

Realising

HAND IN HAND

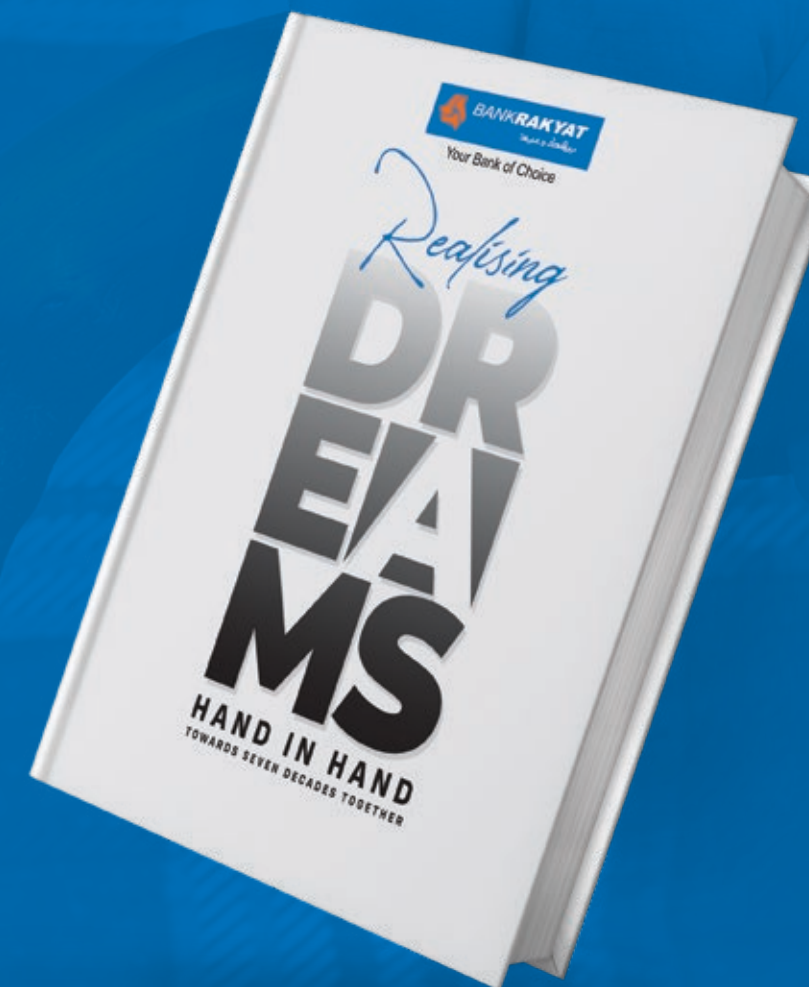
TOWARDS SEVEN DECADES TOGETHER

ANNUAL REPORT 2023

**MIS
SION** Enhancing economic
well-being
of our members, customers and nation

**VIS
ION** Malaysia's No. 1
Progressive Islamic Cooperative Bank

Our Core Values



Realising Dreams Hand in Hand: Towards Seven Decades Together

As the leading Development Financial Institution in Malaysia, we remain steadfast in our commitment to sustainability, which serves as the cornerstone of our operations. Throughout the years, we have intensified efforts time and again to empower the community, bolster Shariah leadership, foster entrepreneurship and advance our digital transformation journey. Our unwavering dedication to forging a sustainable future for both the Bank and our stakeholders is evident in our investments to drive Malaysia's socio-economic development. Through our diverse range of Islamic banking products, we strived to deliver tangible positive outcomes for our Bank and stakeholders, guided by principles of accountability and transparency. Our pursuit of enhancing the economic well-being of our members, customers and nation has captured the theme of our report this year: "Realising Dreams Hand in Hand Towards Seven Decades Together."

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Bank Rakyat Overview

We are the
LARGEST ISLAMIC
cooperative bank

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

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

Our Strength

Employees

6,114

personnel

Customers

8.69

million

Shareholders

802,823

individuals and cooperatives

Total Assets

RM118.69

billion

Profit Before Taxation and Zakat

RM1.76

billion

Members' Share Capital

RM2.99

billion

Bank Rakyat Overview

Our Mantra

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

Our 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 Products

Personal Banking

Savings-i Account, Electronic Current Account-i (eCA-i), Personal Financing-i, Vehicle Financing-i, Home Financing-i, Pawn Broking-i, Education Financing-i, Credit Card-i, Debit Card-i, Takaful, Pusaka Rakyat and Wasiat Rakyat.

Business Banking and Cooperative

i-bizRAKYAT, Electronic Current Account-i (eCA-i), Term Financing-i, Bridging Financing-i, Contract Financing-i, Cash Line-i, Share-i, Working Capital for Ar-Rahnu X'Change, Micro Financing-i, Cooperative Financing-i, Business Property Financing-i, Commercial Hire Purchase Financing-i and Small Medium Enterprise Financing-i.

Corporate Information



BOARD OF DIRECTORS

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

BANK SECRETARY

- Mohamad Khairil Abidin

REGISTERED OFFICE

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

CORPORATE OFFICE

Bank Rakyat
Tingkat 35, Menara 1, Menara Kembar Bank Rakyat,
No. 33, Jalan Rakyat, KL Sentral,
50470 Kuala Lumpur
Tel : 03-2612 9600

WEBSITE

www.bankrakyat.com.my

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

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. Additionally, to deal with issues relating to business, finance, corporate governance, corporate social responsibility and corporate ethics in a transparent manner.

CUSTOMERS



To conduct our 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 financial institution.

SOCIETY



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.

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

NO. 3

Largest Islamic Bank
in Malaysia

PREMIERE CO-OPERATIVE

Malaysia 2023

Top Cooperatives by
Suruhanjaya Koperasi
Malaysia (SKM)

TOP 300

275th Largest Cooperative
and Mutual Organisation
in the World

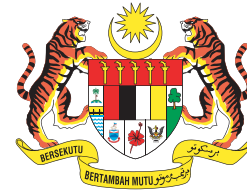
Group Corporate Structure



Your Bank of Choice



Bank Rakyat and the Stakeholder

**MINISTRY OF FINANCE**

Bank Kerjasama Rakyat Malaysia
Berhad Act (Special Provision) 1978



**MINISTRY OF
ENTREPRENEUR DEVELOPMENT
AND COOPERATIVES**



CENTRAL BANK OF MALAYSIA

The Development Financial
Institutions Act 2002



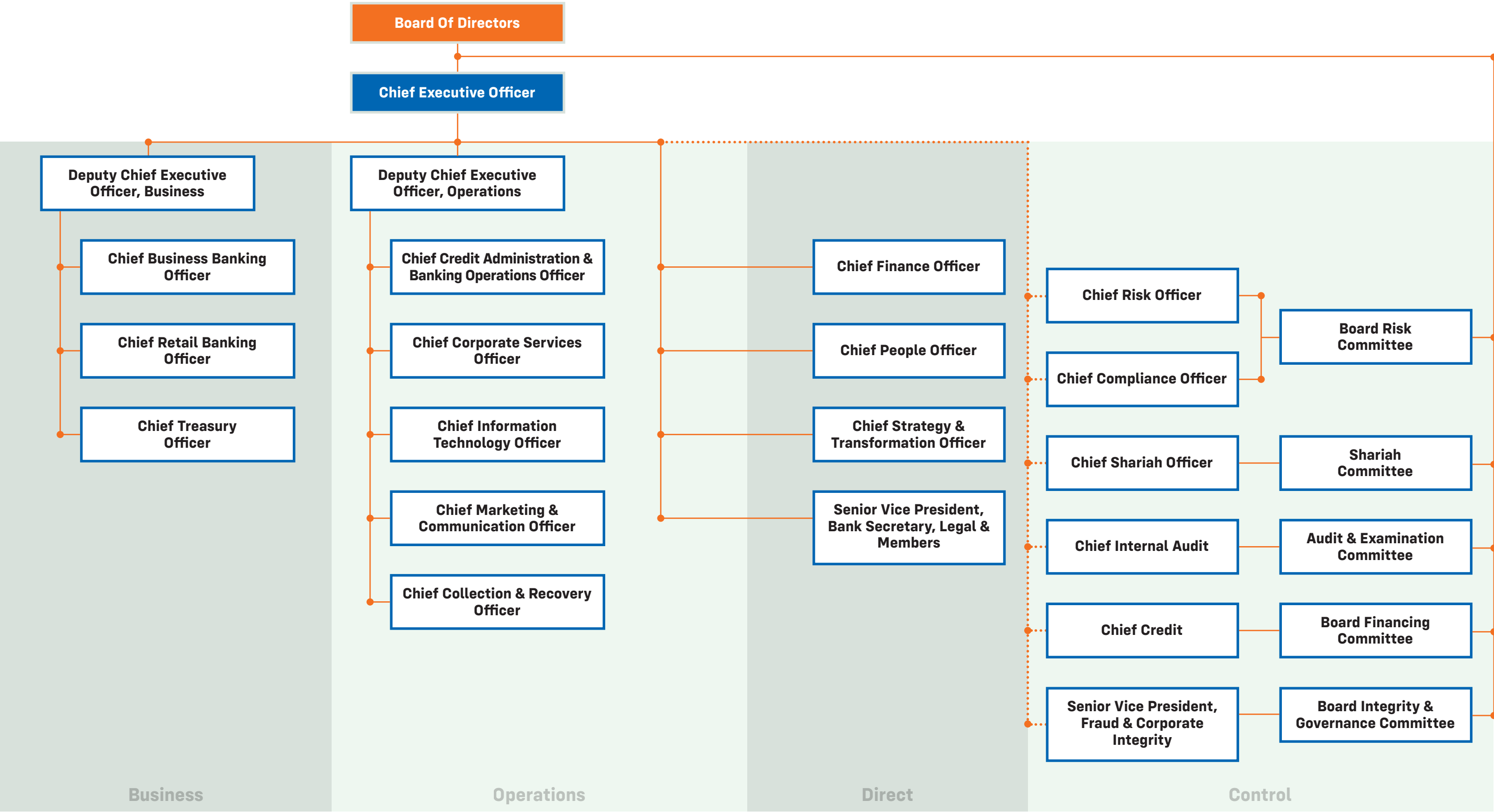
Cooperative Act 1993



Your Bank of Choice

By-Law

Organisation Chart



Organisation Chart

A black and white photograph of a hand holding a blue ribbon that forms a large number 1. The ribbon is emerging from a mechanical device, possibly a printer or a ribbon dispenser, which is part of a larger machine. The background is a blurred industrial setting with various mechanical components and pipes.

Our Best Performance

Striving to deliver long-term sustainable value for our stakeholders with deep-rooted principles of accountability and transparency.

Five Year Performance (Non-Financial)

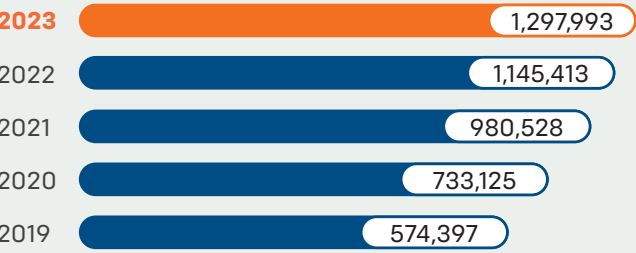
BRANCHES



ATM/CDM/CICO TERMINALS



REGISTERED iRAKYAT CUSTOMERS



EMPLOYEES



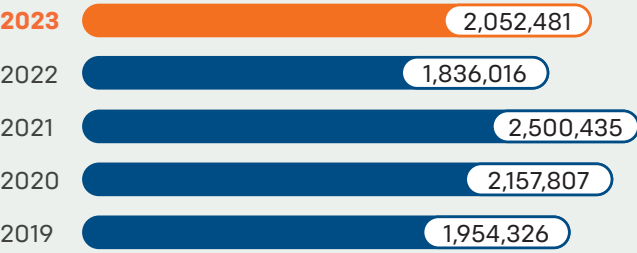
AR-RAHNU X'CHANGE



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



CONTACT CENTRE CALLS RECEIVED



CUSTOMERS (MILLION)



Five Year Performance (Financial)

PROFIT BEFORE TAXATION AND ZAKAT (RM BILLION)



DEPOSITS AND SAVINGS (RM BILLION)



OPERATING INCOME (RM BILLION)



RETURN ON AVERAGE SHAREHOLDERS' FUND (%)



PROFIT AFTER TAXATION AND ZAKAT (RM BILLION)



FINANCING AND ADVANCES (RM BILLION)



COST TO INCOME RATIO (%)



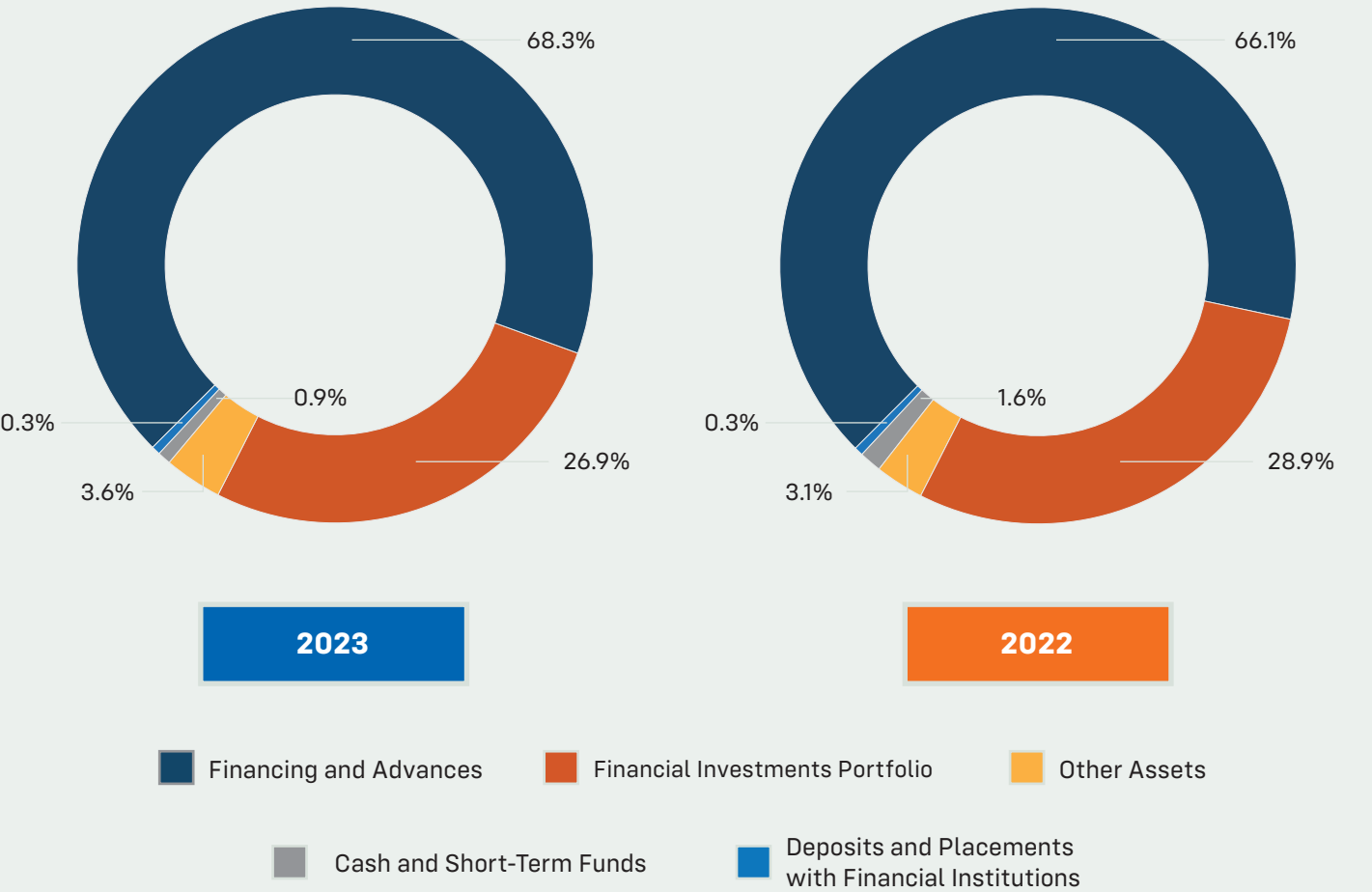
GROSS IMPAIRED FINANCING RATIO (%)



Quarterly Performance

2023	Q1	Q2	Q3	Q4	
Income	1.63	1.66	1.69	1.69	(RM Billion)
Expenditure	0.86	0.89	0.90	0.89	
Net Income	0.77	0.77	0.79	0.80	
Profit before Taxation and Zakat	0.43	0.47	0.41	0.45	
Profit after Taxation and Zakat	0.31	0.42	0.40	0.47	
2022	Q1	Q2	Q3	Q4	
Income	1.42	1.43	1.50	1.72	(RM Billion)
Expenditure	0.56	0.56	0.61	0.70	
Net Income	0.86	0.87	0.89	1.02	
Profit before Taxation and Zakat	0.41	0.47	0.44	0.55	
Profit after Taxation and Zakat	0.37	0.56	0.53	0.53	

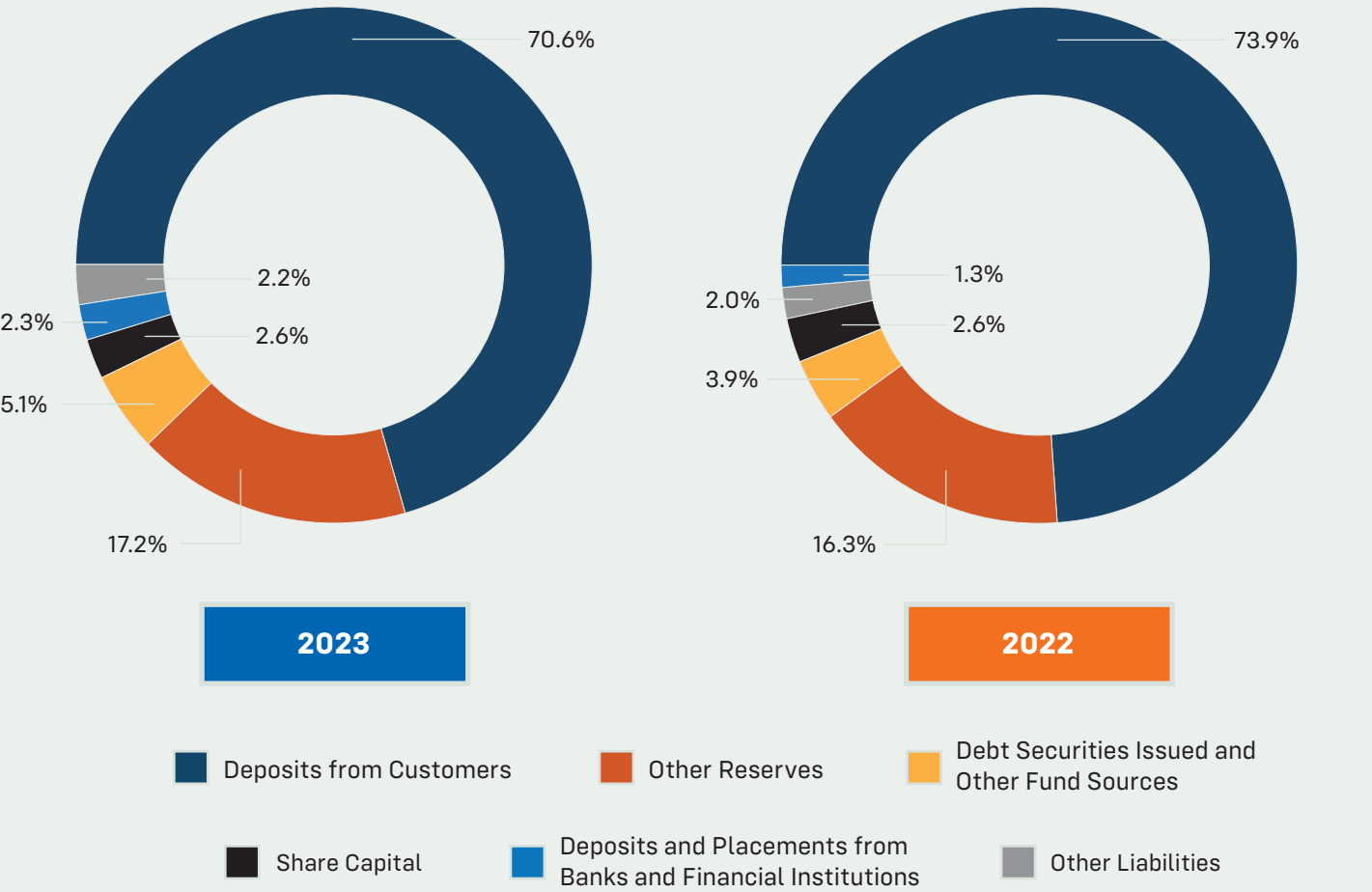
Assets



Segmental Analysis for Bank Earnings

		2023		2022
	Percentage %	RM'000	Percentage %	RM'000
Retail Banking	63.5	4,502,238	63.9	3,989,967
Commercial Banking	5.3	376,042	4.9	304,209
Fee-Based	3.2	230,161	1.8	115,346
Ar-Rahnu	4.5	318,732	4.0	251,446
Others	23.5	1,662,145	25.4	1,585,478

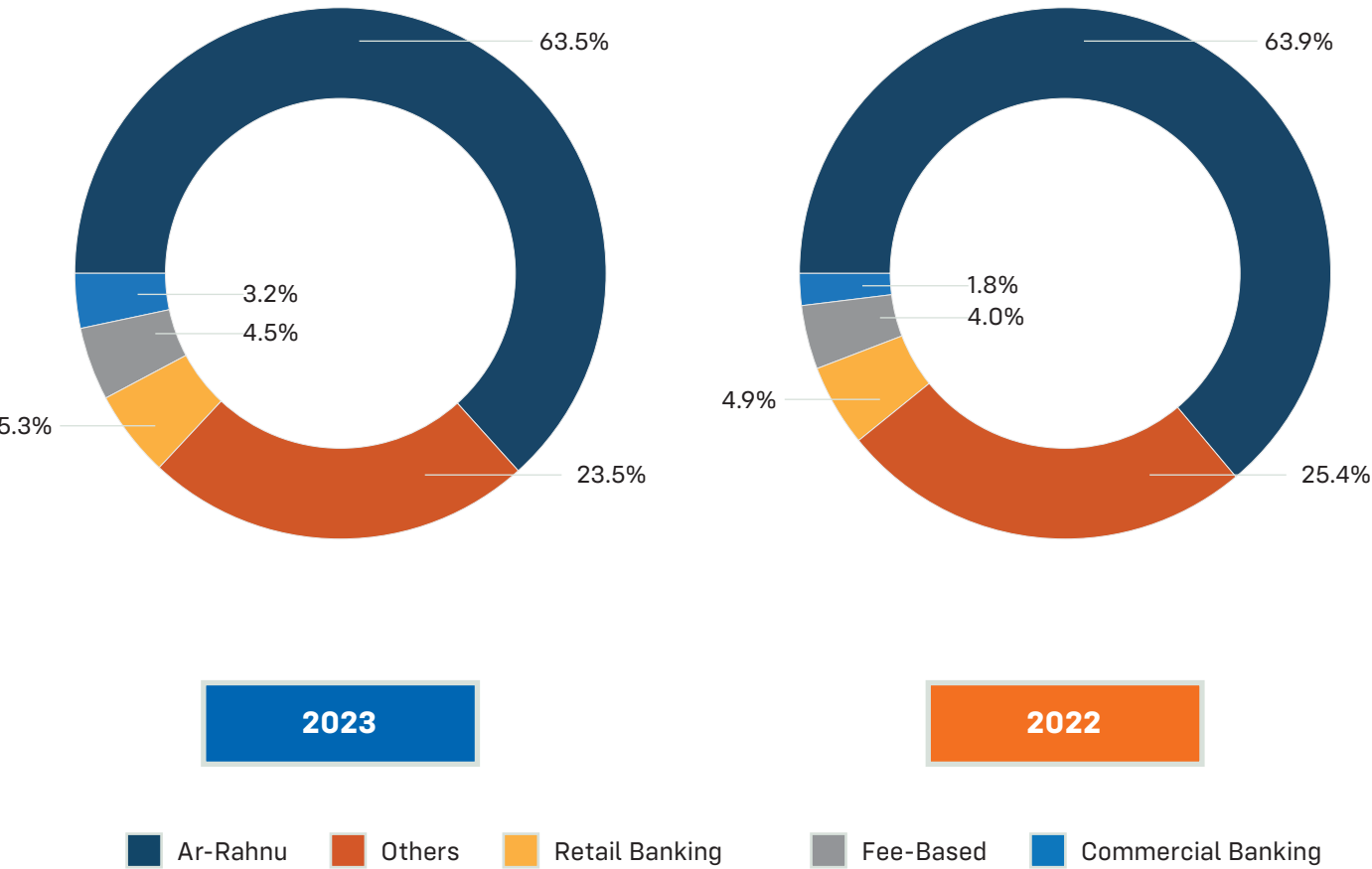
Liabilities and Equity



Dividend (RM Million)



Banking Operations Performance



Our Members

Total Members (Individuals and Cooperative): 2019 - 2023



Year	Category		Total
	Individual	Cooperative	
2023	800,559	2,264	802,823
2022	815,367	2,264	817,631
2021	824,799	2,267	827,066
2020	832,055	2,247	834,302
2019	840,592	2,257	842,849

Total Share Capital: 2019 - 2023

Year	Total (RM'000)
2023	2,986,030
2022	2,986,030
2021	2,986,030
2020	2,986,030
2019	2,986,030

Key Milestones

- 1954
- Official registration of Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad with its first headquarters in Bukit Mertajam, Penang. Election of the Menteri Besar of Perlis, Tan Sri Sheikh Ahmad Mohd Hashim, as the President of the Board of Sponsors.
 - Election of the Menteri Besar of Perlis, Tan Sri Sheikh Ahmad Mohd Hashim, as the President of the Board of Sponsors.
- 1955
- First election of the Board of Directors by regional members.
 - Re-election of Tan Sri Sheikh Ahmad Mohd Hashim as Chairman of the Bank.
 - Relocation of Bank headquarters to Padang Kota, Penang.
- 1958
- Launch of the Bank's Five-Year Development Plan to raise over RM12 million in capital, led by Chairman Tan Sri Sheikh Ahmad Mohd Hashim.
- 1961
- 
- Relocation of Bank Agong Headquarters to Kuala Lumpur to centralise operations for services to all customers in the Peninsular.
- 1963
- Bank Agong membership comprises 32 cooperatives with total share investment amounting to RM143,000.
- 1964
- Commencement of construction of Bank Agong Headquarters in Jalan Ipoh, Kuala Lumpur.
- 1966
- Bank Agong moves to its own building at Jalan Ipoh, Kuala Lumpur.
- 1967
- Decision by Bank's Board of Directors to change the name of Bank Agong to Bank Kerjasama Malaysia Berhad or better known as Bank Kerjasama.
- 1968
- Opening of Bank Kerjasama's first branch in Sungai Petani, Kedah, after the acquisition of Bank Persatuan Berkerjasama-sama Kedah Tengah.
- 1969
- Opening of Bagan Serai branch, officiated by Menteri Besar of Perak, Dato' Sri Ahmad Mohd Said.
 - Opening of Muar branch, officiated by Menteri Besar of Johor, Dato' Othman Mohd Saat.
 - Publication of Berita Bank Kerjasama, the Bank's first newsletter, with the Editor's Column touching on the possibility of establishing a single Cooperative Union in Malaysia.

- 1970
- Opening of Kangar branch, officiated by the Regent of Perlis, Tuanku Syed Sirajuddin Ibni Tuanku Syed Putra Jamalullail.
- 
- 1971
- Opening of Kota Bharu branch by Kelantan Acting Menteri Besar, Dato' Mohamed Nasir.
 - Expansion of services to include providing financing to members who want to venture into businesses, industries and for the purchase of assets such as houses.
 - Establishment of Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA) after an agreement was reached at the 2nd Malaysia Cooperative Congress chaired by the Chairman of Bank Kerjasama, Tan Sri Sheikh Ahmad Mohd Hashim.
 - Opening of the Melaka branch of Bank Kerjasama at Jalan Hang Tuah, officiated by the Chief Minister of Malacca, Dato' Talib Karim, marking Bank Kerjasama's initiative to expand into urban areas.
- 1972
- Launch of the Provident Trust Fund Account.
 - Change of name from Bank Kerjasama to Bank Kerjasama Rakyat Malaysia Berhad or Bank Rakyat at the 17th Annual General Meeting (AGM).
 - Establishment of Bank Rakyat's first subsidiary.
- 1973
- Official adoption of the name Bank Rakyat after personal proposal by the then Prime Minister, Tun Abdul Razak Hussein.
- 
- 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.


Key Milestones

- 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 dan Beras Negara Complex in conjunction with the harvesting season.
- 
- 1983
- Increase in Bank membership to 29,002 comprising 28,134 individuals and 868 cooperatives.
 - Increase in Bank's total assets to RM519.0 million and net profit reaches RM5.9 million.
- 1984
- Launch of the first Education Loan Scheme, Skim Pinjaman Menanam Budi.
- 1986
- Launch of Nuri Savings Scheme by the Minister of National and Rural Development to encourage a savings culture among school children.
- 1988
- Launch of the second Educational Loan Scheme to assist students pursuing higher education in the country and abroad.
 - Scheme (SPKS) with a maximum loan of RM20,000.00 to help graduates without permanent employment to set up and start their own accounting and taxation services business.
 - Launch of Bank Rakyat's first mini branch in Bandar Tun Razak, Cheras, Kuala Lumpur.
 - Launch of Motorcycle Loan Scheme in the effort to broaden lending activities.
- 1989
- Introduction of services for the cooperative sector through the Special Cooperative Savings Accounts (ATKK).

- 1990
- Approval received to use Bank Rakyat's reserves amounting to RM96.70 million to cover losses accumulated totalling RM86.60 million.
 - Announcement of the distribution of two percent bonus to members from 1978 to 1988, a 10% cash dividend for the financial year 1989 and a 10% dividend and 20% bonus shares respectively for 1990 and 1991.
- 1992
- Approval of the Cooperative Act 1992 by Parliament.
- Four main objectives of the Act:
- To encourage and promote the development of cooperatives.
 - To transform cooperative into a sustainable movement.
 - To reform cooperative administration and management.
 - To consolidate laws related to the cooperative movement
- 1993
- Launch of the Shariah banking system offering facilities such as Al-Wadiah Savings Account, Al-Mudharabah General Investment Account, Al-Bai' Bithaman Ajil Property Financing and Bai Al-Inah Personal Financing.
- 
- Going back to where it all began, opening of the Bank's 42nd branch in Bukit Mertajam, Penang, the birthplace of the Bank.
 - Introduction of the Ar-Rahnu Islamic Pawn Broking Scheme in collaboration with the Malaysian Islamic Economic Development Foundation (YaPEIM) with an initial capital of RM5.0 million.
 - Signing of memorandum of understanding for the implementation of Ar-Rahnu with YaPEIM on 11 October 1993.
- 1994
- Establishment of Bank Rakyat's Shariah Advisory Council.
 - Opening of first branch outside the Peninsular in Kuching, Sarawak.
- 1998
- Launch of An-Naqlu Vehicle Financing Scheme, a financing facility for the purchase of cars.
- 1999
- Launch of the state-of-the-art Integrated Retail Banking System (IRBS) at the Pudu branch in Kuala Lumpur, allowing online management of retail banking transactions and general ledger and supporting ATM services for speedy savings and investment account transactions.
- 2000
- Launch of the Tijari Contract Financing in the effort to assist dynamic and viable small businesses.

Key Milestones

2001



Your Bank of Choice

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

2002

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

2003

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

2004

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

2005

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

2006

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


2007

- Launch of Kelab Nuri Bank Rakyat by Puan Sri Wan Nafisah Nik Mohd 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 iRakyat Internet Banking.

2008

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

2009



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

2010

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

2012

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

2013

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

2014

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

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.

Key Milestones

2016

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

2017

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

2018



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

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

2019

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

2020

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

2021



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

2022



- Bank Rakyat launched the Investment Account-i Rizq Plus at Menara Kembar Bank Rakyat which allows customers to create separate investment portfolios as support savings and alternative income channels and not just rely on the mandatory contributions of existing retirement schemes.

Significant Event of 2023

06 January

Bank Rakyat has established Shariah-compliant financial products to encourage the use of green energy in society. The Bank offers Vehicle Financing-i for the purchase of hybrid and electric vehicles, including fuel-efficient models. Homebuyers can also access services such as Home Financing-i to purchase properties or residences recognised as having green building status by the Green Building Index (GBI) or GreenRE.

17 January



The Minister of Entrepreneur and Cooperatives Development, YB Datuk Ewon Benedick, delivering a mandate to the agencies.

25 - 26 February

Bank Rakyat has collaborated with UCSI University to implement a community engagement project in the Berjaya Times Square central area.

11 March



The first BaktiRAKYAT programme for the year was held at Rumah Kasih Harmoni Paya Jaras. BaktiRAKYAT is the Bank's corporate volunteerism programme aimed at cultivating the value of cooperation, fostering team spirit, eradicating selfishness and caring for the community.

12 March

Bank Rakyat held a collaboration with Farm Byte Sdn Bhd at Southern Green Farm, Ulu Tiram Johor. The collaboration is for the Bank to participate in Kulim's agriculture platform.

19 January

Bank Rakyat allocated RM50 million through a Memorandum of Understanding (MoU) to empower Universiti Teknologi MARA (UiTM) graduates in entrepreneurship.

14 March



The Bank Rakyat Tech Week event was held at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat, and launched by YB Datuk Ewon Benedick, Minister of Entrepreneur and Cooperatives Development.

23 March

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

30 March



- Bank Rakyat announced a 15% dividend to its members and recorded a profit before tax and zakat of RM1.70 billion.
- Bank Rakyat launched the Fitrah Kempen and Prize Giving Ceremony, officiated by YB Datuk Ewon Benedick, Minister of Entrepreneur and Cooperatives Development at Menara Kembar Bank Rakyat.

Significant Event of 2023

04 April

Bank Rakyat continued the Fitrah: Ikhlasikan Hati, Fitrahkan Diri programme this year by distributing 6,000 packets of bubur lambuk to frontline workers and the local community. This programme is also one of Bank Rakyat's annual social initiatives to share sustenance with the local community.

10 April



Bank Rakyat held Majlis Lafaz Ikrar dan Pemakaian Reben Perkhidmatan Polis Bantuan Bank Rakyat 2023 for Auxiliary Police to renew their pledge of Lafaz Ikrar Taat Setia Pasukan and Ikrar Bebas Dadah at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat.

10 June

The 2023 Annual General Meeting was held at Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat and was officiated by YB Datuk Ewon Benedick, Minister of Entrepreneur and Cooperatives Development.

20 June



13 April



As an agency under the Ministry of Entrepreneur and Cooperatives Development, Bank Rakyat launched Pesta Rakyat, showcasing a variety of special offers from 150 well-known local brand entrepreneurs.

02 May

The Aidilfitri celebration with corporate clients took place at Menara Kembar Bank Rakyat, serving as a festive occasion to enhance relationships with the guests.

29 May



Bank Rakyat held the grand opening of its Penampang Branch, during which it also launched the Kebun Nuri Nutrisi and BaktiRAKYAT programmes at SMK Limbanak.

Bank Rakyat became the first bank to create a new spectrum in its digital channels with the launch of JomPay Bank Rakyat on the Touch 'n Go (TNG) eWallet platform. During the event, the Chief Executive Officer of Bank Rakyat, Dr. Mohammad Hanis Osman, welcomed the Chief Executive Officer of TNG Digital Sdn Bhd, Alan Ni, for a symbolic launch of the collaboration between Bank Rakyat and Touch 'n Go for bill payment through the JomPay application. The event took place at Anjung Kembar, Menara Kembar Bank Rakyat.

Significant Event of 2023

04 July

Bank Rakyat launched RAKYATpreneur 4.0 and Bank Rakyat UNIPreneur 3.0. A total of 800 entrepreneurs from the asnaf group and the asnaf student group benefited from the guidance programme in 2023, with a fund allocation amounting to RM3.5 million from the Bank.

17 August



Bank Rakyat launched RAKYATpreneur 4.0 and Bank Rakyat UNIPreneur 3.0. A total of 800 entrepreneurs from the asnaf group and asnaf student group benefited from the guidance programme in 2023, with a fund allocation amounting to RM3.5 million from the Bank.

19 August



Bank Rakyat launched the Bank Rakyat Automatic Teller Machine (ATM) Inauguration Ceremony and the Bank Rakyat Nutritive Nursery Opening Ceremony. This inauguration is in line with the objectives of the BR25 Strategic Plan to provide added value and convenience to customers around Air Kuning, Perak.

15 September

A friendly football match in conjunction with Bank Rakyat’s 69th anniversary and Malaysia Day 2023 was held at the Subang Jaya City Council Arena, with the participation of Bank Rakyat employees together with the employees of TV3.

