RM71,443,653 (2020: RM63,471,109).

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 RM27,523,270 (2020: RM2,838,347) for the Group and the Bank.

30. INCOME (CONTINUED)

(iii) Income generated by subsidiaries

	Group	
	2021 RM'000	**2020 RM'000**
Pawning income	**54,550**	20,556
Rental income	**716**	600
Management fee	**9,083**	5,888
Sale of goods	**-**	186
	64,349	27,230

31. EXPENDITURE

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income attributable to depositors (i)	**1,976,444**	2,519,019	**1,980,012**	2,523,972
Profit expense on financing sold with recourse to Cagamas	**16,567**	17,631	**16,567**	17,631
Profit expense on debt securities issued	**134,198**	110,616	**134,198**	110,616
Profit expense on cashline facility	**3,473**	2,858	**3,473**	2,858
Cost of sales	**53,758**	19,005	**-**	-
	2,184,440	2,669,129	**2,134,250**	2,655,077

(i) Income attributable to depositors

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Deposits from customers				
Non-Mudarabah	**1,951,789**	2,504,518	**1,955,357**	2,509,471
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	**24,655**	14,501	**24,655**	14,501
	1,976,444	2,519,019	**1,980,012**	2,523,972

32. ALLOWANCES FOR IMPAIRMENT

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Allowance for impairment on financing and advances (i)	**729,585**	877,644	**730,308**	880,800
Allowance for impairment on financial investments (ii)	**(693)**	(1,333)	**(693)**	(1,333)
	728,892	876,311	**729,615**	879,467

(i) Allowance for impairment on financing and advances

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Stage 1 - 12 month ECL	**546,471**	136,575	**547,194**	139,731
Stage 2 - lifetime ECL not credit impaired	**(101,161)**	313,541	**(101,161)**	313,541
Stage 3 - lifetime ECL credit impaired	**284,275**	427,528	**284,275**	427,528
	729,585	877,644	**730,308**	880,800

(ii) Allowance for impairment on financial investments

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Financial investments at fair value through other comprehensive income (Note 9)	**(45)**	(100)
Financial investments at amortised cost (Note 10)	**(648)**	(1,233)
	(693)	(1,333)

33. OTHER OPERATING INCOME

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fees and commission (i)	**103,439**	101,617	**103,439**	101,617
Other income (ii)	**251,755**	368,928	**244,363**	366,638
	355,194	470,545	**347,802**	468,255

33. OTHER OPERATING INCOME (CONTINUED)

(i) Fees and commission

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Takaful commission	**60,600**	47,606	**60,600**	47,606
ATM service fees	**9**	8,738	**9**	8,738
Wasiat commission	**8,813**	7,337	**8,813**	7,337
Other commission	**23,251**	32,513	**23,251**	32,513
Processing fees	**35**	346	**35**	346
MEPS fees	**6,476**	1,747	**6,476**	1,747
Other fees	**4,255**	3,330	**4,255**	3,330
	103,439	101,617	**103,439**	101,617

(ii) Other income

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	**17,538**	18,580	**17,538**	18,580
Net gain on disposal of financial investments at fair value through profit or loss	**2,608**	18,852	**2,608**	18,852
Net gain on disposal of financial investments at fair value through other comprehensive income	**2,304**	120,305	**2,304**	120,305
Net loss on revaluation of financial investments at fair value through profit or loss	**(46,840)**	(50,722)	**(46,840)**	(50,722)
Net gain on redemption of financial assets at amortised cost	**-**	926	**-**	926
	(24,390)	107,941	**(24,390)**	107,941

33. OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Others				
Rental income	**19,095**	20,877	**19,120**	20,908
Compensation for late payment	**6,903**	4,872	**6,903**	4,872
Charges from credit card services	**5,092**	7,820	**5,092**	7,820
Other service charges	**12,823**	10,491	**12,823**	10,491
Recoveries from financing written off	**169,933**	175,781	**169,933**	175,781
Writeback for impairment on trade receivables (Note 12)	**1,054**	33	**-**	-
Gain on disposal of property and equipment	**185**	18	**-**	-
Other income	**52,189**	41,095	**52,103**	38,825
Gain on revaluation of investment properties (Note 19)	**8,871**	-	**2,779**	-
	276,145	260,987	**268,753**	258,697
	251,755	368,928	**244,363**	366,638

34. OPERATING EXPENSES

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel expenses (i)	**959,515**	944,820	**955,256**	941,142
Other overheads and expenditure (ii)	**564,831**	626,937	**567,843**	649,755
	1,524,346	1,571,757	**1,523,099**	1,590,897

34. OPERATING EXPENSES (CONTINUED)

(i) Personnel expenses

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Salaries and wages	**456,792**	422,838	**454,085**	420,619
Allowances and bonuses	**300,629**	326,434	**299,652**	325,354
Defined contribution plan - EPF	**144,772**	133,465	**144,533**	133,187
Social security contributions - SOCSO	**5,153**	5,231	**5,128**	5,207
Other staff related costs	**52,169**	56,852	**51,858**	56,775
	959,515	944,820	**955,256**	941,142

Total number of staff (excluding the Board of Directors) for the Group is 6,060 (2020: 5,893) and for the Bank is 6,022 (2020: 5,855).

(ii) Other overheads and expenditure

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Establishment				
Rental	**1,074**	1,302	**1,098**	1,268
Depreciation of property and equipment (Note 17)	**37,924**	45,897	**34,643**	42,883
Depreciation of right-of-use assets (Note 14)	**16,190**	19,731	**21,976**	24,903
Amortisation of prepaid lease payments (Note 20)	**1,590**	1,542	**1,590**	1,542
Amortisation of intangible assets (Note 18)	**49,448**	29,954	**49,448**	29,954
Finance cost on lease liabilities (Note 27(ii))	**2,117**	1,314	**2,777**	2,160
Repair and maintenance	**137,432**	126,048	**137,346**	125,928
Takaful	**9,562**	9,019	**9,515**	8,937
	255,337	234,807	**258,393**	237,575

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Promotion				
Advertisement and publicity	**17,793**	24,638	**17,789**	24,636
General expenses				
Legal and professional fees	**38,739**	23,694	**38,480**	23,412
Auditors' remuneration	**1,351**	1,357	**1,200**	1,200
Communication expenses	**35,243**	23,163	**35,194**	23,075
Utilities expenses	**18,212**	21,155	**18,174**	21,135
Printing and stationery	**16,781**	19,088	**16,709**	19,040
Postage and courier	**13,962**	16,253	**13,910**	16,211
Security expenses	**22,666**	25,575	**22,666**	25,543
Service charges	**37,048**	27,183	**38,577**	29,730
Loss on financing written off	**6,785**	11,633	**6,785**	11,633
Property and equipment written off	**257**	329	**238**	101
Intangible assets written off	**31**	-	**31**	-
Commission expenses	**61,067**	59,554	**61,067**	59,554
Travelling and transportation	**6,052**	12,562	**6,036**	12,544
Others	**33,507**	125,946	**32,594**	144,366
	291,701	367,492	**291,661**	387,544
	564,831	626,937	**567,843**	649,755

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Impairment losses on:				
Trade receivables (Note 12)	**303**	33	**-**	-
Other receivables, deposits and prepayments (Note 13(ii))	**135**	49,328	**135**	49,438
Auditors' remuneration:				
Current year:				
Statutory audit fees	**1,351**	1,357	**1,200**	1,200
Amortisation of prepaid lease payment (Note 20)	**1,590**	1,542	**1,590**	1,542
Depreciation of property and equipment (Note 17)	**37,924**	45,897	**34,643**	42,883
Amortisation of intangible assets (Note 18)	**49,448**	29,954	**49,448**	29,954
Depreciation of right-of-use assets (Note 14)	**16,190**	19,731	**21,976**	24,903
Finance cost on lease liabilities	**2,117**	1,314	**2,777**	2,160
Property and equipment written off	**257**	329	**238**	101
Intangible assets written off	**31**	-	**31**	-
Loss on revaluation of investment properties (Note 19)	**-**	49,084	**-**	68,742
Rental of premises	**1,058**	1,235	**1,098**	1,268
Rental of equipment	**16**	67	**-**	-

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Included in general expenses are the following Chief Executive Officer, Directors and Shariah Committee members' remuneration:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Chief Executive Officer				
Salary and other remuneration	**860**	1,073	**860**	1,073
Bonuses	**602**	525	**602**	525
EPF contributions	**271**	291	**271**	291
	1,733	1,889	**1,733**	1,889
Acting Chief Executive Officer				
Salary and other remuneration	**-**	624	**-**	624
Bonuses	**-**	434	**-**	434
EPF contributions	**-**	202	**-**	202
	-	1,260	**-**	1,260
Executive Director				
Salary and other remuneration	**-**	65	**-**	65
EPF contributions	**-**	13	**-**	13
Other emoluments	**-**	1	**-**	1
	-	79	**-**	79
Non-Executive Directors				
Fees	**3,165**	2,041	**3,025**	1,941
Other emoluments	**51**	69	**51**	69
	3,216	2,110	**3,076**	2,010
	4,949	5,338	**4,809**	5,238
Shariah Committee				
Fees	**476**	489	**476**	489
Other emoluments	**10**	5	**10**	5
	486	494	**486**	494
	5,435	5,832	**5,295**	5,732

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (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
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' 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**
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**

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (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
2020							
Acting Chief Executive Officer							
Dato' Syed Abdul Aziz Syed Hassan	1,260	-	-	1,260	-	-	1,260
Non-Executive Directors							
Datuk Haji Abd Rani Lebai Jaafar	-	321	13	334	65	65	399
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	-	230	-	230	-	-	230
Yuri Zaharin Wahab	-	246	-	246	-	-	246
Datin Norhamizah Mat Tahir	-	95	-	95	-	-	95
Mohd Jafri Kudus	-	104	-	104	-	-	104
Mohd Irwan Mohd Mubarak	-	101	-	101	-	-	101
Dato' Shamsul Azri Abu Bakar	-	29	-	29	-	-	29
	-	1,126	13	1,139	65	65	1,204
Former Chief Executive Officer							
Dato' Rosman Mohamed	1,967	-	1	1,968	-	-	1,968
Former Non-Executive Directors							
Datuk Noripah Kamso	-	74	16	90	-	-	90
Datuk Wan Suraya Wan Mohd Radzi	-	47	10	57	35	35	92
Prof. Dr. Obiyathulla Ismath Bacha	-	237	-	237	-	-	237
Muhamad Shahril Othman	-	191	10	201	-	-	201
Sofiyan Yahya	-	181	10	191	-	-	191
Dato' Sri Haji Mohammad Mentek	-	85	-	85	-	-	85
Dato' Sri Jamil Salleh	-	-	10	10	-	-	10
	-	815	56	871	35	35	906
	3,227	1,941	70	5,238	100	100	5,338

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Shariah Committee is as follows:

	Group and Bank			
	Remuneration received from the Bank			
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
2021				
Shariah Committees				
Assoc. Prof. Dr. Azman Mohd Noor	-	**98**	-	**98**
Ustaz Wan Rumaizi Wan Husin	-	**81**	-	**81**
Dr. Tuan Badrul Hisyam Tuan Soh	-	**57**	-	**57**
Dr. Mohammad 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**

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Shariah Committee is as follows: (continued)

	Group and Bank			
	Remuneration received from the Bank			
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
2020				
Shariah Committees				
Dato' Setia Hj. Mohd Tamyes Abd Wahid	-	84	-	84
Prof. Dato' Dr. Mohd Azmi Omar	-	68	-	68
Ustaz Wan Rumaizi Wan Husin	-	70	-	70
Assoc. Prof. Dr. Azman Mohd Noor	-	80	-	80
Dr. Abdullaah Jalil	-	70	-	70
Dr. Mohammad Zaini Yahaya	-	83	-	83
	-	455	-	455
Former Shariah Committee				
Ustaz Md. Yunus Abd Aziz	-	34	5	39
	-	34	5	39
	-	489	5	494

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.

