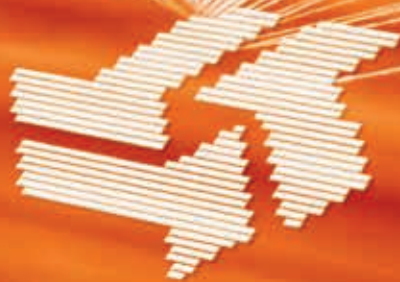


Annual Report 2020



Your Bank of Choice



Weaving Ties



Weaving Ties

This year's cover features Tenun Pahang, a traditional silk woven fabric highly regarded for its high quality and innovative designs and patterns. This highly regarded fabric has risen in fame over the years and was conferred royal status by HH Tengku Abdullah Sultan Ahmad Shah, the crown prince of Pahang in 2006.

Like the silk thread within Tenun Pahang that binds, joins and embroiders new possibilities, Bank Rakyat is committed to weaving strong uplifting bonds with our members, customers, and the nation through highly valued products and services. The Bank's potential also lies in expanding beyond borders, whilst empowering our members to drive changes towards becoming Malaysia's No.1 progressive Islamic cooperative bank.

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



To access our Annual Report, please scan the QR code with your smart device.

1.

ABOUT US

- 4 Overview
- 6 Corporate Information
- 6 Our Business Pillars
- 7 The Bank Rakyat Brand

2.

BANK RAKYAT:
A SNAPSHOT

- 10 Five-Year Performance
(Non-Financial)
- 11 Five-Year Performance
(Financial)
- 12 Quarterly Performance
- 12 Assets



- 13 Segmental Analysis for Bank Earnings
- 13 Liabilities and Equity



- 14 Dividend
- 14 Banking Operations Performance
- 15 Our Members
- 16 Key Milestones
- 20 Significant Events of 2020
- 24 Our Presence Throughout Malaysia
- 25 2020 Accolades
- 26 Our Social Efforts
- 28 Bank Rakyat in the Media

3.

FROM THE TOP

- 32 Chairman's Statement
- 38 Management Discussion & Analysis
- 68 Bank Rakyat and the Government
- 69 Group Corporate Structure
- 70 Organisation Chart

4.

OUR LEADERSHIP
TEAM

- 74 Board of Directors
- 76 Board of Directors Profile
- 84 Shariah Committee
- 86 Shariah Committee Profile
- 90 Management Committee
- 92 Management Committee Profile

5.

CORPORATE
GOVERNANCE

- 98 Board of Directors and Main Committees
- 139 Audit and Examination Committee Report
- 146 Risk Management Committee
- 149 Statement of Internal Control
- 153 Shariah Committee Terms of Reference



6.

FINANCIAL
STATEMENT

- 164 Report of the Auditor General on the
Financial Statements of Bank Kerjasama
Rakyat Malaysia Berhad
- 168 Statement by Directors
- 169 Annual Report of Shariah Committee of
Bank Rakyat 2020
- 175 Statutory Declaration
- 176 Directors' Report
- 178 Statements of Financial Position
- 180 Statements of Profit or Loss and Other
Comprehensive Income
- 182 Statements of Changes In Equity
- 186 Statements of Cash Flows
- 190 Notes to the Financial Statements

7.

ADDITIONAL
INFORMATION AND
DIRECTORY

- 342 Corporate Office and Branches
- 347 Ar-Rahnu X'Change
- 348 Rakyat Xcess and Ar-Rahnu X'Change
- 349 Rakyat Xcess
- 350 Bank Rakyat Service Agents
- 354 SME & Cooperative (SMEC) Business Centre



Bank Rakyat Overview

We are the biggest Islamic cooperative bank

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

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



Our 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 & Business Development, Cabinet Showcase.

Bank Rakyat Overview

147 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.

Our Strength

Employees
5,855
personnel

Customers
8.30
million

Profit before
Taxation & Zakat
RM1.44
billion

Total Assets
RM111.75
billion

Shareholders
834,302
Individuals & Cooperatives

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**
- **Yuri Zaharin Wahab**
- **Datin Norhamizah Mat Tahir**
- **Hj Mohd Jafri Kudus**
- **Mohd Irwan Mohd Mubarak**
- **Mohamad Rafi Shahzada**

BANK SECRETARY

- Sheikh Azree Mokhtar

REGISTERED OFFICE

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

AUDITORS

Auditor-General of Malaysia
National Audit Department Malaysia
No. 15, Aras 4, Persiaran Perdana, Presint 2,
Pusat Pentadbiran Kerajaan Persekutuan,
62518 Putrajaya
Tel : 03-8889 9000 Fax : 03-8888 9721

COOPERATIVE REGISTRATION NUMBER

2192

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

WEBSITE

www.bankrakyat.com.my

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 Co-operative Bank in Malaysia

Premiere Co-operative

100 Malaysian Co-operatives
(Top 100 Malaysian by Co-operatives Societies Commission SKM)

2nd

Largest Development Financial Institution in Malaysia
(Assets Size)

ABOUT US

BANK RAKYAT: A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP TEAM

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION AND DIRECTORY

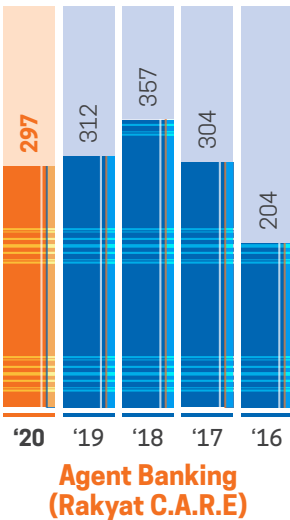
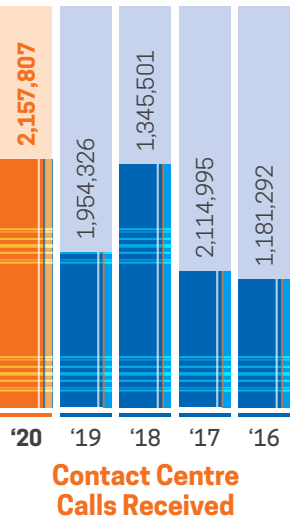
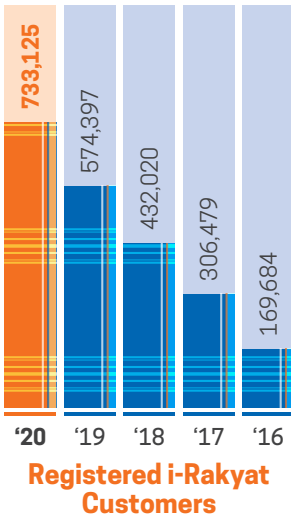
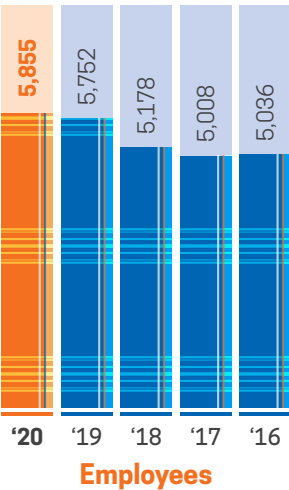
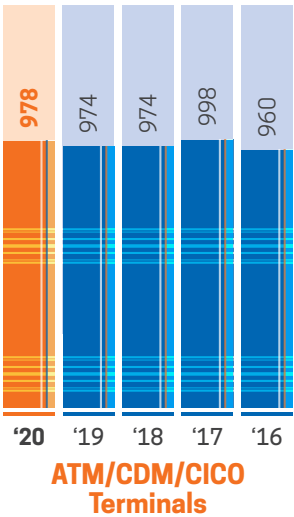
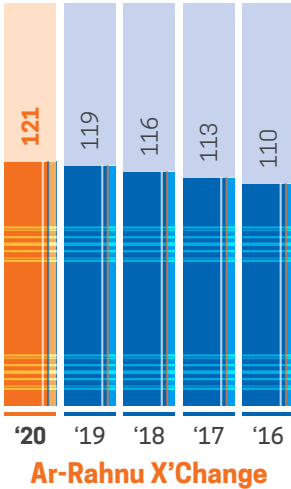
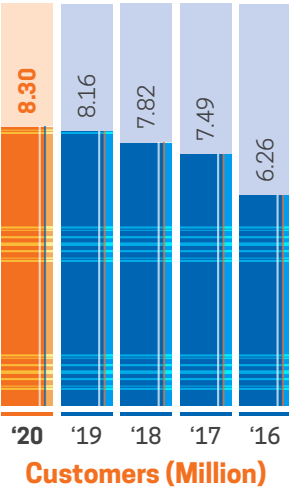


Respect

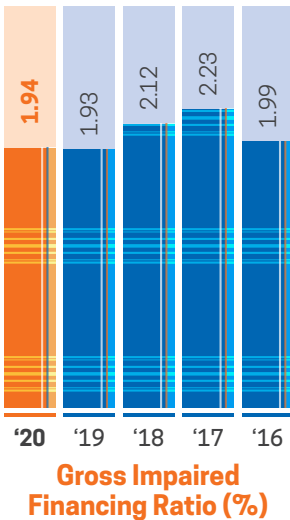
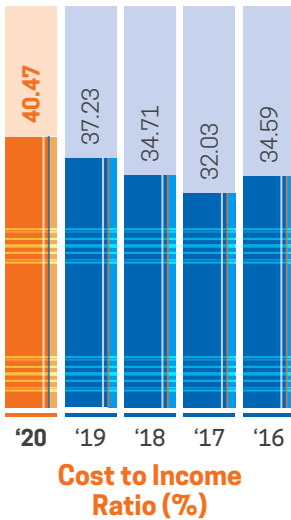
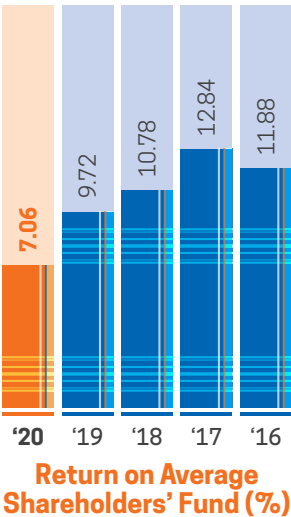
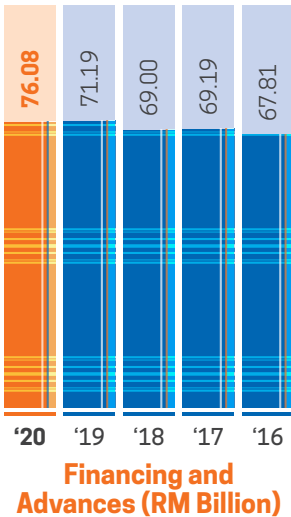
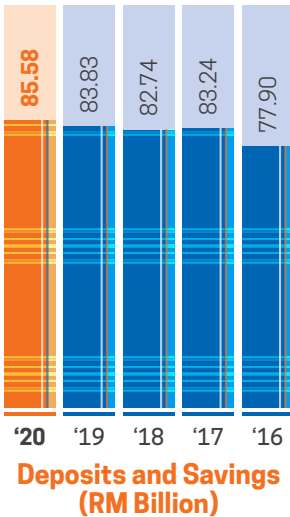
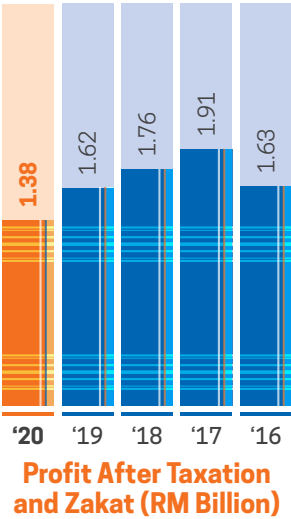
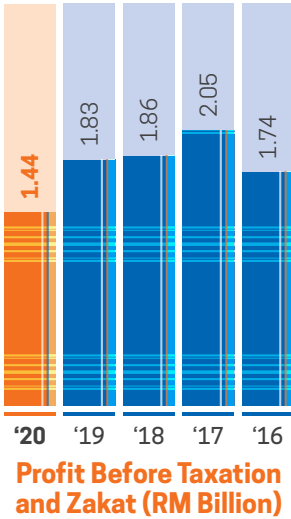
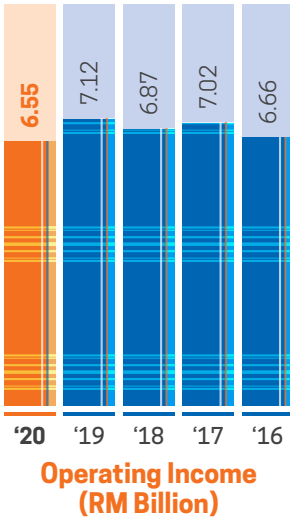
From determining the length of the warp and weft yarns to the completion of the weaving process, the resulting beauty of the woven fabric is a sight to behold. Bank Rakyat offers a full range of banking facilities through various service channels as well as business partner collaborations through mutual **respect**.

R.A.K.Y.A.T

Five Year Performance (Non-Financial)



Five Year Performance (Financial)

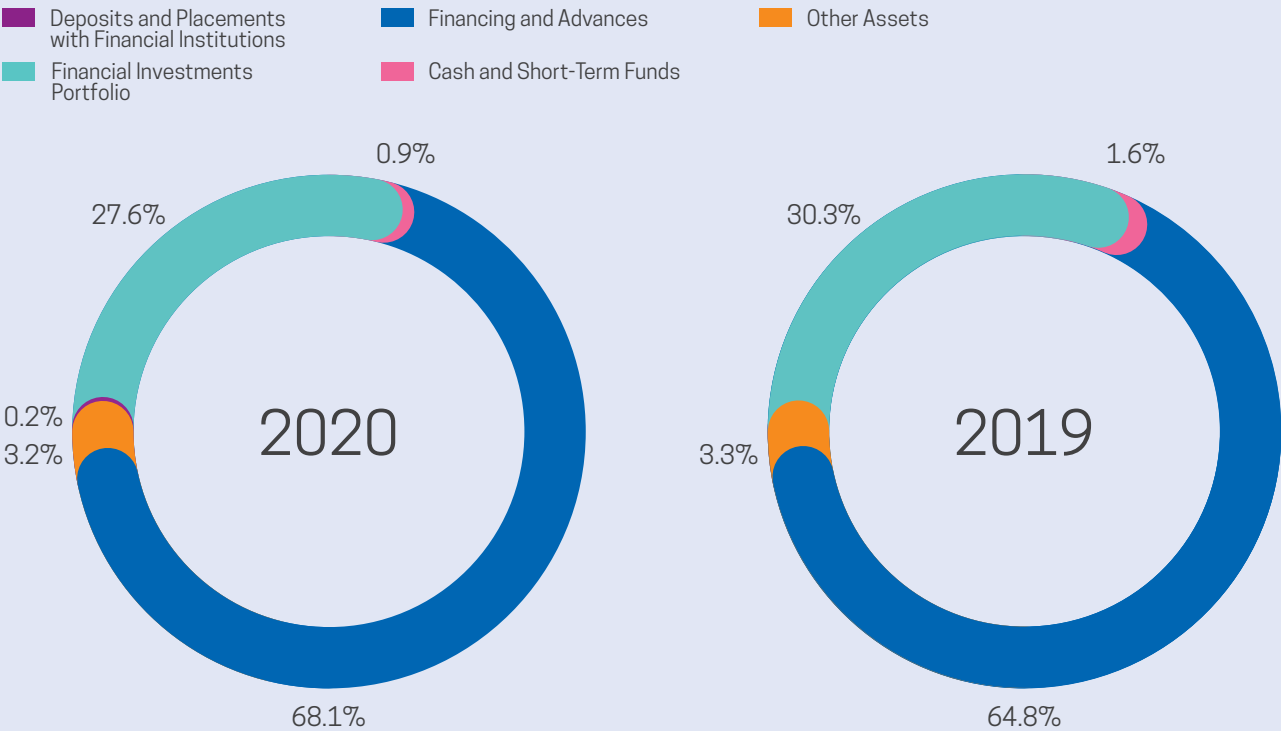




Quarterly Performance

	Q1 (RM Billion)	Q2 (RM Billion)	Q3 (RM Billion)	Q4 (RM Billion)
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
2019				
Income	1.65	1.64	1.61	1.63
Expenditure	0.85	0.85	0.81	0.82
Net Income	0.79	0.79	0.81	0.82
Profit before Taxation and Zakat	0.43	0.44	0.42	0.54
Profit after Taxation and Zakat	0.31	0.39	0.51	0.40

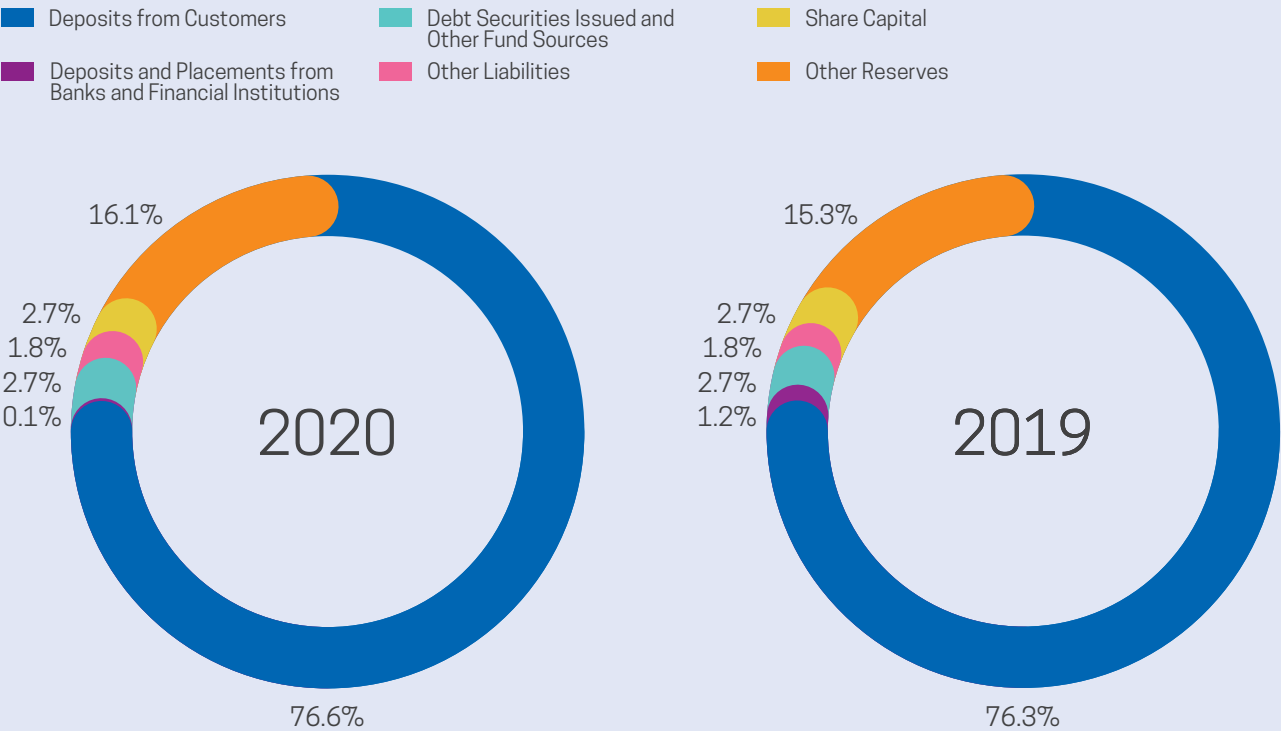
Assets



Segmental Analysis for Bank Earning

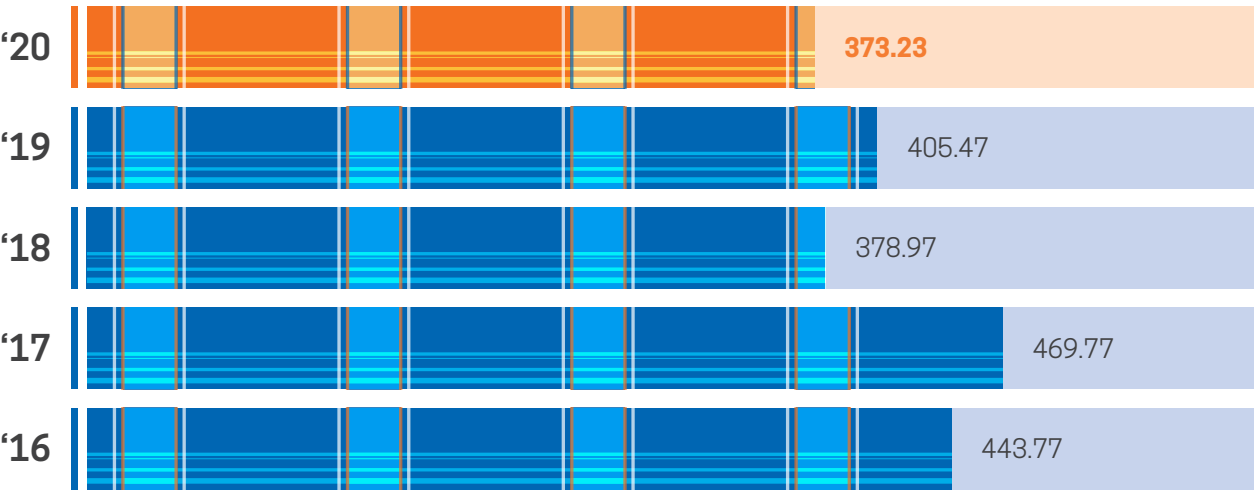
		2020		2019
	Percentage (%)	RM '000	Percentage (%)	RM '000
Consumer Banking	66.2	4,320,288	65.4	4,588,082
Commercial Banking	4.6	302,912	4.1	285,018
Fee Based	1.6	101,617	2.3	159,040
Ar-Rahnu	2.5	160,194	3.5	246,317
Others	25.2	1,645,479	24.7	1,734,990

Liabilities and Equity



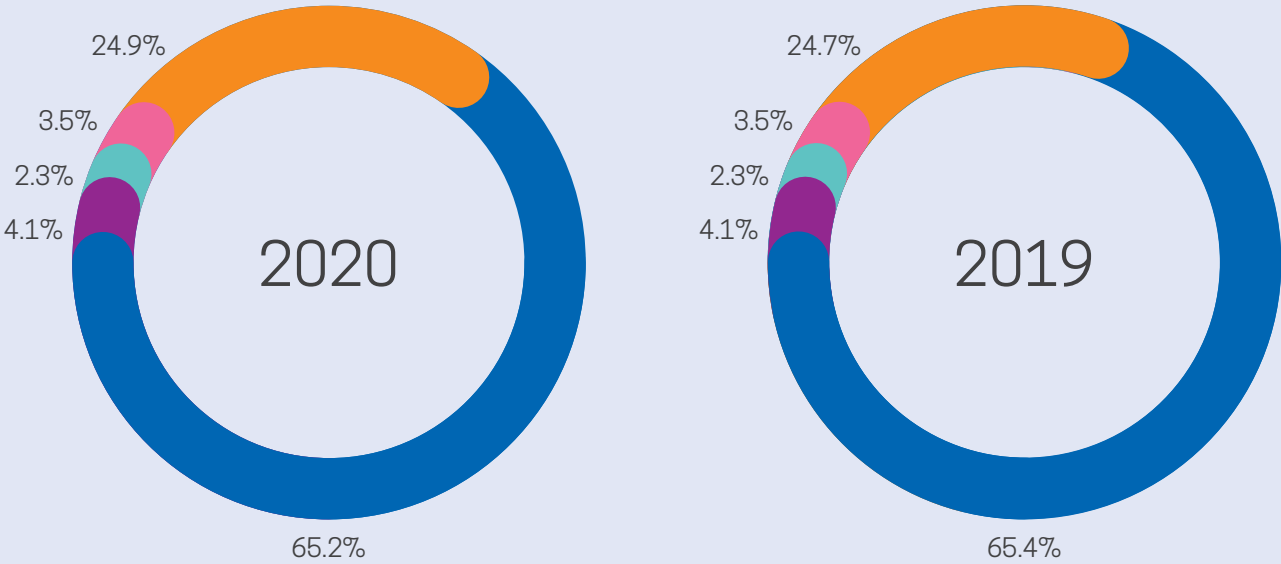


Dividend (RM Million)



Banking Operations Performance

Fee-Based Consumer Banking Ar-Rahnu
Commercial Banking Others



Our Members

Total Members (Individual and Cooperative): 2016-2020

Year	Category		Total
	Individual	Cooperative	
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
2016	890,314	2,154	892,468

Total Share Capital: 2016-2020

Year	Total (RM'000)
2020	2,986,030
2019	2,986,030
2018	2,986,030
2017	2,986,030
2016	2,986,030

Key Milestones

1954

- Official registration of Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggungan 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.
- Re-election of Tan Sri Sheikh Ahmad Mohd Hashim as Chairman of the Bank.
- Relocation of Bank headquarters to Padang Kota, Penang.

1958

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

1961



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

1963

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

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.

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.

1968

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

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.

1966

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

1964

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

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.

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.

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 Genossenschaftsbank (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.

1990

- Approval received to use Bank Rakyat's reserves amounting to RM96.70 million to cover losses accumulated totalling RM86.60 million.

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

1989

- Introduction of services for the co-operative sector through the Special Co-operative Savings Accounts (ATKK).

1988

- Launch of the second Educational Loan Scheme to assist students pursuing higher education in the country and abroad.

- Launch of a Special Graduate Loan 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.

1986

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

1984

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

1983

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

1992

- Approval of the Co-operative Act 1992 by Parliament.

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

1993



- Launch of the Shariah banking system offering facilities such as Al-Wadiah Savings Account, Al-Mudharabah General Investment Account, Al-Bai' Bithaman Ajil Property Financing and Bai Al-Inah Personal Financing.
- Going back to where it all began, opening of the Bank's 42nd branch in Bukit Mertajam, Penang, the birth place of the Bank.

- Introduction of the Ar-Rahnu Islamic Pawn Broking Scheme in collaboration with the Malaysian Islamic Economic Development Foundation (YaPEIM) with an initial capital of RM5 million.

- Signing of memorandum of understanding for the implementation of Ar-Rahnu with YaPEIM on 11th October 1993.

1994

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

Key Milestones

2003

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

2002

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

2001



Your Choice Bank

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

2000

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

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.

1998

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

2004

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

2005

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

2006

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

- Launch of the Bank Rakyat Corporate Culture, **R.A.K.Y.A.T.**:
R: *Rajin* (Diligent)
A: *Amanah* (Trustworthy)
K: *Kompeten* (Competent)
Y: *Yakin* (Confident)
A: *Akhlak Mulia* (Exemplary Behaviour)
T: *Taqwa* (God Conscious)

- 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

- Launch of Kelab Nuri Bank Rakyat by Puan Sri Wan Nafisah Nik Mohd Adeeab, 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.

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

- Opening of 145th branch in Labis, Johor, marking the Bank's 15th branch in the state.
- Announcement of the issuance of Sukuk Musyarakah worth RM1 billion for the period of three and five years.

- Truly a momentous year. Relocation to Menara Kembar Bank Rakyat, the Bank's new iconic building at Jalan Rakyat and celebration of the Bank's 60th anniversary at the new premise.

2013

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

2012

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

2010

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

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.

2016

- Establishment of Taska Kasih Nuri at Tower 2, Menara Kembar Bank Rakyat, a childcare facility that provides convenience for Bank Rakyat headquarters staff, officiated by Bank Rakyat Chairman.

- Launch of the model of Menara Bank Rakyat Johor by DYMM Sultan Johor to mark the Bank's venture into investment in the real estate segment in Johor.

- First *Program Kembara Kemanusiaan Kemboja 2016* (Humanitarian Mission to Cambodia) and distribution of Aidiladha sacrificial meat in conjunction with Hari Raya Aidiladha.

2015



- Official launch of Menara Kembar Bank Rakyat (Bank Rakyat Twin Towers).

- Handover of sponsored bus by Bank Rakyat to Football Association of Malaysia (FAM).

- Launch of Credit Card-i Platinum.

- First International Shariah Scholars Roundtable organised by Bank Rakyat.

- Opening of Kuala Pilah branch by DYMM Yang DiPertuan Besar Negeri Sembilan.

- Inauguration of Bank Rakyat - Bangsar LRT Station by Bank Rakyat Chairman as part of the bank's corporate social responsibility programme.

- First *Program Berkhatan Beramai-ramai 2016* (Mass Circumcision Programme) organised by Surau Al-Barakah Menara Kembar Bank Rakyat for children of Bank staff and Surau Al-Barakah congregation as part of the contribution to the community.

- Launch of 2017 Bank Rakyat Calendar themed "*Indahnya Ilhammu, Seninya Jiwamu*" inspired by autistic children as the Bank's initiative to support the government's efforts to aid the less fortunate.

- Bank Rakyat adopts the theme "*Anak Kita*" (Our Children) for 2016/2017 as its commitment to focus on children, in particular autistic children, by organising various activities as part of our social corporate responsibility initiatives for autism.

- Launch of Kad Muslimah Bank Rakyat, the first Shariah-compliant Credit Card-i for women.

- Organisation of the Amazing Heroes Programme to honour our national paralympics athletes who won gold and bronze medals at the Rio 2016 Paralympics.

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.

- Finance Accreditation Agency (FAA) Certificate Presentation Ceremony for Branch Managers Individual Accreditation in recognition of their competency.

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 Co-operatives in Malaysia by the Malaysia Cooperative Societies Commission (SKM) for the fourth consecutive year.

- Listed in the Malaysia's Book of Record as 'LARGEST PARTICIPATION OF STUDENTS IN AN ENTREPRENEURSHIP EVENT SIMULTANEOUSLY' in Nuri Teenpreneurship Programme.

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

- Social Empowerment category at the Asia Responsible Enterprise Awards 2019 (AREA 2019).

- 'Company of the Year' (Overall Social Responsibility Excellence) (CSR Awards Malaysia 2019).

2018



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

- 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.

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

- 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.



Significant Events of 2020

6 JAN



Bank Rakyat launched a new vision of "Serving the Community, Nation, and the Planet" at Main Lobby Tower 1 and 2, Menara Kembar Bank Rakyat (MKBR).

7 JAN

As one of the agencies under MEDAC, Bank Rakyat was invited Ministry of Entrepreneur Development and Cooperatives (MEDAC) Appreciation Night Programme at The Everly Hotel, Putrajaya.

11 JAN

Bank Rakyat was invited to enter the Alor Gajah Coop Run 2020 for the VIPs category along with the Minister of MEDAC, Dato Sri Dr. Hj Wan Junaidi bin Tuanku Jaafar at Dataran Keris, Alor Gajah.

14 JAN

Bank Rakyat Integrity Forum 2020 themed "Institutionalisation of Reforms in the New Malaysia" was organised at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat as an effort to eradicate corruption.



30 JAN

The Bank's Board of Directors and Management Committee led the way to the Corruption-Free pledge before the Deputy Chief Commissioner (Prevention) of the Malaysia Anti-Corruption Commission (MACC) at Menara Kembar Bank Rakyat.

31 JAN

Bank Rakyat hands over donations to asnaf students in Sabah as part of the Back To School programme in partnership with MEDAC at SK Kota Kilas, Beaufort, Sabah.

1 FEB

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.



5 FEB

Bank Rakyat set up a sales counter and promote our products and services during the Petronas Le Tour De Langkawi 2020 team introduction event at Padang Merdeka, Kota Kinabalu.

15 FEB

As part of their Kebun Nuri Nutrisi programme, students of Sekolah Menengah Kebangsaan Tunku Putra, Langkawi were given an opportunity to sell their garden produce during Le Tour De Langkawi event at Kuah, Langkawi. Sales proceeds are used to hold programmes for underprivileged students.

18 & 19 FEB

DuitNow @ Uni is a special campaign conducted at UiTM Alor Gajah and UiTM Jasin, Melaka, whereby students stood a chance to win 'Lucky Draw' prizes by registering for Duitnow using their Bank Rakyat accounts.

23 MAR

Food and beverage contributions were delivered to the COVID-19 centre at Hospital Kuala Lumpur to provide nourishment and support to the frontliners.

28 MAR

Bank Rakyat announced the Bank Rakyat Group's financial performance and dividend for the year ended 31 December 2019 at Anjung Kembar, Menara Kembar Bank Rakyat. A 14% dividend was given for 2019 with a total payment of RM406 million to all 842,847 members.

1 APR

A strategic collaboration between the Bank and the Malaysian Muslim Restaurant Operators Association was embarked on by the signing of this MoU at Anjung Kembar, Menara Kembar Bank Rakyat.

10 APR

Donations of food and welfare aid to the PosTuel Orang Asli community was handed over during this event organised by Masjid Saidina Abu Bakar As Sidiq (MSABA) Pos Tuel at Anjung Kembar, Menara Kembar Bank Rakyat.

21 APR

The Bank signed an MoU to work with ANGKASA and introduce the '100 Basic Goods Supply Programme' or better known as BA100 product to our customers at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat.

6 MAY

Distribution of Bubur Lambuk during the month of Ramadan at Lembah Pantai CPRC (Lembah Pantai Office) as part of Kami Bersama Anda campaign.

21 MAY

Donation Ceremony with TV3 Sports Unit to Former National Athletes was held at Anjung Kembar, Menara Kembar Bank Rakyat by Bank Rakyat and Surau Al Barakah to show appreciation for the contribution of former national athletes to the country.



19 JUN

- This initiative was aimed at helping the asnaf and B40 groups affected by Covid-19 especially during the extended period of the Movement Control Order (MCO) at Jengka, Pahang.
- Agreement signing ceremony was held at Board of Directors dining hall, Menara Kembar Bank Rakyat between Bank Rakyat, USIM and Baitulmal Kuala Lumpur Professional College to introduce Dana Wakaf project to Bank Rakyat customers.



27 JUN

Donations of food and welfare aid to the PosTuel Orang Asli community was handed over during this event organised at Masjid Saidina Abu Bakar As Sidiq (MSABA) Pos Tuel, Kelantan as part of the Food Assistance Programme.



24 JUN

Contribution to the asnaf and B40 groups affected by Covid-19 especially during the extended period of the Movement Control Order (MCO) at Baling, Kedah.



Significant Events of 2020

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAMCORPORATE
GOVERNANCEFINANCIAL
STATEMENTSADDITIONAL INFORMATION
AND DIRECTORY



Significant Events of 2020

15 JUL

Launching Ceremony and Prize Giving for 'Emas 2 Kilo' Campaign. This campaign offered 28 prizes worth a total of over RM400,000 or two kilograms of gold to customers.

22 JUL

Ceremony of Business Zakat handover by Rakyat Holdings and Rakyat Management Services to Majlis Agama Islam Wilayah Persekutuan (MAIWP).



22 JUL

Opening ceremony of a new branch by Bank Rakyat at Bandar Baru Klang.

4 AUG

The townhall hosted the launching ceremony for the new Core Banking system (CoBRa) implemented by Bank Rakyat for employees and customers to use.



8 AUG

Bank Rakyat celebrated Aidiladha by distributing sacrificial meat to frontliners and zakat through Sinar Aidiladha programme at Masjid Khalid Al-Walid, Kuala Lumpur.



10 AUG

The Kebun Nuri Nutrisi Bank Rakyat was extended to SK Convent Greenlane, Penang to educate students on entrepreneurship and agricultural business, while ensuring students get a continuous supply of nutritious food.



15 AUG

BR Volunteerism event of knowledge sharing on how to sew and prepare PPE equipment was held at Brickfields, Kuala Lumpur.

5 & 6 SEP

Repayment Assistance Clinics were held at PWTC with the aim to help individuals and SMEs affected by the COVID-19 pandemic to obtain payment assistance from their respective banks in 'face to face' discussions.

11 & 12 SEP

Bank Rakyat celebrated its 66th Anniversary in Langkawi with the launch of its Volunteerism programme by planting mangrove tree, as part of its Sustainable Impact initiatives.



5 OCT

International Webinar of Islamic Finance 2020.

30 OCT

A new Rakyat Xcess branch was opened at No. 76 Lundu Bazaar to cater to the local community at Lundu, Sarawak.



30 NOV

Soft Launch of the The Bank's Melawati branch relocated to new premises and another Rakyat Xcess was opened at Betong, Sarawak.



18 DEC

The prize giving sessions for the '2 Kilo Gold' and 'Mai Pakat Mai' campaigns were held in a virtual ceremony at Serambi Ilmu Rakyat, Menara Kembar Bank Rakyat.

30 DEC

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 MEDAC at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat.



Significant Events of 2020

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAM

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL INFORMATION
AND DIRECTORY

Our Presence Throughout Malaysia

Branches

147

Ar-Rahnu X'Change

27

Rakyat Xcess

4

Rakyat Xcess & Ar-Rahnu X'Change

20

Bank Rakyat Service Agents

78

STATE	BRANCHES	AR-RAHNU X'CHANGE	RAKYAT XCESS	RAKYAT XCESS & AR-RAHNU X'CHANGE	BANK RAKYAT SERVICE AGENTS
Selangor	21	5	-	5	11
Kuala Lumpur / Putrajaya	15	2	-	-	8
Negeri Sembilan	7	1	1	2	4
Melaka	4	2	-	-	1
Johor	15	5	1	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	1	2	6
Total	147	27	4	20	78

27

Ar-Rahnu X'Change

Offers Islamic pawn broking services.

4

Rakyat Xcess

Offers essential services except Ar-Rahnu X'Change.

20

Rakyat Xcess & Ar-Rahnu X'Change

Offers Islamic pawn broking and essential services.

978

ATM/CDM/CICO Terminals

297

Rakyat C.A.R.E.

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

78

Service Agent

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

6

Bank Bergerak/ARROW

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

Social Empowerment,

Asia Responsible Enterprise Awards 2020 (AREA 2020)

Company of the Year Award: Overall Excellence in Sustainability and CSR Initiatives, Sustainability and CSR Malaysia Award 2020

Best Use of Recruitment Technology Tools, Human Resources Asia Recruitment Awards 2020 (Gold)



Best Candidate Assessment Process, Human Resources Asia Recruitment Awards 2020 (Silver)

The Most Sustainable Islamic Bank 2020, 10th Global Islamic Finance Awards (GIFA) 2020

- **Best DuitNow Bank,** Malaysian e-Payments Excellence Awards 2020
- **Outstanding Contribution to MyDebit,** Malaysian e-Payments Excellence Awards 2020
- **Premiere Co-operative** (Top 100 Malaysian by Co-operatives Societies Commission SKM)

2020 Accolades

ABOUT US

BANK RAKYAT: A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP TEAM

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION AND DIRECTORY

Our Social Efforts

OUR ACHIEVEMENTS

- The Most Sustainable Islamic Bank 2020, 10th Global Islamic Finance Awards (GIFA) 2020
- Social Empowerment, Asia Responsible Enterprise Awards 2020 (AREA 2020)
- Sustainability and CSR Malaysia Award 2020 - Company of the Year Award: Overall Excellence in Sustainability and CSR Initiatives



KEY FOCUS AREA

- Empowering Social Mobility - Generate income and develop financial independence for institutions to continuously provide assistance to underprivileged students.
- Sustainable Fundraising - Ensuring donation becomes a revolving fund that is used to develop the school and underprivileged children in a sustainable way.
- Ensuring Food and Nutrition Security - Provide nutritious food for underprivileged students during recess;
- Creating Awareness - Organised nutrition education programmes in various forms to encourage the young.
- Promoting Social Inclusion - Handed Nuri Nutrisi Cards to B40 students to qualify the students for food assistance.



3 CORE BRANDS

- Nuri Nutrisi
- Kebun Nuri Nutrisi
- Pusat Pembangunan Usahawan



OUR INVOLVEMENT

- 5039 recipients
- 46 programmes
- 46 Schools and Organisations



Our Social Efforts



Bank Rakyat in the Media



ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAMCORPORATE
GOVERNANCEFINANCIAL
STATEMENTSADDITIONAL INFORMATION
AND DIRECTORY



Agile

Diligence in producing woven fabrics of unparalleled beauty. Bank Rakyat is focused and remains **agile** to implement every action so that our banking facilities give meaning to the lives of our members and customers.

R.**A**.K.Y.A.T

Chairman's Statement

Fortifying Our Readiness for a Dynamic Future

DATUK HAJI ABD RANI LEBAI JAAFAR

Chairman of Bank Rakyat

Dear Shareholders,

2020 was a year of reflection and transformation. Amidst unprecedented challenges of a global pandemic businesses had to adapt swiftly to new norms and new engagement channels. Digital breakthroughs that would normally have rolled out by phases, were accelerated and adopted swiftly. Almost overnight the possibilities of working from home became new realities. It was a year that Bank Kerjasama Rakyat Malaysia Bhd (Bank Rakyat or the Bank) dedicated towards relooking priorities and re-evaluating our way forward.

I am honoured to pen my inaugural statement and on behalf of the Board of Directors ("the Board") present Bank Rakyat's annual report for the financial year which ended 31 December 2020 (FY2020).

Chairman's Statement



Anchored on BR25

It brings me great pleasure to have been a part of Bank Rakyat's journey this past year as we focused on revitalising the Bank's potential by laying a clearer path forward based on the Bank Rakyat 2025 (BR25) strategic plan, which was developed in 2019 in partnership with shareholders, the Board and the management team to ensure Bank Rakyat stays relevant as a well-governed sustainable bank amid a fast-changing increasingly competitive landscape.

A comprehensive re-evaluation exercise of BR25 was launched in FY2020, as all the blueprints had to be re-strategised towards the changing economic and banking landscape. Given the economic volatility and uncertainty of the period, the BR25 scorecard and investment cost had to be rationalised by considering emerging internal and external factors. I am happy to report, it was a productive exercise.

In August 2020, the Board of Directors and Management Committee approved the revised Mission, Vision, Corporate Values, and Tagline. This was followed through in December 2020, with the approval of the six BR25 Blueprints; namely Great Customer Experience, Digitalisation, SMEC Business, Human Capital, Sustainability, and Shariah Leadership as well as the Moving Forward Plan that details the execution phase of the plan.

There is a famous saying that goes, "Before anything else, preparation is the key to success". This has proved true for the BR25 re-evaluation exercise as the blueprints' content are now enhanced with clearer rationales, greater comprehensiveness, and more well defined follow-through actions.



Chairman's Statement

Financial Performance in FY2020

Despite the challenging environment, the results achieved in 2020 has placed the Bank on a solid and stable growth trajectory. For the financial year ending 31 December 2020, Bank Rakyat Group posted a profit before tax and zakat ("PBTZ") of RM1.44 billion for FY2020 against RM1.83 billion in FY2019. This was mainly attributed to robust financing, which increased 6.9% to RM76.08 billion. Shareholders' fund increased by 6.2% or RM1.22 billion to RM20.95 billion compared to RM19.73 billion previously, arising from the Group's net profit carried forward during the year.

Bank Rakyat Group's total assets grew 1.8% to RM111.75 billion as at year end, consolidating our position as the biggest Islamic cooperative bank in Malaysia. The Group's deposits increased to RM85.58 billion in 2020, compared to RM83.83 billion previously, with CASA ratio improving significantly by 170 basis points to 10.2% from 8.5% previously, contributed by aggressive CASA activities from institutions and religious organisations.

The Bank continued to support the development of the cooperative sector with a total RM42.15 million pay out, from revenue before taxation and zakat, to cooperative funds for the year 2020; contributing 2% or RM28.10 million, to the Cooperative Education Trust, and 1% or RM14.05 million, to the Cooperative Development Provident Fund. Zakat collection of **RM17.2 million** was used to provide assistance as well as boost the economic and social conditions of those in need throughout the country.



On the back of FY2020's resilient financial performance and in line with Bank Rakyat's dividend policy, we continue to deliver a double digit cash dividend of 13% or a total amount of RM373.36 million on April 2021 which has been credited into the accounts of our 834,302 members. Bank Rakyat has been paying a double-digit dividend for almost 22 years now except in 1998, when it paid only 8% due to the financial crisis.

As at 31 December 2020, Risk-Weighted Capital Ratio and Core Capital Ratio, after the proposed final dividend remained strong at 24.141% and 22.212% respectively. These capital ratios were well above the minimum regulatory requirements and the industry average, positioning the group as one of the strongest banks in terms of capital position.

This has led to RAM Ratings (RAM) reaffirming the Bank's AA2/Stable/P1 rating premised on its strong foothold in personal financing (PF) and robust loss-absorbing capacity. The reaffirmation is further 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.

Elevating Governance, Transparency and Integrity

Governance and sustainability are being upheld as the key pillars of Bank Rakyat. The Board has placed corporate governance at the forefront of our commitment during the year by establishing clear standards of corporate ethics aimed at reducing unscrupulous corporate practices while preserving a fair business environment.

A key milestone on this front was achieved with the organisation of Bank Rakyat Integrity Forum 2020 in January 2020, which has positioned Bank Rakyat as a pioneering thought leader in the industry. Themed "Institutionalisation of Reforms in the New Malaysia", the forum brought together prominent thinkers and industry leaders for one day who united in sending a strong signal to all our stakeholders on the need to truly institutionalise reforms and inculcate a culture of governance, integrity and anti-corruption, in line with the National Anti-Corruption Plan.



In conjunction with the event, about 90 of the Bank's management team from across the country took the Malaysian Anti-Corruption Commission (MACC) pledge of anti corruption. Following the pledge, a No Gift policy was adopted and implemented in synergy with the Bank's Code of Business Conduct and Ethics (COBCE), Whistleblowing Policy and Whistleblowing Channel. These together with our core values and culture of strong disclosure represents the Bank's commitment to compliance, integrity and transparency.

Enhancements in Policies and Plans

As an agency of the Ministry of Entrepreneur Development and Cooperatives (MEDAC), the Bank actively support the Government's effort in introducing various funds to assist Small and Medium Enterprises (SMEs) affected by the pandemic such as BRCares and Special Relief Fund.

To ensure these programmes achieve the objective to provide financial relief to underserved segments, the Bank's credit underwriting process was simplified to expedite the approval process. This was achieved with assistance from the Risk Management team, during the year, based on minimum acceptance criteria as recommended by the regulator and fund provider.

A policy for the Bank's Payment Assistance Programme was also developed in accordance to the requirements delineated by Bank Negara Malaysia (BNM) to facilitate smooth operationalisation of the payment assistance.

Our harnessing of digital initiatives and enhancements during the year was also prudently accompanied by the implementation of relevant policies such as the Technology Risk Management Policy (TRMP) and Cyber Resilience Framework & Policy (CRFP), in line with BNM's Risk Management in Technology (RMiT) guidelines. The TRMP and CRFP aim to set an appropriate technology standard against technology risks and cyberattacks. In addition, a Cyber Security Strategic Plan (CSSP) was established to strengthen the Bank's cyber security posture through various initiatives covering all aspects of operations, IT and information management.

New standard operating procedures (SOPs) was another game-changer for our business during the year. To ensure smooth business continuity we swiftly implemented established new SOPs that aligned with the set direction of the National Security Council (NSC), Ministry of International Trade and Industry (MITI), the Ministry of Health (MOH) and BNM. Among others, the SOPs address the requirements for alleviating the spread of COVID-19 through physical and social distancing, and percentage of personnel working at the office.



Chairman's Statement

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAMCORPORATE
GOVERNANCEFINANCIAL
STATEMENTSADDITIONAL INFORMATION
AND DIRECTORY



Chairman's Statement

Growing a Sustainable Focus

During the year, a Sustainability Blueprint was initiated to align all sustainability initiatives in Bank Rakyat. This encompassed the setting up of a Sustainability Department, as well as publication of our inaugural standalone Sustainability Report which covers the Economic, Environment, Social and Governance (EESG) initiatives and is aligned with Global Reporting Initiatives (GRI).

We have also become a part of the BNM Value Based Intermediation (VBI) Community of Practitioners (CoP). This VBI initiative was launched in 2017 to transform the Islamic banking industry to the next level of growth, whereby the underpinning thrust would be "Shariah beyond compliance". This charts Islamic financial institution's journey from profit-driven and Shariah compliance, towards positive and sustainable social, economic and environmental impact. By participating in the BNM VBI CoP, the Bank will gain access to networking among 14 Islamic financial institutions, and benefit from cross-fertilisation of best practices in sustainability and VBI.

BOX STORY: KEY STAKEHOLDERS VALUE DELIVERY IN 2020

This year's theme of Jalinan Tenunan reflects the Bank's commitment to serve all our stakeholders better and provide value-added benefits to uplift lives.

For our Internal Stakeholders

- The Bank introduced the BR FLEX initiative, which benefited employees with Work from Home and flexible working hours arrangements. This is an initial stage towards growing as an Agile Organisation that encourages empowerment and transparency.
- The Bank's IT Team facilitated 2020's Work from Home arrangement using its conducive infrastructure to ensure secured access to the Bank system. All employees could leveraged on an online platform that supported working remotely and securely.
- The successful rollout of the Bank's Core Banking System (CoBRa) during the years has allowed the Bank to accelerate its Digital Journey by capitalising on CoBRa's capabilities and features to implement digital strategy initiatives.