17 July



Bank Rakyat is committed to increasing the public’s knowledge about financial management through the organisation of the ‘Perfect Brew Coffee Roadshow’ program which was held in 13 locations around the Klang Valley.

18 August



Bank Rakyat launched the Kebun Nuri Nutrisi and Cashless School programme, which has benefited 25,000 students in educational institutions across the country. This is a form of a comprehensive programme that benefits not only students but also contributes to society.

26 September



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

Significant Event of 2023

03 October

Through the Bank Rakyat scholarship, three excellent Malaysian Certificate of Education (SPM) 2022 students received educational support worth more than RM55,000 at Anjung Kembar, Menara 1, Menara Kembar Bank Rakyat.

21 October



Bank Rakyat and PT MNC Kapital Indonesia TBK have entered into a strategic collaboration to provide easy Shariah-compliant financing, as well as banking services and remittances to Indonesian citizens working in Malaysia. This collaboration provides banking services and cross-border remittances for Indonesian Migrant Workers (PMI) to obtain Shariah financing before leaving the country as capital for administrative procedures, as well as to provide funds for their families in their homeland.

06 December

Bank Rakyat has introduced initiatives encompassing the Bank Rakyat Entrepreneur Leadership Series (RAKYATpreneur & Bank Rakyat UNIPreneur) at Universiti Teknikal Malaysia Melaka (UTeM), Melaka. The Bank Rakyat UNIPreneur Roadshow is an engagement programme among stakeholders.

13 December

Bank Rakyat co-organised the Pertandingan Bicara Berirama dan Choral Speaking Nuri Madani 2023 Peringkat Kebangsaan with the Ministry of Education Malaysia (MOE) to improve and instil better communication skills in English and Bahasa Melayu languages in all schools.

31 October



Bank Rakyat is expanding its financial services through the collaboration of three strategic partners, namely the Malaysian MARA Educational Association, KPJ Healthcare University and the Association of Umrah and Hajj Tourism Agencies (PAPUH). This collaboration will open up new opportunities and bring great benefits to various levels of society, especially university students and Muslims.

28 - 30 October

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

08 December

Bank Rakyat organised a 69th Anniversary Dinner Night in honour of the Bank’s anniversary with the theme “Leather”.

Our Presence Throughout Malaysia

148

Branches

Offers full-fledged Islamic banking services.

22

Rakyat Xcess and Ar-Rahnu X'Change

Offers Islamic pawn broking and essential services.

27

Ar-Rahnu X'Change

Offers Islamic pawn broking services.

4

Rakyat Xcess

Offers essential services except Ar-Rahnu X'Change.

284

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

Bank Rakyat Service Agent

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

9

Bank Bergerak/ ARROW

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

985

ATM/CDM/CRM/ CICO

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

State	Branches	Rakyat Xcess and Ar-Rahnu X'Change	Ar-Rahnu X'Change	Rakyat Xcess	Rakyat C.A.R.E	Bank Bergerak (BOW/ARROW)	ATM/CDM/ CRM/CICO
Kuala Lumpur/ Putrajaya	15	-	2	-	2	1	95
Selangor	22	4	5	-	18	-	146
Kedah	10	3	3	-	16	1	75
Perlis	2	-	-	-	8	-	12
Pulau Pinang	7	-	-	-	7	-	31
Perak	12	2	4	-	14	-	77
Melaka	4	-	2	-	13	-	29
Negeri Sembilan	7	2	1	1	20	-	55
Johor	15	2	5	2	39	1	96
Kelantan	8	1	2	-	32	1	56
Terengganu	8	1	1	-	31	-	51
Pahang	11	2	1	1	47	1	74
Sabah	13	1	-	-	17	3	89
Sarawak	14	4	1	-	20	1	99
Total	148	22	27	4	284	9	985

2023 Accolades

Graduates' Choice of Employer Award
in the category of Development Banking (1st runner up) and Banking (Winner)

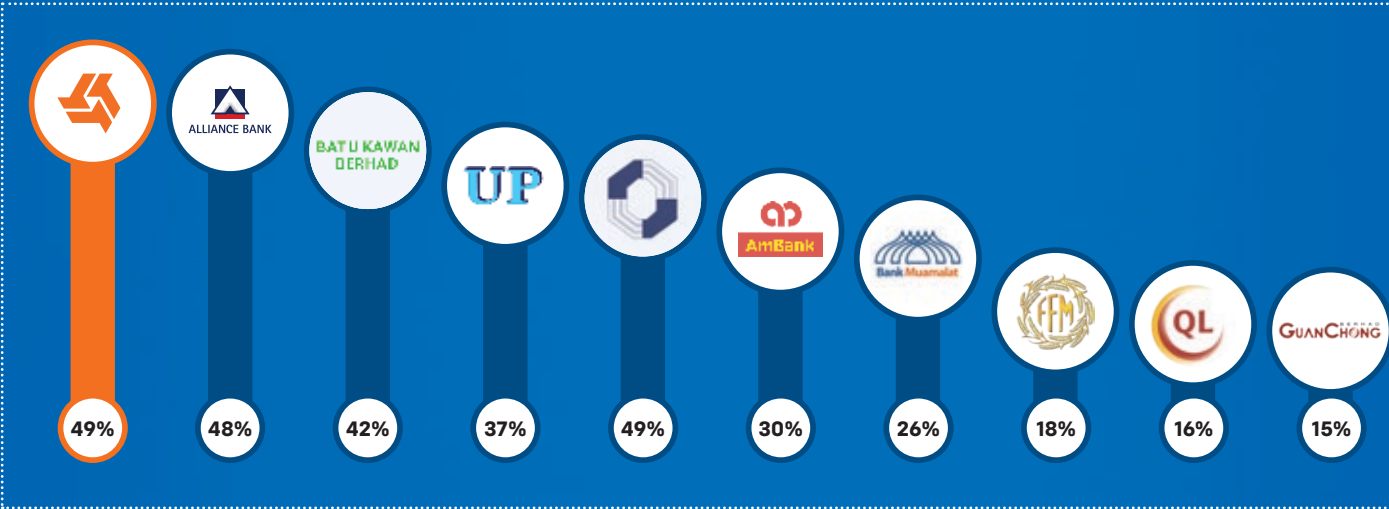
Best Performance 2022-2023
by Skim Jaminan Kredit Perumahan (SJKP)


Masterclass CEO of the Year
by Malaysia Top Achievers 2023

Top Digital Ceo Award
by Spark Asia 200 Digital Leaders Awards 2023

Outstanding Global Islamic Banker Excellence Award
by Global Muslim Business Forum 2023

Bank Rakyat - Fastest growing brand in Malaysia for the year 2023 by Brand Finance®



A close-up photograph of a person's hand, wearing a white climbing glove, securing a blue and red braided climbing rope with a silver metal carabiner. The hand is positioned on the right side of the frame, with the fingers gripping the rope and the thumb pressing the carabiner into a crack in a dark, textured rock face. The background is a blurred view of the rock wall and a distant, lighter-colored rock peak under a clear sky.

Cooperative Development (Our mandate)

Driving the development of our cooperatives
across all levels of business.

CHAIRMAN'S STATEMENT

DATUK MOHD IRWAN MOHD MUBARAK
Chairman of Bank Rakyat

**REALISING DREAMS
HAND IN HAND**
TOWARDS SEVEN DECADES TOGETHER

Anas ibn Malik reported:

“*The Messenger of Allah (peace and blessings be upon him) said, “Seven deeds of a servant continue to be rewarded after his death while he is in his grave: knowledge to be learned, constructing a canal, digging a well, planting a date-palm tree, building a mosque, handing down a written copy of the Quran, and leaving a righteous child who seeks forgiveness for him after his death.”*”

Musnad al-Bazzar 2773



FROM THE TOP

Chairman's Statement

Dear Stakeholders,

As we navigate through the complexities of a dynamic operating landscape, Bank Rakyat has remained steadfast in its mission to enrich lives and communities. 2023 has been a year of achievements and renewed commitments, where we have not only embraced challenges but turned them into catalysts for growth and innovation as we journey towards creating a lasting impact and driving Malaysia towards a brighter, more inclusive future.

OVERVIEW

In 2023, Bank Rakyat has demonstrated remarkable progress across multiple fronts, affirming its commitment as a leading Development Financial Institution (DFI) in Malaysia. With a sharp focus on expanding our Business Banking Division, we have successfully increased support for our diverse clientele, including Micro, Small, and Medium Enterprises (MSMEs), Cooperatives, and Commercial entities. These efforts were strengthened by comprehensive improvements in our product offerings and service delivery, ensuring effective management and engagement throughout our business financing processes.

On the retail front, the Bank has continued to support individuals and members with a range of relevant products and services, including those tailored for the underserved B40 segment. This reflects our strong commitment to financial inclusivity and our mandate to support the economic well-being of individuals and communities. Our efforts were further amplified by the recalibration of our BR25 strategic vision, aligning our operations with the evolving economic and regulatory landscape, and ensuring a future-ready banking environment that supports both growth and sustainability.

Moreover, Bank Rakyat has made significant strides in embedding Environmental, Social, and Governance (ESG) practices into our business operations. This year, our initiatives aimed at promoting environmental responsibility and sustainable practices have begun to play a larger role in our business strategy, reflecting our aspiration to build a sustainable future.



FULFILLING OUR MANDATE: BANK RAKYAT AS THE LEADING DEVELOPMENT FINANCIAL INSTITUTION

Malaysia's labour market saw a remarkable turnaround in 2023. Bank Rakyat is committed to enhancing the economic well-being of the nation, particularly through its support of MSMEs and Cooperatives. As the nation's largest DFI, Bank Rakyat plays a crucial counter-cyclical role, especially during recovery periods such as the post-economic downturn following the COVID-19 crisis. Our mandate focuses on serving both public and organisations that contribute significantly to the nation's economic fabric, aligned with the government's National Entrepreneurship Policy 2030 (NEP2030).



Over the years, Bank Rakyat has expanded its financing and support services to these key economic players, aligning with the broader national agenda for economic resilience and social well-being. This financial support aims to empower these entities to thrive in a disruptive economic environment, thereby contributing positively to the national economy.

The Bank's strategic initiatives also extend to fostering financial inclusivity, a core component of our mandate. Bank Rakyat supports Bank Negara Malaysia's (BNM) agenda to cultivate an inclusive financial system that provides quality, affordable, and essential financial services to all segments of society, including the underserved. This commitment is reflected in our extensive network of physical access points across the nation and the continuous enhancement of our digital banking platforms. For example, we advocate for registered micro-SMEs from rural low-income communities to embrace a cashless lifestyle through our Digital Desa programme, which simultaneously assists in financial literacy.

BR25 STRATEGY UPDATE

Bank Rakyat's long-term strategic plan, BR25, has undergone a recalibration exercise in 2023 to align with the evolving economic and regulatory landscape. This strategic recalibration ensures, that our objectives remain relevant and impactful while supporting our mandate as a DFI. It focuses on enhancing our capabilities across several key areas. Amongst others are digital transformation, MSME and Cooperatives support, as well

Chairman’s Statement

as sustainability practices. These enhancements are designed to ensure that we are well-positioned for current and future challenges while fulfilling our mandate of driving the national agenda.

The BR25 strategy is our roadmap towards achieving a future-ready banking environment, driving growth through a series of high-impact initiatives that have been refined to respond to the post-pandemic economic conditions, new national policies, and the digital expansion with in our organisation. The supporting initiatives include the expansion of digital and physical access points, as well as the enhancement of our customer service platforms such as iRakyat, i-BizRAKYAT, QR2E and BRICK, with an aim to provide a seamless and integrated experience to all customers. These platforms are integral to fulfilling our role as a DFI by facilitating broader and more inclusive access to financial services, especially to the underserved communities.

This year, our commitment to financial inclusion and sustainability has driven the development of targeted products and services. These offerings enable our customers to make environmentally and socially responsible choices, which in turn, will strengthen our core strategy.

HELPING BUSINESSES THRIVE

In 2023, Bank Rakyat’s Business Banking Division continued to drive significant progress, underlining our commitment to fostering a robust business ecosystem in Malaysia. Established to cater to a diverse clientele—including cooperatives, corporate entities, commercial businesses, small and medium enterprises (SMEs), and micro financing seekers—this division has become a cornerstone of our strategic market engagement. Throughout the financial year, we experienced remarkable growth across all segments, elevating our financing balance to RM8.19 billion, a notable increase from RM7.03 billion in the preceding year.

This year, our focus on MSMEs remained unwavering, with the rollout of innovative programmes designed to boost entrepreneurial ventures and cooperative movements. Initiatives such as BRTani, BRPlus-i, and Tijari Plus were launched alongside enhancements to existing programmes like Pembiayaan Mikro-i (MPPK 2.0) and Pembiayaan Mikro RAKYAT2E. The overall financing approved in 2023 exceeded RM2.87 billion, benefiting more than 3,000 MSMEs and cooperatives which is a testament to the effectiveness of our expanded programme offerings and advisory services. The concentrated focus on MSMEs yielded positive results, with financing for this sector experiencing the highest growth rate of 46.4% (+RM642 million), surpassing other portfolios within Business Banking.

To further our impact, the division championed the “SUTERA-Synergy” initiative, enhancing collaborations with federal and state governments, GLCs, and strategic private

partners. These partnerships, including our continued alliances with entities like SME Corporation Malaysia and Johor Niaga, as well as a new financial collaborations under the Government Guarantee Scheme MADANI (“GGSM”) and the Green Technology Financing Scheme (GTFS) 4.0, have been pivotal in scaling up our outreach and service delivery.

Continuing our commitment to social impact, we empowered low-income microentrepreneurs by facilitating BNM’s iTEKAD programme. Through this initiative, we provide seed capital to assist entrepreneurs acquire business assets, strengthen their financial management, and enabling them enhance their business acumen enabling them to generate sustainable income. The government through BNM has shown its commitment to this programme by providing a matching grant totalling RM25 million to participating financial institutions. Since the programme began in 2022, we have provided seed funding totalling RM7.5 million through our RAKYATpreneur, Rakyatpreneur B40, and Bank Rakyat UNIPreneur programmes.



In addition, we continue to support businesses through various advisory and capacity building programmes. In 2023, more than 5,600 entrepreneurs and participants from cooperatives benefited from programmes such as Kembara Pemerkasaan Usahawan - ‘Santai Namun Sampai’ (SNS) roadshow, Graduate Mentoring Programme, Cooperatives Advisory Desk (CAD); MSME Business Matching and Islamic Financing Workshop (IFW).

A notable highlight of year 2023 was the growth in Commercial Hire Purchase-i largely driven by extending financing to the logistics providers segments. As a result, Bank Rakyat’s Commercial Hire Purchase-i has gained significant recognition among logistics supplier in the market.

Our targeted initiatives and comprehensive support systems have not only nurtured growth within these sectors but have also cemented Bank Rakyat’s position as a key facilitator of business prosperity in Malaysia. As we move forward, we remain dedicated to enhancing our services and expanding our impact, ensuring that our Business Banking Division continues to be a pillar of support for our diverse customer base.

Chairman’s Statement

EMPOWERING INDIVIDUALS

In 2023, Bank Rakyat reinforced its role as a leading DFI in Malaysia, remaining steadfast in its commitment to enhancing the financial well-being of individuals, particularly those within our mandated and target segments. This dedication is evidenced by significant financing achievements this year, with more than RM33.3 billion approved for over 833,600 individuals. This marks a substantial YoY increase of 33% in value and 18% in the number of accounts (NoA), underscoring our commitment to inclusive financial growth.

Among these, the Bank’s members received over RM6.6 billion in financing for more than 93,900 members, representing a 35% increase in value and a 15% in NoA from the previous year. Our efforts also substantially supported the B40 segment—low-income groups—with over RM18.8 billion approved for 678,800 accounts. Additionally, our commitment to affordable housing resulted in more than RM0.9 billion in financing approved for over 4,700 accounts, helping to increase access to housing with market value under RM300,000.

To enhance service delivery and reach, Bank Rakyat expanded its physical footprint, ending FY2023 with 1,503 access points nationwide, including 121 dedicated to serving rural areas. These access point comprise a mix of branches, self-service terminals, the expansion counter at Ar-Rahnu X’Change and our mobile solutions, such as Bank on Wheels and Ar-Rahnu on Wheels, which bring banking services directly to the community.



A notable highlight in 2023 was the launch of new initiatives like Rakyat Xcess and Ar-Rahnu X’Change in Ranau, which, along with the expansion of Ar-Rahnu services at our existing Bank on Wheels located in Temerloh, Alor Setar and Kota Bharu, emphasise our commitment to corporate social responsibility and financial inclusivity. These initiatives were further complemented by the introduction of cash recycler machines and an upgraded branch outlook in Penampang, reflecting our latest design philosophy that merges functionality with customer-centric service design.

Chairman’s Statement

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, Bank Rakyat Group posted profit before tax and zakat (PBTZ) growth of 3.80% reaching RM1.76 billion (FY2022: RM1.70 billion). The Group’s shareholders’ fund increased by 4.16% or RM0.94 billion, to RM 23.49 billion, compared to RM22.55 billion in prior year, driven by the Group’s net profit carried forward during the year.

For the 25th consecutive year, we delivered double-digit dividends to our members, declaring a 15% dividends, with a pay out of RM424.62 million to 802,823 members (both individuals and cooperatives). Additionally, Bank Rakyat commemorated its 70th anniversary with a special 2% dividend, resulting in a total payout of RM56.62 million.

The Group continued to contribute 2% of its PBTZ to the Cooperative Education Trust Fund and 1% to the Cooperative Development Provident Fund, with total contributions amounting to RM53.21 million for the year.

Risk-Weighted Capital Ratio and Core Capital Ratio remained strong at 24.91% and 22.88% respectively, well above the minimum regulatory requirements and industry average. This solidifies the Group’s position as one of the strongest financial institutions in terms of capital strength.



ENTRENCHING SUSTAINABILITY PRACTICES WITHIN THE ORGANISATION

Bank Rakyat steadily advanced its sustainability practices in 2023. As part of this effort, we have begun exploring the installation of solar PV panels at selected branches, which is planned for next year. Our team remains committed to giving back to society with BaktiRAKYAT volunteerism contributing hours across 15 programmes that were conducted during the year under review. Other green initiatives we implemented include recycling programmes, improving indoor air and environmental quality, and adopting energy efficient measures in our premises.

Bank Rakyat continues to embed our strategic approach to governance and risk management to safeguard the organisation, and serve the best interests of our stakeholders. Building on our Anti-Bribery and Corruption policy, established last year, we have developed an e-Learning module to engage employees, providing them with both knowledge and tools to effectively mitigate bribery and corruption risks. To further emphasising transparency and promote a culture of speaking up, we have created the Headquarters Awareness Programme on Whistleblowing to raise awareness among employees and encourage the use of our whistleblowing platform for reporting any unethical misconduct.



Our Fraud and Corporate Integrity (FCI) Sector has been actively engaging in sessions to promote integrity and governance, including an Integrity and Governance Engagement session with other Development Financial Institutions (DFIs) to discuss efforts and achievements in preventing corruption and bribery. These knowledge exchange initiatives support the National Anti-Corruption Plan (NACP) 2019-2023 and the expectations outlined in the National Anti-Corruption Strategy (NACS) 2024-2028. Additionally, ongoing training sessions and integrity pledges, such as the RMS’ Franchise Integrity Pledge involving 71 franchisees, further underscore Bank Rakyat’s commitment to upholding integrity and transparency across the organisation, including our vendors and subsidiaries.

In our ongoing commitment to risk management, we also conducted a comprehensive Corruption Risk Assessment (CRA) to identify, assess, and mitigate corruption risks throughout our operations. This proactive effort not only bolsters our anti-corruption measures but also reaffirms our dedication to maintaining unwavering integrity and transparency.

Hence, Bank Rakyat continuously provides capacity building to prepare our staff for a self-developed organisation and a sustainable future.

Chairman’s Statement



OUTLOOK AND PROSPECT

In conclusion, Bank Rakyat’s commitment to its business and developmental mandates as envisioned by our stakeholders, will be guided by our Business Plan 24 (BP24) and BR25 strategic plan.

The banking industry will continue to support Malaysia’s economic agendas with an expected increase in the use of digital technology to boost operational efficiency, enhance strategic collaboration to strengthen technological capabilities, accelerate broader innovations, and improve customer experience. Under the BR25 strategic direction, we are positioned to enhance our service offerings by capitalising on digital capabilities and operational resiliency to make our services more efficient, seamless, and accessible. Our focus on sustainability practices will be intensified, as we incorporate measurable ESG-related key performance indicators to align with national frameworks and governing policy, particularly Bank Negara Malaysia’s Climate Risk Management and Scenario Analysis (CRMSA).

Apart from improving the members’ financial well-being and reaching to the underserved segments, Bank Rakyat, as one of the agencies under KUSKOP, will continuously support entrepreneurship and the cooperatives ecosystem by providing appropriate, affordable, and quality financial services. The Bank offers a multitude of fully Shariah-compliant products, services, and innovative touchpoints to these segments through a variety of channels, including physical and online channels.

Bank Rakyat’s journey in 2024 reflects its commitment to growth, inclusion, and sustainability underscoring our resilience in cementing our position as the ‘Malaysia’s No. 1 Progressive Islamic Cooperative Bank’. To further strengthen our commitment to stakeholders’ needs, we are expanding programmes aligned with these aspirations, thus propelling mutual growth.

ACKNOWLEDGEMENT

I am grateful for the wise stewardship of our Board of Directors and government regulators, whose guidance and assistance, continuously strengthen the foundation of the Bank and our service to stakeholders.

I also wish to express my gratitude to the management team at Bank Rakyat for their unparalleled leadership and our employees for their unwavering commitment. I believe they will continue to embrace and embody the R.A.K.Y.A.T values, propelling us to greater success.

With a robust strategy and a motivated team in place, I am confident that we are on the right track toward building a resilient future. This is supported by our members, customers, business associates, and all organisations that we collaborate with for which we extend our heartfelt appreciation. Our performance is a testament to the new possibilities we can achieve together, and we are fully geared to reach the next level of growth.

I am honoured to be entrusted with the responsibility of leading this organisation in the coming year of 2024. Let us look forward to the exciting times ahead and what we can accomplish to create value for our stakeholders.

Thank you.

Datuk Mohd Irwan Mohd Mubarak
Chairman of Bank Rakyat



Entrepreneur Development

Fostering the spirit of entrepreneurship
amongst our customers and partners.

Management Discussion and Analysis

ECONOMIC LANDSCAPE IN 2023

GLOBAL ECONOMY

GLOBAL ECONOMY MODERATING BUT REMAINED RESILIENT

After a strong rebound from COVID-19 pandemic, the pace of recovery has moderated to 3.1% YoY in 2023 (2022: 3.5% YoY). Global economic activity continued to soften, amid the effects of tight monetary policies, restrictive financial conditions, and weak global trade growth. Various global events have been affecting the economic trajectory namely the geopolitical and the global banking stress. Global trade growth in 2023 was the slowest at 0.4% YoY (2022: 5.2% YoY) in the past 50 years (excluding the global recession period), amid weaker demand conditions, global technology downcycle, inventory correction, and continued spending rotation from goods to services. Nevertheless, the reopening of economies and recovery in global tourism activities partially offset the moderation in global trade.



For 2024, global economy is expected to grow by 2.7% to 3.2% YoY, maintaining the pace in 2023, supported by moderating inflation, and resilient labour markets. Meanwhile, global trade growth is projected to pick up by 2.9% to 3.4% YoY in 2024, driven by the technology upcycle, tourism recovery, and low base effects in 2023. However, rising trade distortions and geoeconomic fragmentation are expected to continue to weigh on the level of global trade.

GLOBAL INFLATION MODERATED, WHILE INTEREST RATE HIKES REACHED ITS PEAK

Global headline inflation continued to normalise in 2023 from 2022 peaks amid positive global supply developments, the fading of relative price shocks – notably on food prices, energy prices, and withdrawal of fiscal supports. Nonetheless, inflation remained above targets in most advanced economies and some of emerging and developing economies. Monetary policy in advanced economies reached its peak rates, but real policy interest rates would remain elevated for some time before inflation returns to its target range gradually. This will keep the stance of the advanced economies' monetary policies restrictive until the first half of 2024, following the largest increase in the United States (US) real policy rates since the early 1980s at 5.25% - 5.50%.

Global inflation is projected to continue moderate annually in 2024 mainly attributable to softening inflation among advanced economies, as some emerging market economies experiencing inflations trending below long-term averages. Meanwhile, interest rates are expected to decline in major economies in the second half of 2024 as inflation rates move closer to the central banks' targets.

OIL PRICE AVERAGED LOWER

Brent crude oil prices averaged US\$82 per barrel in 2023, down from US\$99/b in 2022, marking a drop of -17.0% YoY (2022: 39.8% YoY). In 1H23, crude oil prices fluctuated and reached the lowest price for the year at US\$72/b due to several interest rate hikes among global central banks, coupled with fear of global economic recession. However, in 3Q23, oil price rallied and reached the highest price for the year at US\$97/b amid growing expectations of tighter supply after Saudi Arabia and Russia moved to draw down global inventories and extend their oil output cuts through the end of the year. In 4Q23, oil prices retracted due to sluggish energy demand from the biggest importer, China, before closing the year at US\$77/b. For 2024, the US Energy Information Administration (EIA) estimated the Brent oil price to average at US\$83/b in 2024.

Management Discussion and Analysis

GOLD PRICE HIT RECORD HIGH

Gold prices averaged US\$1,943 per ounce (oz) in 2023, increased from US\$1,802/oz in 2022, marking a grow of 7.8% YoY (2022: 0.2% YoY). In April 2023, gold price soared to US\$2,040/oz due to the growing expectations of a looming end to the US Federal Reserve (Fed) interest rate increases and concerns about a recession in the US economy. However, the price later dragged down till October by a drop of -10.7% from its peak to US\$1,820/oz due to strengthening of US dollar (USD) and higher treasury yields. In 4Q23, gold price rallied again as the escalating conflict in the Middle East sent investors flocking towards the safe-haven metal, thus bringing up the new all-time high at US\$2,077/oz in December. Gold prices are set to hit fresh highs in 2024, citing geopolitical uncertainty, a weaker USD, and possible global interest rates cuts.



MALAYSIA ECONOMY

RESILIENT ECONOMIC GROWTH

Malaysia economy in 2023 normalised to 3.7% YoY, after a strong growth registered in the previous year (2022: 8.7% YoY). The growth fell below the official target of 4% to 5% amid a challenging external environment. This was mainly due to slower global trade, global tech downcycle, geopolitical tensions, and tighter monetary policies globally. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023. On the sectoral part, service and construction sectors recorded strong growth thus fuelled the overall performance while the manufacturing, mining, and agriculture recorded sluggish growth.

The economic outlook for Malaysia in 2024 is cautiously optimistic, with the government and Bank Negara Malaysia (BNM) projecting a growth of 4% to 5% YoY which is to be driven by robust domestic demand, stable employment, and recovery in exports. Anticipated improvements in tourist arrivals, sustained infrastructure investments, initiatives outlined in National Budget 2024, and "Madani Economy" are poised to bolster the economic activities. The catalysts also includes reducing cost of living through subsidy rationalisation, progressive wage

reforms, and increase affordable housing. However, certain government's measures, including new taxes and targeted fuel subsidy program may pose additional financial challenges for households, particularly those in the low-income bracket.

STRONG IMPROVEMENT IN LABOUR MARKET

Malaysia's labour market saw a remarkable turnaround in 2023, with unemployment rate averaging at 3.4% (2022: 3.8%) and it registered a new post-pandemic low of 3.3% in November 2023. The stability was fuelled by a robust domestic economy, and proactive government initiatives. In addition, aggregate nominal wages in the private sector moderated to 3.7% YoY (2022: 6.7% YoY). Labour market technically has reached its full employment with the unemployment rate to hold steady at 3.3% throughout 2024 driven by prospects of the expansion in domestic economy and recovery in external trade. This optimism stems from continued economic growth, key government investments, and various efforts in reskilling and upskilling the labour forces.

INFLATION MODERATED OWING TO GLOBAL PRESSURES AND POLICY RESPONSES

Headline inflation averaged at 2.5% YoY (2022: 3.4% YoY), in line with BNM's initial forecast between 2% to 3% YoY. The moderation reflects the normalization of inflationary pressure as the price shock on global food price has gradually diminished. Meanwhile, the average core inflation remained relatively flat at 3% YoY (2022: 3% YoY) due to the persistent demand pressures in the economy particularly during the first half of 2023. Looking into 2024, the headline inflation is expected to average between 2% to 3.5% YoY, largely reflecting potential upside from domestic subsidy rationalisation. Tax changes and subsidy rationalization that take place in 2024 are expected to have a marginal impact on headline inflation as the affected items from both policy changes only account for a small share of the inflation basket.



STABLE OVERNIGHT POLICY RATE (OPR)

Throughout the year, BNM has maintained the OPR at 3%, after an increase of 25bps in May 2023. The adjustment marked the full withdrawal of the monetary stimulus intended to address the COVID-19 crisis. The approach by BNM reflected the balancing act of supporting economic growth while managing inflationary pressures amid global uncertainties. Looking into 2024, monetary

Management Discussion and Analysis

policy will focus on maintaining interest rate at a level that is conducive to sustainable growth while managing risks to inflation. This stance stems from uncertainties surrounding subsidy rationalization, tax changes, and influenced by global commodity prices and financial markets.

FBMKLCI CLOSED THE YEAR ON A SOFTER NOTE

Malaysia's equity market faced a challenging 2023, ending the year down -2.7% YoY by 1,455 points from 1,496 points in 2022. The first half of the year saw a significant downturn attributed to global headwinds, notably the capital outflow to the US amid multiple interest rate hikes and regional market vulnerabilities. Political uncertainty and shifts in domestic policy added to the bearish sentiment. However, the performance emerged better in the second half supported by foreign and institutional investors which had led the index rallied touching the 1,465 level. Positive economic data and government initiatives boosted investors' confidence, but the year-end profit-taking had led to a correction for some investor. Going into 2024, KLCI will be supported by the expected lower policy rates in the US and continued confidence by foreign investors as well as steady progress of key national infrastructure projects. Nevertheless, persistent external uncertainties, including movements in interest rates and geopolitical tensions, remain key risks.

RINGGIT FACED CHALLENGING YEAR IN 2023

The Malaysia Ringgit (MYR) went in a turbulent year, succumbing to continuous US monetary policy tightening, resulted in Ringgit depreciation alongside most global currencies. The Ringgit depreciation against US Dollar (USD) by 4.3% YoY in 2023 to 4.59 (2022: 5.7% YoY, 4.40) was mainly driven by external factors, including the delayed pivot by the US Fed on additional hike of 100bps in 2023 – making cumulative increases of 525bps since March 2022 and marked as the most aggressive rate hike since 1980. Weaker-than-expected Chinese economic performance and the easing of monetary policy by the People's Bank of China further compounded the Ringgit depreciation. Looking ahead to 2024, USD/MYR is forecasted to hover around RM4.45 to RM4.65, with the US Fed potentially moderating its hawkish stance.

BANKING SECTOR

BANKING SECTOR REMAINED RESILIENT

The banking industry experienced a challenging market condition in 2023, particularly from a high-cost environment and global macroeconomic headwinds. The financial performance of Malaysian banks in 2023 were affected by higher funding costs, stemming from the cumulative impact of past OPR hikes. Notwithstanding, Malaysian banking system continues to be resilient anchored by its solid capitalisation and healthy liquidity positions.

Net Profit Margin (NPM) compression	Despite Overnight Policy Rate (OPR) normalising to the pre-pandemic level, the banking industry encountered a greater-than-anticipated Net Profit Margin (NPM) compression, consequently affecting the overall profitability in 2023. This was partly due to the rising cost of funds following the impact of deposit repricing and normalisation of current account and savings account (CASA) balances.
Asset quality remained intact	The overall industry's gross impaired financing Gross Impaired Financing (GIF) remained well contained at 1.65% in 2023 (2022: 1.72%), benefiting from stable domestic economic growth and continued improvement in labour market conditions. On a similar note, GIF in the Islamic banking also stayed broadly stable at 1.51% in 2023 (2022: 1.56%).
Supportive financing growth	The industry financing still recorded an impressive growth of 5.3% YoY in 2023 (2022: 5.7% YoY). The growth was primarily driven by household segment which experienced a substantial growth of 5.8% YoY (2022: 5.9% YoY) with residential and passenger car segments being among the largest growth components. Conversely, growth in the non-household segment softened to 4.5% YoY in 2023 (2022: 5.4% YoY), mainly due to a notable slower growth rate in working capital segment, reflecting a more challenging business environment in 2023.
Slower deposit growth	Industry deposit registered a slightly slower growth of 5.6% YoY in 2023 (2022: 5.9% YoY) owing to weaker growth in fixed deposit segment (2022: 3.9% YoY vs. 2021: 6.5% YoY) amid the Banks' efforts to mitigate the rise in cost of funds following OPR hike. Meanwhile, CASA growth recorded at 3.7% YoY (2021: 0.9% YoY) partly due to a low base effect and as a result of NPM optimisation measures to focus on low-cost funds.

Management Discussion and Analysis

FULFILLING OUR INSTITUTIONAL MANDATE

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

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

The Bank has steadfastly delivered these goals in FY2023 with a focus on providing support to public individuals, Micro, Small and Medium Enterprises (MSMEs) and cooperatives in helping them in building resilience within a disruptive economic environment.

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

Currently positioned as the country's largest DFI, the Bank plans to further accelerate financing to MSMEs and cooperatives to at least RM5.0 billion by end-2025 as outlined in the Bank Rakyat 2025's (BR25) Micro, Small and Medium Enterprise and Cooperative (MSMEC) Business Blueprint.

In addition, the Bank has always supported BNM's agenda to have an inclusive financial system that best serves all members of society, including the underserved, to have access to quality, affordable, and essential financial services to satisfy their needs towards shared prosperity. This is also aligned with the BNM Financial Sector Blueprint (FSBP) 2022 - 2026 which sets out development priorities for the financial sector anchored on efforts to foster market dynamism and support sustainable development objectives.

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



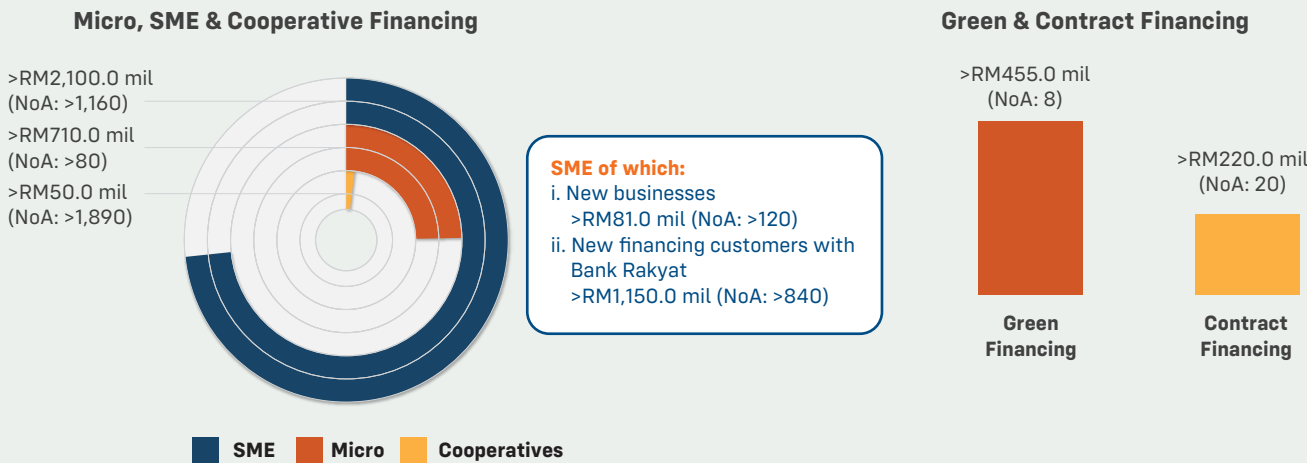
Management Discussion and Analysis

Summary of FY2023 Development Output – Financial Additionality

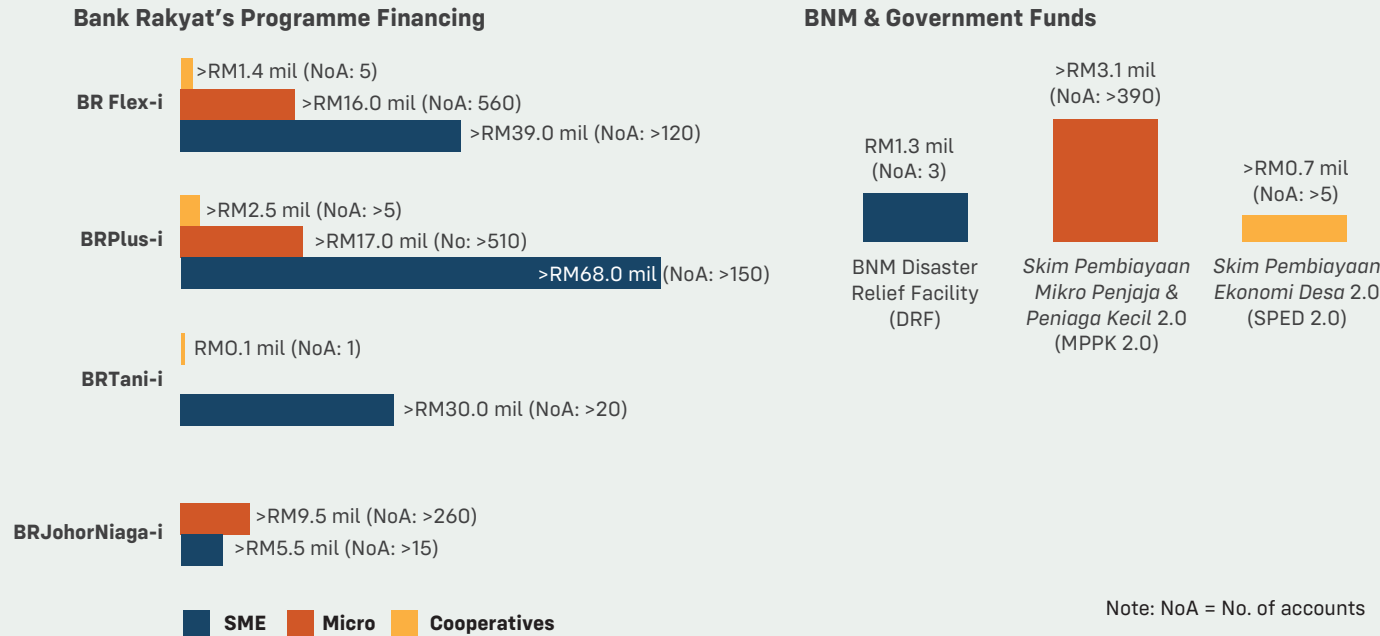
Development Outcome: Financial Additionality

1. Financing Approved to Businesses

Micro, SME & Cooperative Financing



Bank Rakyat’s Programme Financing & Government-led Initiatives



Management Discussion and Analysis

FINANCING APPROVED TO BUSINESSES

As an agency under KUSKOP, the Bank is mandated to facilitate the development of MSMEs and cooperatives by extending financing and other services such as advisory and training programmes for their businesses to expand and thrive. As at December 2023, total financing of more than RM2.8 billion was approved to over 3,100 MSMEs and cooperatives (YoY value: increased by 35%). This financing consists of more than RM81.0 million granted to around 120 new businesses (businesses operating for less than three years) and in excess of RM1.1 billion of financing have been approved to more than 840 businesses that are first-time financing with the Bank.