35. TAXATION

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Malaysian income tax				
Current year	**44,771**	2,763	**42,650**	-
(Over)/Underprovision in prior years	**(38,907)**	18,008	**(39,757)**	17,938
	5,864	20,771	**2,893**	17,938
Deferred tax (Note 21)				
Current year	**(280,787)**	12,725	**(281,000)**	11,000
Underprovision in prior years	**722**	62	**-**	-
	(280,065)	12,787	**(281,000)**	11,000
Total	**(274,201)**	33,558	**(278,107)**	28,938

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit before taxation and zakat	**1,626,066**	1,435,821	**1,615,096**	1,405,049
Tax expense at statutory tax rate of 24% (2020: 24%) *	**390,256**	344,597	**387,623**	337,212
Non-taxable income	**(185,509)**	(184,767)	**(187,999)**	(186,155)
Non-deductible expenses	**25,733**	277,059	**28,522**	281,344
Tax exempt under Section 65(A) of the Income Tax Act 1967	**(466,496)**	(421,401)	**(466,496)**	(421,401)
(Over)/Underprovision in prior years:				
Income tax	**(38,907)**	18,008	**(39,757)**	17,938
Deferred tax	**722**	62	**-**	-
	(274,201)	33,558	**(278,107)**	28,938

* 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% (2020: 0%)
- On the next RM30,000 of chargeable income: 5% (2020: 5%)
- On the next RM40,000 of chargeable income: 10% (2020: 10%)
- On the next RM50,000 of chargeable income: 15% (2020: 15%)
- On the next RM100,000 of chargeable income: 18% (2020: 18%)
- On the next RM250,000 of chargeable income: 21% (2020: 21%)
- On the next RM250,000 of chargeable income: 23% (2020: 23%)
- In excess of RM750,000 of chargeable income: 24% (2020: 24%)

36. 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.

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Provision for current year	**42,917**	33,419	**41,000**	31,000
Overprovision in prior years	**(535)**	(7,007)	**(535)**	(7,007)
	42,382	26,412	**40,465**	23,993

37. 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.

38. 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 RM1,857,885,000 (2020: RM1,375,851,000) and RM1,852,738,000 (2020: RM1,352,118,000) divided by the weighted average number of ordinary shares of 2,940,605,000 (2020: 2,935,861,000) of RM1 each in issue during the financial year.

39. DIVIDENDS

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Cash dividend of 13% for the year ended 31 December 2020 (2019: 14%)	**373,230**	405,484

During the financial year ended 31 December 2021, the Bank paid a cash dividend of 13% amounting to RM373 million in regard to the previous financial year ended 31 December 2020.

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.

40. 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	
	2021 RM'000	**2020 RM'000**
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	**130,900**	111,407
Claims for damages from litigation taken against the Bank	**140,403**	292,327
Commitments		
Undrawn financing	**2,271,831**	2,294,122
	2,543,134	2,697,856

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. 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 appeal has been fixed for hearing on 28 April 2022. The Bank's solicitor is of the view that based on the evidence at trial and the main legal arguments for the appeal, the Bank has a fair chance in the said appeal.

Case 2
The Defendant is the Bank's corporate customer who has been sued by the Bank in a recovery action. However the Defendant claimed that the Bank had wrongly terminated the facility and in return filed a counter claim against the Bank. The Defendants' counterclaim againt the Bank was dismissed by the Court following a full trial. The Defendants' are currently appealing against the decision and the case management has been fixed on 14 June 2022. The Bank's solicitor is of the view that the Bank has a good chance in the said appeal.

41. CAPITAL COMMITMENTS

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Capital expenditure				
Approved and contracted for	**385,118**	458,800	**244,868**	299,850

42. 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:

42.1 Subsidiaries

Details of the subsidiaries are shown in Note 16.

42.2 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Short-term employee benefits				
Fees	**3,165**	2,041	**3,025**	1,941
Salary	**5,501**	5,869	**5,501**	5,869
Allowances	**717**	655	**717**	655
EPF contribution	**1,724**	1,861	**1,724**	1,861
Bonuses	**3,630**	3,671	**3,630**	3,671
Other emoluments	**51**	70	**51**	70
	14,788	14,167	**14,648**	14,067

Included in the total compensation for key management personnel are the following items:

	Group		Bank	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors' remuneration				
From the Bank	**3,076**	2,089	**3,076**	2,089
From subsidiaries	**140**	100	**-**	-
	3,216	2,189	**3,076**	2,089

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.3 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	
	2021 RM'000	**2020 RM'000**
Income earned		
Income from financing and advances	**(10,057)**	(6,993)
Rental income	**(40)**	(45)
Expenditure incurred		
Profit expenses	**3,569**	4,953
Management fee expenses	**1,561**	2,602
Rental expenses	**6,441**	6,471
	1,474	6,988

43. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank	
	2021 RM'000	**2020 RM'000**
Outstanding exposures with connected parties	**4,125,195**	1,110,253
% of outstanding exposures to connected parties as a proportion of total exposure	**3.71%**	1.04%
% of outstanding exposures financing exposures with connected parties which is non-performing or in default	**0.00%**	0.01%

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.

44. FINANCIAL RISK MANAGEMENT

44.1 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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.2 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."

44.2.1 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.2 Risk management framework (continued)

44.2.1 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) Review 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 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.2 Risk management framework (continued)

44.2.1 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, process and procedures.

44.3 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 emphasises on individual accountability with clear lines of responsibility where credit administration, early monitoring and recovery are independent from Business Units.

44.3.1 Management of credit risk

The Bank's credit risk management includes 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 assessment 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.2 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.

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/variation of financing product or program to ensure that the product/program offered to customers is beneficial to both customers and Bank whilst mitigating the inherent risks.

44.3.3 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 assessment on all credit proposals to corporate customers prior to approval.

44.3.4 Purchase of investment securities

Credit qualities of financial instruments are assessed based on ratings from external credit ratings agencies.

Portfolio review and monitoring is frequently conducted in ensuring the exposures are effectively managed and concentration risk is observed at all times.

44.3.5 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).

44.3.6 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.

44.3.7 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.

44.3.8 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.9 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.

44.3.10 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.

44.3.11 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.

44.3.12 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.

44.3.13 Maximum exposure to credit risk

The following table presents the Bank's credit exposure of on-balance sheet and off-balance sheet financial instruments.

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 granter to customers.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.13 Maximum exposure to credit risk (continued)

	Group	
	2021 RM'000	**2020 RM'000**
Assets		
Cash and short-term funds	**835,189**	981,636
Deposits and placements with financial institutions	**672,463**	277,275
Financial investments at fair value through profit or loss	**976,032**	447,826
Financial investments at fair value through other comprehensive income	**20,781,718**	20,620,070
Financial investments at amortised cost	**10,826,850**	9,747,865
Financing and advances	**77,296,437**	76,083,198
Trade receivables	**909**	147
Other receivables	**340,530**	631,042
	111,730,128	108,789,059
Commitments		
Undrawn financing	**2,271,831**	2,294,122
Total maximum exposure to credit risk	**114,001,959**	111,083,181

	Bank	
	2021 RM'000	**2020 RM'000**
Assets		
Cash and short-term funds	**834,987**	981,180
Deposits and placements with financial institutions	**672,463**	277,275
Financial investments at fair value through profit or loss	**976,032**	447,826
Financial investments at fair value through other comprehensive income	**20,781,710**	20,620,062
Financial investments at amortised cost	**10,826,850**	9,747,865
Financing and advances	**77,516,581**	76,285,365
Other receivables	**352,754**	643,854
	111,961,377	109,003,427
Commitments		
Undrawn financing	**2,271,831**	2,294,122
Total maximum exposure to credit risk	**114,233,208**	111,297,549

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.14 Credit risk exposure on financing and advances

	Group	
	2021 RM'000	**2020 RM'000**
At amortised cost		
Neither past due nor impaired		
0 month	**77,360,901**	74,630,848
Past due but not impaired		
1 month	**616,274**	1,324,758
2 months	**252,876**	656,386
3 months	**31,913**	25,687
	901,063	2,006,831
Past due and impaired		
Less than 4 months	**438,104**	422,545
4 months to 6 months	**91,981**	204,168
7 months to 9 months	**118,725**	45,897
More than 9 months	**704,690**	845,594
	1,353,500	1,518,204
Gross financing and advances	**79,615,464**	78,155,883
Less:		
Stage 1 - 12 month ECL	**(934,553)**	(388,082)
Stage 2 - lifetime ECL not credit impaired	**(609,842)**	(709,254)
Stage 3 - lifetime ECL credit impaired	**(774,632)**	(975,349)
Net financing and advances	**77,296,437**	76,083,198

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.14 Credit risk exposure on financing and advances (continued)

	Bank	
	2021 RM'000	**2020 RM'000**
At amortised cost		
Neither past due nor impaired		
0 month	**77,594,651**	74,845,898
Past due but not impaired		
1 month	**616,274**	1,324,7588
2 months	**252,876**	656,386
3 months	**31,913**	25,687
	901,063	2,006,831
Past due and impaired		
Less than 4 months	**438,104**	422,545
4 months to 6 months	**91,981**	204,168
7 months to 9 months	**118,725**	45,897
More than 9 months	**704,690**	845,594
	1,353,500	1,518,204
Gross financing and advances	**79,849,214**	78,370,933
Less:		
Stage 1 - 12 month ECL	**(948,159)**	(400,965)
Stage 2 - lifetime ECL not credit impaired	**(609,842)**	(709,254)
Stage 3 - lifetime ECL credit impaired	**(774,632)**	(975,349)
Net financing and advances	**77,516,581**	76,285,365