External Stakeholders

- Customers benefited from mobile application-based solutions and new customer touchpoints as the Bank accelerated its Digital Journey by leveraging on CoBRa's capabilities.
- The Bank organised conservation programmes to support and strengthen the participation of local communities in improving sustainability, i.e., Mangrove Tree Planting and Turtle Awareness Programme via the establishment of a Turtle Education Centre.
- Operationalised three pilot centers in Selangor, Kuala Lumpur, and Malacca to serve and support SMEs and cooperatives.

A Dynamic Outlook

The way ahead for Bank Rakyat is clearly defined and charted, thanks to BR25. By end-2025, we want to be known as Malaysia's No. 1 Progressive Islamic Cooperative Bank by focusing our mandate to intensify the cooperatives segment and support entrepreneurship. Today, there are approximately 14,629 cooperatives in Malaysia, of which circa 10,000 are active in business. We want to facilitate its development through financing and advisory solutions.

The Ministry of Entrepreneur Development and Cooperatives (MEDAC) has launched the National Entrepreneurship Policy 2030 in July 2020 with the aims for the cooperatives' turnover to grow to RM60 billion by 2030 from RM40.3 billion in 2018, and for SME contribution to the economy to increase to 50% from 37.4% during the same period. This spells a dynamic outlook for Bank Rakyat as we operate under MEDAC towards fulfilling this vision.

With the establishment of three (3) new SME and Cooperatives Business Centres (SMECs) nationwide, Bank Rakyat is targeting to disburse RM7 billion of financing to SMEs and Cooperatives by 2025, whilst about RM400 million has been disbursed to date. Hence via SMEC we expect to better serve the needs of SMEs by providing them with better and efficient service as well as access to financing.

Banks everywhere delve deeper into digitalisation, Bank Rakyat is steadfastly catching up. We currently have 147 branches nationwide. Meanwhile, with the enhancement of our CoBRa core banking system in place, a host of digital initiatives, including an upcoming mobile banking app, are in the pipeline.

We intend to maintain our position as the No. 1 Progressive Islamic co-operative bank, as well as the second largest Islamic financial institution in Malaysia even amid lingering uncertainties from the pandemic and post-moratorium impact. We will continue to focus on new growth areas, optimise untapped potential within our businesses and operations, and evolve a culture of high performance in order to create long-term value for our members.



Chairman's Statement



Appreciation and Acknowledgements

As I step into the role filled by former Chairman Datuk Noripah Kamso, I would like to express the Board's deepest gratitude and appreciation to Datuk Noripah Kamso for her commitment and dedication in establishing the Bank's future growth trajectory and laying stronger foundations of governance and sustainability.

The Board also takes this opportunity to extend our heartfelt gratitude to all frontliners who serve the rakyat so selflessly through these challenging times, ensuring a sense of security and continuity to the nation's economy and society.

I also thank our stakeholders – the Malaysian government, regulatory bodies, our network of partners, stakeholders and employees as well as our customers – for your continued support which has been invaluable to the many successes we have enjoyed to date. Let's stay safe, resilient and united as we continue on our path towards a more sustainable future.

DATUK HAJI ABD RANI LEBAI JAAFAR

Independent Non-Executive Director / Chairman

Mitigating Risks

The following measures were taken to mitigate identified risks in FY2020:

AREA: Managing Asset Quality during Pandemic IMPROVEMENT / ENHANCEMENT TAKEN IN 2020

In response to COVID-19 and enforcement of the Movement Control Order (MCO) by the Government, an in-depth analysis was conducted to identify 'COVID Flag Customer' segments that are deemed vulnerable to the pandemic.

A War Room Committee (WRC) was established with effective oversight by the Board of Directors to monitor and steer the payment assistance provided by the Bank during the pandemic. Performance monitoring of financing portfolios is conducted to provide value-added risk insights in supporting business decision-making.

In cushioning the impact of the pandemic and remaining resilient to future changes in the economy, the Bank has allocated additional provision for each portfolio in the form of Model Risk Adjustment (MRA).

AREA: Technology and Cyber Risk Management IMPROVEMENT / ENHANCEMENT TAKEN IN 2020

The Bank established a Chief Information Security (CIS) function to inculcate good governance practices in technology and cyber risk.

The Core Banking project was successfully implemented on 12 October 2020. Regular health check reviews and quality assurance were conducted throughout the project phases.

A red team exercise entailing simulations of probable cyber-attacks was also conducted to test the Bank's cybersecurity infrastructure readiness and assess the ability to identify, protect, detect, respond and recover from cyber-attacks. Other safeguards include an on-going Cyber Security Compromise Assessment (CSCA) and Cyber Security Surveillance to assess the Bank's cyber resiliency.

AREA: Implementation of Business Continuity Planning (BCP) and improvement of Health and Safety protocols. IMPROVEMENT / ENHANCEMENT TAKEN IN 2020

Sanitisation of the whole Menara Kembar Bank Rakyat and other affected Bank's premises.

Providing masks and sanitisers to all personnel.

Activation of split operations especially for Critical Business Functions.

Allowing remote access to all employees who work from home, continuous communication to all personnel on the COVID-19 situation and awareness on the relevant SOPs.

AREA: Actively Monitor Market & Liquidity Risk IMPROVEMENT / ENHANCEMENT TAKEN IN 2020

As a second line of defence, The Bank's Treasury Risk Department consistently monitors the Bank's financial instruments 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 daily and monthly basis in order to ensure the trading is in or within the Bank's risk parameters.

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, and 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 accelerated its efforts to enhance diversification in liability structure with the primary objective of stability of funding sources via growth in the customer deposits, interbank deposits, and medium-term funds. In addition, the Bank also initiated and implemented strategic fund raising programmes as well as instituted standby credit lines with external parties on a needs basis.

Management Discussion & Analysis



Global Growth Plunged Into Recession

In 2020, the emergence of the unprecedented Covid-19 triggered a global crisis like no other, leading to the deepest global recession since the Second World War. Millions of lives have lost since the pandemic first case broke out in Wuhan, Hubei province, China in December 2019 and the toll continues to rise. Various mitigation measures such as lockdowns, limitations on social activities, closure of schools and businesses, and travel restrictions have been imposed globally to limit the spread of Covid-19. The pandemic and associated measures by the governments have curbed consumption and investment activities, and consequently hindered labour supply and production. Restrictions on cross-border travel have disrupted financial and commodity markets, global trade, supply chains, and other business activities too.

As a result of the adverse impact of the Covid-19 pandemic, global gross domestic product (GDP) growth has been forecasted to contract between 3.5% and 4.3% YoY in 2020 (2019: 2.8% YoY). The negative growth is due to unfavorable performance in both the advanced economies and the emerging market and developing economies (EMDEs). Geopolitical tensions especially trade war, and uncertainties surrounding the Brexit outcomes, as well as rising unemployment, were also among the major factors that impeded global growth.

Global economic growth is expected to rebound markedly between 4.0% and 5.5% YoY in 2021 in anticipation of the vaccine rollout by the first half of 2021. This serves as a key step towards restoring consumer and investor confidence, while helping global trade volume recover to its pre-pandemic levels. Global trade is therefore projected to turn around by 5.0% - 8.1% YoY in 2021 as economic activities would most likely gain momentum through the first half of 2021. While the upside risks from successful containment of Covid-19 infections and the roll-out of vaccines would help boost the economic recovery, the downside risks remain with the ongoing uncertainties surrounding the development Covid-19 globally and domestically.

DEPRESSED DEMAND AND DISRUPTED SUPPLY FOR COMMODITY MARKETS

Lower crude oil prices – Oil prices kicked off strong at USD68 per barrel (/b) in early January 2020. Oil prices then declined by more than 60% from early year to below USD23/b in March and remained low as travel restrictions triggered by the Covid-19 pandemic led to a decline in air traffic volume and subsequently a collapse in global demand for liquid fuels. Oil prices then slowly picked up in the second half of the year as countries eased their lockdown restrictions, leading to an average of USD42/b for the Brent (USD22/b lower than the average of USD64/b in 2019), and an average of USD39/b for WTI crude oil (USD18/b lower than USD57/b in 2019) in 2020.

Oil price is expected to rise to an average of USD52/b in 2021, up from USD40/b in 2020. In addition to resurgent demand, hopes that Covid-19 vaccines will revive the global economy coupled with the Organisation of the Petroleum Exporting Countries and the other 10 non-member countries (OPEC+) decision to adjust production volumes will also support prices.

Gold marked another strongest annual gain since 2010 – Gold price rose by 25% YoY to USD1,898.36 as at end-2020 (2019: USD1,517.27). This trend marks the highest annual gain since 2010 amidst the Covid-19 pandemic, weakening USD and the uncertainties in geopolitical developments. Throughout 2020, the gold price has trended up, reaching a record high of USD2,063 in early August on the back of increased demand for the safe-haven investment. Gold price was however trending down towards November 2020 as investors rotated out buying of safe-havens into riskier assets on hopes of vaccine-induced economic recovery.

Moving into 2021, the gold price is likely to be supported by rising inflation expectations and a weaker USD, amidst the U.S. Federal Reserve's commitment for accommodative monetary stance until at least 2023. Gold price is expected to reach USD2,300 in 2021, attributed by the recovery of Covid-19 recession and continued demand from India and China as the world's largest gold consumers.

MALAYSIA'S ECONOMIC GROWTH CONTRACTED IN 2020

The Malaysian economy registered slower GDP growth of 0.7% YoY in the first quarter of 2020, reflecting the early impact of measures taken to contain the spread of the Covid-19 pandemic, particularly the introduction of the Movement Control Order (MCO). Growth moderated sharply across major economic sectors weighed by the implementation of MCO in the third week of March to May and prevailing commodity supply disruptions. As a result, Malaysia recorded its first economic contraction in the quarter since the Global Financial Crisis (2Q20: -17.7% YoY; 3Q09: -1.1% YoY) in tandem with the supply and demand shocks arising from weak external demand conditions and strict containment measures nationwide.

According to the Prime Minister, the Malaysian economy was losing an estimated RM2.4 billion daily during the MCO period, bringing a total of RM63 billion loss as all business activities were suspended. To combat the economic impact of the Covid-19 pandemic, the government has announced several stimulus packages totaling RM305 billion to support both households and businesses that were adversely impacted by the pandemic. Following the boosts from the stimulus packages, accommodative monetary policy, gradual lifting containment measures, and improving external demand conditions, the economy recorded a smaller contraction of 2.7% YoY in the third quarter of 2020 (3Q19: 4.4% YoY). However, the economy recorded negative growth of 3.4% YoY in the fourth quarter largely attributable to the imposition of the Conditional Movement Control Order (CMCO) since mid-October. Overall, the Malaysian economy contracted by 5.6% YoY in 2020 (2019: 4.3% YoY), the lowest since Asian Financial Crisis (-7.8% YoY) and lower than the government forecast (-3.5% to -5.5% YoY).

LABOUR MARKET CONDITIONS REMAINED SOFT

Domestic labour market conditions softened in the first quarter of the year as employment growth was sustained at 2.1% YoY, while the unemployment rate remained stable at 3.3%. Labour market conditions deteriorated in the second quarter when the unemployment rate rose to 5.3% in May, the highest since 1989 (5.7%) due to containment measures while weak demand forced many firms to undertake cost-cutting measures. Retrenchment increased considerably, mainly in the manufacturing and tourism-related industries amidst the closing down of some businesses and small medium enterprises (SMEs), downsizing exercises and financial difficulties faced by the businesses' owners.



Management Discussion & Analysis



The labour market however improved during the third quarter of 2020 with a smaller contraction of -4.7% YoY, registering 745,000 unemployed persons (2Q20: -5.1% YoY or 791,800 persons) following the positive impact from the government's various initiatives packages such as wage subsidy and reduction of the foreign worker levy. The labour market conditions remained elevated at 4.8% YoY amid the reimposition of CMCO in the fourth quarter reflecting a larger decline in employment growth (-0.6% YoY; 3Q 2020: -0.4% YoY).

For 2020, the unemployment rate rose to 4.5% (2019: 3.3%), the highest rate recorded since 1993 due to the adverse impact of the pandemic. The unemployment rate is projected to improve to 3.5% in 2021 in line with the anticipation of rebound in economic growth.

THE AVERAGE HEADLINE INFLATION TURNED NEGATIVE FOR THE FIRST TIME SINCE 1969

Headline inflation turned negative at -0.2% YoY in March as fuel inflation declined significantly amidst lower global oil prices. It remained modest during the first quarter of 2020 at 0.9% YoY and continued to decline in the second quarter of 2020 to -2.6% YoY due to substantial decline in retail fuel prices and implementation of the tiered electricity tariff rebate. In the third and fourth quarters of 2020, headline inflation recorded -1.4% YoY and -1.5% YoY respectively mainly reflected by the higher domestic retail fuel prices in line with the recovery in global oil price. Despite the slightly more negative headline inflation, broad-based downward pressures on prices were contained during the quarters.

For 2020, headline inflation declined to -1.2% YoY (2019: 1.0% YoY), due to lower inflation for rental, communication services and decline in retail fuel prices. The headline inflation is expected to average higher at 2.5% YoY (BNM: 1.0% to 2.0% YoY) in 2021 in line with better economic prospects and higher crude oil prices. Core inflation meanwhile is expected to remain subdued in 2021 amid continued spare capacity in the economy.

DOMESTIC FINANCIAL MARKET TURNED VOLATILE

KLCI rebounded from a decade low – Mounting worries over Covid-19 impact on the economy coupled with the domestic political crisis had resulted the index to hit its decade-low of 1,219 on 19 March 2020. After the panic sell-off, the local equity markets rebounded following aggressive monetary policy easing by BNM and massive fiscal stimulus packages unleashed by the government. FBMKLCI gradually improved to above 1,500 points in June as investors bargain hunted from positive news flows such as reopening of the global economy, OPEC+ reaching production cut agreements, and nation's transition to CMCO and RMCO. The local bourse subsequently moved higher driven by better-than-expected 3Q20 GDP growth, signing of the Regional Comprehensive Economic Partnership, positive development on the Covid-19 vaccine testing, easing of movement restrictions as well as passing of Budget 2021. FBMKLCI closed at 1,627 for the year representing a +2.42% YoY which outperformed the broader ASEAN-5 index (MSCI AC ASEAN Index: -9.3% YoY).

Foreign investors' net selling doubled – On the equity fund flow, foreign investors started to build broad selling from the Malaysian equity market following the government's decision to impose MCO nationwide and the change in the government in early March, resulting in the largest monthly net selling of RM5.5 billion. Foreigners subsequently narrowed their selling activities towards the end of the year, driven by Budget 2021 announcement, improving domestic macroeconomic data, and positive developments of Covid-19 vaccines. For 2020 as a whole, foreign investors' net selling value reached RM24.75 billion, more than double the amount recorded in 2019 which was at RM11.14 billion.

Ringgit ended stronger in 2020 – Early of the year, Ringgit appreciated against USD supported by improved risk sentiment attributed to positive development in the U.S.-China trade war. Subsequently, the Ringgit saw a significant downtrend, reaching at RM4.41 in mid-March from RM4.09 along with other regional currencies' depreciation against USD, due to rapid escalation of the Covid-19 pandemic, geopolitical uncertainties, and declining commodity prices.

Nevertheless, the recovery in investors' sentiment amidst accommodative monetary and fiscal stimulus policies to support the economy has led the Ringgit to strengthen from the second quarter onwards. In addition, the improvement was also contributed by USD's poor performance following the huge stimulus packages being pumped into the U.S. economy amidst a low interest rate environment. FTSE Russell's decision to retain Malaysia on its benchmark World Government Bond Index (WGBI) also has provided some support to Ringgit.

Ringgit ended 2020 at a stronger rate of 1.76% YoY to RM4.02 against the USD driven by fund inflow into bond market, thanks to the attractive yield, weaker USD as well as optimism on potential Covid-19 vaccine.

BANKING SECTOR REMAINED RESILIENT WITH MODERATE GROWTH

The year 2020 has brought numerous challenges for Malaysia's banking industry too due to the on-going Covid-19 pandemic. The implementation of MCO in late March 2020, combined with the implementation of blanket moratorium have raised concerns on the industry's asset quality and led to modest banking lending activities in general. In response, the government and BNM have stepped in with various stimulus measures introduced to mitigate the immediate impact of Covid-19 to the economy.



OPR slashed to its lowest since 2004 – In response to the economic disruption brought by the Covid-19, BNM has reduced its overnight policy rate (OPR) four times by 125 basis points in January, March, May, and July 2020, pushing it to a record low at 1.75% (Dec'19: 3.00%) to stimulate economic activity. In addition, BNM has also slashed statutory reserve requirement (SRR) rate in March 2020 from 3.00% to 2.00% in a move to release more liquidity into the banking system.

Measures in the industry to mitigate the impact of the Covid-19 pandemic – BNM in coordination with the banking institutions have introduced various measures to assist businesses and individuals affected by the pandemic. The measures include an automatic six-month deferment on all eligible loan/financing payments from 1 April 2020 for individuals and small and medium enterprises (SMEs) and targeted payment assistance programmes. BNM has also allocated around RM18 billion under its financing facility funds which are aimed at providing assistance to SMEs in sustaining business operations and preserving jobs, as well as supporting economic growth.

Downward pressure on earnings – The financial performance of the banks was affected by higher provisions in anticipation of weaker credit outlook amid challenging economic environment. In the first half of 2020, banks reported marked decline in earnings from domestic banking activities weighed down by further margin compression and higher provisions for credit losses. Most of the banks were also impacted by a one-off contract modification loss as a result of not accruing interest/profit on the deferred instalments of hire purchase and Islamic fixed-rate financing under the six-month financing moratorium. This further compressed the net interest/profit margins in addition to the successive OPR cuts.

Financing growth moderated slightly – Financing growth for the banking industry trended slightly lower to 3.4% YoY in 2020 (2019: 3.9% YoY), with household sector recorded higher growth (2020: 5.0% YoY vs 2019: 4.7% YoY) while non-household registered moderate growth (2020: 1.0% YoY vs 2019: 2.7% YoY) on the back of minimal payments on account of financing moratorium.

Islamic finance recorded a slightly lower growth at 8.1% YoY in 2020 (2019: 8.3% YoY) and accounted for 36.1% (2019: 34.5%) of the total banking financing. The growth reflects a continuous growing awareness and wider public acceptance of Islamic financial solutions as a competitive alternative to conventional finance with distinct value propositions.

Asset quality masked by moratorium granted – Impairments dropped to the historical-low in September 2020 at 1.38%, masked by the automatic blanket moratorium. However, it rose to 1.57% in December (Dec'19: 1.51%) as staging of loans returned to normalcy after the 6-month loan moratorium period ended in September. Overall household impairments continued to be driven by residential property financing with its outstanding balance forms 35% of the total financing in the banking industry. The deterioration in income and weaker demand conditions as a result of the pandemic could increase risks to the financial stability given that loan for the purchase of residential properties accounts the highest share of the total banking financing.

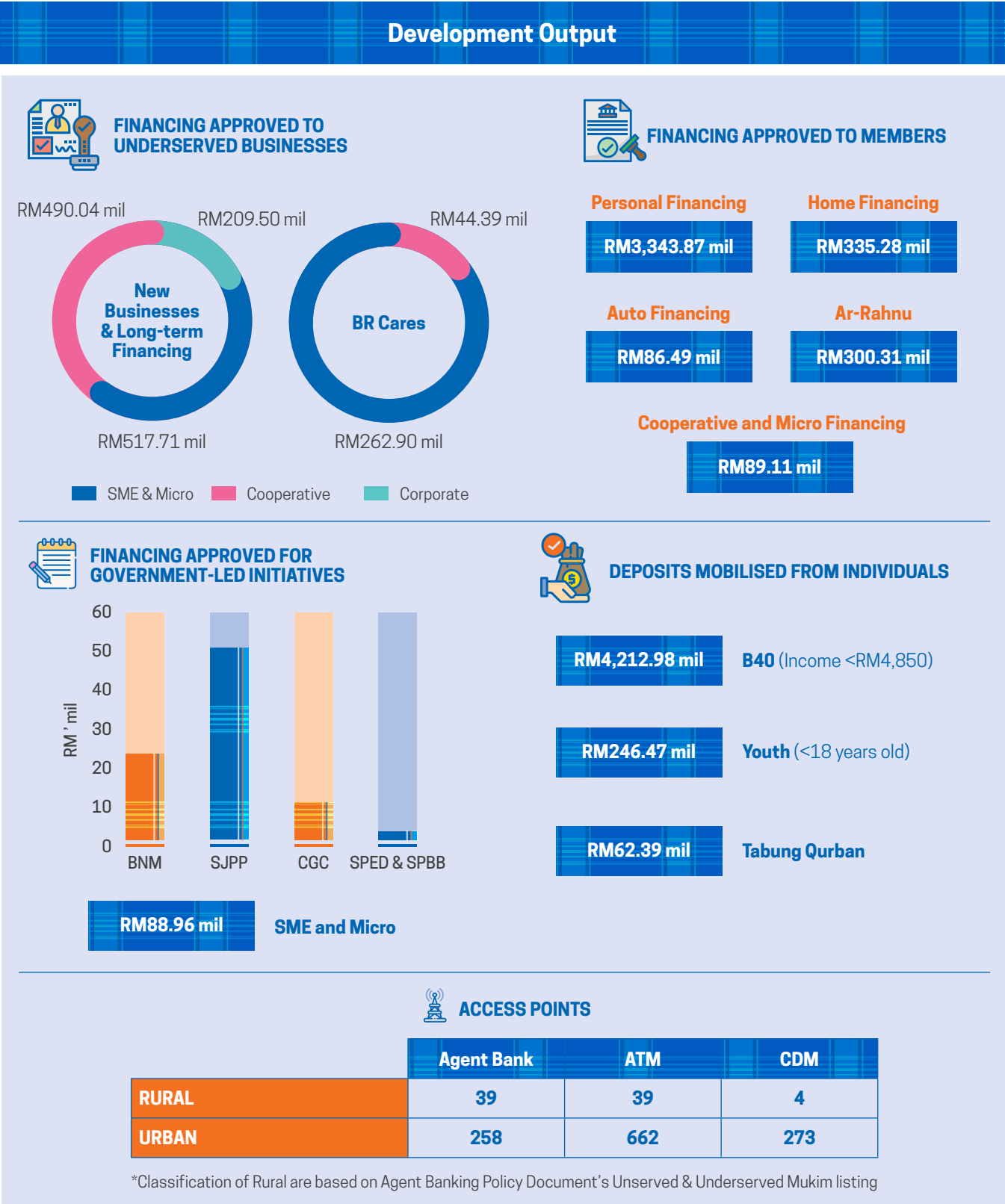
Solid deposit growth – The banking system's total deposits growth remain stable, hitting 4.5% YoY in 2020 (2019: 2.9% YoY) attributed by stronger Current Account and Saving Account (CASA) deposits which maintained strong expansion since the financing moratorium was announced. For CASA, the growth rose to 19.3% YoY in 2020 (2019: 6.7% YoY) as depositors shifted toward high-liquidity deposit such as CASA due to economic uncertainty arising from Covid-19 as well as relief measures by the government, for example cash assistance to the households. This led to the proportion of industry's CASA to the total deposits increased to 30.3% in 2020 (2019: 26.5%) with total funds placed with Islamic banks represented 31.0% of the total banking sector deposits (2019: 30.3%).



Management Discussion & Analysis



Specific Disclosure on Developmental and Mandate Achievements



FULFILLING OUR INSTITUTIONAL MANDATE

Governed by the Cooperative Societies Act 1993, Bank Rakyat is a cooperative bank established essentially to grow the cooperative segment by extending financing and advisory services in improving the well-being of cooperative members. The Bank has steadfastly delivered on this institutional goal in 2020 with intensified focus on providing support to underserved cooperatives and Small Medium Enterprises (SMEs) to help them build resilience within a disruptive economic environment.

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

Currently positioned as the country's largest Development Financial Institution (DFI) and the second largest Islamic financier, Bank Rakyat plans to further accelerate its financing to cooperatives and SMEs to at least RM5 billion by end-2025.

SUMMARY OF 2020 DEVELOPMENT OUTPUTS

Financing Approved To Underserved Businesses

Underserved businesses are being referred to new businesses (business with less than 3 years of operation) and long-term financing (financing tenure of more than 7 years) of which the Bank has approved in the total of RM1.217 billion in FY2020.

In the time of COVID-19 crisis, the Bank has also introduced a special financing scheme named BR Cares specifically for Cooperatives, SMEs and Micro entrepreneurs which have been affected by this global pandemic. With BR Cares, customers will enjoy moratorium of payments for the first 9 months, minimal documentation prerequisite for financing application, cost savings of financing documentation of up to 90%, competitive financing rates and no collateral requirement. BR Cares financing package offers a maximum financing limit of up to RM50,000 to micro entrepreneurs; and RM300,000 to eligible SME and cooperative entrepreneurs. A total of RM307.29 million has been approved to 3,417 micro, SME and cooperative entrepreneurs in FY2020.

Financing Approved To Members

Financing to our members comprises of various products from personal financing, home financing, auto financing, cooperative financing, micro financing and Ar-Rahnu. A sum of 79,556 financing accounts has been approved in FY2020 with the total value of RM4.16 billion, excluding Credit Card and staff financing.

Financing Approved For Government-Led Initiatives

In FY2020, the Bank also offered various third-party collaboration financing scheme or packages to our SME and micro customers. One of them is the Bank Negara Malaysia's (BNM) Special Relief Fund which targeted specifically to assist the affected SMEs of which RM23.89 million was approved to 56 customers under this financing package.

Other type of funds include, collaboration with Syarikat Jaminan Pembiayaan Perniagaan (SJPP) which are BR-SJPP and BR-SJPP Start-up with total approved financing of RM50.74 million to 28 SME customers. Another continuous collaboration is with Credit Guarantee Corporation (CGC) through ImSME and Wholesale Guarantee-i with the total approval of RM11.21 million to 409 SME and micro entrepreneurs.

As for Government funded scheme, Skim Pembiayaan Ekonomi Desa (SPED) and Skim Pembiayaan Penjaja Bergerak (SPPB) have been granted to 30 micro entrepreneurs with the total amount of RM3.12 million.

Deposits mobilised from individuals

Deposits mobilised from targeted individuals segment consists of B40 groups (household income of below RM4,850 monthly), Youth (below the age of 18), and a saving account programme of Tabung Qurban-i.

Balances as at FY2020 of these deposits stood at RM4.21 billion, RM246.47 million and RM62.39 million, respectively.

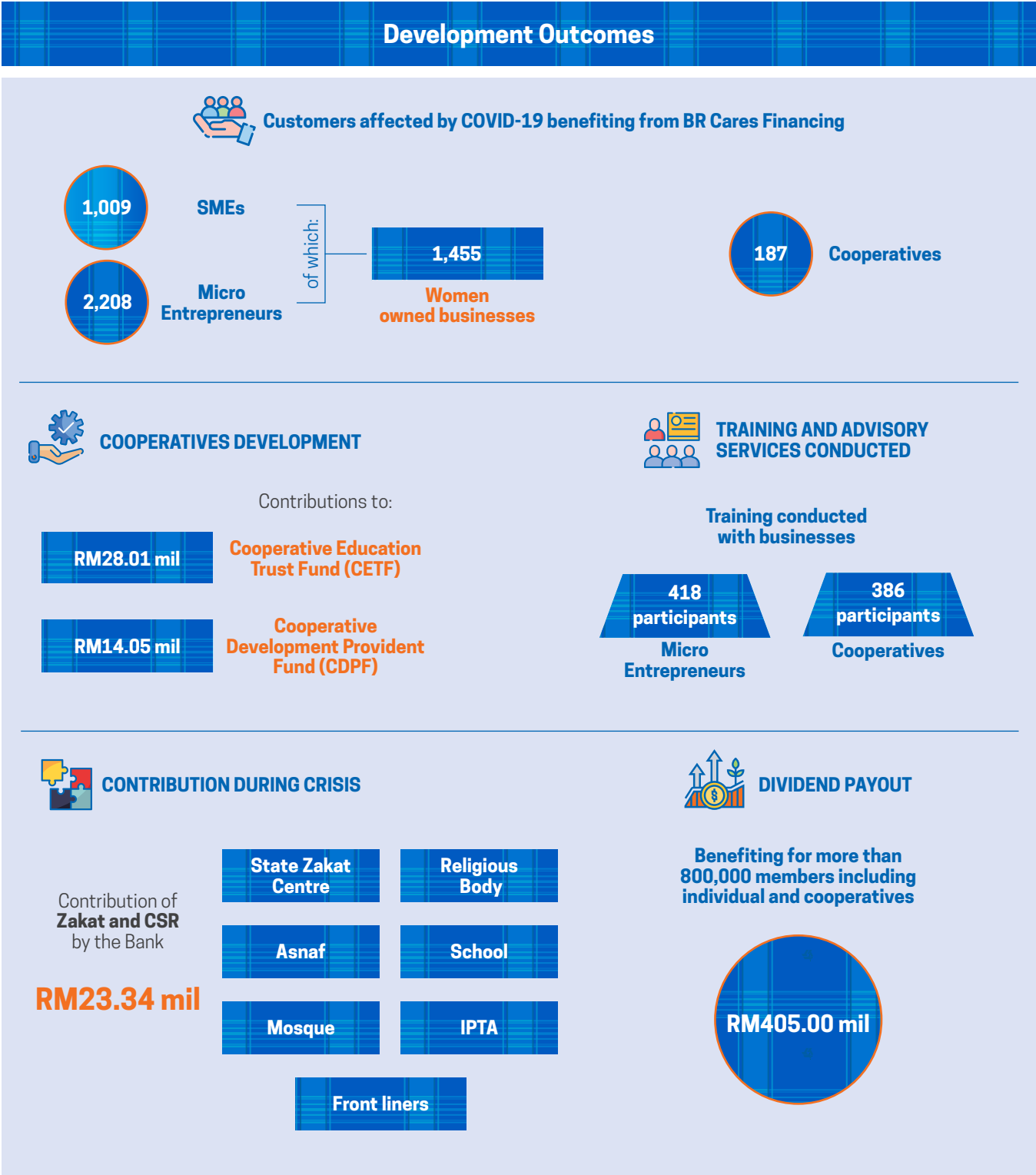
Expanding Access Points

Classification of Rural areas are based on BNM Agent Banking Policy Document's Unserved & Underserved Mukim listing. Unserved refers to mukim with no access points at all while underserved is mukim with only 1 to 5 access points in its vicinity. Further details are elaborated in the Financial Inclusivity section.





Specific Disclosure on Developmental and Mandate Achievements





Management Discussion & Analysis

Financial Inclusivity

In addition to the existing developmental and mandate initiatives reported above, the Bank also consistently supports the Financial Inclusion agenda introduced by BNM.

The objectives of the Financial Inclusion are:

- The provision of suitable, affordable and quality financial services to all segments of society in contributing to a balanced as well as sustainable economic growth and development.
- 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**
- **Agent Banking (Rakyat C.A.R.E.)**
- **SME and Cooperative Business Centre**
- **MyDebit - D'Mart Stores**
- **Rakyat Xcess and Ar-Rahnu X'Change**



Bank Bergerak

Bank Bergerak is a corporate social responsibility initiative introduced by the Bank to ensure that customers in semi-urban and rural areas could receive banking services and facilities on-par with those provided in urban areas.

As at 2020, Bank Rakyat has four (4) Bank Bergerak located at Kuala Lumpur, Temerloh, Alor Setar and Kota Bharu. 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 and Savings Account 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.

During 2020, the Bank has launched two (2) new upgraded Bank Bergerak known as Ar-Rahnu on Wheels (ARROW) which are currently located in Kota Tinggi, Johor and Bintulu, Sarawak. ARROW provides same services as offered by Bank Bergerak and also inclusive of Ar-Rahnu services such as Pawn Broking-i, financing payment of storage fee, redemption, jewellery cleaning and jewellery testing.

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 including 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 could enjoy the privilege in accessing banking services nearer to their localities and this would benefit 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 & self-service terminal). The touch points gained also would 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 2020, the Rakyat C.A.R.E network has a total of 297 active agent banking channels nationwide. Total transaction value recorded in 2020 amounted to RM7.0 million.

Rakyat Xcess and Ar-Rahnu X'Change

The Bank has successfully opened two new Rakyat Xcess and Ar-Rahnu X'Change in Sarawak during the year, as part of the channel expansion initiatives with MEDAC in supporting the government's Financial Inclusion agenda. Representing Bank Rakyat's 19th and 20th Rakyat Xcess and Ar-Rahnu X'Change offering, the services were launched at Lundu and Betong, on 31 October 2020 and 30 November 2020 respectively; serving the underserved local communities at these two areas and the neighbouring localities with various banking facilities, personal financing and Ar-Rahnu services.

The opening of these hubs was effectively coordinated and completed in the period of five months as the two chosen localities had been identified to be in dire need of financial services. Lundu and Bentong are main districts serving agriculture and aquaculture communities, and have a substantial populace 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 290 Term Deposit and CASA accounts with accumulated deposit amounting to RM817,000. In terms of financing assistance, a total of 184 accounts have been granted Ar-Rahnu and Personal Financing and RM5.56 million has been successfully disbursed to the Bank's customers in these areas.



SME & Cooperative Business Centre

SME & Cooperative (SMEC) Business Centre is another of the Bank's initiative to alleviate the outreach towards SME, micro and cooperative entrepreneurs nationwide to have access to the Bank's business banking financial assistance and solution. Ten (10) SMEC Business Centres have been planned to be opened nationwide of which, three (3) of them have been launched in FY2020 which cover the areas of Kuala Lumpur, Selangor, Melaka and Negeri Sembilan regions.

From these 3 SMEC Business Centres, a total of RM202.9 million financing have been approved to 553 entrepreneurs in FY2020.



Management Discussion & Analysis



MyDebit - D'Mart Stores

Another successful initiative during the year was the installation of Point-of-Sales (POS) Terminals at all 206 D'Mart Stores (KPF Trading Sdn Bhd) located in FELDA settlements nationwide in November 2020. This joint venture was a collaboration with PayNet to increase awareness among consumers on the use of MyDebit cards for payment purposes, which are now available at D'Mart Stores. By encouraging communities in FELDA settlements to use cashless payment, this initiative also supports efforts towards realising a cashless ecosystem.

Developing the Cooperative Sector

As the largest Islamic Cooperative Bank in Malaysia, Bank Rakyat is committed in facilitating and providing financial assistance and advisory services for cooperative businesses to expand and thrive.

To this end, Bank Rakyat's consultative and advisory role benefit the entire cooperative movement by stimulating participation of cooperatives in high value sectors; strengthening their capacity; developing human capital capabilities; and improving public confidence in the cooperative movement.

Ancillary consultation and advisory services to the cooperative and entrepreneur sectors are spearheaded by Bank Rakyat through physical programmes and virtual platform which include:

- Cooperative Advisory Desk (CAD)
- Entrepreneurship Advisory Desk (EAD)
- Sales Force Effectiveness (SFE)
- Cooperative/Entrepreneur Business Development
- Islamic Credit System Programme

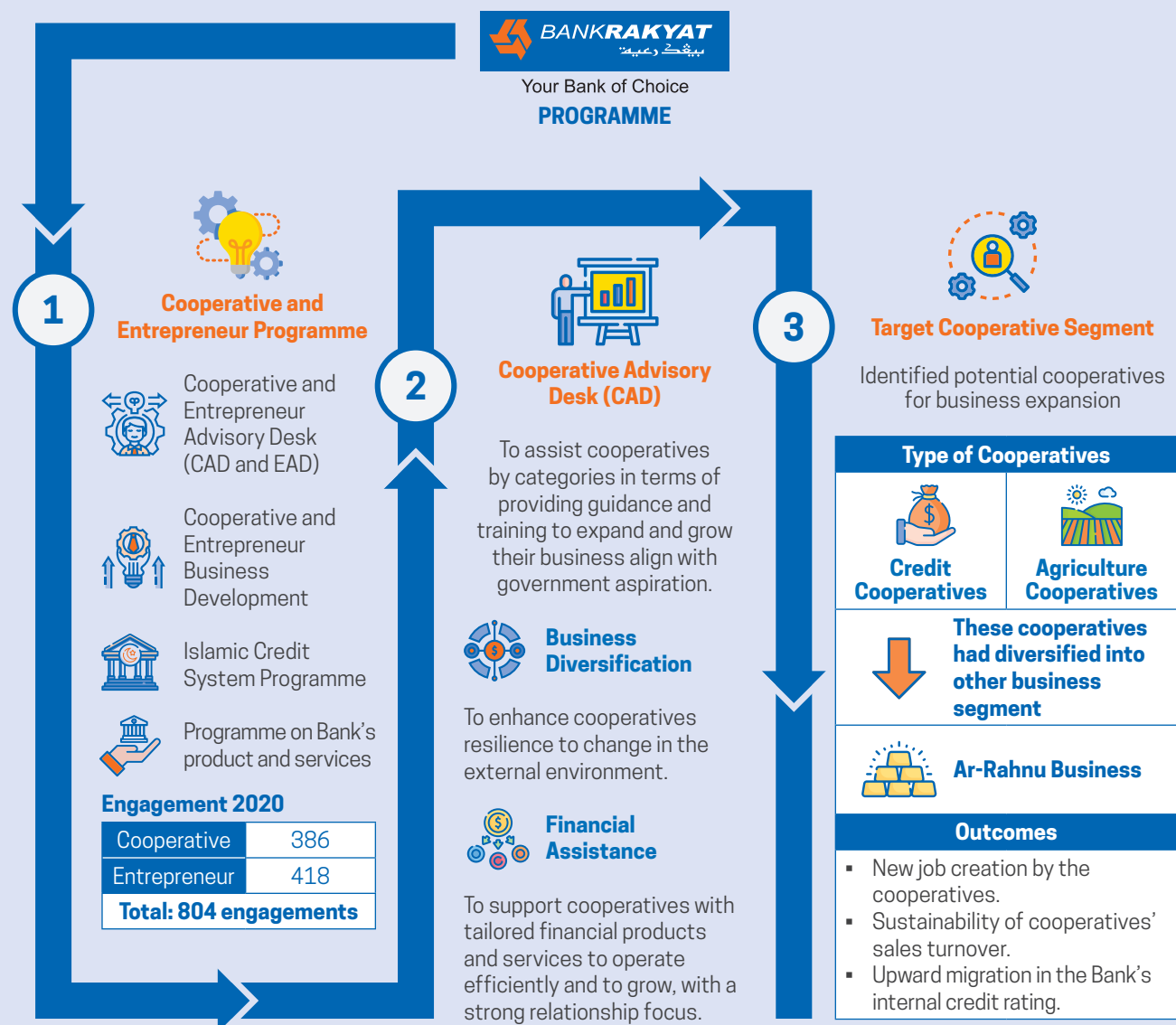


Cooperative and Entrepreneurship Programme

Bank Rakyat Cooperative and Entrepreneur Programme

Objectives

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



The objective of establishing seamless and coordinated cooperative and entrepreneurship programmes is to stimulate economic activities through:

- Financial Guidance** – Technical guidance and financial assistance to cooperatives through the Bank's financing products, tailor-made to their financial needs and in compliance to Shariah principles.
- Learning Facilitation** – Collaboration with Malaysia Co-operative Societies Commission (SKM) and other related agencies on developmental programmes designed for the needs of cooperatives.
- Information Assistance** – Information acquired through experience or study and awareness obtained from the Bank's cooperative developmental programmes.

The programmes fortify Bank Rakyat's drive to change mindsets and deliver value to society by:

- Inculcating a cooperative and entrepreneurship culture through prioritising developmental impact;
- Enhancing Bank Rakyat's ability to self-assess its mandated role's relevance in an evolving economic climate;
- Embedding a robust client on-boarding process that balances risk and additionalities;
- Improving product design to provide tailored solutions for targeted segments;
- Collaborating amongst agencies and external parties.

The Bank strives to strengthen our advisory and developmental activities by leveraging our resources with other agencies such as Suruhanjaya Koperasi Malaysia (SKM), Institut Koperasi Malaysia (IKM), Institut Keusahawanan Negara (INSKEN) and Angkatan Koperasi Kebangsaan Malaysia Berhad (Angkasa). These collaborations are in tandem with DKN 2030 thrust that encourages networking and cooperation amongst agencies.

Greater collaboration with agencies can promote a sustainable cooperative eco-system that catalyses long-term relationship, more business opportunities and stronger cooperative contribution to economic development. The programmes organised are expected to benefit various clusters ranging from micro, small, medium and large cooperatives in Malaysia.





Management Discussion & Analysis

REVIEW OF FINANCIAL PERFORMANCE

Within a year challenged by yet lingering uncertainties from the COVID-19 pandemic and post-moratorium impact, the Group recorded a commendable profit before tax and zakat ("PBTZ") of RM1.44 billion for FY2020 against RM1.83 billion in FY2019, and net profit of RM1.38 billion.

The steady performance was sustained by robust financing, which increased 6.9% to RM76.08 billion, and investment activities with slight decline in the financing income due to margin compression under the lower Overnight Policy Rate ("OPR") regime. Net operating income rose 6.2% to RM3.41 billion, helped by the low funding cost from the effective asset liability management and the strong growth in Current Account and Savings Account ("CASA") at 10.2% as compared to 8.5% previously.

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 Co-operative Bank, as well as the second largest Islamic financial institution in Malaysia.

Despite the uncertainties during the year, total assets rose by 1.8% or RM1.95 billion to RM111.75 billion from RM109.80 billion as at the end of FY2019, and assets quality ratio remained healthy at 1.94%, as compared to 1.93% previously. Growth was mainly driven by financing but normalised by the lower treasury assets in-line with the effective asset liability management measures through the year. Return on Assets (ROA) remained healthy, at 1.3%, on par with banking industry average.

The growth in net financing balance of 6.9% or RM4.89 billion to RM76.08 billion from a year ago mostly came from lower payment during the six-month blanket moratorium offerings.

Nonetheless, the Group's remained firm in the long-term strategic initiatives of portfolios diversification, which had resulted in strong growth of retail house financing, 11.71% or RM6.89 billion as well as Ar-Rahnu segment, 12.86% or RM2.20 billion. In addition, the commercial segment recorded higher by 21.2% or RM5.80 billion in line with the long-term Group's plan to support its Small and Medium Enterprise ("SME") segment.

Meanwhile, Financing Loss Coverage ratio remained high at 158.2% (2019: 127.2%), in line with the industry's prudent measure to build sufficient buffer to cater for potential defaults going forward.

The Group's deposits increased to RM85.58 billion in 2020, compared to RM83.83 billion previously, with CASA ratio improving significantly by 170 basis points to 10.2% from 8.5% previously, with growth coming from the aggressive CASA activities from institutions and religious organisations.

Demonstrating our strong capital position, the Group's shareholders fund rose 6.2% to RM20.95 billion in 2020 (2019: RM19.73 billion) contributed by the Group's net profit carried forward during the year. As at 31 December 2020, Risk-Weighted Capital Ratio and Core Capital Ratio after the proposed final dividend remained strong at 24.141% and 22.212% respectively. These capital ratios were well above the minimum regulatory requirements, making the Group as one of the strongest banks in terms of capital position.

The Group is proud to announce continued double digit dividends of 13% with an estimated pay out of RM373.36 million to all its members for the year 2020. The Group continues to support its yearly mandated role to the cooperative ecosystem by contributing 2% of its profit before taxation and zakat amounting RM28.10 million to the Co-operative Education Trust Fund and 1% or RM14.05 million to the Co-operative Development Provident Fund.

Total contribution to these co-operative funds for the year 2020 amounted to RM42.15 million.

RAM Ratings

Stable ratings

RAM Ratings has assigned an AA2(s)/Stable rating to Bank Rakyat's proposed RM10 billion Sukuk Wakalah Programme (2020/2050), issued through its funding conduit, Imtiaz Sukuk II Berhad. Concurrently, the Bank's financial institution ratings (FIRs) of AA2/Stable/P1 and the ratings of its RM9 billion Islamic Medium-Term Notes (IMTN) and Islamic Commercial Paper (ICP) Programme (2013/2023) and RM5 billion Subordinated Sukuk Murabahah Programme (2016/2036), also issued under its funding conduits, have been reaffirmed.

The FIRs reflect the Bank's strong foothold in personal financing (PF) and its robust loss absorption capacity. RAM acknowledged that the Bank has a good buffer against potential credit impairments with its sturdy capital position. As at end-December 2019, the Bank's Basel I tier-1 capital and total capital ratios came in at a respective 22.1% and 23.6%. The ratings also incorporate the expectation of ready government support if required, given the Bank's status as a cooperative bank-cum-developmental financial institution.

As PF makes up 76% of its total financing, the Bank's fortunes closely track the performance of this portfolio. The Bank's asset quality is assisted by the PF segment, which mostly enjoys payments via non-discretionary salary deductions. In view of the concentration in PF, the Bank's long-term strategy is to reduce its PF portfolio by growing other types of consumer and non-household lending. The Bank's gross impaired financing (GIF) ratio had improved marginally to 2.0% as at end-March 2020 (end-December 2018: 2.1%) while total provisioning coverage (including regulatory reserves) was a healthy 126% (end-December 2018: 116%).

REVIEW OF OPERATIONS

Retail Banking

Gross Financing

Gross financing is slightly higher by 7.74% due to the consolidation and streamlining of business focus in line with the 5 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 1.2% in FY2019, compared to a decline of 2.0% in the previous year 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 is strives to broaden the customer base, diversifying to other customer segment, namely the private sector and non-fixed income earners. The personal financing portfolio figure was recorded at RM59.38 billion as at the end of 2020.

Home Financing-i

Bank Rakyat's Home Financing-i segment recorded substantial growth of 14.4% in 2020 with a sum of RM7.69 billion as compared to RM6.72 billion in 2019. The growth has been achieved despite a slower property market due to macroprudential measures introduced by the government and Bank Negara Malaysia to instill responsible financing in the financial sector and restrain speculative activities in the market. This was also contributed by the easing of residential property prices and weaker consumer sentiment over concerns of higher cost of living that has put the pressure on the demand for residential properties.

Auto Financing-i

This financing is a flexible installment scheme for customers to purchase new local and imported cars with maximum financing tenure of up to nine years. 2020 saw the growth of Auto Financing-i by 0.94% to RM3.10 billion compared to RM3.08 billion in the previous year.

Pawn Broking-i

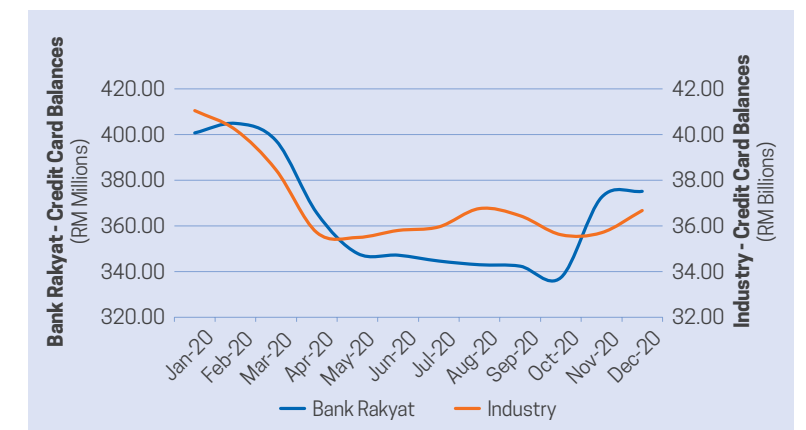
An alternative to conventional pawn broking, Pawn Broking-i (Islamic pawnbroking or Ar-Rahnu) provides instant and easy cash of up to RM350,000 based on Shariah principles. This has been one of our most successful products since its introduction in 1993. This service is provided at 140 branches and 47 Ar-Rahnu X'Change outlets that operate from Monday to Saturday. Ar-Rahnu now stands at number one in Malaysia with 45% market share, and contributed RM2.19 billion of balances in 2020.

Deposit-i

Deposit In 2020, our total deposits rose by 2.1% or RM1.75 billion to RM85.58 billion as compared to RM83.83 billion in 2019. As at December 2020, our eCA-i balance was recorded at RM2.26 billion, which saw an increase of RM541.93 million from the figure in the previous year while our SA-i balance has increased to RM6.02 billion or 23.4% as compared to the figure collected in 2019. TD-i balance on the other hand recorded a 2.5% increase to RM72.99 billion. Our deposits saw a slight increase in line with the better overall industry's financing growth as part of strategy to scale down the holding of High Quality Liquid Assets (HQLA) in second half of 2019.

Credit Card-i

Industry versus Bank Rakyat Credit Card-i performance:



It was a challenging year for the credit card business as the imposed MCO limited economic activities. The moratorium given to financing and borrowings also led to cardholders being in less need of credit.

Industry credit card outstanding balance was on a downward trend at the beginning of 2020 and dipped significantly in March and April due to these impacts. Even though there was a period of recovery from May onwards, the year's total balance was still far-off from performance recorded in 2019.

Similarly, Bank Rakyat's credit card-i outstanding balance, which was on the uptrend at the beginning FY2020, suffered the same fate as the industry during the MCO period up until October 2020. However, due to aggressive promotion after August, the Bank's credit card balance managed to bounce back and improved significantly in November 2020 at a higher pace than the industry's performance.