In FY2023, the Bank continued to identify Environmental, Social, and Governance (ESG) financing opportunities that could be provided to MSMEs, cooperatives, commercial and corporate. Close to RM460.0 million financing has been granted to eight customers under the Green Financing classification.

In addition to ESG financing, the Bank has also extended assistance to businesses through contracts/projects financing packages amounting to over RM220.0 million for 20 customers that have secured contracts/projects from the Government and related agencies.



FINANCING APPROVED FOR BANK RAKYAT’S FINANCING PROGRAMMES AND GOVERNMENT-LED INITIATIVES

The BR Flex-i financing programme continues to facilitate post-pandemic recovery for affected MSMEs and cooperatives. With BR Flex-i, customers are provided with a moratorium of payments for the first nine months, minimal documentation requirements for financing applications, discounted financing documentation cost, competitive financing rates and no collateral requirement. The BR Flex-i financing package offers a maximum financing limit of up to RM50,000 to micro entrepreneurs and RM1.0 million to eligible SMEs and cooperatives. As at end December 2023, over RM57.0 million has been approved for more than 680 MSMEs and cooperatives.

Following BR Flex-i, the Bank introduced BRPlus Financing-i (BRPlus-i), a new programme aimed at providing additional financing assistance to MSMEs and cooperatives. This programme seeks to sustain and grow their businesses, assist

in employment creation to ensure resilience post-pandemic, along with enhancing women’s participation in entrepreneurial activities, women entrepreneurs/women-owned cooperatives and increase household income. The BRPlus-i financing package offers a maximum limit of up to RM50,000 to micro entrepreneurs and micro cooperatives and RM1.0 million to eligible SMEs as well as small and medium cooperatives. As at end of December 2023, more than RM88.0 million has been approved for over 670 MSMEs and cooperatives.

To support the agricultural sector and agro-based industry, in line with the national agenda to improve food safety and security, the Bank has introduced BRTani-i. This programme offers up to RM50,000 for micro entrepreneurs as well as micro cooperatives and RM5.0 million for eligible SMEs and small and medium cooperatives. By December 2023, around RM30.0 million had been approved for more than 20 entrepreneurs.

BRJohorNiaga-i is a financing programme created through a collaboration between Bank Rakyat and the Johor State Government. The programme provides financing facilities for MSMEs in the state of Johor. This initiative, supported by profit rate subsidies from Johor State Government funds, aims to drive the economy and support entrepreneurs. Offering a maximum financing limit of up to RM50,000 to micro entrepreneurs and RM500,000 to eligible SMEs, the Bank has approved around RM15.0 million to over 280 entrepreneurs as at end December 2023.

In addition to the Bank’s internal financing programmes, the Bank supports various BNM and Government’s financing programmes for the MSMEs ecosystem.

During FY2023, the Bank approved around RM1.3 million to three SMEs under the BNM Disaster Relief Facility (DRF) with the objective of alleviating the financial burden of MSMEs affected by floods and to enable them to resume their business operations. Since the inception of this fund in 2022, the Bank has granted a total of more than RM5.0 million to over 15 SMEs.

In 2022, KUSKOP has revitalised the *Skim Pembiayaan Mikro Penjaja dan Peniaga Kecil* (MPPK) to MPPK 2.0 with an allocated fund of RM50.0 million for micro and informal entrepreneurs to assist them in uplifting their businesses post pandemic. MPPK 2.0 features a 12-month moratorium, 0% profit rate, and no collateral requirement. This fund has been fully utilised by more than 2,400 entrepreneurs, inclusive of around RM3.1 million granted to over 390 micro entrepreneurs in FY2023. More than 1,300 women entrepreneurs have benefited from this scheme.

Another Government’s financing scheme that is currently being offered by the Bank is *Skim Pembiayaan Ekonomi Desa 2.0* (SPED 2.0) by the Ministry of Rural and Regional Development (KKDW). SPED 2.0 aims to improve the livelihood of entrepreneurs, especially in rural areas. In FY2023, over RM0.7 million was approved for six micro entrepreneurs under this scheme.

Management Discussion and Analysis

Development Outcome: Financial Additionality

2. Financing Approved to Individuals

Total Financing Approved to Individuals
>RM33,380.0 mil
NoA: >833,600

of which:

SEGMENT	B40	Members	Affordable Housing
AMOUNT APPROVED	>RM18,830.00 mil	>RM6,640.0 mil	>RM910.0 mil
NOA	>678,800	>128,200	>4,700

	Amount Approved	NoA	Amount Approved	NoA
Personal Financing-i	>RM13,620.0 mil	>152,500	>RM5,320.0 mil	>47,500
Ar-Rahnu	>RM3,380.0 mil	>504,300	>RM670.0 mil	>74,100
Auto Financing-i	>RM890.0 mil	>17,600	>RM310.0 mil	>5,500
Home Financing-i	>RM930.0 mil	>4,200	>RM320.0 mil	>1,000

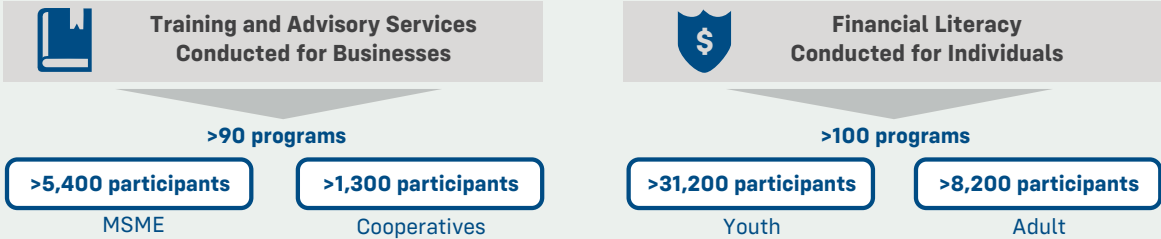
Management Discussion and Analysis

FINANCING APPROVED TO INDIVIDUALS

Bank Rakyat has consistently demonstrated its commitment to serving our mandated and targeted segments of society, including individuals. This is evidenced with substantial achievements in the total financing amount, exceeding RM33.3 billion, which has been approved for over 833,600 individuals (YoY value: increased by 33%, NoA: increased by 18%) including members of the Bank, the B40 segment and affordable home financing (market value of RM300,000 and below).

The approved financing amount to the Bank’s members was recorded at more than RM6.6 billion for over 128,200 members (YoY value: increased by 35%, NoA: increased by 16%). In addition, more than RM18.8 billion of financing was approved for over 678,800 accounts from the B40 segments (YoY value: increased by 21%, NoA: increased by 17%) and a total of more than RM0.9 billion benefiting over 4,700 accounts for affordable home financing (YoY value: increased by 25%, NoA: increased by 17%).

3. Training, outreach and advisory services conducted



TRAINING, OUTREACH AND ADVISORY SERVICES CONDUCTED

Throughout FY2023, the Bank has conducted various advisory and capacity building programmes for cooperatives and entrepreneurs namely, Cooperative/Entrepreneur Advisory Desk, ‘Kursus Memperkasakan Bangsa Usahawan: Santai Namun Sampai’, Graduate Mentoring Programme, Business Matching Programme, Cooperative eCA-i Tour and RAKYATpreneur as well as Bank Rakyat UNIprenuer Series. This has been strengthened with the introduction of the Islamic Financing Workshop.

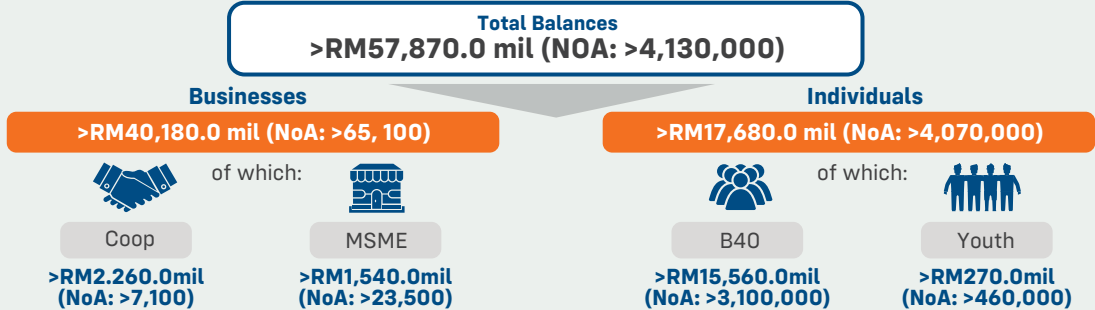
The above programmes have attracted over 1,300 participants from cooperatives and more than 5,400 MSMEs. Further details of the initiatives undertaken for cooperatives are elaborated in the ‘Developing the Cooperative and Entrepreneur Sector’ section.

FINANCIAL LITERACY CONDUCTED FOR INDIVIDUALS

Exposure to financial literacy has always been the Bank’s approach to inculcating a savings culture among youths from the early age, while also accelerating digital banking services adoption. In FY2023, the Bank has managed to attract more than 39,000 individuals which comprising mostly youths (>31,200) to participate in various financial literacy programmes. These programmes include components of electronic payments agenda (Cashless School and Digital Desa), youth savings (NURI) and others.

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

4. Deposit Mobilisation



Management Discussion and Analysis

DEPOSITS MOBILISATION

The Bank has always promoted a culture of savings among our customers and potential customers through marketing and promotion of our deposit products.

As a result, we have achieved a total deposits exceeding RM57.8 billion, of which more than RM17.6 billion was mobilised from over 4.0 million accounts of individual customers. The deposits mobilised from targeted individuals' segments, comprising of

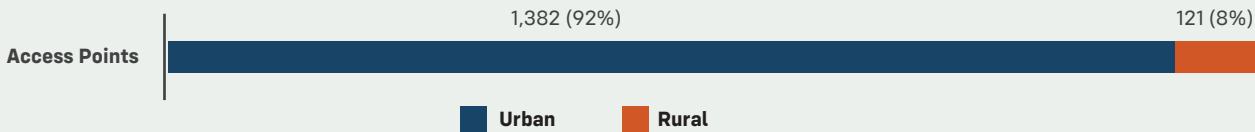
B40 and youth (aged 18 and below), were in the balances of more than RM15.5 billion and over RM270.0 million, respectively from a total of more than 3.5 million accounts.

From the non-individual segment, a total deposits balance of more than RM40.1 billion were mobilised from over 65,100 businesses accounts, of which over RM2.2 billion was derived from more than 7,100 cooperative accounts and more than RM1.5 billion were from over 23,500 MSME accounts.

Development Outcome: Financial Additionality

5. Financial Access Point

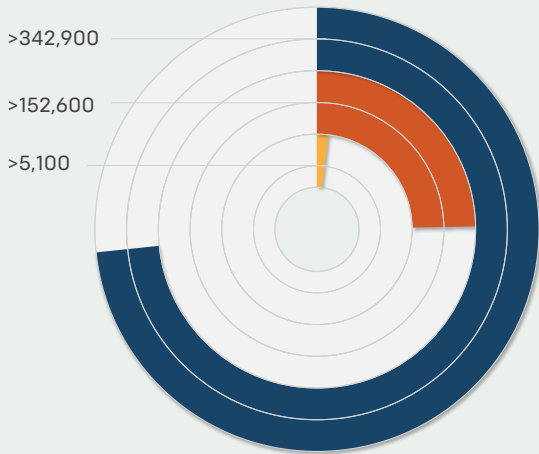
Physical Channels



	Total No.	of which: Urban			of which: Rural		
		No.	Transaction Volumes	Transaction Values	No.	Transaction Volumes	Transaction Values
Agent Bank	284	244	>72,100	>RM9.3 mil	40	>4,700	>RM0.4 mil
Bank Bergerak and ARROW	9				9	>14,300	>RM29.3 mil

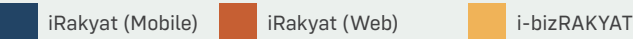
Digital Channels

NEW DIGITAL CHANNELS USER ONBOARDED



DIGITAL CHANNELS TRANSACTION VOLUMES AND VALUES

Platform	Volume	Value
iRakyat (web)	>17.7 mil	>RM6.8 bil
iRakyat (mobile)	>24.4 mil	>RM8.0 bil
iBiz Rakyat	>1.3 mil	>RM8.7 bil
Ar-Rahnu eAppointment	>91,300	N/A
Branch eAppointment	>13,900	N/A
BRICK, QR2E and eBiz Suite	>68,800	N/A



Management Discussion and Analysis

FINANCIAL ACCESS POINTS

The Bank constantly reviews and improves our physical channel footprints for better community outreach, as well as increase access to financial services, particularly in rural areas. As at end FY2023, the Bank has 1,503 physical access points nationwide with 121 located in and serving rural areas. The physical access points consists of the Bank's branches, self-service terminals, Ar-Rahnu X'Change, Rakyat Xcess, Rakyat X'Lite, Business Banking Centre, Auto Finance Centre, Mortgage Sales Centre, Bank on Wheels (BOW), Ar-Rahnu on Wheels (ARROW) and Agent Bank.

In addition to the numerous physical access points made available, the Bank has further expanded its offerings in digital access points, namely, iRakyat (web and mobile apps), i-bizRAKYAT, Quick Response to Entrepreneurs (QR2E), eBiz Suite, eBiz Tools Marketplace, Bank Rakyat Quick (BRICK), i-MerchantRAKYAT, as well as Ar-Rahnu and Branch eAppointment. Further details can be found in the 'Financial Inclusivity' section.

Summary of FY2023 Development Outcome – Design Additionality

Development Outcome: Financial Additionality

Client Resilience and Positive Spillover into the Economy

	SME	Cooperatives
Total sales turnover generated by customers	>RM3,990.0 mil	>RM1,770.0 mil
Increment of sales turnover of customers	>RM900.0 mil	>RM450.0 mil
Existing jobs sustained by customers	>4,140 jobs sustained	>3,270 jobs sustained
New jobs created by customers	>190 new jobs created	>30 new jobs created
Average Productivity	>RM0.92 mil	>RM0.53 mil
Upward Migration	>25 companies	

Note: Outcome in year 2022, based on SMEs and Cooperatives granted financing by the Bank in year 2021 and before

Management Discussion and Analysis

CLIENT RESILIENCE AND POSITIVE SPILLOVER INTO THE ECONOMY

Building on the significant financing extended by the Bank to our SME and cooperative customers over the years, several of SMEs and cooperatives have shown positive growth in their sales turnover and number of new jobs created along sustenance of existing employment.

Collectively, the Bank’s SME and cooperative customers have generated a total sales turnover of more than RM5.77 billion. This impressive figure was driven by substantial increases in sales turnover, exceeding RM1.35 billion for both segments.



In addition, SMEs have sustained a total of over 4,140 jobs, with

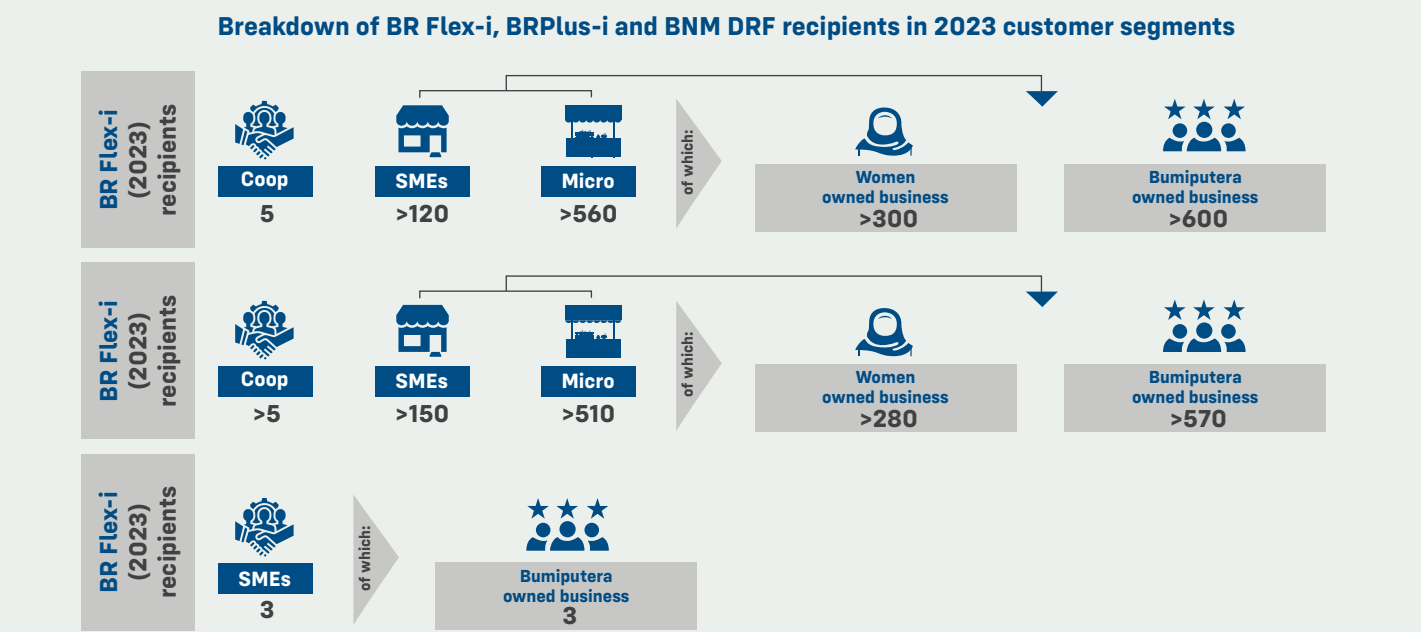
more than 190 new jobs created in the same year. A positive outcome was also recorded in the cooperatives segment, where around 3,270 jobs were sustained with 30 new jobs added during the year.

In terms of productivity value (i.e.: total sales turnover per employees), SMEs and Cooperatives recorded an average of approximately RM0.92 million and RM0.53 million respectively.

It is also noteworthy that over 25 of our SME customers have experienced growth of their business size classification (i.e.: micro to small/small to medium/medium to non-SME) during the year under review.

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

Positive Outcome from BRCARES, BR Flex-i, BRPlus-i, BNM SRF, BNM TRRF AND BNM DRF			
	SMEs	Micro-entrepreneurs	Cooperatives
 No. of customers which received financing between 2020 to 2023	>2,470	>7,110	>195
 No. of customers which recorded positive business performance in 2023	>1,850	>4,950	>170



Management Discussion and Analysis

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

The BRCARES, BR Flex-i, and BRPlus-i financing programmes offered by the Bank, in conjunction with the BNM Special Relief Facility (SRF), BNM Targeted Relief and Recovery Facility (TRRF), and BNM Disaster Relief Facility (DRF) programmes, have significantly contributed alleviating short-term cash flow challenges and sustaining the viability of businesses run by entrepreneurs and cooperatives.

As at end December 2023, out of over 9,790 MSMEs and

cooperatives that have received assistance from these financing programmes between 2020 and 2023, an average of 71% of them recorded positive business performance (i.e. those that have either fully paid or currently serving the financing without default). This includes more than 69% of micro-entrepreneurs, 74% of SMEs and 87% of cooperatives.

From the total of over 1,350 MSMEs under the BR Flex-i, BRPlus-i and BNM DRF programmes in 2023, the Bank has extended assistance to around 43% or more than 590 women-owned businesses and approximately 87% or 1,190 Bumiputera-owned businesses.

Supporting the Cooperatives’ Ecosystem

Contributions to:	
>RM35.0 mil	Cooperative Education Trust Fund (CETF)
>RM17.5 mil	Cooperative Development Provident Fund (CDPF)

Distributing Dividends

>RM425.0 mil
Benefiting for more than 800,000 members including individuals and cooperatives

Social Finance

Contributions of zakat funds to asnaf entrepreneurs:



300 participants
RM1.5 mil seed funding (from iTekad)
RM0.6 mil learning modules



500 participants
RM1.5 mil seed funding
RM0.15 mil learning modules



>60% of RAKYATpreneur 4.0 and BR UNIPreneur 3.0 participants have shown **increases in their sales** for the entire six-month period

Contribution of Zakat and CSR

Contribution of Zakat and CSR by the Bank
>RM7.60 mil
to >14,000 recipients

ZAKAT

- Entrepreneur support
- Assistance for primary, secondary and tertiary students
- Education programme for asnaf mualaf
- Community building in home building and repair

CSR

- Kebun Nuri Nutrisi
- Jelajah Ramadan BR
- Bantuan Khas Bank Rakyat Cakna
- Kasih Wira Negara Lahad Datu
- Sava Mau Kaamatan and Mok Sambut Gawai
- Kasih@HAWANA

Management Discussion and Analysis

SUPPORTING THE COOPERATIVE’S ECOSYSTEM

The Bank provides support to the cooperative ecosystem through contributions made to Suruhanjaya Koperasi Malaysia (SKM) via the Cooperatives Education Trust Fund (CETF) and Cooperatives Development Provident Fund (CDPF). These contributions amounted to more than RM52.5 million in FY2023, based on 2% and 1% of the Bank’s annual PBTZ, respectively.

Further details on the Bank’s other initiatives to support the cooperative ecosystem can be found in the ‘Developing the Cooperative Sector’ section.

DISTRIBUTING DIVIDENDS

As a cooperative, the Bank has always prioritised our members and their economic well-being. Apart from extending financial services to our members, the Bank also offers an attractive total payout annually. In FY2023, the Bank made a dividend payment of more than RM426.0 million, benefiting over 800,000 of our members comprising both individuals and cooperatives.



SOCIAL FINANCE

In 2023, we continued our philanthropic initiatives via RAKYATpreneur 4.0 and Bank Rakyat UNIPreneur 3.0, with the aim of elevating potential of asnaf micro-entrepreneur and asnaf student-preneur to progress across their business value chains. This social finance initiative aligns with the iTEKAD programme established by BNM, which focuses on helping low-income micro-entrepreneurs, strengthen their financial management and business intelligence to generate continuous income.

The programmes were specifically tailored to assist asnaf entrepreneurs who received zakat from the Bank. This assistance included competency upskilling workshops, advisory services, network building, and follow-up monitoring. These services were provided in partnership with UiTM Technoventure Sdn. Bhd. (UTVSB) and 20 other local tertiary

education institutions. The main goal of the programmes was to help asnaf entrepreneurs improve their competencies, as well as identify and seize opportunities to remain relevant in the market. These programmes are expected to nurture the entrepreneurs to become the Bank’s future MSME customers.

Through RAKYATpreneur 4.0, 300 asnaf micro entrepreneurs received a total of RM1.5 million from the iTEKAD programme for seed funding. Additionally, Bank Rakyat UNIPreneur 3.0 assisted 500 asnaf student micro entrepreneurs with RM1.5 million from the Bank’s zakat allocation. Meanwhile, a sum of RM750,000 for learning modules of the programmes was funded from the Bank’s zakat fund allocation.

These entrepreneurs were selected from all states across Malaysia, including Sabah and Sarawak, with diverse businesses ranging from food and beverage, clothing, handicrafts, workshops, agriculture, tailoring, hairdressing, and other segments.

After completing the capacity building sessions, more than 60% of RAKYATpreneur 4.0 and Bank Rakyat UNIPreneur 3.0 participants recorded increases in sales rate throughout the entire six-month period.

To date, 763 RAKYATpreneurs and 1,100 Bank Rakyat UNIPreneur participants have graduated from these programmes.

CONTRIBUTING ZAKAT AND CSR FUNDS FOR THE NEEDY

Throughout the year under review, the Bank contributed to underprivileged communities nationwide by contributing zakat and Corporate Social Responsibility (CSR) funds totalling over RM7.60 million, benefiting more than 14,000 recipients.

The Bank’s zakat contributions have been distributed via various programmes in the form of support for entrepreneurs, education programmes, aid for the poor and community building. Meanwhile, CSR funds were contributed through programmes such as Kebun Nuri Nutrisi, Bantuan Khas BR Cakna, Kasih Wira Negara Lahad Datu, Jelajah Ramadan BR, Kasih @ HAWANA, Saya Mau Kaamatan and Mok Sambut Gawai.



Management Discussion and Analysis

Summary of 2023 Development Outcome - Demonstration Additionality



CROWD-IN FUNDING

The Bank collaborated with seven institutions, namely Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), Kolej Professional Baitulmal Kuala Lumpur, Surau Al-Barakah Bank Rakyat, Universiti Kebangsaan Malaysia (UKM), Universiti Sains Islam Malaysia (USIM), Yayasan Waqaf Malaysia and Kolej Universiti Islam Perlis with the Bank acting as the intermediary to collect waqf funds from the public or private parties via online or physical banking.

During the year under review, the total waqf funds collected from the public amounted to more than RM1.4 million, with the Bank contributing over RM110,000 into these funds, leading to a 1,239% crowd-in efficiency ratio (total funding from the private sector over total funding from DFI).

Management Discussion and Analysis

Summary of 2023 Development Outcome - Policy Additionality

Development Outcome: Policy Additionality

a) Policy advice by DFIs taken up by Government
b) Impact from the policy advice

MSME Ecosystem

Requested continuation for the Skim Pembiayaan Industri Sukan (SPIS) financing scheme with additional allocated funds of RM20.0 million from Ministry of Finance (MOF).

An additional fund of RM30.0 million for SPIS has been granted by MOF which was included in the National Budget 2024. This scheme will assist sports-related entrepreneurs with their working capital requirements and business resilience.

Sustainability

Participation in the Value-based Intermediation Financing and Investment Impact Assessment Framework's (VBIAF) 3rd Cohort Sectoral Guide Working Group (SGWG) 2022 in developing Sectoral Guide for Waste Management.

The Sectoral Guide provides comprehensive guidance to Financial Institutions (FIs) in implementing impact-based assessments for the particular sector. It will also provide relevant sustainability metrics or indicators that can be considered when taking a more holistic approach to the classification of economic activities. Counterparties of the FIs (e.g.: customers, investors) may refer to this guidance to obtain a general perspective on areas/criteria considered in financing and investment assessments.

Shariah Leadership

Publications of Shariah papers at distinguished research houses and presentations of Shariah papers as well as research at local and international Shariah forums, conferences and other various functions.

Conducted Shariah awareness via a quarterly webinar series discussing various Shariah-related topics by local and international prominent Shariah scholars.

Bank Rakyat has been constantly recognised as one of the industry and academia references in the Shariah and Islamic Finance ecosystem.

FROM THE TOP

Management Discussion and Analysis

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

In the MSME ecosystem, the Bank has advocated for the continuation and expansion of the *Skim Pembiayaan Industri Sukan* (SPIS) financing scheme, resulting in an allocation of RM20.0 million from the Ministry of Finance (MOF). As a result, an additional fund of RM30.0 million for SPIS has been granted by MOF and included in the National Budget 2024. This scheme will assist sports-related entrepreneurs for their working capital requirements and enhance business resilience.

From a sustainability context, the Bank has continuously participated in the Value-based Intermediation Financing and Investment Impact Assessment Framework's (VBIAF) 3rd Cohort the Sectoral Guide Working Group (SGWG) 2022 in developing Sectoral Guide for Waste Management. The Sectoral Guide will provide comprehensive guidance to Financial Institutions (FIs) in implementing impact-based assessments for the sector. It will also provide relevant sustainability metrics or indicators that can be considered when taking a more holistic approach to the classification of economic activities. Counterparties of the FIs (e.g. customers, investors) may refer to this guidance to obtain a general perspective on areas/criteria considered in financing and investment assessments.

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

- i. Publications of Shariah papers at distinguished research houses and presentations of Shariah papers and research at local and international Shariah forums, conferences and various functions and events.
- ii. Conducted Shariah awareness via a quarterly webinar series discussing various Shariah-related topics presented by local and international prominent Shariah scholars.

As a result of the above, the Bank has been constantly recognised as a reference for the industry academia in the Shariah and Islamic Finance ecosystem.



FINANCIAL INCLUSIVITY

ADVANCING FINANCIAL INCLUSIVITY

Alongside its current developmental and mandate-driven endeavours, the Bank steadfastly promotes the financial inclusion initiative, aiming to deliver appropriate, cost-effective, and high-quality financial services to every segment of society, thereby fostering equitable and enduring economic progress and development.

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

NUR

Cashless School

Digital Desa

Bank Bergerak and Ar-Rahnu on Wheels (ARROW)

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

Rakyat Xcess, Ar-Rahnu X'Change, Xcess COMBO, Rakyat X'Lite and Self-Service Terminals

Business Banking Centre (BBC), Auto Finance Centre (AFC) and Mortgage Sales Centre (MSC)

Digital Platforms

- iRakyat
- i-bizRAKYAT
- BRICK
- QR2E, eBiz Suite and eBiz Tools Marketplace
- Branch and Ar-Rahnu eAppointment
- i-MerchantRAKYAT

Management Discussion and Analysis

NURI
Nuri Savings-i Account

The Nuri Savings-i Account is an excellent vehicle for instilling a savings mindset in children from a tender age. With an initial deposit requirement of only RM20, it welcomes children up to the age of 12 to begin their saving journey.



Nuri Club
Holders of Nuri accounts also gain access to membership in the Nuri Club, which hosts a variety of events throughout the year, including: Karnival Ramadan NURI, an event in partnership with selected secondary schools during the sacred month of Ramadan. Karnival NURI Madani, a nationwide event aimed at promoting the Nuri Club along with the Bank’s savings and deposit offerings, encouraging a savings habit and enhancing financial literacy within the community. Nuri Teenpreneurship; a programme designed to introduce high school students to the world of entrepreneurship. Participants from selected schools are provided with capital by the Bank to set up their own food and beverage stalls. Jom Menabung campaigns and colouring contests are conducted across the country in collaboration with numerous local educational bodies, agencies, and entities.



- Cashless School**
To foster a culture of savings and create a cashless ecosystem among students in secondary schools, the Bank has launched the Cashless School initiative. This initiative advocates for cashless banking services (eBanking and ePayment) via the deployment of:
- Saving-i Account – Aims to familiarise students with the cashless environment, highlighting its convenience and ease of use.
 - MyDebit Card-i – Reduces the risk associated with carrying cash to school, with a fee waiver offered for five years.
 - Electronic Current Account-i (eCA-i) – Simplifies transactions for canteen operators and cooperative businesses within a cashless setting.
 - POS Terminal – Facilitates cashless payments.
 - Agent Banking – Offers various cashless banking services, including bill payments without cash.
 - Internet Banking – Allows customers to carry out financial transactions via i-Biz and i-Rakyat.
 - i-Merchant – Enables payments using QR Payment.
 - Bank Bergerak – Assists with CASA opening and iRakyat subscriptions, as well as providing advice on eBanking and ePayment.

Digital Desa
The Digital Desa Programme strives for financial inclusion in rural and underserved regions by endorsing an eBanking and ePayment lifestyle among local communities and micro-businesses through the Bank’s digital channels, including Bank Rakyat Quick (BRICK), Quick Response to Entrepreneur (QR2E), and iMerchantRAKYAT application. In parallel, the Digital Desa Programme seeks to bolster financial literacy awareness via Pocket Talk sessions, account onboarding, and ePayment adoption initiatives.

Bank Bergerak AND ARROW
Bank Bergerak and Ar-Rahnu on Wheels (ARROW) represent CSR initiatives launched by the Bank to ensure that both urban and rural customers have convenient access to banking services and facilities.

As of FY2023, there is one Bank Bergerak positioned in Kuala Lumpur and eight ARROW units stationed in Temerloh (Pahang), Alor Setar (Kedah), Kota Bharu (Kelantan), Kota Tinggi (Johor), Bintulu (Sarawak), Sandakan (Sabah), Keningau (Sabah) and Kota Marudu (Sabah). Through regular visits to community hubs such as public area community centres, FELDA settlements, and morning markets, Bank Bergerak and ARROW offer accessible banking services to underserved communities. The services provided include opening of the electronic Current Account-i (eCA-i) and Savings-i Account (CASA), a variety of banking counter services, wealth management, and financial advisory. The most current information on the Bank’s products and services is also made available to customers during visits to our Bank Bergerak.

Management Discussion and Analysis

ARROW, an enhanced version of Bank Bergerak introduced in 2020, offers similar services along with Ar-Rahnu services such as Pawn Broking-i, storage fee payment, redemption, jewellery cleaning, and jewellery testing. By December 2023, Bank Bergerak and ARROW had processed over 14,000 transactions, with a total transaction value exceeding RM29.3 million (YoY volume increased by 11%, value by 47%).



Agent Banking (Rakyat C.A.R.E.)
Initiated by BNM, Agent Banking is designed to ensure access to basic banking facilities across Malaysia, including areas devoid of bank branches. Since July 2015, the Bank has operated its Agent Banking under the banner of Rakyat C.A.R.E..

Rakyat C.A.R.E. provides essential banking facilities such as savings, cash withdrawals, intrabank funds transfers, bill payments, and financing payments (Bank Rakyat) through appointed agents. Rakyat C.A.R.E. enables customers to access banking services closer to their locations, benefiting particularly the unserved and underserved community segments.

Rakyat C.A.R.E. delivers multiple mutual benefits. While providing easier access to banking services for unserved and underserved communities, the Bank gains retail deposits and expands into new markets via agent banking—a cost-effective alternative to traditional channels. Concurrently, appointed agents earn additional revenue through transaction fees and commissions.

In FY2023, the Rakyat C.A.R.E. network reported a total transaction amounting to over RM9.7 million from more than 76,000 transactions performed by 284 active agent banking channels nationwide (YoY volume: increased by 29%, value: increased by 32%).

RAKYAT XCESS, AR-RAHNU X’CHANGE, XCESS COMBO, RAKYAT X’LITE AND SELF-SERVICE TERMINALS
The Bank has 148 branches, 985 self-service terminals consisting of 693 automated teller machines (ATM), 277 cash deposit machines (CDM), 10 cash recycling machine (CRM) and five cash-in cash-out machines (CICO).

The Bank operates smaller-scale branches to serve local communities, including those in unserved and underserved areas. To date, Bank Rakyat has established 4 Rakyat Xcess, 27 Ar-Rahnu X’Change, 22 Xcess COMBO (a combination of Rakyat Xcess and Ar-Rahnu X’Change within one premise), and one Rakyat X’Lite across the nation, including in the Borneo region.

Beyond the directly operated Ar-Rahnu X’Change, 82 other Ar-Rahnu X’Change outlets are operated by various cooperatives under the franchising licence of the Bank’s subsidiary, Rakyat Management Services Sdn Bhd (RMS). This franchising model has contributed to income growth and job creation within these cooperatives.