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities

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 AA1	-	-	**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**

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 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 AA1	-	-	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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities (continued)

Group 2020	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	-	3,195,076	234,448	3,429,524
Grade AA+	-	94,354	5,137	99,491
Grade AA	-	288,396	5,223	293,619
Grade AA-	-	239,624	84,862	324,486
Grade AA1	-	198,255	153,442	351,697
Grade AA2	-	401,988	20,673	422,661
Grade AA3	-	347,150	50,310	397,460
	-	4,764,843	554,095	5,318,938
Cagamas sukuk				
Grade AAA	-	1,824,378	449,617	2,273,995
Negotiable Islamic debt certificates				
Grade AA2	-	-	99,982	99,982
	-	6,589,221	1,103,694	7,692,915
Unrated securities				
Government investment issues	89,942	6,034,142	5,480,409	11,604,493
Government sukuk	-	7,703,704	2,923,692	10,627,396
Khazanah sukuk	-	235,038	240,070	475,108
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	303,142	13,972,884	8,644,171	22,920,197
Shares				
Quoted and unit trust shares	144,684	-	-	144,684
Unquoted shares	-	57,965	-	57,965
	144,684	57,965	-	202,649
	447,826	20,620,070	9,747,865	30,815,761

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities (continued)

Bank 2020	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	-	3,195,076	234,448	3,429,524
Grade AA+	-	94,354	5,137	99,491
Grade AA	-	288,396	5,223	293,619
Grade AA-	-	239,624	84,862	324,486
Grade AA1	-	198,255	153,442	351,697
Grade AA2	-	401,988	20,673	422,661
Grade AA3	-	347,150	50,310	397,460
	-	4,764,843	554,095	5,318,938
Cagamas sukuk				
Grade AAA	-	1,824,378	449,617	2,273,995
Negotiable Islamic debt certificates				
Grade AA2	-	-	99,982	99,982
	-	6,589,221	1,103,694	7,692,915
Unrated securities				
Government investment issues	89,942	6,034,142	5,480,409	11,604,493
Government sukuk	-	7,703,704	2,923,692	10,627,396
Khazanah sukuk	-	235,038	240,070	475,108
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	303,142	13,972,884	8,644,171	22,920,197
Shares				
Quoted and unit trust shares	144,684	-	-	144,684
Unquoted shares	-	57,957	-	57,957
	144,684	57,957	-	202,641
	447,826	20,620,062	9,747,865	30,815,753

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.16 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.

	2021 RM'000	2020 RM'000
Group		
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	**835,189**	981,636
Deposits and placements with financial institutions	**672,463**	277,275
Financial investments portfolio *	**32,462,970**	30,631,802
Financing and advances	**69,032,986**	68,450,174
Trade receivables	**909**	147
Other assets	**540,530**	831,042
Credit exposure for off-balance sheet financial assets:		
Undrawn financing	**2,271,831**	2,294,122
Total maximum credit risk exposure	**105,816,878**	103,466,198
Bank		
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	**834,987**	981,180
Deposits and placements with financial institutions	**672,463**	277,275
Financial investments portfolio *	**32,462,970**	30,631,802
Financing and advances	**69,032,986**	68,450,174
Other assets	**552,754**	843,854
Credit exposure for off-balance sheet financial assets:		
Undrawn financing	**2,271,831**	2,294,122
Total maximum credit risk exposure	**105,827,991**	103,478,407

* 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.17 Exposures to COVID-19 impacted sector

	2021 RM'000	2020 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	**3,388,882**	30,863,495

44.3.18 COVID-19 customer relief and support measures

	← 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%**

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.18 COVID-19 customer relief and support measures (continued)

	← Retail customers →					Non-retail customers	
Group and Bank At 31 December 2020	**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	6,393,349	49,641,772	2,765,115	507,142	59,307,378	1,456,358	60,763,736
of which:							
Resumed payments	5,478,871	42,852,574	2,542,231	498,562	51,372,238	1,136,221	52,508,459
Extended and paying as per revised schedules	322,600	5,389,101	106,096	3,213	5,821,010	311,241	6,132,251
Missed payments	591,878	1,400,097	116,788	5,367	2,114,130	8,896	2,123,026
As a percentage of total:							
Resumed payments	86%	86%	92%	98%	87%	78%	86%
Extended and paying as per revised schedules	5%	11%	4%	1%	10%	21%	10%
Missed payments	9%	3%	4%	1%	3%	1%	4%
	100%	100%	100%	100%	100%	100%	100%

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.19 Overlays and adjustments for expected credit losses amid COVID-19 environment

As the current MFRS 9 models are not expected to generate levels of expected credit losses ("ECL") with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, flood, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2021.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures expire.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The customers who have received payment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk.

The adjusted downside scenario assumes on ability of the identified customers to resume payment after the end of the payment assistance program that they have enrolled, the impact of these post-model adjustments were estimated at account level, remain outside the core MFRS 9 process and amounted to RM578 million as at 31 December 2021.

44.4 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.

44.4.1 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 stability of 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 valuable assessment on the impact from adverse liquidity environment and the Bank's vulnerable portfolios.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.1 Management of liquidity risk (continued)

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.

44.4.2 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	
	2021 RM'000	**2020 RM'000**
At 31 December	**31.84%**	30.67%
Average for the year	**32.19%**	32.66%
Maximum for the year	**33.23%**	35.10%
Minimum for the year	**31.26%**	30.67%

44.4.3 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

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	-	-	-	-	-	-	909	909
Other assets	-	-	351,626	-	-	-	234,893	586,519
	1,369,123	1,370,650	3,191,336	4,659,550	8,696,873	94,650,180	(1,961,595)	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	(14,697,986)	(15,578,677)	(19,118,844)	(12,997,984)	(3,197,399)	86,477,134	(2,299,540)	18,586,704

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 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
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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group 2020	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	981,636	-	70,059	-	207,216	-	-	1,258,911
Investment securities	99,982	76,553	1,291,247	1,728,051	2,326,645	25,109,324	183,959	30,815,761
Financing and advances	600,679	1,117,786	2,383,845	4,077,350	5,619,713	64,356,510	(2,072,685)	76,083,198
Trade receivables	-	-	-	-	-	-	147	147
Other assets	-	-	663,015	-	-	-	214,460	877,475
	1,682,297	1,194,339	4,408,166	5,805,401	8,153,574	89,465,834	(1,674,119)	109,035,492
Liabilities								
Deposits from customers	14,970,776	16,475,756	21,933,925	15,693,507	11,314,941	5,186,526	-	85,575,431
Deposits and placements from banks and financial institutions	150,000	-	-	-	-	-	-	150,000
Recourse obligations on financing sold to Cagamas	-	1,776	3,582	5,448	11,171	317,849	-	339,826
Debt securities issued	-	-	-	12,558	350,000	2,280,000	-	2,642,558
Cashline facility	-	400,870	-	-	-	-	-	400,870
Trade payables	-	-	1,374	-	-	-	-	1,374
Other liabilities	-	92	1,343,245	278	555	56,917	198,875	1,599,962
	15,120,776	16,878,494	23,282,126	15,711,791	11,676,667	7,841,292	198,875	90,710,021
Net maturity mismatch	(13,438,479)	(15,684,155)	(18,873,960)	(9,906,390)	(3,523,093)	81,624,542	(1,872,994)	18,325,471

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group 2020	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	111,407	-	-	-	-	-	-	111,407
Claims for damages from litigation taken against the Bank	-	-	-	-	-	292,327	-	292,327
Undrawn financing	2,294,122	-	-	-	-	-	-	2,294,122
	2,405,529	-	-	-	-	292,327	-	2,697,856

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 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
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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 2020	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	981,180	-	70,059	-	207,216	-	-	1,258,455
Investment securities	99,982	76,553	1,291,247	1,728,051	2,326,645	25,109,324	183,951	30,815,753
Financing and advances	600,679	1,117,786	2,383,845	4,077,350	5,619,713	64,571,560	(2,085,568)	76,285,365
Other assets	-	-	675,187	-	-	-	178,957	854,144
	1,681,841	1,194,339	4,420,338	5,805,401	8,153,574	89,680,884	(1,722,660)	109,213,717
Liabilities								
Deposits from customers	14,970,776	16,475,756	21,933,925	15,693,507	11,314,941	5,186,526	-	85,575,431
Deposits and placements from banks and financial institutions	150,000	-	-	-	-	-	-	150,000
Recourse obligations on financing sold to Cagamas	-	1,776	3,582	5,448	11,171	317,849	-	339,826
Debt securities issued	-	-	-	12,558	350,000	2,280,000	-	2,642,558
Cashline facility	-	400,870	-	-	-	-	-	400,870
Other liabilities	1,953	7,999	1,404,141	27,869	75,099	76,117	218,358	1,811,536
	15,122,729	16,886,401	23,341,648	15,739,382	11,751,211	7,860,492	218,358	90,920,221
Net maturity mismatch	(13,440,888)	(15,692,062)	(18,921,310)	(9,933,981)	(3,597,637)	81,820,392	(1,941,018)	18,293,496

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 2020	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	111,407	-	-	-	-	-	-	111,407
Claims for damages from litigation taken against the Bank	-	-	-	-	-	292,327	-	292,327
Undrawn financing	2,294,122	-	-	-	-	-	-	2,294,122
	2,405,529	-	-	-	-	292,327	-	2,697,856

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 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 2021 and 31 December 2020. 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 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**

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group 2020	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	14,357,280	16,500,174	22,086,437	15,816,565	11,594,292	6,984,317	-	87,339,065
Deposits and placements from banks and financial institutions	150,044	-	-	-	-	-	-	150,044
Recourse obligations on financing sold to Cagamas	-	3,198	6,403	9,623	19,313	333,271	-	371,808
Debt securities issued	-	-	-	55,396	405,589	2,490,742	-	2,951,727
Trade payables	-	-	1,374	-	-	-	-	1,374
Cashline facility	-	400,922	-	-	-	-	-	400,922
Other liabilities	-	92	1,343,245	278	555	56,917	198,875	1,599,962
	14,507,324	16,904,386	23,437,459	15,881,862	12,019,749	9,865,247	198,875	92,814,902

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2020	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	14,357,280	16,500,174	22,086,437	15,816,565	11,594,292	6,984,317	-	87,339,065
Deposits and placements from banks and financial institutions	150,044	-	-	-	-	-	-	150,044
Recourse obligations on financing sold to Cagamas	-	3,198	6,403	9,623	19,313	333,271	-	371,808
Debt securities issued	-	-	-	55,396	405,589	2,490,742	-	2,951,727
Cashline facility	-	400,922	-	-	-	-	-	400,922
Other liabilities	1,953	7,999	1,404,141	27,869	75,099	76,117	218,358	1,811,536
	14,509,277	16,912,293	23,496,981	15,909,453	12,094,293	9,884,447	218,358	93,025,102

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 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 optimize 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.