Initiatives implemented to boost the use of credit card in the latter half of the year leveraged on the following:

- Promotion of safe payment using contactless platform.

A 'Tap Je' with Bank Rakyat Credit Card-i Campaign was introduced towards the second half of the year to encourage easy contactless payment in line with safe social distancing measures that were being promoted in view of the pandemic. The campaign provided monthly cashback of RM500 to 20 lucky customers from August to December 2020; and grand prizes of up to RM24,000 cash to nine lucky winners.



Management Discussion & Analysis



Management Discussion & Analysis

b. Promotion of online payments as the new norm

Leveraging on the increased trend of online shopping, the Bank introduced a Click and Win Campaign from August to December 2020. This targeted to position our card as Top of the Wallet, by offering the following monthly cashback to 60 lucky winners, ranging from RM100 to RM1,000 cashback per winner.

c. Promotion of lower cost of financing for all credit card-i cash withdrawals

This initiative was introduced for withdrawals via Bank Rakyat counters, all ATMs and via call-in to our Customer Service. The Bank only charged a profit rate of 6% per annum from October to December 2020 and the rate is applicable up until the cash withdrawal balance is paid out.

BUSINESS BANKING

The Bank's Business Banking Division was established to focus on our mandated target market of Cooperatives, as well as 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.

Summary of FY2020 Performance

- Total Financing Assets grew by RM797.0 million or 16.6% to RM5.58 billion as compared with RM4.78 billion in FY2019.
- Financing Income improved by 5.7% to total RM301.2 million from RM285.0 million in FY2019 in line with the increase in financing assets.
- Profit before tax (PBT) was lower than FY2019, at RM41.6 million, due to higher allowance of impairment and realisation of modification loss from FY2020's moratorium programme supporting businesses impacted by the pandemic.
- Financing to Cooperatives, which is the Bank's mandated role, contributed 42.3% of total financing assets.

Moving Forward

The unprecedented impact of COVID-19 management measures had impacted FY2020's performance targets as many businesses came to a standstill during the various implementation of government imposed Movement Control Orders. With the implementation of the vaccine programme as scheduled, and barring unforeseen circumstances, for FY2021 Business Banking's portfolio is expected to grow by RM620.0 million or 11.0% to RM6.20 billion from RM5.58 billion FY2020 despite all the challenges faced from the pandemic with focus on selective sectors and viable business to ensure the Bank's asset quality is intact.

The main focus will continue to be on SME financing in line with the BR25 Strategic Plan and SME Blueprint. Bank Rakyat's SME portfolio expansion is commensurate with the Ministry of Entrepreneur Development and Cooperative (MEDAC) new National Entrepreneurship Policy (NEP), which aims to elevate Malaysia into a full-fledged entrepreneurial nation by 2030, with the objectives of strengthening the economic contribution of SMEs to the country's Gross Domestic Product (GDP) to 50% by 2030 (from 38.3% in 2019).

Micro Financing Offered to Micro Entrepreneurs

During FY2020, micro financing grew by RM27.4 million or 35% to RM107.4 million as compared to RM80.0 million in the previous year due to attractive product offerings i.e. BRCare which focuses on helping micro businesses as well as retail-based businesses affected by the COVID-19 pandemic. Moving forward in FY2021, Business Banking will further strengthen this portfolio with a targeted growth of the financing balance to RM120.0 million.

Financing to Entrepreneurs under Government Mandated Funds:

i. Rural Economic Financing Scheme (SPED)

As at December 2020, RM194.81 million was disbursed to 1,877 applicants. (FY2019: RM195.70 million was disbursed to 1,863 applicants).

ii. Micro Traders and Hawkers Scheme Fund (MPPK-i)

A total of RM76.69 million was disbursed under this scheme to 18,194 accounts as at December 2020. (FY2019: RM76.69 million was disbursed to 18,194 accounts).

iii. SME Corp Fund: Enrichment and Enhancement Programme (E²)

As at December 2020, a total of RM5.73 million of this fund was disbursed to 134 customers, aiding them to further grow their businesses. (FY2019: total of RM5.73 million, 134 customers).

iv. Skim Pinjaman Penaja Bergerak (SPPB)

As at December 2020, a total RM1.32 million under this scheme was disbursed to 14 entrepreneurs. (FY2019: RM1.16 million was disbursed to 13 entrepreneurs).



CHANNEL MANAGEMENT

Virtual Channel

The enhancements made to the Bank's virtual channels – iRakyat and i-bizRAKYAT – and continuous efforts in marketing online transactions to our customers paid off in FY2020 as an increase in customer engagements were recorded during the year. Achievements on this front included:

2020 PayNet Best DuitNow Bank Award

Customers responded to the Bank's DuitNow campaign and promotions during the year. Payments via DuitNow P2P increased significantly year on year (YoY) via the Bank's online platforms. This showed the efficacy in helping customers effectively experience, navigate and adopt this new way of making payments. Bank Rakyat was happy to receive the 2020 PayNet Best DuitNow Bank Award, by Payments Network Malaysia Sdn Bhd (PayNet), a wholly-owned subsidiary of Bank Negara Malaysia. The award acknowledged and recognised the Bank's tactical efforts in having continuous campaigns and promotions for DuitNow adoption and customer acceptance towards payment to proxy (P2P).

Recorded 70% FPX Success Rate

FPX is reliable internet based payment gateway that allows real-time payments for online purchases hassle free or bill payments using savings or current account and credit card. Governed by PayNet, all FPX participating banks are required to achieve a minimum 70% success rate of FPX transactions to ensure an undisrupted customer experience in totality.

Since the introduction of FPX service in 2015, a concerted effort was placed towards reliably meeting this compliance. In FY2020, a taskforce was established by the Bank's Channel Management division to address the requirement. This led to implementation of crucial initiatives such as improvement of the Bank's FPX UI/UX and daily performance monitoring to ensure service availability. As a result, Bank Rakyat has consistently achieved 70% successful rate since May 2020.

Pre-empted Refund for DuitNow, FPX and Direct Debit

The Bank's Channel Management division works to proactively enhance service efficiency and reliability towards customer centricity. In FY2020, a semi-automated improved reversal and refund process for DuitNow, FPX and Direct Debit services was initiated to pre-empt refund listings to be executed even before a customer calls in to complain. Customer are now able to get refunds more promptly at the next business day instead of after 14 days previously.

Physical Channel

Channel Management also constantly reviews and improves the Bank's physical channel footprint. In FY2020, some of the new highlights on this front include:

Establishment of Rakyat Xcess and Ar-Rahnu X'Change at Lundu and Betong

The opening of new Rakyat Xcess and Ar-Rahnu X'Change at Lundu and Betong on 31 October 2020 and 30 November 2020 respectively, outlined the Bank's channel expansion initiative in support of MEDAC's financial inclusion agenda.



Management Discussion & Analysis



Management Discussion & Analysis

These two underserved districts were identified as having vital need for financial services. As the districts' socio-economic activities primarily concentrated on agriculture and aquaculture, Ar-Rahnu services were included to provide applicants with hassle free cash support.

The opening of the Rakyat Xcess and Ar-Rahnu X'Change at Lundu and Betong were effectively coordinated and completed in only five months and are now serving the local communities financial and Ar-Rahnu services.



Ar-Rahnu On Wheel (ARROW)

During the year, two Ar-Rahnu On Wheel (ARROW) vans were deployed to Bintulu, Sarawak and Kota Tinggi, Johor, in support of MEDAC's financial inclusion agenda. Though operations are currently pending due to MCO restrictions, these ARROW services are expected to serve local communities throughout remote places within the interior of Sarawak, as well as Felda areas at Johor.



1st Generation Branch Upgrade and Relocation

Channel Management oversaw the relocation and upgrading of first generation branches at Bandar Baru Klang and Melawati on 22 July 2020 and 30 November 2020 respectively.

These were transformed into contemporary fourth generation outfits to address identified gaps and elevate customer experience. In line with this aspiration, customers can now have a more comfortable and conducive banking experience at these upgraded Bank Rakyat branches and enjoy the convenience of more convenient locations with better accessibility.

As at December 2020, the Bank has 147 branches with 978 automated teller machines (ATMs) and cash deposit machines (CDMs), 4 Rakyat Xcess, 27 Ar-Rahnu X'Change, and 20 Rakyat Xcess and Ar-Rahnu X'Change nationwide. In addition, Bank Rakyat has 4 Bank Bergerak, 2 ARROWs and 297 Rakyat C.A.R.E. to reach communities with limited access to banking services in facilitating financial inclusion needs.

TREASURY

Performance review

The COVID-19 recession is seen as the fastest, steepest downgrades in consensus growth projections among all global recessions since 1990. As countries implement necessary quarantines and social distancing practices to contain the pandemic, the world has been put in a Great Lockdown. This has slumped the world economy and global financial markets as many countries across the globe eased their monetary policy to mitigate possibilities of a deeper recession.

Malaysia is not spared from this advent of new uncertainties. Apart from macroeconomic indicators such as low production levels, lukewarm household spending, soft labour market and extended debt relief via the moratorium programme; the ongoing political tussle continues to prolong uncertainty in the capital markets.

A lethargy sentiment has taken over the stock market since the wake of the pandemic. Investors jumped on safe-haven trades amid unprecedented policy rate cuts by Bank Negara Malaysia (BNM) to 1.75% in 2020. For Malaysia, the silver lining to the oil price development is that it will soften related inflation effects, allowing policy makers to accumulate even more accommodative measures. This risk-off trades have caused most foreign investors to change gears and rebalance their portfolio as they brace for uncertainties.

Likewise, the Bank's Treasury division reduced its asset size to stifle the Bank's liquidity position from abrupt adverse movements in the financial markets throughout 2020. As a result, Treasury's return for 2020, in essence, remains stable amid the negatively impacted investment climate. Overall funding composition was managed prudently sustaining the Bank's strong liquidity positions while taking full advantage of Overnight Policy Rate (OPR) movements during the year.

Moving forward

For the banking, as well as other industries in Malaysia, the impact of the pandemic has necessitated changes to adapt to the new norm of daily economic activities and in the way we need to access overall achievement towards long-term sustainable returns and growth. Having resiliently survived the worst brunt of movement control orders, markets are relatively sanguine about economic rebound in the second half of 2021 as businesses harness digital technologies towards new operational norms and anticipation of positive development and roll-out of the disease's vaccine. Global economic fundamental indicators are expected to positively rise in this period after the laying out of effectual vaccine deployments in the first half of 2021.

Treasury will continue to proactively manage its assets during the low interest rate environment of the first half of the year via effective allocation of the Bank's assets and liabilities while ensuring its liquidity positions remains steady. Sensible sukuk replenishment will be the main challenge throughout the year in ensuring the Bank's investment assets remain on a positive turnover. Other strategic priorities include strong efforts in identifying new deposit streams and high yielding remittance businesses to further maximise overall Treasury income.

As we start to adapt to the new contours of normality the sentiment of the current times is to hope for the best while preparing for the worst. Essentially, Bank Rakyat continues to remain cautiously optimistic on the Treasury front, and are reassured by business strategies that have been strengthened to safeguard the health and safety of its investments during these uncertain times while navigating through uncharted waters ahead.

DRIVING GREAT CUSTOMER EXPERIENCE

Delivery of high quality customer service is one of the key in ensuring customer's trust and confidence. This is particularly important in the current environment of intense competition. A long-term development plan for 2020 – 2025 called BR25 has been structured to ensure the Bank is on the right track to achieve this aspiration. Working towards our BR25 Blueprint of Great Customer Experience (GCX), in 2020 we expanded initiatives to get to know the needs of our customers better through internal and external surveys, Branch Service Rating (BSR), a dedicated customer service campaign, improved complaint management and continued Birthday Wishes initiatives.

1. Bank Rakyat Customer Satisfaction Survey (BRCSS) 2020

A new external customer survey was introduced, namely the Bank Rakyat Customer Satisfaction Survey (BRCSS) 2020, which will be conducted every two years. BRCSS will be implemented alternately with Malaysian Banking Industry Customer Satisfaction Survey (MBICSS). MBICSS is a joined effort by Association of Banks in Malaysia (ABM) and Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), with full support of Bank Negara Malaysia (BNM).

BRCSS 2020 has been identified as one of BR25 Blueprint for Great Customer Experience (GCX) initiatives, and is aimed towards the following objectives:

- Promote quality and transparency of customer services as listed in the Customer Service Charter.
- Gauge current state of customer satisfaction.
- Identify drivers of satisfaction and gaps for improvement.
- Establish a year-on-year comparison.
- Achieve readiness for MBICSS 2021.

The results of the 2020 survey highlighted the Bank's current strengths and weaknesses as well as customer expectations and perception of the Bank.

Findings and results are summarised below:

- Overall customer satisfaction score of 80%.
- Client Charter Pillar Performance indicates that Pillar 1 (Know Your Customer) is the most important Pillar in driving customer satisfaction (86%), followed by Pillar 3 (Transparent & Personable Service) (85%). Both Pillar 2 (Timely & Efficient Service) and Pillar 4 (Banking Made Accessible) scored 83%.
- Net Promoter Score (NPS) is +54, this indicated that our customer is willing to promote Bank Rakyat to others.
- Our strength that contributes to overall satisfaction are brand image (being a trustworthy Bank) and experience (consistent delivery of good experience to customers).
- To drive further recommendations by customers, the Bank needs to improve accessibility by developing Banking apps, improving on ATM/CDM availability and through the presence of more physical branches.



Management Discussion & Analysis



Management Discussion & Analysis

2. Mystery Shopper (MS) 2020

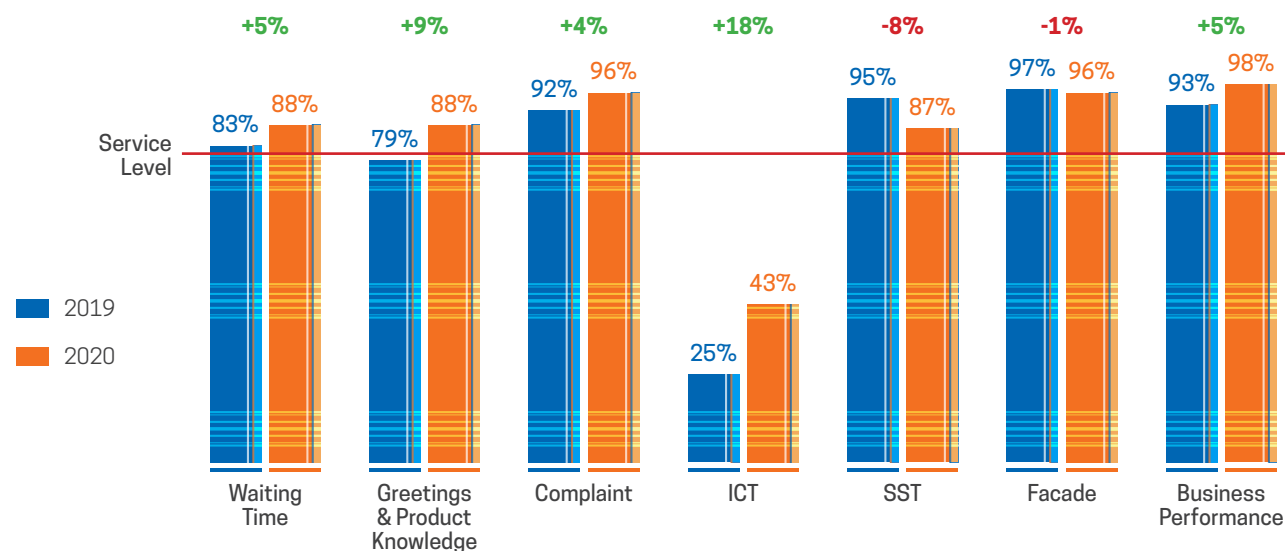
Mystery Shopper (MS) Performance 2020 is an annual internal survey and service monitoring initiative by which Bank Rakyat further supports the BR25 Great Customer Experience (GCX) initiative through ground engagement with all our 147 branches. Through MS, the following objectives are achieved:

- Evaluate Branch Service Rating performance.
- Measure the consistency of the SOPs carried out by all Bank Rakyat branches.
- Track the Mystery Shopping performance on year-to-year basis.
- Measure the effectiveness of the Bank's *Kempen Kelestarian Pelanggan* under Customer Experience and Performance Zone (CXPZ) initiatives.
- Evaluate Customer Service Ambassador (CSA) performance.

Results:

The overall score for MS improved from 84% in 2019 to 88% in 2020 as a result of the following areas:

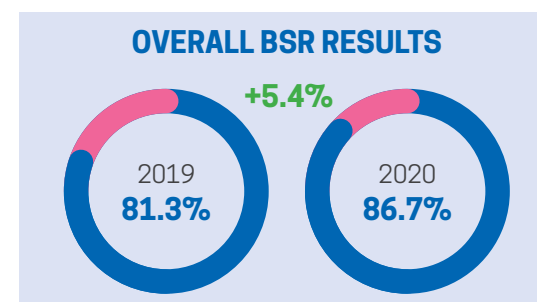
- Improvement in meeter-greeter mainly due to:
 - a) Improvement in greeting (staff greet customers politely and courteously) and thanking customers at the end of conversation.
 - b) Use of proper salutation in addressing customers.
- Enhanced product inquiry mainly due to improvement in explaining the product features as per Product Disclosure Sheet (PDS).
- Better Self-Service Terminal (SST) experience whereby SST areas are kept clean and tidy.



Highlight:

Branch Service Rating (BSR) was carried out as part of MS and as a yearly structured monitoring evaluation performance for us to gauge the overall customer experience performance at all branches. This structured monitoring evaluation has been given tremendous positive results.

The results of 2020's evaluation initiative are as per the diagram below:



RATING PERFORMANCE

RATING	NO OF BRANCHES 2019	NO OF BRANCHES 2020	+/-
A (90-100%)	13	42	+29
B (80-89%)	79	89	+10
C (70-79%)	55	16	-39
D (60-69%)	-	-	-
E (<60%)	-	-	-
TOTAL	147	147	



3. Kempen Kelestarian Pelanggan

Customer Experience Management (CXMG) implemented the *Kempen Kelestarian Pelanggan* which covers the Behavior, Product Knowledge and Customer Satisfaction Measurement in BR25 Great Customer Experience Blueprint. This campaign was created to act as a point of resolution for all findings from the analysis and surveys done internally and externally.

From the past three years of survey results, three main areas of the customer experience have been highlighted as requiring immediate improvement to provide a great customer experience to all customers nationwide. These were the meeter greeter experience, ICT usage and product knowledge.



Be My G.U.E.S.T is mainly to improve the behaviour of the employees while dealing with our customers at all our touchpoints by inculcating the five-step approach highlighted as keywords within GUEST = G (Greeting), U (Using customer name), E (Eye contact), S (Smile) and T (Thank you).

ICT Smile With Me is targeted mainly in increasing the utilisation rate of ICT and getting real time feedback.

K.L.U.S, which stands for Know, Love, Use and Sell; is an initiative to enhance the staff knowledge of the Bank's products and services.

4. Call & Complaint Management

Bank Rakyat's Contact Centre received and handled a record of 2,157,807 calls in 2020. The Bank continues to improve its complaint management seeking positive resolutions within 14 days. During 2020, 98.10% of total complaints were resolved within 14 days, an improvement from 94% in 2019.

5. Birthday Wishes

A total of 952,967 birthday wishes were sent during the year, compared to 193,717 recipients in 2019. This shows the rapid escalation in reach that the Bank has achieved in a few months. Bank Rakyat is proud that this initiative has had good response from customers who felt valued and recognised by the annual greeting.



Management Discussion & Analysis



Management Discussion & Analysis



IT INITIATIVES AND ACHIEVEMENTS

CoBRa (Core Banking Bank Rakyat)

An integrated core banking system, popularly known as Core Banking Bank Rakyat (CoBRa) was successfully implemented on 12 October 2020 in spite of the global pandemic.

Former Chief Executive Officer Datuk Rosman Mohamed said CoBRa is one of the bank's pilot projects towards digital banking to enable customers to enjoy the best banking experience through improvement in a high-scaled automation system. "The initiative also aimed to increase the security features and meets the needs of the new supervision framework, besides enhancing financial innovation as well as drive Malaysia's digital banking transformation," he said in a statement.

Corporate Internet Banking System (CIB 2.0) / i-bizRAKYAT 2.0

Our existing corporate internet banking service was upgraded to corporate internet banking service 2.0 during the year. This initiative provides customers with an updated look and feel that is aligned with the Bank's Information Technology Blueprint 2018 - 2022. i-bizRAKYAT will make banking easier for our corporate customers as they are able to enjoy features such as:

- Comprehensive view of their banking relationship with Bank Rakyat online real time.
- Straight through payment processing services, include fund transfers to third party accounts and bulk payment transactions that is hassle-free and very convenient.
- Efficient collection process to ensure all receivables and cheques are cleared in a prompt manner, reduce manual intervention and improved management of information.
- Convenient payroll facilities that enables fast and easy salary crediting via file upload or online template.



Enterprise Risk Management System (ERMS)

The implementation of ERMS as a risk management tool that is crucial in ensuring the Bank's operations and activities are performing at their best whilst being exposed to various risks in an unpredictable business environment. ERMS allows better monitoring & control on risks arising which then contributes to sound decision making and improved Bank's performance.

Previously, the following modules have been effective in the system:

- | | |
|------------------|---------------|
| ▪ Market Risk | ▪ Credit Risk |
| ▪ Liquidity Risk | ▪ Credit Risk |

Subsequently, for year 2020, we have successfully implemented the Asset Liability and Liquidity Risk Management module in May. This shows the completion of ERMS implementation in Bank Rakyat.

IT Infrastructure Readiness - The New Norm of Working from Home

With the implementation of SSL VPN (Pulse Secure), Bank Rakyat's staff are able to access their own official email account to work from home or even anywhere else. The active and thorough usage of Microsoft Teams has also allowed Bank's staff to interact between one another virtually by conducting discussion, meetings or even training online.

COMPLIANCE

The compliance culture in Bank Rakyat is cultivated by a strong tone from the top, complemented with the momentum from the middle, and ingrained in every fibre of each employee's being. This culture is religiously promoted and assimilated across the Bank to ensure that it is being embraced, particularly in the spirit of staying true to the motto "Compliance is Everyone's Business".

Compliance's commitment towards instilling a strong compliance 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 prepares the Bank with 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 the day-to-day monitoring, Compliance is committed in improving the overall control environment and the compliance cultural branding by implementing comprehensive compliance policies, performing periodic compliance assessments and reviews, conducting regular engagement sessions with business units and training programmes across the Bank to ensure that all employees are kept abreast of the regulatory requirements.



Key developments in 2020

- 1) In complying with Bank Negara Malaysia (BNM)'s Policy Document of Shariah Governance, the Shariah Review Unit has been restructured to Compliance Department to ensure that the function is sufficiently independent of the business lines.
- 2) Launching of Compliance Website which is accessible through Bank Rakyat's portal. The website serves as an online platform to keep business units updated on the latest policy documents and guidelines issued by the regulators, as well as a reference point in seeking for Compliance's opinions on matters pertaining to complying with the regulations.
- 3) In the spirit of upholding the compliance value particularly in the knowledge of AML/CFT, Compliance has, amongst others, successfully completed various review at branches, Rakyat Xcess and Ar-Rahnu X'Change, Head Offices and Subsidiary Offices as well as issuing sixteen (16) Regulatory and AML/CFT Guidance Notes and Modules. An initiative to engage and inculcate Compliance awareness has also been committedly taken by conducting trainings to staff at branches, head offices and subsidiary offices.
- 4) Enrolling staff in various Compliance Certification Programmes such as Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer (CAMCO) and Certification in Regulatory Compliance (CRC) which amongst others, equip the staff with the necessary skills required in monitoring compliance of the bank.



Management Discussion & Analysis



BANK RAKYAT CSR REPORT 2020

Upholding Our Corporate Social
Responsibility (CSR)

As the bank for the people, Bank Rakyat is committed to giving back to the community and believes that giving back should be a demonstration of what an organisation stands for, outside of profit and reputation. Corporate Social Responsibility (CSR) is integral to the Bank as it plays a pivotal role in the Bank's ongoing success and their ability to create long-term value for their wide range of stakeholders. Contributing to society and towards the upliftment of those in need is an important part of the Shariah principles that govern us. Each year, a portion of business profits are allocated for the purpose of the Bank's zakat and CSR, which are conducted through a multitude of channels. These include annual zakat contribution and various initiatives conducted by Yayasan Bank Rakyat (YBR), Rakyat Management Services Sdn Bhd (RMS) as well as Surau Al-Barakah Menara Kembar Bank Rakyat.

These programmes are in line with the aims of six of the United Nations Sustainable Development Goals (UNSDG) covering no poverty, zero hunger, good health and wellbeing, quality education, clean water and sanitation, and partnerships for the goals. During the year under review, the Bank's efforts on CSR and Sustainability were recognised by the following awards:

- Social Empowerment category at the Asia Responsible Enterprise Awards 2020 (AREA 2020)
- Company of the Year Award: Overall Excellence in Sustainability and CSR Initiatives category at the Sustainability and CSR Malaysia Award 2020

Pandemic Related Contributions

The COVID-19 pandemic has had an extraordinary impact on the country. Recognising that many were affected by the economic crisis as a result of the pandemic, the Bank's various Corporate Social Responsibility (CSR) contributing entities focused on supporting targeted groups in need with financial contributions, daily necessities, food packs, personal protective equipment (PPE) and care kits (hand sanitiser and face mask) for B40 families and frontliners.

These were over and beyond the general assistance rendered to all our customers through a moratorium initiative. Through the initiative, more than 170,000 customers have enjoyed deferment of installments, extension of the mortgage period as well as deferment of the auction process for the accounts involved. Recognising the negative impact on the cooperative businesses participating in the Ar-Rahnu X'Change franchise, RMS also offered a 20% royalty discount for six months starting April 2020.

A fundraising effort for frontliners was also initiated by the Bank and Surau Al-Barakah of Menara Kembar Bank Rakyat with a total RM152,090 raised to support over 10,000 police officers, 200 patients and B40 families who were affected during the Movement Control Order (MCO)

in Perak, Kedah, Kelantan, Terengganu, Johor, Melaka, Sabah and Sarawak. From this fund, special donations were also made to the families of frontliners who died of COVID-19 contracted in the line of duty and to the National Athlete Welfare Foundation (YAKEB) in aid of former national athletes who are now under the B40 category.

Apart from that, the Bank also conducted Bank Rakyat Bersama Sabah and Selangor initiatives by distributing food packs and daily necessities to B40 families that were affected by COVID-19 and MCO as well as university students who were stranded in the campus due to MCO.

The An Nur Puncak Alam Independent Mothers Association is one of the earliest *asnaf* groups to receive donations from RMS during the MCO with total of RM20,000.00. Donations of daily necessities and food packs to B40 families who affected by the COVID-19 MCO in ten states were activated throughout the year as a show of support during their time of need.

Frontliners were another targeted group who received food packs and snack contributions and/or donations of facemasks, PPE and other required equipment. These included staff at 11 hospitals across Malaysia, five Crisis Preparedness and Response Center (CPRC) in Kuala Lumpur, Malaysian



Armed forces, Fire and Rescue Departments, the police force as well as members of the media. Contributions were also made to University of Malaya Medical Center (UMMC) COVID-19 Assistance Fund for patients and to Universiti Teknikal Malaysia Melaka (UTEM) for the production of PPE under its 'UTEMShield' initiative.

Yayasan Bank Rakyat (YBR) students and staff worked in partnership with Mercy Malaysia to prepare PPEs for distribution to frontliners at the Malaysia Association for the Blind (MAB) complex. To ensure enough supplies, the sessions were conducted through three different periods during the year.

More pandemic support were carried out through the Ministry of Entrepreneur Development and Cooperatives (MEDAC). These included donation of daily necessities and food to B40 families affected by the COVID-19 Movement Control Order (MCO); welfare associations and students in public institutions of higher learning (IPTA) and micro-SMEs.

2020 ZAKAT CONTRIBUTION

A total Zakat of **RM17.2 million** was distributed to 71,673 beneficiaries through programmes that sought to support educational needs of *asnaf* students, provide aid to victims of fire and floodings; wakaf projects; guide the muallaf, and support non-governmental organisations.

No.	Programme	Total Recipient	Total (RM)
1	Local University Students	131	170,000.00
2	Malaysian Students In Abroad Universities	13	19,500.00
3	Zakat Scholarship	61	1,339,688.00
4	University/College University (One Off-Fund)	21	610,000.00
5	Students Of Primary/Secondary Schools	63,027	6,294,695.00
6	Cost Of Living & Medical Treatment	2,565	907,100.60
7	Association/Non-Government Organisation (NGO)	12	414,898.00
8	Asnafpreneur	52	395,870.00
9	Muallaf (NGO's)	5	206,300.00
10	Home Building & Repair Assistance	25	616,900.00
11	Fire Assistance	23	52,000.00
12	Flood Assistance	1,062	630,500.00
13	Masjid/Surau/Madrasah (Education Programmes)	2,712	293,465.00
14	Covid-19 Assistance	1,960	4,612,300.00
15	Matching Grant For Cash Waqaf Collaboration BR - Yayasan Waqaf Malaysia	1	250,000.00
16	One Off Contribution To Yayasan Waqaf Malaysia	1	50,000.00
17	Education & Dakwah Projects (IIUM/Surau Al Barakah/Masjid Putra Height)	3	294,765.00
Total		71,673	17,157,981.60

Through Surau Al Barakah, RM100,000 of special zakat contribution was given to 10 universities in aid of university students (IPTA) who were stranded on campus during the MCO.

NURI NUTRISI PROGRAMME

In line with the identified UNSDG goals, Bank Rakyat started Nuri Nutrisi initiative which aims to create a sustainable life for the B40 community with various efforts to improve the nutritional status of the underprivileged school children and families, as well as to protect their social needs. 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. While it is a big improvement, narrowing inequality and uplifting the standard of living of the people require urgent attention.

The Nuri Nutrisi programme targets to raise nutrition, health and wellness awareness through the provision of nutritious food for school children, along with making available safe drinking water for the poor and other deprived sections of the community. 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.





Management Discussion & Analysis

On top of that, to ensure sustainability of the programme beyond the initial three months, the Bank initiated the Nuri Nutrisi Farm project called “Kebun Nuri Nutrisi” where the Bank worked with schools and universities to install vegetable gardens and urban farms for continuous supply of nutritious food for the underprivileged students. The sale from the produce is also being used to fund meal during recess for these students. It is a special programme funded by Bank Rakyat that employs multifold objectives – improving nutrition as well as educating students on entrepreneurship and agricultural business. To date, 45 schools, 3 universities and 2,321 students from underprivileged backgrounds have directly benefitted from the programme; and the farms has managed to impact 5,700 students. Due to its impact and sustainable structure, the Nuri Nutrisi programme was voted the winner of the Social Empowerment category at the Asia Responsible Enterprise Awards 2020 (AREA 2020).

In FY2020, as schools experienced extended closures due to MCO, the Nuri Nutrisi programme could not take off as planned. However, during a visit to Sekolah Menengah Kebangsaan (SMK) Tunku Putra, Langkawi, the Bank could see the impact of The Kebun Nuri Nutrisi Programme which has been cultivated by the students and teachers of the school since January 2019. The benefits are obtained when the students get a continuous supply of nutritious food, and proceeds from the sale of crops in the orchard are used as funds to hold programmes for underprivileged students.

During the visit, Bank Rakyat also handed over a contribution of RM3,000 to purchase garden equipment such as fertilizer, soil, seedlings and seeds; donated RM21,800 to 218 students from the asnaf group; and handed over packs of daily necessities to 30 underprivileged students from the school's Special Education Integration Programme (PPKI).



EMPOWERING ENTREPRENEURS THROUGH SMEC BUSINESS CENTRES

Bank Rakyat has set up a number of Small and Medium Enterprises and Cooperatives business centres (SMEC) to empower the country's entrepreneurial development sector. SMEC is a one-stop centre that provides holistic advisory and financing services for micro, small and medium enterprises (SMEs) and cooperatives, with the ability to achieve a RM1.0 billion funding approval target for SME entrepreneurs and RM75 million for micro-entrepreneurs in 2021. The initiative is in line with the Bank's Strategic Plan 2025 (BR25) to enhance its financial assets through a specific business centre offering financing facilities for entrepreneurs. SMEC will also provide opportunities for micro-entrepreneurs to develop their businesses in the SME industry thus improving the economic status of the community, especially the B40 entrepreneurs.

To date, three SMECs, in Kuala Lumpur, Selangor and Melaka have commenced operations while seven more will be opened nationwide including in Sabah and Sarawak. Other than coming in person to the SMEC, customers can also virtually access the services by scanning the Quick Response to Entrepreneur (QR2E) code to perform digital banking.

By increasing support and access to easy financing, the establishment of SMEC is consistent with the government's call for banking institutions to continue supporting economic recovery and protect the sources of income of Malaysians impacted by the Covid-19 pandemic, in line with the National Entrepreneurship Policy 2030 to boost the economic contribution of SMEs to the country's gross domestic product (GDP), to 50 per cent by 2030.



SPONSORSHIP AND CONTRIBUTIONS

Protecting social needs of the community reigns high in our CSR agenda. A large part of our CSR funds are directed towards sponsorship activities and corporate contributions to low-income communities. Through RMS, Ar-Rahnu X'Change was the main sponsor of Virtual Run Malaysia 2020, an event that catered to the welfare of various institutions and other individuals in need, while promoting a healthy lifestyle. Contributions were also made during the year to support events such as the Jempol and Jelebu District Special Education 2020 online competition and Padang Terap District Teachers' Day Celebration 2020, in appreciation for teachers and the benefits they bring to society.

Doing its part to help individuals in need, Surau Al-Barakah Bank Rakyat donated ten wheelchairs to Hospital Sungai Buloh and to Bank Rakyat branches.

In times of tragedy such as the floods in 2020, YBR responded swiftly to distribute cash contributions to 700 affected families in Hulu Langat and Kuala Lumpur.

During the year, the Bank's flagship Nuri Nutrisi programme was curtailed by the MCO. This was conducted at only two schools, namely SK (F) PALONG 5, Gemas, Negeri Sembilan and SMK Tunku Putra, Langkawi from 45 schools previously. This programme is aimed at channelling nutritious food to children from B40 families, and will continue to be a key initiative in our community efforts once schools reopen. Through this programme, each child will gain a positive perspective on the importance of embracing nutritious and healthy eating habits.

Communal Work With Community

As part of engagement with the community, YBR had initiated communal work through Qurban program which was held for the celebration of Aidiladha. This initiative had benefited 3,300 recipients from Datuk Keramat, Kampung Bharu and PPR Jelatek.

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 Menara Kembar Bank Rakyat with total RM13,460.94 was spent on Ramadhan Iftar Sponsorship whereby 70 sets of iftar food were provided daily to frontliners who had to work through the breaking of fast time.

The Sumbangan Ihyat' Ramadan 2020 programme provided festive contributions to six selected welfare and care homes across Selangor, including one wherein Palestine refugees were housed.

During Aidiladha, a series of Sinar Aidiladha programmes were implemented to provide contributions of sacrificial cows, vacuum-packed beef portions, rice, oil and cash were made to 430 asnaf families. These were distributed at Bukit Aman PDRM Mosque, MINDEF Mosque Khalid Al-Walid and the Malaysian Prisons Department.

Programmes to invigorate the teachings of Islam and distribution of worship kits were also held. The former took place among new converts from the Orang Asli community through the sponsorship of the Ziarah & Korban Programme at Pos Tuel, Gua Musang while 1,175 recipients comprising suraus in Kuala Lumpur and Selangor, as well as the poor asnaf and converts, Rohingya refugees, Orang Asli, the homeless and inmates of senior citizen homes benefitted from the distribution of worship kits.



Management Discussion & Analysis



Management Discussion & Analysis

ENVIRONMENTAL SUSTAINABILITY

As the regular beach clean-ups and on-the-ground recycling workshops had to be put on hold during the pandemic year, YBR launched an Instagram Home Recycling Movement Video to encourage students who put on their Green thinking caps at home and create recycling inventions with home objects. This was in line with UNSDG 12: To ensure sustainable consumption and production patterns. The two-month-long program saw a spate of creative idea shared including clock, decorations and water dispenser. 3 grand prize winners were selected from 3 categories, primary school, secondary school and higher education institutions and awarded RM500 cash prize and YBR souvenir.

As a subsidiary, RMS also supports the 'Sustainable Development Goal' initiative which has been outlined in Bank Rakyat's five-year Business Plan (BR25). In addition to humanitarian benefits, RMS allocates funds for environmental sustainability programs. Through the cooperation of the Selangor State Forestry Department, a total of two corporate social responsibility programs for mangrove plantations were held last February in Tanjung in Tanjung Karang and Sungai Besar, Selangor.

The programme also had an agenda to provide exposure to the community, especially the younger generation, on the importance of mangrove forests to the ecosystem. Each activity involved the local community, NGOs and students.



EDUCATION PROGRAMMES

Several of YBR's ongoing educational programmes were disrupted in 2020 due to the MCO. Where possible, the programmes were held via online platforms such as Icon Live Up the Dreams Programme. This motivational programme was made virtual and that featured Ustaz Don as an icon for students to emulate upon completing school. This was broadcasted on YBR's official youtube platform and reached out to 200 viewers.

The *Pembiayaan Pendidikan Boleh Ubah* (PPBU) programme continued to be funded. This channels financial aid to less fortunate students keen on furthering their studies at the tertiary level. In 2020, 562 students received funding worth RM15,422,340.00 (RM15.42 million). Since 2008, 5,438 recipients have benefited from RM148 million in financial aid to further their studies locally and abroad from skills certificate to Ph.D. levels. In addition, the Biasiswa Yayasan Bank Rakyat provided scholarships to excellent students pursuing Bachelor's degrees locally. The scholarships provide opportunities to SPM school-leavers, diploma and undergraduate students to further their studies while helping to improve their socioeconomic status. 27 students received RM3.37 million worth of scholarships during the year.

Our Program Pembangunan Pelajar ensures scholarship and financial aid recipients receive a balanced education to produce well-rounded and marketable individuals. In 2020, 637 scholars participated in the programme at Universiti Putra Malaysia.

A new Program Pembangunan Pendidikan was launched during the year. This saw RM2 million distributed to 1,897 underprivileged children through welfare homes for educational purposes. Both cash and items needed for online study were provided.

The Tuition Rakyat programme was also ongoing in 2020. 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 2020, 253 schools were provided with Tuition Rakyat classes involving 13,212 students. To date, 80,435 students have participated in Tuition Rakyat classes.

RMS CORPORATE SOCIAL RESPONSIBILITY INITIATIVE

Each year, the improvement in the company's business performance has contributed to a relatively encouraging profit. A portion of the profits has been allocated for the purpose of the company's corporate social responsibility. The planning of brand development programs in Ar-Rahnu X'Change's Product and Brand Marketing Plan has outlined corporate social responsibility as a priority.

Asnaf Contributions and Sponsorships

Until September 2020, a total of RM180,000.00 has been allocated for asnaf contribution activities involving various categories (asnaf). For asnaf fisabilillah, several institutions such as mosques, madrasahs, organisations and schools have been listed. Among them are the Sungai Ramal Luar Mosque in Kajang, Selangor, the Raudhatul Jannah Charity House in Banting, Selangor and the Selangor Islamic Appeal Federation and the Federal Territory.

Poor students from various schools are also not left behind such as the 300 students of Sekolah Kebangsaan Datuk Akhir Zaman, Rantau, Negeri Sembilan.

Apart from the distribution of zakat wakalah, RMS also allocated a total of RM150,000.00 from the National Marketing Fund contributed by the Ar-Rahnu X'Change franchise for the purpose of sponsorship activities and corporate contributions.

The program to invigorate the Islamic message was held by courting new relatives from the aboriginal community through the sponsorship of the Ziarah and Korban Program at Pos Tuel, Gua Musang during Aidil Adha 1441H. Activities that promotes healthy lifestyle is among the priority given by Ar-Rahnu X'Change. One of the example is Virtual Run Malaysia 2020. The allocation also involves the welfare of various institutions and other individuals in need.

'Ar-Rahnu X'Change We Care'

The marketing direction of the Ar-Rahnu X'Change brand as a caring brand continued with the launch of the 'Ar-Rahnu X'Change We Care' campaign. The campaign which started in May 2020, is a continuation of the basic needs assistance to our customers who were affected during MCO.

The campaign was activated through the allocation of local marketing activities of RM10,000.00 for each Ar-Rahnu X'Change network nationwide.

Pandemic COVID-19

The COVID-19 pandemic has had an extraordinary impact to the country. Recognising that many were affected by the economic crisis as a result of the pandemic, RMS has put its focus on targeted programmes.

The company's Board of Directors has given a clear message on the direction of the company's programme to the target groups that need attention.

The An Nur Puncak Alam Independent Mothers Association is one of the earliest asnaf groups to receive donations during the Movement Control Order (PKP). A total of RM20,000.00 has allocated in addition to the Aidilfitri contribution that was presented on 22 May 2020.

In addition to targeted assistance, RMS also plans general assistance to all customers. One of the example is through a moratorium initiative. Through this initiative, more than 170,000 customers have enjoyed deferment of installments, extension of the mortgage period as well as deferment of the auction process for the accounts involved.

Recognising the negative impact on the cooperative businesses participates in the Ar-Rahnu X'Change franchise, 20% royalty discount were offered to the customer for six months starting April 2020.

Environmental Sustainability

As a subsidiary, RMS also supports the 'Sustainable Development Goal' initiative which has been outlined in Bank Rakyat's five-year Business Plan (BR25). In addition to humanitarian benefits, RMS also allocates funds for environmental sustainability programmes.

Through the cooperation with the Selangor State Forestry Department, a total of two corporate social responsibility programmes for mangrove plantations were held last February in Tanjung Karang and Sungai Besar, Selangor.

The corporate social responsibility program also has an agenda to provide exposure to the community, especially the younger generation, on the importance of mangrove forests to the ecosystem. Each activity also involves the local community, NGOs (Non-Governmental Organisations) and students.



Management Discussion & Analysis



Management Discussion & Analysis

BANK RAKYAT 2025: OUR PROGRESSIVE JOURNEY as 'Your Bank of Choice'

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 creating value for our communities and country. BR25, the Bank's five year strategic plan, details six blueprints by which Bank Rakyat will advance to build a better future for our communities as well as the stability and prosperity of our nation. The six blueprints are namely, Great Customer Experience, Digitalisation, SMEC Business, Human Capital, Sustainability and Shariah Leadership.

In 2020, a BR25 Strategic Communication Plan was launched to provide an overall awareness of the BR25 program. A robust methodology and approach was adopted throughout this communication exercise in order to promote clarity, awareness and understanding of the BR25 program; encourage engagement and feedback on the program; and to communicate results and achievements of BR25.



This was then followed up by series of engagement sessions to gauge and ensure continuous employees' buy-in. The efforts were realised when the Board of Directors (BOD) and MANCO approved the following revised Vision, Mission, Tagline and Values:

VISION:

Malaysia's No. 1
Progressive Islamic
Cooperative Bank.

MISSION:

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

TAGLINE:

"Your Bank of Choice"

R

RESPECT

Build and maintain good relationship with all stakeholders.

A

AGILE

Ability to adapt to changing environment to stay ahead of competition.

K

KNOWLEDGE-DRIVEN

Always creating values and skills towards building a High-Performing organisation.

Y

YEARN FOR EXCELLENCE

Produce high quality work and striving upwards in improving Bank performance.

A

ACCOUNTABLE

Take responsibility, high commitments and deliver what is promised.

T

TRUST

Act and behave with integrity and honesty to protect the Bank's interest.

Another core focus of the year was the BR25 re-evaluation exercise as part and parcel of continuous efforts to ensure the relevancy of BR25 to weather the changing environment. This was especially pertinent in 2020 given the unprecedented changes in business environment as a result of the COVID-19 pandemic.

As a result, the enhanced BR25 blueprints were approved by BOD and MANCO in December 2020 and we are ready for the Execution Phase in the year 2021.



**BANK
RAKYAT
2025**



1. Great Customer Experience Blueprint

This blueprint identifies Great Customer Experience as a commodity and aims to make customer centricity a part of the Bank Rakyat 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 aims to better understand the customer journey and persona to provide continuous improvement to our customer experience.

2. Digitalisation Blueprint

Tagged as "Be Your Own Disruptor", plans in this blueprint target 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.

3. SMEC Business Blueprint

Through the creation of an "Entrepreneurship - Together We Prosper" structure, the Bank intends to foster and build loyalty with businesses and cooperatives (financial or non-financial) from micro to SME to pre-IPO. Via the establishment of this centre, the Bank can enhance its role as a strategic enabler through alliances within the SME ecosystem; reach out to unserved and underserved cooperatives; and foster a more effective MEDAC partnerships in supporting the national agenda.

4. Human Capital Blueprint

Towards evolving as a "Future Ready, Agile Organisation", the Bank is building talent capabilities to meet future needs. A workplace culture centered around R.A.K.Y.A.T VALUES 2.0; education and skills development; and agile leadership are core in becoming a high-performing organisation. Bank Rakyat is committed to result driven performance and to be an Employer of Choice in attracting a growing talent pool.

5. Sustainability Blueprint

"Wasatiyyah: Beyond Profit" defines the role of Islamic finance in helping build a more resilient and sustainable future through social equity and environmental responsibility. 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 community, environment as well as national aspirations.

6. 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.

Having realigned our goals for the current environment and initialised our change management strategy and strategic communication plan to facilitate the implementation of BR25, we are excited for what the future holds for Bank Rakyat and are confident of the Bank's prospects over the long-term.



Management Discussion & Analysis

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAM

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL INFORMATION
AND DIRECTORY



Bank Rakyat and The Government



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



MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES



Cooperative Act 1993



CENTRAL BANK OF MALAYSIA
The Development Financial Institutions Act 2002



Your Bank of Choice

By-Law

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

Group Corporate Structure

ABOUT US

BANK RAKYAT: A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP TEAM

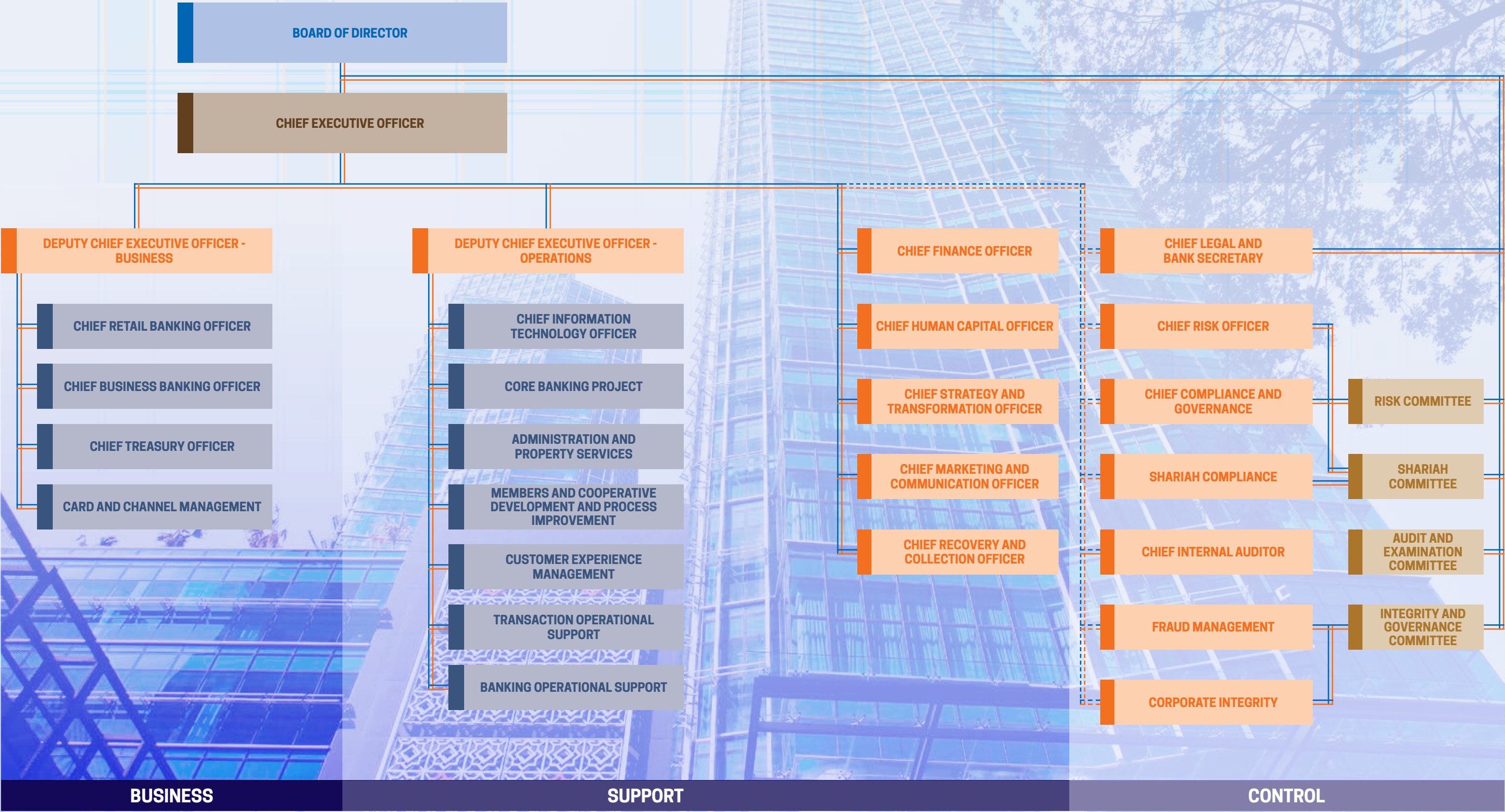
CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION AND DIRECTORY



Organisation Chart



Organisation Chart



Knowledge-Driven

Each thread is carefully and meticulously woven. By prioritising the **knowledge-driven** aspect, we are scrupulous in making every decision to ensure that all customer needs are met.