Business Banking Centre (BBC), Auto Finance Centre (AFC), and Mortgage Sales Centre (MSC)
Aligned with our BR25 objective to enhance outreach to entrepreneurs nationwide and improve access to the Bank’s financial support and solutions, the BBC has been instituted as a comprehensive centre offering advisory and financing services for MSMEs and Cooperatives. Over the past year, 10 BBCs have been established in locations including KL Sentral, Shah Alam, Ayer Keroh, Ipoh, Sungai Petani, Kota Bharu, Johor Bahru, Kuching, Kota Kinabalu, and Kuantan. These BBCs have approved business financing totalling approximately RM1.9 billion to over 3,100 MSMEs and cooperatives across the country in 2023.

The Bank also maintains eight AFCs across Malaysia in Jalan Ipoh, Seberang Jaya, Mergong, Johor Bahru, Kuching, Seremban, Shah Alam, and Likas, alongside four MSCs at KL Sentral, Bandar Baru Klang, Skudai, and Kepala Batas, further broadening our reach in offering auto and home financing products to the public.



Management Discussion and Analysis

DIGITAL PLATFORMS

In FY2023, the Bank has significantly advanced its digitalisation goals, introduced more digital channels and enhanced customer experiences through an integrated Islamic banking system powered by the latest technology. This effort is a key component of the Bank’s BR25 Digitalisation agenda, which aims to embrace digital transformation to maintain competitiveness in the market through the launch of new channels, such as:

iRakyat

Complementing the Bank’s iRakyat online banking web platform, the iRakyat mobile application, launched in September 2021, provides customers the convenience of self-managing their banking products. Beyond standard retail banking features, it facilitates transactions with Lembaga Tabung Haji, DuitNow, 1PAY, and JomPay, and includes options for zakat, waqf, and charitable contributions. This move aligns with government’s efforts to boost digital spending and cashless transactions.

In FY2023, the iRakyat mobile application saw significant growth, with over 342,000 new users, and the web platform welcomed more than 152,000 new users. This expansion led to more than 42.1 million transactions, amounting to over RM14.9 billion.



i-bizRAKYAT

i-bizRAKYAT, the Bank’s internet banking service for corporate clients, offers functionalities for Account, Payable, Receivable, and Salary management, granting customers a comprehensive, real-time view of their banking relationship with the Bank. Over the past year, the platform has attracted over 5,100 new subscriptions, facilitating over 1.3 million transactions worth more than RM8.7 billion.

BRICK

Launched in 2021, Bank Rakyat Quick (BRICK) presents an alternative channel for retail customers to explore the Bank’s offerings, including Saving-i Account, Home Financing-i, Credit Card-i, Vehicle Financing-i, and Personal Financing-i. BRICK has quickly become a comprehensive platform, providing access to information and application capabilities for these products.



QR2E, eBiz Suite and eBiz Tools Marketplace

The ‘Quick Response to Entrepreneur’ (QR2E) platform, combined with the eBiz Suite, allows the Bank’s business clients to easily access financial assistance and business management advice. Enhanced in FY2023 with the eBiz Tools Marketplace, QR2E now offers business solutions in Human Resources, Accounting, and e-Commerce Management, in partnership with leading fintech firms, aimed at boosting productivity for MSME entrepreneurs and cooperatives.

Branch and Ar-Rahnu eAppointment

Introduced in January 2022, the Branch eAppointment, integrated with Ar-Rahnu eAppointment, enables customers to conveniently schedule visits to any Bank branch. This service meets the current demand for a streamlined banking experience and reduces branch congestion.



Management Discussion and Analysis

i-MerchantRAKYAT

In October 2023, the Bank launched the i-MerchantRAKYAT application, a bespoke platform for MSME entrepreneurs and cooperatives, designed to facilitate quick and secure payment processing via DuitNow QR. The launch of i-MerchantRAKYAT underlines the Bank’s commitment to promote e-payment solutions and supports the transition towards a cashless society.



DEVELOPING THE COOPERATIVES AND ENTREPRENEUR SECTOR

The Bank plays a pivotal role in advancing the cooperatives and entrepreneur sector, aligning with the government’s vision to establish this sector as a key driver of economic growth. We reinforce the sector’s development by implementing cooperative and entrepreneur development programmes that offer financial support and advisory services. These initiatives embody the Bank’s commitment to supporting the goals of the NEP2030, which resonate with our ambitions to promote the growth of the MSMEs as stipulated in Bank Rakyat’s 2025 strategic plan.

This programme represents the Bank’s dedication to empowering entrepreneurs through tailor-made programmes, including training, product briefings, business matching, and engagement sessions. These initiatives are designed to enhance business operations, facilitate business expansion, and foster resilience within cooperative and entrepreneurial ventures. The programmes, offered via physical and virtual platforms, include the following:

- Cooperative Advisory Desk (CAD)
- Business Matching Programme
- Kembara Pemerkasaan Usahawan dan Koperasi “Santai Namun Sampai”
- Islamic Financing Workshop
- Graduate Mentoring Programme
- eCa-i Coop Tour

COOPERATIVES AND ENTREPRENEURSHIP PROGRAMME

COOPERATIVE/ENTREPRENEUR DEVELOPMENT PROGRAMMES

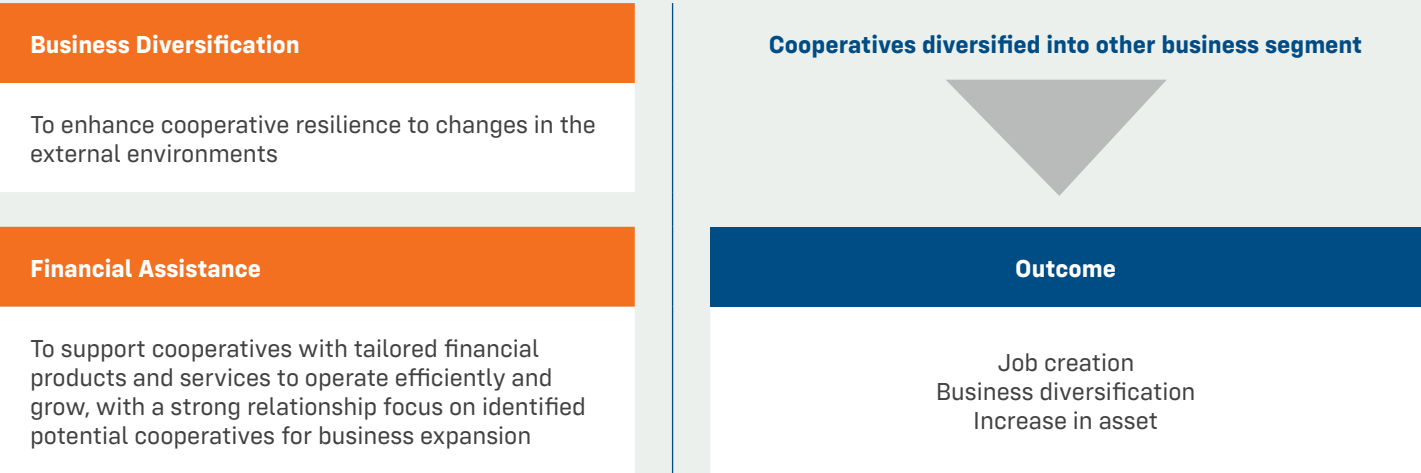
The Bank’s initiatives in bolstering the underserved cooperative and entrepreneur segment are in harmony with the ‘Pelan Transformasi Koperasi Malaysia 2021-2025’ (TransKom), reinforcing the cooperative movement, an effort reflective of Bank Rakyat’s contribution to the aims of the NEP 2030. These actions are congruent with Bank Rakyat’s drive to develop the MSME sector as laid out in our 2025 strategic plan.

Our initiative is tailored to craft a distinctive customer experience and forge a strong connection with cooperatives and entrepreneurs by offering advisory services that enhance their business operations. These services are aimed at capacity building, business management, marketing strategies, and the digitisation of processes to tailor business solutions that bolster customer positioning. This approach ensures the sustainability and preparedness of businesses for unforeseen circumstances such as the COVID-19 pandemic.

INITIATIVES
Cooperative Advisory Desk <p>The Cooperative Advisory Desk (CAD) programme is organised to provide advice and guidance related to financial management, application procedures, expanding access to funding sources and the terms and conditions of obtaining financing for cooperatives seeking to enhance their cooperative business and obtain financial assistance from the Bank, in line with government aspirations.</p> <p>This program is expected to stimulate economic activity for cooperatives and tailored to their financial needs and compliance with Shariah principles to expand their businesses.</p>
Business Matching <p>Serve as the single focal point of contact for cooperative segregated by sector, creating conducive entrepreneurial ecosystem to support the sustainable socio-economic development of cooperatives and entrepreneurs.</p> <p>Stimulate, integrate and takes a holistic approach to cooperative development by encouraging networking and cooperation amongst agencies.</p> <p>One-to-one sessions are organised to establish business relationship and create new business opportunities to improve sales result.</p>

Management Discussion and Analysis

DRIVES HIGH VALUE-ADDED GROWTH AND ENCOURAGE COOPERATIVES TO DIVERSIFY



Kembara Pemerkasaan Usahawan dan Koperasi - “Santai Namun Sampai”

- This effort is a manifestation of Bank Rakyat’s commitment to support the objectives of the NEP2030 which is also in line with Bank Rakyat’s aspirations in driving the development of the MSME sector and cooperatives holistically for entrepreneurs.
- Rejuvenating their branding and product is crucial to ensuring business operations growth, and customer retention. This initiative will better position itself and demonstrate its commitment to serving the underserved and unserved entrepreneurs as well as the bankable segment.

Islamic Financing Workshop

- This programme is expected to stimulate economic activity through technical guidance and financial assistance to entrepreneurs and cooperatives, tailored to their financial needs and in compliance with Shariah principles.
- Strong financial resources enable cooperatives and entrepreneurs to diversify their business resources.

Graduate Mentoring Programme

- This initiative offers graduates the opportunity to begin their careers as entrepreneurs where graduates are guided by experienced business owners. Through a mentoring program with a comprehensive approach, graduates are equipped to make entrepreneurship as a career of choice. This effort is a manifestation of Bank Rakyat in supporting the objectives of NEP2030.
- The Graduate Mentoring Programme initiative comprises training modules on entrepreneurship, business management,


marketing strategy, digitalisation, and “hands-on” inclusive training with industry vendors as mentor to strengthen graduates’ necessary skills as business owners, with Bank Rakyat serving as their financial partners.

- UiTM as Bank Rakyat’s partner for this initiative aims to produce more entrepreneurs who are competitive among graduates of higher education institutions with holistic guidance through joint ventures with selected vendor companies.

eCa-i Coop Tour


- eCa-i Coop Tours were held mainly to introduce the Bank’s Cash Management Services and to convey our aspiration to be the preferred operating bank in the cooperatives ecosystem.
- This programme also aims to strengthen the existing cooperation and to build new business relationship between Bank Rakyat and cooperatives nationwide.
- During the course of the program, the Bank emphasised the importance of utilising electronic payment/fund transfer for dividend payment purposes by which would enable the whole process to be done swiftly and in efficient manner.
- Also highlighted in the programme, the availability of Bank’s financing products such as working capital, term financing and Cashline-i for cooperatives to sustain and further expand their businesses.
- Cooperatives who attended the program were divided into several small groups to make it easier for the Bank to understand each individual cooperative and hence, provide tailored solutions accordingly.

Management Discussion and Analysis




Cooperative and Entrepreneur Advisory Deck

Segment	Participants
Cooperative	623
Entrepreneur	25
Grand Total	648




Business Matching

Segment	Participants
Cooperative	193
Entrepreneur	360
Grand Total	553




Islamic Financing Workshop

Segment	Participants
Cooperative	196
Entrepreneur	9
Grand Total	205




Kembara Pemerkasaan Usahawan

Segment	Participants
Entrepreneur	2,004
Grand Total	2,004



Graduate Mentoring Programme

Segment	Participants
Entrepreneur	2,260
Grand Total	2,260



Cooperative e-Cai Tour

Segment	Participants
Entrepreneur	348
Grand Total	348

*All data as at 31 December 2023

The programme initiatives and modules are strategically designed to amplify the Bank’s mission of contributing value to society and fostering a thriving entrepreneurial ecosystem. This aligns with the overarching goal of sustainable socio-economic development for cooperatives and entrepreneurs by:

- Cultivating a culture of cooperation and entrepreneurship with a focus on developmental impact.
- Elevating the ability of cooperatives and entrepreneurs to self-evaluate their financial competencies amid changing economic landscapes.
- Nurturing cooperatives and devising bespoke solutions for specific market segments.
- Facilitating collaborations with external agencies and entities.

The Bank is dedicated to cultivating enduring partnerships that catalyse further business prospects through enhanced collaboration with entities such as Suruhanjaya Koperasi Malaysia (SKM), Institut Koperasi Malaysia (IKMa), Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA), and Institut Keusahawanan Negara (INSKEN) to champion enduring cooperative development.

The revitalisation of the brand is essential to bolster the Bank’s growth and to maintain customer loyalty. This initiative will not only strengthen the Bank position but also reaffirm its commitment to aiding both underserved and unserved entrepreneurs, while serving as a beacon for the Bank’s product and service marketing.

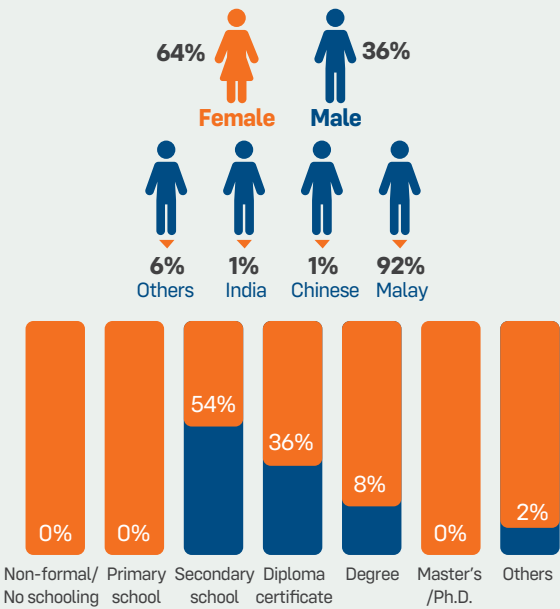
In the pursuit of progress and sustainable development within the cooperative and entrepreneurial sectors, the Bank’s efforts are in concert with the government’s ‘Pelan Transformasi Koperasi Malaysia 2021 - 2025’ (TransKom) and the NEP2030. The Bank will persist in its supportive role, reinforcing the cooperatives and entrepreneur sector’s stature as a pivotal economic force within the nation.

Over the past year, the Bank has engaged in a collaborative venture with the Institute of Islamic Banking and Finance (IiBF) of the International Islamic University of Malaysia (IIUM) to produce an Islamic Microfinance Impact Report for Bank Rakyat’s microfinance clientele. This study was aimed at gauging customer perceptions and satisfaction with Islamic microfinance, as well as assessing its impact on Bank Rakyat’s customers. The insights garnered from the report are summarised below:

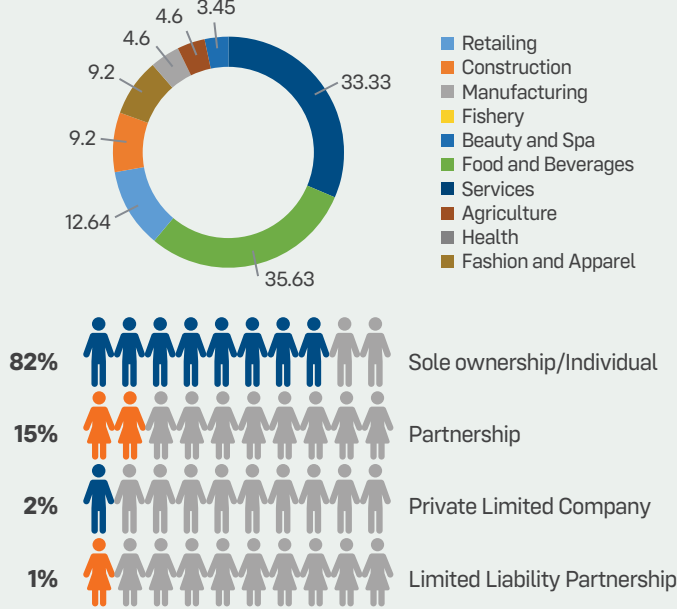
Management Discussion and Analysis

Impact of Islamic Microfinance to the Customers of Bank Rakyat (Descriptive Analysis)

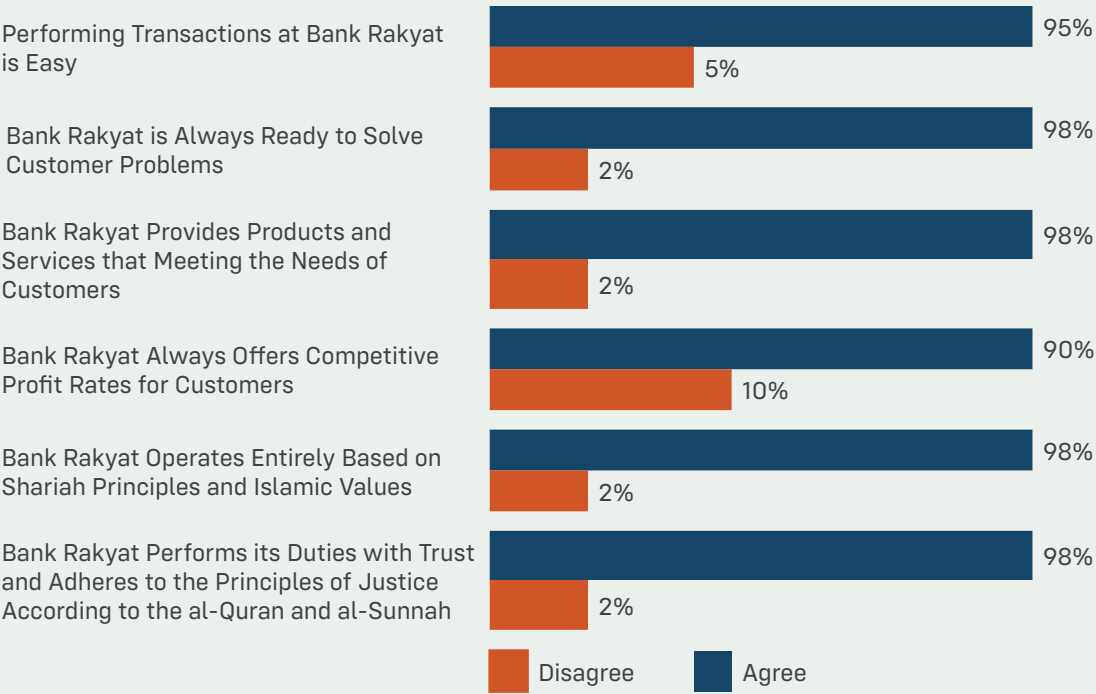
Respondents' Demographic Profiles



Business Sector



Perception and Satisfaction Level of Islamic Microfinance Customers



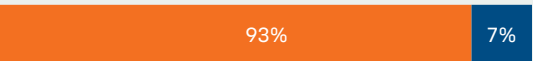
The perception and satisfaction levels of Islamic Microfinance customers, specifically those of Bank Rakyat, are assessed based on 6 criteria.

Management Discussion and Analysis

Impact of Islamic Microfinance to the Customers of Bank Rakyat (Descriptive Analysis)

Income/Sale

After Receiving Islamic Microfinance, My Business Income has Increased



After Receiving Islamic Microfinance, My Business is Growing



Financial Resilience and Management

After Receiving Islamic Microfinance, My Savings have Improved



After Receiving Islamic Microfinance, No Monthly Payment Delays



After Receiving Islamic Microfinance, My Savings Are Sufficient to Cover Unexpected Business Losses



Household Impact (Children Education and Nutrition)

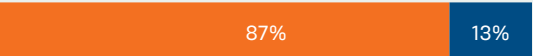
After Receiving Islamic Microfinance, the Quality of Food Served to My Family has Improved



After Receiving Islamic Microfinance, My Children Have Better Access to Education



After Receiving Islamic Microfinance, I Can Afford Basic Equipment for Home Use



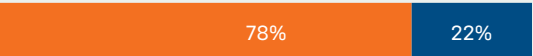
Digital Upskilling

After Receiving Islamic Microfinance, I have been Able to Use Digital Technology for My Business



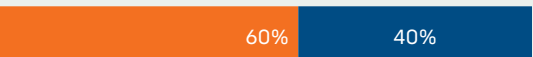
Asset Growth

After Receiving Islamic Microfinance, My Business Assets Have Increased



Business Impact (Job Creation)

After Receiving Islamic Microfinance, the Number of Employees has Increased



Impact on Covid-19

My Business Activities were Affected During the Movement Control Order (MCO) COVID-19



My Business Savings have been Affected due to COVID-19

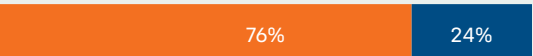


Religion Obligation (Sadaqah, Zakat and Hajj)

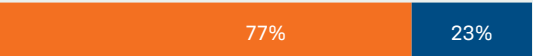
After Receiving Islamic Microfinance, Started Giving Charity (Sadaqah)



After Receiving Islamic Microfinance, Started Paying Zakat (Income/Business)



After Receiving Islamic Microfinance, Started Saving Money to Perform Hajj



Agree Disagree

Management Discussion and Analysis

BANK RAKYAT REVIEW OF FY2023 FINANCIAL PERFORMANCE

The Group recorded a higher profit before tax and zakat (“PBTZ”) of RM1.76 billion as compared to RM1.70 billion in the previous year. The higher PBTZ was achieved through the Group’s strong fundamentals and focus on core activities to remain vigilant despite an uncertain global economic outlook and challenging banking environment. Bank Rakyat, as the main contributor, recorded a 5.68% higher PBTZ of RM1.77 billion as compared to RM1.68 billion previously.

Despite the ongoing compression of net margins, the Group’s unwavering commitment to remain agile and resilient has borne positive outcomes for the financial year 2023. The commendable performance was supported by vigorous financing and investment activities, solid growth in Current Account, Savings Account and Investment Account (CASAIA), and adequate provisioning aligned with industry trends.

The Group’s core income saw a surge of 12.90% to RM6.67 billion as compared to RM5.90 billion in the previous year, attributed to solid growth in gross financing balance of 3.82% year over year (YoY) across all business segments.

The Group’s performance was further supported by an increase in fee-based and other income which improved by 31.58% or RM139.21 million to RM580.00 million as compared to RM440.79 million in the previous year.

Our disciplined cost management was reflected in a healthy cost to income ratio of 47.85%, which was below the industry average of 48.30%.

The Group has maintained its competitive edge and profitability, remaining as one of the largest full-fledged Islamic financial institutions in Malaysia.

The Group’s total assets grew by 1.16% or RM1.36 billion to RM118.69 billion, compared to RM117.33 billion in the preceding financial year. This modest improvement was mainly driven by a solid growth in gross financing balance, offset with lower net investment position by 3.71% as part of strategic move in portfolio management of treasury assets. Gross financing balance sustained a positive growth trajectory, expanding by 3.82% to RM83.51 billion from RM80.44 billion in the previous financial year. Despite intense competition, the Group continued to benefit from the diversification of portfolios mainly in Home Financing-i, Vehicle Financing-i and Business Financing-i.

As a result of the diversification, the retail financing segment grew by 3.22% to RM75.77 billion, and the business segment achieved a robust growth of 16.57% to RM8.18 billion.

The Group’s asset quality remained sound with gross impaired financing ratio recorded at 2.02% with Financing Loss Coverage ratio recorded at a high level of 161.86%, well above the industry average of 92.00%.

The Group’s CASAIA increased by 6.80% to RM10.19 billion as compared to RM9.49 billion in the previous year as a result of aggressive cash management activities and promotional activities with high impact throughout the year.

CASAIA ratio recorded higher at 12.55% as compared to 11.16% in the previous year, aligning with the Group’s five-years strategic plan aspiration (BR25).

The Group’s shareholders’ fund increased by 4.16% or RM0.94 billion to RM23.49 billion compared to RM22.55 billion in 2022, attributed to the Group’s net profit carried forward during the year.

As at 31 December 2023, Risk-Weighted Capital Ratio and Core Capital Ratio after the proposed final dividend remained strong at 24.91% and 22.88 respectively, well above the minimum regulatory requirements and the industry average, positioning the Group as one of the strongest financial institutions in terms of capital position.

DIVIDEND FOR THE YEAR

The Group announced 15% dividend with a total payout amounting to RM424.62 million, marking a record of 25 years of double-digit dividends provided to its members. In addition, Bank Rakyat declared a special dividend of 2% with total payout of RM56.62 million in conjunction with Bank Rakyat’s 70th anniversary.

Apart from that, the Group continued to contribute 2% of its PBTZ amounting to RM35.47 million to the Co-operative Education Trust Fund and 1% or RM17.74 million to the Co-operative Development Provident Fund. Total contribution to these co-operative funds for the year 2023 amounted to RM53.21 million.



Management Discussion and Analysis

RAM RATINGS

RAM RATINGS REAFFIRMS BANK RAKYAT’S AA2/P1 RATINGS WITH STABLE OUTLOOK

Bank Rakyat is committed to maintain its investment grade credit ratings through regular engagements with RAM Ratings.

In the year 2023, RAM Ratings has reaffirmed the Bank’s financial institution ratings (FIRs) at AA2/Stable/P1.

FINANCIAL INSTITUTION RATINGS (FIRS)	DESCRIPTION
AA2 (Long-term rating)	Bank Rakyat has a strong capacity to meet its financial obligations and is resilient against adverse changes in circumstances, economic conditions and/or operating environments.
P1 (Short-term rating)	This is the highest short-term FIR assigned by RAM Ratings. A financial institution rated P1 has a strong capacity to meet its short-term financial obligations.

The ratings of the Bank’s sukuk, issued through its funding conduits have also been reaffirmed by RAM Ratings as follows:

BANK RAKYAT’S SUKUK	RATINGS
Imtiaz Sukuk II Berhad RM10 billion Sukuk Wakalah Programme (2020/2050)	AA ₂ (s)/Stable
Mumtaz Rakyat Sukuk Berhad RM5 billion Subordinated Sukuk Murabahah Programme (2016/2036)	AA ₃ (s)/Stable

The reaffirmations are premised on the Bank’s strong foothold in personal financing (PF) extended to civil servants and sturdy loss absorption capacity. The Bank has a robust gross impaired financing (GIF) coverage and a sturdy capital position which act as a buffer against any further credit impairment. The ratings also incorporate RAM Ratings’ expectation of ready government support if needed, given Bank Rakyat’s status as a cooperative bank-cum-development financial institution (DFI).

RAM Ratings’ evaluation also includes Environmental, Social and Governance (ESG) Credit Impact Assessment. In this regard, Bank Rakyat has been rated Neutral (as table below) with the views that the Bank’s ESG risks have little bearing on the credit profile of the entity due to their limited impact on its business financial profiles. Any risks are sufficiently and appropriately mitigated and are not likely to impact the current ratings.

ESG CREDIT IMPACT ASSESSMENT	
Environmental Risk	Neutral
Social Risk	Neutral
Governance Risk	Neutral

RETAIL BANKING

PERSONAL FINANCING-i

Personal Financing-i continues to be a central pillar within our business, acting as the key driver of its overall performance. The significant and sustained influence of Personal Financing-i is a testament to its vital role in driving the growth of the Bank.

In maintaining the Bank’s leadership in personal financing, proactive steps have been taken in the face of tough market conditions. These strategic measures include enhancing product offerings by raising the financing limits to RM400,000. The launch of specialised financing for Umrah/Hajj and sustainability-related endeavours showcases the Bank’s agility and commitment to innovation, catering to specific financial needs.

To broaden our market reach and cultivate a more diverse customer base, the Bank has been actively targeting the private sector. This has been evidenced by the introduction of Personal Financing-i Private Exclusive, designed for high-earning professionals, and the improved features of Personal Financing-i Retiree, both of which serve to enrich the Bank’s Personal Financing-i portfolio.

Despite various hurdles, the Bank Rakyat’s Personal Financing-i portfolio has shown robustness as we effectively implemented the strategies laid out in the Business Plan 2023 (BP2023), which was established in the latter part of 2022. As of FY2023, the Personal Financing-i gross balance stood at RM58.70 billion, marking a commendable increase from RM58.40 billion in FY2022.

Management Discussion and Analysis

HOME FINANCING-i

The Home Financing-i sector at Bank Rakyat has experienced consistent year-on-year growth, with a notable increase of 13.23% in financing disbursed in 2023, reaching RM9.93 billion, up from RM8.77 billion in 2022. This growth phase, aligning with the broader post-pandemic recovery, underscores the Bank’s successful efforts to enlarge our mortgage portfolio, which is evident in the significant monthly average approval increase from RM150.62 million in 2022 to RM191.85 million in 2023.

This robust expansion occurred despite a general slowdown in the property market, thanks to refined processes and greater market visibility achieved through the establishment of a dedicated Mortgage Sales Centre (MSC) team. The introduction of Regional Mortgage Processing Centres (RMPC) was instrumental in bolstering regional growth. Moreover, the Bank engaged in numerous collaborations and initiatives with both internal and external strategic partners over the course of the year. Financial inclusion was also promoted within the B40 customer segment through the SJKP package, which offers home financing to first-time affordable home buyers, while also enhancing market reach within the M40 and T20 groups.

To attain the set sales targets, there was an intensification of internal collaboration among Head Office divisions, such as Mortgage Financing and Branch Sales, as well as with Regional Directors and the Bank’s various distribution channels. This effort was paired with diligent performance monitoring and proactive steps to refine outcome metrics.

In 2023, the Bank expanded its customer engagement, targeting key external stakeholders including developers, valuers, lawyers, real estate negotiators, and agencies. Strategic alliances with selected organisations, including government bodies and GLCs, formed part of the Sourcing Programme, significantly contributing to the sector’s double-digit growth.



VEHICLE FINANCING-i

The Vehicle Financing-i gross balance witnessed a significant increase in FY2023, recording RM3.82 billion compared to RM3.49 billion in FY2022, an increase of RM0.33 billion or 9.45%. This upward trajectory is attributed by ongoing product campaigns, a focus on vigorous ground activities, and the cultivation of strong partnerships with car dealers.

The rise of disbursements in 2023 correlated with an uptick in the national Total Industry Volume (TIV) of vehicles, reaching a record high of 799,731 units, significantly up from the TIV of 721,177 in 2022. Positive market sentiment and enhanced purchasing power in the post-pandemic landscape have been instrumental in the growth of Malaysia’s automotive sector. The normalisation of economic activities and the steady supply of vehicle parts have been additional contributors to the record-setting year.

The emphasis on expanding the Electric Vehicle (EV)/Hybrid vehicle segment is a strategic move to support Environmental, Social, and Governance (ESG) goals. Through the leverage of eight Auto Finance Centres (AFC) and continued expansion, the Bank is optimistic about further exploring and growing this market segment.



PAWN BROKING-i

Pawn Broking-i, an Islamic pawnbroking solution also known as Ar-Rahnu, offers instant liquidity up to RM350,000 in compliance with Shariah principles. Since its launch in 1993, it has become one of the Bank’s flagship offerings. This service is available at 140 branches and 48 Ar-Rahnu X’Change (ARX) outlets operating six days a week. In FY2023, the Bank’s Ar-Rahnu secured a dominant market share of 36.00%, with balances contributing RM2.88 billion (FY2022: RM2.34 billion).

To boost product visibility, the Bank initiated two campaigns: Gold Wafer, Gold Bar and Coins, and Emas 2 Kilo, with total prizes exceeding RM55,000.00 and RM600,000.00, respectively. These campaigns significantly bolstered balance growth.

Management Discussion and Analysis

DEPOSIT-i

The Bank’s CASA saw a healthy increase of 4.89% or RM465 million, climbing from RM9.52 billion in December 2022 to RM9.99 billion in December 2023. This growth was primarily driven by the Current Account, which surged by over 15% or RM461 million from RM2.83 billion in December 2022 to RM3.29 billion in December 2023. The Bank also enhanced its CASA Ratio from 11.13% in December 2022 to 12.30% in December 2023. The introduction of the Investment Account (IA) made a notable contribution of RM202.9 million to the deposit’s balance as of December 2023.

The Total Term Deposit-i (TD-i) closed the year at RM71.01 billion, showing a slight decrease from the previous year’s RM75.98 billion. This aligns with the Bank’s strategy to attract low-cost deposits to maintain healthy Net Income Margins (NIMs). To this end, the Bank has actively engaged in various campaigns to stimulate deposit growth:

NO	LIST OF CAMPAIGNS	PERIOD OF CAMPAIGN
1	Kempen Jom Simpan Duit Raya	3 months
2	Kempen Deposit-i Berjangka (Individu)	3 months
3	Grow and Win Campaign 2023	5 months
4	Kempen Jom Sedekah	3 months
5	Kempen Pindah Gaji (Istimewa untuk Majikan)	8 months
6	Kempen Rizq 50 Plus	3 months
7	Kempen Rizq Plus @ BR	3 months
8	Kempen Lebih Ganjaran Rizq Plus bagi Ahli Saham Bank Rakyat	6 months
9	Kempen Lebih Ganjaran Rizq Plus bagi Kakitangan Sektor Perbankan	5 months
10	Kempen Lebih Ganjaran Rizq Plus bagi Kakitangan Sektor Kerajaan/Awam	5 months
11	Kempen Rizq Plus 3X Ganda (Quick Cash)	2 months

CREDIT CARD-i

The expansion in household spending and the resurgence of tourism in 2023 have precipitated an upward trend in both credit card expenditure and outstanding balances within Malaysia. Bank Rakyat has mirrored this growth trajectory, with its Card Business witnessing a notable surge in credit card spending by 14.49%, accompanied by a 6.36% increment in credit card balances for the year.

With a debit card base exceeding 2.6 million and a credit card base surpassing 300,000, the Bank aims to further fortify this segment. This will be achieved by capitalising on our distinctive selling points, which include a zero foreign exchange fee and complimentary takaful coverage.

In our bid to enhance the visibility of our card business, a series of tactical initiatives have been devised. Throughout 2023, we have rolled out an array of campaigns and promotions that have been instrumental in underpinning this significant growth:

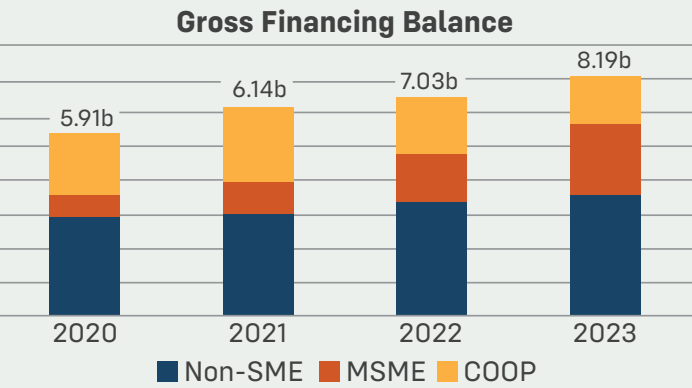
NO	LIST OF CAMPAIGNS
1	Kempen Ratu Muslimah
2	Kempen Petrol Khamis
3	Festival Rakyat
4	Kempen Jom Cuti Cuti
5	Kempen Makan-Makan September
6	Kempen Beli Emas
7	Kempen 90 Hari Mengelilingi Malaysia
8	Kempen Quick Cash with Bank Rakyat Credit Card-i



Management Discussion and Analysis

BUSINESS BANKING

The Bank’s Business Banking Division was established with a clear focus on serving a diverse range of customers, including Cooperatives, which falls under our mandated target market, as well as Corporates, Commercial entities, Small and Medium Enterprises (SMEs), and those seeking Micro financing. This division is dedicated to ensuring effective management, engagement, and service delivery throughout the entire process of providing business financing to these varied customer segments outreaching and intensifying the unserved and underserved. In FY2023, the Division saw growth across all key business segments and recorded an increase of financing balance to RM8.19 billion compared to RM7.03 billion in 2022.



Asset Growth

- Overall growth of 16.5% (+RM1.16 bil) at RM8.19 bil FY2023 (FY2022: RM7.033 bil)
- Highest growth in MSME portfolio at 46.4% (+RM642 mil)

In the financial year 2023, several key initiatives were undertaken to support and empower our customers. Among these was the introduction and enhancement of comprehensive products and services specifically designed to boost MSMEs’ entrepreneurs and Cooperatives. New programmes such as BRTani, BRPlus-i, and Tijari Plus, along with the enhancement of existing ones like Pembiayaan mikro-i (MPPK 2.0), Pembiayaan Mikro RAKYAT2E, and the Micro Enterprises Facility (MEF), were rolled out. These initiatives proved beneficial for 2,885 MSMEs’ entrepreneurs with a total approval of RM2.03 billion and 81 Cooperatives with approvals amounting to RM710.8 million.