44.5.1 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 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.

44.5.2 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.2 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 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				
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)**
2020				
Year ended 31 December	98,160	(113,370)	49,072	(49,056)
Average for the year	56,651	(67,234)	28,315	(28,277)
Maximum for the year	98,160	(113,370)	49,072	(49,056)
Minimum for the year	15,939	(25,054)	7,960	(7,942)

44.5.3 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments

	← Non-trading book →							
Group 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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 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
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	← Non-trading book →							
Group (continued) 2020	**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	100,015	70,060	207,215	-	-	881,621	-	1,258,911
Financial investments at fair value through profit or loss	-	-	-	-	-	-	447,826	447,826
Financial investments at fair value through other comprehensive income	76,550	949,273	2,783,904	10,936,072	5,816,307	-	57,964	20,620,070
Financial investments at amortised cost	99,982	341,970	1,270,813	3,450,535	4,584,565	-	-	9,747,865
Financing and advances								
- Non-impaired	48,907,595	66,412	73,382	3,065,786	22,368,049	2,156,455	-	76,637,679
- Impaired, net of allowances	-	-	-	-	-	(554,481)	-	(554,481)
Other non-profit sensitive balances	-	-	-	-	-	3,593,274	-	3,593,274
	49,184,142	1,427,715	4,335,314	17,452,393	32,768,921	6,076,869	505,790	111,751,144

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44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	← Non-trading book →							
Group (continued) 2020	**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	25,896,692	21,933,925	27,008,447	7,999,843	2,736,524	-	-	85,575,431
Deposits and placements from banks and financial institutions	150,000	-	-	-	-	-	-	150,000
Recourse obligations on financing sold to Cagamas	-	-	-	339,826	-	-	-	339,826
Debt securities issued	-	-	351,579	1,688,805	602,174	-	-	2,642,558
Cashline facility	400,870	-	-	-	-	-	-	400,870
Other non-profit sensitive balances	-	-	-	-	-	1,694,071	-	1,694,071
	26,447,562	21,933,925	27,360,026	10,028,474	3,338,698	1,694,071	-	90,802,756
On-balance sheet profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,430,223	4,382,798	505,790	20,948,388
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,430,223	4,382,798	505,790	20,948,388

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank 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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 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
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	← Non-trading book →							
Bank (continued) 2020	**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	100,015	70,060	207,215	-	-	881,165	-	1,258,455
Financial investments at fair value through profit or loss	-	-	-	-	-	-	447,826	447,826
Financial investments at fair value through other comprehensive income	76,550	949,273	2,783,904	10,936,072	5,816,307	-	57,956	20,620,062
Financial investments at amortised cost	99,982	341,970	1,270,813	3,450,535	4,584,565	-	-	9,747,865
Financing and advances								
- Non-impaired	48,907,595	66,412	73,382	3,065,786	22,583,099	2,156,455	-	76,852,729
- Impaired, net of allowances	-	-	-	-	-	(567,364)	-	(567,364)
Other non-profit sensitive balances	-	-	-	-	-	3,159,054	-	3,159,054
	49,184,142	1,427,715	4,335,314	17,452,393	32,983,971	5,629,310	505,782	111,518,627

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	← Non-trading book →							
Bank (continued) 2020	**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	25,896,692	21,933,925	27,008,447	7,999,843	2,736,524	-	-	85,575,431
Deposits and placements from banks and financial institutions	150,000	-	-	-	-	-	-	150,000
Recourse obligations on financing sold to Cagamas	-	-	-	339,826	-	-	-	339,826
Debt securities issued	-	-	351,579	1,688,805	602,174	-	-	2,642,558
Cashline facility	400,870	-	-	-	-	-	-	400,870
Other non-profit sensitive balances	-	-	-	-	-	1,891,536	-	1,891,536
	26,447,562	21,933,925	27,360,026	10,028,474	3,338,698	1,891,536	-	91,000,221
On-balance sheet profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,645,273	3,737,774	505,782	20,518,406
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,645,273	3,737,774	505,782	20,518,406

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.6 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 system, 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 high level 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 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 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 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.7 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.

44.7.1 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 and Risk-Weighted Asset). The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	2021	**2020**
Before proposed dividend		
Core capital ratio	**23.868%**	22.671%
Risk-weighted capital adequacy ratio	**26.277%**	24.600%
After proposed dividend		
Core capital ratio	**23.349%**	22.212%
Risk-weighted capital adequacy ratio	**25.757%**	24.141%

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.7 Capital management (continued)

44.7.1 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	
	2021 RM'000	**2020 RM'000**
Tier I capital		
Paid-up share capital	**2,986,030**	2,986,030
Retained profits	**10,373,508**	9,430,095
Other reserves	**7,322,051**	6,848,750
Total Tier I capital (core)	**20,681,589**	19,264,875
Tier II capital		
Subordinated sukuk	**300,000**	300,000
Collective impairment *	**1,558,001**	1,110,219
Regulatory reserve	**329,672**	329,672
Total Tier II capital	**2,187,673**	1,739,891
Total capital	**22,869,262**	21,004,766
Less: Investment in subsidiaries	**(100,744)**	(100,744)
Total capital base	**22,768,518**	20,904,022

* 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	
	2021 RM'000	**2020 RM'000**
Total assets assigned 20% risk-weighted	**421,050**	530,251
Total assets assigned 50% risk-weighted	**2,596,734**	2,533,856
Total assets assigned 100% risk-weighted	**82,638,060**	80,910,841
Off-Balance Sheet claims assigned 100% risk-weighted	**993,140**	1,000,609
	86,648,984	84,975,557

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.7 Capital management (continued)

44.7.2 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.

	Before Transitional Arrangement RM'000	**After Transitional Arrangement RM'000**
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%**

	Before Transitional Arrangement RM'000	**After Transitional Arrangement * RM'000**
2020		
Total Tier I Capital	19,264,875	19,264,875
of which: Total Add-back	-	453,272
Total Additional Tier I Capital	19,264,875	19,718,147
Total Tier II Capital	1,739,891	1,739,891
of which: Loss provisions	1,439,891	1,439,891
Total Risk Weighted Assets	84,975,557	84,975,557
Core capital ratio	22.671%	23.204%
Risk-weighted capital adequacy ratio	24.600%	25.133%

* The comparative has been restated to conform to the current year's presentation.

45. 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.

45.1 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.

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Valuation of financial instruments at fair value

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
2021					
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**

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Valuation of financial instruments at fair value (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
2020					
Financial investments at fair value through profit or loss					
Government investment issues	89,942	89,942	-	89,942	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
Quoted shares	144,684	144,684	144,684	-	-
	447,826	447,826	144,684	303,142	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,764,843	4,764,843	-	4,764,843	-
Government investment issues	6,034,142	6,034,142	-	6,034,142	-
Government sukuk	7,703,704	7,703,704	-	7,703,704	-
Khazanah sukuk	235,038	235,038	-	235,038	-
Cagamas sukuk	1,824,378	1,824,378	-	1,824,378	-
Unquoted shares	57,965	57,965	-	-	57,965
	20,620,070	20,620,070	-	20,562,105	57,965

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Valuation of financial instruments at fair value (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank					
2021					
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**

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 Valuation of financial instruments at fair value (continued)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank					
2020					
Financial investments at fair value through profit or loss					
Government investment issues	89,942	89,942	-	89,942	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
Quoted shares	144,684	144,684	144,684	-	-
	447,826	447,826	144,684	303,142	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,764,843	4,764,843	-	4,764,843	-
Government investment issues	6,034,142	6,034,142	-	6,034,142	-
Government sukuk	7,703,704	7,703,704	-	7,703,704	-
Khazanah sukuk	235,038	235,038	-	235,038	-
Cagamas sukuk	1,824,378	1,824,378	-	1,824,378	-
Unquoted shares	57,957	57,957	-	-	57,957
	20,620,062	20,620,062	-	20,562,105	57,957

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 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	
	2021 RM'000	2020 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	**57,965**	46,846
Addition of unquoted shares	**100**	500
Unrealised gains recognised in other comprehensive income	**14,714**	10,619
At 31 December	**72,779**	57,965

	Bank	
	2021 RM'000	2020 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	**57,957**	46,838
Addition of unquoted shares	**100**	500
Unrealised gains recognised in other comprehensive income	**14,714**	10,619
At 31 December	**72,771**	57,957

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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 2021 RM'000	Fair value 2021 RM'000	Carrying amount 2020 RM'000	Fair value 2020 RM'000
Group				
Financial assets				
Cash and short-term funds	**835,189**	**835,189**	981,636	981,636
Deposits and placements with financial institutions	**672,463**	**672,463**	277,275	277,275
Financial investments at amortised cost	**10,826,850**	**10,682,828**	9,747,865	10,015,027
Financing and advances	**77,296,437**	**79,026,320**	76,083,198	80,859,140
Trade receivables	**909**	**909**	147	147
Other receivables and deposits	**586,519**	**586,519**	877,475	877,475
Financial liabilities				
Deposits from customers	**86,523,884**	**86,383,292**	85,575,431	85,456,346
Deposits and placements from banks and financial institutions	**850,000**	**850,000**	150,000	150,000
Recourse obligations on financing sold to Cagamas	**318,311**	**303,095**	339,826	309,115
Debt securities issued	**3,297,940**	**3,261,597**	2,642,558	2,678,020
Trade payables	**1,839**	**1,839**	1,374	1,374
Cashline facility	**700,417**	**700,417**	400,870	400,870
Other liabilities	**1,697,022**	**1,697,022**	1,599,962	1,599,962

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount 2021 RM'000	Fair value 2021 RM'000	Carrying amount 2020 RM'000	Fair value 2020 RM'000
Bank				
Financial assets				
Cash and short-term funds	**834,987**	**834,987**	981,180	981,180
Deposits and placements with financial institutions	**672,463**	**672,463**	277,275	277,275
Financial investments at amortised cost	**10,826,850**	**10,682,828**	9,747,865	10,015,027
Financing and advances	**77,516,581**	**79,246,464**	76,285,365	81,061,307
Other receivables and deposits	**550,709**	**550,709**	840,168	840,168
Financial liabilities				
Deposits from customers	**86,523,884**	**86,383,292**	85,575,431	85,456,346
Deposits and placements from banks and financial institutions	**850,000**	**850,000**	150,000	150,000
Recourse obligations on financing sold to Cagamas	**318,311**	**303,095**	339,826	309,115
Debt securities issued	**3,297,940**	**3,261,597**	2,642,558	2,678,020
Cashline facility	**700,417**	**700,417**	400,870	400,870
Other liabilities	**1,884,260**	**1,884,260**	1,811,536	1,811,536