R.A.K.Y.A.T



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. YURI ZAHARIN WAHAB
Independent Non-Executive Director

6. DATIN NORHAMIZAH MAT TAHIR
Independent Non-Executive Director

7. HJ MOHD JAFRI KUDUS
Independent Non-Executive Director

8. MOHD IRWAN MOHD MUBARAK
Independent Non-Executive Director

9. SHEIKH AZREE MOKHTAR
Bank Secretary

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAM

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL INFORMATION
AND DIRECTORY



Board of Directors Profile



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 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)

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

- Member, Nomination and Remuneration Committee
- Member, Board Financing Committee
- Chairman, Rakyat Management Services Sdn Bhd

OTHER POSITIONS HELD

- Board Member, Leadership and Entrepreneurship Advance Institute (LEAD), Management and Science University (MSU)
- Adjunct Professor, MSU

PREVIOUS EXPERIENCE

- 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 Bhd
- First Vice President, Enterprise Banking, Affin Bank Bhd
- Deputy General Manager, Banking Division, Affin Bank Bhd
- Head of Operations Division, Affin Bank Bhd
- Branch Manager, Affin Bank Bhd
- Account Relationship Manager, Corporate Banking, Standard Chartered Bank

Board of Directors Profile



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

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

- Member, Board Nomination and Remuneration Committee

OTHER POSITIONS HELD

- Secretary General, Ministry of Entrepreneur Development and Cooperatives (MEDAC)

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 Negotiations Coordination Division, Ministry of International Trade and Industry (MITI)
- Director, Multilateral Trade and Policy Division, MITI
- Principal Assistant Director, Multilateral Trade and Policy Division, MITI
- Special Officer to the Honorable Minister of International Trade and Industry
- Chief Assistant Director, ASEAN Economic Cooperation Division, MITI
- Assistant Director and Chief Assistant Director, Bilateral and Regional Division, MITI
- PTD Grade M3 in Malaysian Administrative Modernisation and Management Planning Unit, (MAMPU), Prime Minister's Department
- Editorial Executive, BERNAMA PR



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 State of America

OTHER POSITIONS HELD IN BANK RAKYAT/
BANK RAKYAT GROUP

- Member, Board Nomination and Remuneration Committee
- Member, Board Investment Committee
- Member, Board Tender Committee

OTHER POSITIONS HELD

- Under Secretary, Remuneration Policy and Management
Division, Ministry of Finance
- Board of Directors, Commercedotcom Sdn Bhd
- Board of Directors, Malaysian Kuwaiti Investment
Corporation Sdn Bhd
- Board of Directors, Universiti Pendidikan Sultan Idris

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
- Human Resource Executive, PERNAS NEC
Telecommunications Sdn Bhd



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

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, Malaysia

OTHER POSITIONS HELD IN BANK RAKYAT/
BANK RAKYAT GROUP

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

OTHER POSITIONS HELD

- Director, Jaya Raya Sdn Bhd
- Director, MAA Group Berhad
- Director, MyMy Payments Malaysia Sdn Bhd
- Director, Hospitality 360 Sdn Bhd
- Director, Tabs Agro Business Services Sdn Bhd
- Director, Scholastic IB International Sdn Bhd
- Director, St. John's International Edu Group Sdn Bhd
- Director, St. John's International (Campus 2) Sdn Bhd
- Director, Alfaakademik 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
- Group CEO's Office CIMB Bank Berhad and CIMB Investment
Bank Berhad
- Group Chief Internal Auditor, Bumiputra-Commerce
Bank Berhad
- Head - Retail Financial Services, Bumiputra-Commerce
Bank Berhad
- Strategic Corporate Planner, Bumiputra-Commerce
Bank Berhad
- Executive Director and Chief Executive Officer, Commerce
Asset Fund Managers Sdn Bhd
- Financial Controller, Commerce Asset-Holding Berhad
- Group General Manager and Company Secretary, Lenggang
Holdings Sdn Bhd
- Senior Bank Officer, Bank of Commerce Berhad



Board of Directors Profile



YURI ZAHARIN WAHAB

Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 4 October 2019 - 3 October 2021

EDUCATION

- Bachelor Science Computer Sc. And Economics, Monash University, Australia

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

- Chairman, Board IT Committee
- Member, Board Risk Committee
- Member, Board Tender Committee

OTHER POSITION HELD

- Country Manager, Exclusive Networks Malaysia

PREVIOUS EXPERIENCE

- Enterprise Consultant and Advisor Huawei Malaysia, Paracell (M) Sdn Bhd
- Group Chief Executive Officer, Puncak Semangat Technology Ventures (Part of Al Bukhary Group of Companies)
- Chief Executive Officer, Synergy Cloud Sdn Bhd (A Puncak Semangat and Al Bukhary Group of Companies)
- Managing Director, CISCO Sytems (Malaysia) Sdn Bhd
- Managing Director, Dell Sales Malaysia (DSM) Sdn Bhd
- Managing Director, Nortel Networks Malaysia and Brunei
- Sales Director, Nortel Networks Malaysia
- Senior Vice President, Alcatel Network Systems Malaysia
- Vice President/General Manager, Sapura Marketing Sdn Bhd
- Assistant General Manager Sales and Marketing, Sapura Digital (ADAM)
- Senior Manager, Teledata Marketing (subsidiary of Sapura)
- Product Manager, Teledata Marketing
- Retail Representative, Mobil Oil Malaysia
- International Business Executive, Sapura Holdings
- Marketing Executive, Sapura Holdings



Board of Directors Profile



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

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

- Chairman, 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



Board of Directors Profile



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 (IIUM)
- Bachelor of Laws (Hons) L.L.B, IIUM
- Certificate of Laws, Matriculation Center, IIUM
- American Degree Programme in Social Science, UiTM

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

- Chairman, Board Nomination and Remuneration Committee
- Member, Board Investment Committee
- Member, Board Audit and Examination Committee
- Member, Board Financing Committee

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

- Reading in Chambers of Messrs Aziz Zakaria Saiful and Wan, Advocates and Solicitors
- Part time Tutor in English Language, Mawar Tuition 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



Board of Directors Profile



HJ 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
- Certified Instructor, DDI International

OTHER POSITIONS HELD IN BANK RAKYAT/ BANK RAKYAT GROUP

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

OTHER POSITION HELD

- Executive Director, Strovi Dox Sdn Bhd
- Business Development Consultant, Antah SNC Homeland Security Sdn Bhd

PREVIOUS EXPERIENCE

- 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

SHEIKH AZREE MOKHTAR

Bank Secretary

APPOINTMENT AS BANK SECRETARY

- Appointment as Bank Secretary: 15 July 2019

EDUCATION

- Licensed Company Secretary, Companies Commission Malaysia
- Bachelor in Corporate Administration, Universiti Teknologi MARA (UiTM)
- Diploma in Accountancy, UiTM

PREVIOUS EXPERIENCE

- Commission Secretary, Land Public Transport Agency
- Company Secretary, UEM Edgenta Berhad
- Company Secretary, PLUS Malaysia Berhad
- Company Secretary, Perbadanan Usahawan Nasional Berhad (PUNB)



Shariah Committee



Shariah Committee



1. DATO' SETIA HAJI MOHD TAMYES ABD WAHID
Chairman

2. USTAZ WAN RUMAIZI WAN HUSIN

3. DR. ABDULLAAH JALIL

4. ASSOC. PROF. DR. AZMAN MOHD NOOR

5. DR. MOHAMMAD ZAINI YAHAYA

6. PROF. DATO' DR. MOHD AZMI OMAR

7. USTAZ MOHD ZAMEREY ABDUL RAZAK
Secretary

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAM

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL INFORMATION
AND DIRECTORY



Shariah Committee Profile



DATO' SETIA HJ MOHD TAMYES ABD WAHID

Chairman

APPOINTED TO SHARIAH COMMITTEE

- 1 May 2019 - 31 August 2021

EDUCATION

- Bachelor of Shariah (Hons), Al-Azhar University, Cairo, Egypt
- Diploma in Arabic Language Education, Ain Shams University, Cairo, Egypt

OTHER POSITIONS HELD

- Mufti of Selangor
- Chairman, State Fatwa Committee, Selangor
- Member, Selangor Royal Council
- Member, Board of Trustees, Selangor Zakat Board (LZS)
- Member, Selangor Islamic Religious Council (MAIS)
- Member, Al-Quran Printing Control and Licensing Board (LPPQ), Ministry of Home Affairs
- Member, Shariah Advisory Committee, as-Salihin Trustee Berhad
- Chairman, Zakat Distribution Committee, LZS
- Member, Investment Committee, MAIS
- Member, Shariah Panel, Wakaf Fund, Islamic University of Malaysia (IUM)
- Member, Board of Directors, Perbadanan Wakaf Selangor
- Member, Joint Management Committee Wakaf Selangor Muamalat, Bank Muamalat Malaysia Berhad

PREVIOUS EXPERIENCE

- Member, Shariah Panel, Standards and Industrial Research Institute of Malaysia (SIRIM Berhad)
- Member, Halal Certification Panel, Halal Development Corporation (HDC)
- Principal, Sekolah Agama Menengah Tinggi Hishamuddin, Klang
- Principal, Sekolah Agama Menengah Tinggi Kuala Kubu Bharu

Shariah Committee Profile



DR ABDULLAAH JALIL

APPOINTED TO SHARIAH COMMITTEE

- 1 April 2018 - 31 March 2021

EDUCATION

- PhD in Islamic Finance, INCEIF
- MBA (Islamic Banking and Finance), International Islamic University Malaysia (IIUM)
- Bachelor of Shariah (Fiqh and Islamic Studies), Yarmouk University, Irbid, Jordan

OTHER POSITIONS HELD

- Senior Lecturer, Faculty of Economics and Muamalat, Islamic Science University of Malaysia
- Shariah Compliance Officer, Quality Management System Certification MS1900:2005, Islamic Science University of Malaysia
- Chairman, Shariah Committee, PruBSN Takaful
- Member, Shariah Committee, Islamic Science University of Malaysia Staff Cooperative
- Member, Fatwa Researcher Panel, Mufti Department of Negeri Sembilan

PREVIOUS EXPERIENCE

- Member, Shariah Committee, Shariah and Islamic Finance Unit, World Fatwa Management and Research Institute (INFAD), Islamic Science University of Malaysia
- Member, Coordinating Committee for Muamalat Takaful, and Islamic Finance and Banking Programme, Ministry of Higher Education Malaysia
- Seminar Coordinator, World Fatwa Management and Research Institute (INFAD), Islamic Science University of Malaysia
- Research Fellow, Islamic Finance and Wealth Management Institute (IFWMI), Islamic Science University of Malaysia

USTAZ WAN RUMAIZI WAN HUSIN

APPOINTED TO SHARIAH COMMITTEE

- 1 May 2019 - 31 August 2021

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

PREVIOUS EXPERIENCE

- Lecturer, Department of Fiqh and Usul al-Fiqh, IIUM
- Member, Shariah Committee, Yayasan Muamalat Belia
- Shariah Advisor, Tissue Bank, Universiti Sains Malaysia Hospital, Kubang Kerian, Kelantan
- Consulting Fellow and Module Developer, IRCIEF, KUIS
- Member, Working Group for MS1900: 2014 Standard (Shariah-based Quality Management Systems - Requirement with Guidance), SIRIM Secretariat
- Trainer in Islamic Finance and Banking for staff of Bank Negara Malaysia, CIMB, Hong Leong Bank, Public Bank, Prudential Assurance Malaysia Berhad, 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



Shariah Committee Profile



PROF. MADYA DR. AZMAN MOHD NOOR

DR MOHAMMAD ZAINI YAHAYA

APPOINTED TO SHARIAH COMMITTEE

- 1 January 2019 - 31 December 2020

EDUCATION

- PhD in Islamic Law, University of Edinburgh, United Kingdom
- Master of Islamic Criminal Law, National University of Malaysia
- 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
- Chairman, Shariah Panel, AmFamily Takaful
- MQA Expert, Muamalah and Islamic Banking Panel
- Member, Fatwa Committee, Pejabat Mufti Negeri Perlis

PREVIOUS EXPERIENCE

- Member, Shariah Committee, SME Bank
- Member, Shariah Advisory Council, Securities Commission Malaysia
- Member, Shariah Committee, MNRB Retakaful

APPOINTED TO SHARIAH COMMITTEE

- 1 May 2019 - 31 August 2021

EDUCATION

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

OTHER POSITIONS HELD

- Senior Lecturer, Department of Shariah, Faculty of Islamic Studies, National University of Malaysia
- Deputy Director, Islamic Centre, National University of Malaysia

PREVIOUS EXPERIENCE

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



Shariah Committee Profile



PROF. DATO' DR. MOHD AZMI OMAR

USTAZ MOHD ZAMEREY ABDUL RAZAK

APPOINTED TO SHARIAH COMMITTEE

- 1 January 2019 - 31 December 2020

EDUCATION

- PhD (Finance), Bangor University, Wales, United Kingdom
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals
- Master of Finance, Northern Illinois University, United States of America
- Bachelor of Finance, Northern Illinois University, United States of America
- Diploma in Finance, 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, Accreditation Council, Financial Accreditation Agency
- Islamic Finance Expert, Monetary Authority Brunei Darussalam

PREVIOUS EXPERIENCE

- Director General, Islamic Research and Training Institute, Islamic Development Bank Group Jeddah, Kingdom of Saudi Arabia
- Deputy Rector, Professor and Lecturer, International Islamic University Malaysia (IIUM)
- Member, Amanah Ikhtiar Malaysia Shariah Committee

APPOINTMENT AS SECRETARY

- 18 August 2014 - To date

EDUCATION

- Master in Islamic Studies, Universiti Kebangsaan Malaysia
- 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 University Islam Selangor (KUIS)

PREVIOUS EXPERIENCE

- Head, Shariah Department, Takaful Ikhlas Bhd
- Member, Shariah Committee, Stella Capital al-Aqarat, United States of America
- Member, Shariah Committee, Islamic Retail Fund (Isareit Retail Properties Sdn Bhd Malaysia)
- Head, Division, 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, KUIS



Management Committee



Management Committee



1. DATO' SYED ABDUL AZIZ SYED HASSAN
Acting Chief Executive Officer

2. DR. MOHAMMAD HANIS OSMAN
Deputy Chief Executive Officer, Business

3. NOR HAIMEE ZAKARIA
Chief Finance Officer

4. AHMAD SHUKRI ABDUL RAHMAN
Chief Risk Officer

5. ABDUL RAZAK ABU BAKAR
Chief Recovery and Collections 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. WAN MARIAH ABU HASSAN
Head Human Capital

ABOUT US

BANK RAKYAT:
A SNAPSHOT

FROM THE TOP

OUR LEADERSHIP
TEAMCORPORATE
GOVERNANCEFINANCIAL
STATEMENTSADDITIONAL INFORMATION
AND DIRECTORY

Management Committee Profile



DATO' SYED ABDUL AZIZ SYED HASSAN

Acting 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

- 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 Bhd (2000 - 2007)
- Senior Marketing Manager, Island and Peninsular Bhd (1988 - 2000)

DR. MOHAMMAD HANIS OSMAN

Deputy Chief Executive Officer, Business

EDUCATION

- Doctor of Philosophy (Economics) (IIUM)
- Master of Business Administration (Finance) (IIUM)
- BA (Hons) Accounting and Finance (University of East London, United Kingdom)
- Advance Diploma in Management Accounting, UK (CIMA)
- Member, The Malaysian Financial Markets Certificate (PKKM Examination) - Certified Treasury Professional
- Member, The Securities Commission of Malaysian Examinations - Licensed Dealer's Representatives

INTERNAL EXPERIENCE

- 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, 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
 - 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 (1987 - 1990)
- Fellowship, Chartered Association of Certified Accountant, United Kingdom (ACCA)
- Chartered Accountant, Malaysia Institute of Accountants (MIA)

INTERNAL EXPERIENCE

- Chief Financial 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)
- Member, FAA (Finance Accreditation Agency) - Accrediting Panel
- Alternate Chairman, AIBIM and Prudential Capital Committee
- External Reviewer, INCEIF Certificate of Islamic Professional (CIFP)'S Risk Management Module

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 (M) Berhad
- Bank Muamalat (M) Berhad
 - Head, Financing Management Section, Automobile Financing Service Department (2006)
 - Head, Credit Risk Management Section, Risk Management Department (2003 - 2005)
 - Head, Credit Review and Compliance Section, Risk Management Department (2000 - 2002)
- Deputy Manager, Credit Quality, Control Department, The Pacific Bank Berhad (1995 - 2000)
- Senior Officer, Loan Supervision Department, Oriental Finance Berhad (1991 - 1995)

ABDUL RAZAK ABU BAKAR

Chief Recovery and Collections Officer

EDUCATION

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

INTERNAL EXPERIENCE

- Chief Executive, Business Banking (2018)
- Senior Vice President, Corporate Banking (2014)
- Assistant General Manager, Commercial Banking (2012)

EXTERNAL EXPERIENCE

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

MUZAMIR OMAR

Chief Strategy and Transformation Officer

EDUCATION

- Master in Business Administration, MARA Institute of Technology (UiTM)
- Bachelor of Education 2nd Class Upper (University of Kent, United Kingdom)
- Diploma in Translation (Dewan Bahasa dan Pustaka)
- Chartered Islamic Finance Professional - INCEIF

INTERNAL EXPERIENCE

- Chief Strategy and Transformation Officer (2018)
- Vice President of Corporate Strategy (2014)
- Head of Strategic Planning (2013)
- Manager of Corporate Planner (2006)
- Manager of Planner (2005)



Management Committee Profile



AMREN FAISAL FADZIL

Chief Treasury Officer

EDUCATION

- Bachelor in Finance (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 Disruption - Digital Transformation Strategies (University of Cambridge, Judge Business School)
- Master in Computer System (UPM)
- Bachelor in Engineering (Electronic Engineering) (Communications) (The University Of Sheffield, UK)

INTERNAL EXPERIENCE

- Chief Information Technology Officer (2020)

EXTERNAL EXPERIENCE

- Chief Technology Officer, Amanah Raya Berhad (2019 - 2020)
- General Manager, Digital and Strategy, Celcom Axiata Bhd (2018 - 2019)
- Chief Operation Officer, Nixfon (M) Sdn Bhd (2016 - 2017)
- Head of IS Services, DRB HICOM (2012 - 2016)
- Director, IT Division, International Islamic University (IIUM) (2009 - 2012)
- Head of 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 System (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 of 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)
- Executive, Programme Management and Marcomms, Maybank Berhad (2001 - 2003)



Management Committee Profile



MOHAMAD SHIBLIE ABG SAPUAN

Chief Business Banking Officer

EDUCATION

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

- Affin Bank Bhd
 - Head, Network Sales and Support (2016 - 2018)
 - Branch Manager (2009 - 2016)
- Maybank Finance Bhd
 - 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, (UiTM)
- Bachelor of Science (Statistic) (UiTM)

INTERNAL EXPERIENCE

- 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)
- Assistant Research Officer, Palm Oil Research Institute of Malaysia (1988 - 1991)
- Officer, UiTM (1988)

WAN MARIAH ABU HASSAN

Head Human Capital

EDUCATION

- Diploma in Human Resources Management/Human Resource Management Institute, Malaysia

INTERNAL EXPERIENCE

- Head Human Capital (2020)

EXTERNAL EXPERIENCE

- Coca Cola Bottlers Sdn Bhd
 - Head of Talent Management (2019)
 - Senior Human Resource Business Partner (2015 - 2018)
- HR Operations Manager, Dutch Lady Milk Industries Bhd (2009 - 2014)
- Recruitment and Integration Manager, L'Oreal Malaysia Sdn Bhd (2008 - 2009)
- Senior Executive, Recruitment, British American Tobacco (1998 - 2008)



Yearn for Excellence

The woven fabric remains enduring and everlasting. It is this spirit of **yearning for excellence** that we embrace to ensure that the Bank remains resilient and the country prosperous.

R.A.K.Y.A.T



Board of Directors and Main Committees

The Board of Directors of Bank Kerjasama Rakyat Berhad (Bank Rakyat) have established clear processes in corporate governance by facilitating effective and prudent management that can deliver long-term success of the bank whilst achieving the highest standard of business principles and professionalism for its shareholders and stakeholders.

1.0 BOARD OF DIRECTORS

1.1 Composition of the Board of Directors

The Board of Directors shall consist of a Chairman and not less than six (6) and not more than eleven (11) other members [Subsection 1(1), First Schedule, Bank Rakyat Act (Special Provisions) Act 1978] and majority of the Board are independent directors [Standard 11.6 of Bank Negara Malaysia Corporate Governance Guidelines applicable to DFI, 2020].

The composition of the Board for the year under review are duly complied at all time with the requirement of Bank Negara Malaysia Guidelines on Corporate Governance for Development Financial Institutions. More than half of the members are Independent Directors, assuring effective check and balance in the functioning of the Board. As at 31 December 2020, there are fourteen (14) Directors on the Board of Bank Rakyat, comprising of:

- Nine (9) Independent Non-Executive Directors.
- Four (4) Non-Independent Non-Executive Directors (Nominees from the Ministry of Finance (MOF) and MEDAC.
- One (1) Executive Director.

DATUK NORIPAH KAMSO Independent Non-Executive Director (Chairman)	
Age	63
Education	- Master in Business Administration, Marshall University, Huntington, West Virginia, United State of America - Bachelor of Science, Northern Illinois University, Dekalb, Illinois, United State of America - Diploma in Business Studies, Institute Technology MARA
Appointment as Board of Director	First Appointment as Chairman: 11 December 2018 – 10 December 2020
Other Positions Held	- Director, Top Glove Corporation Berhad - Appeal Committee Member for SIDREC (Securities Industry Dispute Resolution Center), Securities Commission Malaysia - Co-Chairman, Islamic Finance Industry Council, Malaysia-US Chamber of Commerce, Washington DC - Chairman of Board of Trustee, Yayasan Bank Rakyat
Previous Experience	- Visiting Fellow in Islamic Finance at Oxford Centre for Islamic Studies, 2016 – 2017 - Global Practitioner in Residence in the Center for Global Citizenship of Principal Financial Group, Drake University, Des Moines Iowa, United State of America, 2015 - Advisor, CIMB Islamic, 2013 – 2014 - Chief Executive Officer, CIMB Principal Islamic Asset Management, 2008 – 2012 - Chief Executive Officer, CIMB Principal Asset, Management Berhad, 2004 – 2008 - Executive Director/Chief Executive Officer, CIMB Futures Sdn Bhd, 1996 – 2004 - Deputy General Manager, General Manager, Director, Corporate Banking, Commerce International Merchant Bankers Berhad (CIMB), 1993 – 2004 - Executive-Senior Manager Corporate Banker, Bank of Commerce (M) Berhad, 1983 – 1992 - Development Officer, Project Division, Urban Development Authority (UDA), 1980 – 1983
Shareholding in the DFI	0.01667%



Board of Directors and Main Committees

DATO' ROSMAN MOHAMED Non-Independent Executive Director Acting Managing Director	
Age	59
Education	- Executive Diploma in Marketing & Selling Bank Services, International Management Centre, Buckingham, England - Master's in Business Administration (MBA), St-Louis University, Missouri, United States of America - Bachelor's in Business Administration, Urbana University, Ohio, United States of America
Appointment as Board of Director	- Appointment as Board of Director: 1 April 2019 – 31 March 2020 - Appointment as Acting Managing Director: 1 August 2019
Other Position Held in the Bank Rakyat Group	- Board of Director, Rakyat Holdings Sdn Bhd - Board of Director, Rakyat Travel Sdn Bhd - Board of Director, Rakyat Management Sdn Bhd
Other Positions Held	- Board of Director, Raed Holdings Sdn Bhd - Board of Director, IAP Integrated Sdn Bhd - Director, RM 48 Ventures Sdn Bhd - Board Member, Koperasi Harapan Berhad - Chairman, Koperasi Rangkaian Global Malaysia Berhad - Vice President, Talent & Development, Malaysia-Bahrain Economic Cooperation Chamber (MBECC) - Professor of Practice, Putra Business School, University Putra Malaysia
Previous Experience	- Managing Director, Centre of Excellence, Abdul Latif Jameel, Jeddah Saudi Arabia, 2015 – 2018 - Managing Partner, LDS (M) Sdn Bhd & Top Performers Leadership Centre, 2014 – 2015 - Senior General Manager, Corporate Services, Bank Rakyat, 2012 – 2013 - Managing Director Kaizen Business Development and Human Resources, Abdul Latif Jameel, Jeddah Saudi Arabia, 2008 – 2012 - Regional Business Development & HR Director Asia Pacific, CABOT, 2001 – 2008 - Senior Manager -Change Management, British American Tobacco, 1998 – 2001 - Founder and Consultant, Growthworks (Asia) Sdn Bhd, 1993 – 1997 - Head of Training/Credit Manager, MAYBANK, 1998 – 1993 - Executive Accounting Officer, Road Transport Department (JPJ), 1982 – 1983
Shareholding in the DFI	0.019%



Board of Directors
and Main Committees

DATUK WAN SURAYA WAN MOHD RADZI Non-Independent Non-Executive Director	
Age	51
Education	▪ LLB (HONS,) University of Sheffield, Sheffield, United Kingdom ▪ Postgraduate Diploma in Public Management Programme, Kuala Lumpur, Malaysia ▪ Diploma in Trade Policy, World Trade Organisation (WTO), Geneva, Switzerland ▪ High Potentials Leadership Programme, Harvard Business School, Boston, Massachusetts, United State of America ▪ ASEAN Government Leadership Programme, GE Crotonville, New York, United State of America
Appointment as Board of Director	▪ Appointment as Board of Director: 11 December 2018 – 10 December 2021
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	▪ Member, Board Investment Committee ▪ Member, Board Tender Committee ▪ Member, Board Nomination & Remuneration Committee ▪ Chairman, Rakyat Holdings Sdn Bhd ▪ Chairman, Rakyat Travel Sdn Bhd
Other Positions Held	▪ Secretary-General, Ministry of Entrepreneur Development and Cooperatives (MEDAC) ▪ Director, UDA Holdings Berhad ▪ Board of Trustee, TEKUN Nasional
Previous Experience	▪ Deputy Secretary-General (Strategy & Monitoring), Ministry of International Trade & Industry (MITI), Malaysia ▪ Senior Director (Sectoral Policy), MITI ▪ Senior Director (Investment Policy and Trade Facilitation), MITI ▪ Advisor on Economic Affairs, MITI Overseas Office (Singapore), MITI ▪ Minister’s Advisor on Economic Affairs, MITI Overseas Office (Brussels), MITI ▪ Chief Assistant Director (ASEAN Economic Integration), MITI ▪ Assistant Director (International Trade), MITI
Shareholding in the DFI	0.01104%



Board of Directors
and Main Committees

MUHAMAD SHAHRIL OTHMAN Non-Independent Non-Executive Director	
Age	43
Education	▪ Master of International Economics & Finance, University of Queensland, Australia ▪ Bachelor of Business Administration with Honors (Marketing), Universiti Teknologi MARA, Malaysia ▪ Diploma in Banking Studies, Universiti Teknologi MARA, Malaysia
Appointment as Board of Director	▪ Appointment as Board of Director: 8 July 2019 – 7 July 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	▪ Member, Board Nomination & Remuneration Committee ▪ Member, Board Oversight Committee (CoBRa) ▪ Member, Board Financing Committee
Other Positions Held	▪ Section Head, National Budget Office, Ministry of Finance ▪ Non-Independent Non-Executive Director, Danajamin Nasional Berhad ▪ Non-Independent Non-Executive Director, Cyberview Sdn Bhd ▪ Non-Executive Director, Konsortium Pelabuhan Kemaman Sdn Bhd
Previous Experience	▪ Senior Private Secretary to the Secretary General of Treasury, Ministry of Finance, Putrajaya, Malaysia, 2018 ▪ Section Head, Strategic Investment Division, Ministry of Finance, Putrajaya, Malaysia, 2016 ▪ Advisor to the Executive Director, The World Bank Group and Affiliates, Washington DC, USA, 2014 ▪ Senior Principal Assistant Secretary, Strategic Investment Division, Ministry of Finance, Putrajaya, Malaysia, 2011 ▪ Manager Corporate Planning, Malaysia Airports Holdings Berhad (MAHB), Sepang, Malaysia, 2010 ▪ Principal Assistant Director, Public Private Partnership (PPP) Unit, Prime Minister Department, Putrajaya, Malaysia, 2009 ▪ Principal Assistant Director, Ministry of Health Malaysia, Putrajaya, Malaysia, 2005 ▪ Assistant Secretary, Ministry of Work Malaysia, Kuala Lumpur, Malaysia, 2002 ▪ Trainee Officer, National Institute of Public Administration Malaysia (INTAN), Kuala Lumpur, Malaysia, 2002
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

DATO' SRI HAJI MOHAMMAD MENTEK Non-Independent Non-Executive Director	
Age	56
Education	- Diploma in Public Administration (DPA), National Institute of Public Administration (INTAN), Malaysia - MSc. Statistics, University of Minnesota, United State of America - B.Sc. Mathematics (Sponsored Department of Public Service), University of Minnesota, United States of America
Appointment as Board of Director	Appointment as Board of Director: 19 May 2020 – 18 May 2022
Other Positions Held in the Bank Rakyat	- Member, Board Nomination & Remuneration Committee - Member, Board Investment Committee - Member, Board Tender Committee
Other Positions Held	- Secretary-General of the Ministry of Entrepreneur and Cooperative Development, 2020 - Board Member of UDA Holdings, 2020
Previous Experience	- Secretary-General, Ministry of Housing and Local Government (KPKT), 2015 - Deputy Secretary General (Management), Ministry of Urban Wellbeing, Housing and Local Government (KPKT), 2015 - Secretary of the Division, Human Resources Division of the Ministry of Education, 2014 - INTAN SABAH (Temporary placement), 2014 - Director-General, The Eastern Sabah Security Command (ESSCOM) of the Prime Minister's Department, 2013 - Director of State Immigration, Immigration Department of Malaysia, State of Sabah, 2010 - Director of the National Institute of Public Administration (INTAN) Sabah Branch, 2001 - Director of State Immigration, Labuan Federal Territory Immigration Department, 2001 - Assistant State Financial Officer (Development), Perak State Financial Office, 1998 - Assistant Secretary, Employment, Services and Training Branch of the Ministry of Energy, Telecommunications and Post, 1992
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

DATO' SHAMSUL AZRI ABU BAKAR Non-Independent Non-Executive Director	
Age	51
Education	Bachelor of Science in Business Administration (Hons), University of Tulsa, Oklahoma, United State of America
Appointment as Board of Director	Appointment as Board of Director: 4 November 2020 – 3 November 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Member, Board Tender Committee - Member, Board Investment Committee - Member, Board Nomination and Remuneration Committee - Member, Board Oversight Committee (CoBRa)
Other Positions Held	- Under Secretary, Remuneration Policy and Management Division, Ministry of Finance, 2020 - present - Board of Directors, Commercedotcom Sdn Bhd - Board of Directors, Malaysian Kuwaiti Investment Corporation Sdn Bhd - Board of Directors, Universiti Pendidikan Sultan Idris
Previous Experience	- Deputy Under Secretary, Remuneration Policy and Management Division, Ministry of Finance, 2015 - 2020 - Budget Review Officer, Social Sector, National Budget Office, Ministry of Finance, 2012 – 2015 - Deputy State Finance Officer, Selangor State Treasury, 2008 – 2012 - Secretary, Selangor State Legislative Assembly, 2006 – 2008 - Deputy Director, Selangor State Economic Planning Unit, 2005 – 2006 - Chief Assistant District Officer, District/Land Office Sepang, 2003 – 2005 - Assistant District Officer, District/Land Office Klang, Selangor, 2001 – 2003 - Assistant District Officer, District/Land Office Gombak, Selangor, 1996 – 2001 - Assistant Director, Service Division, Public Service Department, 1994 – 1996 - Human Resource Executive, PERNAS NEC Telecommunications Sdn Bhd, 1993 – 1994
Shareholding in the DFI	0.0040500%



Board of Directors
and Main Committees

DATUK ABD RANI LEBAI JAAFAR Independent Non-Executive Director/Acting Chairman	
Age	63
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 - Chartered Member of Certified Risk Professional, Operation & Credit (CRP) BAI Center for Certification, United States of America - Member (MIBM) Institut Bank-Bank Malaysia - Master of Business Administration Finance & 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
Appointment as Board of 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
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Member, Board Nomination & Remuneration Committee - Member, Board Investment Committee - Member, Board Risk Committee - Member, Board Financing Committee - Member, Board Audit and Examination Committee - Chairman, Rakyat Management Services Sdn Bhd
Other Positions Held	- Board Member, Leadership & Entrepreneurship Advance Institute (LEAD), Management & Science University (MSU) - Adjunct Professor, Management & Science University (MSU)
Previous Experience	- Chairman & Director Zikay Factoring Sdn Bhd - Director, Public Sector & Business Development, RHB Capital - Chief Executive Officer/Managing Director, RHB Islamic Bank - Deputy Chief Executive Officer, Affin Islamic Bank - Senior Vice President, Contract Financing & SME Department, Affin Bank Bhd - First Vice President, Enterprise Banking, Affin Bank Bhd - Deputy General Manager, Banking Division, Affin Bank Bhd - Head of Operations Division, Affin Bank Bhd - Branch Manager, Affin Bank Bhd - Account Relationship Manager, Corporate Banking, Standard Chartered Bank
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

PROF. DR. OBIYATHULLA ISMATH BACHA Independent Non-Executive Director	
Age	62
Education	- Doctor of Business Administration (with specialisation in Finance), Boston University, United State of America - Master in Business Administration (with High Honors), Boston University, United State of America - Master of Arts (Economics), Boston University, United State of America - Bachelor Soc Sc (Hons, 2nd upper), Science University of Malaysia, Malaysia
Appointment as Board of Director	First appointment as Board of Director: 1 April 2019 – 31 March 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Investment Committee - Member, Board Audit & Examination Committee - Member, Board Financing Committee - Member, Board Oversight Committee (CoBRa) - Interim Member, Board Nomination and Remuneration Committee
Other Positions Held	- Professor of Finance, Depart. of Finance and Accounting, International Centre for Education In Islamic Finance (INCEIF), 2008 – present - Shariah Committee Member, SABANA, Real Estate Investment Trust (REIT), 2010 – present
Previous Experience	- Advisor, Great Eastern Life Insurance, 2004 – 2019 - President of Malaysia Finance Association - Adjunct Professor of Finance, Luxembourg School of Finance, University of Luxembourg, France, 2014 – 2018 - Shariah Committee Member, HSBC Amanah, 2011 – 2017 - Shariah Committee Member, Asia Equity partners (AEP) Private Equity, Singapore, 2011 – 2015 - Investment Committee Member, Pacific Mutual Fund, Malaysia, 1998 – 2008 - Derivatives Market Consultative Panel, Bursa Malaysia, Malaysia, 2007 – 2008 - Consultant IDB - BNM Joint Working Group for Resource Mobilication, BNM/IDB, Malaysia, 2013 – 2014 - Consultant, IRTI-IFSB Midterm Review Islamic Capital markets, IRT-IFSB, Malaysia, 2013 – 2014 - Consultant, The World Bank Project on Feasibility of Using Sukuk For Local Government Financing, WORLD BANK - Turkey Branch office, Turkey, 2015 - Consultant, UNESCAP, Ideas from Islamic Capital Markets for Sustainable Development in Asia and the Pacific, UNESCAP – Bangkok, Thailand, 2016 - Consulting on Proposed Risk Sharing Sukuk for Indonesia, Maybank Islamic, Malaysia, 2018 - Head/Dean of Graduate Studies, International Centre for Education in Islamic Finance (INCEIF), Malaysia, 2009 – 2014 - Professor of Finance, Dept. of Business Administration, Faculty of Economics and Management Sciences, International Islamic University, Malaysia, 2006 – 2008 - Professor and Director, Management Centre, International Islamic University, Malaysia, 2002 – 2006 - Associate Professor & Director, Management Centre, International Islamic University, Malaysia, 1998 – 2002 - Head, MBA Programme, International Islamic University, Malaysia, 1995 – 2002 - Associate Professor & Head, Department of Business Admin, International Islamic University, Malaysia, 1996 – 1998 - Assistant Professor & Head of Department of Business Admin, International Islamic University, Malaysia, 1994 – 1996 - Assistant Professor of Finance, Boston, University, Unites State of America, 1993 – 1994 - Credit Officer, Malayan Banking Berhad, 1984 – 1985
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

YM. TUNKU DATO’ AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN Independent Non-Executive Director	
Age	59
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 & Diploma, Luton College of Higher Education, United Kingdom - Graduate, Brighton Technical College, United Kingdom - Certificate, The Malay College, Malaysia
Appointment as Board of Director	Appointment as Board of Director: 1 October 2019 – 30 September 2021
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Audit & Examination Committee - Chairman, Board Financing Committee - Member, Board Risk Committee - Member, Board Tender Committee
Other Positions Held	- Director, Jaya Raya Sdn Bhd - Director, MAA Group Berhad - Director, MyMy Payments Malaysia Sdn Bhd - Director, Hospitality 360 Sdn Bhd - Director, Tabs Agro Business Services Sdn Bhd - Director, Scholastic IB International Sdn Bhd - Director, St. John’s International Edu Group Sdn Bhd - Director, St. John’s International (Campus 2) Sdn Bhd - Director, Alfaakademik Sdn Bhd
Previous Experience	- Group Managing Director & 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 & Company Secretary, Lenggang Holdings Sdn Bhd - Senior Bank Officer, Bank of Commerce Berhad
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

YURI ZAHARIN WAHAB Independent Non-Executive Director	
Age	57
Education	Bachelor Science Computer Sc. And Economics, Monash University, Australia
Appointment as Board of Director	Appointment as Board of Director: 4 October 2019 – 3 October 2021
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Oversight Committee (CoBRa) - Chairman, Board Risk Committee - Member, Board Nomination & Remuneration Committee - Member, Board Tender Committee
Other Positions Held	Country Manager, Exclusive Networks Malaysia
Previous Experience	- Enterprise Consultant & Advisor Huawei Malaysia, Paracell (M) Sdn Bhd - Group Chief Executive Officer, Puncak Semangat Technology Ventures (Part of Al Bukhary Group of Companies) - Chief Executive Officer, Synergy Cloud Sdn Bhd, (A Puncak Semangat & Al Bukhary Group of Companies) - Managing Director, CISCO Sytems (Malaysia) Sdn Bhd - Managing Director, Dell Sales Malaysia (DSM) Sdn Bhd - Managing Director, Nortel Networks Malaysia & Brunei - Sales Director, Nortel Networks Malaysia - Senior Vice President, Alcatel Network Systems Malaysia - Vice President/General Manager, Sapura Marketing Sdn Bhd - Assistant General Manager Sales & Marketing, Sapura Digital (ADAM) - Senior Manager, Teledata Marketing (subsidiary of Sapura) - Product Manager, Teledata Marketing - Retail Representative, Mobil Oil Malaysia - International Business Executive, Sapura Holdings - Marketing Executive, Sapura Holdings
Shareholding in the DFI	Nil



Board of Directors
and Main Committees

SOFIYAN YAHYA Independent Non-Executive Director	
Age	63
Education	BSc (Hons) Mechanical Engineering City University, London, United Kingdom
Appointment as Board of Director	Appointment as Board of Director: 31 October 2019 – 30 October 2021
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Tender Committee - Member, Board Nomination & Remuneration Committee - Member, Board Investment Committee
Other Positions Held	- Executive Chairman, Cekap Technical Services Sdn Bhd - Chief Executive Officer, SEAMOG Group Sdn Bhd - Independent Non-Executive Chairman, Ni Hsin Resources Bhd - Chairman, Koperasi Tenaga & Petroliaam Bhd - Chairman, Malaysia Chapter Society for Protective Coatings (SSPC) - Trustee, Malaysian Oil & Gas Services Council (MOGSC)
Previous Experience	- Chairman, Jord Malaysia Sdn Bhd - Vice President, KNM Group Bhd/KNM Process Systems Sdn Bhd - General Manager/Managing Director, Atkins Inspection Services Sdn Bhd later merged as Oilfield Inspection Services Sdn Bhd - Area Manager, East Malaysia, Solus Oceaneering Sdn Bhd - Mechanical Engineer, PAPPOS Sdn Bhd - Engineer, Production Department, PETRONAS
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

DATIN NORHAMIZAH MAT TAHIR Independent Non-Executive Director	
Age	43
Education	- Bachelor in Town & Regional Planning (Hons), Universiti Teknologi MARA Shah Alam (UiTM) - Diploma in Town & Regional Planning, UiTM
Appointment as Board of Director	Appointment as Board of Director: 13 July 2020 – 12 July 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Investment Committee - Member, Board Audit & Examination Committee - Member, Board Nomination and Remuneration Committee - Member, Board Oversight Committee (CoBRa)
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 & Sports - Marketing Executive, Media Prima (Formerly Known as TV3) - Practical Trainer, MAG Technical & Transportation Consultant
Shareholding in the DFI	0.02500000%



Board of Directors
and Main Committees

MOHD JAFRI KUDUS Independent Non-Executive Director	
Age	56
Education	- Diploma in Computer Science, MARA Institute of Technology (UiTM) - Certificate in Multimedia Technology, Institute of Systems Science, National University of Singapore - Certified Instructor, DDI International
Appointment as Board of Director	Appointment as Board of Director: 13 July 2020 – 12 July 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Member, Board Risk Committee - Chairman, Board Tender Committee - Member, Board Oversight Committee (CoBRa) - Member, Board Nomination and Remuneration Committee
Other Positions Held	- Executive Director, Strovi Dox Sdn Bhd - Business Development Consultant, Antah SNC Homeland Security Sdn Bhd
Previous Experience	- 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 & Global Business, Celcom (Malaysia) Berhad - Vice President - Government Market & 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
Shareholding in the DFI	0.00506000%



Board of Directors
and Main Committees

MOHD IRWAN MOHD MUBARAK Independent Non-Executive Director	
Age	41
Education	- Certified Mediator, The Accord Group, Sydney, Australia - Post Graduate Diploma in Syariah and Practice, University Technology MARA (UiTM), Malaysia - Master in Comparative Laws (MCL), International Islamic University (IIUM), Malaysia - Bachelor of Laws (Hons) LL.B, IIUM - Certificate of Laws, Matriculation Center, IIUM - American Degree Programme in Social Science, UiTM
Appointment as Board of Director	Appointment as Board of Director: 24 July 2020 – 23 July 2022
Other Positions Held in Bank Rakyat/ Bank Rakyat Group	- Chairman, Board Nomination & Remuneration Committee - Member, Board Audit & Examination Committee - Member, Board Investment Committee - Member, Board Financing Committee
Other Positions Held	- Managing Partner, Messrs Mohd Irwan Mohd Mubarak, Advocates & Solicitors/ Syarie Counsel - Part Time Tutor, Open University Malaysia (OUM) - Director, MIMM Travel & Tours Sdn Bhd - Director, MIMM Development Sdn Bhd - Director, MIMM Consultancy Sdn Bhd - Director, Seven T Nine Sdn Bhd
Previous Experience	- Reading in Chambers of Messrs Aziz Zakaria Saiful & Wan, Advocates & Solicitors - Part time Tutor in English Language, Mawar Tuition Center, Damansara - Part Time Lecturer, Systematic College (SEGI) Petaling Jaya - State Manager of Selangor & 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 & Sukan Negeri Pulau Pinang - Material Handler, Baxter Healthcare S.A, Penang - Housekeeper, Front Office Assistant, Food and Beverage Assistant various Hotel
Shareholding in the DFI	0.00502000%



The tenure and directorship for the year under review is as follows:

No.	Name of Director	Period of Directorship in 2020
Independent Non-Executive Chairman		
1.	Datuk Noripah Kamso <i>Appointment: 11 December 2018 Tenure until: 3 April 2020</i>	01/01/2020 to 03/04/2020
2.	Datuk Abd Rani Lebai Jaafar <i>Appointment as Acting Chairman: 28 July 2020 Tenure until: 31 December 2020</i>	28/07/2020 to 31/12/2020
Executive Director		
3.	Dato' Rosman Mohamed <i>Appointment: 1 August 2019 Tenure until: 31 January 2020</i>	01/01/2020 to 31/01/2020
Non-Independent Non-Executive Director		
4.	Datuk Wan Suraya Wan Mohd Radzi ^(a) <i>Appointment: 11 December 2018 Tenure until: 23 March 2020</i>	01/01/2020 to 23/03/2020
5.	Muhamad Shahril Othman ^(b) <i>Appointment: 8 July 2019 Tenure until: 3 November 2020</i>	01/01/2020 to 03/11/2020
6.	Dato' Sri Haji Mohammad Mentek ^(a) <i>Appointment: 19 May 2020 Tenure until: 3 November 2020</i>	19/05/2020 to 03/11/2020
7.	Dato' Shamsul Azri Abu Bakar ^(b) <i>Appointment: 4 November 2020 Tenure until: 31 December 2020</i>	04/11/2020 to 31/12/2020
Independent Non-Executive Director		
8.	Datuk Abd Rani Lebai Jaafar ^(c) <i>Appointment: 1 January 2018 Re-Appointment: 1 January 2020 Tenure until: 27 July 2020</i>	01/01/2020 to 27/7/2020
9.	Prof. Dr. Obiyathulla Ismath Bacha <i>Appointment: 1 April 2019 Tenure until: 30 November 2020</i>	01/01/2020 to 30/11/2020
10.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan <i>Appointment: 1 October 2019 Tenure until: 31 December 2020</i>	01/01/2020 to 31/12/2020



No.	Name of Director	Period of Directorship in 2020
11.	Yuri Zaharin Wahab <i>Appointment: 4 October 2019 Tenure until: 31 December 2020</i>	01/01/2020 to 31/12/2020
12.	Sofiyan Yahya <i>Appointment: 31 October 2019 Tenure until: 30 November 2020</i>	31/10/2019 to 30/11/2020
13.	Datin Norhamizah Mat Tahir <i>Appointment: 13 July 2020 Tenure until: 31 December 2020</i>	13/07/2020 to 31/12/2020
14.	Mohd Jafri Kudus <i>Appointment: 13 July 2020 Tenure until: 31 December 2020</i>	13/07/2020 to 31/12/2020
15.	Mohd Irwan Mohd Mubarak <i>Appointment: 24 July 2020 Tenure until: 31 December 2020</i>	24/07/2020 to 31/12/2020

Note:
^(a) Nominee director from MEDAC
^(b) Nominee director from MOF
^(c) Effectively Appointed as Acting Chairman on 28 July 2020

The Directors are from diverse and various backgrounds with expertise and knowledge in banking, finance, accounting, legal and business that provides the necessary experience needed to address key risks and major issues relating to the Bank's business and its policies, strategies and action plans to effectively overcome the challenges and obstacles faced in today's banking environment.



1.2 Board Charter

The Board Charter setting out the duties, responsibilities and functions of the Board of Directors. The Board Charter also provides references for Directors and other Board Committees in discharging their stewardship effectively and efficiently. The Board Charter covers the following key areas:

- a) The Size and Composition of the Board
- b) New Appointment/Reappointment of the Directors
- c) The Role and Responsibilities of the Boards
- d) Code of Conduct for the Directors
- e) Roles of Independent Non-Executive Directors
- f) Roles of Board Committees

1.3 Roles and Responsibilities of the Board

The Board members, in carrying out their duties and responsibilities, are firmly committed and compliant with the highest standards of corporate governance. This is to ensure the Bank to continue delivering strong financial performance that provides long term and sustainable value to the stakeholders. The Board has a fiduciary responsibility to act in the best interest of the Bank.