Furthermore, the division worked to strengthen and scale up high-impact collaborations through the “SUTERA-Synergy” initiative with federal and state governments, GLCs, and private strategic partners. This includes partnership with Government State of Johor for JohorNiaga, RTS Link & Farmbyte, Tenaga Nasional Berhad (TNB) , Petronas Berhad , MRT as well as Prime Barber, Rush under Graduate Mentoring Programme beside strategic partnership with SJPP on the Government Guarantee

Scheme MADANI (“GGSM”) and CGC on the Green Technology Financing Scheme (GTFS) 4.0.

The Cooperative and Entrepreneur Advisory Desk (CEAD), offering advisory assistance, conducted 44 CEAD and Business Matching with 1,201 participants, alongside eight Islamic Financing Workshops sessions attended by 205 participants. Additionally, the My Mall (e-Commerce Platform) initiative successfully registered 550 participants and onboarded 124 merchants.

Furthermore, we uphold our commitment to assisting businesses through a range of advisory and capacity-building initiatives. In 2023, over 5,600 entrepreneurs and cooperative members received support from programs like the ‘Santai Namun Sampai’ (SNS) roadshow, Graduate Mentoring Programme, Cooperatives Advisory Desk (CAD), MSME Business Matching, and Islamic Financing Workshop (IFW).

Under collaboration with Digital, we established an online platform i.e. e-Biz Suite (Marketplace) for MSMEs and Cooperative to apply for essential business products and services that can assist in improving productivity and efficiency. To strengthen Contract and Project Financing-i product, we onboarded two subject matter experts, an experienced Certified Engineer and a Quantity Surveyor. These experts are tasked with reviewing, monitoring, and consulting the Business Units on technical matters related to Project Financing-i. New guidelines and a basic guidebook for contract and technical requirements were developed to facilitate activities in this area.

Supporting the ESG agenda was another critical focus area, with the development and implementation of Climate Change and Principle-based Taxonomy (CCPT) Measurement Tools for assessing and classifying accounts. Continuous upskilling and awareness workshops on ESG, sustainability, and climate change were conducted, leading to ESG approvals of RM459.29 million in FY2023.

Lastly, a strong emphasis was placed on cultivating a compliance and strong asset quality culture among Business Banking personnel through continuous awareness programs and training. This initiative aims to ensure the onboarding of quality customers, underlining the division’s commitment to quality asset growth and the broader objectives of the Bank.



Management Discussion and Analysis



MOVING FORWARD

As we approach FY2024, Bank Rakyat is poised to navigate the anticipated economic recovery and a more favourable industry outlook. This optimism is underpinned by the continuous support and stimulus from the government, ensuring a conducive environment for the Bank’s strategic operations. In alignment with the Bank Rakyat’s BR25 Strategic Plan and the SME Blueprint, the forthcoming year will see a concentrated effort on the expansion of the MSMEs’ and Cooperative portfolio.

The Bank is set to excel in Business Banking growth, with a particular emphasis on targeted segments. These include the burgeoning sphere of Environmental, Social, and Governance (ESG) practices, recognising their growing importance in today’s financial ecosystem. Additionally, the food-based industry is identified as a sector ripe for growth, given its fundamental role in the economy and potential for sustainable development. Contract and Project Financing, particularly in collaboration with Government and GLCs, will also receive focused attention.

The strategic focus extends to SME customers and their ecosystems, where the Bank aims to fortify a sales culture and envisages an ambitious target of amplifying sales by 50%

through Synergy 365. Furthermore, strategic partnerships with Fintech companies are poised to play a pivotal role, heralding a new era of innovation and service streamlining that promises to revolutionise the way the Bank operates and interacts with its clientele.

Operational excellence remains a cornerstone of our strategy, with a drive towards embarking on Lean Process Improvement. This initiative focuses on streamlining the financing and credit management processes, alongside centralising the credit administration function to enhance efficiency and efficacy. The enhancement of work efficiency is also on the agenda, with a specific focus on strengthening asset quality monitoring, supervision, and management.

The expansion of the ESG agenda signifies the Bank’s commitment to not only embrace sustainable practices but also to go beyond financing in supporting a low carbon and climate-resilient economy. Financial inclusion efforts will continue unabated, aiming to create inclusivity and reflect the Bank’s achievement in fulfilling its mandated roles. Furthermore, empowering additionality through programmes such as the Cooperative and Entrepreneur Additionality Programme and CRR Focus Initiatives reflects our dedication to fostering additional economic contributions from these sectors.

Management Discussion and Analysis

DELIVERY CHANNELS

Branch

Penampang branch: A Journey to Transformation

1

Penampang branch, commenced operations on 22 June 2007, stands as a testament to the Bank’s enduring commitment to serving the local community. Situated within the diverse economic landscape of the Penampang district in Sabah, this branch has been providing convenient banking access to an estimated population of 165,700 as of 2023.

In a significant stride towards modernisation and enhanced customer service, Penampang branch recently underwent a major renovation, marking its re-launch with a new look and feel on 29 May 2023. This transformation was designed with a modern and customer-focused ethos at its core, aiming to create a welcoming, contemporary space for Bank Rakyat’s customers. The updated branch environment reflects a blend of warmth and modernity, inviting customers into an atmosphere where their banking needs are met with the latest in branch design and service excellence. Notably, Penampang has become the 10th branch to embody Bank Rakyat’s latest design philosophy, reaffirming the Bank’s vision for a network of branches that transcend mere transactional spaces, but destinations that resonate with the community’s spirit and aspirations.

On 6 June 2023, Bank Rakyat marked a significant milestone in its mission to enhance financial inclusion with the inauguration of the Rakyat Xcess and Ar-Rahnu X’Change (RXC) in Ranau. This strategic move aims to serve the vibrant community of Ranau, which boasts an estimated population of 87,500, by providing them with comprehensive financial services positioned in immediate accessibility.

The introduction of RXC in Ranau signifies Bank Rakyat’s dedication to extending its diverse and inclusive financial solutions, including banking and Ar-Rahnu services, closer to the community. By doing so, Bank Rakyat aims to promote economic empowerment and facilitate the financial well-being of the local population, thereby fostering a more inclusive financial landscape.

Significantly, the RXC in Ranau stands out as the first Rakyat Xcess and Ar-Rahnu X’Change to be established in the Sabah region. This pioneering move not only underscores Bank Rakyat’s role in advancing financial inclusion across Malaysia but also sets a precedent for future expansions, aiming to bring quality financial services to more underserved regions and communities.

2

Rakyat Xcess and Ar-Rahnu X’Change (RXC)

Advancing Financial Inclusion: Introducing Rakyat Xcess and Ar-Rahnu X’Change (RXC) to Ranau.

Self-service Terminals (ATM/CDM CRM/CICO)

Reforming Banking Access: Introduction of CRM and re-establishing SST footprint.

3

Bank Rakyat’s continuous effort to refurbish and expand its Self-Service Terminal (SST) network underscores a steadfast dedication to improving banking access across Malaysia, with a sharp focus on reaching rural, underserved, and unserved communities.

A significant achievement of 2023 milestone is the introduction of the Cash Recycler Machine (CRM) that were installed at Menara Kembar Bank Rakyat lobby as well as Rakyat Xcess and Ar-Rahnu X’Change Bandar Tasik Puteri on 23 and 25 May 2023, respectively.

Throughout the year, Bank Rakyat has successfully deployed a fleet of 10 CRMs across various locations, marking a notable achievement in the Bank’s ongoing efforts to enrich the banking experience for its customers.

Management Discussion and Analysis

Since its inception in 2013, Bank Rakyat has revolutionised mobile banking through the Bank-on-Wheels/Ar-Rahnu-on-Wheels (BOW/ARROW) concept. Fast forward to 2023, Bank Rakyat now has a fleet of nine customised vehicles, including bus and vans equipped to provide a comprehensive range of daily banking services, that traverse 65 locations across the nation, ensuring financial services are within everyone’s reach.

In 2023, Bank Bergerak at Temerloh, Alor Setar and Kota Bharu now also offers Ar-Rahnu services in marking a step forward in the Bank’s outreach efforts to continue offering flexible and secured financial solutions right at their doorstep.

4

Bank-on-Wheels/Ar-Rahnu-on-Wheels (BOW/ARROW)

Bank Bergerak Temerloh, Alor Setar and Kota Bharu: Empowering Financial Accessibility via Introduction of Ar-Rahnu Services.

Bank-on-Wheels/Ar-Rahnu-on-Wheels (BOW/ARROW)

Beyond Banking: Navigating Financial Literacy during Financial Literacy Month (FLM) 2023

5

Financial Literacy Month (FLM) 2023 is the annual flagship event spearheaded by the Financial Education Network (FEN) held in October. Co-chaired by Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SCM), FLM2023 aimed to heighten public awareness on crucial financial literacy issues under the theme “Bijak Wang di Era Digital”.

Bank Rakyat’s commitment in supporting BNM’s efforts to enhance financial literacy among Malaysians was demonstrated through the active participation of its Bank-on-Wheels/Ar-Rahnu-on-Wheels (BOW/ARROW) throughout the month-long event. For the month of October, Bank Rakyat’s mobile units embarked on a comprehensive campaign to navigate financial literacy across diverse communities.

The activities conducted by BOW/ARROW included:

- The distribution of informative flyers and brochures.
- Conducting surveys to gauge the financial literacy levels among Malaysians.
- Setting up information sessions and counters at daily operational spots and specific collaboration programs like the one with Felcra Bukit Tandak in Rantau Panjang, Kelantan, and the Nuri Madani event at SMK Sultan Yahya Petra, Kelantan.

A highlight of FLM 2023 was the main event held at Dataran Daerah Kecil Kemabong, Tenom, Sabah, on 21 October 2023. Activities at this event encompassed:

- The presence of Bank Bergerak booth providing on-site banking services and financial guidance.
- Informative Pocket Talks on digital finance, fraud and scam awareness, and the benefits of Takaful, equipping participants with vital knowledge to navigate the digital financial landscape safely.
- Interactive sessions like quizzes, surveys, and a lucky draw, alongside free gold cleaning services, aimed at engaging and educating the attendees in a dynamic setting.
- Creative programmes including a coloring contest and design activities to captivate younger audiences.
- Zakat distribution to Asnaf, enhancing the community’s understanding and participation in Islamic charitable giving.

Management Discussion and Analysis

TREASURY

PERFORMANCE REVIEW

Throughout the majority of FY2023, bond prices experienced a decline amid concerns regarding extended policy tightening by major central banks, as efforts to combat inflation continued globally. However, as inflation showed signs of abating at the beginning of the second half of 2023, there was a renewed interest in global bonds.

Malaysia remained somewhat insulated from the global bond market volatility, with Malaysian Government bonds achieving a total return exceeding 5.5%, a notable improvement from the 1.5% total return seen in FY2022. This performance was supported by favourable demand and supply dynamics, with local inflation remaining under control despite a weakening ringgit, largely due to significant price controls on essential household items.

Bank Rakyat adjusted its overall treasury assets balance, aiming to navigate the rising funding costs while enhancing liquidity and diversifying its funding sources. The Treasury endeavoured to increase fee-based income in a challenging ringgit environment and succeeded in maintaining a growth trend in foreign exchange volume, reinforcing its market presence. Despite a 5.50% year-on-year reduction in Treasury assets, the Treasury's performance continued to improve, with Treasury Income rising by 2.59% in FY2023, accounting for approximately 20.27% of the Bank's total income.



MOVING FORWARD

Investors anticipate a slowdown in GDP growth from an estimated 2.7% in 2023 to 2.4% in 2024, with inflation remaining a pivotal concern, albeit expectations of a milder Consumer Price Index (CPI). Furthermore, there is speculation that the US might commence policy easing since delaying rate cuts could pose a significant risk to the bond market.

Domestically, the government's announcement of reduced fiscal deficit targets, which includes the rationalisation of subsidies, is expected to lead to a reduced supply of government issuances in FY2024. While this strategy is likely to support the local bond market, a narrow credit spread is anticipated to continue throughout the year.

The Treasury is poised to maintain its assets and continue to see positive performance growth, buoyed by growing interest in local bonds and stable financial market sentiment among investors. The ongoing effort to attract high-yield remittance business, along with strategic collaborations to identify new deposit streams, will remain key to the division's mission to foster positive income growth.

CUSTOMER SERVICE/ EXPERIENCE MANAGEMENT

As part of our commitment to elevate customer experience (CX) standards, Bank Rakyat conducted a series of engagement sessions across all touchpoints, including regional offices, branches and business units. These sessions, held both physically and virtually, served as a platform to share our overarching Customer Experience (CX) performance, initiatives, and action plans in preparation for the upcoming Malaysian Banking Industry Customer Satisfaction Survey (MBICSS). The dialogues initiated during these sessions provided valuable insights, fostering a nimble response and strengthened our connections with customers.

The insights derived from these touchpoints played an instrumental role in shaping our CX strategy for the upcoming year, showcasing a proactive and customer-centric approach to enhance customer experience. This approach leverages these invaluable insights to drive continuous improvement and amplify customer satisfaction.

NURTURING CX EXCELLENCE

Under the BR25 Great Customer Experience (GCX) Blueprint, continuous training was conducted to upskill our employees and deliver exceptional customer experiences. In 2023, the Certified Customer Experience Professional (CCXP) initiative, a pivotal component of this Blueprint, successfully certified 50 participants from diverse business units. These individuals embody our organisation's dedication to CX excellence, as they

Management Discussion and Analysis

are equipped with six international professional competencies to deliver high-quality services from both a qualitative and financial perspective, ensuring the ongoing professional development of employees. This initiative significantly contributes to fostering a customer-centric culture and upholding organisational accountability.

In addition to the CCXP initiative, the Customer Service Excellence training programme aimed at enhancing employee competency in understanding, strategising and executing high-impact CX strategies. The Train the Trainer Coaching Session, conducted in early 2023, equipped CX personnel with effective communication skills, emphasising verbal and non-verbal communication, active listening and feedback techniques.

REINFORCING A SERVICE EXCELLENCE MINDSET

At Bank Rakyat, we continue to focus on instilling a Great Customer Experience culture of throughout the organisation. Structured campaigns and events were conducted across our touchpoints, accentuating a service excellence mindset and nurturing the GCX culture among our dedicated employees. These initiatives served as a platform to promote customer service culture activities, creating awareness and instilling a customer experience culture amongst our employees, providing guidance and customer experience tools. The objectives encompass improving customer satisfaction and loyalty, fostering a more welcoming atmosphere at Bank Rakyat, enhancing product knowledge and promoting brand loyalty among our employees.

- **Salam, Smile and Thank You:** A collaboration with the Syariah team resulted in impactful tazkirah sessions, promoting the practice of giving Salam among employees and towards customers. This initiative cultivates a friendly culture while reinforcing positive values throughout our organisation.
- **BR Product Champion:** Focused on enhancing employees' product knowledge, this campaign entailed a collaboration with the Digital team to promote and sell Bank Rakyat's products. It is designed to deepen employees' understanding of our unique product offerings.
- **CX Week:** Addressed challenges stemming from CX initiatives, this key annual event covers Industrial Knowledge Sharing Sessions, Forum Talks, Booth Activities and Business Sales Programmes. The main highlight of this week is the prestigious CX Award, where we recognise exceptional branches, departments and employees who consistently embody the CX culture.

The concerted efforts put forth in various activities, comprehensive training and strategic engagements yielded exceptional results in our annual evaluation platform, with the Branch Service Rating achieving an outstanding overall score of 95%. This demonstrated the unwavering commitment and dedication of our employees at every touchpoint across the Bank Rakyat network.

Notably, 141 branches attained the prestigious CX A category, illustrating their unwavering commitment to deliver Great Customer Experience (CX). Only seven branches fell within the CX B category, highlighting the consistency and excellence exhibited across the majority of our branches.

While we acknowledge and celebrate these achievements, we remain committed towards fostering a customer-centric culture, making every interaction an opportunity to deliver unparalleled experiences. Achieving Great Customer Experience is an ongoing process that requires the commitment of every employee. We look forward to the challenges and opportunities that lie ahead, confident in our ability to set new benchmarks and redefine excellence in customer experience.

Bank Rakyat Contact Centre celebrates its 17th year of operation Managing customer queries, complaints and feedback in a timely manner remains a key priority for us. In 2023, the Bank received 2,052, 481 incoming calls, reflecting a 11.79% increment from 1,836,016 incoming calls from previous year. Out of these, 1,377,125 calls were received and 1,032,444 calls were effectively managed by our skilled Contact Centre's Customer Experience Practitioners (CXPs).

An overview of our total yearly incoming calls to Contact Centre from 2011 to 2023 is as below:

YEAR	TOTAL
2011	486,253
2012	632,209
2013	667,347
2014	604,832
2015	1,114,150
2016	1,181,292
2017	2,114,995
2018	1,345,501
2019	1,954,326
2020	2,157,807
2021	2,500,435
2022	1,836,016
2023	2,052,481

Management Discussion and Analysis

In order to understand customer demands and preferences, a Customer Satisfaction Survey was conducted to measure customer satisfaction towards services provided by Contact Centre's CXP. From the survey conducted, 89.67% of customers expressed satisfaction with the services provided.

To ensure calls were answered in accordance to the Bank's Garis Panduan Operasi and Bank's Garis Panduan Am, we conducted internal quality monitoring throughout the year via a call recording system. The CXPs achieved an average quality monitoring score of 98.71%.

From the 1,032,044 of calls answered, 45.10% were inquiries, 37.13% were requests, 5.76% were transferred to Branches and only 0.50% were complaints. Meanwhile, the remaining calls covered Application Status, Close Selling, Maintenance and others, resulting in a Contact Centre First Call Resolution rate of 99.46%.

In addition to Voice Channel contact via calls, our Contact Centre also provided services via Non-Voice Channel which included email, social media, corporate website and internet banking inbox. In 2023, the Non-Voice Channel contacts amounted to 88,982, with 32.25% responded via emails and 30.88% from social media (Facebook, Twitter, and Instagram).

The Contact Centre also operated as a profit centre through telemarketing activities, making 366,668 telemarketing call attempts in 2023. This resulted in 27,186 returns in applications, with 13,835 (5,024 Financing and 8,811 Takaful) approved and RM528,664,726 disbursed from Financing accounts.



The Bank Rakyat Contact Centre played a crucial role in assisting the public, especially Bank Rakyat customers who fell victim to scams or fraudulent activities. Collaborating with the National Scam Response Centre (NSRC) 997, the Contact Centre handled 6,088 scam and fraud-related cases in 2023. Customers seeking assistance can read the dedicated Bank Rakyat Scam or Fraud assistance Helpline at 1 300 80 2273 or +603 5526 8800 from overseas, ensuring urgent initial action to prevent further losses to customers.

IT ACHIEVEMENTS

SOLIDIFYING GROWTH THROUGH TECHNOLOGICAL ASPIRATION

In 2023, Bank Rakyat continued its commitment in driving business value through a series of strategic IT events and initiatives. In line with our mission to drive innovation and inspire change, we conducted several key projects that emphasises our dedication to technological aspirations.

Bank Rakyat Technology Week 2023 (BRTW'23)



We conducted the Bank Rakyat Technology Week (BRTW'23), demonstrating our steadfast commitment to technological advancement and fostering collaborative efforts within the industry. BRTW'23 served as a platform to showcase the latest technological innovations within the banking sector, reinforcing Bank Rakyat's position as a key player in shaping the future of banking in the digital age.

Themed 'The Bank of Tomorrow', the event featured cutting-edge technologies that would redefine the future of banking, ranging from artificial intelligence to blockchain-based solutions. Interactive exhibit booths and demonstrations allowed participants to engage directly with these transformative technologies.

BRTW'23 also brought together industry technology leaders, innovators, and stakeholders to discuss, share insights and explore potential collaborations. Activities such as Fintech showcase, 'Let's Talk' workshops, 'Techathlon' gamification, panel discussions and networking sessions facilitated meaningful interactions, creating an environment conducive to knowledge exchange and the formation of strategic alliances.

Management Discussion and Analysis

Microsoft Co-Pilot's first Preview in Malaysia

During the year, Bank Rakyat strategically collaborated with Microsoft to unveil Microsoft Co-Pilot 365, an innovative tool poised to reshape digital collaboration and productivity standards.

As this was first ever preview of Co-Pilot in Malaysia, it demonstrated Microsoft Co-Pilot's ability to integrate seamlessly into various facets of banking operations. From personalised customer interactions to streamlined internal workflows, Co-Pilot served as catalyst to enhance efficiency and elevate customer satisfaction.

This partnership not only demonstrated Bank Rakyat's focus on embracing innovative solutions, but also the future of intelligent banking, where technology will continue to play a pivotal role in enhancing customer experience, streamlining operations and adopting a forward-looking approach to the digital era.



Deployment of Personal Financing-i RM 400k (PF400)

The effective deployment of Bank Rakyat's Personal Financing-i RM400,000 (PF400) demonstrated the crucial role of IT in seamlessly integrating the PF400 product into the Bank's extensive offerings. It also showcased the IT team's relentless efforts in meeting stringent deadlines, given the rigorous testing phases and intricate system integration conducted.

PF400 provides individuals with financing up to RM400,000, empowering individuals to realise their financial goals with greater flexibility and accessibility.



Boosting Online Security with iSecure Authentication

Cognisant of the ongoing cyber threats in online transactions, Bank Rakyat demonstrated its commitment to safeguarding customer accounts and confidential information with the introduction of iSecure Authentication. This innovative feature strengthens online banking security by providing an additional layer of protection, ensuring customers a secure and seamless digital banking experience. The launch of iSecure Authentication reinforces Bank Rakyat's position as a trusted financial institution in the digital era.



Unified Monitoring

Bank Rakyat took a significant step towards technological advancement and streamlined data management with the implementation of the Unified Monitoring initiative. This demonstrates Bank Rakyat's commitment to enhancing operational excellence, security, and reliability.

Unified Monitoring integrates advanced monitoring systems, delivering real-time oversight of critical data operations. This allows the Bank to elevate its technological infrastructure, offering customers an unmatched and secure banking experience. This in turn strengthens Bank Rakyat's leadership position in the financial industry.

Tapeless Data Protection

The adoption of Tapeless Data Protection marked a significant step forward in strengthening Bank Rakyat's data security infrastructure. This solution upholds the integrity and confidentiality of crucial data, effectively mitigating the risks associated with traditional tape-based systems. It strengthens the Bank's cybersecurity defences and enhances operational efficiency while facilitating seamless data access, in adherence to the highest industry standards. This adoption not only ensures the protection of sensitive information but also aligns the bank with the latest technologies and best practices, contributing to a more resilient and secure data management system.

Management Discussion and Analysis

Implementation of IBM Real-Time Data Replication

In line with our commitment to fortify banking services against disruptions and uphold stringent service level agreements, Bank Rakyat implemented IBM Real-Time Data Replication. This cutting-edge solution, powered by IBM's Remote Journaling technology, facilitates rapid and precise data replication between our Production and Disaster Recovery servers, across different software versions.

Optimizing the replication processes enabled us to minimise downtime and allowed continuous access to vital systems handling customer transactions. This advancement further reinforced our dedication to providing reliable and efficient banking services, offering the flexibility to confidently navigate future business challenges.



Certified TMMi Level 3

In 2023, Bank Rakyat's Testing Centre of Excellence (TCoE) achieved a significant milestone by attaining the Test Maturity Model Integration (TMMi) Level 3 "Defined" certification. This certification underscored our unwavering commitment to excellence in software testing, validating the maturity of our processes to consistently deliver top-notch software.

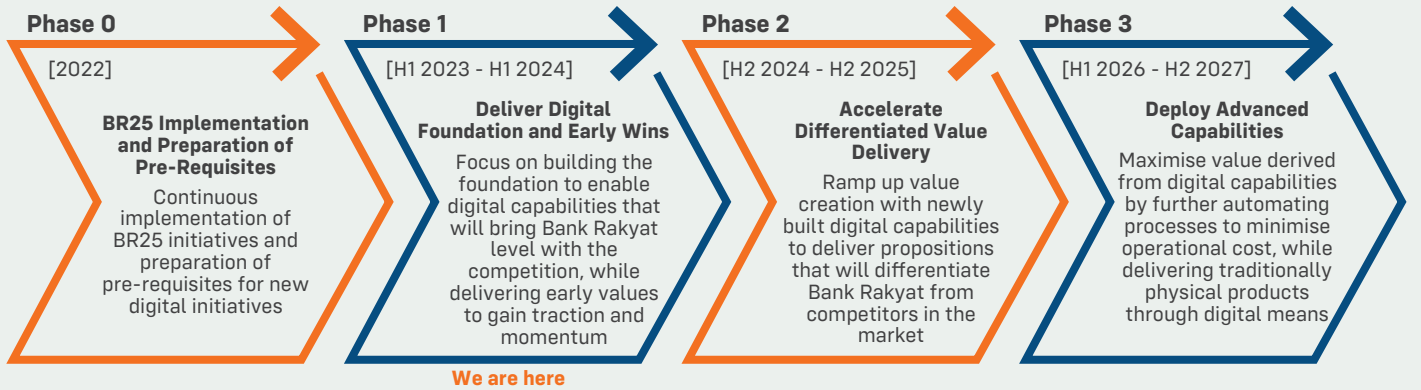
The TCoE recognition not only elevated our position in the banking sector, but also set a strong foundation for ongoing enhancements, propelling us towards higher levels of testing maturity. Moving forward, this certification has motivated us to continuously deliver unmatched quality and reliability in our digital services, ensuring an exceptional customer banking experience and sustainable growth for Bank Rakyat.



DIGITAL

Digitalisation continued to be a central focus for Bank Rakyat as it enabled us to sustain our competitive edge and remain aligned to changing customer needs. The strategic use of digital technologies was geared towards enhancing efficiencies, improving customer services, strengthening security and driving profitability.

In FY2023, significant strides were made in advancing our comprehensive Digital Transformation Blueprint, ensuing as an enhanced version of BR25 Digitalization Blueprint. This five-year blueprint aims to create and strengthen our technology architecture, emphasising integration-first, modularity, flexibility and cloud-enabled. The overarching objective is to deliver a seamless and convenient banking experience, focusing on transactions, service accessibility and communication through digital channels.



Management Discussion and Analysis

Bank Rakyat is currently undergoing Phase 1 of its digital transformation journey, which extends until the first half of 2024. This phase focuses on laying the groundwork essential for a successful digital journey, allowing us to innovate, adapt and thrive in the evolving landscape. Key initiatives during this period included the exploration on eKYC for enhanced customer onboarding, establishing an API integration hub for seamless data exchange and adopting cloud computing for scalability and flexibility.

In Phase 1, our primary objective is to build a strong digital foundation aligned with industry standards, providing us with the necessary capabilities to elevate overall customer experience. During this phase, our aim is to achieve two key goals:

- Reach parity with industry peers: Aligning operations with industry standards to meet customer expectations and remain competitive.
- Deliver early value: Swift and effective implementation of these technologies is geared towards realising tangible benefits within Phase 1, such as improved efficiency, cost savings, and enhanced customer interactions.

These initial accomplishments are expected to generate the momentum necessary to realise an impactful, future-proof digital transformation throughout the subsequent phases of our blueprint.

BANK RAKYAT QUICK (BRICK)

In 2023, we enhanced the BRICK platform, which is an alternative channel for retail customers to access the Bank's retail banking products.

Savings-i Account

We expanded the paperless onboarding initiative for customers applying for the Savings-i Account by distributing iPads across all 148 branches throughout Malaysia. This helped in improving customer experience as they were able to apply for Savings-i Account at their convenience, while at the same time improve processing efficiency at our Bank Rakyat branches. Following this initiative, TAT improved by over 30%, with 100% adoption across all regions.

Home Financing-i

We optimised the digital onboarding process for Home Financing-i, incorporating features such as pre-eligibility assessment, e-application and QR code for a direct access to BRICK. These enhancements empower prospective customers to ascertain their pre-eligibility amount by providing the required information and property details. This initiative involved collaboration with key panel developers, namely SP Setia, Gamuda Land, Sime Darby and PKNS.

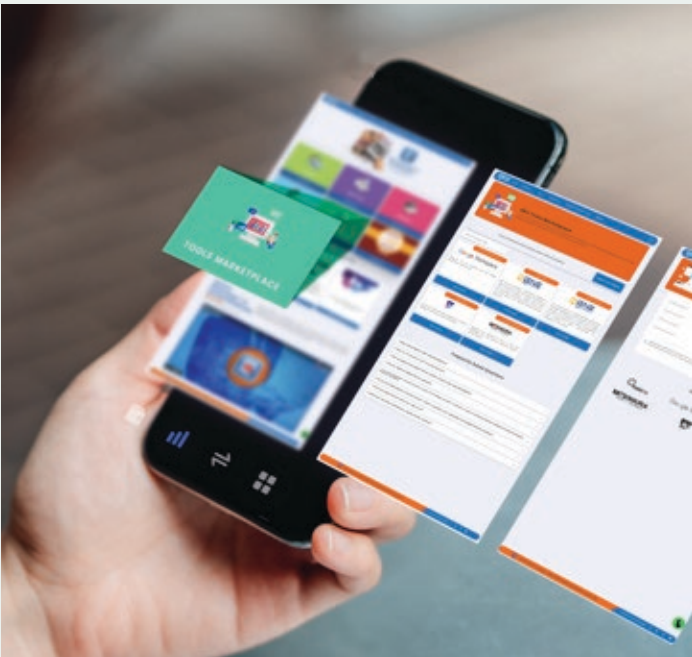
To enhance the entire home financing journey, we not only enhanced the front-end digital onboarding experience, but also implemented a centralised documentation repository in the back office, improving end-to-end processing efficiency. The BRICK Back Office was also upgraded to function as a centralised digital documentation repository for Home Financing applications, accelerating document access, streamlined monitoring efforts to facilitate a smoother end-to-end processing.

Driven by the heightened demand and these platform enhancements, BRICK applications surged to 66,700 in 2023, representing a 6 times fold increase compared to the previous year, demonstrating a clear preference for the convenience and efficiency offered by BRICK

eBIZ TOOLS

Bank Rakyat introduced e-Biz Tools Marketplace, a collaborative platform that enhances business services such as Accounting, HR and Payroll Solutions, through partnerships with business solution leaders, namely Google Workspace, MesinKira, QNE Cloud Accounting and Payroll. Through these collaborations, we expanded our range of services, offering digital tools and specialised products aimed at supporting the digital transformation journey of small and medium enterprises (MSMEs).

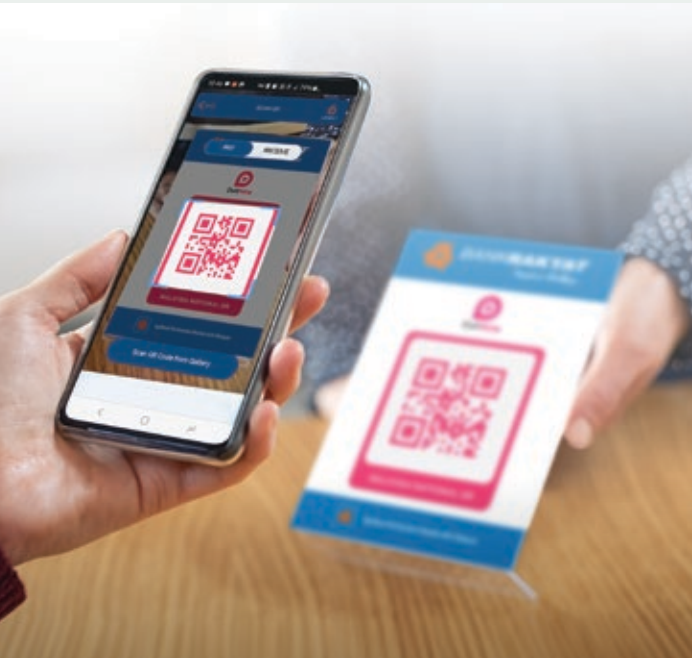
Given the heightened user demand and platform refinements, eBiz Suite applications experienced an impressive 178% surge in 2023, reaching 2,181, underscoring the platform's expanding user base and evolving capabilities.



Management Discussion and Analysis

iRAKYAT MOBILE BANKING

Demonstrating our commitment to elevating customer service, we introduced DuitNow QR capability to our Mobile Banking app in January 2023. This feature provides a widely accepted and user-friendly cashless payment option, enabling customers to make instant and secure payments using their smartphones. Additionally, merchants benefit from reduced transaction fees and faster settlements.



In order to safeguard our customers, we implemented stringent Multi-factor Authentication (MFA) for locally generated transaction authorisation (iSecure) in our iRakyat Web and Mobile Apps. This compliance measure aligns with the requirements of the Risk Management in Technology (RMiT) Policy Document by BNM, offering a more secure alternative to unencrypted Short Messaging Service (SMS).

In 2023, the Bank onboarded more than 342,000 new users for the iRakyat mobile application and over 152,000 new users for the iRakyat web-based platform.

i-bizRAKYAT

This is the Bank’s banking platform for Non-Individuals and Corporate Customers to manage their financial transactions. Several platform enrichment initiatives were implemented during the year under review in line with regulatory requirements.

In year 2023, the Bank onboarded more than 5,100 new subscribers to the platform.

i-MerchantRAKYAT

In 2023, we introduced the i-MerchantRAKYAT application, a specialised platform tailored for MSME, cooperatives and entrepreneurs. This comprehensive application serves as a one-stop solution, providing capabilities for managing accounts, outlets and cashiers. Facilitating quick and secure payment acceptance through DuitNow QR, the app is available on both iOS and Android devices, ensuring accessibility for entrepreneurs and cooperatives of all sizes. MSME can also conduct their business transactions using the secure and instant cashless payment channels provided by DuitNow QR.

Since its launch, the application has onboarded over 1,600 merchants.

DIGITAL DESA

The Bank Rakyat Digital Desa initiative is a continuation of the Cashless Desa programme, aimed at promoting cashless living in rural areas. The initiative encourages the adoption of our e-banking and e-payment services through the Bank Rakyat Digital Platform, with the launch scheduled for 2024 in Sabah.

The Digital Desa programme focuses on empowering rural communities and micro-businesses with digital banking solutions. By leveraging user-friendly platforms such as BRICK, QR2E, and i-MerchantRAKYAT, individuals gain easy access to financial services, fostering financial inclusion and promoting economic growth.

To support this initiative, on-ground activities including account onboarding and Pocket Talks at schools with MSME were conducted, aiming to enhance financial literacy among students and foster a stronger relationship between the Bank and the local community. As of December 2023, 161 students have onboarded Savings-i Accounts, 77 eCurrent Accounts-i were opened by MSME and 45 merchants have onboarded i-MerchantRAKYAT.



Management Discussion and Analysis

FINTECH OR DIGITAL COLLABORATION

JomPAY @ Touch ‘n Go eWallet

Bank Rakyat has formed a strategic partnership with Touch ‘n Go eWallet, allowing in-app bill payments via JomPAY.

This is one of the Bank’s fintech collaborations that is set to reshape the digital payments landscape in this country and Bank Rakyat is the first bank to partner with Touch ‘n Go eWallet to offer the JomPAY service on the e-wallet platform.

Since its launch, more than 340,000 payment transactions have been made through JomPAY on the platform as of December 2023.

BRICK at UFiRST Perodua

Bank Rakyat and Perodua have joined hands in a strategic partnership, by offering Perodua by offering Vehicle Financing-i through BRICK platform on the Perodua and UFirst website. This initiative allows customers who place orders for Perodua vehicles to apply for Vehicle Financing-i quickly and easily.

COMPLIANCE

Bank Rakyat continues to maintain a strong compliance culture driven by a clear tone from the top, instilling the anticipated values and principles of conduct. Recognising compliance as both a legal obligation and a crucial component of responsible business management, the collective commitment to adhere to relevant laws, rules, regulations, and internal policies is shared throughout the organisation, from the board and senior management to all employees.



To cultivate and sustain this culture, the Compliance Sector initiated a series of targeted awareness programmes for stakeholders, including business and support units, branches, and subsidiaries. These programmes utilise a combination of face-to-face training sessions and e-learning modules, covering topics ranging from regulatory and Shariah requirements to Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT). This approach ensures employees at all levels stay informed on the latest developments in regulatory requirements and internal policies.



In 2023, the introduction of the Compliance Index Methodology provided a valuable tool to gauge employee compliance with existing policies and procedures. This methodology contributed to enhanced risk mitigation, improved organisational performance and increased stakeholder confidence. The positive impact of a compliance culture was evident in the reduction of errors, redundancies and inefficiencies, resulting in cost savings and improved overall performance.

Establishing a strong compliance culture at Bank Rakyat required a combination of technical knowledge of regulatory requirements and soft skills for effective communication and leadership. Aligned with the commitment to uphold compliance values and promote continuous learning, the Compliance Sector actively encouraged its officers to enhance their skills and knowledge in relevant fields, including environmental considerations.