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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					
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**	**303,095**	-	-	**303,095**
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	**1,697,022**	**1,697,022**	-	-	**1,697,022**
	93,389,413	**93,197,262**	-	**3,261,597**	**89,935,665**

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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					
2020					
Financial assets					
Cash and short-term funds	981,636	981,636	-	-	981,636
Deposits and placements with financial institutions	277,275	277,275	-	-	277,275
Financial investments at amortised cost:					
Government sukuk	2,923,692	3,006,919	-	3,006,919	-
Government investment issues	5,480,409	5,644,698	-	5,644,698	-
Islamic debt securities	554,095	563,610	-	563,610	-
Khazanah sukuk	240,070	245,127	-	245,127	-
Cagamas sukuk	449,617	454,691	-	454,691	-
Negotiable Islamic debt certificates	99,982	99,982	-	-	99,982
Financing and advances	76,083,198	80,859,140	-	-	80,859,140
Trade receivables	147	147	-	-	147
Other receivables and deposits	877,475	877,475	-	-	877,475
	87,967,596	93,010,700	-	9,915,045	83,095,655
Financial liabilities					
Deposits from customers	85,575,431	85,456,346	-	-	85,456,346
Deposits and placements from banks and financial Institutions	150,000	150,000	-	-	150,000
Recourse obligations on financing sold to Cagamas	339,826	309,115	-	-	309,115
Debt securities issued	2,642,558	2,678,020	-	2,678,020	-
Trade payables	1,374	1,374	-	-	1,374
Cashline facility	400,870	400,870	-	-	400,870
Other liabilities	1,599,962	1,599,962	-	-	1,599,962
	90,710,021	90,595,687	-	2,678,020	87,917,667

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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					
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**	**303,095**	-	-	**303,095**
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	**93,382,661**	-	**3,261,597**	**90,121,064**

FINANCIAL STATEMENT

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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					
2020					
Financial assets					
Cash and short-term funds	981,180	981,180	-	-	981,180
Deposits and placements with financial institutions	277,275	277,275	-	-	277,275
Financial investments at amortised cost:					
Government sukuk	2,923,692	3,006,919	-	3,006,919	-
Government investment issues	5,480,409	5,644,698	-	5,644,698	-
Islamic debt securities	554,095	563,610	-	563,610	-
Khazanah sukuk	240,070	245,127	-	245,127	-
Cagamas sukuk	449,617	454,691	-	454,691	-
Negotiable Islamic debt certificates	99,982	99,982	-	-	99,982
Financing and advances	76,285,365	81,061,307	-	-	81,061,307
Other receivables and deposits	840,168	840,168	-	-	840,168
	88,131,853	93,174,957	-	9,915,045	83,259,912
Financial liabilities					
Deposits from customers	85,575,431	85,456,346	-	-	85,456,346
Deposits and placements from banks and financial Institutions	150,000	150,000	-	-	150,000
Recourse obligations on financing sold to Cagamas	339,826	309,115	-	-	309,115
Debt securities issued	2,642,558	2,678,020	-	2,678,020	-
Cashline facility	400,870	400,870	-	-	400,870
Other liabilities	1,811,536	1,811,536	-	-	1,811,536
	90,920,221	90,805,887	-	2,678,020	88,127,867

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 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:

45.3.1 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 relatively short maturity period.

45.3.2 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.

45.3.3 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.

45.3.4 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 effective profit rate offered for similar financing at the reporting date.

45.3.5 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.

45.3.6 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.

45. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

45.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

45.3.7 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.

45.3.8 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.

45.3.9 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.

45.3.10 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.

Connection

Every beautiful painting is produced through the effort, diligence and precision of the artist. Every sweat we shed charts our capabilities as the No. 1 Progressive Islamic Cooperative Bank through the banking facilities provided.

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 & 10, Jalan Pauh
Taman Pauh Utama
02600 Pekan Pauh, 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 & 19 D, Jalan Sungai Petani
08300 Gurun, Kedah

JITRA
No. 247 & 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 & 204, Jalan Lunas
Taman Seluang, Kelang Lama
09000 Kulim, Kedah

LANGKAWI
No. 28 & 29, Jalan Mahawangsa 1
Langkawi Blvd
07000 Langkawi, Kedah

MERGONG
No. 7 & 8,
Tuanku Haminah Business Centre
Mergong
05150 Alor Setar, Kedah

PENDANG
Lot 9-11, Pendang Square
06700 Pendang, Kedah

SUNGAI PETANI
No. 21 & 22, Jalan Jati 1/11
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah

BAYAN BARU
No. 49, 51 & 53, Block H
Persiaran Mahsuri 1/3
Sunway Avenue
11950 Bayan Baru, Pulau Pinang

BUKIT MERTAJAM
No. 22 & 24, Jalan Perda Selatan
Bandar Perda
14000 Bukit Mertajam, Pulau Pinang

GEORGETOWN
No. 137, Jalan Magazine
10300 Georgetown, Pulau Pinang

JAWI
No. 56 & 58, Jalan Jawi Jaya 1
Taman Jawi Jaya
Seberang Perai Selatan
14200 Sungai Jawi, Pulau Pinang

JELUTONG
No. 13 & 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 & 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 & 10, Jalan Greentown 5
Greentown Nova
30450 Ipoh, Perak

GRIK
No. 1, Jalan Indah 1
33600 Grik, Perak

KUALA KANGSAR
No. 1 & 2, Bangunan Bank Rakyat
Jalan Daeng Selili
33000 Kuala Kangsar, Perak

MANJUNG
No. 41, 43 & 45, Persiaran PM 3/2
Seri Manjung City Centre, Section III
32040 Seri Manjung, Perak

MEDAN GOPENG
No. 37 & 39, Medan Gopeng 1
Jalan Raja Dr Nazrin Shah
Peti Surat 494
30750 Ipoh, Perak

MERU RAYA
No. 42 & 44, Jalan Meru, Impian A1
Meru Impian Business Centre
Bandar Meru Raya
30010 Ipoh, Perak

SERI ISKANDAR
No. 24 & 26, Jalan Maju Satu
Taman Maju, Bandar Sri Iskandar
32610 Bandar Seri Iskandar, Perak

TAIPING
Lot 2478 & 2482, Jalan Berek
34000 Taiping, Perak

Corporate Office and Branches

TANJUNG MALIM
Lot 27 & 29, Jalan Permai 1
Taman Ketoyong Permai 2
35900 Tanjung Malim, Perak

TAPAH
No. 56 & 57, Jalan Besar
35000 Tapah, Perak

TELUK INTAN
No. 187, Jalan Intan 5, Bandar Baru
36000 Teluk Intan, Perak

REGION OFFICE (SELANGOR)

No. 9 & 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 & 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 F03 & F03A, Fasa 1
Glomac Cyberjaya, Persiaran APEC
63000 Cyberjaya, Selangor

KAJANG
No. 18 & 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 & 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 & 13
Jalan Yong Shook Lin, Seksyen 52
46200 Petaling Jaya, Selangor

PORT KLANG
No. 2 & 4, Harbour Point
Commercial Centre, Jalan Sungai Aur
42000 Port Klang, Selangor

PUCHONG
No. 28 & 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 & 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 & 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 & A13, Jalan Menteri
45300 Sungai Besar, Selangor

SUNGAI BULOH
Lot 91 & 93, Pusat Commercial TSB
Jalan Nautika A U20/A
Seksyen U20, Sungai Buloh
40160 Shah Alam, Selangor

TANJONG KARANG
No.1&3, Jalan Makmur 1
Taman Makmur, Batu 7
45500, Tanjong Karang, Selangor

USJ, SUBANG JAYA
No. 22 & 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 & 62
Tingkat Bawah 1 & 2, Jalan Maarof
59100 Bangsar Baru, Kuala Lumpur

BANDAR TUN RAZAK
No. G11, G12, 01-11 & 01-12
Wisma Zelan, Bandar Tun Razak
56000 Kuala Lumpur

DESA PANDAN
No. 33 & 35 Jalan 1/76
Desa Pandan
55100 Kuala Lumpur

DESA SRI HARTAMAS
Lot B-02 & B-03, 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

JALAN IPOH, KL
No. 140, Bangunan Bank Rakyat
Jalan Ipoh
51200 Kuala Lumpur

JALAN PINANG, KL
No. 19-1-1 Tingkat Bawah & 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 & 15, Jalan Rimbunan Raya 1
Laman Rimbunan Raya 1
Laman Rimbunan
52100 Kepong, Kuala Lumpur

ADDITIONAL INFORMATION AND DIRECTORY

PRESINT 15, PUTRAJAYA
No. 22 & 24, Jalan Diplomatik 3/1
Presint 15
62050 Putrajaya

PUTRAJAYA
Ayer @ 8, Lot 3 & 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 & 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 & 6-5, Tingkat 5, Jalan KC 1
Kota Cemerlang
75450 Ayer Keroh, Melaka

AYER KEROH
No. G-4 & 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 & 27, Jalan Ara 1
Pusat Perniagaan Ara
72100 Bahau, Negeri Sembilan

KUALA PILAH
Lot No. 3803 & 3804
Jalan Dato' Muar, Ulu Muar
70000 Kuala Pilah, Negeri Sembilan

LUKUT
No. 137 & 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 & 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)

Lot 1610, Indahwalk 2
Jalan Indah 15-2 Bukit Indah
81200 Johor Bahru, Johor

BATU PAHAT
No. 3 & 4, Jalan Maju Barat
Taman Maju, Bukit Pasir
83000 Batu Pahat, Johor

DAMANSARA ALIFF
No. 57 & 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 & 29, Jalan Md Lazim Saim
86000 Kluang, Johor

KOTA TINGGI
No. 24 & 26, Jalan Jaya 1
Taman Jaya
81900 Kota Tinggi, Johor

KULAI
No. 4 & 5, Jalan Anggerik Satu
Taman Kulai Utama
81000 Kulai, Johor

LABIS
No. 4A & 4B Jalan Segamat
85300 Labis, Johor

MASAI
No. 31, Jalan Suria 3
Bandar Seri Alam
81750 Masai, Johor

MERSING
No. 345 F & 345 G
Jalan Ismail
86800 Mersing, Johor

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 & 124, Jalan Genuang
85000 Segamat, Johor