The Board assumes the following key roles:

- a) The Board members have a fiduciary duty to act in the best interests of the Bank’s co-operative members and stakeholders.
- b) The Board is responsible to promote sustainable growth and financial soundness of the Bank and as the steward of the Bank, to ensure maximisation of value and safeguarding of members’ interests.
- c) The Board shall foster a culture of good corporate governance and set Key Performance Indicators to enhance corporate accountability, including but not limited to the standards prescribed by the applicable laws and regulations from time to time.
- d) The Board has delegated day-to-day management of the Bank to the Managing Committee.
- e) Provides strategic guidance and direction for the Bank, charting the course of its business operations; and
- f) Reviews and approves, in consultation with the CEO/Managing Director and Senior Management, the business plans and key policies of the Bank.

The key responsibilities of the Board include:

- a) Approve the risk appetite, business plan and any other initiatives which would singularly or cumulatively, have a material impact on the Bank’s risk profile;
- b) Oversee the selection, performance, compensation and succession plans or 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;
- c) Evaluate the training needs of Directors on a continuous basis and identify areas that would further their understanding of issues facing the Bank;
- d) 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;
- e) Promote sustainability through appropriate environmental, social and governance considerations in the DFI’s business strategies;
- f) Promote, together with the Senior Management team, a corporate culture within the Bank that emphasises ethical, prudent and professional behaviour;
- g) 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;
- h) 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.

Interaction with the Shariah committee

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

- a) give sufficient attention to the facts, rationale and basis for any decisions or advice of the Shariah committee before arriving at its own decision;
- b) give fair consideration to the implications of implementing any decisions or advice of the Shariah committee;
- c) put in place conflict resolution mechanism to deal with any differences in views between the board and the Shariah committee; and
- d) maintain a record of deliberations between the board and the Shariah committee;
- e) The board must establish effective communication with the Shariah committee on all matters relating to Shariah requirements, Shariah governance or Shariah non-compliance risks to enable both parties to effectively discharge respective responsibilities under the Shariah governance framework. The board must regularly review the quality and frequency of its engagement with the Shariah committee.

- a) Business Strategy
 - i. Review and approve changes to the Bank’s organisation structure;
 - ii. 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;
 - iii. Approve investment or divestment of the Bank, including its subsidiaries with the consent of the Minister, concurrence of the Minister of Finance and in accordance with the legislative provisions of Bank Negara Malaysia;
 - iv. Approve major changes in nature of the principal activities carried out by Bank with the consent of the Minister, concurrence of the Minister of Finance and in accordance with the legislative provisions of Bank Negara Malaysia;
 - v. Approve policies of the Bank in all material aspects including, but not limited to, the following:
 - Shariah compliance policies;
 - procurement policies;
 - outsourcing policies;
 - IT security and IT related policies;
 - human resource and manpower policies;
 - remuneration schemes; and
 - authority limits granted to key Senior Management personnel.
 - vi. Approve the Bank’s delegated limits of authority and its revision therein.
- b) Financial (Bank’s authority matrix)
 - i. Approve annual budget of the Bank, including capital expenditure;
 - ii. Approve major capital commitments, capital management, acquisitions and divestitures, with the consent of the Minister and with concurrence of the Minister of Finance;





- iii. Approve adoption of accounting policies in line with the Malaysian Financial Reporting Standards;
 - iv. Approve financial statements; and
 - v. Determine the amount of dividends to be paid, with the consent of the Minister and with concurrence of the Minister of Finance and in accordance with the legislative provisions of Bank Negara Malaysia.
- c) Risk Management and Audit
- i. 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;
 - ii. Review and approve risk management framework and policies, and ensure that the Bank establishes comprehensive risk management policies, processes, and infrastructure;
 - iii. Review and approve the Bank’s Business Continuity Management Policy and Procedures;
 - iv. Establish the internal audit function which reports directly to the Audit and Examination Committee;
 - v. Select, appoint and terminate the appointment of the external auditor, with the consent of the Minister and with concurrence of the Minister of Finance; and
 - vi. Oversee the Audit and Examination Committee’s evaluation of the performance of the external auditor and on an ongoing basis, ascertain the independence of the external auditor.
- d) Compliance and Legal
- i. 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;
 - ii. Review and approve the appointment, powers and removal of corporate representatives and lawful attorneys acting on behalf of the Bank; and
 - iii. Review and approve Management’s responses by the regulatory authorities in relation to compliance with regulatory requirements.
- e) Human Capital and Governance
- i. 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;
 - ii. 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;
 - iii. 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;
 - iv. Establish and regularly review succession plans to promote Board and Senior Management renewal and address unplanned vacancies;



- v. 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. Monitor the Senior Management team’s performance on an ongoing basis.
 - vi. Unless the written approval of the Minister has been obtained:
 - (a) The Bank will not publicly announce the proposed appointment or reappointment of the Managing Director/CEO; and
 - (b) a Managing Director/CEO whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such a capacity, including by holding himself out as the Managing Director/CEO.
- f) Disclosure
- i. 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”);
 - ii. Establish a communications policy that enables both the Board and Senior Management team to communicate effectively with its members, the stakeholders and the public (Practice 11.1 of Malaysian Code on Corporate Governance). 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
 - iii. Ensure that the Bank discloses its sustainability policies and their implementation status in the annual report and on the corporate website Part A, Bursa Malaysia’s Main Market Listing Requirements).

1.4 New Appointment and Re-Appointment

- a) The proposed appointment or re-appointment of Directors is subject to prior approval of the Minister who is responsible for cooperative development.
- b) The appointment of new Directors is for an initial term not exceeding three (3) years and any such appointee is eligible for re-appointment for a term not exceeding two (2) years.

1.5 Training and Continuous Professional Development of Directors

Continuous Training is vital for the Directors to broaden their perspective and keep abreast of the development in the banking industry and of changes in new statutory and regulatory requirements to further enhance their skills and knowledge in discharging their responsibilities effectively.

Any Directors of the Bank are required to register for the Director’s core training programme under the Financial Institutions Directors’ Education Program (FIDE). The Directors are also encouraged to attend other training that is relevant to enable them to discharge their responsibilities effectively. In this regard, focus will be on the elective training organised by FIDE as such training is structured based on areas that are relevant to the banking industry. The Directors can also attend other training organised by local professional bodies and regulatory authorities in areas that are relevant to the Bank.



The training needs of directors will be on continuous basis and the areas determined will be used to provide further understanding of the issues faced by the Bank, the Directors attended the following conferences, seminars and training programmes in 2020:

- Tuesday Series: Staying Ahead with Data Analytics
- Tuesday Series: Managing Political Risk
- How to be an Effective NED in A Disruptive World
- FIDE Core Program Module A
- FIDE Core Program Module B
- Islamic Finance for Board of Directors Program
- Leadership Energy Summit Asia (LESA) 2020

1.6 Board and Director Effectiveness Evaluation (BDEE) exercise

On a yearly basis, [Standard 13.1 of Bank Negara Malaysia Corporate Governance Guidelines applicable to DFI, 2019], Bank Rakyat conducted a yearly exercise to evaluate the effectiveness of leadership and competencies of its current Board members.

The evaluation is conducted independently and was split into 2 major criteria focusing on Board Effectiveness Evaluation-BEE (oversight role, duties and functions) and Directors Development Analysis-DDA (evaluate performance, addressing gaps and ensuring action plan is carried out).

BDEE exercise is a structured, confidential face to face interview, reviewing of existing governance documents (related Board Charters, SOP and Meeting Minutes) and provide a strategic level of board assessment that can be used to prioritise key strategic issues and implementation for board effectiveness.

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

- i. Board Composition & Skills
- ii. Board Dynamics & Culture
- iii. Board and Management Relationship
- iv. Board Leadership
- v. Board Governance and Processes
- vi. Board Information/Pre-Reading Materials
- vii. Board Agendas, Meetings and Minutes

1.7 Independent Non-Executive Directors

The effective participation of independent non-executive directors brings an external perspective and enhances accountability in the board’s decision-making process. The responsibilities of independent non-executive directors should therefore include the following:

- a) To provide and enhance the necessary independence and objectivity to the board;
- b) To ensure effective checks and balances on the board;
- c) To mitigate any possible conflict of interest between the policy making process and the day- to- day management of the Bank;
- d) To constructively challenge and contribute to the development of business strategy and direction of the Bank; and
- e) To ensure that adequate systems and controls to safeguard the interests of the Bank are in place.



1.8 Directors Remuneration

The remuneration and allowances of the Chairman and all other directors are determined by the Minister-in-Charge and with the concurrence of the Ministry of Finance (MOF).

1.9 Roles and Responsibilities of the Chairman

The Chairman has a key leadership role in the conduct of the Board and its relationship with members and other stakeholders. The Chairman shall facilitate the flow of information between the Board members and the Senior Management team, and in consultation with the Senior Management team, sets the agenda for each Board meeting.

The Chairman is responsible for:

- i. Smooth functioning of the board, the governance structure and inculcating positive culture in the board;
- ii. Guidelines and and procedures are in place to govern the board’s operation and conduct;
- iii. All relevant issues are on agenda for board meeting and all directors are able to participate fully in the board’s activities;
- iv. Board debates strategic and critical issues;
- v. Board receives the necessary information on a timely basis from the management;
- vi. Avenues are provided for all directors to participate openly in the discussion;
- vii. That he provides leadership to the board and is responsible for the developmental needs of the Board; and
- viii. Advise the Minister where specific or niche skill set is required in relation to the board composition (for consideration in advance of time).

1.10 Roles and Responsibilities of the CEO/Managing Director

The CEO/Managing Director is responsible for:

- a) The Managing Director/CEO heads the Bank’s Management Committee and assumes the overall responsibility for the execution of the Bank’s strategy.
- b) The Managing Director/CEO, within all specific authorities delegated to him/her by the Board, is responsible in carrying out the Board’s directions, managing the businesses of the Bank and driving performance, in accordance with the strategic goals approved by the Board.
- c) The key roles of the Managing Director/CEO are to:
 - i. Develop the strategic direction of the DFI;
 - ii. Ensuring that the DFI’s strategies and corporate policies are effectively implemented;
 - iii. Ensuring that board decisions are implemented and board directions are responded to;
 - iv. Providing directions in the implementation of short and long-term business plans;
 - v. Providing strong leadership that is, effectively communicating a vision, management philosophy and business strategy to the employees;
 - vi. Keeping board fully informed of all important aspects of the DFI’s operations and ensuring sufficient information is distributed to board members; and
 - vii. Ensuring the day-to-day business affairs of the institutions are effectively managed.



1.11 Board Meetings

The Board of Directors meets at least once a month and additional meetings are held when required. The Board held eighteen (18) board meetings i.e. 10 board meetings and 8 special board meetings, during the financial year ended 31 December 2020 and the attendance of the Board of Directors were as follows:

No.	Name of Director	Board Meeting Attendance 2020
1.	Datuk Noripah Kamso	4/4
2.	Datuk Wan Suraya Wan Mohd Radzi	3/3
3.	Muhamad Shahril Othman	13/14
4.	Datuk Abd Rani Lebai Jaafar	18/18
5.	Prof. Dr. Obiyathulla Ismath Bacha	16/16
6.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	18/18
7.	Yuri Zaharin Wahab	18/18
8.	Sofiyani Yahya	16/16
9.	Dato' Sri Haji Mohammad Mentek	9/9
10.	Datin Norhamizah Mat Tahir	10/10
11.	Mohd Jafri Kudus	10/10
12.	Mohd Irwan Mohd Mubarak	10/10
13.	Dato' Shamsul Azri Abu Bakar	3/4
14.	Dato' Rosman Mohamed	2/2

1.12 Board Committees

The following standing committees have been established to assist the Board in carrying out its responsibilities:

- a) Audit and Examination Committee;
- b) Risk Committee;
- c) Financing Committee;
- d) Investment Committee;
- e) Tender Committee;
- f) Nominations and Remuneration Committee;
- g) Oversight Committee (CoBRa).

The composition, roles and responsibilities of the Board Committees are laid out in their respective charters.

The members serving the Board Committees shall be changed at an appropriate and regular interval. To ensure that the entire Committee is not replaced at any one time, such change of members shall be done on rotation basis.

2.0 AUDIT AND EXAMINATION COMMITTEE

The Audit and Examination Committee (AEC) is committed to ensure that the operational levels of the Bank are at their best. This responsibility is fulfilled through the independent supervision of risk management, internal controls and governance processes.

AEC shall comprise of only Non-Executive Directors with not less than three (3) members, of which the majority should be Independent Directors. AEC held thirteen (13) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of AEC Members	Period of AEC Membership in 2020	AEC Meeting Attendance 2020
1.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Appointed as Chairman on 29 October 2019)	01/01/2020 to 31/12/2020	13/13
2.	Datuk Abd Rani Lebai Jaafar (Appointment as Interim Chairman: 13 June 2019) (Appointment as Member: 1 August 2019)	01/01/2020 to 27/07/2020	6/6
3.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Member: 13 June 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	12/12
4.	Datin Norhamizah Mat Tahir (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	7/7
5.	Mohd Irwan Mohd Mubarak (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	7/7

2.1 Objective of AEC

The objectives of the AEC are:

- a) To assist the Board in discharge of its statutory duties and responsibilities relating to accounting and reporting practices of the Bank, its subsidiaries and Yayasan Bank Rakyat;
- b) To provide an independent oversight of the Bank's financial reporting and internal control systems; and
- c) To ensure that adequate risk management processes and checks and balances are in place for the proper overall management of the Bank.

2.2 Function of AEC

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 Committee shall have full and unrestricted access to:

- a) The records, properties and personnel of the Bank;
- b) Cooperation from Management and the discretion to invite any director and employee to attend its meetings;
- c) The advice and services of the Secretary of the Bank, the CEO/Managing Director, the Chief Internal Auditor and external auditors; and
- d) The 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.





2.3 Duties and Responsibilities of AEC

The duties and responsibilities of AEC are:

2.3.1 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/GLO13-4), including the following:

- (a) Ensure that the Internal Audit function has an appropriate standing within the Bank and has access to the Committee at all times;
- (b) Approve the internal audit charter for endorsement by the Board (*Guideline 3.2, BNM Guidelines on Internal Audit Function of Licensed Institutions*);
- (c) 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 subsidiaries including reviewing and approving the audit plan, scope, procedures and frequency.

The reports of internal auditors and the Committee are not subject to clearance of the Managing Director;

- (d) Review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensure that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the Internal Audit and other control functions [*Paragraph 8 (b) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (e) Note significant disagreements between the Chief Internal Audit 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 [*Paragraph 8 (c) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (f) Establish a mechanism to assess the performance and effectiveness of the Internal Audit function [*Paragraph 8 (d) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (g) Endorse training programmes and budgetary resources for effective discharge of internal audit responsibilities (*Guideline 5.2 of Part B, of BNM Guidelines on Internal Audit Function of Licensed Institutions*);
- (h) Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the Chief Internal Audit;
- (i) 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
- (j) Ensure the effectiveness of the internal technology audit function. This includes ensuring the adequate competence of the audit staff to perform technology audits. The Committee shall review and ensure appropriate audit scope, procedures and frequency of technology audits. The Committee must also ensure effective oversight over the prompt closure of corrective actions to address technology control gaps (*Paragraph 8.7, BNM Guideline on Risk Management in Technology, 2019*).

- 2.3.2 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.
- 2.3.3 Monitor compliance with practices of corporate governance and identification of significant non-compliance.
- 2.3.4 Determination of compliance with relevant statutory requirements.
- 2.3.5 Review third-party opinions on the design and effectiveness of the Bank’s internal control framework (*Paragraph 13 of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*).

2.4 External audit function

The Committee shall oversee the external auditors, by undertaking the following:

- (a) Recommend to the board on the appointment, removal and remuneration of the external auditor [*Paragraph 9 (a) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (b) Review the external auditors’ plan, audit report and maintain a regular communication with the external auditor, and ensure the external auditor reports to the Committee on significant matters [*Paragraph 9 (d) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (c) 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 [*Paragraph 9 (e) of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*];
- (d) Establish policies and procedures, to assess and monitor the suitability and independence of the external auditors;
- (e) 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
- (f) 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.

2.5 Shariah audit

- 2.5.1 Review and determine the deliverables of the Shariah audit function upon consultation with the Shariah Committee; and
- 2.5.2 Review internal, external and Shariah audit findings and recommend to the Board the action to be taken by the Senior Management team.





2.6 Financial reporting process

- 2.6.1 Review appropriateness and applicability of accounting standards used in preparation of the financial statements;
- 2.6.2 Ensure that the accounts are prepared in a timely and accurate manner, with frequent reviews of the adequacy of provisions for contingencies and bad and doubtful debts;
- 2.6.3 Ensure fair and transparent reporting, prompt publication of financial accounts and review financial statements to be submitted to the Board;
- 2.6.4 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
- 2.6.5 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 (*Paragraph 11 of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*).

2.7 Fraud Management and Corporate Integrity

- 2.7.1 Maintain oversight and governance assurance on execution of framework and policy;
- 2.7.2 Inculcate awareness program amongst staff in promoting corporate integrity and anti-fraud culture within the Bank towards strong governance and compliance with framework and policy;
- 2.7.3 Approve framework and policy on Fraud Management and Corporate Integrity;
- 2.7.4 Respond to, at an appropriate level, fraud and corporate integrity matters, complaints, possible litigation or breaches of the Code of Business Conduct and Ethics, national laws and regulatory requirements;
- 2.7.5 Review and monitor reports on fraud and corruption risks, policies and control activities, which include the following:
 - (a) Provide assurance that the controls are effective;
 - (b) Establish mechanisms to ensure the Committee receiving 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.
- 2.7.6 Establish clear policies on zero-tolerance towards fraud and corruption;
- 2.7.7 Undertake firm corrective actions on any fraud and integrity incidences;
- 2.7.8 To ensure the terms of reference for Corporate Integrity is in accordance to the *Garis Panduan Pengurusan Unit Integriti Dan Governans* published by *Cawangan Pembangunan, Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia 2019*;

- 2.7.9 Audit Examination Committee is an interim oversight committee for Corporate Integrity pending establishment of an Independent Committee as required by the *Garis Panduan Pengurusan Unit Integriti Dan Governans* published by *Cawangan Pembangunan, Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia 2019*; and
- 2.7.10 The Corporate Integrity Department is to submit report to *Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia* and Bank Rakyat Board of Directors every six (6) months i.e. June and December every year as required by the *Garis Panduan Pengurusan Unit Integriti Dan Governans* published by *Cawangan Pembangunan, Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia 2019*.

2.8 Other duties

- 2.8.1 Monitor compliance with the Board’s conflicts of interest policy described in BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019;
- 2.8.2 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 (*Paragraph 10 and 12 of Appendix 1, BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019*); and
- 2.8.3 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 plans (*Paragraph 20 of Principle 2, BNM Risk Governance for Development Financial Institutions 2013*).

3.0 BOARD INTERGITY & GOVERNANCE COMMITTEE (BIGC)

The Board Integrity & Governance Committee (BIGC) shall consist of a minimum of three (3) members, of which majority must be Independent Directors. The Committee held five (5) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BIGC Members	Period of BIGC Membership in 2020	BIGC Meeting Attendance 2020
1.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan (Appointment as Chairman: 30 January 2020)	30/01/2020 to 31/12/2020	5/5
2.	Datuk Abd Rani Lebai Jaafar (Appointment as Member: 30 January 2020) (Tenure Until: 27 July 2020)	30/01/2020 to 27/07/2020	2/2
3.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Member: 30 January 2020) (Tenure Until: 30 November 2020)	30/01/2020 to 30/11/2020	5/5
4.	Datin Norhamizah Mat Tahir (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	3/3
5.	Mohd Irwan Mohd Mubarak (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	3/3





3.1 Objective of BIGC

1. The purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities in relation to Corporate Integrity Management and Fraud Management.
2. To provide independent oversight of the Bank's financial reporting and internal control system and ensuring checks and balances within the Bank.
3. The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the Committee.

3.2 Function of BIGC

The Board has authorised the Committee to act within the scope of its duties and responsibilities set out in this Charter to:

- i. perform the activities required to discharge its responsibilities within its terms of reference and make relevant recommendation to the Board;
- ii. investigate any activity or matter within its terms of reference;
- iii. acquire the resources which are required to perform its duties;
- iv. have full and unrestricted access to any person in the Bank in order to conduct any investigation and any information pertaining to the Bank;
- v. have full and unrestricted access to information pertaining to the Bank, its records, properties and personnel;
- vi. obtain relevant internal and external independent professional advice, as it deems necessary, to assist the Committee in the proper discharge of its roles and responsibilities, 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.
- vii. Meet exclusively among itself, whenever deemed necessary.

3.3 Duties and Responsibilities

The Committee's duties and responsibilities are as follows:

1. Maintain oversight and governance assurance on execution of framework and policy;
2. Inculcate awareness program amongst staff in promoting corporate integrity and anti-fraud culture 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 corporate integrity culture within the Bank and fraud management.
4. Respond to, at an appropriate level, corporate integrity and fraud matters, 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 receiving 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. Establish clear policies on zero-tolerance towards fraud and corruption;
7. Undertake firm corrective actions on any fraud and integrity incidences;

8. To ensure the terms of references for Corporate Integrity is in accordance to the *Garis Panduan Pengurusan Unit Integrity Dan Governans* published by *Cawangan Pembangunan, Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia 2019*;
9. Monitor compliance with the Board's conflicts of interest policy described in BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019;
10. Review and conflict on 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 (*Paragraph 10 and 12 of Appendix 1, BNM policy Document on Corporate Governance for Development Financial Institutions, 2019*);

Note: The BIGC Charter is yet to be approved and still in drafting stage.

4.0 BOARD RISK COMMITTEE

The Board Risk Committee (BRC) shall consist of a minimum of three (3) members, all of which are Non-Executive Directors. The Committee held eleven (11) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BRC Members	Period of BRC Membership in 2020	BRC Meeting Attendance 2020
1.	Datuk Abd Rani Lebai Jaafar (Appointment as Chairman: 27 March 2018) (Appointment as Member: 28 July 2020)	01/01/2020 to 31/12/2020	11/11
2.	Yuri Zaharin Wahab (Appointment as Member: 29 October 2019) (Appointment as Interim Chairman: 28 July 2020) (Appointment as Chairman: 1 December 2020)	01/01/2020 to 31/12/2020	11/11
3.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Appointment as Member: 29 October 2019)	01/01/2020 to 31/12/2020	10/11
4.	Mohd Jafri Kudus (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	5/5

4.1 Objective of BRC

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

4.2 Function of BRC

The Committee shall have the authority to deliberate 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. During the discharge of such duties, the Committee shall have access to:

- a) The records, properties and personnel of the Bank;
- b) The advice and support of the Secretary of the Bank (the Bank Secretary), Risk Management and Compliance Divisions and the Chief Risk Officer (CRO) and the Chief Governance and Compliance Officer; and
- c) The 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.





4.3 Duties and Responsibilities of BRC

The duties and responsibilities of BRC are:

Risk management of the Bank

- 4.3.1 The Committee shall ensure that the Bank’s risk governance and business units’ activities are in compliance with Bank Negara Malaysia’s Guidelines on Risk Governance (2013) (BNM/RH/GLO13-5).
- 4.3.2 The Committee is responsible over the following:
- (a) Review and recommend risk management strategies, policies and risk tolerance for the Board’s approval;
 - (b) 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;
 - (c) 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;
 - (d) 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 (Paragraph 45 of Principle 7, BNM Guidelines on Risk Governance 2013);
 - 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 (Paragraph 40 of Principle 6, BNM Guidelines on Risk Governance 2013);
 - Ensure that adequate and technically competent resources are allocated for effective discharge of responsibilities;
 - (e) Review the risk management processes and systems throughout the Bank and ensure that they are operating effectively strategy (Paragraph 59 of Principle 9, BNM Guidelines on Risk Governance 2013). This includes the following:
 - Review risk methodologies for measuring and monitoring significant risks, including credit, market, operational and compliance risks (Paragraph 43 of Principle 7, BNM Guidelines on Risk Governance 2013);
 - (f) 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 (Paragraph 20 of Principle 2, BNM Guidelines on Risk Governance 2013);
 - (g) 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;
 - (h) 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 (Guideline 7.16 and 7.17, BNM Shariah Governance Framework for Islamic Financial Institutions);

- (i) 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.

- 4.3.3 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.
- 4.3.4 Ensure that all issues related to BNM’s Composite Risk Rating (CRR) review are monitored and resolved accordingly;
- 4.3.5 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;
- 4.3.6 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 (Paragraph 10 of Principle 1, BNM Guidelines on Risk Governance 2013);
- 4.3.7 Oversee the development and implementation of the Internal Capital Adequacy Assessment Process (ICAAP);
- 4.3.8 Review the allocation of risk-adjusted capital and broad-based limits across the Bank;
- 4.3.9 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
- 4.3.10 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 [Paragraph 5 of Appendix 1, BNM CG Policy Document issued to Financial Institutions, 2016/Paragraph 6 of Appendix 1, of BNM CG applicable for DFIs, 2019].

4.4 Risk management on product development

- 4.4.1 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:
- (a) Review and monitor systems and procedures in place to manage current and new product risks and customer expectations;
 - (b) 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;
 - (c) 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;
 - (d) Ensure that management of product risks are well integrated within the Bank’s overall governance framework and risk management system;
 - (e) Establish and review lines of responsibility for managing related risks;





- (f) 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
- (g) 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.

[Paragraph 33 of Principle 4, BNM Guidelines on Risk Governance 2013; and BNM Guidelines on Introduction of New Products (BNM/RH/STD 028-5), specifically, Paragraphs 8.1, 8.2, 10.5, 10.8 and 10.12].

Legal and regulatory requirements

- 4.4.2 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.

5.0 BOARD FINANCING COMMITTEE

The Board Financing Committee (BFC) shall consist of a minimum of three (3) members, of which majority must be Independent Directors. The Committee held thirteen (13) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BFC Members	Period of BFC Membership in 2020	BFC Meeting Attendance 2020
1.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Appointment as Chairman : 29 October 2019)	01/01/2020 to 31/12/2020	12/12
2.	Datuk Abd Rani Lebai Jaafar (Appointment as Member : 27 March 2018)	01/01/2020 to 31/12/2020	12/12
3.	Muhamad Shahril Othman (Appointment as Member : 4 October 2019) (Tenure Until: 1 November 2020)	01/01/2020 to 01/11/2020	11/12
4.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Member : 29 October 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	12/12
5.	Mohd Irwan Mohd Mubarak (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	1/1

5.1 Objective of BFC

The objective of the BFC is to assist the Board in fulfilling its roles and responsibilities in reviewing current and new financing proposals.

5.2 Function of BFC

The Committee shall have the authority to deliberate on matters within its primary duties and responsibilities in line with such limits as may be determined by the Board from time to time. During the discharge of such duties, the Committee shall have access to:

- a) The records, properties and personnel of the Bank;
- b) The advice and services of the Secretary of the Bank and key Senior Management personnel in the Business Banking department; and
- c) The 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.

5.3 Duties and Responsibilities of BFC

The duties and responsibilities of BFC are:

- a) Affirm or veto the Financing Committee A's approval on annual reviews with the unchanged terms and conditions.
- b) Affirm or veto the Financing Committee A's approval on new/additional financing and/or variation on terms and conditions of existing financing.
- c) Recommend for the Board's decision on all financings exceeding Financing Committee A's discretionary power.
- d) Affirm or veto all restructuring and rescheduling financing proposal and recommend for the Board's decision.
- e) Oversee the performance of rescheduled and restructured accounts to minimise credit loss and maximise the recovery of such accounts. Affirm or veto the Financing Committee A's approval on all cases of charge-off and write-off of financings.
- f) Oversee the management of impaired financing as well as monitor the recovery of impaired financing to oversight the financing recovery functions to maximise collections.

6.0 BOARD INVESTMENT COMMITTEE

The Board Investment Committee (BIC) shall consist of a minimum of three (3) members, of which majority must be Independent Non-Executive Directors. The Committee held five (5) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BIC Members	Period of BIC Membership in 2020	BIC Meeting Attendance 2020
1.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Chairman: 13 June 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	5/5
2.	Datuk Wan Suraya Wan Mohd Radzi (Appointment as a Member: 29 March 2019) (Tenure Until: 23 March 2020)	01/01/2020 to 23/03/2020	1/1
3.	Sofiyan Yahya (Appointment as a Member: 31 October 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	5/5
4.	Datuk Abd Rani Lebai Jaafar (Appointment as Interim Member: 3 April 2020) (Appointment as Member: 1 December 2020)	03/04/2020 to 31/12/2020	4/4
5.	Dato' Sri Haji Mohammad Mentek (Appointment as Member: 29 June 2020) (Tenure Until: 3 November 2020)	29/06/2020 to 03/11/2020	2/2





No.	Name of BIC Members	Period of BIC Membership in 2020	BIC Meeting Attendance 2020
6.	Datin Norhamizah Mat Tahir (Appointment as Member: 28 July 2020) (Appointment as Chairman: 1 December 2020)	28/07/2020 to 31/12/2020	2/2
7.	Dato' Shamsul Azri Abu Bakar (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	0/0
8.	Mohd Irwan Mohd Mubarak (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	0/0

6.1 Objective of BIC

The objective of the BIC Committee is to assist the Board in fulfilling its roles and responsibilities in formulation of investment policies and plans to secure the Bank's investment and guaranteed returns.

6.2 Function of BIC

The Committee shall have the authority to deliberate 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. During the discharge of such duties, the Committee shall have access to:

- a) The investments in equities, fixed income, real estate and other investments deemed necessary.
- b) The determining and approving of the investment policies and procedures based on the Bank's business objectives generally.
- c) The approvals of any new investment related activities other than real estate investment.

6.3 Duties and Responsibilities of BIC

The duties and responsibilities of BIC are:

- 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 the Management level
- f) Review and recommend termination of current investments
- g) Review the bank's investment portfolio.



7.0 BOARD TENDER COMMITTEE

The Board Tender Committee (BTC) shall consist of a minimum of three (3) members, of which majority must be Independent Directors. BTC held four (4) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BTC Members	Period of BTC Membership in 2020	BTC Meeting Attendance 2020
1.	Sofiyan Yahya (Appointed as Chairman: 29 October 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	4/4
2.	Mohd Jafri Kudus (Appointment as Member: 28 July 2020) (Appointment as Chairman: 1 December 2020)	28/07/2020 to 31/12/2020	1/1
3.	Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan (Appointment as Member: 29 October 2019)	01/01/2020 to 31/12/2020	3/4
4.	Datuk Wan Suraya Wan Mohd Radzi (Appointment as Member: 29 March 2019) (Tenure Until: 23 March 2020)	01/01/2020 to 23/03/2020	1/1
5.	Yuri Zaharin Wahab (Appointment as Interim Member: 3 April 2020) (Appointment as Member: 1 December 2020)	03/04/2020 to 31/12/2020	3/3
6.	Dato' Sri Haji Mohammad Mentek (Appointment as Member: 29 June 2020) (Tenure Until: 3 November 2020)	29/06/2020 to 03/11/2020	0/1
7.	Dato' Shamsul Azri Abu Bakar (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	0/0

7.1 Objective of BTC

The objectives of the BTC is to deliberate on and approve tenders submitted for acquisitions valued at more than RM3.0 million that involves capital expenditure and expenditure for renovation.

7.2 Function of BTC

The Committee shall have authority to act within the scope of its duties and responsibilities set out as follows:

- (a) Deliberate 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
- (b) Approve procurement tenders relating to budgeted and unbudgeted capital expenditure in line with the Bank's Authority Matrix.

In the exercise of its functions, it is understood that the Committee is not delegated with decision-making powers but shall report its recommendations to the Board for decision.



The Committee 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 Committee shall have full and unrestricted access to:

- (a) the records, properties and personnel of the Bank;
- (b) the advice and support of the Secretary of the Bank (the “Bank Secretary”) and key Senior Management personnel; and
- (c) 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.

7.3 Duties and Responsibilities of BTC

The duties and responsibilities of BTC are:

- a) Ensure that all procurement through tender exercise comply to the minimum three (3) quotations.
- b) Deliberate on proposals by prospective suppliers/contractors.
- 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.

8.0 BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee (NRC) was established on 28 May 2019 and shall consist of a minimum of five (5) members, of which at least four must be Non-Executive Directors. NRC held twenty-one (21) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of NRC Members	Period of NRC Membership in 2020	NRC Meeting Attendance 2020
1.	Datuk Abd Rani Lebai Jaafar (Appointment as Chairman: 1 August 2019) (Appointment as Member: 28 July 2020)	01/01/2020 to 31/12/2020	21/21
2.	Mohd Irwan Mohd Mubarak (Appointed as Interim Chairman: 28 July 2020) (Appointment as Chairman: 1 December 2020)	28/07/2020 to 31/12/2020	9/9
3.	Datuk Wan Suraya Wan Mohd Radzi (Appointment as Member: 28 May 2019) (Tenure Until: 23 March 2020)	01/01/2020 to 23/03/2020	5/5
4.	Muhamad Shahril Othman (Appointed as Member: 1 August 2019) (Tenure Until: 1 November 2020)	01/01/2020 to 01/11/2020	16/17
5.	Yuri Zaharin Wahab (Appointment as Member: 29 October 2019)	01/01/2020 to 31/12/2020	18/21
6.	Sofiyan Yahya (Appointment as Member: 29 October 2019) (Tenure Until: 2 November 2020)	01/01/2020 to 02/11/2020	16/17



No.	Name of NRC Members	Period of NRC Membership in 2020	NRC Meeting Attendance 2020
7.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Interim Member: 3 April 2020) (Tenure Until: 28 July 2020)	03/04/2020 to 28/07/2020	7/7
8.	Dato’ Sri Haji Mohammad Mentek (Appointment as Member: 29 June 2020) (Tenure Until: 3 November 2020)	29/06/2020 to 03/11/2020	6/6
9.	Datin Norhamizah Mat Tahir (Appointment as Member: 2 November 2020)	02/11/2020 to 31/12/2020	4/4
10.	Mohd Jafri Kudus (Appointment as Member: 2 November 2020)	02/11/2020 to 31/12/2020	4/4
11.	Dato’ Shamsul Azri Abu Bakar (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	2/2

8.1 Objective of NRC

The objective of the NRC are:

- 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; and
- 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.

8.2 Function of NRC

The Committee shall have the authority to deliberate 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. During the discharge of such duties, the Committee shall have access to:

- a) The records, properties and personnel of the Bank;
- b) The advice and services of the Secretary of the Bank and key Senior Management personnel in the Human Capital/Resources department; and
- c) The 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.



8.3 Duties and Responsibilities of NRC

The duties and responsibilities of NRC are:

- a) Review the structure, size and composition of the Board.
- b) Establish and recommend to the Board the minimum requirements on the skills, business experience, professional and academic qualifications, expertise and other core competencies of a director and Shariah Committee member.
- c) Assess the competency and experience and recommend to the Board the nominees for directorship, Board Committee members, Shariah Committee members and the CEO/Managing Director.
- d) Undertake ongoing assessment and annual review of the performance of the directors, Shariah Committee members, the CEO/Managing Director and Chairman.
- e) Recommend to the Board the removal or any other actions to be taken against any director, Shariah Committee member, the CEO/Managing Director or the Chairman from the Board or Board Committees.
- f) At least once a year, review, in consultation with the Chairman, and implement a mechanism for the formal assessment on the effectiveness of the Board as a whole and the Board Committees individually and the contribution of each director to the effectiveness of the Board and Board Committees and report to the Board as may be necessary.
- g) Assess and recommend to the Board the appointment, job grade, promotion, remuneration package, succession planning and performance evaluation of key Senior Management personnel.
- h) Recommend to the Board the actions to be taken against any key Senior Management personnel if they are ineffective, errant or negligent in discharging their responsibilities.
- i) Review and recommend to the Board the overall remuneration policy for directors, the CEO/Managing Director and key Senior Management personnel.
- j) Review and recommend to the Board specific remuneration package for the directors, CEO/Managing Director and key Senior Management personnel reporting functionally or administratively to the CEO/Managing Director and such other personnel as determined by the Board from time to time.
- k) Determine the total individual remuneration package for personnel including appropriate bonuses, incentive payments, etc. based on individual performance.
- l) Make recommendations to the Board in relation to any review of employee remuneration and benefit structures including bonuses and performance related pay schemes to ensure alignment throughout the Bank.
- m) Review and recommend to the Board the remuneration of Shariah Committee members.

9.0 BOARD OVERSIGHT COMMITTEE (CoBRa)

The Board Oversight Committee (CoBRa) (BOC CoBRa) shall consist of a minimum of three (3) members, of which majority must be Independent Non-Executive Director. BOC CoBRa held twenty-two (22) meetings during the financial year ended 31 December 2020 and the attendance of all committee members were as follows:

No.	Name of BOC CoBRa Members	Period of BOC CoBRa Membership in 2020	BOC CoBRa Meeting Attendance 2020
1.	Yuri Zaharin Wahab (Appointment as Chairman: 29 October 2019)	01/01/2020 to 31/12/2020	21/22
2.	Muhamad Shahril Othman (Appointment as Member: 1 August 2019) (Tenure Until: 1 November 2020)	01/01/2020 to 01/11/2020	17/20
3.	Prof. Dr. Obiyathulla Ismath Bacha (Appointment as Member: 28 August 2019) (Tenure Until: 30 November 2020)	01/01/2020 to 30/11/2020	21/21
4.	Mohd Jafri Kudus (Appointment as Member: 28 July 2020)	28/07/2020 to 31/12/2020	9/9



No.	Name of BOC CoBRa Members	Period of BOC CoBRa Membership in 2020	BOC CoBRa Meeting Attendance 2020
5.	Datin Norhamizah Mat Tahir (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	1/1
6.	Dato’ Shamsul Azri Abu Bakar (Appointment as Member: 1 December 2020)	01/12/2020 to 31/12/2020	1/1

9.1 Objective of BOC CoBRa

The Committee is established by the Board commencing 28 May 2019 until three (3) months after the ‘live’ launch date of CoBRa or until the Board decides otherwise. The three (3) months is to ensure oversight during the stability period of the new CoBRa system to the satisfaction of the Committee as may be advised by the accordingly. Upon successful implementation of BOC (CoBRa), BOC (CoBRa) will be replace with Board Information Technology Committee (BITC).

9.2 Function of BOC CoBRa

- a) Management of the Bank and any officers of the Bank, (including past officers), shall provide full co-operation to the Committee and shall fully comply with decisions of the Committee.
- b) The Committee shall exercise its authorities in the best interest of the Bank in the context of providing strategic guidance, direction, and recommendations for the Bank; however, the Committee will not transgress into the role of Management.
- c) The Committee shall have the authority to deliberate 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. During the discharge of such duties, the Committee shall have access and authority to:
 - the records, properties and personnel of the Bank;
 - the advice and support of the Secretary of the Bank and key Senior Management personnel; and
 - independent professional advice and expertise (such as Dialogue Partner(s) necessary to perform its duties at the expense of the Bank according to the prescribed or approved terms of reference, provided that written approval from the Board must be obtained prior to the incurring of any such expense on behalf of the Bank.

9.3 Duties and Responsibilities of BOC (CoBRa)

The duties and responsibilities of BOC (CoBRa) are:

- a) Oversee the implementation and monitoring of the Board’s decision including the deliverable(s) of CoBRa 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, with the assistance of the subject matter experts;
- b) Conduct and perform investigation, interviews, assessments and impacts upon all findings and information relating to the progress and implementation of the CoBRa pursuant to the agreements entered between the Bank and any third party(s);
- c) Evaluate and determine whether the proposed CoBRa 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) Review all proposals, milestones, deliverables, terms of agreements including action plans from the Project Team, appointed consultants and contractors involved with the CoBRa to the satisfaction of the Committee in the best interest of the Bank and meeting the authorities’ expectations;
- e) To obtain prompt report on the progress on CoBRa 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;
- f) Report and make recommendation to the Board on the above, as the case maybe, and on any matter which falls under its authority, as it may deem fit.



Group	Annual Fees	Annual Basic Salary	Other Emoluments	Bonus	Benefits	Total Annual Remuneration
CEO	0	885,000	22,000	525,000	394,164	1,826,164
Senior Management (MANCO)	0	4,684,205	617,334	3,299,834	2,120,310	10,721,683
Material Risk Taker	0	2,628,480	366,360	1,577,859	1,051,892	5,624,591

Audit and Examination Committee Report



1.0 COMPOSITION

- The Audit & Examination Committee (“AEC”) is a committee established by the Board of Directors from amongst its directors.
- The AEC comprises of 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. 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 & 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 and dismissal 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 Committee on significant matters;
- Review the external auditor’s letter on weaknesses of accounting procedures and internal controls, and Management’s responses to the external auditors’ report and letter, 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 Fraud Management and Corporate Integrity

- Maintain oversight and governance assurance on execution of framework and policy;
- Ensure awareness programme is performed to promote corporate integrity and anti-fraud culture within the Bank towards strong governance as well as compliance with framework and policy;
- Approve framework and policy on Fraud Management and Corporate Integrity;
- Respond to, at an appropriate level, fraud and corporate integrity matters, complaints, possible litigation or breaches of the Code of Business Conduct and Ethics, national laws and regulatory requirements;
- Review and monitor reports on fraud and corruption risks, policies and control activities, which include the following:
 - Provide assurance that the controls are effective;
 - Establish mechanisms to ensure AEC receiving accurate and timely information from Management, employees, internal and external auditors, and other stakeholders; and
 - Ensure the effectiveness of independent reporting of fraud and integrity incidences including the whistle-blowing reporting channel.
- Ensure that clear policies on zero-tolerance towards fraud and corruption are established;
- Ensure that firm corrective actions are imposed on any fraud and integrity incidences; and
- Ensure the terms of reference for Corporate Integrity is in accordance with *Garis Panduan Pengurusan Unit Integriti Dan Governans* published by Cawangan Pembangunan, Bahagian Pengurusan Integriti Agensi, Suruhanjaya Pencegahan Rasuah Malaysia 2019.



4.0 ATTENDANCE AT MEETINGS

13 AEC Meetings were held during 2020. The details of attendance of each member are as follows:

AEC Members	Attendance at Committee Meetings
Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan Chairman (appointed effective from 29 October 2019)	13/13 (100%)
Datuk Haji Abd Rani Lebai Jaafar Member (appointed effective from 27 March 2018 and ceased effective from 28 July 2020)	6/6 (100%)
Prof. Dr. Obiyathulla Ismath Bacha Member (appointed effective from 13 June 2019 ceased effective from 30 November 2020)	12/12 (100%)
Datin Norhamizah Mat Tahir Member (appointed effective from 28 July 2020)	7/7 (100%)
Mohd Irwan Mohd Mubarak Member (appointed effective from 28 July 2020)	7/7 (100%)

5.0 SUMMARY OF ACTIVITIES

For the financial year ended 31 December 2020, the AEC had carried out the following activities in the discharge of its roles and responsibilities:

5.1 Financial Reporting

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Bank and Bank Rakyat Group to ensure that the financial reporting and disclosure requirements were in compliance with the accounting standards and regulatory requirements.

5.2 Annual Report

Reviewed and approved the AEC Report for inclusion in Bank Rakyat’s Annual Report for Financial Year ended 31 December 2019.

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 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.
- 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 subsidiary and Yayasan Bank Rakyat for an overview of the risk management and internal control systems of those entities.
- Deliberated and approved the 2020 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.
- Deliberated and monitored the implementation status of the improvement recommendations highlighted by the external consultant in its external Quality Assessment Review (QAR) Report. The QAR Report was presented to the AEC in February 2019 and the QAR results showed that the Internal Audit Sector activities conform with the Institute of Internal Auditors (“IIA”) Standards and leading practices.

5.4 External Audit

- Reviewed with the external auditors:
 - The Audit Planning Memorandum and scope of work for the year; and
 - The results of audit, the relevant audit reports, Management Letter and Memorandum of Recommendations together with Management’s responses/comments to the findings.
- Ensured that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the auditors.
- Assessed the performance of the external auditors and made recommendations to the Board of Directors on their reappointment.
- Periodically reviewed and monitored the progress of actions taken to rectify audit findings raised by the external auditor to ensure the issues are being managed and rectified appropriately and in a timely manner.
- Performed assessment on the external auditors prior to recommendation to the Board on its reappointment. The assessment was conducted in accordance with BNM’s Guidelines on External Auditor on principal areas covering performance, independence and objectivity.





5.5 Fraud Management and Corporate Integrity

- Reviewed and provided assurance on the governance and execution of frameworks as well as policies for Fraud Management Division and Corporate Integrity Department.
- Reviewed and deliberated the investigation reports pertaining to fraud and integrity misconducts, findings and recommendations raised on the control lapses and actions taken by Management to prevent recurrence.
- Ensured the effectiveness of independent reporting of fraud and integrity incidences including the whistleblowing reporting channel.
- Ensured that firm corrective actions taken on any fraud and integrity incidences.

5.6 Related Party Transactions

Reviewed the related party transactions entered into by Bank Rakyat and its subsidiary.

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 Institute of Internal Auditors (“IIA”).

During 2020, 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;
- Reviewed risk exposures of new systems, business products and services to ensure that there are controls in place to mitigate the risks identified prior to implementation;
- Attended various Board of Directors, Board Sub-Committee and Management Committee meetings on a consultative and advisory capacity to provide independent views pertaining to the governance and controls encompassing the Bank’s significant 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, Operational Guidelines (GPOs) and Department Manuals;
- Conducted investigation into activities or matters as instructed by the AEC and Management;
- Prepared the Audit & Examination Committee Report for Bank Rakyat’s Annual Report for Financial Year ended 31 December 2019;
- Participated in the Zero Tolerance Programme and shared information regarding significant audit findings with the branch staff; and
- Conducted Guest Auditor Programme.

The total costs incurred for the Internal Audit Sector of Bank Rakyat for 2020 is RM 10,653,955.95.





Risk Management Committee Report

ENSURING RESILIENCE DURING PANDEMIC

New Operational Challenges Demand for Agility

Novel coronavirus (COVID-19) outbreak is a global event that is stressing the financial, operational and commercial resilience throughout the year 2020. Against this backdrop, the Bank is demanded to adapt rapidly and at scale to the current constraints and market conditions. As the world adjusts to the changes brought about by the pandemic, it also presents new operational challenges which test the agility of the Bank's business continuity plans. Rapid spread of infection along with frequent review on government rules and guidelines allowed little to no time for the organisation to formulate and implement a sole contingency plan.

The COVID-19 pandemic has not only shifted the operations in ways that has never been thought and imagined but has had a profound effect on how the Bank will operate going forward. Such deviation from the norm can mean new hazards that are yet to be considered in the Bank's existing risk assessments and subsequent management in such fluid situation.

Uncertainty on how long the dreadful pandemic will last on top of the enduring impacts, the Bank is forced to have long-term adjustments to working practices and culture. Whilst there will undoubtedly be further regulatory guidance in many areas, we will need to collaboratively be proactive in assessing and addressing the new emerging risks, and together, we must rise above the challenges for our Bank of Choice.

Ensuring Sustainable Growth and Return Through Resilience

2020 is a challenging year from economic and financial standpoint. Despite the trial of pandemic, the Bank continues its effort to strive for the optimal balance sheet structure through assets and funding diversification. The strategy reflective of the internal and external market conditions is served as a guide in harmonising both risk and reward while focusing on growth. The Bank key strategy in balance sheet management is focusing on targeted growth and realigning the portfolio composition. The investment portfolio strategy is directed towards maintaining an adequate level of high-quality liquid assets in line with compliance requirement and ensuring sufficient growth to cater for return requirement.

The Bank remained focus in managing structural risk exposures, namely rate of return and liquidity risks which guaranteed a healthy balance sheet and safeguard the return. The exposure in rate of return risk is managed through capital reserving and portfolio composition diversification, which emphasis on the growth of the floating rate financing and current and savings accounts. With all the plan and efforts put forward over the years, the Bank has successfully managed to ensure that the rate of return risk exposure level to be within the prescribed best practice.

Proactively Managing Asset Quality

2020 is a year like no other. The world has seen dramatic loss of human lives and economic scarring inflicted by COVID 19. Similar to other financial institutions, the Bank in particular is also impacted by the volatility of market conditions, deteriorating credit quality and business continuity management. These unprecedented times must be addressed with unprecedented measures to ensure the Bank continues to be resilient during the pandemic.

Economic and social disruptions caused by the COVID-19 has tremendously hit industry sectors and individuals with the enforcement of Movement Control Order (MCO) by the Government. In response, in-depth analysis was conducted by Risk Management to identify 'Covid Flag Customer' segments that deemed vulnerable to the pandemic. The Bank has also established a War Room Committee (WRC) with Chief Risk Officer (CRO) being an alternate Chairman to closely monitor and manage payment assistance provided by the Bank during the pandemic. In ensuring a smooth operationalisation of the payment assistance, Policy for Payment Assistance Program is developed in accordance to the requirements delineated by Bank Negara Malaysia (BNM).

With the uncertainty in the global economic condition, Risk Management continues to navigate its role by proactively proposing recommendations and mitigations in the WRC to ensure interest of the Bank is protected amid the crisis. Meanwhile, performance monitoring of financing portfolios continues to be conducted to provide value-added risk insights in supporting business decision-making. This could be seen through engagements between Risk Management and respective risk owners in regard to cautious diversification, especially to the certain vulnerable customer segments.