Management Discussion and Analysis

BANK RAKYAT 2025: EXECUTION AND OUTCOMES

Throughout 2023, Bank Rakyat continued to make strides in realising its Bank Rakyat 2025 (BR25) aspirations. The comprehensive five-year transformation agenda encompasses six (6) blueprints, namely Great Customer Experience, Digitalisation, Human Capital, MSMEC Business, Sustainability, and Shariah Leadership. These blueprints serve as a strategic vehicle to guide the Bank towards its intended objectives and outcomes.

While significant progress of BR25 have been achieved to date, it is important to recognise the ever-changing business and operating landscape caused by post pandemic economic environment. These include digital transformation challenges, expansion of Micro, Small & Medium Enterprises (MSME), increasing competition from financial and non-financial entities, new national policies and regulatory imperatives.



Recognizing the changing landscape, Bank Rakyat has undertaken a recalibration of its BR25 strategic focus with renewed motivation, supported by high-impact initiatives (HIIs) across the established blueprints. The BR25 recalibration encompasses priorities which include balance sheet resilience, holistic offerings and inclusivity, accelerated strategic digital transformation, strengthened MSMEC ecosystem, enhanced succession management strategy, sustainability adaption, and expanded Shariah leadership.

In 2023, Bank Rakyat successfully achieved several milestones through the key initiatives within the six (6) blueprints.

Digital repository through paperless Savings-i Account onboarding has been successfully introduced at four (4) pilot branches in December 2023. As a result, this has led to a more efficient account opening onboarding process. Additionally, the i-MerchantRAKYAT App (Merchant QR) which was launched in October 2023 has helped to facilitate e-payments among SME and Micro customers. BR25's digital initiatives have propelled us forward with other remarkable milestones. For example, the Bank has strategically expanded its digital access points, such as iRakyat, i-BizRAKYAT, QR2E, and BRICK. Online and mobile banking subscribers have also doubled, reaching more than 2 million users compared to pre-BR25. Bank Rakyat has also fostered innovation through strong collaborations with key fintech partners.



The centralization of Credit Admin Center (CAC) and document repository have also benefited both customers and the Bank through streamlining of the credit process and faster financing approval and disbursement.

The implementation of a holistic Micro to SME Graduation Program under the collaboration with TEKUN Nasional has scaled up Micro to SME customers through financing facilities. The establishment of ten (10) Business Banking Centres (BBCs) which provide comprehensive advisory and financial services for MSMEs and Cooperatives have led to significant increases in MSME financing balances.

In realising the need to cultivate future leaders, succession planning programme for key leadership and the rejuvenating of the Islamic Banker Program have further strengthened development for critical functions and talent recruitment.

Management Discussion and Analysis

To support the sustainability agenda, Bank Rakyat has introduced various ESG Sustainable Products and Services such as SME Program Financing, Electric Vehicle (EV) Financing, and Solar Panel Financing in 2023. In embracing sustainability practices within the organisation, Bank Rakyat has provided a seamless and superior onboarding experience with the introduction of paperless onboarding for Savings-i Account to branches. Our Housing Financing-i has been expanded to support purchases of green-certified properties, reflecting our commitment to sustainability and ESG principles. In line with its sustainability goals, Bank Rakyat published the Sustainability Report and Disclosure in 2022 which is aligned with the Global Reporting Initiative (GRI) Task Force on Climate-Related Financial Disclosure (TCFD). This underscores Bank Rakyat's dedication to stay on par with broader industry practices on climate change and sustainability.

To spearhead Bank Rakyat to the forefront of Islamic banking, various research in the Islamic finance domain were conducted

in 2023. These include research on Islamic finance principles and issues, products, and services. Driven by Value-Based Intermediation (VBI) thrusts, Bank Rakyat continues to generate a more positive and sustainable impact on the economy, members, community, and environment through its offerings and conducts. This includes VBI-aligned initiatives such as financing for affordable housing, education, and value-added services distributed under the Islamic social finance tools. The focus for entrepreneurial support programmes is also extended to the underserved and unserved segments, with targeted programs such as RAKYATpreneur, UNIPreneur and Asnafpreneur that have supported over 1,000 beneficiaries with more than RM2 million seed funding channelled from zakat.

The successful execution of BR25 strategic initiatives milestones in 2023 highlights Bank Rakyat's unwavering commitment not only to profitability but also in upholding Shariah practices, promoting social well-being, and fostering sustainability.



Community Development

Reaching out and making meaningful socio-economic impacts on communities we are involved in.

Our Social Efforts

INTENSIFYING SUSTAINABLE SOCIAL IMPACTS

Bank Rakyat has been prioritising Corporate Social Responsibility (CSR) to support the communities we serve, focusing on social, economic and environmental aspects for the past 70 years. The Bank remains committed to incorporating social, environmental and economic considerations into its CSR initiatives to create long-term value and a sustainable future for its stakeholders. Our CSR initiatives are aligned with the Shariah principles that govern our operations, placing a high value on giving back to the community and helping those in need.

In 2023, the Bank allocated a budget to conduct targeted CSR initiatives aimed at creating meaningful community engagement and positive impacts on society and environment by venturing into new technologies and forming partnerships to drive positive change for its stakeholders.

Kebun Nuri Nutrisi
Leveraging digital innovation and partnership

The Bank has improved its CSR-award-winning community outreach initiative Kebun Nuri Nutrisi by adopting an Internet of Things (IoT) solution into smart farming in 2023. This progressive step towards precision farming is in partnership with Universiti Malaysia Perlis (UniMAP). This digital innovation has given Kebun Nuri Nutrisi a leg up on enhancing agricultural practices, sustainability, and efficiency, allowing students to monitor crops and soil conditions in real time. The move demonstrates Bank Rakyat’s commitment to adapting CSR initiatives that are relevant and impactful in an ever-evolving environment.



Sustainable impacts

In line with its prioritised UNSDG goals and Environmental, Social and Governance (ESG) principles, the Bank started the Kebun Nuri Nutrisi initiative in 2019 to create a sustainable life for underprivileged children. Its primary goal is to improve the social well-being of underprivileged children by offering financial support to schools and universities for the development of community gardens and farms, where the produce from Kebun Nuri Nutrisi can be sold to generate revenue for B40 student initiatives.

Shared prosperity

Now, in its 6th year, the Bank continues to carry out Kebun Nuri Nutrisi by working with schools and universities nationwide to

install vegetable gardens and urban farms for the continuous supply of nutritious food for underprivileged children. Several schools have transformed their cultivated yields into commercial products, including chilli sauce, crispy fried bitter gourd, and solok lada (stuffed green chilli peppers). Currently, Kebun Nuri Nutrisi has benefited 15,000 recipients in 30 educational institutions.

Financial inclusion

Championing sustainability by establishing a revolving fund and stimulating economic growth within the communities we serve, Kebun Nuri Nutrisi’s increased productivity indicates greater output for schools and universities. The revenue generated from the sale of produce at Kebun Nuri Nutrisi goes beyond financial gain. It is a powerful reinvestment into sustainable endeavours designed by schools and universities, uplifting underprivileged students through initiatives like distributing traditional Raya clothing, providing pocket money, and ensuring access to essential food provisions.



Social inclusion

Kebun Nuri Nutrisi’s success is not just measured in numbers but in their lives, it has positively influenced. This socially inclusive initiative extends far beyond the immediate benefits, significantly impacting the development of the students involved. It offers them a valuable opportunity to gain a deeper understanding of food systems and agriculture, hone their entrepreneurial skills, nurture their critical thinking and creativity, instil healthy eating habits, and promote food security.

Future Plan

Bank Rakyat aims to advance Kebun Nuri Nutrisi by introducing smart farming to the schools and universities that we will be collaborating with next year, deepening its impact and reaching a wider range of academic institutions. We hope that by keeping up with agricultural innovations and establishing collaborations, the initiative will contribute to the immediate well-being of underprivileged children in addition to their long-term success.

OTHER COMMUNITY DEVELOPMENT INITIATIVES

Suar Bestari

Suar Bestari is the Bank’s scholarship programme that is aimed at creating equal access to higher education for underprivileged students while building the nation’s human capital.

Our Social Efforts

Bank Rakyat awarded scholarships totaling RM55,000 to three outstanding asnaf students who excelled in the 2022 Malaysian Certificate of Education (SPM) examination in 2023.

The three exceptional students are Muhammad Syahril Saidi, Alia Maisarah Abdullah and Khairunnisa Che Roslan, who went viral for their excellent results despite adversity and the deaths of loved ones when they were young, but they never gave up on pursuing knowledge to change their family’s fortunes.

Muhammad Syahril Saidi received a RM12,000 scholarship to fund his foundation course in Islamic Studies at the Universiti Malaya (UM) for one year. Nur Alia Maisarah Abdullah and Khairunnisa Che Roslan received RM21,500 each to pursue a comprehensive five-year educational programme at the Institute of Teacher Education (IPG).

Jelajah Ramadan Bank Rakyat – Federal Agricultural Marketing Authority (FAMA)

Bank Rakyat’s collaboration with the Federal Agricultural Marketing Authority (FAMA) through Jelajah Ramadan Bank Rakyat is in its second year, and once again, the Bank spread the blessings of Ramadan to underprivileged communities by distributing food baskets worth RM600,000 to 4,000 asnaf recipients across the country.

This programme also involved gotong-royong, the distribution of bubur lambuk, iftar gatherings, and organising Tarawih prayers at 30 selected mosques nationwide.

Saya Mau Kaamatan Dan Mok Sambut Gawai

Saya Mau Kaamatan and Maok Sambut Gawai is an initiative to alleviate the hardships of underprivileged communities in Sabah and Sarawak by giving RM75,000 worth of essential food supplies to 1,500 B40 families during the Kaamatan and Gawai festivals.

In its second year, the programme is a testament to Bank Rakyat’s unwavering dedication to promote social harmony. The Bank continuously maintains close relationships with

customers, irrespective of their race, while actively supporting underprivileged communities during the festive period.

Kasih Wira Negara Lahad Datu

In conjunction with Malaysia’s 66th Independence Day, the Bank held Kasih Wira Negara Lahad Datu initiative to pay tribute to the Malaysian security forces who were killed in the incursion in Kampung Tanduo, Lahad Datu in 2013, recognising their courageous service and sacrifice in defending the sovereignty of Malaysia.

In 2023, Bank Rakyat contributed RM8,000 to the families of the fallen heroes, including ACP Ibrahim Lebar, Sergeant Major Baharin Hamit, Sergeant Major Abd Azis Sarikon, Corporal Mohd Azrul Tukiran, Sergeant Salam Togiran, DSP Michael Padel, Sergeant Sabaruddin Daud and ASP Zulkifli Mamat.

Even though the incident occurred 10 years ago, the Bank still carries out its responsibility to give back to the community through this initiative to demonstrate our commitment to national security, aligning with the government’s Malaysia MADANI concept, which emphasises the values of ihsan (courtesy), hormat (respect) and kesejahteraan (prosperity).

WAQF

In 2023, Bank Rakyat collaborated with several higher education Institutions and waqf-related institutions to initiate the Cash Waqf Programmes. Through this initiative, the cash value will be maintained and invested, and the proceeds of the investment will be distributed to the beneficiaries.

Through the Bank’s collaboration with Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), waqf funds collected from public donations increased to RM1.53 million as of December 31, 2023 compared to RM1.47 million the previous year. From this amount, RM754,508.78 was used to fund the renovation of the MAIDAM Haemodialysis Centre and the purchase of medical equipment for the centre. Additionally, a total of 18 asnaf sponsored by MAIDAM benefited from the Waqf fund.

NO.	COLLABORATIVE PARTNER	TOTAL COLLECTION	TOTAL DISTRIBUTION	TOTAL INVESTMENT
1	Majlis Agama Islam dan Adat Melayu Terengganu	RM1,531,683.60	RM754,508.78	-
2	Yayasan Waqaf Malaysia	RM825,551.11	-	RM405,539.54
3	Universiti Kebangsaan Malaysia	RM590,659.64	-	-
4	Kolej Universiti Islam Perlis	RM486,637.76	-	-
	Kolej Professional Baitulmal Kuala Lumpur	RM366,043.43		

Our Social Efforts

ZAKAT

Through Zakat contributions, Bank Rakyat supports and executes initiatives to ensure the underserved are provided social equity in education, business and living standard. A total

zakat of RM28.3 million was distributed to 134,768 recipients through the following programmes:

NO	PROGRAMS	ASNAF	TOTAL RECIPIENT	TOTAL RM
A ENTREPRENEURS SUPPORT				
1	Bank Rakyat UNIPreneur 3.0	Fakir/Miskin	500	1,650,000.00
2	RAKYATpreneur 4.0	Fakir/Miskin	300	600,000.00
3	Asnafpreneur	Fakir/Miskin	253	489,000.00
TOTAL			1,053	2,739,000.00
B QUALITY EDUCATIONS				
4	Students of Primary/Secondary Schools (One-off)	Fakir/Miskin	116,656	14,570,763.00
5	University/University College (Education Programs)	Miskin	32	960,000.00
6	Students Studying within the Country	Fi Sabilillah	388	477,760.00
7	DermaSiswa	Miskin	23	365,855.00
8	Students Studying Abroad	Ibnu Sabil	16	24,000.00
9	Mualaf (Education Programs)	Mualaf	1	5,000.00
TOTAL			117,116	16,403,378.00
C NO POVERTY/ZERO HUNGER/GOOD HEALTH AND WELL BEING				
10	Poor Aid (One Off)	Fakir/Miskin	15,444	2,944,300.00
11	Cost of Living Aid/Medical Treatment Aid	Fakir/Miskin	28	248,420.00
12	Poor Aid (Mualaf) (One Off)	Mualaf	822	183,600.00
13	Research and Development Grants	Fi Sabilillah	1	147,000.00
TOTAL			16,295	3,523,320.00
D SUSTAINABLE CITIES AND COMMUNITIES				
14	Home Building	Fakir/Miskin	30	2,777,064.00
15	Mosques/Mussolla/NGOs (Education Programs)	Fi Sabilillah	264	2,288,620.00
16	ISHAR 2024	Fi Sabilillah	1	500,000.00
17	Fire Assistance	Gharimin	7	22,000.00
18	Repair Home	Fakir/Miskin	2	5,532.00
TOTAL			304	5,593,216.00
GRAND TOTAL (a+b+c+d)			134,768	28,258,914.00

* Including Wakalah Fund from Majlis Agama Islam Negeri.
* Data April 2023 to March 2024.

Our Social Efforts

2023 ZAKAT SPOTLIGHT: RAKYATPRENEUR AND BANK RAKYAT UNIPRENEUR

Bank Rakyat continues to commit to economically empowering asnaf entrepreneurs through its philanthropic and social finance programmes RAKYATpreneur and Bank Rakyat UNIPreneur, under the iTEKAD programme established by Bank Negara Malaysia (BNM).

In 2023, Bank Rakyat allocated RM1.5 million for RAKYATpreneur and another RM1.7 million for micro, small, and medium enterprises (MSMEs) from the seed funding of RM3.2 million it received from BNM for iTEKAD. Meanwhile, a total of RM1.5 million has been allocated to Bank Rakyat UNIPreneur through Bank Rakyat’s zakat.

The programmes have created a positive social impact on asnaf entrepreneurs who are able to gain access to seed funding and microfinance, strengthen their business acumen, and generate sustainable income. During the year under review, 300 asnaf entrepreneurs participated in the RAKYATpreneur 4.0, programme while 500 others participated in Bank Rakyat UNIPreneur 3.0, focusing on a variety of business sectors including food and beverages, beauty and health, services and agriculture. Held between June and November 2023, RAKYATpreneur 4.0 has shown a 63% increase in sales revenue, while Bank Rakyat UNIPreneur 3.0 has shown a 67% increase in sales revenue.

RAKYATpreneur

June 2023 - November 2023

RAKYATpreneur 4.0

63%

has shown increase in sales revenue



FINANCIAL IMPACT

Performance Measurement Framework (PMF) to measure the socio-economic impact of DFIs’ operations and to create strong incentives for strategic alignment to achieve greater development impact.

PARTICIPANTS



300 potential asnaf entrepreneurs

SALES REVENUE



63% has shown increase in sales revenue

SEED FUNDING



RM5,000 per participant

PROGRAM COMPLETION



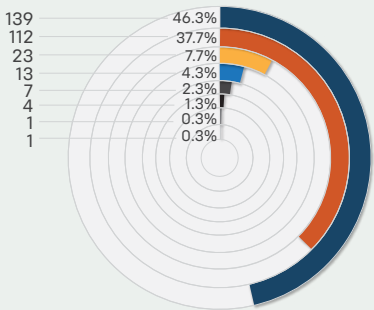
100% participants completed as per scheduled

ACCOUNT OPENING



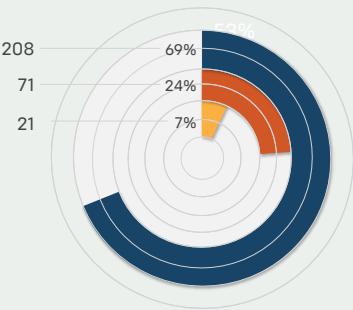
300 participants have access to banking services by opening Saving-i Account

Monthly Sales Revenue



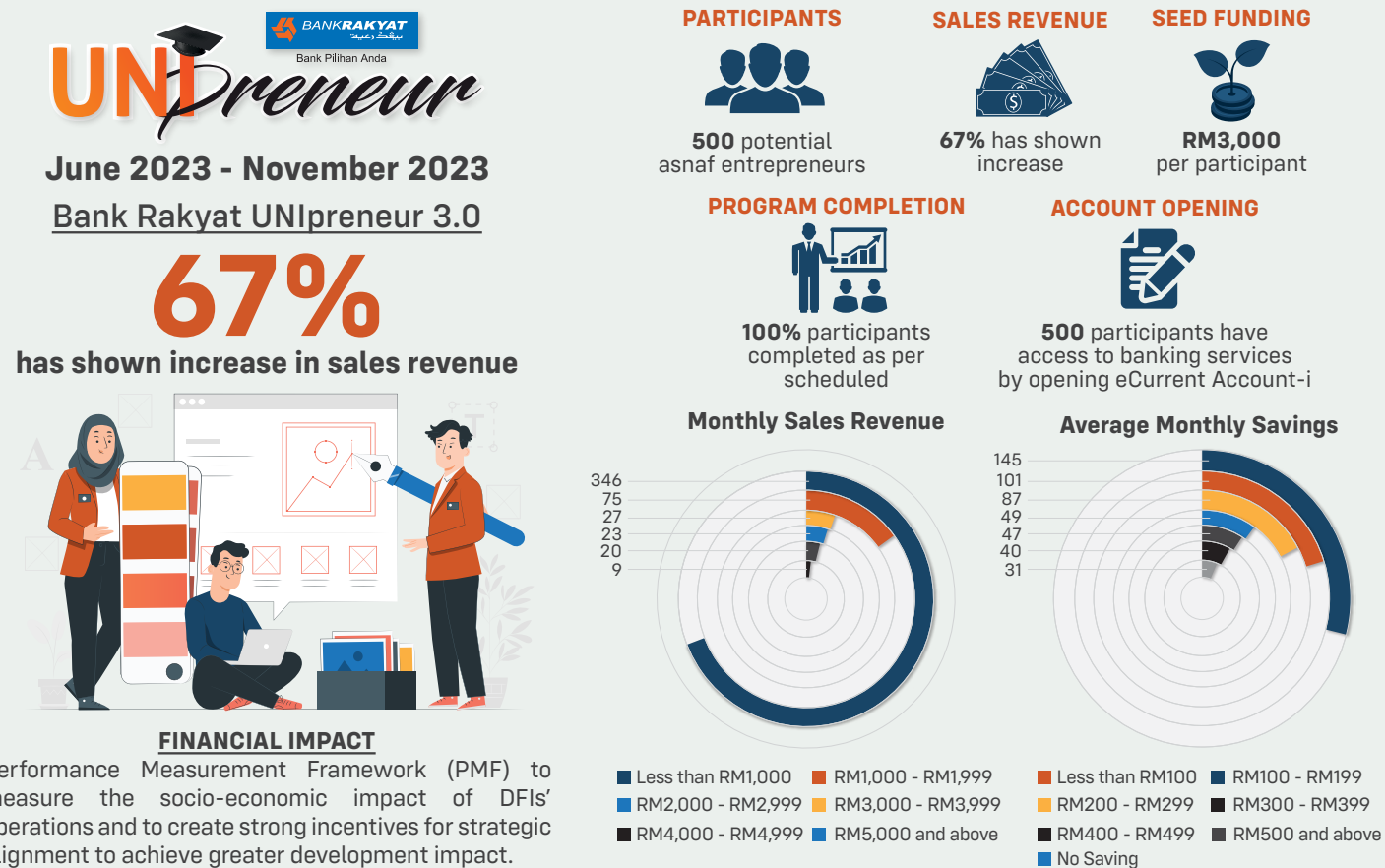
< 1k 1k - 5k 5k - 10k 10k - 20k > 20k No Profit Loss No Record

Average Monthly Savings



Saving No Saving No Record

Our Social Efforts



Besides seed funding to enhance their initial capital, young asnaf entrepreneurs received a comprehensive entrepreneurship training and guidance programme by UiTM through RAKYATpreneur and respective universities for Bank Rakyat UNipreneur to develop their entrepreneurial skills, self-confidence and self-reliance that can be used for their future career.

Future Plans

Bank Rakyat will expand its social finance programmes, which will be implemented between June and November 2024 through future collaborations with RAKYATpreneur 5.0 having 15 collaborators and Bank Rakyat UNIPreneur 4.0 having 20 collaborators.

YAYASAN BANK RAKYAT

To help underprivileged students, Yayasan Bank Rakyat initiated education programmes and community initiatives. The foundation strives to help poor Malaysians, regardless of race, religion, or descent by enhancing their socio-economic conditions and quality of education.

The information of funds contributed to YBR for 2023 is as below:

CATEGORIES	CONTRIBUTIONS
Bank Rakyat Members	RM14,200,457.00
Bank Rakyat	RM14,200,457.00
Total Contribution	RM28,400,914.00

JĀRIAH AL-BARAKAH

Bank Rakyat's partnership with Surau Al-Barakah, Jāriah Al-Barakah, has seen an increase in accumulated waqf collection, reaching RM1,243,116.99 as of December 31, 2023. The initiative, which encourages charity with support from employees and the community, distributed RM550,628.15 to 442 recipients and 23 qualified agencies in 2023, doubling the amount of RM272,867.15 distributed in 2022.

The collection including hibah/profit received for this platform from January 1, 2023 until December 31, 2023, is RM406,488.55. This collection was derived from two main initiatives: collection using the Bank's collection facilities and Surau Al Barakah Fund Collection.

COLLABORATIVE PARTNER	TOTAL COLLECTION	TOTAL DISTRIBUTION	Beneficiaries 2020-2022		Beneficiaries 2023	
Jariah Al Barakah	RM 1,243,116.99	RM 550,628.15	Covid Victims	RM 5,000.00	Heart & Lung Centre, Hospital UITM	RM30,000.00
-	-	-	Asnaf & B40	RM24,500.00	UKM Health Centre	RM25,000.00
-	-	-	IIUM (Dermasiswa)	RM100,000.00	KPBKL	RM15,000.00
-	-	-	UPSI (Student Fees Aid)	RM85,977.00	UNISZA	RM9,000.00
-	-	-	(General Charity Aid)	RM33,820.15	KUIPS	RM9,000.00
-	-	-	-	-	At-Toiyibbah Religious School, Kg Padang Halban, Changlun	RM5,000.00
-	-	-	Maahad Tahfiz Al Aqsa	RM8,570.00	Maahad Tahfiz Ad Daie Wal Diniah (MADANI)	RM5,000.00
-	-	-	Rejimen 504, Askar Wataniah	RM15,000.00	Ibnu Khaldun Seksyen 30 Secondary and Primary School, Shah Alam	RM5,000.00
-	-	-	-	-	UniPSAS	RM29,988.00
-	-	-	-	-	Hospital UPM	RM24,760.00
-	-	-	-	-	Solar Dome Dryer, AIBIM	RM48,000.00
-	-	-	-	-	Kafai As-Syakirin, Taman Pelangi Semenyih	RM7,360.00
-	-	-	-	-	Geempa Buni Cianjur	RM7,730.00
-	-	-	-	-		
-	-	-	-	-	Tahan Jenderam Harmoni Surau, Dengkil	RM8,488.00
-	-	-	-	-	SAMTTAR Surau	RM6,834.00
-	-	-	-	-	Al-Amin Surau, Negeri Sembilan	RM7,030.00
-	-	-	-	-	At-Taqwa Mosque, Gua Musang	RM7,659.00
-	-	-	-	-	Tunku Abdul Malik Mosque, Baling	RM6,820.00
-	-	-	-	-		
-	-	-	-	-	Al-Rabitah Surau, Bukit Antarabangsa	RM5,645.00
-	-	-	-	-	Jannatul Firdaus Mosque, Segamat	RM5,991.00
-	-	-	-	-	Sekolah Menengah Agama Islah, Pendang	RM4,705.00
-	-	-	-	-	Abu Ubaidah Al Jarrah Mosque, Tanah Merah	RM3,751.00

Our Social Efforts

BaktiRAKYAT
BaktiRAKYAT made significant strides, as evidenced by the 3,144 hours of community service of which 698 employees carried out in FY 2023, and more than RM150,000 was allocated for this volunteerism program focusing on aspects of community development, education, health, sosioeconomics and support

services to cultivate the value of fostering team spirit and care for the community and environment. Bank Rakyat launched BaktiRakyat to foster its employees a sense of community service, teamwork, and cooperation.

BaktiRAKYAT

SUMMARY 2022



SUMMARY 2023



Our Social Efforts

SUMMARY OF BAKTIRAKYAT PROGRAMMES IN 2023

No	LIST	TITLE	COLLABORATOR	TOTAL VOLUNTEERS HOURS
1	February BaktiRAKYAT Ibu Pejabat	Program Ceria Kasih Harmoni Community	SEKATARAKYAT, Surau Al-Barakah and Balai Bomba dan Penyelamat Sungai Buloh	58 volunteers x 4 hours = 232 hours
2	March BaktiRAKYAT Johor	Program Gotong Royong Pembersihan Kesan Banjir Public services	SK Seri Dayong, SK Seri Gading and SK Parit Sulong	23 volunteers x 4 hours = 92 hours
3	March BaktiRAKYAT Rewang Bubur Lambuk	Karnival Ramadan Nuri Community	MRSM Kuantan, MRSM Langkawi, SMAP Kajang, SM Sains Selangor and SM Sains Sabah	-
4	May BaktiRAKYAT Sabah	Program Inspirasi Ceria SMK Limbanak Public Services	SMK Limbanak	24 volunteers x 4 hours = 96 hours
5	May BaktiRAKYAT Perak	Program Mengindahkan Masjid dan Pembersihan Tanah Wakaf Public services	Majlis Daerah Kerian and Balai Bomba dan Penyelamat Bagan Serai	31 volunteers x 4 hours = 124 hours
6	June BaktiRAKYAT Johor	Program Kebersihan dan Keindahan Taman Eko Rimba Public Services	Jabatan Hutan Segamat	73 volunteers x 4 hours = 292 hours
7	September BaktiRAKYAT Kedah/ Perlis/Pulau Pinang	Program Restorasi Karang dan Pembersihan Pantai Environment	Majlis Daerah Yan, Agensi Penguatkuasaan Maritim Malaysia, Jerai Geopark and Jabatan Bomba dan Penyelamat Malaysia	45 volunteers x 6 hours = 270 hours
8	September BaktiRAKYAT Pahang	Program Pemuliharaan dan Keceriaan Pusat Konservasi Gajah Public Services	Jabatan Perlindungan Hidupan Liar dan Taman Negara (PERHILITAN)	74 volunteers x 4 hours = 296 hours
9	October BaktiRAKYAT WP Kuala Lumpur/ Putrajaya	Program Kebersihan dan Keindahan Taman Botani Perdana Public Services	Jabatan Pembangunan Landskap dan Rekreasi, Dewan Bandaraya Kuala Lumpur	80 volunteers x 4 hours = 320 hours
10	October BaktiRAKYAT Melaka/Negeri Sembilan	Program Keceriaan dan Penanaman Pokok Environment	Jabatan Perhutanan Negeri Sembilan	60 volunteers x 4 hours = 240 hours
11	October BaktiRAKYAT Terengganu/Kelantan	Program Ceria Komuniti Teluk Renjuna Community	Pejabat Penggawa Tumpat, Hospital Tumpat and Pejabat Kesihatan Daerah Tumpat	70 volunteers x 6 hours = 420 hours
12	October BaktiRAKYAT Sabah	Program Gerobok Rezeki Community	UiTM Kota Kinabalu	42 volunteers x 6 hours = 252 hours
13	October BaktiRAKYAT Sabah	Program Keceriaan Hentian Bas dan Susur Gajah Public Services	Majlis Daerah Ranau	38 volunteers x 5 hours = 190 hours
14	November BaktiRAKYAT Selangor	Program Pemuliharaan Taman Mini Kaki Bukit Jugra Public Services	Majlis Perbandaraan Kuala Langat	47 volunteers x 4 hours = 188 hours
15	December BaktiRAKYAT Sarawak	Program Gotong Royong dan Pemasangan Lampu Solar Public Services	Lembaga Amanah Kebajikan Islam Lutong and Masjid An Naim Lutong	33 volunteers x 4 hours = 132 hours
TOTAL				Volunteers = 698 Volunteerism Hours = 3,144

Our Social Efforts

RMS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Bank Rakyat's subsidiary, Rakyat Management Services Sdn Bhd (RMS) being the franchisor of the Bank's Islamic pawnbroking franchise brand, Ar-Rahnu X'Change, actively conducts gold-related business activities through the RMS Gold brand, besides developing cooperative businesses.



RMS sets aside a portion of its profits to implement CSR programmes to help the underprivileged in the community. In 2023, RMS structured a CSR programme as part of its brand marketing strategy under the Ar-Rahnu X'Change Product and Brand Marketing Plan 2023 through three primary approaches; corporate sponsorships and contributions, asnaf contributions, and franchise initiatives.

Organisational Aspiration and Philosophy

Board Members and Management share RMS's vision of being an organisation that cares deeply about assisting those in need. Its CSR philosophy is to share business returns with the community as a gesture of gratitude for customer support during the course of the company's more than 17 years of operation.

RMS Corporate Social Initiatives

For the 2023 CSR programme implementation, RMS allocated RM100,000 from the National Marketing Fund. Under the main programme 'Ar-Rahnu X'Change We Care,' the allocation was used for sponsorship, contributions, and donations to a group of individuals and institutions. The following are the expenses for the third year:

- RM28,300 for the sponsorship of Bank Rakyat and Surau Al-Barakah collaborative programme Jelajah Zon Barakah in Bahau Negeri Sembilan on March 9 and Sarikei, Sarawak on November 10. The programme included knowledge-sharing sessions and outreach aimed at helping those in need in the community through charitable activities.

- RM8,500 contribution to Jumhuriah Taman Dato' Harun Mosque, Petaling Jaya, Selangor, and Masjid Jamek Al-Hikmah Batu 20, Kuang Selangor, to implement a local community programme including a 'Qurban' event in conjunction with Aidiladha 1444H.
- RM40,500 contribution to five schools, including SMK Bandar Sungai Buaya, Rawang, SMK Methodist Melaka, and SK Raja Muda Musa for the successful organisation of several activities such as motivational camps, smart TV installations, activities for special education students, and donations for poor students.
- RM7,000 worth of cash donations to fund religious activities in collaboration with Masjid Jamek Al-Hikmah Batu 20 Kuang, Selangor.
- RM9,300 sponsorship of 'Qurban' in conjunction with Aidiladha 1444H for the Orang Asli Community at Pos Tuel Gua Musang, Kelantan.
- RM10,000 for the sponsorship of the 2023 Drug-Free Malaysia Family Campaign organised by the Malaysian Narcotic Crime Eradication Organisation, apart from collaboration with the Malaysian Muslim Solidarity to ensure the success of Kembara Mengenal Pencipta in December.



Our Social Efforts

Contributions to Asnaf

Up to December 2023, Zakat Wakalah allocations of more than RM550,000 was spent for the benefit of various categories of asnaf. For fisabilillah asnaf, several institutions such as mosques, madrasahs, organisations, and schools have been listed.

With students being one of the main target groups in the RMS's charity donation activities, the RMS contributed RM301,350 to 13 schools, benefiting more than 2,000 asnaf students for school necessities. SMK Kebangsaan Pangkal Kalong, Ketereh Kelantan, received the biggest asnaf contribution of RM60,000, while other schools included SK Datuk Akhir Zaman, Rantau, Negeri Sembilan, SMK Tinggi Perempuan Melaka, SM Sains Selangor, and SK Bukit Bandaraya, Bangsar, Kuala Lumpur.

Two religious institutions Maahad An-Noer in Janda Baik, Pahang, and Madrasah Anwar Al-Batul in Shah Alam, Selangor, also received RM30,000 each to fund the tuition fees of 57 asnaf students.

RMS also handed over a contribution of RM84,300 to four mosques and suraus to be channelled to 281 poor asnaf families

and a further contribution of RM60,000 to 200 asnaf families from the orang asli community at Pos Tuel, Gua Musang Kelantan.


Wakalah zakat donations amounting to RM30,000 were given to the mosques and surau to support the continuation of programmes of religious institutions for the benefit of local communities.

Ar-Rahnu X'Change Franchise Initiative

RMS encourages franchisees to promote Ar-Rahnu X'Change as a caring brand among the communities. RMS allocated RM15,000 for 82 Ar-Rahnu X'Change franchisees nationwide to implement brand marketing programmes involving CSR initiatives through the Ar-Rahnu X'Change Product and Brand Marketing Plan 2023.

Semenyih Ar-Rahnu X'Change partnered with Masjid Kariah Bangi, local communities to organise a back-to-school programme to hand over school aid to 40 asnaf students on March 19. Banting Ar-Rahnu X'Change also contributed school aid for asnaf students and orphans through Maahad Tahfiz D Itqan and Seri Cheding Mosque on December 23.



A person in a dark suit and white shirt is walking on a staircase. They are holding onto a bright blue handrail. The staircase has white metal railings and steps. The background is a solid grey color.

Shariah Leadership

To always be the foremost leader in Shariah Banking rooted in our Islamic values.