TAMAN UNIVERSITI, SKUDAI
No. 14 & 16, Jalan Pendidikan 8
Taman Universiti
81300 Skudai, Johor

YONG PENG
No. 5 & 6, Jalan Tropika Utama 4
Taman Bukit Tropika
83700 Yong Peng, Johor

REGION OFFICE (PAHANG/TERENGGANU/ KELANTAN)

No. 25 & 26, Tingkat 4
Bazar Maidam, Jalan Masjid Abidin
20100 Kuala Terengganu, Terengganu

BANDAR INDERA MAHKOTA
No. B 56 & B 58, Persiaran Sultan
Abu Bakar, Bandar Indera Mahkota
25000 Kuantan, Pahang

BENTONG
No. P18 & P19
Jalan Prima 1, Bentong Prima
28700 Bentong, Pahang

BERA
No. 13, 15 & 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, Jalan BBKL, 2-3-1
No. 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 & 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 & 26
Bandar Raub Perdana, Jalan Lipis
27600 Raub, Pahang

TEMERLOH
No. 7 & 9, Jalan Sudirman 2
Bandar Sri Semantan
28000 Temerloh, Pahang

DUNGUN
Lot PT 12447 & 12448
Taman Saujana, Sura Gate
23000 Dungun, Terengganu

GONG BADAK
No. 1, 2 & 3, Taman Tanjung Permata
Kampung Gong Badak
Jalan Batu Rakit
21300 Kuala Terengganu, Terengganu

JERTIH
Lot 4123 & 4124, Jalan Pasar
Bandar Jertih
22000 Jertih, Terengganu

KEMAMAN
Lot K12086 & K12087
Jalan Kubang Kurus
24000 Kemaman, Terengganu

KERTEH
Lot PT14507, 14508 & 14509
Kampung Baru, Mukim Kerteh
24300 Kerteh, Terengganu

KUALA BERANG
Lot PT 11282 & 11283, Batu 23
Jalan Kuala Berang
21700 Kuala Berang, Terangganu

KUALA TERENGGANU
No. 8 & 9
Pusat Niaga Paya Keladi
Jalan Paya Keladi
20000 Kuala Terengganu, Terengganu

MARANG
Lot 8996 & 8997
Kompleks Komersial Marang
21600 Marang, Terengganu

GUA MUSANG
Lot PT 7841 & PT 7842
Jalan Persiaran Raya, Taman Mesra
18300 Gua Musang, Kelantan

KOTA BHARU
Lot 206 & 207, Jalan Pengkalan Chepa
15400 Kota Bharu, Kelantan

KUALA KRAI
No. PT 5572 & PT 5573
KM 2, Jalan Kuala Krai - Gua Musang
18000 Kuala Krai, Kelantan

KUBANG KERIAN
Lot PT 1709 & 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 & PT 316
Wisma Majlis Daerah Pasir Mas
Jalan Pasir Pekan
17000 Pasir Mas, Kelantan

TANAH MERAH
Lot PT 237 & PT 238
Bandar Tanah Merah
17500 Tanah Merah, Kelantan

WAKAF CHE YEH
No. J-105 & 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 & 23, Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak

KAPIT
Lot 542 & 543
Wisma Ngieng Ping Toh
Jalan Airport
96800 Kapit, Sarawak

KOTA SENTOSA
Tingkat Bawah & 1
Block E, Sentosa Parade
KCLD, Jalan Kucing-Serian
93250 Kuching, Sarawak

KOTA SAMARAHAN
Lot 18 & 19
Uni Capital Commercial Centre
Kuching/Kota Samarahan Express Way
94300 Kota Samarahan, Sarawak

Corporate Office and Branches

LIMBANG
Lot 11 & 12, Limbang Town District
Jalan Pandaruan
98700 Limbang, Sarawak

MATANG JAYA
No. 3 & 4, Taman Lee Ling
Commercial Centre, Jalan Matang
93050 Kuching, Sarawak

MIRI
Lot 1111 & 1112
Bangunan Tabung Baitulmal
Sarawak Pelita Commercial Central
98000 Miri, Sarawak

MUKAH
No. 1152 & 1153, Blok C
Mukah Town Extension Phase II
96400 Mukah, Sarawak

PERMY JAYA
Lot 6131 & 6132, Pusat Bandar Fasa 6
Bandar Baru Permy Jaya
98000 Miri, Sarawak

SARIKEI
No. 22 & 22A, Lorong Tun Razak 1
96100 Sarikei, Sarawak

SATOK
Lot 504, Section 6
KTLD, Jalan Kulas Tengah
93400 Kuching, Sarawak

SIBU
Lot 12 E & 12 F, Blok 4
Jalan Kampung Datu
96000 Sibu, Sarawak

SIMPANG TIGA
Tingkat Bawah & 1, No. 9 & 10
Blok 16, KCLD, Jalan Tun Jugah
93350 Kuching, Sarawak

SRI AMAN
Lot 1467 & 1468
Seksyen 3 S.T.D, Jalan Hospital
95000 Sri Aman, Sarawak

REGION OFFICE (SABAH)

Tingkat 5, Blok B, Harbour City
Lot 20 & 21, Jalan Pantai Baru
Sembulan
88000 Kota Kinabalu, Sabah

KOTA BELUD
Lot 3 & 4, Block E
Yick Ming Commercial Centre
89157 Kota Belud, Sabah

KOTA MARUDU
No. 6 & 7, WTK Phase 2
89108 Kota Marudu, Sabah

LABUAN
Unit No. E001, Tingkat Bawah
Financial Park Labuan Complex
Jalan Merdeka
87000 Wilayah Persekeutuan, Labuan

LAHAD DATU
Lot 27 & 28, Block D, Airport Plaza
Fajar Centre, Jalan Segama
91100 Lahad Datu, Sabah

KENINGAU
Lot 7 & 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 & 50, Block H
Donggongan Square, Penampang
89500 Kota Kinabalu, Sabah

PUTATAN
Lot 5 & 6, Tapak Putatan Baru
Jalan Putatan
88300 Kota Kinabalu, Sabah

SANDAKAN
Lot 4 & 5, Fasa 2
Sandakan Square, Jalan Prayer
90000 Sandakan, Sabah

SEMPORNA
Lot D2 & 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 & 21, Blok B, Harbour City
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu

BEAUFORT
Lot 21 & 22, Block C
At Commercial Lot New Beaufort Jaya
Near Beaufort Bridge
89800 Beaufort, Sabah

Ar-Rahnu X'Change

KEDAH

AR-RAHNU X'CHANGE CHANGLUN
No. 61-B, Pekan Baru
Jalan Kodiang
06010 Changlun, Kedah

AR-RAHNU X'CHANGE LANGKAWI
No. 66, Persiaran Dayang 1
Pusat Perniagaan Dayang
07000 Langkawi, Kedah

AR-RAHNU X'CHANGE MERGONG
No. 19, Lorong Putih 9
Taman Rakyat Mergong
05150 Alor Setar, Kedah

PERAK

AR-RAHNU X'CHANGE BATU GAJAH
No. 5, Tingkat Bawah
Jalan Dewangsa
31000 Batu Gajah, Perak

AR-RAHNU X'CHANGE SITIAWAN
No. 25, Tingkat Bawah
Taman Sentosa, Jalan Lumut
32000 Sitiawan, Perak

AR-RAHNU X'CHANGE TELUK INTAN
Jalan Selat
36000 Teluk Intan, Perak

AR-RAHNU X'CHANGE TAIPING
No. 31, Tingkat Bawah
Susur Simpang Jalan Kg. Dew
34700 Simpang, Perak

SELANGOR

AR-RAHNU X'CHANGE AMPANG
No. 6-G, Tingkat Bawah
Jalan Dagang 1/1A
Taman Dagang
68000 Ampang, Selangor

AR-RAHNU X'CHANGE BALAKONG
No. 7G, Jalan Cheras Maju
Pusat Perniagaan Cheras Maju
43200 Balakong, Selangor

AR-RAHNU X'CHANGE MELAWATI
No. G-1, Melawati Corporate Centre
Taman Melawati
53100 Kuala Lumpur

AR-RAHNU X'CHANGE SHAH ALAM
No. 9 & 11
Jalan Tuanku Ampuan Zabedah H/9H
Seksyen 9
40000 Shah Alam, Selangor

AR-RAHNU X'CHANGE BATANG KALI
No. 37, Jalan Mahogani 7/1, Seksyen 4
Bandar Utama Batang Kali
44300 Batang Kali, Selangor

WILAYAH PERSEKUTUAN

AR-RAHNU X'CHANGE JALAN RAKYAT
Tingkat GB, Menara 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

AR-RAHNU X'CHANGE SENTUL
No. 22, Jalan 14/48 A
Sentul Raya Boulevard
51000 Kuala Lumpur

NEGERI SEMBILAN

AR-RAHNU X'CHANGE REMBAU
No. 990, Tingkat Bawah, Jalan Terentang
71300 Rembau, Negeri Sembilan

MELAKA

AR-RAHNU X'CHANGE MELAKA SENTRAL
No. 24, Jalan Cempaka 1
Taman Seri Cempaka
Peringgit
75400 Melaka

AR-RAHNU X'CHANGE SUNGAI UDANG
No. 2, Tingkat Bawah, Jalan Pahlawan 7
Taman Pahlawan
76300 Sungai Udang, Melaka

JOHOR

AR-RAHNU X'CHANGE KLUANG
No. 22, Tingkat Bawah, Jalan Pesona 2
Taman Pesona
86000 Kluang, Johor

AR-RAHNU X'CHANGE MASAI
No. 16, Jalan Sejambak 14
Taman Bukit Dahlia
81700 Pasir Gudang, Johor

AR-RAHNU X'CHANGE MUAR
No. 25-2, Jalan Majidi
84000 Muar, Johor

AR-RAHNU X'CHANGE TANGKAK
No. 9, Tingkat Bawah & Mezzanine
Jalan Muar
84900 Tangkak, Johor

AR-RAHNU X'CHANGE ULU TIRAM
No. 1, Jalan Ledang 25
Taman Bukit Tiram
81800 Ulu Tiram, Johor

PAHANG

AR-RAHNU X'CHANGE KUANTAN
No. 43A, Ground Floor,
Jalan Haji Abdul Aziz 25000
Kuantan, Pahang

TERENGGANU

AR-RAHNU X'CHANGE KEMAMAN
Kedai Ar-Rahnu Kemaman
No. 22, Jalan Sulaimani Chukai
24000 Kemaman, Terengganu