For financial year 2020, the Bank's MFRS 9 model remains robust as the forward-looking model for Expected Credit Loss (ECL) calculation effectively reflecting the current economic condition. The model takes into consideration the expectation that the economy is to rebound in 2021 based on the Government's efforts in place such as BNM's relief measure for financial institutions, fiscal stimulus, government grants and incentives. These measures will dampen the negative impact of COVID-19 on the economy and paves the way for short term economic recovery and positive outlook in consumer & business spending.

Nevertheless, to further cushion the impact during pandemic COVID-19 and remain resilient to future changes in the economy, the Bank has allocated additional provision for each portfolio in form of Model Risk Adjustment (MRA). The MRA is determined by observing the Lifetime Probability of Default (LPD) to the historical actual default experience in addition to the one-year forecast default experience which is derived from integration between Bank's historical default experience with the revised Probability Weightage Outcome based on 2021 economic outlook. MRA is imposed on customers segments that the Bank has identified to be affected by deteriorated economic condition arising from COVID-19 pandemic.

In supporting the Government's effort in introducing various funds to assist Small and Medium Enterprises (SMEs) affected by the pandemic, Risk Management provides technical assistance to simplify credit underwriting process with predefined parameters that aligned with the minimum acceptance criteria as recommended by the regulator/fund provider with a view to expedite approval process.

Liquidity Resiliency

The pandemic has introduced new scene in financial ecosphere with auto moratorium and new platform in doing business. The Bank must adapt to these new variables and ensuring liquidity resiliency. Against this backdrop the Bank's liquidity position remained adequate and key liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were above the prescribed minimum requirements. These are supported by the Bank comprehensive liquidity risk strategy and management.

The Bank accelerated its effort to enhance diversification in liability structure with the primary objective on stability of funding sources via growth in the customer deposits, interbank deposits, and medium-term funds. Besides, the Bank also initiates and implements strategic fund raising programs as well as institutes standby credit lines with external parties on a need basis.

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 and stress testing. The process of managing liquidity risk includes maintaining sufficient amount of 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, to meet its obligations in a timely manner and at a reasonable cost.

Information Security Management

The establishment of Chief Information Security (CIS) function was to inculcate good governance practices in technology and cyber risk through the implementation of Technology Risk Management Policy (TRMP) and Cyber Resilience Framework & Policy (CRFP), in line with Bank Negara Malaysia (BNM) Risk Management in Technology (RMiT). The TRMP and CRFP aim to set an appropriate technology standard against technology risks and cyberattacks. Through the Cyber Security Maturity Assessment, the Bank's cyber capabilities' target maturity was identified. A Cyber Security Strategic Plan (CSSP) was established to strengthen the Bank's cyber security posture through various initiatives covering all aspects of operations, IT and information management.

In ensuring service continuity, CIS had conducted several assessments and provide recommendations and improvements to safeguard the Bank's assets and ability to function immediately in the event of disaster and cyber-attack. Besides, CIS had actively participated in the Core Banking project through health check review and quality assurance throughout the project phases. Bank has successfully implemented the Core Banking project on 12 October 2020.



Risk Management Committee Report



The Bank had also embarked on a red team exercise that entails simulations of probable cyber-attacks to test the Bank’s cybersecurity infrastructure readiness and assess the ability to identify, protect, detect, respond and recover from cyber-attacks. Also conducted an on-going Cyber Security Compromise Assessment (CSCA) and Cyber Security Surveillance to assess the Bank’s cyber resiliency.

The Covid-19 pandemic has brought significant changes to the world. New normal is created as the people are coming to term with social distancing, working from home, remote working and digital banking. In view of the Movement Control Order (MCO) by the Government, Bank had initiated several actions to sustain and thrive during the pandemic, the effort is accelerated through the implementation of the registration of Bring Your Own Device (BYOD) and SSL Virtual Private Network (VPN) in supporting Work from Home.

Actively Monitor the Financial Instruments

Although economic turmoil associated with the COVID-19 pandemic has had wide-ranging and severe impacts upon financial markets, including stock, bond, currency and commodity (including crude oil and gold), Malaysia’s financial market conditions remained orderly despite significant market volatility surrounding the pandemic.

As a second line of defense, Treasury Risk Department consistently monitor the Bank’s financial instruments (Foreign Exchange (Forex), Money Market, Fixed Income and Equity) performance through identifying, measuring, monitoring and reporting the Market Risk limits such as Value at Risk (VaR), Management Action Trigger (MAT), stop loss and sensitivity limits on daily and monthly basis in order to ensure the trading is in or within the Bank risk parameter. This ongoing effort is crucial in order 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 translated into risk threshold which are approved by the Board. These risk thresholds align specific risk-taking activities with the overall risk appetite of the Bank and of its individual business units i.e. Treasury Sector.

The adherence or compliance of the Market Risk policy i.e. Trading Book Policy (TBPS), is to avoid undue concentration of market on profit rate risk, equity risk, foreign exchange risk, and commodity price risk. The guided policy is prepared with benchmark against the best market practices and adhere to regulatory requirement. The policy is intended for trading and non-trading activities. Treasury Risk Department is to ensure timely early warning when risk thresholds are to be reached or exceeded, hence allowing Treasury department to manage their exposure within the risk thresholds.

Integrated risk, trading, reporting and data solution for Treasury is essential to empower the Bank to remain resilient during the pandemic. For that reason, the Bank continues to invest resources into processes and system improvements, which help define and control inherent risks within the Bank. Therefore, enhancement initiatives on the Treasury system lead by IT team in collaboration with the Front, Middle and Back Office teams to ensure the current system used is at par with the industry practice and providing a working environment suited to address the Business Continuity Plan during the crisis.

Statement of
Internal Control



Responsibility

In line with BNM’s Policy Document on Corporate Governance, the Board acknowledges its responsibility to oversee the implementation of the Bank’s internal control framework. In fulfilling its fiduciary obligation, the Board is aware that it is imperative that the right tone is set at the top and the Board has consistently emphasized that control responsibilities must be taken seriously.

Apart from ensuring the establishment of a sound internal control system, an essential part of the Board’s responsibilities include reviewing the effectiveness and appropriateness of the internal control framework in light of material changes to the size, nature and complexity of the Bank’s operations. In order to form its view on the effectiveness of the internal control system, the Board would obtain the necessary assurance from the Management that appropriate policies have been implemented and that the controls in place are adequate and functioning effectively.

While the ‘tone at the top’ is set by the Board, it is the role of Management to implement the established policies and procedures. The Management is also responsible in identifying and evaluating the risks faced by the Bank and subsequently to design, operate and monitor an appropriate system of internal control.

In view of the inherent limitations in any risk management and internal control system, the Board takes cognisance that such a system can only provide reasonable, rather than absolute assurance to realise the Bank’s objectives and against any material financial misstatement, fraud or losses.

Key Internal Control System

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

Organisation Structure

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits and accountabilities, aligned with business and operations requirements to support the maintenance of a strong control environment. In order to fulfil its responsibilities effectively, the Board has delegated authority to various Board committees such as the Board Nomination and Remuneration Committee, Board Risk Committee, Board Financing Committee, Board Integrity & Governance Committee, and the Audit & Examination Committee to oversee specific responsibilities based on the approved terms of reference. Any change to the terms of reference for any Board committee requires the Board’s approval.

As a full-fledged Islamic financial institution incorporated in Malaysia, Bank Rakyat has also established the Shariah Committee to ensure all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries are Shariah compliant at all times.

Oversight by Audit & Examination Committee

The Audit & Examination Committee (“AEC”) is a committee, which comprises of only independent non-executive directors, established by the Board to assist in the execution of its governance and oversight responsibilities as well as to provide independent assurance to the Board that the risk management, internal control systems and governance processes are functioning effectively.

The AEC oversees the work and performance of the Internal Audit 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.



Statement of Internal Control

Management Committees

Various Management Committees (Executive-level) are established by the Management to assist and support the various Board Committees to oversee the core areas of business operations. These Committees include the Management Committee (MANCO), Management Risk Committee (MRC), Asset and Liability Committee (ALCO), Management Tender Committee (MTC), Information Technology Steering Committee (ITSC) etc.

Annual Business Plan and Budget

The Board deliberates and approves the annual business plan and budget for the year which are developed in line with the Bank’s strategic objectives. The performance achievements are reviewed periodically against the targeted results, allowing time for the appropriate responses and required remedial actions to be taken.

Second Line of 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

Risk Management performs independent oversight and management of risk and ensure the risk policies and parameters remained accommodative for business growth without transgressing the confine of the risk appetite framework. In promoting sound implementation of risk management at enterprise-level, the Bank’s Risk Management Framework has been established in tandem with the requirements by BNM Guidelines on Risk Governance. The Risk Management Framework shall be reviewed every two (2) years or as and when required due to changes in the internal or regulatory requirements.

Compliance

The Compliance Sector provides oversight, coordination, consultation and validation of the Bank’s state of regulatory, operational, Shariah as well as Anti-Money Laundering and Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 compliance. The Compliance Sector will assist and advise risk-taking functions and business units on matters relating to compliance with internal policies, legal and regulatory requirements. Compliance Sector is also committed to ensure Bank Rakyat’s operations are properly conducted with efforts to achieve the highest ethical standards and to comply with all regulatory requirements.

In accordance with BNM’s Policy Document on Shariah Governance, the Shariah Review Unit has been repositioned under the Compliance Sector to elevate the level of Shariah compliance.

Fraud Management Function

Fraud Management is established as an independent function, focusing on fraud management that plans, drives and executes bank-wide Fraud Management framework inclusive of Fraud Prevention, Fraud Detection and Fraud Response. Fraud Management would also propose effective recommendations / strategies to improve the fraud risk mitigations and meet the expectations of relevant stakeholders.

Corporate Integrity Function

Corporate Integrity (“CITG”) is a function that reports directly to the Board of Directors of Bank Rakyat. CITG is established to monitor, strengthen and re-engineer all drives and dynamism that can be utilised in business environment towards zero tolerance on corruption, fraud and malpractices.

Overall, CITG is responsible to implement four (4) core functions which include the followings:

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

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 & Examination Committee Report.

Whistleblowing Policy

The Bank is committed to the highest standard of integrity and accountability in the conduct of its affairs, businesses and operations. In achieving this standard, the Bank is further committed to protect the confidentiality of any person that reports their concerns of improper conduct without fear or risk of reprisal. This Policy sets out avenues for legitimate concern to be objectively investigated, addressed and that appropriate measures are taken.

Policies & 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 & Ethics

This Code sets the values and minimum standards for ethical business conduct aimed to inculcate ethical behaviour among the Bank’s employees. The Code complies with the laws of Malaysia as well as all internal policies and procedures of the Bank. All employees of the Bank are expected to perform business activities and represent the Bank with the highest ethical, legal and professional standards.



Statement of Internal Control

ABOUT US
BANK RAKYAT: A SNAPSHOT
FROM THE TOP
OUR LEADERSHIP TEAM
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION AND DIRECTORY



Other Internal Control Processes and Structures

- Branch Self-Assessment Audit Programme (“PeKA”)

PeKA is a checklist containing a collection of questions used to assist Branch Managers to obtain reasonable assurance, using auditing techniques, that the branch operations have been well operated and the internal control procedures established by the Management have been complied with. Branch Managers are required to maintain a revision file for the purpose of recording each procedure performed and storing of documents reviewed under the PeKA programme. The completed PeKA checklist shall be submitted on a quarterly basis to Internal Audit before or by the 15th day of the following month after the end of each quarter.

- Task Force Officers

Task Force Officers (“TFO”) act as Compliance Officers that provide monitoring which further strengthen the level of compliance at branches. The TFO are assigned at every region and are entrusted to perform site visits and review on branches under their purview to minimise regulatory, audit, compliance or Shariah findings.



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

- 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

- The appointment of the SC members must obtain prior written approval from BNM and BOD upon recommendation by the Nomination Committee.
- SC member must fulfill the ‘fit and proper’ criteria to become an SC as described in Shariah Governance Policy Document (SGPD/BNM) as follows :
 - the person is a Muslim individual.
 - 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
 - the person is either:
 - a Shariah qualified person; or
 - 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:

 - 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);
 - possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and
 - 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.
- The SC shall comprise of at least five (5) members as required by SGPD/BNM.
- Majority members in the SC shall have qualified Shariah background with at least bachelor’s degree in Shariah, which includes study in *usul fiqh* (origin of Islamic law) or *fiqh muamalat* (Islamic transaction/commercial law) from a recognised university.
- Chairman of the SC shall have qualified Shariah background.
- 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.

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 & 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 Advise the bank on the calculation, allocation and distribution of zakat and validate the list of zakat recipients' post-decision of JZPBA.
- 5.15 Abstain from making decision which is not in line with the ruling of SAC/BNM which may violate the Central Bank of Malaysia Act 2009.
- 5.16 Retreat of Shariah decision issued by SC in the event of issuance of new and/or revised Shariah resolutions and decisions made by SAC/BNM and SAC/SECCOM.
- 5.17 Harmonise the conflict between Shariah and legal approaches to gradually lead bank's practices towards the best globally accepted Shariah practices.
- 5.18 Inform BNM on SNC activities in the event they are not effectively or adequately addressed or no rectification measures are made by the bank.
- 5.19 Regularly inform the BOD on relevant Shariah matters.
- 5.20 Disclose sufficient information relating to Shariah as required by BNM in the Annual SC Report which is embedded in bank's annual report and endorse the annual report prior to publication.
- 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 bserve 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 & 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.

Accountable

The woven fabric is worn stylishly and elegantly. We created a brand personality that is superior and **accountable** for all walks of life.

R.A.K.Y.A.T



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
FOR THE YEAR ENDED 31 DECEMBER 2020**

Certificate on the Audit of the Financial Statements

Opinion

I have empowered a private audit firm to undertake an audit on the financial statements of the Bank Kerjasama Rakyat Malaysia Berhad. The financial statements comprise of Statements of Financial Position as at 31 December 2020 of the Group and of the Bank and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows 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 215.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS), Financial Reporting for Development Financial Institutions 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).

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 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 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 Malaysian Financial Reporting Standards (MFRS), Financial Reporting for Development Financial Institutions 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). The Board of Directors is also responsible for such internal control as it is necessary to enable the preparation of the Financial Statements of the Group and of the Bank 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'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 have to draw attention in my Auditor’s Certificate to the related disclosures in the Financial Statements of the Group and of the Bank or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the Auditor’s Certificate.
- e. Evaluate the overall presentation of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, including the disclosures and whether the Financial Statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

I also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Certificate on Other Legal and Regulatory Requirements

In accordance with the requirements of 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 for the Board of Directors in accordance with guidelines 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) and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(DATUK NIK AZMAN NIK ABDUL MAJID)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
18 MARCH 2021





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 2020 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: 8 February 2021



Annual Report of Shariah Committee of Bank Rakyat 2020

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 2020.

The Management of Bank Rakyat is responsible to ensure Bank Rakyat conducts its business in accordance with Shariah principles. 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.

During the financial year ended 31st December 2020, the Shariah Committee had convened 12 times of meeting in which we reviewed on products, services, transactions, processes and banking documentations.

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.

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.

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 Shariah contracts relating to the following products offered by Bank Rakyat in a year of 2020 as below:
 - i. Implementation of Pawn Broking Financing-i based on the concept of *Tawarruq* launched on 1st February 2020.
 - ii. Financing Program of Million Ringgit Coop League (MiRiCLe) launched on 10th March 2020.
 - iii. Special Financing Program of Micro-i (BR Cares) launched on 23rd March 2020.
 - iv. Financing Facility of Bank Negara Malaysia (BNM) Fund for Small & Medium Enterprises (SME) launched on 1st July 2020.
 - v. Financing Package of BR QasehBiz-i launched on 5th October 2020.
 - vi. Transformation of Bank Rakyat Core Banking System (CoBRa) launched on 12th October 2020.
2. 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

- 3. 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.
- 4. 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.
- 5. 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 co-operative 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.
- 6. 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.
- 7. Shariah Risk responsible to systematically identify, measure, monitor and control Shariah non-compliance risks, and therefore mitigate or minimise 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.
- 8. During the financial year of 2020, 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), 17 Rakyat Xcess & Ar-Rahnu X’Change and 4 Rakyat Xcess.
- c) Shariah Review Report on 5 Auto Finance Centre (AFC).
- d) Shariah Review Report on 62 corporate financing and cooperative financing application.
- e) Shariah Review Report on 11 Trade Finance application.
- f) Shariah Review Report on 24 departments of Bank Rakyat.
- g) Shariah Review Report on 2 SME branches of Bank Rakyat.
- h) Shariah Review Report on 14 Cooperatives (Credit and Ar-Rahnu).
- i) Shariah Review Report on Sincerely By Safuraa Company.
- j) Shariah Review Report on Rakyat Management Services Sdn Bhd.



Shariah Audit

- a) Shariah Audit Report on Review on Sale of Islamic Financing Accounts with Recourse to Cagamas Berhad.
- b) Shariah Audit Report on Banca Takaful: Review on Credit-Related Takaful Products.
- c) Shariah Audit Report on Limited Review on Renewal of Credit Card-i.
- d) Shariah Audit Report on e-Current Account-i.
- e) Shariah Audit Report on Shariah Review Department (Limited Review on Shariah Non-Compliance Reporting).
- f) Shariah Audit Report on Retail Rehabilitation Department (Review on Liquidation Process of Collateral for Home Financing).
- g) Shariah Audit Report on Shariah Research & Advisory Department (Limited Review on Shariah Advisory Process).
- h) Shariah Audit Report on Member’s Services Department (Review on Opening Process of New Shares Account).
- i) Shariah Audit Report on Shariah Development and Awareness Department (Shariah Development Unit).
- j) Shariah Audit Report on Collection Centre.
- k) Shariah Audit Report on Early Monitoring Department.
- l) Shariah Audit Report on Education Financing-i.
- m) Shariah Audit Report on Shariah Risk Management (Review on Risk and Control Self-Assessment (RCSA) Process).
- n) Shariah Audit Report on Home Financing-i (Review on Collateral Related to *Rahn* Contract).
- o) Shariah Audit Report on Auto Financing-i (Review on Collateral).
- p) Shariah Audit Report on Government & GLC (Business Development) Department.
- q) Shariah Audit Report on Risk Management Sector.
- r) Shariah Audit Report on Finance Sector.
- s) Shariah Audit Report on Human Capital Sector.
- t) Shariah Audit Report on Private (Business Development) Department.
- u) Shariah Audit Report on Transaction Corporate Banking Department.
- v) Shariah Audit Report on Bangsar Baru Branch (extraction of Audit Branch Report).
- w) Shariah Audit Report on SME (Business Development Department).
- x) Shariah Audit Report on Cooperative Financing (Business Development) Department.
- y) Shariah Audit Report on Business Rehabilitation Department.
- z) Shariah Audit Report on Legal (Corporate Financing & Documentation) Department.
- aa) Shariah Audit Report on Equity Investment Department.
- bb) Report on Follow-up of Unresolved Shariah Audit Finding for 2020.

Shariah Risk

- a) Shariah Risk Profiling 2019.

Shariah Training and Awareness

- 9. In the year of 2020, five (5) Shariah training and briefing sessions were conducted within Bank’s internal employees covering more than 150 of participants throughout nationwide with more than 10 training hours of total spent.
- 10. 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 organised by Training Academy Department.
- 11. 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 (Beginner) to enhance the awareness of employees on Shariah Compliance which resulting more than 95% participation of Bank Rakyat employees.
- 12. 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 all 147 branches were delegated to deliver a briefing session with branch employees regarding Shariah Compliance. The program was aimed to provide awareness to Business Support & 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.



13. Bank Rakyat has also committed to strengthen the level of understanding and knowledge within Shariah fraternity with execution of International Islamic Finance Conference Webinar 2020 program while also extending the recognition of Bank Rakyat as one of the thought-leader in Islamic Finance industry. Seven (7) Shariah Committee members together with eighteen (18) Shariah Compliance officers has attended a two (2) days robust webinar discussion with prominent Shariah scholars of worldwide Islamic Finance industry i.e. Sheikh Dr. Waleed bin Hadi, Sheikh Dr. Abdul Sattar Abdul Karim Mohammed Abu Ghuddah, Sheikh Dr. Nizam Mohamed Salih Yaquby, Sheikh Dr. Esam Kh Al Enezi, Sheikh Dr. Abdul Rahman Abdulla Abdul Hameed Saad Al-Saadi, Sheikh Dr. Abdul Aziz KH Al-Qassar, Sheikh Dr. Mousa Mustafa Al Qoudah, Sheikh Dr. Mohd Abdul Rahim Mohd Ali AlOlama dan Sheikh Dr. Ismail Halitoglu.

Shariah Non-Compliance Issue

14. For the financial year ended 31st December 2020, the Shariah non-compliance issues deliberated by us were as follows:
- a) Overcharge safekeeping fees for Ar-Rahnu product on delay for closing customer’s account after the payment received from Rakyat Management Services Sdn Bhd (RMS).
 - b) Error in the implementation of opening Pawn Broking Financing-i (*Tawarruq*) Account.
 - c) Error in the recording selling price on commodity certificate for Pawn Broking Financing-i (*Tawarruq*) product.
 - d) Absence of commodity sale transaction between the Bank and the customer at the second leg of *Tawarruq* transaction for Pawn Broking Financing-i (*Tawarruq*) product.
 - e) Payment of conventional insurance coverage of Vehicle Financing-i *An-Naqlu* 2.
15. All of the Shariah non-compliance events together with the rectification plans were presented to us and the Board of Directors for approval and was subsequently reported to Bank Negara Malaysia in accordance with the Shariah non-compliance reporting requirements imposed by the Islamic Financial Services Act 2013 (IFSA).
16. 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.
17. Within the financial year of 2020, the Bank received Shariah non-compliant income amounting of **RM54,285.30**. The amount was returned to the affected customers and part of it was disposed to the eligible beneficiaries for charitable purposes upon Shariah Committee’s approval.

Bank Rakyat Waqf Initiative

18. Bank Rakyat Waqf Collaboration product structure which has been approved by us is divided into two, as follows:
- a) Direct Cash Waqf

As at 31st December 2020, the total Cash Waqf received under MAIDAM Haemodialysis Centre in Terengganu is RM1,390,306.03 with the matching grant of RM29,544.14.
 - b) Indirect Cash Waqf

As at 31st December 2020, total Cash Waqf collection for Kolej Professional Baitulmal Kuala Lumpur (KPBKL) is RM136,788.64.
19. Jāriah al-Barakah is a new initiative of Bank Rakyat and Surau Al-Barakah created to support the *infaq* practices of Bank Rakyat employees as well as the muslim community which is structured based on the concept of Cash Waqf. Through this Jāriah al-Barakah platform, *infaq* management is implemented effectively and the total Cash Waqf collection for Jariah al-Barakah as at 31st December 2020 is **RM159,921.10**.



Zakat on Business

20. In the financial year of 2020, we confirmed that the bank has fulfilled its obligation to pay Zakat on its business for the profits earned in 2019 to Majlis Agama Islam Negeri nationwide amounting **RM15,861,721.00** 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).
21. For the Zakat Asnaf (own distribution), we confirmed that business Zakat of the bank was distributed accordingly for **RM17,131,034.00** to the eligible asnaf as guided by Policy and Procedure Business Zakat Management of Bank Rakyat that was approved by us.
22. In summary, we endorsed that Bank Rakyat has managed to pay Zakat on business for the year of 2019 in total sum of **RM32,992,755.00** and was distributed in total sum of **RM16,962,081.60** as at 31st December 2020.

Based on the report, **we opined that:**

- 1. The Shariah principles and contracts implemented on products listed in paragraph 1 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 realised 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 2020 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.

ATTENDANCE OF SHARIAH COMMITTEE MEETINGS IN 2020

Name of Committee Members	Attendance at Committee Meetings	Percentage of Attendance
SS Dato’ Setia Mohd Tamyas Abd Wahid	12/12	100%
Prof. Dato’ Dr. Mohd Azmi Omar	12/12	100%
Dr. Mohammad Zaini Yahaya	12/12	100%
Ust. Md. Yunus Abd. Aziz	06/06	100%
Ust. Wan Rumaizi Wan Husin	12/12	100%
Dr. Abdullaah Jalil	12/12	100%
Prof. Madya Dr. Azman Mohd Noor	12/12	100%



Annual Report of Shariah Committee
of Bank Rakyat 2020

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 2020 have been conducted in conformity with the Shariah principles.

SS DATO' SETIA HJ. MOHD TAMYES ABD WAHID
Chairman of Shariah Committee

USTAZ WAN RUMAIZI WAN HUSIN
Member of Shariah Committee

DR. ABDULLAAH JALIL
Member of Shariah Committee

PROF. DATO' DR. MOHD AZMI OMAR
Member of Shariah Committee

ASSOC. PROF. DR. AZMAN MOHD NOOR
Member of Shariah Committee

DR. MOHAMAD ZAINI YAHAYA
Member of Shariah Committee



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 8 February 2021.

NOR HAIMEE ZAKARIA

Before me:



ZULPAULI & EDHAM
NO. 24, JALAN PERUMAHAN GURNEY
54000 KUALA LUMPUR



Director's Report

DIRECTORS' REPORT

The Directors of Bank Kerjasama Rakyat Malaysia Berhad ("the Bank") have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2020.

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 Bank. The significant changes in the nature of the principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

RESULTS OF OPERATIONS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	1,435,821	1,405,049
Taxation	(33,558)	(28,938)
Zakat	(26,412)	(23,993)
Profit after taxation and zakat	1,375,851	1,352,118
Statutory appropriations	(401,109)	(401,109)
Profit for the year after statutory appropriations	974,742	951,009
Other comprehensive income	300,489	300,489
Total comprehensive income for the year	1,275,231	1,251,498
Total comprehensive income for the year attributable to: Equity holders of the Bank	1,275,231	1,251,498

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 2020, the Bank paid a cash dividend of 14% amounting to RM405 million in regard to the previous financial year ended 31 December 2019.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 13% amounting to approximately RM390 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 339 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 2020 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:

- 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
- 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:

- 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
- the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
- the amount reported in the financial statements of the Group and of the Bank misleading; and
- 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:

- 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
- 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
8 February 2021



Director's Report



Statements of
Financial Position

as at 31 December 2020

	Note	31.12.2020 RM'000	Group 31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Assets				
Cash and short-term funds	6	981,636	1,760,287	1,163,630
Deposits and placements with financial institutions	7	277,275	-	-
Financial investments at fair value through profit or loss	8	447,826	636,693	742,297
Financial investments at fair value through other comprehensive income	9	20,620,070	22,273,842	22,329,782
Financial investments at amortised cost	10	9,747,865	10,261,091	10,155,789
Financing and advances	11	76,083,198	71,194,796	69,196,615
Trade receivables	12	147	324	2,459
Other assets	13	947,839	1,139,698	1,132,604
Right-of-use assets	14	56,345	64,287	-
Inventories	15	3,457	6,790	8,018
Property and equipment	17	602,106	696,761	713,862
Intangible assets	18	471,005	294,321	265,294
Investment properties	19	1,353,684	1,322,726	1,214,812
Prepaid lease payments	20	60,628	59,182	60,708
Tax recoverable		97,492	93,169	5,780
Deferred tax assets	21	571	673	86,333
Total assets		111,751,144	109,804,640	107,077,983
Liabilities				
Deposits from customers	22	85,575,431	83,831,405	82,735,900
Deposits and placements from banks and financial institutions	23	150,000	1,300,000	824,000
Trade payables		1,374	1,652	2,840
Recourse obligations on financing sold to Cagamas	24	339,826	360,770	710,335
Debt securities issued	25	2,642,558	2,562,786	3,143,366
Cashline facility	26	400,870	200,607	-
Other liabilities	27	1,599,962	1,733,255	1,590,976
Provision for taxation		33	110	18
Deferred tax liabilities	21	92,702	80,017	4,064
Total liabilities		90,802,756	90,070,602	89,011,499
Shareholders' fund				
Share capital	28	2,986,030	2,986,030	2,986,030
Share redemption fund		9,977	9,860	19,104
Reserves	29	17,952,381	16,738,148	15,061,350
Total shareholders' fund		20,948,388	19,734,038	18,066,484
Total liabilities and shareholders' fund		111,751,144	109,804,640	107,077,983
Commitments and contingencies	40	2,697,856	2,340,818	2,796,414



Statements of
Financial Position

as at 31 December 2020 (Continued)

	Note	31.12.2020 RM'000	Bank 31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Assets				
Cash and short-term funds	6	981,180	1,759,669	1,161,454
Deposits and placements with financial institutions	7	277,275	-	-
Financial investments at fair value through profit or loss	8	447,826	636,693	742,297
Financial investments at fair value through other comprehensive income	9	20,620,062	22,273,834	22,329,773
Financial investments at amortised cost	10	9,747,865	10,261,091	10,155,789
Financing and advances	11	76,285,365	71,269,715	69,196,615
Other assets	13	924,408	1,121,584	1,097,380
Right-of-use assets	14	74,930	90,230	-
Investment in subsidiaries	16	100,744	100,744	100,744
Property and equipment	17	507,166	598,167	621,876
Intangible assets	18	457,820	281,136	252,109
Investment properties	19	939,305	1,008,047	1,005,948
Prepaid lease payments	20	60,628	59,182	60,708
Tax recoverable		94,053	90,667	3,267
Deferred tax assets	21	-	-	86,000
Total assets		111,518,627	109,550,759	106,813,960
Liabilities				
Deposits from customers	22	85,575,431	83,831,405	82,735,900
Deposits and placements from banks and financial institutions	23	150,000	1,300,000	824,000
Recourse obligations on financing sold to Cagamas	24	339,826	360,770	710,335
Debt securities issued	25	2,642,558	2,562,786	3,143,366
Cashline facility	26	400,870	200,607	-
Other liabilities	27	1,811,536	1,898,402	1,711,453
Deferred tax liabilities	21	80,000	69,000	-
Total liabilities		91,000,221	90,222,970	89,125,054
Shareholders' fund				
Share capital	28	2,986,030	2,986,030	2,986,030
Share redemption fund		9,977	9,860	19,104
Reserves	29	17,522,399	16,331,899	14,683,772
Total shareholders' fund		20,518,406	19,327,789	17,688,906
Total liabilities and shareholders' fund		111,518,627	109,550,759	106,813,960
Commitments and contingencies	40	2,697,856	2,340,818	2,796,414

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 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Income	30	6,082,473	6,534,794	6,062,235	6,460,770
Expenditure	31	(2,669,129)	(3,327,879)	(2,655,077)	(3,259,395)
Net income		3,413,344	3,206,915	3,407,158	3,201,375
Allowances for impairment	32	(876,311)	(549,378)	(879,467)	(559,105)
Other operating income	33	470,545	581,182	468,255	552,677
Operating expenses	34	(1,571,757)	(1,410,462)	(1,590,897)	(1,408,892)
Profit before taxation and zakat		1,435,821	1,828,257	1,405,049	1,786,055
Taxation	35	(33,558)	(169,724)	(28,938)	(158,918)
Zakat	36	(26,412)	(39,184)	(23,993)	(36,459)
Profit after taxation and zakat		1,375,851	1,619,349	1,352,118	1,590,678
Statutory appropriations	37				
Transfer to statutory reserve: 25% (2019: 25%)		(344,028)	(406,784)	(344,028)	(406,784)
Contribution to the Co-operative Education Trust Fund: 2% (2019: 2%)		(28,101)	(35,721)	(28,101)	(35,721)
Contribution to the Co-operative Development Provident Fund: 1% (2019: 1%)		(14,050)	(17,861)	(14,050)	(17,861)
Contribution to Bank Rakyat Foundation		(14,930)	(14,930)	(14,930)	(14,930)
		(401,109)	(475,296)	(401,109)	(475,296)
Profit for the year		974,742	1,144,053	951,009	1,115,382



Statements of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2020 (Continued)

	Note	Group		Bank	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Net gain on revaluation of financial investments at fair value through other comprehensive income	29(iii)	300,489	504,566	300,489	504,566
		300,489	504,566	300,489	504,566
Total comprehensive income for the year		1,275,231	1,648,619	1,251,498	1,619,948
Earnings per share (RM)					
Basic	38	0.46	0.54	-	-

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

Statements of Changes In Equity

for the Year Ended 31 December 2020

	Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	
Group					
At 1 January 2019, as previously reported	2,986,030	19,104	6,535,696	8,332,894	17,873,724
Prior year adjustments (Note 46)	-	-	-	192,760	192,760
At 1 January 2019, as restated	2,986,030	19,104	6,535,696	8,525,654	18,066,484
Profit after taxation and zakat	-	-	-	1,619,349	1,619,349
Transfer to statutory reserve	-	-	-	(406,784)	(406,784)
Contribution to the Co-operative Education Trust Fund	-	-	-	(35,721)	(35,721)
Contribution to the Co-operative Development Provident Fund	-	-	-	(17,861)	(17,861)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,144,053	1,144,053
Other comprehensive income	-	-	504,566	-	504,566
Total comprehensive income for the year	-	-	504,566	1,144,053	1,648,619
Transfer from retained profits	-	-	406,784	-	406,784
Issuance to new member	13,840	-	-	-	13,840
Share withdrawal	(23,084)	-	-	-	(23,084)
Transfer to share capital	9,244	(9,244)	-	-	-
Dividends (Note 39)	-	-	-	(378,973)	(378,973)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	368	368
At 31 December 2019	2,986,030	9,860	7,447,046	9,291,102	19,734,038
	Note 28		Note 29	Note 29	

Statements of Changes In Equity

for the Year Ended 31 December 2020 (Continued)

	Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	
Group					
At 1 January 2020, as previously reported	2,986,030	9,860	7,450,144	9,108,674	19,554,708
Prior year adjustments (Note 46)	-	-	(3,098)	182,428	179,330
At 1 January 2020, as restated	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 2020 (Continued)

	Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	
Bank					
At 1 January 2019, as previously reported	2,986,030	19,104	6,536,437	7,954,575	17,496,146
Prior year adjustments (Note 46)	-	-	-	192,760	192,760
At 1 January 2019, as restated	2,986,030	19,104	6,536,437	8,147,335	17,688,906
Profit after taxation and zakat	-	-	-	1,590,678	1,590,678
Transfer to statutory reserve	-	-	-	(406,784)	(406,784)
Contribution to the Co-operative Education Trust Fund	-	-	-	(35,721)	(35,721)
Contribution to the Co-operative Development Provident Fund	-	-	-	(17,861)	(17,861)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,115,382	1,115,382
Other comprehensive income	-	-	504,566	-	504,566
Total comprehensive income for the year	-	-	504,566	1,115,382	1,619,948
Transfer from retained profits	-	-	406,784	-	406,784
Issuance to new member	13,840	-	-	-	13,840
Share withdrawal	(23,084)	-	-	-	(23,084)
Transfer to share capital	9,244	(9,244)	-	-	-
Dividends (Note 39)	-	-	-	(378,973)	(378,973)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	368	368
At 31 December 2019	2,986,030	9,860	7,447,787	8,884,112	19,327,789
	Note 28		Note 29	Note 29	



Statements of Changes In Equity

for the year 31 December 2020 (Continued)

	Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	
Bank					
At 1 January 2020, as previously reported	2,986,030	9,860	7,450,885	8,701,684	19,148,459
Prior year adjustments (Note 46)	-	-	(3,098)	182,428	179,330
At 1 January 2020, as restated	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	

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



Statements of Cash Flows

for the Year Ended 31 December 2020

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Cash flows generated from/(used in) operating activities				
Profit for the year	974,742	1,144,053	951,009	1,115,382
Adjustment for:				
Transfer to statutory reserve	344,028	406,784	344,028	406,784
Contribution to the Co-operative Education Trust Fund	28,101	35,721	28,101	35,721
Contribution to the Co-operative Development Provident Fund	14,050	17,861	14,050	17,861
Contribution to Bank Rakyat Foundation	14,930	14,930	14,930	14,930
Taxation	33,558	169,724	28,938	158,918
Zakat	26,412	39,184	23,993	36,459
Profit expense on debt securities issued (Note 31)	110,616	127,971	110,616	127,971
Allowance for impairment on financing and advances (Note 32)	877,644	551,880	880,800	561,607
Writeback for impairment on financial investment at fair value through other comprehensive income (Note 32)	(100)	(201)	(100)	(201)
Writeback for impairment on financial investments at amortised cost (Note 32)	(1,233)	(2,301)	(1,233)	(2,301)
Depreciation of property and equipment (Note 34(ii))	45,897	58,945	42,883	55,173
Depreciation of right-of-use assets (Note 34(ii))	19,731	18,252	24,903	23,808
Amortisation of prepaid lease payment (Note 34(ii))	1,542	1,526	1,542	1,526
Amortisation of intangible assets (Note 34(ii))	29,954	24,146	29,954	24,146
Finance cost on lease liabilities (Note 34(ii))	1,314	2,578	2,160	3,604
Property and equipment written off (Note 34(ii))	329	81	101	81
Gain on disposal of property and equipment (Note 33(ii))	(18)	(785)	-	(31)
Loss on financing written off (Note 34(ii))	11,633	14,221	11,633	14,221
Impairment of trade and other receivables (Note 34(ii))	49,361	20,442	49,438	26,945
Gain on revaluation of investment properties (Note 33(ii))	-	(30,421)	-	(2,913)



Statements of Cash Flows

for the Year Ended 31 December 2020 (Continued)

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Cash flows generated from/(used in) operating activities (continued)				
Adjustment for: (continued)				
Loss on revaluation of investment properties (Note 34(ii))	49,084	-	68,742	-
Writeback for impairment on trade receivables (Note 33(ii))	(33)	(181)	-	-
Net gain on disposal of financial investments at fair value through profit or loss (Note 33(ii))	(18,852)	(30,702)	(18,852)	(30,702)
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 33(ii))	(120,305)	(2,990)	(120,305)	(2,990)
Net loss/(gain) on revaluation of financial investments at fair value through profit or loss (Note 33(ii))	50,722	(26,560)	50,722	(26,560)
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)	17,631	26,844	17,631	26,844
Profit expense on cashline facility (Note 31)	2,858	607	2,858	607
Dividend from financial investments at fair value through profit or loss (Note 33(ii))	(18,580)	(19,406)	(18,580)	(19,406)
Operating profit before working capital changes	2,544,090	2,562,203	2,539,036	2,567,484
Decrease/(Increase) in assets:				
Deposits and placements with financial institutions	(207,216)	-	(207,216)	-
Financing and advances	(5,782,830)	(2,553,169)	(5,913,234)	(2,637,815)
Trade receivables	177	1,834	-	-
Other assets	142,531	(27,054)	147,738	(51,149)
Inventories	3,333	1,228	-	-
(Decrease)/Increase in liabilities:				
Deposits from customers	1,744,026	1,095,505	1,744,026	1,095,505
Deposits and placements from banks and financial institutions	(1,150,000)	476,000	(1,150,000)	476,000
Trade payables	(278)	(1,188)	-	-
Recourse obligations on financing sold to Cagamas	(38,575)	(376,409)	(38,575)	(376,409)



Statements of
Cash Flows

for the Year Ended 31 December 2020 (Continued)

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Cash flows generated from/(used in) operating activities (continued)				
Other liabilities	(204,598)	(10,845)	(153,339)	16,030
Cash (used in)/generated from operations activities	(2,949,340)	1,168,105	(3,031,564)	1,089,646
Income tax paid	(25,171)	(104,945)	(21,324)	(99,348)
Tax refund	-	9,537	-	8,030
Zakat paid	(35,195)	(32,143)	(32,736)	(31,059)
Net cash (used in)/generated from operating activities	(3,009,706)	1,040,554	(3,085,624)	967,269
Cash flows generated from/(used in) investing activities				
Purchases of financial investments at fair value through profit or loss	(1,720,000)	(2,390,000)	(1,720,000)	(2,390,000)
Proceed from disposal of financial investments at fair value through profit or loss	1,876,997	2,552,866	1,876,997	2,552,866
Purchases of financial investments at fair value through other comprehensive income	(2,660,000)	(1,935,000)	(2,660,000)	(1,935,000)
Proceed from disposal of financial investments at fair value through other comprehensive income	4,734,666	2,498,696	4,734,666	2,498,696
Purchases of financial investments at amortised cost	(3,210,000)	(3,808,000)	(3,210,000)	(3,808,000)
Proceeds from disposal of financial investments at amortised cost	3,725,385	3,704,999	3,725,385	3,704,999
Purchase of investment properties	(80,042)	(89,567)	-	-
Proceeds from disposal of investment properties	-	1,385	-	814
Purchase of property and equipment	(16,991)	(32,163)	(16,845)	(31,647)
Purchase of intangible assets	(144,789)	(53,174)	(144,789)	(53,174)
Proceeds from disposal of property and equipment	601	1,712	25	133
Proceeds from disposal of intangible assets	-	1	-	1
Purchase of right-of-use assets	(11,789)	(24,781)	(9,603)	(31,586)
Dividend from financial investments at fair value through profit or loss	18,580	19,406	18,580	19,406
Net cash generated from investing activities	2,512,618	446,380	2,594,416	527,508



Statements of
Cash Flows

for the Year Ended 31 December 2020 (Continued)

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Cash flows generated from/(used in) financing activities				
Proceeds from issue of shares to members	24,485	13,840	24,485	13,840
Dividend paid	(405,484)	(378,973)	(405,484)	(378,973)
Fund received from government	23,885	2,649	23,885	2,649
Proceeds from debt securities issued	700,000	-	700,000	-
Payment of profit expenses on debt securities issued	(730,844)	(708,551)	(730,844)	(708,551)
Repayment of lease liabilities	(20,951)	(19,242)	(26,669)	(25,527)
Repayment of cashline facility	(202,595)	-	(202,595)	-
Receipt of cashline facilities	400,000	200,000	400,000	200,000
Net cash used in financing activities	(211,504)	(890,277)	(217,222)	(896,562)
Net (decrease)/increase in cash and cash equivalents	(708,592)	596,657	(708,430)	598,215
Cash and cash equivalents at beginning of the year	1,760,287	1,163,630	1,759,669	1,161,454
Cash and cash equivalents at end of the year	1,051,695	1,760,287	1,051,239	1,759,669
Cash and cash equivalents comprises:				
Cash and short-term funds (Note 6)	981,636	1,760,287	981,180	1,759,669
Deposits and placements with financial institutions (Note 7)	277,275	-	277,275	-
	1,258,911	1,760,287	1,258,455	1,759,669
Less:				
Cash and short-term funds and deposits and placements with original maturity of more than three months	(207,216)	-	(207,216)	-
	1,051,695	1,760,287	1,051,239	1,759,669

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



Notes to the Financial Statements

for the Year Ended 31 December 2020

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 Bank. The significant changes in the nature of the principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The Bank has a total of 147 branches as of 31 December 2020 (2019: 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 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

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)*

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

ABOUT US
BANK RAKYAT: A SNAPSHOT
FROM THE TOP
OUR LEADERSHIP TEAM
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION AND DIRECTORY



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.

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 as held-for-sale in accordance with MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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.

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.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Business combinations (continued)

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 statement 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.

3.5 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

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 instrument. 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.

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.



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)

(a) Business model assessment (continued)

- 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).
- 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 repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPP assessment, the Group and the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.



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)

(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.

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 statement of financial position at fair value. Changes in fair value are recognised in the income statements under the heading of ‘other operating income’.



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)

(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*.

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.



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)

- (i) Determining a significant increase in credit risk since initial recognition (continued)

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.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank has 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.



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)

(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”)
- 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 based on subject matter expert’s best judgement from current economic conditions.

(vi) Valuation for Stage 3 ECL

The Group and the Bank’s accounting policy for collateral assigned to it through its lending arrangements under MFRS 9 is the same as it was under MFRS 139.

3.5.1.4 Rescheduled and restructured financing

Where a financing shows evidence of credit weaknesses, the Group and the Bank may seek to renegotiate the financing rather than to take possession of collateral. This may involve an extension of the payment arrangements via rescheduling or the renegotiation of new financing terms and conditions via restructuring. Management monitors the renegotiated financing to ensure that all the revised terms are met and that the payments are made promptly for a continuous period. Where an impaired financing is renegotiated, the customer must adhere to the revised and/or restructured payment terms for a continuous period of six months before the financing is classified as non-impaired. This financing continues to be subjected to ECL individually or collectively assessed.

3.5.1.5 Modification of financing (Policy applicable from 1 January 2020 to 31 December 2021)

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 two financial years beginning on or after 1 January 2020 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these two financial years. The Group and the Bank elected to adopt the modified accounting treatment.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition. The Group and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cashflows at the revised effective profit rate.



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
- 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 did not reclassify its financial assets.



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 collateralised borrowing 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 borrowed funds.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.6 Derecognition of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group’s and the Bank’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

3.5.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on Bursa Malaysia and broker quotes from Bond Pricing Agency.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. Under these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, and using inputs existing at the end of the reporting period.

The fair value for financing and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

3.6 Cash and cash equivalents

Cash and short term funds in the statement 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 statement 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 assesses 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 uses the definition of a lease in MFRS 16.

(a) Group as lessor

The Group and the Bank enters 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.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(a) Group as lessor (continued)

When the Group and 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 and the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as part of ‘Other operating income’ (Note 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 applies 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 recognises 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 incurs 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 expects 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 equipments	1 - 2 years

The right-of-use assets are presented as a separate line in the statements of financial position.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

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

The Group and the Bank applies MFRS 136, *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.20 Impairment of non-financial assets.

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group and the Bank allocates 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 penalties 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 presents 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 uses finance rate implicit in the lease. If this rate cannot be readily determined, the lessees uses its incremental borrowing 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 did not make any such adjustments during the periods presented.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

(iii) Short-term leases and leases of low-value assets

The Group and the Bank applies the short-term lease recognition exemption to its short-term leases of parking space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.8 Borrowing costs

Borrowing 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 borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing 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 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 considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Investment properties (continued)

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 accounts 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.

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.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Intangible assets (continued)

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses, except software-in-development which is not subject to amortisation until the development is completed and the asset is available for use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives recognised in the income statements in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in income statements when the asset are derecognised.

Amortisation of intangible assets are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Computer software	5 years
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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 5 to 861 years (2019: 6 to 862 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Inventories

Inventories are valued at the lower of cost (determined using the first-in, first out method) and net realisable value. The cost of inventories comprises the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion. In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the ‘specific identification’ method.

3.15 Profit income and expense

For all financial instruments measured at amortised cost and profit-bearing financial assets classified as fair value through profit or loss and fair value through other comprehensive income, income and expense are recognised under “Income” and “Expenditure” respectively using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating the profit income or expense over the relevant period. The effective profit rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The calculation takes into account all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. Significant fees and transaction costs integral to the effective profit rate, as well as premiums or discounts are also considered.

For impaired assets where the value of the financial assets has been written down as a result of an impairment loss, profit income continues to be recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

3.16 Fee and commission income

Financing arrangement fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of sales and service tax and discounts on completion of each stage of the assignment.

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax

3.18.1 Current income tax

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3.18.2 Deferred income tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their current tax assets and liabilities on a net basis.

3.19 Employee benefits

3.19.1 Defined contribution plan

For defined contribution plan, the Group and the Bank pay contributions to Employees Provident Fund (“EPF”) on a mandatory basis. The Group and the Bank have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.21 Zakat

In computing for zakat, the Group and the Bank have been applying the growth capital method based on the rate of 2.5%. This method applies the rate on owners' equity, long term liability, net of fixed assets and non-current assets, and subjected to allowable adjustments.

It is an obligatory amount payable on the business on behalf of the shareholders and/or business entity depending on the ownership characteristics.

Zakat is distributed according to Shariah principle and being extended through Islamic Religious Council of the respective states and other rightful beneficiaries or asnaf.

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.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's and the Bank's results and financial situation due to their materiality.

4.1 Impairment losses on financing and advances

The Group and the Bank review their financing and advances portfolio to determine whether impairment losses should be recognised in profit or loss.

Financing is considered as impaired when there is objective evidence of impairment as a result of loss event that has affected future estimated cash flows of the financing subsequent to its initial recognition.

Components of impairment allowance are as follows:

(i) ECL individually assessed

Where an account has exceeded certain number of arrears or when the account has fulfilled certain criteria that indicates credit weaknesses, the account is individually assessed for impairment.

Individual allowance is measured as the difference between carrying amount of the financing and present value of estimated future cash flows that are discounted at the effective profit rate.

Expectation on future cash flows is established by applying the best estimate formed on reliable and objective evidence. This process involves significant and reasonable judgement.