Board of Directors

- 1. **Datuk Mohd Irwan Mohd Mubarak**
Independent Non-Executive Chairman
- 2. **Dato' Sri Suriani Dato' Ahmad**
Non-Independent Non-Executive Director

Board of Directors

- 3. **Dato' Dr. Amiruddin Muhamed**
Non-Independent Non-Executive Director
- 4. **Tunku Dato' Ahmad Burhanuddin Tunku Datuk Seri Adnan**
Independent Non-Executive Director
- 5. **Haji Mohd Jafri Kudus**
Independent Non-Executive Director
- 6. **Dato' Seri Dr. Vaseehar Hassan Abdul Razack**
Independent Non-Executive Director
- 7. **Professor Dr. Haji Raduwan Idar**
Independent Non-Executive Director
- 8. **Idris Abd Hamid**
Independent Non-Executive Director
- 9. **Dato' Haji Amirudin Haji Abdul Halim**
Independent Non-Executive Director
- 10. **Mohamad Khairil Abidin**
Bank Secretary



Board of Directors Profile



DATUK MOHD IRWAN MOHD MUBARAK
Independent Non-Executive Director/Chairman

APPOINTMENT AS DIRECTOR

- Appointment as Board of Director: 24 July 2020 - 23 July 2022
- Re-appointment as Board of Director: 24 July 2022 - 23 July 2024
- Appointment as Acting Chairman: 1 November 2022 - 1 February 2024
- Appointment as Chairman: 2 February 2024 - 1 February 2026

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Nomination and Remuneration Committee
- Interim Member, Board IT Committee

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Board of Directors Profile



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

APPOINTMENT AS DIRECTOR

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

HONORARY TITLE

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

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Nomination and Remuneration Committee

OTHER POSITIONS HELD

- Secretary General, Ministry of Entrepreneur Development and Cooperatives (KUSKOP)
- Board of Director (UDA)
- Board of Director (PERNAS)
- Chairman, Focus Point Holdings Sdn Bhd
- Board of Director, Perbadanan Padang Golf Subang (PPGS)

PREVIOUS EXPERIENCE

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

Board of Directors Profile



DATO' DR. AMIRUDDIN MUHAMED
Non-Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- Appointment as Board of Director:
13 June 2023 - 12 June 2025

EDUCATION

- Doctor of Philosophy in Accounting and Finance, Durham University United Kingdom
- Master of Economics (Economics Development), Universiti Kebangsaan Malaysia (UKM)
- Bachelor of Accounting (Hon.), UKM

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Tender Committee
- Member, Board Financing & Investment Committee

OTHER POSITIONS HELD

- Secretary (Strategic and General) of the Government Investment Company Division (GIC), Ministry of Finance
- Director, Malaysia Development Holdings Sdn Bhd
- Director, Malaysia Rapid Transit Corporation
- Director, Sinergi Perdana Sdn Bhd
- Director, SRC International Sdn Bhd
- Director, Railway Assets Corporation
- Director, Projek Lebuhraya Usahasama Berhad
- Director, Urus Harta Jamaah Sdn Bhd
- Director, IJN Holdings Sdn Bhd
- Director, TRX City Sdn Bhd
- Director, Boustead Naval Shipyard Sdn Bhd
- Director, Bandar Malaysia Sdn Bhd
- Director, Universiti Pendidikan Sultan Idris (UPSI)

PREVIOUS EXPERIENCE

- Director, Export-Import Bank of Malaysia Berhad
- Chief Executive Officer (M54), Majlis Agama Islam dan Adat Melayu Perak (MAIPk)
- Strategic Investment Division (SID), Ministry of Finance
- Senior Principal Assistant Secretary M52, MKD (Inc.) And Privatisation Division, Ministry of Finance Investment
- Assistant Director, Grade M41, Accounting and Management Development Division, Ministry of Finance
- Corporate Planning Division, Business Focus Group Sdn Bhd

Board of Directors Profile



**TUNKU DATO' AHMAD BURHANUDDIN
TUNKU DATUK SERI ADNAN**
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director:
1 October 2019 - 30 September 2021
- Reappointment as Board of Director:
1 October 2021 - 30 September 2023
- Reappointment as Board of Director:
1 October 2023 - 30 September 2025

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Audit & Examination Committee
- Member, Board Risk Committee
- Member, Board Financing & Investment Committee
- Member, Board IT Committee

OTHER POSITIONS HELD

- Director, Jaya Raya Sdn Bhd
- Director, International Paint Sdn Bhd

PREVIOUS EXPERIENCE

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

Board of Directors Profile



HAJI MOHD JAFRI KUDUS
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 13 July 2020 - 12 July 2022
- Reappointment as Board of Director: 13 July 2022 - 12 July 2024
- Appointment as Senior Independent Director: 19 December 2022

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

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

OTHER POSITIONS HELD

- Director, Strovee Media Sdn Bhd
- Director, Strovee Rich Sdn Bhd
- Director, Strovee Event Sdn Bhd
- Director, Strovee Travel & Tours Sdn Bhd
- Director, Ingress Master Sdn Bhd
- Director, Kasturi Kualiti Sdn Bhd
- Chairman, Rakyat Management Services Sdn Bhd

PREVIOUS EXPERIENCE

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

Board of Directors Profile



DATO' SERI DR. VASEEHAR HASSAN ABDUL RAZACK
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

- First Appointment as Board of Director: 15 July 2021 - 14 July 2022
- Reappointment as Board of Director: 15 July 2022 - 14 July 2023
- Reappointment as Board of Director: 15 July 2023 - 14 July 2025

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Board of Directors Profile



PROFESSOR DR. HAJI RADUWAN IDAR
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

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

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Member, Board Nomination & Remuneration Committee
- Member, Board Audit & Examination Committee
- Member, Board Tender Committee
- Member, Board IT Committee

OTHER POSITIONS HELD

- Deputy Vice Chancellor Academic, Kuala Lumpur Metropolitan University College
- Director, R.I Options Sdn Bhd

PREVIOUS EXPERIENCE

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

Board of Directors Profile



IDRIS ABD HAMID
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

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

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Tender Committee
- Member, Board Audit & Examination Committee
- Member, Board Financing & Investment Committee
- Member, Board IT Committee
- Board representative in the Shariah Committee Member

PREVIOUS EXPERIENCE

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

Board of Directors Profile



**DATO' HAJI AMIRUDIN
HAJI ABDUL HALIM**
Independent Non-Executive Director

APPOINTMENT AS DIRECTOR

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

EDUCATION

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

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Board Risk Committee
- Member, Board Tender Committee
- Member, Board Financing & Investment Committee

PREVIOUS EXPERIENCE

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

Board of Directors Profile



MOHAMAD KHAIRIL ABIDIN
Senior Vice President, Bank Secretary, Legal and Members

APPOINTMENT AS BANK SECRETARY

- First Appointment as Bank Secretary:
1 September 2022

EDUCATION

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

PREVIOUS EXPERIENCE

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

Shariah Committee

- 1. Professor Dr. Azman Mohd Noor
Chairman
- 2. Ustaz Wan Rumaizi Wan Husin

- 3. Professor Emeritus Dato' Dr. Mohd Azmi Omar
- 4. Dr. Mohammad Zaini Yahaya

Shariah Committee

- 5. Dr. Tuan Badrul Hisyam Tuan Soh
- 6. SS Dato' Dr. Mohamad Sabri Haron
- 7. Dr. Akhtarzaite Abdul Aziz
- 8. Associate Professor Dr. Abdul Manan Ismail
- 9. Ustaz Mohd Zamerey Abdul Razak
Chief Shariah Officer/Secretary of Shariah Committee



Shariah Committee Profile



PROFESSOR DR. AZMAN MOHD NOOR
Chairman

APPOINTMENT AS SHARIAH COMMITTEE

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

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



USTAZ WAN RUMAIZI WAN HUSIN

APPOINTMENT AS SHARIAH COMMITTEE

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

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



PROFESSOR EMERITUS DATO' DR. MOHD AZMI OMAR

APPOINTMENT AS SHARIAH COMMITTEE

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

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



DR. MOHAMMAD ZAINI YAHAYA

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 July 2017 - 1 May 2019
- Reappointment as Shariah Committee Member:
 - 1 May 2019 - 31 August 2021
 - 1 September 2021 - 31 August 2023
 - 1 September 2023 - 31 August 2026

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



**DR. TUAN BADRUL HISYAM
TUAN SOH**

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member:
1 April 2021 - 31 March 2023
- Reappointment as Shariah Committee Member:
 - 1 April 2023 - 31 March 2025

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



**SS DATO’ DR. MOHAMAD SABRI
HARON**

APPOINTMENT AS SHARIAH COMMITTEE

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

EDUCATION

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

OTHER POSITIONS HELD

- Sahibus Samahah Dato’ Mufti Terengganu
- Chairman, Shariah Committee, Koperasi Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA)
- Chairman, Shariah Committee, APEX Investment Services Berhad
- Member, Group Shariah Committee, Etiqa Takaful
- Member, Shariah Committee, Koperasi Pos Nasional (KOPONAS)
- Member, Shariah Committee, Koperasi UNIKEB Berhad
- Senate Member, UNITI College, Port Dickson, Negeri Sembilan
- Board Member, MAIDAM Property
- Member, AL-Quran Printing Licensing Board, Ministry of Home Affairs
- Member, Committee for Censorship of Islamic Printed Materials, Jabatan Kemajuan Islam Malaysia (JAKIM)
- Member, National Fatwa Committee of Malaysia
- Chairman, State Fatwa Committee, Terengganu
- Chairman, Special Committee of Educational Supervision, Terengganu
- Chairman, New Moon Viewing Committee, Terengganu
- Chairman, Imam Bilal Interview, Terengganu
- Chairman, Teaching Credential Interview, Terengganu
- Chairman, Takwim Hijri and Prayer Time Committee, Terengganu
- Chairman, Zakat Committee, Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM)
- Member, Ar-Rahnu Committee, MAIDAM

PREVIOUS EXPERIENCE

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

Shariah Committee Profile



DR. AKHTARZAITE ABDUL AZIZ

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 January 2023 - 31 December 2025
- Resigned effective at 31 January 2024

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

- Shariah Advisory Committee Chairperson, Great Eastern Takaful Berhad
- Shariah Committee Chairperson, MBSB Bank
- Shariah Committee Chairperson, Malaysia Building Society Berhad (MBSB)
- Shariah Advisor Committee Member, MBSB
- Shariah Advisory Committee Member, Great Eastern Takaful Berhad
- Shariah Advisor Committee Member, Saadiq Standard Chartered
- Shariah Advisory Committee Member, EONCAP Islamic Bank
- Shariah Advisory Committee Member, RHB Islamic Bank
- Shariah Advisory Committee Member, Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC)
- Shariah Compliance Officer, IIUM
- Treasurer, Association of Shariah Advisors in Islamic Finance (ASAS)
- Protém Committee Member (Treasurer), ASAS
- Module Developer, Fiqh Muamalat Module for ASAS Certification Programme
- Lab Member and Module Writer, Adoption of Murabahah Shariah Standard as a Component in Academic Syllabus of Local Universities, a project by Bank Negara Malaysia (BNM)
- Deputy Director, Academic and Training, International Institute for Halal Research and Training (INHART), IIUM
- Working Committee, IIUM Institute of Islamic Banking and Finance (IIiBF)
- Trainer, IBFIM CPD programme on Islamic Finance Regulatory Framework
- Trainer, Application of Shariah in Islamic Finance for Delegation from Palestine, organised by IBFIM
- Trainer, Islamic Finance Regulatory Framework for Public Bank, organised by IBFIM
- Trainer, Certificate in Islamic Law-Islamic Capital Market Module, for BSN staff, organised by Law Centre, IIUM
- Trainer, Islamic Finance Regulatory Framework for Scope International (M) Sdn Bhd, organised by IBFIM
- Module Writer for Islamic Capital Market Graduate Training Scheme (ICMGTS), Securities Commission Malaysia

Shariah Committee Profile



ASSOCIATE PROFESSOR DR. ABDUL MANAN ISMAIL

APPOINTMENT AS SHARIAH COMMITTEE

- First appointment as Shariah Committee Member: 1 March 2024 - 28 February 2026

EDUCATION

- PhD in Fiqh and Usul al-Fiqh, International Islamic University Malaysia
- Master in Islamic Studies (Shariah) Universiti Kebangsaan Malaysia (UKM)
- Bachelor (Hons) in Shariah (Fiqh and Islamic Studies), Yarmouk University, Jordan.

OTHER POSITIONS HELD

- Chairman, Academy Fiqh Islami Malaysia (2020 - To date)
- Committee Member, Malaysian Universities Debate Council (MADUM)
- Committee Member, Malaysian Universities Co-Curricular Council (2015 - 2020)
- Member, Association of Shariah Advisors in Islamic Finance (ASAS)
- Chairman, Islamic Education Textbook Technical Evaluation Committee of the Malaysian Ministry of Education (KPM) - Kitab al-Iqna’ (2020, 2022, 2023)
- Chairman, Islamic Education Textbook Technical Evaluation Committee KPM (2019)
- Chairman, KPM Islamic Sharia Textbook Evaluation Committee Form 5 and 4 (2017, 2016)
- Chairman of the Shariah Committee for Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBCMY) (2023 - present)
- Deputy Chairman of Shariah Committee Member for USIM (July 2023 - 2025)
- Shariah Committee Member for USIM (2017 - June 2023)
- Shariah Committee Member for Sumitomo Mitsui Banking Corporation Malaysia Berhad (2022 - 2023)
- Member of Terengganu’s Fatwa Committee (2023 - To date)
- Internal and External Examiner for Phd and Master’s thesis at USIM, UNISZA, UIAM, UTHM, UTM and KUIS
- Syarie lawyer, Negeri Sembilan (2010 - 2017)
- Verifier for the al-Mausu’ah al-Kuwaitiyyah translation project. (From Arabic to Malay)
- Expert and Invited Presenter at an International Islamic Fiqh Academy (IIFA) Conference 2023 in Jeddah, Saudi Arabia
- Senate member, USIM (2014 - 2022)

PREVIOUS EXPERIENCE

- Lecturer, Kolej Universiti Islam Antarabangsa Selangor (KUIS) (1999 - 2000)
- Tutor, Universiti Sains Islam Malaysia (USIM) (2000 - 2002)
- Lecturer, USIM (2002 - 2006)
- Senior lecturer, Faculty of Shariah & Law USIM (2007 - 2016)
- Associate Professor, Faculty of Shariah & Law USIM (2017 - To date)
- Principal of USIM Residential College (2002 - 2007)
- Coordinator at the World Fatwa Management and Research Institute (2007 - 2008)
- Research Fellow, World Fatwa Management and Research Institute (2006 - 2008)
- Research Fellow, Islamic Finance and Wealth Management Institute (IFWMI) (2007 - 2008)
- Head of Program for Diploma in Judicial and Advocatory Practice (Postgraduate Diploma) (2008)
- Director, Centre for Soft Skills Development (2013 - 2020)
- Director, Centre for Core Studies (2021 - 2022)

Shariah Committee Profile



**USTAZ MOHD ZAMEREY
ABDUL RAZAK**
Chief Shariah Officer/Secretary of Shariah Committee

**APPOINTMENT AS SECRETARY OF
SHARIAH COMMITTEE**

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

EDUCATION

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

OTHER POSITIONS HELD

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

PREVIOUS EXPERIENCE

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

Management Committee



Management Committee

1.

Dato’ Dr. Mohammad Hanis Osman
Chief Executive Officer
2.

Ahmad Shahril Mohd Shariff
Deputy Chief Executive Officer, Business
3.

Nor Haimee Zakaria
Deputy Chief Executive Officer, Operations
4.

Amren Faisal Fadzil
Chief Finance Officer
5.

Firdaus Ahmad Faudzi
Chief Strategy and Transformation Officer
6.

Jufree Soaidin
Chief People Officer
7.

Mohamad Shibli Abg Sapuan
Chief Business Banking Officer
8.

Zulkarnain Taman
Chief Retail Banking Officer
9.

Zakaria Rakesh Abu Bakkar Seddek
Chief Treasury Officer
10.

Abdul Razak Abu Bakar
Chief Credit Administration and Banking Operations Officer
11.

Muzamir Omar
Chief Corporate Services Officer
12.

Adi Azmir Abdul Ghani
Chief Information Technology Officer
13.

Nizam Sani
Chief Marketing and Communications Officer
14.

Rosly Mohamed
Chief Collection and Recovery Officer
15.

Ahmad Shukri Abd Rahman
Chief Risk Officer
16.

Ustaz Mohd Zamerey Abdul Razak
Chief Shariah Officer
17.

Abdul Aziz Md Zin
Chief Compliance Officer

Management Committee Profile



DATO' DR. MOHAMMAD HANIS OSMAN
Chief Executive Officer

EDUCATION

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

CERTIFICATIONS

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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

Management Committee Profile



AHMAD SHAHRIL MOHD SHARIFF
Deputy Chief Executive Officer, Business

EDUCATION

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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

Management Committee Profile



NOR HAIMEE ZAKARIA

Deputy Chief Executive Officer, Operations

EDUCATION

- BA (Hons) Accounting, Finance and Economics, University of Essex, United Kingdom
- Fellowship, Chartered Association of Certified Accountant, United Kingdom (FCCA)
- Chartered Accountant, Malaysia Institute of Accountants (MIA)
- Chartered Institute of Islamic Finance Professionals (CIIF)

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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

Management Committee Profile



AMREN FAISAL FADZIL

Chief Finance Officer

EDUCATION

- Bachelor in Finance, MARA Institute of Technology (UiTM)
- Diploma in Investment Analysis (UiTM)
- Holder of the Capital Market Services Representative License (CMSRL) for module 9 and 10 by Securities Commission Malaysia (SC)
- Malaysian Financial Market Certificate, Financial Markets Association Malaysia
- Chartered Professional in Islamic Finance (CPIF), Chartered Institute of Islamic Finance Professionals
- Certified Financial Planner (CFP), Financial Planning Association of Malaysia (FPAM)
- Unit Trust Consultant (UTC), Federation of Investment Managers Malaysia (FIMM)

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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



FIRDAUS AHMAD FAUDZI

Chief Strategy and Transformation Officer

EDUCATION

- Bachelor Degree in Computer Science, Northumbria University (KDU College), Malaysia
- Higher National Diploma in Computing Engineering, British Malaysian Institute, Malaysia
- Leading Digital Business Transformation Program, International Institute of Management Development (IMD), Switzerland
- Project Management Professional (PMP) (Project Management Institute)

INTERNAL EXPERIENCE

- Chief Strategy and Transformation Officer (2023 - To date)
- Senior Vice President, Digital (2022 - 2023)
- Senior Vice President, Card and Channel Management (2021 - 2022)
- Vice President, Channel Management (2020 - 2021)
- Vice President, Delivery Channel (2018 - 2020)
- Manager, IT Reports and Analytics (2015 - 2018)

EXTERNAL EXPERIENCE

- Senior Business Intelligence Analyst, Group Finance Office, Maybank Berhad (2013 - 2015)
- Business Analyst (Siebel, OBIEE), Transformation Office, CIMB Bank Berhad (2011 - 2013)
- Compliance and Services Assurance Executive, Call Centre, United Overseas Bank (Malaysia) Berhad (2010 - 2011)
- Business Planning and Engagement Executive, Call Centre, United Overseas Bank (Malaysia) Berhad (2008 - 2010)
- Customer Service Executive, Call Centre, United Overseas Bank (Malaysia) Berhad (2007 - 2008)

Management Committee Profile



JUFREE SOAIDIN
Chief People Officer

EDUCATION

- Master of Business Administration (Internal Audit), Universiti Malaya (UM)
- Bachelor’s Degree in Business Administration (Finance), Universiti Teknologi MARA (UiTM)

INTERNAL EXPERIENCE

- Chief People Officer (2023 - To date)
- Chief Compliance Officer (2022)
- Vice President, Regulatory and Operational Compliance (2020)
- Manager, Regulatory Compliance (2016 - 2018)
- Manager, Method and Procedure (2013)
- Manager, Internal Audit (2010)

EXTERNAL EXPERIENCE

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



MOHAMAD SHIBLIE ABG SAPUAN
Chief Business Banking Officer

EDUCATION

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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

Management Committee Profile



ZULKARNAIN TAMAN
Chief Retail Banking Officer

EDUCATION

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

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



ZAKARIA RAKESH ABU BAKKAR SEDDEK
Chief Treasury Officer

EDUCATION

- Bachelor in Accountancy, Universiti Teknologi MARA (UiTM)
- Malaysian Financial Market Certificate (PKMC)

INTERNAL EXPERIENCE

- Chief Treasury Officer (2023 - To date)

EXTERNAL EXPERIENCE

- Director, Treasury, Al Rajhi Banking & Investment Corp (M) Bhd Kuala Lumpur (2018 - 2022)
- Director, Treasury & Market, Affin Hwang Investment Bank, Malaysia (2014 - 2018)
- Vice President, Treasury & Investment Division, Affin Investment Bank Bhd, Malaysia (2007 - 2014)
- Bond Desk, Affin Bank Berhad (2002 - 2007)
- Swap Desk, Affin Bank Berhad (2001)
- Spot Desk, Affin Bank Berhad (1998 - 2000)
- Money Market Desk and Islamic Desk, Affin Bank Berhad (1994 - 1997)
- Treasury Operation, Affin Bank Berhad (1989 - 1993)
- Treasury Processing, Proton Holdings (1989)
- Sharp Roxy Sales & Service (1988 - 1989)

Management Committee Profile



ABDUL RAZAK ABU BAKAR
Chief Credit Administration and Banking Operations Officer

- EDUCATION**
- Chartered Accountant (CA), Malaysian Institute of Accountants (MIA) (Membership No.31505)
 - Bachelor of Accountancy (Honours) Universiti Utara Malaysia (UUM)
 - Chartered Institute of Islamic Finance Professional (CPIF)
- INTERNAL EXPERIENCE**
- Chief Credit Administration and Banking Operations Officer (2022 - To date)
 - Chief Recovery and Collection Officer (2020)
 - Chief Business Banking Officer (2018)
 - Senior Vice President, Corporate Banking (2014)
 - Assistant General Manager, Commercial Banking (2012)
- EXTERNAL EXPERIENCE**
- Senior Manager, 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/Bank Utama (M) Berhad (2000 - 2004)
 - Assistant Manager, Corporate Finance, Aseambankers Berhad/Aseamlease Berhad, Maybank (1994 - 2000)
 - Audit Executive/Tax Executive, Azman Wong Salleh and Co (1993 - 1994)



MUZAMIR OMAR
Chief Corporate Services Officer

- EDUCATION**
- Chartered Banker (AICB)
 - Chartered Islamic Finance Professional (INCEIF)
 - Master in Business Administration, Universiti Teknologi MARA (UiTM)
 - Bachelor of Education (Kent, United Kingdom)
 - Diploma in Accounting Administration (UMCCed)
- INTERNAL EXPERIENCE**
- Chief Corporate Services Officer (2022 - To date)
 - Chief Strategy and Transformation Officer (2018)
 - Vice President, Strategic Planning and Corporate Strategy (2015)
 - Vice President, Corporate Strategy (2013)
 - Manager, Corporate Planning (2005)
- EXTERNAL EXPERIENCE**
- Bursa Malaysia Berhad
 - Manager, Risk Management (2003 - 2005)
 - Senior Audit Executive, Risk Assurance (2002 - 2003)
 - Senior Strategic Planning Officer (1996 - 2001)
 - Business Process Analyst, Time Quantum Tech (1994 - 1996)

Management Committee Profile



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, Universiti Putra Malaysia (UPM)
 - Bachelor in Engineering (Electronic Engineering) (Communications), The University of Sheffield, United Kingdom
- INTERNAL EXPERIENCE**
- Chief Information Technology Officer (2020 - To date)
- EXTERNAL EXPERIENCE**
- Chief Technology Officer, Amanah Raya Berhad (2019 - 2020)
 - General Manager, Digital and Strategy, Celcom Axiata Berhad (2018 - 2019)
 - Chief Operation Officer, Nixfon (M) Sdn Bhd (2016 - 2017)
 - Head, IS Services, DRB HICOM (2012 - 2016)
 - Director, IT Division, International Islamic University (IIUM) (2009 - 2012)
 - Head, IT, Maersk/Port of Tanjung Pelepas (2007 - 2009)
 - Deputy Director Information System, Tourism Malaysia (2003 - 2007)
 - Information Service Manager, US Embassy Kuala Lumpur (2001 - 2003)
 - Associate Engineer, Measat Broadcast Network Systems (ASTRO) (1997 - 2001)



NIZAM SANI
Chief Marketing and Communications Officer

- EDUCATION**
- Honorary Masters of Economics, Universiti Malaysia Perlis
 - Bachelor of Arts in Marketing and Advertising (Hons), The London Institute, London College of Arts, Distributive Trades England
- INTERNAL EXPERIENCE**
- Chief Marketing and Communications Officer (2020 - To date)
 - Chief Executive Officer, Yayasan Bank Rakyat (2020)
 - Senior Vice President, Marketing and Communications (2015-2020)
- EXTERNAL EXPERIENCE**
- Astro - Measat Broadcast Network Systems Sdn Bhd
 - General Manager, Marketing, Astro Radio, Astro (2015)
 - Head, Malay Premium Channels (Mustika Indopek Basic HD Channel), Astro (2011 - 2015)
 - Senior Manager/Channel Manager, Astro Prima and Warna, Astro (2009 - 2011)
 - Product Strategy Manager, Astro (2007 - 2008)
 - Manager, Marketing Communications, Al Rajhi Bank (2007)
 - Head, Credit Related Business Unit, AmAssurance Berhad (2004 - 2006)
 - Senior Executive, Corporate Communications, Malaysian Electronic Payment System (MEPS) (2003 - 2004)
 - Executive, Programme Management and Marcomms, Maybank Berhad (2001 - 2003)

Management Committee Profile



ROSLY MOHAMED
Chief Collection and Recovery Officer

EDUCATION

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

INTERNAL EXPERIENCE

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



AHMAD SHUKRI ABD RAHMAN
Chief Risk Officer

EDUCATION

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

INTERNAL EXPERIENCE

- Board Member (2021 - To date)
 - Rakyat Asset Sdn Bhd
 - Rakyat Facility Management Sdn Bhd
- Chief Risk Officer (2016 - To date)

EXTERNAL EXPERIENCE

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

Management Committee Profile



USTAZ MOHD ZAMEREY ABDUL RAZAK
Chief Shariah Officer

EDUCATION

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

INTERNAL EXPERIENCE

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

EXTERNAL EXPERIENCE

* Refer to Shariah Committee Profile



ABDUL AZIZ MD ZIN
Chief Compliance Officer

EDUCATION

- Bachelor’s Degree in Accountancy, Universiti Teknologi MARA (UiTM)
- Fellow, Certified Practising Accountant (CPA) Australia
- Chartered Accountant Malaysia Institute of Accountants (MIA)
- Certified Anti-Money Laundering and Counter Financing of Terrorism Compliance Officer (CAMCO)
- Certificate in Internal Auditing for Financial Institutions (CIAFIN)

INTERNAL EXPERIENCE

- Chief Compliance Officer (2023 - To date)
- Chief Internal Audit (2022)
- Vice President, Governance Business Banking and Audit (2017 - 2022)
- Vice President, Strategic IT and Audit (2015 - 2016)
- Vice President, Strategic Audit (2014)
- Vice President, Development Management (2014)
- Vice President, Compliance (2013)
- Deputy Chief Internal Audit, Investigation and Branch Operation (2012)
- Manager, Early Audit Investigation and Detection (2012)
- Manager, Branch Audit (2011)
- Manager, Operational and Management Audit 1 (2006 - 2010)
- Manager, Audit 3 (2004 - 2005)

EXTERNAL EXPERIENCE

- Manager, Inspection, Kuala Lumpur Stock Exchange (KLSE)
- Audit Assistant, Azman Wong Salleh & Co/Salleh Leong Azlan & Co



Digitalisation Transformation

Advancing our digitalisation journey across all facets of our organisation and our engagements with our stakeholders.

Board of Directors and Main Committees

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

1.0 Board Composition and Balance

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

As at 31 December 2023, the Board comprises nine (9) members, with one (1) Independent Non-Executive Chairman, six (6) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors (nominees from the Ministry of Finance (MOF) and Ministry of Entrepreneur Development and Cooperatives (KUSKOP or the Minister). The Board takes into account a variety of factors in its composition, including gender, age, educational background, professional experience, skills, and knowledge. The Directors come from a variety of backgrounds and have expertise and skills in banking, accounting, law, information technology, socioeconomics/public policy, and public administration. This diversity enables the Board to have the critical capabilities, expertise, and experience necessary to carry out its functions effectively. The profile of each Director is briefly described on pages 100 to 109 of this Annual Report.

2.0 Board Charter

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

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

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

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

Among others, the Charter comprises the following areas:

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

Board of Directors and Main Committees

3.0 Roles and Responsibilities of the Board

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

The key responsibilities of the Board are as follows:

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

4.0 Interaction With the Shariah Committee (SC)

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

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

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

Board of Directors and Main Committees

5.0 Matters Reserved for the Board’s Deliberation and Approval

Business Strategy

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

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

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

Risk Management and Audit

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

Board of Directors and Main Committees

Appointment and Remuneration of Directors and Senior Management Personnel

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

Compliance and Legal

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

Disclosure

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

6.0 Appointment of New Directors

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

Board of Directors and Main Committees

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

Directors’ Re-appointment

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

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

7.0 Training And Development for Directors

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

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

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

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

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Datuk Mohd Irwan Mohd Mubarak	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	15/3/2023 to 17/3/2023	43 rd Al Baraka Islamic Economics Symposium	Albaraka Forum
	30/5/2023 to 1/6/2023	Global Board of Directors Transformation Masterclass	Corporate World Intelligence (CWI)
	16/8/2023	2 nd Comprehensive Capacity Building Program for Complex Modelling (Capacity Building)	Bank Rakyat (PwC)
	29/8/2023 to 31/8/2023	Google Cloud Next ‘23	Google Malaysia
	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat

Board of Directors and Main Committees

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Dato’ Sri Suriani Dato’ Ahmad	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
Dato’ Dr. Amiruddin Muhamed	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	1/3/2023 20/3/2023 3/4/2023	Sustainability and Climate Risk Certificate	Iclif Executive Education Center (Iclif)
	23/6/2023	(ADFIM - BNM) Building DFIs’ Capacitiy In Green Finance Workshop	Association of Development Finance Institutions of Malaysia (ADFIM)
	24/8/2023	In-House Shariah Training for Board of Directors, Shariah Committee & Management of Bank Rakyat 2023	Bank Rakyat
	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
	9/11/2023	Invitation to Breakfast Talk on AI with Prof. Sanjay Sarma	FIDE FORUM
Mohd Jafri Kudus	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	30/5/2023 to 1/6/2023	Global Board of Directors Transformation Masterclass	Corporate World Intelligence (CWI)
	16/8/2023 21/8/2023	2 nd Comprehensive Capacity Building Program for Complex Modelling (Capacity Building)	Bank Rakyat (PwC)
	21/8/2023	Recovery Planning Policy from BNM by PwC	Bank Rakyat (PwC)
	24/8/2023	In-House Shariah Training for Board of Directors, Shariah Committee & Management of Bank Rakyat 2023	Bank Rakyat
	29/8/2023 to 31/8/2023	Google Cloud Next ‘23	Google Malaysia
	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
	5/12/2023	Managing Cyber Risk - Insights for Board and Senior Management	Asia School of Business

Board of Directors and Main Committees

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Dato’ Seri Dr. Vaseehar Hassan Abdul Razack	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	30/5/2023 to 1/6/2023	Global Board of Directors Transformation Masterclass	Corporate World Intelligence (CWI)
	23/6/2023	(ADFIM - BNM) Building DFIs’ Capacitiy In Green Finance Workshop	Association of Development Finance Institutions of Malaysia (ADFIM)
	21/8/2023	2 nd Comprehensive Capacity Building Program for Complex Modelling (Capacity Building)	Bank Rakyat (PwC)
	21/8/2023	Recovery Planning Policy from BNM by PwC	Bank Rakyat (PwC)
Prof. Dr. Haji Raduwan Idar	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	16/3/2023	LESA 2023 - Physical Corporate Governance Masterclass (Analytical Tools for Designing Purpose-Driven Business to Achieve Sustainability Impact) by Professor Mak Yuen Teen	Asia School of Business (ASB)
	11/4/2023	BNM-FIDE Forum Roundtable on Licensing and Regulatory Framework For Digital Insurers and Takaful Operations	FIDE FORUM
	25/5/2023 to 26/5/2023	Board Governance Excellence Executive Roundtable Masterclass Sea 2023 (SouthEast Asia Edition) programme	Asian World Centre
	16/8/2023	2 nd Comprehensive Capacity Building Program for Complex Modelling (Capacity Building)	Bank Rakyat (PwC)
	7/9/2023	The Asian Captive Conference 2023	Labuan International Insurance Association (LIIA) and Labuan IBFC Incorporated Sdn Bhd (Labuan IBFC Inc.)
	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
	2/10/2023 to 5/10/2023	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	16/10/2023 to 19/10/2023	FIDE MODULE B	The Iclif Leadership and Governance Centre (ICLIF)

Board of Directors and Main Committees

Name of Directors	Date	List of Training/Conference/Seminar/ Workshop Attended	Organiser
Idris Abd Hamid	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	25/5/2023 to 26/5/2023	Board Governance Excellence Executive Roundtable Masterclass Sea 2023 (SouthEast Asia Edition) programme	Asian World Centre
	23/6/2023	(ADFIM - BNM) Building DFIs’ Capacitiy In Green Finance Workshop	Association of Development Finance Institutions of Malaysia (ADFIM)
	16/8/2023 21/8/2023	2 nd Comprehensive Capacity Building Program for Complex Modelling (Capacity Building)	Bank Rakyat (PwC)
	21/8/2023	Recovery Planning Policy from BNM by PwC	Bank Rakyat (PwC)
	24/8/2023	In-House Shariah Training for Board of Directors, Shariah Committee & Management of Bank Rakyat 2023	Bank Rakyat
	13/9/2023	The Implementation of AML/CFT Programme for Board of Directors/ Members of Management Committee 2023	Bank Rakyat
	2/10/2023 to 5/10/2023	FIDE MODULE A	The Iclif Leadership and Governance Centre (ICLIF)
	16/10/2023 to 19/10/2023	FIDE MODULE B	The Iclif Leadership and Governance Centre (ICLIF)
Dato’ Amirudin Abdul Halim	18/2/2023 to 21/2/2023	Board Leadership Development Programme Module 2	Kets De Vries Institute (KDVI)
	23/6/2023	(ADFIM - BNM) Building DFIs’ Capacitiy In Green Finance Workshop	Association of Development Finance Institutions of Malaysia (ADFIM)
	13/12/2023 to 14/12/2023	Board Strategic Risk Analytics & Governance Resilience Executive Masterclass 2023	Asian World Centre

Board of Directors and Main Committees

8.0 Board and Director Effectiveness Evaluation (BDEE) Exercise

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

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

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

9.0 Independence of Directors

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

10.0 Remuneration Of Directors

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

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

The range of remuneration of non-executive Directors of the bank during the financial year ended 31 December 2023 are as follows:

Non-Executive Directors	No of Directors
Below RM100,000	Two (2)
RM100,000 - RM200,000	Three (3)
RM200,000 - RM300,000	Six (6)
RM300,000 - RM500,000	One (1)
<RM1,000,000	-

Board of Directors and Main Committees

A summary of the total remuneration of the Director for the financial year ended 2023 is set out in the financial statements on page 296 of this annual report.

The Directors’ Shareholding Percentage:

Name of Director	Percentage Held by Shareholder (%)
Datuk Mohd Irwan Mohd Mubarak	0.0003333
Dato’ Sri Suriani Dato’ Ahmad	0.0003333
Dato’ Dr. Amiruddin Muhamed	0.0000333
Dato’ Shamsul Azri Abu Bakar	0.0002250
Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan	0.0003333
Mohd Jafri Kudus	0.0002500
Dato’ Seri Dr. Vaseehar Hassan Abdul Razack	0.0003333
Prof. Dr. Raduwan Idar	0.0000335
Idris Abd Hamid	0.00000017
Datin Norhamizah Mat Tahir	0.0002300
Dato’ Amirudin Abdul Halim	0.0003333
Datuk Haji Abd Rani Lebai Jaafar	0.0002500

11.0 Board and Board Committee Meetings

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

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

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

Board of Directors and Main Committees

The Board met 23 times during the financial year ended 31 December 2023. The attendance record of the Directors at Board Meetings for 2023 is as follows:

No.	Name of Director	Board Meeting Attendance 2023
1.	Datuk Mohd Irwan Mohd Mubarak (Acting Chairman)	23/23
2.	Dato’ Sri Suriani Dato’ Ahmad ¹	18/23
3.	Dato’ Shamsul Azri Abu Bakar ²	2/2 *
4.	Dato’ Dr. Amiruddin Muhamed ³	13/14 *
5.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan ⁴	22/23
6.	Datin Norhamizah Mat Tahir ⁵	2/2 *
5.	Mohd Jafri Kudus	23/23
6.	Dato’ Seri Dr. Vaseehar Hassan Abdul Razack ⁶	22/23
7.	Prof. Dr. Raduwan Idar	23/23
8.	Idris Abd Hamid	23/23
10.	Dato’ Amirudin Abdul Halim	22/23

¹ Reappointed as member of the Board on 19 January 2023
² Ceased as a Board member with effect from 10 February 2023
³ Appointed as member of the Board on 13 June 2023
⁴ Reappointed as member of the Board on 1 October 2023
⁵ Ceased as a Board member with effect from 21 February 2023
⁶ Reappointed as member of the Board on 15 July 2023
* Reflects the number of meetings attended during the time the Members held office

12.0 Board Committees

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

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

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

Board of Directors and Main Committees

13.0 Board Audit and Examination Committee (BAEC)

The composition, roles and responsibilities of the BAEC, attendance of each director at the BAEC meetings during the financial year are presented under Audit and Examination Committee Report on page 167 of this Annual Report.

14.0 Board Risk Committee (BRC)

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

Duties and Responsibilities

The duties and responsibilities of the BRC are as follows:

1. Risk management of the Bank
- (a) The Committee shall ensure that the Bank’s risk governance and business units’ activities are in compliance with BNM’s Guidelines on Risk Governance;

(b) The Committee is responsible over the following:

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

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

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

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

• Properly define relationships of the Risk Management function with other business lines and with the Senior Management team, review and monitor the effectiveness and independence of the Risk Management function, and ensure that the Risk Management function has access to the Committee at all times;

• Recommend the appointment of CRO for the consideration of the Board, evaluate the performance of the CRO and in the instance of his resignation, conduct an exit interview; and

• Ensure that adequate and technically competent resources are allocated for effective discharge of responsibilities;

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

• Review risk methodologies for measuring and monitoring significant risks, including credit, market, operational and compliance risks.