KELANTAN

AR-RAHNU X'CHANGE JELAWAT
Lot 164, Pekan Jelawat
16070 Bachok, Kelantan

AR-RAHNU X'CHANGE KOTA BHARU
Tingkat Bawah, Lot PT 68
Bangunan Yamud
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan

SARAWAK

AR-RAHNU X'CHANGE SATOK
Lot 497, Seksyen 6
KTLD Jalan Kulas Tengah
93400 Kuching, Sarawak

Rakyat Xcess and Ar-Rahnu X'Change

KEDAH

AR-RAHNU X'CHANGE ALOR SETAR
No. 33 & 34, Jalan SPK 1
Pekan Simpang Kuala
05400 Alor Setar, Kedah

AR-RAHNU X'CHANGE SUNGAI PETANI
No. 21-F, Jalan Ibrahim
08000 Sungai Petani, Kedah

AR-RAHNU X'CHANGE SIK
No. 1A & 1B, Susur Alamanda 2
Pusat Perniagaan Alamanda
08200 Sik, Kedah

RAKYAT XCESS ALOR SETAR
No. 33 & 34, Jalan SPK 1
Pekan Simpang Kuala
05400 Alor Setar, Kedah

RAKYAT XCESS SUNGAI PETANI
No. 21-F, Jalan Ibrahim
08000 Sungai Petani, Kedah

RAKYAT XCESS SIK
No. 1A & 1B, Susur Alamanda 2
Pusat Perniagaan Alamanda
08200 Sik, Kedah

PERAK

AR-RAHNU X'CHANGE KAMPAR
No. 7 & 8, Jalan Siswa 3
Taman Siswa
31900 Kampar, Perak

AR-RAHNU X'CHANGE SUNGAI SIPUT
No. 15, Jalan Ipoh
31100 Sungai Siput (U), Perak

RAKYAT XCESS KAMPAR
No. 7 & 8, Jalan Siswa 3
Taman Siswa
31900 Kampar, Perak

RAKYAT XCESS SUNGAI SIPUT
No. 15, Jalan Ipoh
31100 Sungai Siput (U), Perak

SELANGOR

AR-RAHNU X'CHANGE BANDAR TASIK PUTERI
No. 69-G & 1, Jalan 7A/3
Bandar Tasik Puteri
48020 Rawang, Selangor

AR-RAHNU X'CHANGE BANGI
Lot 1.01, Tingkat Bawah
Wisma UNIKEB
43609 Bangi, Selangor

AR-RAHNU X'CHANGE BERANANG
No. 27-G & 1, Jalan TPS 2/1
Taman Pelangi Semenyih 2
43700 Beranang, Selangor

AR-RAHNU X'CHANGE SAUJANA UTAMA
No. 1-G-52, Jalan Bidara 6/3
Saujana Utama 3
47000 Sungai Buloh, Selangor

RAKYAT XCESS BANDAR TASIK PUTERI
No. 69-G, Jalan 7A/3
Bandar Tasik Puteri
48020 Rawang, Selangor

RAKYAT XCESS BANGI
Lot 1.01, Tingkat Bawah
Wisma UNIKEB
43609 Bangi, Selangor

RAKYAT XCESS BERANANG
No. 27-G, Jalan TPS 2/1
Taman Pelangi Semenyih 2
43700 Beranang, Selangor

RAKYAT XCESS SAUJANA UTAMA
No. 1-G-50, Jalan Bidara 6/3
Bandar Saujana Utama
47000 Sungai Buloh, Selangor

NEGERI SEMBILAN

AR-RAHNU X'CHANGE GEMAS
Lot 4642, Tingkat Bawah, Pekan Gemas
73400 Gemas, Negeri Sembilan

AR-RAHNU X'CHANGE ENSTEK
No. 78-1 & 78-2
Mercato Jalan Timur 6/1B, Bandar Enstek
71800 Bandar Enstek, Negeri Sembilan

RAKYAT XCESS GEMAS
Lot 4642, Tingkat Bawah, Pekan Gemas
73400 Gemas, Negeri Sembilan

RAKYAT XCESS ENSTEK
No. 78-1 & 78-2
Mercato Jalan Timur 6/1B, Bandar Enstek
71800 Bandar Enstek, Negeri Sembilan

JOHOR

AR-RAHNU X'CHANGE BENUT
No. 40, Tingkat Bawah, Jalan Mutiara 4
Pusat Perniagaan Benut
82200 Pontian, Johor

AR-RAHNU X'CHANGE PARIT RAJA
No. 53, Jalan Universiti 1
Taman Universiti, Parit Raja
86400 Batu Pahat, Johor

RAKYAT XCESS BENUT
No. 39, Tingkat Bawah, Jalan Mutiara 4
Pusat Perniagaan Benut
82200 Pontian, Johor

RAKYAT XCESS PARIT RAJA
No. 52, Jalan Universiti 1
Taman Universiti, Parit Raja
86400 Batu Pahat, Johor

Rakyat Xcess and Ar-Rahnu X'Change

PAHANG

AR-RAHNU X'CHANGE MENTAKAB
No. 119, Tingkat Bawah
Jalan Temerloh
28400 Mentakab, Pahang

AR-RAHNU X'CHANGE KUALA ROMPIN
No. 70 & 71, Jalan Pasar
Bandar Baru Rompin
26800 Kuala Rompin, Pahang

RAKYAT XCESS MENTAKAB
No. 121, Tingkat Bawah
Jalan Temerloh
28400 Mentakab, Pahang

RAKYAT XCESS KUALA ROMPIN
No. 70 & 71, Jalan Pasar
Bandar Baru Rompin
26800 Kuala Rompin, Pahang

TERENGGANU

AR-RAHNU X'CHANGE CHABANG TIGA
No. 2 & 3, Tingkat Bawah
Wisma KY, Kg. Chabang 3
Simpang Tok Ku
21000 Kuala Terengganu, Terengganu

RAKYAT XCESS CHABANG TIGA
No. 2 & 3, Tingkat Bawah
Wisma KY, Kg. Chabang 3
Simpang Tok Ku
21000 Kuala Terengganu, Terengganu

KELANTAN

AR-RAHNU X'CHANGE JELI
Lot 6491, Tingkat Bawah & Atas
Hadapan Balai Bomba & Penyelamat
Taman Haji Hamat
17600 Jeli, Kelantan

RAKYAT XCESS JELI
Lot 6491, Tingkat Bawah & Atas
Hadapan Balai Bomba & Penyelamat
Taman Haji Hamat
17600 Jeli, Kelantan

SARAWAK

AR-RAHNU X'CHANGE BETONG
Tingkat 1, SL 8, Lot 1936
Bandar Baru Betong Phase 1
95700 Betong, Sarawak

AR-RAHNU X'CHANGE LUNDU
Tingkat 1, No. 76
Lundu Bazaar
94500 Lundu, Sarawak

RAKYAT XCESS BETONG
Tingkat Bawah, SL 8, Lot 1936
Bandar Baru Betong Phase 1
95700 Betong, Sarawak

AR-RAHNU X'CHANGE SERIAN
Lot 1401 & 1402 Tingkat Bawah
Blok 9, STLD, Jalan Serian By-Pass
Serian Jaya Commercial Centre
94700 Serian, Sarawak

AR-RAHNU X'CHANGE SEBUYAU
Lot 120
Pasar Sebuyau
94850 Sebuyau, Sarawak

RAKYAT XCESS LUNDU
Tingkat Bawah, No. 76
Lundu Bazaar
94500 Lundu, Sarawak

RAKYAT XCESS SERIAN
Lot 1401 & 1402 Tingkat Bawah
Blok 9, STLD, Jalan Serian By-Pass
Serian Jaya Commercial Centre
94700 Serian, Sarawak

RAKYAT XCESS SEBUYAU
Lot 120
Pasar Sebuyau
94850 Sebuyau, Sarawak

Rakyat Xcess

NEGERI SEMBILAN

RAKYAT XCESS SEREMBAN 2
No. 115, Tingkat Bawah
Jalan S2 F2, Garden Homes Seremban
2 70000 Seremban, Negeri Sembilan

JOHOR

RAKYAT XCESS BUKIT GAMBIR
No. 6, Jalan Gambir 5
Pusat Komersil Gambir
84800 Bukit Gambir, Johor

RAKYAT XCESS LARKIN PERDANA
No. 61, Susur Larkin Perdana 1
Persiaran Larkin Perdana
Taman Larkin Perdana
81100 Johor Bahru, Johor

PAHANG

RAKYAT XCESS CAMERON HIGHLANDS
No. 6-1, Marigold Square
Tanah Rata
39000 Cameron Highlands, Pahang

ADDITIONAL INFORMATION AND DIRECTORY

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

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

Bank Rakyat Service Agents

SELANGOR

KOPERASI KAKITANGAN UNIKL MIAT SEPANG BERHAD
Lot 2891, Jalan Jenderam Hulu
43800 Dengkil, Selangor
Tel : 03-8768 0804
Fax : 03-8768 8485

KOPERASI KAKITANGAN UNIVERSITI TEKNOLOGI MARA (UiTM) BERHAD
No. B13-2, Jalan Lazuardi 7/9, Seksyen 7
40000 Shah Alam, Selangor
Tel : 03-5519 5912
Fax : 03-5513 0540

KOPERASI MEMBELI DAN MEMBUKA TANAH SERI CHEEDING BERHAD
Lot 6665, Jalan Merak
Kampung Seri Cheeding
42700 Banting, Selangor
Tel : 03-3191 4729
Fax : 03-3191 4729

KOPERASI PELABURAN PEKERJA PROTON BERHAD
Kedai Koperasi Pelaburan Pekerja
Proton Berhad, Seksyen 26
40400 Shah Alam, Selangor
Tel : 03-5192 5611
Fax : 03-5102 6148

KOPERASI PENEROKA SUNGAI TENGI BERHAD
Bangunan Stesen Minyak BH Petrol
Jalan Merdeka
Desa Maju Sungai Tengi
44010 Kuala Kubu Bharu, Selangor
Tel : 03-6042 1034
Fax : 03-6042 1034

KOPERASI PEMBANGUNAN PEKERJA INDUSTRI SELANGOR BERHAD (KOPEKERJA)
Suite 1-17, Jalan Dagang B/3A
Taman Dagang
68000 Ampang, Selangor
Tel : 03-4270 4331
Fax : 03-4270 7659

KOPERASI PEMBANGUNAN PULAU LUMUT BERHAD
No. 24A, Jalan Batu Unjur 1
Bayu Perdana
41200 Klang, Selangor
Tel : 03-3324 2728
Fax : 03-3324 2558