(ii) ECL collectively assessed

The Group and the Bank's ECL calculations under MFRS 9 are outputs of complex models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Criteria for assessing if there has been a significant increase in credit risk, which includes qualitative assessment, to determine whether financial assets should be measures on lifetime ECL basis rather than 12-month ECL basis
- The segmentation of financial assets, when their ECL is assessed on a collective basis
- Development of ECL models, including various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios, and economic inputs, such as unemployment levels and overnight pricing rate, and their effect on PDs, EADs, and LGDs
- 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.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment of financial assets portfolio (continued)

In carrying out the impairment review, the following management’s judgements are required:

- (i) Determination whether the investment is impaired based on certain indicators such as, among others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of ECL that reflect:
 - (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - (b) The time value of money; and
 - (c) Reasonable and supportable information, that is available without undue cost or effort, as at the reporting date about past events, current conditions, and forecasts of future economic conditions.

4.3 Fair value estimation of financial assets at FVTPL and financial investments at FVOCI

When the fair value of financial assets recorded in the statement 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 determines 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 has several lease contracts that include extension and termination options. The Group and the Bank applies 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 reassesses 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.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.5 Determine the lease term of contracts with renewal and termination options - Group as lessee (continued)

The Group and the Bank included 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 exercises its option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available. The renewal periods for leases of buildings with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 14 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

5. CHANGES IN REGULATORY REQUIREMENTS

Based on the BNM’s revised guideline on Financial Reporting for Development Financial Institutions, the prescribed development financial institutions (“DFIs”) 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 two financial years beginning on or after 1 January 2020 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these two 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:

As at 31 December 2020	Group and Bank RM’000
Financing and Advances	
Closing balance under MFRS	78,083,444
Modification loss	349,430
Adjustment of income	(61,941)
Closing balance under modified accounting treatment	78,370,933
For the Year Ended 31 December 2020	Group and Bank RM’000
Income	
Year ended balance under MFRS	4,495,905
Modification loss	349,430
Adjustment of income	(61,941)
Year ended balance under modified accounting treatment	4,783,394



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and balances with banks and other financial institutions	881,621	1,060,218	881,165	1,059,600
Money at call and deposit placements maturing within one month	100,015	700,069	100,015	700,069
	981,636	1,760,287	981,180	1,759,669

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and short-term funds	981,636	1,760,287	981,180	1,759,669

7. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	2020 RM'000	2019 RM'000
Licensed banks	277,275	-

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

	Group and Bank	
	2020 RM'000	2019 RM'000
Maturity less than 3 months	70,059	-
More than 3 months	207,216	-
	277,275	-



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	2020 RM'000	2019 RM'000
Debt instruments at fair value through profit or loss:		
Government investment issues	89,942	157,486
Islamic redeemable convertible preference shares	213,200	211,282
	303,142	368,768
Equity securities at fair value through profit or loss:		
Quoted shares	144,684	266,325
Unit trust shares	-	1,600
	144,684	267,925
Total financial investments at fair value through profit or loss	447,826	636,693

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	4,764,843	4,608,879	4,764,843	4,608,879
Government investment issues	6,034,142	9,100,909	6,034,142	9,100,909
Government sukuk	7,703,704	6,134,061	7,703,704	6,134,061
Khazanah sukuk	235,038	229,607	235,038	229,607
Cagamas sukuk	1,824,378	2,153,540	1,824,378	2,153,540
	20,562,105	22,226,996	20,562,105	22,226,996
Equity securities at fair value through other comprehensive income:				
Unquoted shares	57,965	46,846	57,957	46,838
	57,965	46,846	57,957	46,838
Total financial investments at fair value through other comprehensive income	20,620,070	22,273,842	20,620,062	22,273,834



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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 2019	475
Changes in credit risk (Note 32(ii))	(201)
At 31 December 2019/1 January 2020	274
Changes in credit risk (Note 32(ii))	(100)
At 31 December 2020	174

The decrease in ECL Stage 1 of RM100,000 is due to decrease in gross carrying amount during the financial year.

The maturity structure of the debt instruments is as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Maturity within one year	3,809,671	3,328,944
More than one year to five years	10,936,085	12,994,107
More than five years	5,816,349	5,903,945
	20,562,105	22,226,996



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

10. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2020 RM'000	2019 RM'000
At amortised cost		
Islamic debt securities	572,783	735,102
Government investment issues	5,480,409	5,480,591
Government sukuk	2,923,692	2,900,312
Khazanah sukuk	240,070	304,401
Cagamas sukuk	449,617	711,149
Negotiable Islamic debt certificates	99,984	99,599
Islamic commercial papers	-	49,860
	9,766,555	10,281,014
Less: Allowance for ECL		
Negotiable Islamic debt certificates	(2)	(17)
Islamic debt securities	(18,688)	(19,906)
	9,747,865	10,261,091

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 2019	55	22,169	22,224
Changes in credit risk (Note 32(ii))	39	(2,340)	(2,301)
At 31 December 2019 / 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	39	18,651	18,690

The decrease in ECL Stage 1 of RM55,000 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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

10. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

The maturity structure of the instruments is as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Maturity within one year	1,731,426	1,898,226
More than one year to five years	3,450,553	4,884,628
More than five years	4,584,576	3,498,160
	9,766,555	10,281,014

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept

Group 31.12.2020	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



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Group 31.12.2019 (Restated)	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	20,762,085	-	-	-	-	-	35,017,085	55,779,170
- House financing	-	1,011,660	-	-	452,902	-	5,173,859	6,638,421
- Hire-purchase receivables	-	-	-	-	-	1,845,108	9,522	1,854,630
- Syndicated financing	-	-	-	-	237,085	-	-	237,085
- Bridging financing	-	-	-	-	283,521	-	-	283,521
- Other term financing	66,250	4,979	-	18	3,233,099	-	1,333,355	4,637,701
Pawn broking	-	-	1,944,649	-	-	-	-	1,944,649
Cashline	-	-	-	-	-	-	66,503	66,503
Revolving credit	-	-	-	-	347,700	-	-	347,700
Credit card	-	-	-	-	-	-	406,699	406,699
Staff financing	-	458,250	-	-	-	-	-	458,250
	20,828,335	1,474,889	1,944,649	18	4,554,307	1,845,108	42,007,023	72,654,329
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(240,394)
Stage 2 - lifetime ECL not credit impaired								(399,011)
Stage 3 - lifetime ECL credit impaired								(820,128)
Net financing and advances								71,194,796



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Group 01.01.2019 (Restated)	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	23,873,401	-	-	-	-	-	31,225,721	55,099,122
- House financing	-	1,160,961	-	-	359,162	-	4,381,897	5,902,020
- Hire-purchase receivables	-	-	-	-	-	1,573,656	895	1,574,551
- Syndicated financing	-	-	-	-	356,259	-	-	356,259
- Bridging financing	-	-	-	-	232,863	-	-	232,863
- Other term financing	78,869	5,707	-	24	3,169,491	15	1,219,133	4,473,239
Pawn broking	-	-	1,728,090	-	-	-	-	1,728,090
Revolving credit	-	-	-	-	367,287	-	-	367,287
Credit card	-	-	-	-	-	-	444,036	444,036
Staff financing	-	425,103	-	-	-	-	-	425,103
	23,952,270	1,591,771	1,728,090	24	4,485,062	1,573,671	37,271,682	70,602,570
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(428,562)
Stage 2 - lifetime ECL not credit impaired								(119,059)
Stage 3 - lifetime ECL credit impaired								(858,334)
Net financing and advances								69,196,615



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank 31.12.2020	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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank 31.12.2019 (Restated)	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	20,762,085	-	-	-	-	-	35,017,085	55,779,170
- House financing	-	1,011,660	-	-	537,548	-	5,173,859	6,723,067
- Hire-purchase receivables	-	-	-	-	-	1,845,108	9,522	1,854,630
- Syndicated financing	-	-	-	-	237,085	-	-	237,085
- Bridging financing	-	-	-	-	283,521	-	-	283,521
- Other term financing	66,250	4,979	-	18	3,233,099	-	1,333,355	4,637,701
Pawn broking	-	-	1,944,649	-	-	-	-	1,944,649
Cashline	-	-	-	-	-	-	66,503	66,503
Revolving credit	-	-	-	-	347,700	-	-	347,700
Credit card	-	-	-	-	-	-	406,699	406,699
Staff financing	-	458,250	-	-	-	-	-	458,250
	20,828,335	1,474,889	1,944,649	18	4,638,953	1,845,108	42,007,023	72,738,975
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(250,121)
Stage 2 - lifetime ECL not credit impaired								(399,011)
Stage 3 - lifetime ECL credit impaired								(820,128)
Net financing and advances								71,269,715



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank 01.01.2019 (Restated)	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	23,873,401	-	-	-	-	-	31,225,721	55,099,122
- House financing	-	1,160,961	-	-	359,162	-	4,381,897	5,902,020
- Hire-purchase receivables	-	-	-	-	-	1,573,656	895	1,574,551
- Syndicated financing	-	-	-	-	356,259	-	-	356,259
- Bridging financing	-	-	-	-	232,863	-	-	232,863
- Other term financing	78,869	5,707	-	24	3,169,491	15	1,219,133	4,473,239
Pawn broking	-	-	1,728,090	-	-	-	-	1,728,090
Revolving credit	-	-	-	-	367,287	-	-	367,287
Credit card	-	-	-	-	-	-	444,036	444,036
Staff financing	-	425,103	-	-	-	-	-	425,103
	23,952,270	1,591,771	1,728,090	24	4,485,062	1,573,671	37,271,682	70,602,570
Allowance for ECL on financing and advances:								
Stage 1 - 12 month ECL								(428,562)
Stage 2 - lifetime ECL not credit impaired								(119,059)
Stage 3 - lifetime ECL credit impaired								(858,334)
Net financing and advances								69,196,615



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Assets funded under *ljarah* financing are owned by the Bank throughout the tenure of the *ljarah* 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 *ljarah* financing contract.

Included in the Group's and the Bank's financing and advances as at 31 December 2020 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 RM22,695,481.

(ii) Financing and advances analysed by geographical distribution

	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Group			
Central Region	24,603,382	28,961,249	28,319,520
Southern Region	11,638,991	10,805,771	10,297,657
Eastern Region	12,954,657	11,044,237	10,878,396
Northern Region	14,720,306	8,497,340	8,192,676
East Malaysia Region	14,238,547	13,345,732	12,914,321
	78,155,883	72,654,329	70,602,570
Bank			
Central Region	24,818,432	29,045,895	28,319,520
Southern Region	11,638,991	10,805,771	10,297,657
Eastern Region	12,954,657	11,044,237	10,878,396
Northern Region	14,720,306	8,497,340	8,192,676
East Malaysia Region	14,238,547	13,345,732	12,914,321
	78,370,933	72,738,975	70,602,570



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

(iii) Financing and advances analysed by economic sector

	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Group			
Purchase of securities	19,666	1,815	45,169
Purchase of non-residential property	157,446	819,427	185,989
Consumption credit	72,559,044	67,747,671	66,154,454
Agriculture	86,249	62,930	100,667
Mining & quarrying	605	-	-
Manufacturing	34,125	141,538	120,681
Electricity, gas and water	10,873	990	182
Construction	1,003,218	749,671	906,750
Wholesale and retail trade	674,482	232,079	167,938
Transportation and communication	24,917	85,094	80,817
Financial, takaful and business services	3,083,166	2,614,553	2,560,520
Community, social and personal services	502,092	198,561	279,403
	78,155,883	72,654,329	70,602,570
Bank			
Purchase of securities	19,666	1,815	45,169
Purchase of non-residential property	157,446	819,427	185,989
Consumption credit	72,559,044	67,747,671	66,154,454
Agriculture	86,249	62,930	100,667
Mining & quarrying	605	-	-
Manufacturing	34,125	141,538	120,681
Electricity, gas and water	10,873	990	182
Construction	1,003,218	749,671	906,750
Wholesale and retail trade	674,482	232,079	167,938
Transportation and communication	24,917	85,094	80,817
Financial, takaful and business services	3,298,216	2,699,199	2,560,520
Community, social and personal services	502,092	198,561	279,403
	78,370,933	72,738,975	70,602,570



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

(iv) Financing and advances analysed by remaining contractual maturity

	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Group			
Maturity within one year	1,910,855	2,688,247	2,893,797
More than one year to three years	3,017,360	2,233,599	1,613,276
More than three years to five years	6,514,507	5,221,360	3,590,023
More than five years	66,713,161	62,511,123	62,505,474
	78,155,883	72,654,329	70,602,570
Bank			
Maturity within one year	1,910,855	2,688,247	2,893,797
More than one year to three years	3,017,360	2,233,599	1,613,276
More than three years to five years	6,514,507	5,221,360	3,590,023
More than five years	66,928,211	62,595,769	62,505,474
	78,370,933	72,738,975	70,602,570

(v) Financing and advances analysed by customer type

	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Group			
Individuals	72,751,865	68,149,612	66,350,161
Business enterprises	2,652,527	1,931,715	1,928,077
Non-bank financial institutions			
- Co-operatives	1,934,365	2,426,190	2,224,845
- Others	122	319	-
Foreign entities	2,132	2,097	1,489
Other entities	814,872	144,396	97,998
	78,155,883	72,654,329	70,602,570
Bank			
Individuals	72,751,865	68,149,612	66,350,161
Business enterprises	2,867,577	2,016,361	1,928,077
Non-bank financial institutions			
- Co-operatives	1,934,365	2,426,190	2,224,845
- Others	122	319	-
Foreign entities	2,132	2,097	1,489
Other entities	814,872	144,396	97,998
	78,370,933	72,738,975	70,602,570



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

(vi) Financing and advances analysed by profit rate sensitivity

	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Group			
Fixed rate			
Personal financing	21,074,788	22,806,716	26,808,792
House financing	1,559,125	855,351	969,214
Others	6,444,482	6,070,147	5,689,323
Floating rate			
Personal financing	38,303,214	32,972,455	28,290,330
House financing	5,913,979	5,783,070	4,932,806
Others	4,860,295	4,166,590	3,912,105
	78,155,883	72,654,329	70,602,570
Bank			
Fixed rate			
Personal financing	21,074,788	22,806,716	26,808,792
House financing	1,559,125	855,351	969,214
Others	6,444,482	6,070,147	5,689,323
Floating rate			
Personal financing	38,303,214	32,972,455	28,290,330
House financing	6,129,029	5,867,716	4,932,806
Others	4,860,295	4,166,590	3,912,105
	78,370,933	72,738,975	70,602,570

(vii) Impaired financing and advances analysed by geographical distribution

	Group and Bank		
	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Central Region	1,180,067	1,145,652	1,222,752
Southern Region	83,215	55,821	68,243
Eastern Region	87,393	73,814	69,165
Northern Region	68,089	50,040	52,322
East Malaysia Region	99,440	81,345	87,426
	1,518,204	1,406,672	1,499,908



11. FINANCING AND ADVANCES (CONTINUED)

(viii) Impaired financing and advances analysed by economic sector

	Group and Bank		
	31.12.2020 RM'000	31.12.2019 RM'000 Restated	01.01.2019 RM'000 Restated
Purchase of securities	131	68	65
Purchase of non-residential property	3,833	26,167	111,330
Consumption credit	740,707	528,318	577,255
Agriculture	28,858	22,893	-
Manufacturing	2,236	70,185	83,723
Construction	190,911	241,195	361,126
Wholesale and retail trade	12,988	5,743	-
Transportation and communication	930	11,040	11,149
Financial, takaful and business services	537,610	501,063	354,982
Community, social and personal services	-	-	278
	1,518,204	1,406,672	1,499,908

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

	Group and Bank	
	2020 RM'000	2019 RM'000 Restated
As of 1 January, as previously reported	1,396,274	1,490,750
Prior year adjustments	10,398	9,158
As of 1 January, as restated	1,406,672	1,499,908
Classified as impaired during the year	1,207,376	1,287,592
Amount written back in respect of recoveries	(826,201)	(893,639)
Amount written off during the year	(269,643)	(487,189)
	111,532	(93,236)
As of 31 December	1,518,204	1,406,672
Gross impaired financing and advances as a percentage of gross financing and advances	1.94%	1.93%



11. FINANCING AND ADVANCES (CONTINUED)

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

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				
As of 1 January 2020, as previously reported	240,167	397,011	811,156	1,448,334
Prior year adjustments	227	2,000	8,972	11,199
As of 1 January 2020, as restated	240,394	399,011	820,128	1,459,533
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	6,819	(41,217)	(3,300)	(37,698)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(17,255)	225,971	(85,361)	123,355
- Transfer to lifetime ECL credit impaired (Stage 3)	(1,475)	(57,697)	354,483	295,311
New financial assets originated *	84,720	36,888	30,988	152,596
Changes in credit risk	108,218	196,685	158,771	463,674
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



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

Group 2019 (Restated)	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				
As of 1 January 2019, as previously reported	428,090	118,761	850,158	1,397,009
Prior year adjustments	472	298	8,176	8,946
As of 1 January 2019, as restated	428,562	119,059	858,334	1,405,955
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	2,192	(2,102)	(5,192)	(5,102)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(50,880)	112,297	(99,177)	(37,760)
- Transfer to lifetime ECL credit impaired (Stage 3)	(4,754)	(12,907)	560,114	542,453
New financial assets originated *	123,381	12,556	34,217	170,154
Changes in credit risk	(66,039)	(39,377)	28,020	(77,396)
Financial assets derecognised	(77,757)	(17,440)	(44,026)	(139,223)
Changes to models used for ECL calculations	(114,311)	226,925	(24,973)	87,641
Amount written off	-	-	(487,189)	(487,189)
At 31 December 2019	240,394	399,011	820,128	1,459,533



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

11. FINANCING AND ADVANCES (CONTINUED)

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

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				
As of 1 January 2020, as previously reported	249,894	397,011	811,156	1,458,061
Prior year adjustments	227	2,000	8,972	11,199
As of 1 January 2020, as restated	250,121	399,011	820,128	1,469,260
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	6,819	(41,217)	(3,300)	(37,698)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(17,255)	225,971	(85,361)	123,355
- Transfer to lifetime ECL credit impaired (Stage 3)	(1,475)	(57,697)	354,483	295,311
New financial assets originated *	84,720	36,888	30,988	152,596
Changes in credit risk	111,374	196,685	158,771	466,830
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



11. FINANCING AND ADVANCES (CONTINUED)

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

Bank 2019 (Restated)	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				
As of 1 January 2019, as previously reported	428,090	118,761	850,158	1,397,009
Prior year adjustments	472	298	8,176	8,946
As of 1 January 2019, as restated	428,562	119,059	858,334	1,405,955
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	2,192	(2,102)	(5,192)	(5,102)
- Transfer to lifetime ECL not credit impaired (Stage 2)	(50,880)	112,297	(99,177)	(37,760)
- Transfer to lifetime ECL credit impaired (Stage 3)	(4,754)	(12,907)	560,114	542,453
New financial assets originated *	133,108	12,556	34,217	179,881
Changes in credit risk	(66,039)	(39,377)	28,020	(77,396)
Financial assets derecognised	(77,757)	(17,440)	(44,026)	(139,223)
Changes to models used for ECL calculations	(114,311)	226,925	(24,973)	87,641
Amount written off	-	-	(487,189)	(487,189)
At 31 December 2019	250,121	399,011	820,128	1,469,260

* 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 RM147.69 million for the Group and increase by RM150.84 million for the Bank mainly from remeasurement of ECL due to management overlay on the presumption of repayment ability to be affected from Covid-19 which has resulted in additional ECL charge.
- b) Lifetime ECL (Stage 2) - increase by RM310.24 million for the Group and the Bank mainly from financing and advances that migrated into Stage 2 due to deterioration in credit quality.
- c) Lifetime ECL (Stage 3) - increase by RM155.22 million for the Group and the Bank mainly from financing and advances that migrated into Stage 3 due to deterioration in credit quality and partially offset by amount written off.

12. TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
At amortised cost		
Trade receivables	2,108	2,295
Less: Allowance for ECL	(1,961)	(1,971)
	147	324



12. TRADE RECEIVABLES (CONTINUED)

The credit period granted for sale of goods is 30 days (2019: 30 days). No profit is charged on trade receivables.

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

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired		
1 day to less than 1 month	84	143
Past due but not impaired		
1 month to less than 2 months	485	658
2 months to less than 3 months	17	38
3 months to less than 4 months	552	323
	1,054	1,019
Past due and impaired	970	1,133
	2,108	2,295

Movements in the allowance for ECL are as follows:

	Group	
	2020 RM'000	2019 RM'000
As of 1 January	1,971	1,675
Impairment losses recognised during the year (Note 34(ii))	33	482
Amount recovered during the year (Note 33(ii))	(33)	(181)
Amount written off during the year	(10)	(5)
As of 31 December	1,961	1,971

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amount due from subsidiaries (i)	-	-	13,976	13,148
Other receivables, deposits and prepayments (ii)	947,839	1,139,698	910,432	1,108,436
	947,839	1,139,698	924,408	1,121,584

(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	
	2020 RM'000	2019 RM'000
Outstanding balances	25,404	24,576
Less: Allowance for ECL	(11,428)	(11,428)
	13,976	13,148

Movements in the allowance for ECL of amount due from subsidiaries are as follows:

	Bank	
	2020 RM'000	2019 RM'000
As of 1 January	11,428	4,165
Impairment losses recognised during the year (Note 34(ii))	-	7,263
As of 31 December	11,428	11,428



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

13. OTHER ASSETS (CONTINUED)

(ii) Other receivables, deposits and prepayments

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables	663,015	737,812	661,211	741,208
Allowance for ECL	(31,973)	(20,563)	(31,333)	(19,813)
	631,042	717,249	629,878	721,395
Refundable deposits	46,433	45,440	10,290	10,185
Prepayments	70,364	177,009	70,264	176,856
Contribution to Central Liquidity Monetary Fund *	200,000	200,000	200,000	200,000
	947,839	1,139,698	910,432	1,108,436

Movements in the allowance for ECL of other receivables are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As of 1 January	20,563	15,730	19,813	15,258
Impairment losses recognised during the year (Note 34(ii))	49,328	19,960	49,438	19,682
Amount written off during the year	(37,918)	(15,127)	(37,918)	(15,127)
As of 31 December	31,973	20,563	31,333	19,813

* 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.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings RM'000	Other equipments RM'000	Total RM'000
Group			
At 1 January 2019	53,386	4,372	57,758
Additions	23,462	1,319	24,781
Depreciation (Note 34(ii))	(15,526)	(2,726)	(18,252)
At 31 December 2019 / 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	47,957	8,388	56,345
Bank			
At 1 January 2019	78,080	4,372	82,452
Additions	30,267	1,319	31,586
Depreciation (Note 34(ii))	(21,082)	(2,726)	(23,808)
At 31 December 2019 / 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	66,542	8,388	74,930



14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

The total cash outflow for leases for the Group is RM20,951,000 (2019: RM19,242,000) and for the Bank is RM26,669,000 (2019: RM25,527,000). 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 seeks 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 assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets (Note 34(ii))	19,731	18,252	24,903	23,808
Finance cost on lease liabilities (Note 34(ii))	1,314	2,578	2,160	3,604
Expense relating to leases of low-value assets (included in administrative expenses)	-	3,434	-	3,391
Total amount recognised in profit or loss	21,045	24,264	27,063	30,803

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.



14. RIGHT-OF-USE ASSETS (CONTINUED)

(ii) Group as a lessor

The Bank has 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 Bank during the year is RM20,860,171 (2019: RM20,921,435).

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

	Bank	
	2020 RM'000	2019 RM'000
Future rental income within:		
- 1 year	14,846	18,073
- 2 years	9,119	13,246
- 3 years	2,916	5,129
	26,881	36,448

15. INVENTORIES

Inventories consist of the following:

	Group	
	2020 RM'000	2019 RM'000
Trading inventories, at cost	3,457	6,790

16. INVESTMENT IN SUBSIDIARIES

	Bank	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	100,744	100,744



16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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
	2020 %	2019 %	
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. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of Incorporation and Operation	Number of directly owned subsidiaries		Number of indirectly owned subsidiaries	
		2020	2019	2020	2019
Investment and property management	Malaysia	1	1	-	-
Property development and project management	Malaysia	-	1	-	-
Management of Ar-Rahnu business and franchise	Malaysia	1	1	-	-
Management services and co-operative administrator	Malaysia	-	1	-	-
Building management and maintenance	Malaysia	-	1	-	-
Trading and supply of goods	Malaysia	-	1	-	-
Transportation and travelling services	Malaysia	-	-	-	1
Dormant	Malaysia	5	1	1	-
		7	7	1	1

The significant changes in the nature of the principal activities of the subsidiaries are due to restructuring exercise within the Group. The subsidiaries has ceased operations since 1 January 2020 and are maintained as dormant entities.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

17. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in- progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group (continued) 2019									
At cost									
At 1 January	41,009	434,349	113,239	928	99,977	276,954	413,592	8,426	1,388,474
Additions	501	5,355	-	-	50	4,867	19,471	1,919	32,163
Disposals	-	-	-	-	-	(805)	(4,815)	(5,056)	(10,676)
Write-offs	-	-	-	-	-	(602)	(2,802)	-	(3,404)
Reclassifications	-	11,155	-	-	(14,073)	2,918	-	-	-
Transfer from investment properties (Note 19)	-	6,330	4,359	-	-	-	-	-	10,689
At 31 December	41,510	457,189	117,598	928	85,954	283,332	425,446	5,289	1,417,246
Accumulated depreciation									
At 1 January	-	42,074	23,147	709	-	246,518	355,813	6,351	674,612
Charge for the year	-	10,231	2,224	172	-	16,649	28,862	807	58,945
Disposals	-	-	-	-	-	(793)	(4,701)	(4,255)	(9,749)
Write-offs	-	-	-	-	-	(602)	(2,721)	-	(3,323)
At 31 December	-	52,305	25,371	881	-	261,772	377,253	2,903	720,485
Net book value									
At 31 December	41,510	404,884	92,227	47	85,954	21,560	48,193	2,386	696,761



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 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



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) 2019									
At cost									
At 1 January	39,621	377,634	78,863	928	99,977	274,108	408,738	2,865	1,282,734
Additions	501	5,355	-	-	50	4,580	19,242	1,919	31,647
Disposals	-	-	-	-	-	(620)	(4,145)	-	(4,765)
Write-offs	-	-	-	-	-	(602)	(2,802)	-	(3,404)
Reclassifications	-	11,155	-	-	(14,073)	2,918	-	-	-
At 31 December	40,122	394,144	78,863	928	85,954	280,384	421,033	4,784	1,306,212
Accumulated depreciation									
At 1 January	-	39,853	20,279	709	-	245,117	352,673	2,227	660,858
Charge for the year	-	8,817	1,354	172	-	16,197	28,349	284	55,173
Disposals	-	-	-	-	-	(620)	(4,043)	-	(4,663)
Write-offs	-	-	-	-	-	(602)	(2,721)	-	(3,323)
At 31 December	-	48,670	21,633	881	-	260,092	374,258	2,511	708,045
Net book value									
At 31 December	40,122	345,474	57,230	47	85,954	20,292	46,775	2,273	598,167

Land titles of certain freehold land of the Bank with carrying amount of RM3,003,259 (2019: RM3,083,674) have not yet been issued by the relevant authorities.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

18. INTANGIBLE ASSETS

Group	Goodwill RM'000	Computer software RM'000	Software in development RM'000	Total RM'000
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	-	244,191
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	13,185	457,820	-	471,005
2019				
At cost				
At 1 January	13,185	282,410	189,856	485,451
Additions	-	17,808	35,366	53,174
Write-offs	-	(113)	-	(113)
At 31 December	13,185	300,105	225,222	538,512
Accumulated amortisation				
At 1 January	-	220,157	-	220,157
Charge for the year	-	24,146	-	24,146
Write-offs	-	(112)	-	(112)
At 31 December	-	244,191	-	244,191
Net book value				
At 31 December	13,185	55,914	225,222	294,321



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

18. INTANGIBLE ASSETS (CONTINUED)

Bank	Computer software RM'000	Software in development RM'000	Total RM'000
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
2019			
At cost			
At 1 January	282,410	189,856	472,266
Additions	17,808	35,366	53,174
Write-offs	(113)	-	(113)
At 31 December	300,105	225,222	525,327
Accumulated amortisation			
At 1 January	220,157	-	220,157
Charge for the year	24,146	-	24,146
Write-offs	(112)	-	(112)
At 31 December	244,191	-	244,191
Net book value			
At 31 December	55,914	225,222	281,136



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

19. INVESTMENT PROPERTIES

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At fair value				
As of 1 January	1,322,726	1,214,812	1,008,047	1,005,948
Additions	80,042	89,567	-	-
Gain on revaluation (Note 33(ii))	-	30,421	-	2,913
Loss on revaluation (Note 34(ii))	(49,084)	-	(68,742)	-
Disposal	-	(1,385)	-	(814)
Transfer to property and equipment (Note 17)	-	(10,689)	-	-
As of 31 December	1,353,684	1,322,726	939,305	1,008,047

Investment properties include the following:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Freehold land	145,235	145,192	145,203	145,160
Buildings	904,517	848,390	519,635	560,197
Long-term leasehold land	303,932	329,144	274,467	302,690
	1,353,684	1,322,726	939,305	1,008,047

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 2020 and 31 December 2019 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 was arrived at by using a variety of approaches such as comparison and investment method.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

19. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's and the Bank's investment properties and information about the fair value hierarchy are as follows:

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
As at 31 December 2020	1,353,684	1,353,684	-	-	1,353,684
As at 31 December 2019	1,322,726	1,322,726	-	-	1,322,726
Bank					
As at 31 December 2020	939,305	939,305	-	-	939,305
As at 31 December 2019	1,008,047	1,008,047	-	-	1,008,047

Reconciliation of fair value:

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land RM'000	Total RM'000
Group				
As at 1 January 2019	145,132	752,816	316,864	1,214,812
Additions	-	88,825	742	89,567
Disposal	-	(510)	(875)	(1,385)
Remeasurement recognised in profit or loss	60	31,953	(1,592)	30,421
Transfer to property and equipment	-	(6,330)	(4,359)	(10,689)
Reclassifications	-	(18,364)	18,364	-
As at 31 December 2019/1 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)
As at 31 December 2020	145,235	904,517	303,932	1,353,684
Bank				
As at 1 January 2019	145,100	558,308	302,540	1,005,948
Disposal	-	-	(814)	(814)
Remeasurement recognised in profit or loss	60	1,889	964	2,913
As at 31 December 2019/1 January 2020	145,160	560,197	302,690	1,008,047
Remeasurement recognised in profit or loss	43	(40,562)	(28,223)	(68,742)
As at 31 December 2020	145,203	519,635	274,467	939,305



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

19. INVESTMENT PROPERTIES (CONTINUED)

Land titles for certain freehold land and leasehold land of the Group and the Bank with fair value amounting to RM980,000 (2019: RM950,000) and RM980,000 (2019: RM950,000) 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 RM21,551,007 (2019: RM22,660,803) and RM20,860,171 (2019: RM20,921,435) has been earned during the year.

20. PREPAID LEASE PAYMENTS

	Group and Bank	
	2020 RM'000	2019 RM'000
Cost		
As of 1 January	76,680	76,680
Transfer from property and equipment (Note 17)	3,173	-
As of 31 December	79,853	76,680
Accumulated amortisation		
As of 1 January	17,498	15,972
Charge for the year (Note 34(ii))	1,542	1,526
Transfer from property and equipment (Note 17)	185	-
As of 31 December	19,225	17,498
	60,628	59,182

	Group and Bank	
	2020 RM'000	2019 RM'000
Prepaid lease payments include:		
Long-term leasehold land	53,448	51,817
Short-term leasehold land	7,180	7,365
	60,628	59,182

The remaining period of the leasehold land of the Group and of the Bank ranges from 5 to 861 years (2019: 6 to 862 years).

The land titles of certain leasehold land of the Group and of the Bank amounting to RM6,901,409 (2019: RM7,815,139) have not yet been issued to the Bank by the relevant authorities.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As of 1 January	(79,344)	82,269	(69,000)	86,000
Recognised in profit or loss (net) (Note 35)				
- relating to origination and reversal of temporary differences	(12,725)	(157,733)	(11,000)	(155,000)
- (under)/over provision of net deferred tax liabilities	(62)	(3,880)	-	-
As of 31 December	(92,131)	(79,344)	(80,000)	(69,000)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets, net	571	673	-	-
Deferred tax liabilities, net	(92,702)	(80,017)	(80,000)	(69,000)
	(92,131)	(79,344)	(80,000)	(69,000)

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	249,403	164,634	248,000	163,000
Deferred tax liabilities	(341,534)	(243,978)	(328,000)	(232,000)
	(92,131)	(79,344)	(80,000)	(69,000)



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	Financing allowances for ECL RM'000	Provision of liabilities RM'000	Other temporary differences * RM'000	Total RM'000
Deferred tax assets				
As of 1 January 2019	121,000	66,751	4,159	191,910
Recognised in profit or loss (Note 35)				
- relating to origination and reversal of temporary differences	(80,000)	27,139	25,140	(27,721)
- underprovision	-	-	445	445
As of 31 December 2019/1 January 2020	41,000	93,890	29,744	164,634
Recognised in profit or loss (Note 35)				
- relating to origination and reversal of temporary differences	71,000	14,064	(224)	84,840
- overprovision	-	-	(71)	(71)
As of 31 December 2020	112,000	107,954	29,449	249,403

* 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			
As of 1 January 2019	26,000	83,641	109,641
Recognised in profit or loss (Note 35)			
- relating to origination and reversal of temporary differences	112,000	18,012	130,012
- underprovision	-	4,325	4,325
As of 31 December 2019/1 January 2020	138,000	105,978	243,978
Recognised in profit or loss (Note 35)			
- relating to origination and reversal of temporary differences	69,000	28,565	97,565
- overprovision	-	(9)	(9)
As of 31 December 2020	207,000	134,534	341,534

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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:
(continued)

Bank	Financing allowances for ECL RM'000	Provision of liabilities RM'000	Other temporary differences * RM'000	Total RM'000
Deferred tax assets				
As of 1 January 2019	121,000	66,000	4,000	191,000
Recognised in profit or loss (Note 35)				
- relating to origination and reversal of temporary differences	(80,000)	27,000	25,000	(28,000)
As of 31 December 2019/1 January 2020	41,000	93,000	29,000	163,000
Recognised in profit or loss (Note 35)				
- relating to origination and reversal of temporary differences	71,000	14,000	-	85,000
As of 31 December 2020	112,000	107,000	29,000	248,000

* 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			
As of 1 January 2019	26,000	79,000	105,000
Recognised in profit or loss (Note 35)			
- relating to origination and reversal of temporary differences	112,000	15,000	127,000
As of 31 December 2019/1 January 2020	138,000	94,000	232,000
Recognised in profit or loss (Note 35)			
- relating to origination and reversal of temporary differences	69,000	27,000	96,000
As of 31 December 2020	207,000	121,000	328,000

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



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

22. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2020 RM'000	2019 RM'000
Savings deposits		
Qard	8,283,345	6,600,630
Term deposits		
Tawarruq	72,992,086	71,217,750
Negotiable Islamic debt certificates	4,300,000	6,013,025
	85,575,431	83,831,405

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

	Group and Bank	
	2020 RM'000	2019 RM'000
Government	38,041,363	36,682,261
Business enterprises	23,717,792	26,572,859
Co-operatives	3,041,520	2,286,547
Individuals	19,212,057	16,531,690
Others	1,562,699	1,758,048
	85,575,431	83,831,405

Maturity structure of deposits from customers is as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Maturity within six months	69,073,964	64,065,013
More than six months to one year	11,314,941	14,599,626
More than one year to five years	5,186,526	5,166,766
	85,575,431	83,831,405



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

23. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group and Bank	
	2020 RM'000	2019 RM'000
Licensed Islamic banks	150,000	1,300,000

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	2020 RM'000	2019 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	351,491
RM350 million IMTN due in 2020	(i)(b)	-	351,391
RM850 million IMTN due in 2022	(i)(b)	853,095	853,325
RM270 million IMTN due in 2020	(i)(c)	-	272,491
RM430 million IMTN due in 2022	(i)(c)	433,447	433,730
Issued under the RM10.0 billion Senior Sukuk Wakalah Programme:			
RM400 million IMTN due in 2025	(ii)(a)	402,262	-
RM300 million IMTN due in 2027	(ii)(a)	301,850	-
Issued under the RM5.0 billion Tier II Subordinated Programme:			
RM300 million Tier II due in 2026	(iii)(a)	300,325	300,358
		2,642,558	2,562,786



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% maturing on 24 November 2021. The profit is payable semi-annually each year commencing 25 May 2015.
- (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% maturing 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. The seventh tranche has been fully redeemed on 29 May 2020.
- (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% maturing 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 ninth tranche has been fully redeemed on 16 October 2020.
- 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.

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 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amount due to subsidiaries (i)	-	-	200,430	196,557
Sundry creditors	233,432	207,017	237,685	217,285
Income payable	473,204	675,759	473,203	675,759
Other liabilities and accruals	597,567	562,235	587,924	497,004
Lease liabilities (ii)	58,027	65,875	77,210	92,116
Allowances for ECL on financial guarantee (iii)	5,962	11,113	5,962	11,113
Government fund	192,913	163,616	192,913	163,616
Zakat payable	38,857	47,640	36,209	44,952
	1,599,962	1,733,255	1,811,536	1,898,402

Included in the government fund is amount received by the Group and the Bank under government financing scheme as part of government support measures in response to the COVID-19 pandemic for the purpose of SME financing at below market rate with a six-year maturity to be repaid on 16 June 2026. The financing under the government scheme is for financing at concession rates to SMEs and for COVID-19 related relief measures.

(i) Amount due to subsidiaries

	Bank	
	2020 RM'000	2019 RM'000
Term deposits	180,947	171,979
Savings deposits	19,483	24,578
	200,430	196,557

The amount due to subsidiaries of RM200,430,000 (2019: RM196,557,000) represents deposits placed with the Bank. The average profit rate paid/payable to subsidiaries is 2.71% (2019: 3.68%) per annum.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

27. OTHER LIABILITIES (CONTINUED)

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	65,875	57,758	92,116	82,452
Additions	23,965	24,781	27,177	31,587
Disposal	(12,176)	-	(17,574)	-
Lease payments	(20,951)	(19,242)	(26,669)	(25,527)
Accretion of profit (Note 34(ii))	1,314	2,578	2,160	3,604
At 31 December	58,027	65,875	77,210	92,116

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

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Future rental commitment within:				
- 1 year	1,110	3,390	1,093	2,927
- 2 years	1,388	2,643	1,423	2,643
- 3 years	5,268	17,086	12,338	21,540
- 4 years	11,096	9,314	14,961	20,336
- 5 years	38,813	15,358	47,043	20,195
6 years onwards	352	18,084	352	24,475
	58,027	65,875	77,210	92,116

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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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 2019	-	-	-	-
New financial assets originated	11,113	-	-	11,113
At 31 December 2019/ 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	-	3,298	2,664	5,962

28. SHARE CAPITAL

	Group and Bank	
	2020 RM'000	2019 RM'000
Issued and fully paid - Ordinary shares		
As of 1 January	2,986,030	2,986,030
Net issuance during the year	24,485	13,840
Share withdrawal	(24,368)	(23,084)
Transfer from share redemption fund *	(117)	9,244
As of 31 December	2,986,030	2,986,030

Membership as of 31 December is as follows:

	Group and Bank	
	2020	2019
Individual	832,055	840,592
Co-operative	2,247	2,256
	834,302	842,848

* The share redemption fund is maintained under Paragraph 19(i) of Undang-undang Kecil Bank Kerjasama Rakyat Malaysia Berhad for redemption of shares by members.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

29. RESERVES

	Non-distributable					Distributable	
	Capital reserve RM'000	Statutory reserve RM'000	Fair value reserve of financial investments at FVOCI RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Group							
At 1 January 2020, as previously reported	14,617	6,492,462	613,393	329,672	7,450,144	9,108,674	16,558,818
Prior year adjustments	-	(3,098)	-	-	(3,098)	182,428	179,330
At 1 January 2020, as restated	14,617	6,489,364	613,393	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)
Unrealised net gain on revaluation of financial investments fair value through other comprehensive income	-	-	300,489	-	300,489	-	300,489
Dividends (Note 39)	-	-	-	-	-	(405,484)	(405,484)
At 31 December 2020	14,617	6,833,392	913,882	329,672	8,091,563	9,860,818	17,952,381
Bank							
At 1 January 2019, as previously reported	14,617	6,082,580	108,827	329,672	6,535,696	8,332,894	14,868,590
Prior year adjustments	-	-	-	-	-	192,760	192,760
At 1 January 2019, as restated	14,617	6,082,580	108,827	329,672	6,535,696	8,525,654	15,061,350
Profit after taxation and zakat	-	-	-	-	-	1,619,349	1,619,349
Transfer from retained profits	-	406,784	-	-	406,784	(406,784)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	(35,721)	(35,721)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	(17,861)	(17,861)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	(14,562)	(14,562)
Unrealised net gain on revaluation of financial investments at fair value through other comprehensive income	-	-	504,566	-	504,566	-	504,566
Dividends (Note 39)	-	-	-	-	-	(378,973)	(378,973)
At 31 December 2019	14,617	6,489,364	613,393	329,672	7,447,046	9,291,102	16,738,148



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

29. RESERVES (CONTINUED)

	Non-distributable					Distributable	
	Capital reserve RM'000	Statutory reserve RM'000	Fair value reserve of financial investments at FVOCI RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Bank							
At 1 January 2020, as previously reported	15,358	6,492,462	613,393	329,672	7,450,885	8,701,684	16,152,569
Prior year adjustments	-	(3,098)	-	-	(3,098)	182,428	179,330
At 1 January 2020, as restated	15,358	6,489,364	613,393	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)
Unrealised net gain on revaluation of financial investments fair value through other comprehensive income	-	-	300,489	-	300,489	-	300,489
Dividends (Note 39)	-	-	-	-	-	(405,484)	(405,484)
At 31 December 2020	15,358	6,833,392	913,882	329,672	8,092,304	9,430,095	17,522,399
Bank							
At 1 January 2019, as previously reported	15,358	6,082,580	108,827	329,672	6,536,437	7,954,575	14,491,012
Prior year adjustments	-	-	-	-	-	192,760	192,760
At 1 January 2019, as restated	15,358	6,082,580	108,827	329,672	6,536,437	8,147,335	14,683,772
Profit after taxation and zakat	-	-	-	-	-	1,590,678	1,590,678
Transfer from retained profits	-	406,784	-	-	406,784	(406,784)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	(35,721)	(35,721)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	(17,861)	(17,861)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	(14,562)	(14,562)
Unrealised net gain on revaluation of financial investments at fair value through other comprehensive income	-	-	504,566	-	504,566	-	504,566
Dividends (Note 39)	-	-	-	-	-	(378,973)	(378,973)
At 31 December 2019	15,358	6,489,364	613,393	329,672	7,447,787	8,884,112	16,331,899



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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) 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.

(iv) Regulatory reserve

The regulatory reserve is maintained as an additional credit risk buffer to ensure the robustness of the financing impairment assessment methodology.

(v) Retained profits

Included in retained profits is an amount of RM1,340,000,000 (2019: 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	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Income derived from investment of depositors' fund (i)	4,718,081	5,072,678	4,723,529	5,073,304
Income derived from investment of shareholders' fund (ii)	1,337,162	1,387,294	1,338,706	1,387,466
Income generated by subsidiaries (iii)	27,230	74,822	-	-
	6,082,473	6,534,794	6,062,235	6,460,770



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

30. INCOME (CONTINUED)

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	
	2020 RM'000	2019 RM'000
Amortised cost before modification	16,076,000	676,180
Net modification loss	(82,888)	(40,713)

(i) Income derived from investment of depositors' fund

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Income from financing and advances *	3,721,643	4,019,385	3,727,091	4,020,011
Income from deposits and placements with banks and financial institutions	16,011	8,090	16,011	8,090
Income from financial investments	980,427	1,045,203	980,427	1,045,203
	4,718,081	5,072,678	4,723,529	5,073,304

(ii) Income derived from investment of shareholders' fund

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Income from financing and advances *	1,054,759	1,099,235	1,056,303	1,099,407
Income from deposits and placements with banks and financial institutions	4,538	2,213	4,538	2,213
Income from financial investments	277,865	285,846	277,865	285,846
	1,337,162	1,387,294	1,338,706	1,387,466

* Included in income from financing and advances for the current year is profit accrued on impaired financing of RM63,471,109 (2019: RM69,989,354).

Included the net effect under government support measures to assist customer adversely impacted by COVID-19 in order to sustain their business operations amounting to RM2,838,347 for the Group and the Bank.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

30. INCOME (CONTINUED)

(iii) Income generated by subsidiaries

	Group	
	2020 RM'000	2019 RM'000
Agency income	-	4,811
Pawning income	20,556	58,306
Rental income	600	3,354
Management fee	5,888	8,023
Sale of goods	186	175
Other charges	-	153
	27,230	74,822

31. EXPENDITURE

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income attributable to depositors (i)	2,519,019	3,099,344	2,523,972	3,103,973
Profit expense on financing sold with recourse to Cagamas	17,631	26,844	17,631	26,844
Profit expense on debt securities issued	110,616	127,971	110,616	127,971
Profit expense on cashline facility	2,858	607	2,858	607
Cost of sales	19,005	73,113	-	-
	2,669,129	3,327,879	2,655,077	3,259,395

(i) Income attributable to depositors

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits from customers				
Non-Mudarabah	2,504,518	3,064,180	2,509,471	3,068,809
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	14,501	35,164	14,501	35,164
	2,519,019	3,099,344	2,523,972	3,103,973



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

32. ALLOWANCES FOR IMPAIRMENT

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Allowance for impairment on financing and advances (i)	877,644	551,880	880,800	561,607
Allowance for impairment on financial investments (ii)	(1,333)	(2,502)	(1,333)	(2,502)
	876,311	549,378	879,467	559,105

(i) Allowance for impairment on financing and advances

	Group		Bank	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Stage 1 - 12 months ECL	136,575	(177,055)	139,731	(167,328)
Stage 2 - lifetime ECL not credit impaired	313,541	279,952	313,541	279,952
Stage 3 - lifetime ECL credit impaired	427,528	448,983	427,528	448,983
	877,644	551,880	880,800	561,607

(ii) Allowance for impairment on financial investments

	Group and Bank	
	2020 RM'000	2019 RM'000
Financial investments at fair value through other comprehensive income (Note 9)	(100)	(201)
Financial investments at amortised cost (Note 10)	(1,233)	(2,301)
	(1,333)	(2,502)



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

33. OTHER OPERATING INCOME

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fees and commission (i)	101,617	159,040	101,617	159,040
Other income (ii)	368,928	422,142	366,638	393,637
	470,545	581,182	468,255	552,677

(i) Fees and commission

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Takaful commission	47,606	42,200	47,606	42,200
ATM service fees	8,738	15,499	8,738	15,499
Wasiat commission	7,337	7,413	7,337	7,413
Other commission	32,513	81,723	32,513	81,723
Processing fees	346	6	346	6
MEPS fees	1,747	9,540	1,747	9,540
Other fees	3,330	2,659	3,330	2,659
	101,617	159,040	101,617	159,040

Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

33. OTHER OPERATING INCOME (CONTINUED)

(ii) Other income

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other income from financial instruments				
Dividend from financial investments at fair value through profit or loss	18,580	19,406	18,580	19,406
Net gain on disposal of financial investments at fair value through profit or loss	18,852	30,702	18,852	30,702
Net gain on disposal of financial investments at fair value through other comprehensive income	120,305	2,990	120,305	2,990
Net (loss)/gain on revaluation of financial investments at fair value through profit or loss	(50,722)	26,560	(50,722)	26,560
Net gain on redemption of financial assets at amortised cost	926	-	926	-
	107,941	79,658	107,941	79,658
Others				
Rental income	20,877	20,484	20,908	20,993
Compensation for late payment	4,872	4,894	4,872	4,894
Charges from credit card services	7,820	10,896	7,820	10,896
Other service charges	10,491	12,248	10,491	12,248
Recoveries from financing written off	175,781	210,304	175,781	210,304
Writeback of ECL ontrade receivables (Note 12)	33	181	-	-
Gain on disposal of property and equipment	18	785	-	31
Other income	41,095	52,271	38,825	51,700
Gain on revaluation of investment properties (Note 19)	-	30,421	-	2,913
	260,987	342,484	258,697	313,979
	368,928	422,142	366,638	393,637



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Personnel expenses (i)	944,820	826,597	941,142	809,144
Other overheads and expenditure (ii)	626,937	583,865	649,755	599,748
	1,571,757	1,410,462	1,590,897	1,408,892

(i) Personnel expenses

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and wages	422,838	387,144	420,619	377,858
Allowances and bonuses	326,434	257,592	325,354	251,965
Defined contribution plan - EPF	133,465	115,071	133,187	113,771
Social security contributions - SOCSO	5,231	4,898	5,207	4,713
Other staff related costs	56,852	61,892	56,775	60,837
	944,820	826,597	941,142	809,144

Total number of staff (excluding the Board of Directors) for the Group is 5,893 (2019: 5,789) and for the Bank is 5,855 (2019: 5,752).