KOPERASI TERAS SEMENYIH SELANGOR BERHAD
No. 24 & 25, Seksyen 2, Jalan Besar
43500 Semenyih, Selangor
Tel : 03-8723 8615
Fax : 03-8723 4479

KOPERASI UNIKEB BERHAD
Wisma UNIKEB
Universiti Kebangsaan Malaysia
43600 Bangi, Selangor
Tel : 03-8925 2540
Fax : 03-8925 7177

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
47300 Petaling Jaya, Selangor
Tel : 03-7876 2167
Fax : 03-7876 2167

WILAYAH PERSEKUTUAN

KOPERASI KAKITANGAN BANK RAKYAT BERHAD (SEKATARAKYAT)
Tingkat 2A, Menara 2
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
Tel : 03-2273 3314
Fax : 03-2274 1314

KOPERASI KEDAI BUKU UNIVERSITI MALAYA BERHAD (KKUM)
Bangunan Perdana siswa
Universiti Malaya
Peti Surat 1127, Jalan Pantai Baru
59700 Kuala Lumpur
Tel : 03-7956 5000
Fax : 03-7954 7040

KOPERASI PEKERJA FELDA MALAYSIA BERHAD (KOGUNA)
No. 2F, Jalan Gurney
54000 Kuala Lumpur
Tel : 03-2698 4202
Fax : 03-2693 4511

KOPERASI PEKERJA-PEKERJA BANK MALAYSIA BERHAD (KOBANK)
Lot No. 1108-1109B
Level 11, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2031 4933
Fax : 03-2031 7298

KOPERASI SIMPANAN DAN KREDIT BERSATU MALAYSIA BERHAD
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 2282 7233

KOPERASI RANGKAIAN GLOBAL MALAYSIA BERHAD
No. 31, Tingkat 1
Jalan Dewan Sultan Sulaiman Satu
Off Jalan Tuanku Abdul Rahman
50300 Kuala Lumpur
Tel : 013-628 2434
Fax : 03-2697 8305

KOPERASI KEMENTERIAN SUMBER MANUSIA (KOKESUMA)
Tingkat 7, Menara PERKESO
281 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-4253 1606
Fax : 03-4257 6995

KOPERASI MODAL DAN AMANAH MALAYSIA BERHAD
A-G-5, Blok A
Glomac Damansara
No. 699 Jalan Damansara
60000 Kuala Lumpur
Tel : 03-7731 3699

ADDITIONAL INFORMATION AND DIRECTORY

NEGERI SEMBILAN

KOPERASI JELAI TIGA GEMAS BERHAD
Stesen Minyak Koperasi
Kampung Felda Jelai Tiga
73480 Gemas, Negeri Sembilan
Tel : 06-434 7495
Fax : 06-434 7495

KOPERASI MELAYU BERJAWATAN KERAJAAN NEGERI SEMBILAN BERHAD (KOMBEK)
No. 39 & 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
Fax : 06-436 9254

MELAKA

KOPERASI KAKITANGAN PENJARA MELAKA BERHAD
Tingkat Bawah
Pasar Mini Koperasi Sekolah Henry Gurney Telok Mas
75450 Melaka
Tel : 06-261 7429
Fax : 06-261 9261

JOHOR

KOPERASI FELDA LOK HENG TIMUR BERHAD
Bangunan Koperasi
Felda Lok Heng Timur
81909 Kota Tinggi, Johor
Tel : 07-894 7889
Fax : 07-894 7452

KOPERASI KONTRAKTOR DAN USAHAWAN MELAYU LEDANG BERHAD
No. 166, Tingkat Bawah, Jalan Muar
84900 Tangkak, Johor
Tel : 06-978 3719
Fax : 06-979 1119

KOPERASI PELABURAN PEKERJA-PEKERJA KEJORA BERHAD
No. 15, Bangunan Kedai, Pusat Bandar
Bandar Penawar
81930 Kota Tinggi, Johor
Tel : 07-822 1394
Fax : 07-822 1394

KOPERASI PENULIS DAN PEMBACA MUAR BERHAD
TL MBP 115, Parit Raja
KM5, Jalan Temenggong Ahmad
84000 Muar, Johor
Tel : 06-981 1226
Fax : 06-981 1292

KOPERASI PERUNDING TAKAFUL IKHLAS MALAYSIA BERHAD
No. 3, Jalan Langsat, Peti Surat 142
88000, Kluang, Johor
Tel : 07-771 9788
Fax : 07-774 4788

KOPERASI PERBADANAN JOHOR BERHAD
Tingkat 11, Bangunan KOMTAR
Johor Bahru City Centre (JBCC)
80000 Johor Bahru, Johor
Tel : 07-219 2692
Fax : 07-223 3175

KOPERASI MITRA USAHAWAN BERHAD
No. 12, Jalan Uda Utama 3/15
Bandar Uda Utama
81300 Skudai, Johor
Tel : 07-232 5325
Fax : 07-234 3917

PAHANG

KOPERASI FELDA SUNGAI KOYAN III RAUB BERHAD
Felda Sungai Koyan 3
27650 Raub, Pahang
Tel : 09-340 1442
Fax : 09-340 1442

KOPERASI GURU-GURU MELAYU PAHANG BARAT BERHAD
No. 3C, Tingkat 2, Bangunan KGMPB
Kompleks Lipis Inn
27200 Kuala Lipis, Pahang
Tel : 09-312 1800
Fax : 09-312 3877

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
Tel : 06-468 5406
Fax : 06-468 5406

KOPERASI PEMBANGUNAN DAERAH MARAN BERHAD
No. 2, Tingkat 2
Bangunan Wisma Pemuda UMNO
Jalan Perpustakaan
26500 Maran, Pahang
Tel : 019-966 7186

KOPERASI PESERTA-PESERTA FELCRA GUGUSAN SRI MAKMUR BERHAD
Felcra Sri Makmur
26030 Kuantan, Pahang
Tel : 013-973 8878
Fax : 09-546 1040

KOPERASI SERBAGUNA FELDA KERATONG TIGA BERHAD
Felda Keratong Tiga
26900 Bandar Tun Abdul Razak, Pahang
Tel : 09-445 7452
Fax : 09-445 7452

KOPERASI SERBAGUNA FELDA CHINI TIMUR SATU BERHAD
Felda Chini Timur Satu, Chini
26690 Pekan, Pahang
Tel : 09-457 1266
Fax : 09-457 1266

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
Fax : 09-958 4288

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
Tel : 09-946 8799
Fax : 09-946 8513

SABAH

KOPERASI ANAK WATAN RANAU BERHAD
Blok B, Lot 10, Bangunan Kedai SEDCO
89300 Ranau, Sabah
Tel : 088-879 539
Fax : 088-876 073

KOPERASI ANAK WAWASAN KOTA KINABALU BERHAD
Lot 3A 34, Level 3
Central Shopping Plaza
Jalan Banjaran
88200 Kota Kinabalu, Sabah
Tel : 088-254 534
Fax : 088-254 534

KOPERASI BELIA TENOM BERHAD
Asia Rasa Bed & Breakfast
Jalan Tun Mustafa, W.D.T 32
89907 Tenom, Sabah
Tel : 013-851 6198

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
Tel : 088-389 258
Fax : 088-383 258

KOPERASI SUKAU KINABATANGAN BERHAD
Blok C1, Lot 1
Tingkat 1, Wisma Kosuk Berhad
Bandar Lubuk Jaya, Batu 7
90000 Sandakan, Sabah
Tel : 089-232 960

KOPERASI UNIVERSITI MALAYSIA SABAH BERHAD (KoUMS)
Bangunan Pusat Perkhidmatan Pelajar (Anjung Siswa)
Universiti Malaysia Sabah
88999 Kota Kinabalu, Sabah
Tel : 088-320 714

KOPERASI KOPIS LABUAN BERHAD
Court Light Industrial Durian Tunjung
P.O. Box 391
87008 Wilayah Persekutuan Labuan
Tel : 087-581 011
Fax : 087-583 011

SARAWAK

KOPERASI BUMIPUTERA KANOWIT BERHAD
Lot 125, Pekan Kanowit
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
Tel : 082-415 611
Fax : 082-231 650

KOPERASI PERDAGANGAN DAN PERINDUSTRIAN BARAM MIRI BERHAD
Lot 337, Pasar Marudi
98050 Baram, Sarawak
Tel : 019-856 1461
Fax : 085-75 6526

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

ADDITIONAL INFORMATION AND DIRECTORY

SME & Cooperative (SMEC) Business Centre

SME & COOPERATIVE BUSINESS CENTRE MELAKA/NEGERI SEMBILAN
Unit 4-3, Tingkat Tiga
Jalan KC 1, Kota Cemerlang
75450 Air Keroh, Melaka
Tel : 06-231 0498

SME & COOPERATIVE BUSINESS CENTRE KUALA LUMPUR/PUTRAJAYA
Tingkat 15, Menara 2
Menara Kembar Bank Rakyat
No 33. Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
Tel : 03-2600 4751

SME & COOPERATIVE BUSINESS CENTRE SELANGOR
No. 9 & 11, Tingkat 1
Jalan Tengku Ampuan Zabedah, U9/9H
Seksyen 9
40000 Shah Alam, Selangor
Tel : 03-5519 8427

SME & COOPERATIVE BUSINESS CENTRE KEDAH/PERLIS/PULAU PINANG
No. 21 & 22, Tingkat 2, Jalan Jati 1/1
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah
Tel : 04-441 2565

SME & COOPERATIVE BUSINESS CENTRE KELANTAN/TERENGGANU
Tingkat 1 & 2, PT 1711
Jalan Raja Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bahru, Kelantan
Tel : 09-697 3116

SME & COOPERATIVE BUSINESS CENTRE PERAK
No. 61, Tingkat Bawah & Tingkat 1
Lengkok Kledang Raya
Taman Kledang Raya
30100 Ipoh, Perak
Tel : 05-526 3758

SME & COOPERATIVE BUSINESS CENTRE SABAH
Lot 5 & 6, Tapak Putatan Baru
Jalan Putatan
88300 Kota Kinabalu, Sabah
Tel : 088-487 623

SME & COOPERATIVE BUSINESS CENTRE 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

SME & COOPERATIVE BUSINESS CENTRE JOHOR
No. 63, Tingkat 1
Susur Larkin Perdana 1
Persiaran Lakin Perdana
Taman Larkin Perdana
81100 Johor Bahru, Johor
Tel : 07-232 1931

SME & COOPERATIVE BUSINESS CENTRE PAHANG
No. 43A, Jalan Haji Abdul Aziz
25000 Kuantan, Pahang
Tel : 09-573 2037

www.bankrakyat.com.my

BANK KERJASAMA RAKYAT MALAYSIA BERHAD (Reg No.2192)

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