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Establishment				
Rental	1,302	4,271	1,268	4,244
Depreciation of property and equipment (Note 17)	45,897	58,945	42,883	55,173
Depreciation of right-of-use assets (Note 14)	19,731	18,252	24,903	23,808
Amortisation of prepaid lease payments (Note 20)	1,542	1,526	1,542	1,526
Amortisation of intangible assets (Note 18)	29,954	24,146	29,954	24,146
Finance cost on lease liabilities (Note 27(ii))	1,314	2,578	2,160	3,604
Repair and maintenance	126,048	91,583	125,928	91,410
Takaful	9,019	5,931	8,937	5,858
	234,807	207,232	237,575	209,769
Promotion				
Advertisement and publicity	24,638	22,226	24,636	21,892
General expenses				
Legal and professional fees	23,694	27,977	23,412	25,335
Auditors' remuneration	1,357	1,532	1,200	1,328
Communication expenses	23,163	34,525	23,075	34,330
Utilities expenses	21,155	33,236	21,135	32,845
Printing and stationery	19,088	22,380	19,040	22,093
Postage and courier	16,253	8,746	16,211	8,668
Security expenses	25,575	29,692	25,543	29,639
Service charges	27,183	33,579	29,730	51,530
Loss on financing written off	11,633	14,221	11,633	14,221
Property and equipment written off	329	81	101	81
Commission expenses	59,554	80,869	59,554	80,869
Travelling and transportation	12,562	11,574	12,544	17,734
Others	125,946	55,995	144,366	49,414
	367,492	354,407	387,544	368,087
	626,937	583,865	649,755	599,748



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment losses on:				
Trade receivables (Note 12)	33	482	-	-
Amount due from subsidiaries (Note 13(i))	-	-	-	7,263
Other receivables, deposits and prepayments (Note 13(ii))	49,328	19,960	49,438	19,682
Auditors' remuneration:				
Current year:				
Statutory audit fees	1,357	1,532	1,200	1,328
Amortisation of prepaid lease payment (Note 20)	1,542	1,526	1,542	1,526
Depreciation of property and equipment (Note 17)	45,897	58,945	42,883	55,173
Amortisation of intangible assets (Note 18)	29,954	24,146	29,954	24,146
Depreciation of right-of-use assets	19,731	18,252	24,903	23,808
Finance cost on lease liabilities	1,314	2,578	2,160	3,604
Property and equipment written off	329	81	101	81
Loss on revaluation of investment properties (Note 19)	49,084	-	68,742	-
Rental of premises	1,235	837	1,268	853
Rental of equipment	67	3,434	-	3,391



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Included in general expenses are the following Directors' remuneration:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Director				
Salary and other remuneration	65	634	65	634
Bonuses	-	2,000	-	2,000
EPF contributions	13	501	13	501
Other emoluments	1	27	1	27
	79	3,162	79	3,162
Non-Executive Directors				
Fees	2,041	2,030	1,941	1,805
Other emoluments	69	38	69	38
	2,110	2,068	2,010	1,843
	2,189	5,230	2,089	5,005
Shariah Committee				
Fees	489	-	489	-
Other emoluments	5	-	5	-
	494	-	494	-
	2,683	5,230	2,583	5,005



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Directors is as follows:

	Remuneration received from Bank				Remuneration received from Subsidiary Companies			Group
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Total RM'000
2020								
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 Executive Director								
Dato' Rosman Mohamed	78	-	1	79	-	-	-	79
	78	-	1	79	-	-	-	79
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
	-	1,941	69	2,010	100	-	100	2,110
	78	1,941	70	2,089	100	-	100	2,189



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Directors is as follows: (continued)

	Remuneration received from Bank				Remuneration received from Subsidiary Companies			Group
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Total RM'000
2019								
Executive Director								
Dato' Rosman Mohamed	390	76	3	469	4	-	4	473
Non-Executive Directors								
Datuk Noripah Kamso	-	304	29	333	-	-	-	333
Datuk Wan Suraya Wan Mohd Radzi	-	190	-	190	94	-	94	284
Datuk Haji Abd Rani Lebai Jaafar	-	249	-	249	6	-	6	255
Prof. Dr. Obiyathulla Ismath Bacha	-	162	-	162	-	-	-	162
Muhamad Shahril Othman	-	95	-	95	-	-	-	95
Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan	-	41	-	41	-	-	-	41
Yuri Zaharin Wahab	-	44	-	44	-	-	-	44
Sofiyan Yahya	-	29	-	29	-	-	-	29
	-	1,114	29	1,143	100	-	100	1,243
Former Executive Director								
Dato' Zulkiflee Abbas Abdul Hamid	2,745	-	24	2,769	-	-	-	2,769
Former Non-Executive Directors								
Edham Reza Shah Dato' Abdul Rahman	-	199	-	199	32	-	32	231
Dato' Sri Jamil Salleh	-	149	-	149	48	-	48	197
Wan Zamri Wan Zain	-	128	-	128	-	-	-	128
Hjh. Armi Zainudin	-	36	9	45	-	-	-	45
Dato' Siti Zauyah Md. Desa	-	103	-	103	41	-	41	144
	-	615	9	624	121	-	121	745
	-	1,729	38	1,767	221	-	221	1,988
	3,135	1,805	65	5,005	225	-	225	5,230



34. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Shariah Committee is as follows:

	Remuneration received from Bank				Remuneration received from Subsidiary Companies			Group
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Total RM'000
2020								
Shariah Committees								
Dato' Setia Hj. Mohd Tamyas Abd Wahid	-	84	-	84	-	-	-	84
Prof. Dato' Dr. Mohd Azmi Omar	-	68	-	68	-	-	-	68
Ustaz Wan Rumaizi Wan Husin	-	70	-	70	-	-	-	70
Prof. Madya Dr. Azman Mohd Noor	-	80	-	80	-	-	-	80
Dr. Abdullaah Jalil	-	70	-	70	-	-	-	70
Dr. Mohamad Zaini Yahaya	-	83	-	83	-	-	-	83
	-	455	-	455	-	-	-	455
Former Shariah Committee								
Ustaz Md. Yunus Abd Aziz	-	34	5	39	-	-	-	39
	-	34	5	39	-	-	-	39
	-	489	5	494	-	-	-	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	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Malaysian income tax				
Current year	2,763	109,636	-	105,822
Under/(Over)provision in prior years	18,008	(101,525)	17,938	(101,904)
	20,771	8,111	17,938	3,918
Deferred tax (Note 21)				
Current year	12,725	157,733	11,000	155,000
Underprovision in prior years	62	3,880	-	-
	12,787	161,613	11,000	155,000
Total	33,558	169,724	28,938	158,918
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	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
Profit before taxation and zakat	1,435,821	1,828,257	1,405,049	1,786,055
Tax expense at statutory tax rate of 24% (2019: 24%)	344,597	438,782	337,212	428,615
Non-taxable income	(184,767)	(118,758)	(186,155)	(123,011)
Non-deductible expenses	277,059	385,054	281,344	392,927
Tax exempt under Section 65(A) of the Income Tax Act 1967	(421,401)	(437,709)	(421,401)	(437,709)
Under/(Over)provision in prior years:				
Income tax	18,008	(101,525)	17,938	(101,904)
Deferred tax	62	3,880	-	-
	33,558	169,724	28,938	158,918



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Provision for current year	33,419	42,725	31,000	40,000
Overprovision in prior years	(7,007)	(3,541)	(7,007)	(3,541)
	26,412	39,184	23,993	36,459

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 profit after taxation and zakat of RM1,352,118,000 (2019: RM1,590,678,000) divided by the weighted average number of ordinary shares of 2,935,861,000 (2019: 2,945,355,000) of RM1 each in issue during the financial year.

39. DIVIDENDS

	Group and Bank	
	2020 RM'000	2019 RM'000
Cash dividend of 14% for the year ended 31 December 2019 (2018: 13%)	405,484	378,973

During the financial year ended 31 December 2020, the Bank paid a cash dividend of 14% amounting to RM405 million in regard to the previous financial year ended 31 December 2019.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 13% amounting to approximately RM390 million. The proposed dividend will be recognised in the subsequent financial year upon approval by the relevant external authorities.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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	
	2020 RM'000	2019 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	111,407	80,666
Claims for damages from litigation taken against the Bank	292,327	106,053
Commitments		
Undrawn financing	2,294,122	2,154,099
	2,697,856	2,340,818

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. A case management has been fixed on 4 March 2021 and a new hearing date on 18 March 2021. 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 Plaintiff was a corporate customer with six financing facilities with Bank Rakyat. The Plaintiff was subsequently wound up by the Kuala Lumpur High Court on 12 January 2017. The Plaintiff claimed that the Bank's conduct brought about the failure of all the projects financed by the Bank. The Plaintiff also claimed that the Bank had wrongfully terminated the financing facilities enjoyed by the Plaintiff. The Bank's solicitor is of the view that the Bank has a good chance of striking out the matter.

Case 3

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 Bank's solicitor is of the view that the Bank has a good chance of resisting the Counter Claim.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

41. CAPITAL COMMITMENTS

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure				
Approved and contracted for	458,800	466,560	299,850	227,625

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits				
Fees	2,041	2,030	1,941	1,805
Salary	5,869	4,060	5,869	3,550
Allowances	655	442	655	442
EPF contribution	1,861	1,585	1,861	1,497
Bonuses	3,671	3,854	3,671	3,854
Other emoluments	70	123	70	66
	14,167	12,094	14,067	11,214



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.2 Key Management Personnel (continued)

Remuneration of Directors and other members of key management are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' remuneration				
From the Bank	2,089	5,005	2,089	5,005
From subsidiaries	100	225	-	-
	2,189	5,230	2,089	5,005

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	
	2020 RM'000	2019 RM'000
Income earned		
Rental income	(45)	(524)
Expenditure incurred		
Profit expenses	4,953	4,629
Management fee expenses	2,602	17,653
Rental expenses	6,471	6,496
Purchase of goods and services	-	152
Travelling and transportation	-	6,305
	13,981	34,711



43. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank	
	2020 RM'000	2019 RM'000
Outstanding exposures with connected parties	1,110,253	1,177,375
% of outstanding exposures to connected parties as a proportion of total exposure	1.04%	1.14%
% of outstanding exposures financing exposures with connected parties which is non-performing or in default	0.01%	0.00%

The above disclosure on Financing Facilities with Connected Parties is presented in accordance with para 14.1 as per BNM's policy on Financing Facilities with Connected Parties, which became effective on 13 July 2016.

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

44.2 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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.2 Risk management framework (continued)

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.

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.





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 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.

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. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

44.3.2 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. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

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.

44.3.9 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. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

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.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.13 Maximum exposure to credit risk (continued)

	Group	
	2020 RM'000	2019 RM'000 Restated
Assets		
Cash and short-term funds	981,636	1,760,287
Deposits and placements with financial institutions	277,275	-
Financial investments at fair value through profit or loss	447,826	636,693
Financial investments at fair value through other comprehensive income	20,620,070	22,273,842
Financial investments at amortised cost	9,747,865	10,261,091
Financing and advances	76,083,198	71,194,796
Trade receivables	147	324
Other receivables	631,042	717,249
	108,789,059	106,844,282
Commitments		
Undrawn financing	2,294,122	2,154,099
Total maximum exposure to credit risk	111,083,181	108,998,381

	Bank	
	2020 RM'000	2019 RM'000 Restated
Assets		
Cash and short-term funds	981,180	1,759,669
Deposits and placements with financial institutions	277,275	-
Financial investments at fair value through profit or loss	447,826	636,693
Financial investments at fair value through other comprehensive income	20,620,062	22,273,834
Financial investments at amortised cost	9,747,865	10,261,091
Financing and advances	76,285,365	71,269,715
Other receivables	643,854	734,543
	109,003,427	106,935,545
Commitments		
Undrawn financing	2,294,122	2,154,099
Total maximum exposure to credit risk	111,297,549	109,089,644



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.14 Credit risk exposure on financing and advances

	Group	
	2020 RM'000	2019 RM'000 Restated
At amortised cost		
Neither past due nor impaired		
0 month	74,630,848	67,841,564
Past due but not impaired		
1 month	1,324,758	2,218,410
2 months	656,386	781,791
3 months	25,687	405,892
	2,006,831	3,406,093
Past due and impaired		
Less than 4 months	422,545	216,475
4 months to 6 months	204,168	256,915
7 months to 9 months	45,897	169,230
More than 9 months	845,594	764,052
	1,518,204	1,406,672
Gross financing and advances	78,155,883	72,654,329
Less:		
Stage 1 - 12 month ECL	(388,082)	(240,394)
Stage 2 - lifetime ECL not credit impaired	(709,254)	(399,011)
Stage 3 - lifetime ECL credit impaired	(975,349)	(820,128)
Net financing and advances	76,083,198	71,194,796



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.14 Credit risk exposure on financing and advances (continued)

	Bank	
	2020 RM'000	2019 RM'000 Restated
At amortised cost		
Neither past due nor impaired 0 month	74,845,898	67,926,210
Past due but not impaired		
1 month	1,324,758	2,218,410
2 months	656,386	781,791
3 months	25,687	405,892
	2,006,831	3,406,093
Past due and impaired		
Less than 4 months	422,545	216,475
4 months to 6 months	204,168	256,915
7 months to 9 months	45,897	169,230
More than 9 months	845,594	764,052
	1,518,204	1,406,672
Gross financing and advances	78,370,933	72,738,975
Less:		
Stage 1 - 12 month ECL	(400,965)	(250,121)
Stage 2 - lifetime ECL not credit impaired	(709,254)	(399,011)
Stage 3 - lifetime ECL credit impaired	(975,349)	(820,128)
Net financing and advances	76,285,365	71,269,715



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities

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 AA3	-	-	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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 AA3	-	-	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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities (continued)

Group 2019	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	-	3,210,072	386,640	3,596,712
Grade AA+	-	65,956	5,206	71,162
Grade AA	-	200,231	5,272	205,503
Grade AA-	-	188,407	85,590	273,997
Grade AA1	-	304,514	153,740	458,254
Grade AA2	-	382,463	20,801	403,264
Grade AA3	-	257,236	57,947	315,183
	-	4,608,879	715,196	5,324,075
Cagamas sukuk				
Grade AAA	-	2,153,540	711,149	2,864,689
Negotiable Islamic debt certificates				
Grade AA3	-	-	99,582	99,582
	-	6,762,419	1,525,927	8,288,346
Unrated securities				
Government investment issues				
	157,486	9,100,909	5,480,591	14,738,986
Government sukuk				
	-	6,134,061	2,900,312	9,034,373
Khazanah sukuk				
	-	229,607	304,401	534,008
Islamic commercial paper				
	-	-	49,860	49,860
Islamic redeemable convertible preference shares				
	211,282	-	-	211,282
	368,768	15,464,577	8,735,164	24,568,509
Shares				
Quoted and unit trust shares				
	267,925	-	-	267,925
Unquoted shares				
	-	46,846	-	46,846
	267,925	46,846	-	314,771
	636,693	22,273,842	10,261,091	33,171,626



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.15 Credit risk exposure on investment securities (continued)

Group 2019	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	-	3,210,072	386,640	3,596,712
Grade AA+	-	65,956	5,206	71,162
Grade AA	-	200,231	5,272	205,503
Grade AA-	-	188,407	85,590	273,997
Grade AA1	-	304,514	153,740	458,254
Grade AA2	-	382,463	20,801	403,264
Grade AA3	-	257,236	57,947	315,183
	-	4,608,879	715,196	5,324,075
Cagamas sukuk				
Grade AAA	-	2,153,540	711,149	2,864,689
Negotiable Islamic debt certificates				
Grade AA3	-	-	99,582	99,582
	-	6,762,419	1,525,927	8,288,346
Unrated securities				
Government investment issues	157,486	9,100,909	5,480,591	14,738,986
Government sukuk	-	6,134,061	2,900,312	9,034,373
Khazanah sukuk	-	229,607	304,401	534,008
Islamic commercial paper	-	-	49,860	49,860
Islamic redeemable convertible preference shares	211,282	-	-	211,282
	368,768	15,464,577	8,735,164	24,568,509
Shares				
Quoted and unit trust shares	267,925	-	-	267,925
Unquoted shares	-	46,838	-	46,838
	267,925	46,838	-	314,763
	636,693	22,273,834	10,261,091	33,171,618

Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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.

	2020 RM'000	2019 RM'000
Group		
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	981,636	1,760,287
Deposits and placements with financial institutions	277,275	-
Financial investments portfolio *	30,650,667	32,896,974
Financing and advances	68,450,174	61,055,665
Trade receivables	147	324
Other assets	947,839	1,139,698
Credit exposure for off-balance sheet financial assets:		
Undrawn financing	2,294,122	2,154,099
Total maximum credit risk exposure	103,601,860	99,007,047
Bank		
Credit exposure for on-balance sheet financial assets:		
Cash and short-term funds	981,180	1,759,669
Deposits and placements with financial institutions	277,275	-
Financial investments portfolio *	30,650,667	32,896,974
Financing and advances	68,450,174	61,055,665
Other assets	924,408	1,121,584
Credit exposure for off-balance sheet financial assets:		
Undrawn financing	2,294,122	2,154,099
Total maximum credit risk exposure	103,577,826	98,987,991

* Financial investment portfolio consists of financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised costs, excluding equity investments.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.3 Credit risk (continued)

44.3.17 Exposures to COVID-19 impacted sectors

	2020 RM'000	2019 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	30,863,495	26,024,540

44.3.18 COVID-19 customer relief and support measures

Group and Bank As at 31 December 2020	Retail customers					Non-retail customers	
	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, repayment 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 repayments	5,478,871	42,852,574	2,542,231	498,562	51,372,238	1,136,221	52,508,459
Extended and repaying 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 repayments	86%	86%	92%	98%	87%	78%	86%
Extended and repaying 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%



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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, 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 2020.

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 are expiring in 2021.

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 repayment 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 from each of their pre-COVID-19 status. The overlays and post-model adjustments were generally made at account level in determining the sufficient level of ECL.

The method of overlays is based on the assessment on how close the lifetime PD reflects the portfolio default experience.

The adjusted downside scenario assumes a continuous restrictive economic environment due to COVID-19 until the second quarter of 2021, the impact of these post-model adjustments were estimated at account level, remain outside the core MFRS 9 process and amounted to RM248 million as at 31 December 2020.

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.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.1 Management of liquidity risk (continued)

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.

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	
	2020	2019
At 31 December	30.67%	34.50%
Average for the year	32.66%	34.17%
Maximum for the year	35.10%	34.55%
Minimum for the year	30.67%	33.72%

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.



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

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	24,877,434	415,849	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	-	-	-	-	-	-	3,593,127	3,593,127
	1,682,297	1,194,339	3,745,151	5,805,401	8,153,574	89,233,944	1,936,438	111,751,144
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	-	-	-	-	-	-	1,692,697	1,692,697
	15,120,776	16,878,402	21,937,507	15,711,513	11,676,112	7,784,375	1,694,071	90,802,756
Shareholders’ fund	-	-	-	-	-	-	20,948,388	20,948,388
Net maturity mismatch	(13,438,479)	(15,684,063)	(18,192,356)	(9,906,112)	(3,522,538)	81,449,569	(20,706,021)	-



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 2019 Restated	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	1,760,287	-	-	-	-	-	-	1,760,287
Investment securities	-	100,878	224,476	2,269,587	2,612,383	27,438,249	526,053	33,171,626
Financing and advances	413,020	1,134,855	2,572,134	3,819,311	5,575,621	59,139,388	(1,459,533)	71,194,796
Trade receivables	-	-	-	-	-	-	324	324
Other assets	-	-	-	-	-	-	3,677,607	3,677,607
	2,173,307	1,235,733	2,796,610	6,088,898	8,188,004	86,577,637	2,744,451	109,804,640
Liabilities								
Deposits from customers	12,299,801	15,957,176	21,974,506	13,833,530	14,599,627	5,166,765	-	83,831,405
Deposits and placements from banks and financial institutions	-	1,200,000	100,000	-	-	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	-	1,735	3,498	5,321	10,910	339,306	-	360,770
Debt securities issued	-	-	-	362,786	270,000	1,930,000	-	2,562,786
Cashline facility	-	200,607	-	-	-	-	-	200,607
Trade payables	-	-	-	-	-	-	1,652	1,652
Other liabilities	-	-	-	-	-	-	1,813,382	1,813,382
	12,299,801	17,359,518	22,078,004	14,201,637	14,880,537	7,436,071	1,815,034	90,070,602
Shareholders' fund	-	-	-	-	-	-	19,734,038	19,734,038
Net maturity mismatch	(10,126,494)	(16,123,785)	(19,281,394)	(8,112,739)	(6,692,533)	79,141,566	(18,804,621)	-



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 2019 Restated	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	80,666	-	-	-	-	-	-	80,666
Claims for damages from litigation taken against the Bank	-	-	-	-	-	106,053	-	106,053
Undrawn financing	2,154,099	-	-	-	-	-	-	2,154,099
	2,234,765	-	-	-	-	106,053	-	2,340,818



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	24,877,434	415,841	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	-	-	-	-	-	-	3,159,054	3,159,054
	1,681,841	1,194,339	3,745,151	5,805,401	8,153,574	89,448,994	1,489,327	111,518,627
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	-	-	-	-	-	-	1,891,536	1,891,536
	15,120,776	16,878,402	21,937,507	15,711,513	11,676,112	7,784,375	1,891,536	91,000,221
Shareholders' fund	-	-	-	-	-	-	20,518,406	20,518,406
Net maturity mismatch	(13,438,935)	(15,684,063)	(18,192,356)	(9,906,112)	(3,522,538)	81,664,619	(20,920,615)	-



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 2019 Restated	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	1,759,669	-	-	-	-	-	-	1,759,669
Investment securities	-	100,878	224,476	2,269,587	2,612,383	27,438,249	526,045	33,171,618
Financing and advances	413,020	1,134,855	2,572,134	3,819,311	5,575,621	59,224,034	(1,469,260)	71,269,715
Other assets	-	-	-	-	-	-	3,349,757	3,349,757
	2,172,689	1,235,733	2,796,610	6,088,898	8,188,004	86,662,283	2,406,542	109,550,759
Liabilities								
Deposits from customers	12,299,801	15,957,176	21,974,506	13,833,530	14,599,627	5,166,765	-	83,831,405
Deposits and placements from banks and financial institutions	-	1,200,000	100,000	-	-	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	-	1,735	3,498	5,321	10,910	339,306	-	360,770
Debt securities issued	-	-	-	362,786	270,000	1,930,000	-	2,562,786
Cashline facility	-	200,607	-	-	-	-	-	200,607
Other liabilities	-	-	-	-	-	-	1,967,402	1,967,402
	12,299,801	17,359,518	22,078,004	14,201,637	14,880,537	7,436,071	1,967,402	90,222,970
Shareholders' fund								
	-	-	-	-	-	-	19,327,789	19,327,789
Net maturity mismatch								
	(10,127,112)	(16,123,785)	(19,281,394)	(8,112,739)	(6,692,533)	79,226,212	(18,888,649)	-



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 2019 Restated	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	80,666	-	-	-	-	-	-	80,666
Claims for damages from litigation taken against the Bank	-	-	-	-	-	106,053	-	106,053
Undrawn financing	2,154,099	-	-	-	-	-	-	2,154,099
	2,234,765	-	-	-	-	106,053	-	2,340,818



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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 2020 and 31 December 2019. 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 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	-	-	-	-	-	-	1,599,962	1,599,962
	14,507,324	16,904,294	22,092,840	15,881,584	12,019,194	9,808,330	1,601,336	92,814,902



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group 2019 Restated	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	13,718,848	16,102,310	22,219,322	13,793,380	13,291,312	7,591,557	-	86,716,729
Deposits and placements from banks and financial institutions	-	1,204,414	100,583	-	-	-	-	1,304,997
Recourse obligations on financing sold to Cagamas	-	3,244	6,495	9,760	19,587	291,843	-	330,929
Debt securities issued	-	-	-	408,717	321,285	2,125,068	-	2,855,070
Trade payables	-	-	-	-	-	-	1,652	1,652
Cashline facility	-	200,921	-	-	-	-	-	200,921
Other liabilities	-	-	-	-	-	-	1,733,255	1,733,255
	13,718,848	17,510,889	22,326,400	14,211,857	13,632,184	10,008,468	1,734,907	93,143,553



Notes to the
Financial Statements

for the Year 31 December 2020 (Continued)

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	-	-	-	-	-	-	1,811,536	1,811,536
	14,507,324	16,904,294	22,092,840	15,881,584	12,019,194	9,808,330	1,811,536	93,025,102



44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.4 Liquidity risk (continued)

44.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2019 Restated	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	13,718,848	16,102,310	22,219,322	13,793,380	13,291,312	7,591,557	-	86,716,729
Deposits and placements from banks and financial institutions	-	1,204,414	100,583	-	-	-	-	1,304,997
Recourse obligations on financing sold to Cagamas	-	3,244	6,495	9,760	19,587	291,843	-	330,929
Debt securities issued	-	-	-	408,717	321,285	2,125,068	-	2,855,070
Cashline facility	-	200,921	-	-	-	-	-	200,921
Other liabilities	-	-	-	-	-	-	1,898,402	1,898,402
	13,718,848	17,510,889	22,326,400	14,211,857	13,632,184	10,008,468	1,898,402	93,307,048



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 optimise return on risk while maintaining a market profile consistent with the Bank's strategic plan.

The Bank has established the market risk policy, strategy and processes which are periodically reviewed and updated to take into account changes in activities and market structure to ensure effective implementation of risk management policies.

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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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				
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)
2019				
Year ended 31 December	(7,669)	(2,858)	(3,850)	3,880
Average for the year	(69,608)	59,225	(34,815)	35,001
Maximum for the year	(123,022)	(2,858)	(61,523)	3,880
Minimum for the year	(7,669)	112,658	(3,850)	61,546

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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments

Group 2020	Non-trading book						Trading book RM'000	Total RM'000
	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		
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



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Group (continued) 2020	Non-trading book						Trading book RM'000	Total RM'000
	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		
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
Shareholders' fund								
	-	-	-	-	-	20,948,388	-	20,948,388
On-balance sheet profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,430,223	(16,565,590)	505,790	-
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	(16,565,590)	505,790	-



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Group (continued) 2019 Restated	Non-trading book						Trading book RM'000	Total RM'000
	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		
Assets								
Cash, deposits and placements with financial institutions	700,069	-	-	-	-	1,060,218	-	1,760,287
Financial investments at fair value through profit or loss	-	-	-	-	-	-	636,693	636,693
Financial investments at fair value through other comprehensive income	51,018	35,433	3,242,493	12,994,107	5,903,945	-	46,846	22,273,842
Financial investments at amortised cost	49,860	189,043	1,639,477	4,884,577	3,498,134	-	-	10,261,091
Financing and advances								
- Non-impaired	41,763,042	46,076	60,501	2,819,445	24,612,527	1,946,066	-	71,247,657
- Impaired, net of allowances	-	-	-	-	-	(52,861)	-	(52,861)
Other non-profit sensitive balances	-	-	-	-	-	3,677,931	-	3,677,931
	42,563,989	270,552	4,942,471	20,698,129	34,014,606	6,631,354	683,539	109,804,640



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Group (continued) 2019 Restated	Non-trading book						Trading book RM'000	Total RM'000
	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		
Liabilities								
Deposits from customers	25,560,707	22,015,162	26,666,378	7,423,383	2,165,775	-	-	83,831,405
Deposits and placements from banks and financial institutions	1,200,000	100,000	-	-	-	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	-	-	-	360,770	-	-	-	360,770
Debt securities issued	-	-	623,882	1,638,546	300,358	-	-	2,562,786
Cashline facility	200,607	-	-	-	-	-	-	200,607
Other non-profit sensitive balances	-	-	-	-	-	1,815,034	-	1,815,034
	26,961,314	22,115,162	27,290,260	9,422,699	2,466,133	1,815,034	-	90,070,602
Shareholders' fund	-	-	-	-	-	19,734,038	-	19,734,038
On-balance sheet profit sensitivity gap	15,602,675	(21,844,610)	(22,347,789)	11,275,430	31,548,473	(14,917,718)	683,539	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	15,602,675	(21,844,610)	(22,347,789)	11,275,430	31,548,473	(14,917,718)	683,539	-



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Bank 2020	Non-trading book						Trading book RM'000	Total RM'000
	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		
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



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Bank (continued) 2020	Non-trading book						Trading book RM'000	Total RM'000
	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		
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
Shareholders' fund								
	-	-	-	-	-	20,518,406	-	20,518,406
On-balance sheet profit sensitivity gap	22,736,580	(20,506,210)	(23,024,712)	7,423,919	29,645,273	(16,780,632)	505,782	-
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	(16,780,632)	505,782	-



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Bank (continued) 2019 Restated	Non-trading book						Trading book RM'000	Total RM'000
	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		
Assets								
Cash, deposits and placements with financial institutions	700,069	-	-	-	-	1,059,600	-	1,759,669
Financial investments at fair value through profit or loss	-	-	-	-	-	-	636,693	636,693
Financial investments at fair value through other comprehensive income	51,018	35,433	3,242,493	12,994,107	5,903,945	-	46,838	22,273,834
Financial investments at amortised cost	49,860	189,043	1,639,477	4,884,577	3,498,134	-	-	10,261,091
Financing and advances								
- Non-impaired	41,763,042	46,076	60,501	2,819,445	24,697,173	1,946,066	-	71,332,303
- Impaired, net of allowances	-	-	-	-	-	(62,588)	-	(62,588)
Other non-profit sensitive balances	-	-	-	-	-	3,349,757	-	3,349,757
	42,563,989	270,552	4,942,471	20,698,129	34,099,252	6,292,835	683,531	109,550,759



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

44.5 Market risk (continued)

44.5.4 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Bank (continued) 2019 Restated	Non-trading book						Trading book RM'000	Total RM'000
	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		
Liabilities								
Deposits from customers	25,560,707	22,015,162	26,666,378	7,423,383	2,165,775	-	-	83,831,405
Deposits and placements from banks and financial institutions	1,200,000	100,000	-	-	-	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	-	-	-	360,770	-	-	-	360,770
Debt securities issued	-	-	623,882	1,638,546	300,358	-	-	2,562,786
Cashline facility	200,607	-	-	-	-	-	-	200,607
Other non-profit sensitive balances	-	-	-	-	-	1,967,402	-	1,967,402
	26,961,314	22,115,162	27,290,260	9,422,699	2,466,133	1,967,402	-	90,222,970
Shareholders' fund								
	-	-	-	-	-	19,327,789	-	19,327,789
On-balance sheet profit sensitivity gap	15,602,675	(21,844,610)	(22,347,789)	11,275,430	31,633,119	(15,002,356)	683,531	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap								
	15,602,675	(21,844,610)	(22,347,789)	11,275,430	31,633,119	(15,002,356)	683,531	-

Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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 statement 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 & Risk-Weighted Asset). The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	2020	2019 Restated
Before proposed dividend		
Core capital ratio	22.671%	22.848%
Risk-weighted capital adequacy ratio	24.600%	24.313%
After proposed dividend		
Core capital ratio	22.212%	22.326%
Risk-weighted capital adequacy ratio	24.141%	23.791%



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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	
	2020 RM'000	2019 RM'000 Restated
Tier I capital		
Paid-up share capital	2,986,030	2,986,030
Retained profits	9,430,095	8,884,112
Other reserves	6,848,750	6,504,722
Total Tier I capital (core)	19,264,875	18,374,864
Tier II capital		
Subordinated sukuk	300,000	300,000
Collective impairment *	1,110,219	649,132
Regulatory reserve	329,672	329,672
Total Tier II capital	1,739,891	1,278,804
Total capital	21,004,766	19,653,668
Less: Investment in subsidiaries	(100,744)	(100,744)
Total capital base	20,904,022	19,552,924

* 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	
	2020 RM'000	2019 RM'000 Restated
Total assets assigned 20% risk-weighted	530,251	732,872
Total assets assigned 50% risk-weighted	2,533,856	2,734,526
Total assets assigned 100% risk-weighted	80,910,841	75,633,892
Off-Balance Sheet claims assigned 100% risk-weighted	1,000,609	1,320,418
	84,975,557	80,421,708



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
2020		
Total Tier I Capital	19,264,875	19,264,875
of which: Total Add-back	-	201,703
Total Additional Tier I Capital	19,264,875	19,466,578
Total Tier II Capital	1,739,891	1,739,891
of which: Loss provisions	1,739,891	1,739,891
Total Risk Weighted Assets	84,975,557	84,975,557
Core capital ratio	22.671%	22.908%
Risk-weighted capital adequacy ratio	24.600%	24.837%



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					
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
Group					
2019					
Financial investments at fair value through profit or loss					
Government investment issues	157,486	157,486	-	157,486	-
Islamic redeemable convertible preference shares	211,282	211,282	-	211,282	-
Quoted shares	266,325	266,325	266,325	-	-
Unit trust shares	1,600	1,600	-	1,600	-
	636,693	636,693	266,325	370,368	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,608,879	4,608,879	-	4,608,879	-
Government investment issues	9,100,909	9,100,909	-	9,100,909	-
Government sukuk	6,134,061	6,134,061	-	6,134,061	-
Khazanah sukuk	229,607	229,607	-	229,607	-
Cagamas sukuk	2,153,540	2,153,540	-	2,153,540	-
Unquoted shares	46,846	46,846	-	-	46,846
	22,273,842	22,273,842	-	22,226,996	46,846



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)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank					
2019					
Financial investments at fair value through profit or loss					
Government investment issues	157,486	157,486	-	157,486	-
Islamic redeemable convertible preference shares	211,282	211,282	-	211,282	-
Quoted shares	266,325	266,325	266,325	-	-
Unit trust shares	1,600	1,600	-	1,600	-
	636,693	636,693	266,325	370,368	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,608,879	4,608,879	-	4,608,879	-
Government investment issues	9,100,909	9,100,909	-	9,100,909	-
Government sukuk	6,134,061	6,134,061	-	6,134,061	-
Khazanah sukuk	229,607	229,607	-	229,607	-
Cagamas sukuk	2,153,540	2,153,540	-	2,153,540	-
Unquoted shares	46,838	46,838	-	-	46,838
	22,273,834	22,273,834	-	22,226,996	46,838



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	
	2020 RM'000	2019 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	46,846	37,807
Addition of unquoted shares	500	-
Unrealised gains recognised in other comprehensive income	10,619	9,039
At 31 December	57,965	46,846

	Bank	
	2020 RM'000	2019 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	46,838	37,798
Addition of unquoted shares	500	-
Unrealised gains recognised in other comprehensive income	10,619	9,040
At 31 December	57,957	46,838



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 2020 RM'000	Fair value 2020 RM'000	Carrying amount 2019 RM'000 Restated	Fair value 2019 RM'000 Restated
Group				
Financial assets				
Cash and short-term funds	981,636	981,636	1,760,287	1,760,287
Deposits and placements with financial institutions	277,275	277,275	-	-
Financial investments at amortised cost	9,747,865	10,015,027	10,261,091	10,329,590
Financing and advances	76,083,198	80,859,140	71,194,796	74,993,651
Trade receivables	147	147	324	324
Other receivables and deposits	877,475	877,475	962,689	962,689
Financial liabilities				
Deposits from customers	85,575,431	86,184,277	83,831,405	84,466,510
Deposits and placements from banks and financial institutions	150,000	150,000	1,300,000	1,300,000
Recourse obligations on financing sold to Cagamas	339,826	309,115	360,770	359,351
Debt securities issued	2,642,558	2,678,020	2,562,786	2,595,294
Trade payables	1,374	1,374	1,652	1,652
Cashline facility	400,870	400,870	200,607	200,607
Other liabilities	1,259,979	1,259,979	1,450,754	1,450,754



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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 2020 RM'000	Fair value 2020 RM'000	Carrying amount 2019 RM'000 Restated	Fair value 2019 RM'000 Restated
Bank				
Financial assets				
Cash and short-term funds	981,180	981,180	1,759,669	1,759,669
Deposits and placements with financial institutions	277,275	277,275	-	-
Financial investments at amortised cost	9,747,865	10,015,027	10,261,091	10,329,590
Financing and advances	76,285,365	81,061,307	71,269,715	75,068,570
Other receivables and deposits	840,168	840,168	931,580	931,580
Financial liabilities				
Deposits from customers	85,575,431	86,184,277	83,831,405	84,466,510
Deposits and placements from banks and financial institutions	150,000	150,000	1,300,000	1,300,000
Recourse obligations on financing sold to Cagamas	339,826	309,115	360,770	359,351
Debt securities issued	2,642,558	2,678,020	2,562,786	2,595,294
Cashline facility	400,870	400,870	200,607	200,607
Other liabilities	1,472,546	1,472,546	1,619,284	1,619,284



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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	86,184,277	-	-	86,184,277
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	1,259,979	1,259,979	-	-	1,259,979
	90,370,038	90,983,635	-	2,678,020	88,305,615



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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					
2019 Restated					
Financial assets					
Cash and short-term funds	1,760,287	1,760,287	-	-	1,760,287
Financial investments at amortised cost:					
Government sukuk	2,900,312	2,909,649	-	2,909,649	-
Government investment issues	5,480,591	5,536,057	-	5,536,057	-
Islamic debt securities	715,196	712,410	-	712,410	-
Khazanah sukuk	304,401	309,173	-	309,173	-
Cagamas sukuk	711,149	712,842	-	712,842	-
Negotiable Islamic debt certificates	99,582	99,599	-	-	99,599
Islamic commercial paper	49,860	49,860	-	49,860	-
Financing and advances	71,194,796	74,993,651	-	-	74,993,651
Trade receivables	324	324	-	-	324
Other receivables and deposits	962,689	962,689	-	-	962,689
	84,179,187	88,046,541	-	10,229,991	77,816,550
Financial liabilities					
Deposits from customers	83,831,405	84,466,510	-	-	84,466,510
Deposits and placements from banks and financial Institutions	1,300,000	1,300,000	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	360,770	359,351	-	-	359,351
Debt securities issued	2,562,786	2,595,294	-	2,595,294	-
Trade payables	1,652	1,652	-	-	1,652
Cashline facility	200,607	200,607	-	-	200,607
Other liabilities	1,450,754	1,450,754	-	-	1,450,754
	89,707,974	90,374,168	-	2,595,294	87,778,874



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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	86,184,277	-	-	86,184,277
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	1,472,546	1,472,546	-	-	1,472,546
	90,581,231	91,194,828	-	2,678,020	88,516,808



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					
2019					
Restated					
Financial assets					
Cash and short-term funds	1,759,669	1,759,669	-	-	1,759,669
Financial investments at amortised cost:					
Government sukuk	2,900,312	2,909,649	-	2,909,649	-
Government investment issues	5,480,591	5,536,057	-	5,536,057	-
Islamic debt securities	715,196	712,410	-	712,410	-
Khazanah sukuk	304,401	309,173	-	309,173	-
Cagamas sukuk	711,149	712,842	-	712,842	-
Negotiable Islamic debt certificates	99,582	99,599	-	-	99,599
Islamic commercial paper	49,860	49,860	-	49,860	-
Financing and advances	71,269,715	75,068,570	-	-	75,068,570
Other receivables and deposits	931,580	931,580	-	-	931,580
	84,222,055	88,089,409	-	10,229,991	77,859,418
Financial liabilities					
Deposits from customers	83,831,405	84,466,510	-	-	84,466,510
Deposits and placements from banks and financial Institutions	1,300,000	1,300,000	-	-	1,300,000
Recourse obligations on financing sold to Cagamas	360,770	359,351	-	-	359,351
Debt securities issued	2,562,786	2,595,294	-	2,595,294	-
Cashline facility	200,607	200,607	-	-	200,607
Other liabilities	1,619,284	1,619,284	-	-	1,619,284
	89,874,852	90,541,046	-	2,595,294	87,945,752



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 statement 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.

45.3.7 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.



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

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: (continued)

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 statement of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

46. PRIOR YEAR ADJUSTMENTS

Prior year adjustments were made to reflect the understatement of the carrying amounts of financing and advances in prior years arising from effective profit rate refinement. The effects of the adjustments have been accounted for retrospectively in the financial.

Group	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Statements of Financial Position as at 1 January 2019			
Financing and advances	69,003,855	192,760	69,196,615
Reserves	(14,868,590)	(192,760)	(15,061,350)
Statements of Financial Position as at 31 December 2019			
Financing and advances	70,967,646	227,150	71,194,796
Tax recoverable	139,957	(46,788)	93,169
Other liabilities	(1,732,223)	(1,032)	(1,733,255)
Reserves	(16,558,818)	(179,330)	(16,738,148)
Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019			
Income	6,498,151	36,643	6,534,794
Allowances for impairment	(547,125)	(2,253)	(549,378)
Taxation	(122,936)	(46,788)	(169,724)
Statutory appropriations	(477,362)	2,066	(475,296)
Profit for the year	1,154,385	(10,332)	1,144,053



Notes to the Financial Statements

for the Year 31 December 2020 (Continued)

46. PRIOR YEAR ADJUSTMENTS (CONTINUED)

Bank	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Statements of Financial Position as at 1 January 2019			
Financing and advances	69,003,855	192,760	69,196,615
Reserves	(14,491,012)	(192,760)	(14,683,772)
Statements of Financial Position as at 31 December 2019			
Financing and advances	71,042,565	227,150	71,269,715
Tax recoverable	137,455	(46,788)	90,667
Other liabilities	(1,897,370)	(1,032)	(1,898,402)
Reserves	(16,152,569)	(179,330)	(16,331,899)
Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019			
Income	6,424,127	36,643	6,460,770
Allowances for impairment	(556,852)	(2,253)	(559,105)
Taxation	(112,130)	(46,788)	(158,918)
Statutory appropriations	(477,362)	2,066	(475,296)
Profit for the year	1,125,714	(10,332)	1,115,382



Trust

A product of beauty and usefulness. Bank Rakyat manifests the needs of its members and customers through various banking facilities based on their preferences in a **transparent** manner.

R.A.K.Y.A.T



Corporate Office and Branches

CORPORATE OFFICE

BANK RAKYAT

Menara 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
Tel : 03-2612 9600

Website : www.bankrakyat.com.my
Tele-Rakyat : 1-300-80-5454
International Call : +603-5526 9000
i-Rakyat : www.irakyat.com.my
Facebook/Twitter/Instagram :
[/myBankRakyat](#)

BRANCHES

REGION OFFICE (PERLIS/KEDAH/ PULAU PINANG)

No. 66, Level 2, Jalan Langgar
05460 Alor Setar, Kedah

ARAU

No. 6, 8 & 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. 140 & 142, Persiaran Bunga Raya
Langkawi Mall, Kuah
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

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

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



Corporate Office and Branches



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 3, No. 9 & 10, Blok 16
KCLD, Jalan Tun Jugah
93350 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 PADAWAN

Lot 42 & 43
10th Commercial Centre
Jalan Kuching-Serian, Kota Padawan
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

- KEDAH**

CHANGLUN
No. 61-B, Pekan Baru
Jalan Kodiang
06010 Changlun, Kedah
- LANGKAWI**
No. 66, Persiaran Dayang 1
Pusat Perniagaan Dayang
07000 Langkawi, Kedah
- MERGONG**
No. 19, Lorong Putih 9
Taman Rakyat Mergong
05150 Alor Setar, Kedah
- PERAK**

BATU GAJAH
No. 5, Tingkat Bawah
Jalan Dewangsa
31000 Batu Gajah, Perak
- SITIAWAN**
No. 25, Tingkat Bawah
Taman Sentosa, Jalan Lumut
32000 Sitiawan, Perak
- TELUK INTAN**
Jalan Selat
36000 Teluk Intan, Perak
- TAIPING**
No. 31, Tingkat Bawah
Susur Simpang Jalan Kg. Dew
34700 Simpang, Perak
- SELANGOR**

AMPANG
No. 6-G, Tingkat Bawah
Jalan Dagang 1/1A
Taman Dagang
68000 Ampang, Selangor
- BALAKONG**
No. 7G, Jalan Cheras Maju
Pusat Perniagaan Cheras Maju
43200 Balakong, Selangor
- MELAWATI**
No. G-1, Melawati Corporate Centre
Taman Melawati
53100 Kuala Lumpur

- SHAH ALAM**
No. 9 & 11
Jalan Tuanku Ampuan Zabedah H/9H
Seksyen 9
40000 Shah Alam, Selangor
- BATANG KALI**
No. 37, Jalan Mahogani 7/1, Seksyen 4
Bandar Utama Batang Kali
44300 Batang Kali, Selangor
- WILAYAH PERSEKUTUAN**

JALAN RAKYAT
Tingkat GB, Menara 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
- SENTUL**
No. 22, Jalan 14/48 A
Sentul Raya Boulevard
51000 Kuala Lumpur
- NEGERI SEMBILAN**

REMBAU
No. 990, Tingkat Bawah, Jalan Terentang
71300 Rembau, Negeri Sembilan
- MELAKA**

MELAKA SENTRAL
No. 24, Jalan Cempaka 1
Taman Seri Cempaka,
Peringgit
75400 Melaka
- SUNGAI UDANG**
No. 2, Tingkat Bawah, Jalan Pahlawan 7
Taman Pahlawan
76300 Sungai Udang, Melaka

- JOHOR**

KLUANG
No. 22, Tingkat Bawah, Jalan Pesona 2
Taman Pesona
86000 Kluang, Johor
- MASAI**
No. 16, Jalan Sejambak 14
Taman Bukit Dahlia
81700 Pasir Gudang, Johor
- MUAR**
No. 25-2, Jalan Majidi
84000 Muar, Johor
- TANGKAK**
No. 9, Tingkat Bawah & Mezzanine
Jalan Muar
84900 Tangkak, Johor
- ULU TIRAM**
No. 1, Jalan Ledang 25
Taman Bukit Tiram
81800 Ulu Tiram, Johor
- PAHANG**

KUANTAN
No. G14, Tingkat Bawah
Mahkota Square, Jalan Mahkota
25000 Kuantan, Pahang
- TERENGGANU**

KEMAMAN
Kedai Ar-Rahnu Kemaman
No. 22, Jalan Sulaimani Chukai
24000 Kemaman, Terengganu
- KELANTAN**

JELAWAT
Lot 164, Pekan Jelawat
16070 Bachok, Kelantan
- KOTA BHARU**
Tingkat Bawah, Lot PT 68
Bangunan Yamud
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan
- SARAWAK**

SATOK
Lot 497, Seksyen 6
KTLD Jalan Kulas Tengah
93400 Kuching, Sarawak

Ar-Rahnu
X'Change





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 TANJUNG KARANG

No.1 & 3, Jalan Makmur 1
Taman Makmur, Batu 7
45500 Tanjung Karang, 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 TANJUNG KARANG

No.1 & 3, Jalan Makmur 1
Taman Makmur, Batu 7
45500 Tanjung Karang
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

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

SL 8, Lot 1936,
Bandar Baru Betong Phase 1
95700 Betong, Sarawak

AR-RAHNU X'CHANGE LUNDU

No. 76G dan Tingkat 1,
Lundu Bazaar
94500 Lundu, Sarawak

RAKYAT XCESS BETONG

SL 8, Lot 1936,
Bandar Baru Betong Phase 1
95700 Betong, Sarawak

RAKYAT XCESS LUNDU

No. 76G dan Tingkat 1,
Lundu Bazaar
94500 Lundu, 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

PAHANG

RAKYAT XCESS CAMERON HIGHLANDS

No. 6-1, Marigold Square
Tanah Rata
39000 Cameron Highlands, Pahang

SARAWAK

RAKYAT XCESS SERIAN

No. 11, Tingkat Bawah
Louis Junction, Batu 39
Jalan Kuching-Serian
94700 Serian, Sarawak





Bank Rakyat Service Agents

PERLIS

KOPERASI UNIMAP PERLIS (KOUNIMAP) BERHAD
No. 8, 10 dan 12, Jalan M.U. Satu Medan Universiti
Tel : 04-421 8621
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 CHEMAPEK 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) Lebu Paduka
Bandar Seberang Perak
36800 Kampong Gajah, Perak
Tel : 05-655 8101
Fax : 05-655 8100

KOPERASI SELAMA PERAK BERHAD
Lot No. 4, Jalan Besar Selama
34100 Selama, Perak
Tel : 05-839 4532
Fax : 05-839 2940

KOPERASI BUKIT SEMANGGOL BERHAD
No. 16, Jalan Besar Gunung Semanggol
34400 Simpang 4 Semanggol, Perak
Tel : 05-890 4320
Fax : 05-890 4320

SELANGOR

KOPERASI KAKITANGAN UNIKL MIAT SEPANG BERHAD
Lot 2891, Jalan Jenderam Hulu
43800 Dengkil, Selangor
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
Level 11, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2031 4933
Fax : 03-2031 7298

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





Bank Rakyat
Service Agents

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



Bank Rakyat
Service Agents

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 Bharu, Kelantan
Tel : 09-697 3116

SME & COOPERATIVE BUSINESS CENTRE PERAK

No. 61, Tingkat Bawah & Tingkat 1
Lengkong 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

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BANK KERJASAMA RAKYAT MALAYSIA BERHAD (Reg No.2192)

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