Board of Directors and Main Committees

- (vi) Meet periodically with the Bank’s Audit and Examination Committee to facilitate the exchange of information and enable coverage of risks that the Bank faces;
- (vii) Review, monitor and report to the Board significant risk profiles, mitigation plans and the controls in place to manage significant risks as well as the overall effectiveness of the risk management framework;
- (viii) Ensure that the Shariah risk management function forms part of the Bank’s integrated risk framework review, and monitor Shariah risk management processes via reports from the Shariah risk management function;
- (ix) Oversee the Bank’s processes to comply with relevant laws, regulations, internal policies, procedures, and authority limits. This includes the following:
 - Review and monitor effectiveness of the performance and systems of the Bank’s Compliance function in maintaining policies and procedures, detecting and minimising risk of non-compliance; and
 - Review reports issued by regulators on the Bank’s compliance with applicable requirements.
- (x) The Committee shall further be responsible to review and monitor compliance initiatives and activities on anti-money laundering/counter financing of terrorism, in line with Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 as well as the accompanying Guidelines issued by BNM.
- (xi) Ensure that all issues related to BNM’s Composite Risk Rating (CRR) review are monitored and resolved accordingly;
- (xii) Review with the Senior Management team and advise the Board on whether a sound and effective approach has been followed in establishing the Bank’s business continuity planning arrangements including whether disaster recovery plans and procedures have been tested periodically;
- (xiii) Review the implementation of capital management in line with the Capital Adequacy Framework for Islamic Banks, issued by BNM, and approve scenario for stress test on capital adequacy;
- (xiv) Oversee the development and implementation of the Internal Capital Adequacy Assessment Process (ICAAP);
- (xv) Review the allocation of risk-adjusted capital and broad-based limits across the Bank;
- (xvi) Review and recommend to the Board any new outsourcing proposals and approve the renewal of outsourcing services including the appointment and/or renewal of the outsourcing service providers; and
- (xvii) In regards to the Bank’s compensation system, examine whether incentives provided by the compensation system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the Bank’s remuneration committee.

Board of Directors and Main Committees

- 2. Risk management on product development
 - (a) The Committee shall ensure the Bank’s risk management framework addresses end-to-end risks in the product life cycle in a consistent manner with expectations set out under Bank Negara Malaysia’s guidelines on Introduction of New Products, such as the following:
 - (i) Review and monitor systems and procedures in place to manage current and new product risks and customer expectations;
 - (ii) Ensure that the designated senior officer has considered the risk implications of any material change to the current product, or combination of products, from the perspective of the Bank and the customer;
 - (iii) Ensure that the designated senior officer has consulted the Shariah Committee for risks of non-compliance after considering any material change to the current, or combination of products;
 - (iv) Ensure that management of product risks are well integrated within the Bank’s overall governance framework and risk management system;
 - (v) Establish and review lines of responsibility for managing related risks;
 - (vi) Review and ensure that product innovation is consistent with the Bank’s risk management framework, and capability to manage associated risks before recommendation to the Board; and
 - (vii) Review and ensure that Senior Management personnel have conducted an assessment of the potential risks associated with the new product, including exposures to money-laundering risk, and how these risks will be measured, monitored and controlled before recommendation to the Board.
 - (b) Legal and regulatory requirements
 - (i) The Committee shall review with the Senior Management team any legal matters that could have a significant impact on the Bank’s operations, reputation and/or financial performance.

Frequency of Meetings

The BRC shall meet at least every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2023, the BRC convened four (4) times. The attendance recorded for the members of the BRC is as follows:

No.	Name of BRC Members	BRC Meeting Attendance 2023
1.	Dato’ Seri Dr. Vaseehar Hassan Abdul Razack (Chairman)	4/4
2.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan	3/4
3.	Mohd Jafri Kudus	4/4
4.	Datuk Mohd Irwan Mohd Mubarak	4/4
5.	Dato’ Amirudin Abdul Halim ¹	4/4

¹ Appointed as a member of BRC with effect from 21 February 2023

Board of Directors and Main Committees

15.0 BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

The primary objective of the BNRC is to assist the Board in fulfilling its roles and responsibilities with regards to the following matters:

- (a) Composition of the Board and Senior Management;
- (b) Nomination, appointment and re-appointment of Directors and Senior Management personnel;
- (c) Induction and continuing education programmes;
- (d) Assessment of Director’s independence;
- (e) Board assessment;
- (f) Succession planning for the Board and Senior Management team;
- (g) Remuneration policy and framework for Directors; and
- (h) Remuneration structure for the Senior Management team.

Duties and Responsibilities

The duties and responsibilities are as follows:

- Composition of the Board and Senior Management team
 - (a) Review the structure, size and composition of the Board on a regular basis or at least annually, and make recommendations to the Board on any adjustments that are deemed necessary including in terms of the appropriate size and skills;
 - (b) Determine the appropriate limit for the total number of directorships that can be held by a Director nominee in companies, institutions or organisations;
 - (c) Ensure compliance with the Guidelines on Corporate Governance for Development Financial Institutions which require a minimum of three (3) Directors, excluding the Managing Director/CEO, to possess banking or accounting experience and a minimum of five years working experience at a senior management level in the discipline of banking, insurance, takaful or investment;
 - (d) Establish and recommend to the Board the minimum requirements on skills, business experience, professional and academic qualifications, expertise and other core competencies of a Director and Shariah Committee members (“SC members”);
 - (e) Consider the relationship between ‘pay and performance’ for the Managing Director/CEO and the Senior Management team’s remuneration packages; and
 - (f) Actively seek women directors in promoting boardroom diversity.
- Nomination, appointment and re-appointment of Directors and Senior Management personnel
 - (a) Establish a formal and transparent procedure for the recommendation of eligible candidates for appointment or re-appointment as directors, SC members, Managing Director/CEO, Chairman and key Senior Management personnel;
 - (b) Assess the Board on the required mix of skills, experience and core competencies regularly as well as to ascertain whether each Director meets the “fit and proper” criteria as defined under the Development Financial Institutions Act 2002, as also outlined in Bank Rakyat’s BNAF, and the Senior Management Selection and Appointment Framework;

Board of Directors and Main Committees

- (c) Assess the competence and experience and recommend to the Board the nominees for directorship, Board Committee members, SC members and the Managing Director/CEO. This includes assessing the competence and experience of directors, SC members and the Managing Director/CEO for re-appointment. For this purpose, the names submitted by the Committee to the Board shall be supported by:
 - (i) sufficient biographical details and other relevant information to enable the Board to make an informed decision on the recommendation of the nominee to the Minister for appointment or re-appointment; and
 - (ii) a statement by the Committee setting out why it believes an individual should be appointed and confirming, when proposing re-appointment, that following the annual performance evaluation conducted by the Committee, the individual has contributed effectively to the Board, possesses expertise and demonstrates commitment to his role.
 - (d) Ensure that all Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities as well as time commitment expected, together with relevant Board and Bank-related documents.
- Induction and continuing education programmes
 - (a) Review and recommend to the Board the appropriate induction programs for newly onboarded Directors, and monitor continuous training and ongoing development for all Directors; and
 - (b) Evaluate and conduct training needs analysis for each Director based on findings of the Board assessment and ensure that their training needs are met.
 - Board assessment process
 - (a) Ensure that prior to a new Director’s appointment, a full assessment on the candidate is undertaken based on Bank Rakyat’s Policy on Board Composition to assess the core competencies of the said candidate, so that an appropriate balance of skills, experience, expertise and diversity is maintained and that the Board is equipped to discharge its responsibilities effectively;
 - (b) Develop, maintain and review the criteria to be used in the assessment of the Board as a whole, Board Committees and individual Directors, including the Managing Director/CEO;
 - (c) Assess the findings of the Board’s assessment and devise appropriate action plans to address any gaps identified and table to the Board for approval;
 - (d) Undertake ongoing assessment and annual review of the performance of the directors, SC members, the Managing Director/CEO and Chairman, and in particular to seek confirmation on whether any of the directors and SC members are disqualified under any applicable statutory acts and guidelines issued by Bank Negara Malaysia and whether they are qualified “fit and proper” persons under the BNM Guidelines and report its findings to the Board;
 - (e) Develop, maintain and review the independence criteria to asses independent Director on an annual basis, and recommend to the Board for approval in accordance with the BNM Guidelines and criteria as outlined in Bank Rakyat’s BNAF; and
 - (f) Review the suitability of an Independent Director to remain as one, when they have reached the maximum tenure of nine years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Bank

Board of Directors and Main Committees

5. Succession planning for the Board and Senior Management team
- (a)

Review and oversee the development of a succession planning framework for the Board members, Board Committees, the Managing Director/CEO and Senior Management team;
- (b)

Oversee, assess and recommend to the Board the appointment, job grade, promotion, remuneration package (with appropriate input from the Nomination & Remuneration Committee), succession planning and performance evaluation of key senior management personnel;
- (c)

Recommend to the Board the removal or any other actions to be taken against any Director, SC member, the Managing Director/CEO or the Chairman from the Board or Board Committees if they are assessed to be ineffective, errant or negligent in discharging their responsibilities;
- (d)

Recommend to the Board the actions to be taken for instance the issuance of a warning letter, show cause letter prior to conduct of any Domestic Inquiry process before further stern action against any key Senior Management personnel if they are assessed to ineffective, errant or negligent in discharging their responsibilities; and
- (e)

Undertake such other duties and responsibilities as may be determined by the Board from time to time.
6. Policies related to remuneration
- (a)

Review and recommend to the Board the overall remuneration policy and framework for Directors, the Managing Director/CEO and key Senior Management personnel to ensure appropriate incentives are in place to encourage performance and that the framework commensurates with their contribution and level of responsibility. The remuneration policy should support the Bank’s culture, objectives and strategy;
- (b)

Oversee the design and operation of the Bank’s remuneration system and make recommendations to the Board in relation to any review of employee remuneration and benefit structures, including bonuses and performance-related pay schemes; and
- (c)

Review and recommend to the Board remuneration of the Shariah Committee (“SC”) members. The remuneration should commensurate and reflect the roles and responsibilities of the SC members.
7. Remuneration structure
- (a)

Periodically review and recommend to the Board remuneration packages for the Directors, the Managing Director/CEO and key senior management personnel reporting functionally or administratively to the Managing Director/CEO and such other personnel as determined by the Board from time to time;
- (b)

The remuneration packages should reflect their contribution, level of responsibility and performance, should be structured to link rewards to corporate and individual performances to encourage high performance standard (such remuneration packages are subject to the Minister’s endorsement, where applicable);
- (c)

Determine the total individual remuneration package for Senior Management personnel including, where appropriate, bonuses, incentive payments within the terms of the agreed remuneration policy and based on individual performance; and
- (d)

Ensure that executive remuneration must be aligned with prudent risk-taking and appropriately adjusted for risks. The Committee also has to ensure that the remuneration payout schedules must reflect the time horizon of risks and take account of the potential for financial risks to crystallise over a longer period of time.

Board of Directors and Main Committees

8. Disclosure and other duties
- (a)

Ensure the quantitative disclosure of remuneration shows the breakdown of the total amount of remuneration awards for the Managing Director/CEO and Directors for the financial year in the annual report; and
- (b)

Undertake such other duties and responsibilities as may be determined by the Board from time to time.

Frequency of Meetings

The BNRC shall meet as and when required. During the financial year ended 31 December 2023, the BNRC convened fourteen (14) times. The attendance recorded for the members of the BNRC is as follows:

No.	Name of BNRC Members	BNRC Meeting Attendance 2023
1.	Datuk Mohd Irwan Mohd Mubarak ¹	14/14
2.	Mohd Jafri Kudus (Interim Chairman) ²	14/14
3.	Dato’ Seri Dr. Vaseehar Hassan Abdul Razack ³	9/12 *
4.	Dato’ Sri Suriani Dato’ Ahmad	10/14
5.	Prof. Dr. Raduwan Idar	14/14

¹ Ceased as Chairman of BRNC and appointed as interim member of BNRC with effect from 21 February 2023
² Appointed as Interim Chairman on 21 February 2023
³ Appointed as a member of the BNRC with effect from 21 February 2023
* Reflects the number of meetings attended during the time the Members held office

16.0 BOARD TENDER COMMITTEE (BTC)

The primary objective of the BTC is to deliberate on tenders and recommend a bidder for approval by the Board. The Board authorises the BTC to deliberate and approve on matters within its primary duties and responsibilities in line with such limits as may be determined by the Board from time to time and approve procurement tenders relating to budgeted and unbudgeted capital expenditure in line with the Bank’s Authority Matrix.

Duties and Responsibilities

The duties and responsibilities of the BTC are as follows:

- (a)

Ensure that all procurement through tender exercise comply to the minimum three (3) quotations;
- (b)

Deliberate on proposals by prospective suppliers/contractors; and Tender Committee Charter; and
- (c)

Report directly to the Board of Directors pertaining to the results of tender evaluation, including criteria and basis for approval of the respective tender exercise.

Board of Directors and Main Committees

Frequency of Meetings

The BTC shall meet as and when required. During the financial year ended 31 December 2023, the BTC convened seven (7) times. The attendance recorded for the members of the BTC is as follows:

No.	Name of BTC Members	BTC Meeting Attendance 2023
1.	Idris Abd Hamid ¹ (Chairman)	6/6 *
2.	Mohd Jafri Kudus ²	7/7
3.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan	6/7
4.	Dato’ Dr. Amiruddin Muhamed ³	3/3 *

¹ Appointed as Chairman of BTC with effect from 21 February 2023
² Ceased as the Chairman of BTC and appointed as member of BTC with effect from 21 February 2023
³ Appointed as member of BTC with effect from 22 August 2023
* Reflects the number of meetings attended during the time the Members held office

17.0 BOARD INVESTMENT COMMITTEE (BIC)

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

Duties and Responsibilities

The duties and responsibilities of the BIC are as follows:

- (a) Determine and approve policies and procedures for investment, asset allocation, the direction of investment, risk control and other relevant investments;
- (b) Review and approve new investment-related activities, except real estate investments;
- (c) Approve the purchase of property for relocation of branches and in relation to the Bank’s operations;
- (d) Inform the Board on investment decisions made;
- (e) Appoint and dismiss members of the Investment Committee at management level;
- (f) Review and recommend termination of current investments; and
- (g) Review the Bank’s investment portfolio.

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The BIC shall meet at least once every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2023, the BIC convened four (4) times. The attendance recorded for the members of the BIC is as follows:

No.	Name of BIC Members	BIC Meeting Attendance 2023
1.	Prof. Dr. Raduwan Idar ¹ (Chairman)	4/4
2.	Dato’ Seri Dr. Vaseehar Hassan Abdul Razack ²	3/4
3.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan ³	4/4
4.	Dato’ Amirudin Abdul Halim ⁴	4/4

¹ Appointed as Chairman of BIC with effect from 21 February 2023
² Ceased as Chairman of BIC and appointed as member of BIC with effect from 21 February 2023
³ Appointed as a member of BIC on 21 February 2023
⁴ Appointed as member of BIC on 21 February 2023

18.0 BOARD FINANCING COMMITTEE (BFC)

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

Duties and Responsibilities

The duties and responsibilities of the BFC are as follows:

- (a) Affirm or veto the Financing Committee A’s approval on annual reviews. Unchanged terms arising from annual review shall be approved by the Financing Committee for subsequent notation to the Board;
- (b) Affirm or veto the Financing Committee A’s approval on new or additional financing;
- (c) Affirm or veto the Financial Committee A’s approval on variation to the terms and conditions of existing financing;
- (d) Recommend financing or additional conditions on financing exceeding the Financing Committee A’s discretionary power, for the Board’s approval; Financing Committee Charter;
- (e) Affirm or veto all restructuring/rescheduling financing proposals (including business banking and rehabilitation proposals) and recommend for the Board’s decision;
- (f) Oversee and critically review the performance of rescheduled/restructured accounts to minimise credit loss and maximise the recovery of such accounts;
- (g) Affirm or veto the Financing Committee A’s approval on all cases of charge-off/write-off of financing;
- (h) Provide strategic views on the Bank’s credit risk appetite;
- (i) Provide strategic direction and input on the management of delinquent or impaired financing;
- (j) Oversee and monitor the management and recovery of impaired financing to ensure financing recovery functions maximise collections;

Board of Directors and Main Committees

- (k) Approve the appointment and removal of the members of Financing Committee A; and
- (l) Undertake such other duties and responsibilities as may be determined by the Board from time to time.

The BFC shall meet at least once a month and more frequently as circumstances dictate to deliberate on its responsibilities. During the financial year ended 31 December 2023, the BFC convened sixteen (16) times. The attendance recorded for the members of the BFC is as follows:

No.	Name of BFC Members	BFC Meeting Attendance 2023
1.	Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan (Chairman)	16/16
2.	Dato’ Seri. Dr. Vaseehar Hassan Abdul Razack	15/16
3.	Idris Abd Hamid ¹	15/15 *
4.	Dato’ Amirudin Abdul Halim ²	14/15 *
5.	Dato’ Dr. Amiruddin Muhamed ³	5/5 *
6.	Prof. Dr. Raduwan Idar ⁴	1/1 *
7.	Datuk Mohd Irwan Mohd Mubarak ⁵	1/1 *

¹ Appointed as a member of BFC with effect from 21 February 2023
² Appointed as a member of BFC with effect from 21 February 2023
³ Appointed as a member of BFC with effect from 22 August 2023
⁴ Ceased as a member of BFC on 21 February 2023
⁵ Ceased as a member of BFC on 21 February 2023
* Reflects the number of meetings attended during the time the Members held office

19.0 BOARD IT COMMITTEE (BITC)

The primary objective of the BITC is to assist the Board in fulfilling its roles and responsibilities with regard to the following:

- (a) Carry out with delegated authority on its behalf in ensuring sustainable oversight of IT and digitalization/innovation strategies, plans and operations, information, cybersecurity and data privacy risk management and third-party technology risk management are in place and implemented within the stipulated or desired timeframe and/or monitored efficiently and effectively by the Management;
- (b) To ensure IT development and maintenance projects initiated are consistent with the Bank’s strategic business goals and overall priorities of the Bank;
- (c) Ensure that the requirements of good corporate governance practices are observed accordingly; and
- (d) Govern an effective working relationship with the Management of the Bank to ensure that matters are referred and escalated between the contractors, consultants, advisors, dialogue partner(s) or any other person deemed relevant, Board Committees and the Board as appropriate.

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Duties and Responsibilities

The duties and responsibilities of the BITC are as follows:

- 1. Information Technology Strategy Oversight
 - (a) Oversee the implementation and monitoring of the Board’s decision including the deliverable(s) of IT strategies, planning and implementation within the expected Project timelines. Where potential delays emerge, the Committee is expected to make credible challenge to contributing factors and review proposed immediate/remediation/catch up/improvement plans accordingly initiated;
 - (b) Conduct and perform investigation, interviews, assessments and impacts upon all findings and information relating to the progress and implementation of IT and digitalisation strategies in pursuant to the agreements entered between the Bank and any third party(s);
 - (c) Evaluate and determine whether the proposed IT system is within the best-of-breed practice in line with the Bank’s transformation programme to enable optimum harvest of the said system potentials;
 - (d) To evaluate IT requirements that are in line with business needs and meet user specifications with the current industry/market trend;
 - (e) Reviewing IT performance against plans and budgets and recommend changes as needed and to set priorities based on resources required, cost/benefit, implementation schedule requirements or limitations;
 - (f) To review/reassess any major technological innovations/trends that could pose disruptive threats or opportunities to the Bank; and
 - (g) To review and recommend to the Board on any trainings/programmes related to IT, cybersecurity, technology risk etc. that may benefit the Bank, directors and/or any other officers or employees deemed appropriate, if any.
- 2. Information, Cybersecurity and Data Privacy Risk Management
 - Receive reports from members of management including but not limited to the Chief Information Technology Officer, Chief Risk Officer, Chief Information Security or any other officers or employees as appropriate, regarding the Bank’s practices, management and functioning of technology operations and information security, cybersecurity and data privacy risks, including reports related to the assessment, analysis and mitigation of related risk.
- 3. IT Operations and Assets
 - (a) Review all proposals, milestones, deliverables, terms of agreements including action plans from the Project Team, appointed consultants and contractors involved with IT to the satisfaction of the Committee in the best interest of the Bank and meeting the authorities’ expectations;
 - (b) To obtain prompt report on the progress on IT implementation on a frequent or periodic basis from any person subject to validation or approval the subject matter experts for the Committee and/or the Board to make informed decisions from time to time;
 - (c) Reviewing and making recommendations to the Board on Information Technology/Data security policies and governance;
 - (d) Reviewing and advising the Audit & Examination Committee on matters which may be relevant to the carrying value of IT assets;

Board of Directors and Main Committees

- (e)

Reviewing results of quality assurance testing to ensure projects meet user specifications and approve implementation or require more development before implementation; and
- (f)

Report and make recommendations to the Board on the above, as the case may be, and on any matter which falls under its authority, as it may deem fit.
4.

IT/Technology Risk, Security and Cyber Security

(a)

Reviewing and making recommendations to the Board and Risk Committee in relation to the overall technology and cyber risk profile of the Bank;

(b)

Receiving and reviewing reports from management on technology & cybersecurity risk and major technology & cybersecurity incidents; and

(c)

Reviewing the effectiveness of disaster recovery plans and disaster recovery testing (as a subset of overall Business Continuity planning) and reporting to the Board on the effectiveness of these plans and testing.
- The BITC shall meet at least every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2023, the BITC convened nine (9) times. The attendance recorded for the members of the BITC is as follows:
- | No. | Name of BITC Members | BITC Meeting Attendance 2023 |
|-----|-------------------------------|------------------------------|
| 1. | Mohd Jafri Kudus (Chairman) | 9/9 |
| 2. | Datuk Mohd Irwan Mohd Mubarak | 9/9 |
| 3. | Prof. Dr. Raduwan Idar | 8/9 |
| 4. | Idris Abd Hamid ¹ | 8/8 [*] |
- ¹ Appointed as a member of BITC with effect from 21 February 2023
^{*} Reflects the number of meetings attended during the time the Members held office
- ## 20.0 BOARD INTERGITY & GOVERNANCE COMMITTEE (BIGC)
- The primary objective of the BIGC is to assist and advise the Board in fulfilling its statutory and fiduciary responsibilities in relation to Fraud Management and Corporate Integrity and to provide independent oversight of the Bank’s financial reporting and internal control system and to ensure check and balance within the Bank.
- ### Duties and Responsibilities
- The duties and responsibilities of the BIGC are as follows:
1. Maintain oversight and governance assurance on execution of framework and policy;

2. Inculcate awareness program among staff in promoting anti-fraud culture and corporate integrity within the Bank towards strong governance and compliance with framework and policy;

3. To direct and oversee the formulation of a structured mechanism in the Bank to inculcate a strong governance of fraud management and corporate integrity culture within the Bank;

4. Respond to, at an appropriate level, fraud matters and corporate integrity, complaints, possible litigation or breaches of the Code of Business Conduct and Ethics, national laws and regulatory requirements;
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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. Provide the key findings and decision of all official investigations to the Board;

7. Establish clear policies on zero-tolerance towards fraud and corruption;

8. Undertake firm corrective actions on any fraud and integrity incidences;

9. To ensure the terms of references for Fraud Management & Corporate Integrity is in accordance to both Fraud Management Framework and the Guideline for the Management of Integrity & Governance by Malaysia Anti-Corruption Commission; and

10. Appoint, upgrading and promotion, set compensation, evaluate performance and decide on the transfer, suspension, disciplinary action, dismissal and/or termination of the Head of Fraud Management and/or Head of Corporate Integrity, subject to the Nomination & Remuneration Committee and/or the Board of Directors’ approval.

Note:
Fraud Management and Corporate Integrity functions report functionally to the Committee and administratively report to the Chief Executive Officer.

The BIGC shall meet at least every quarter and more frequently as circumstances dictate. During the financial year ended 31 December 2023, the BIGC convened four (4) times. The attendance recorded for the members of the BIGC is as follows:

No.	Name of BIGC Members	BIGC Meeting Attendance 2023
1.	Dato’ Amirudin Abdul Halim ¹ (Chairman)	4/4
2.	Dato’ Sri Suriani Dato’ Ahmad	3/4
3.	Prof. Dr. Raduwan Idar	4/4
4.	Mohd Jafri Kudus ²	4/4

¹ Appointed as the Chairman of BIGC on 21 February 2023
² Appointed as member of BIGC on 21 February 2023

Remuneration Principle

BANK RAKYAT REMUNERATION SYSTEM/PHILOSOPHY

The Bank Rakyat Remuneration Principle is under the purview of the Nomination Remuneration Committee (NRC) for its endorsement and approval by the Board where the guiding principles in designing the employee’s remuneration is to preserve internal equity and ensure market competitiveness. The key principles in Bank Rakyat’s Remuneration principles as follows:

Principle	Purpose
Business Focused	Remuneration must be relevant and aligned toward achieving the Bank’s business results by incorporating additionality elements.
Prudent	The remuneration structure and quantum must reinforce the importance of sustainability, encourage ethical behaviours, and sound risk management.
Performance Driven	The performance assessor must have adequate quantitative and qualitative performance measurements before making a practicable and measurable remuneration recommendation.
Fair	There must be no discrimination, biased treatment, or exploitation. Proper, fair, and logical justification must ensue.
Transparent	Employees should understand the expectations set out and seek clarification where necessary.

COMPONENTS OF REMUNERATION

The Employee Remuneration Framework (ERF) provide a broad direction on remuneration policy and ensure effective operationalisation of the remuneration management that adopts sound corporate governance standards and practices.

The overall ERF objectives are:

- i.

To provide a remuneration mechanism that attracts, motivates, encourages, and retains employees of the highest performers.
- ii.

To ensure compliance and maintain high standards of governance.
- iii.

To provide performance-based remuneration that integrates with the additionality elements.
- iv.

To achieve fairness, equity, and consistency in remuneration.

Emphasis on competitive remuneration and to ensure alignment with the market, the remuneration packages are regularly benchmarked against market-related surveys. Participation in the Total Compensation Survey is essential, as it aids the Bank in acquiring current information on banking industry compensation. This ensures a competitive edge and a comprehensive understanding of the job market.

All elements of remuneration are summarised in the table below:

Element	Objective	Purpose and Approach
Annual base salary	To attract and retain high-performing employees.	<ul style="list-style-type: none">Reviewed annually based on individual compa-ratios against market and individual performance.
Fixed Cash	To provide additional cash benefits based on job requirements.	<ul style="list-style-type: none">Review market rate of industry peers for competitiveness.
Variable Cash	To differentiate remuneration for employees who contribute to the success of the Bank.	<ul style="list-style-type: none">Performance-based reward, reflecting the individual employee’s performance against Sectors’ and Bank’s performance.
Benefits-in-Kind (BIK)	To support wellbeing of the employees through BIK.	<ul style="list-style-type: none">Benchmark industry peers to ensure competitiveness.

Remuneration Principle

MEASUREMENT OF PERFORMANCE

The fundamental purpose of performance management is to enhance results of the organisation supported by teams and individuals by managing performance within an agreed framework of planned goals, standards and competency requirements.

Performance Management incorporate two (2) key elements:

- i.

Key Performance Indicators (KPIs)

Employees must know what is expected of them and know “what” that must be achieved by them through structured KPIs.
- ii.

Behavioural Competencies

Employees must have the knowledge, skills and attitude to deliver on these expectations of “what” is expected.

Performance metrics in Bank Rakyat are divided into two main categories: KPIs derived from the Key Results Areas (KRAs) and Competencies.

There are four (4) categories under Key Result Area (KRA) which are:

- Financial
- Customer
- Governance & Internal Business Process
- People (Learning & Growth)

The performance metrics implemented is to ensure the employee strives towards meeting the goals to support Bank Rakyat towards achieving its Vision and Mission.

The first KRA category is for the Bank, through its employees, to work towards achieving its financial goals in terms of profit and growth. Thus, financial KPIs are determined to enable the employees to strategise to achieve the target financial goals.

The second KRA is to address its target market in terms of customer reach by identifying the best channel for market penetration through appropriate customer-oriented strategies and initiatives to promote its products. Identified KPIs for employees would be to drive customer-oriented initiatives to increase its customer base as well provide value to its customers.

The third KRA is to inculcate a compliance culture and strengthen the business processes. A compliance culture displays adherence to governance and mitigation of risks to ensure integrity. While a strong business process supports systems and structural capabilities necessary in an efficient as well as effective management. Employees will have KPIs that range from applying the relevant policies & procedures to applying appropriate SOPs. This serves as an enabler to meet customers’ requirement. Monitoring and reporting become key in managing, analysing and delivering results. KPIs will include areas such as meeting Turn Around Time (TAT) or acceptable response time in completing task with adequate controls in place.

The fourth KRA category is in learning and growth to build internal capability and to support the employee’s career development based on their career aspiration. KPIs are structured for supervisors to make people management as part of their agenda. Building of internal capability ensures sustainability as competencies are to be embedded in all aspects of work in the Bank. While a long-term career growth allows for a strong succession pipeline to be institutionalised. Both the supervisor and employee will develop synergy in crafting their KPIs for the Bank’s growth.

Remuneration Principle

The second element of performance metric is Competencies. In Bank Rakyat, we have developed a set of competencies we refer to as I.N.S.P.I.R.E framework to measure the competencies as follows:

- i.

Impact and Influence (I)

To position Bank Rakyat as a major player in commercial and retail banking whilst maintaining its cooperative bank role. It is critical for its leaders to be able to effectively use/adapt persuasion and influencing skills to grow its customer base, position a diverse product portfolio as well as to effectively manage key stakeholders (e.g. Bank Negara, Ministry of Entrepreneur and Cooperatives Development and MOF).
- ii.

Nurture and Develop Others (N)

Building up internal capabilities to mitigate the risk in succession and ensure long-term business sustainability. Ensure that capability development interventions match the longterm business demand.
- iii.

Strategic Insight (S)

To realise the transformation of Bank Rakyat in strengthening its role as a competitive retail and commercial bank whilst maintaining its core mandate, its leaders need to be able to recognise market trends and developments; and adapts strategy to achieve business results and meet evolving customer needs.
- iv.

Performance Excellence Mindset (P)

To drive a high-performance culture and to become a merit-based organisation, it is critical to emphasise accountability and personal ownership at all levels of the Bank.
- v.

Innovation and Change (I)

In alignment with the Bank’s Vision to become a competitive commercial and retail bank, it is critical to continuously improve and evolve its internal processes and practices such that greater efficiency can be achieved.
- vi.

Re-Energise Customer Service Orientation (R)

To become the bank of choice, it is critical to ensure reliable and efficient service to all customer segments. Enhance end-to-end customer experience by improving service standards, recognising different needs and taking a proactive service approach to meeting those needs.
- vii.

Engage Internal Collaboration (E)

Greater collaboration and a sense of shared purpose within and across functions would promote better alignment and optimisation of resources.

In maintaining integrity in performance management process whereby rewards commensurate with the balance of contribution and compliance, Bank has obtained approval to integrate the Demerit System into appraisal exercise.

Bank has also conducted various briefings to ensure KPIs are better structured for alignment to business goals.

DETERMINATION OF VARIABLE CASH

Based on Bank Rakyat’s performance and the achievement of the business plan, the Board will determine the variable remuneration pool by taking into consideration key performance measures. The Board has discretion to adjust the variable remuneration component of the cash elements where required, based on performance, requirements, and economic conditions.

Variable bonus of individual employees (if applicable) is determined based on the employees’ performance rating subject to the bonus pool allocated by the Bank in its business and budget plan. While the sales incentive is awarded based on individual and team performance, in order to build a results-focused culture and increase employee engagement.

Remuneration Principle

CEO, SENIOR MANAGEMENT AND OTHER MATERIAL RISK TAKERS

The remuneration of CEO, Senior Management and Other Material Risk Takers (OMRT) are reviewed annually. The remuneration of those in key roles in Bank Rakyat in FY2023 is summarised in the table below:

Rank	Fixed Remuneration (RM)	Variable Remuneration (RM)	Other Emoluments ¹ (RM)	Total Annual (RM)
CEO	1,146,000	1,530,000	576,669	3,252,669
Senior Management	10,784,215	7,962,263	3,679,644	22,426,123
OMRT	12,565,869	8,421,041	4,117,419	25,104,329

¹ Other emoluments include EPF contributions and benefits-in-kind.

Category	Definition
CEO	An individual, who either individually or jointly with one or more persons, is responsible, subject to the authority of the directors, for the conduct of the business and the administration of the Bank.
Senior Management	a) Having the authority and influence in making decisions. b) Is accountable or responsible for implementing and enforcing policies and strategies approved by the Board. c) Is accountable or responsible for developing and implementing systems, internal controls and processes that identify, measure, monitor or control the Bank’s risks. d) Permanent members of the Bank’s Management Committee. e) Has the responsibility for key control functions, including to be accountable for monitoring the appropriateness, and effectiveness of the Bank’s internal controls, risk management, internal audit and compliance systems and processes.
OMRT	An officer who is not a member of Senior Management of the Bank and who: a) Can materially execute or control significant amounts of the Bank’s resources or whose actions are likely to have a significant impact on its risk profile; or b) Either individually or jointly having the authority to approve new business product or to commit to the credit risk exposure and market risk transactions; or c) Among the most highly remunerated officers in the Bank. d) Except for those who identify as Senior Management, all the Bank’s Senior Vice President shall be identified as the Bank’s OMRT.

INDEPENDENT MEASURE OF THE CONTROL FUNCTION

The performance and remuneration of control function employees are determined based on the objectives outlined in the performance scorecard, tailored to their specific functional roles. This assessment is conducted independently of the Bank’s key performance areas, such as profitability and growth.

In ensuring the interdependencies of Bank Rakyat’s control functions, each control function has the appropriate authority and operates independently from the business units. Therefore, the performance of each control function is assessed independently without intervention from the business units to avoid any conflict of interest.

Additionally, annual remuneration reviews for control function employees are internally benchmarked and compared to the market standards to ensure competitiveness.

Audit and Examination Committee Report

1.0 COMPOSITION

- The Audit and Examination Committee (“AEC”) is a committee established by the Board of Directors from amongst its directors.
- The AEC comprises only non-executive directors with no less than three (3) members, of which the majority should be independent directors.
- All members of the AEC have the skills, knowledge and experience relevant to the responsibilities of the AEC. At least one (1) member should be a member of a relevant professional body.
- They are also financially literate and able to understand matters under the purview of the AEC including the financial reporting process.

2.0 AUTHORITY

- The Board authorises the AEC to act within the scope of its duties and responsibilities as set out in the AEC Charter. In the exercise of its functions, it is understood that the AEC is not delegated with decision-making powers but shall report its recommendations to the Board for decision.
- The AEC has explicit authority to investigate matters within its terms of reference in line with such limits as may be determined by the Board from time to time. During the discharge of such duties, the AEC shall have full and unrestricted access to:
 - the records, properties and personnel of the Bank;
 - the resources which are required to perform its duties;
 - co-operation from Management and the discretion to invite any Director and/or employee, including external auditors without the presence of other employees to attend its meetings;
 - the advice and services of the Bank Secretary, the Chief Executive Officer, the Chief Internal Audit (“CIA”) and external auditors; and
 - independent professional advice and expertise necessary to perform its duties at the expense of the Bank, provided that written approval from the Board must be obtained prior to the incurring of any such expense on behalf of the Bank.

3.0 DUTIES & 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;

Audit and Examination Committee Report

- 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 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;
- Note significant disagreements between the CIA and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings.
- Establish a mechanism to assess the performance and effectiveness of the Internal Audit function;
- Endorse training programmes and budgetary resources for effective discharge of Internal Audit responsibilities;
- Appoint, set compensation, evaluate performance and decide on the transfer, suspension, disciplinary action, dismissal and/or termination of the CIA.
- Review the adequacy of the functions and resources of 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;

Audit and Examination Committee Report

- 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;
- Review the accuracy and adequacy of the chairman’s statement in the director’s report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

3.5 Other Duties

- Monitor compliance with the Board’s conflicts of interest policy described in BNM Policy Document on Corporate Governance for Development Financial Institutions, 2019;
- Review any conflict-of-interest situations and significant transactions which are not usual to the course of business, and review and monitor all related party transactions and report such transactions to the Board; and
- Meet regularly with the Bank’s Risk Committee to facilitate exchange of information so as to apprise the Committee of risks that the Bank faces, including emerging risks that could have an impact on the Bank’s risk appetite and business plan.

Audit and Examination Committee Report

4.0 ATTENDANCE AT MEETINGS

11 AEC Meetings were held during 2023. The details of attendance of each member are as follows:

AEC Members	AEC Meeting Attendance
Tunku Dato’ Ahmad Burhanuddin Tunku Datuk Seri Adnan Chairman (appointed effective from 29 October 2019)	11/11 (100%)
Datuk Mohd Irwan Mohd Mubarak Member (appointed effective from 28 July 2020)	11/11 (100%)
Dato’ Seri Dr. Vaseehar Hassan Abdul Razack Member (appointed effective from 1 August 2021)	9/11 (81.82%)
Idris Abdul Hamid Member (appointed effective from 21 February 2023)	9/9 (100%)

5.0 SUMMARY OF ACTIVITIES

For the financial year ended 31 December 2023, 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 2022.

5.3 Internal Audit

- Reviewed and approved the annual audit plan as well as revision to the audit plan to ensure the comprehensiveness of audit scope and coverage over the activities of Bank Rakyat, its subsidiary and Yayasan Bank Rakyat (upon request) as well as the adequacy of Internal Audit Sector’s resources to carry out its functions.
- Reviewed the Internal Audit reports, audit recommendations and Management’s responses to these recommendations.
- Reviewed the status of actions taken by Management to rectify the unresolved audit findings to ensure all related lapses/weaknesses of internal control are adequately 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.

Audit and Examination Committee Report

- Reviewed various periodical regulatory reporting made by Internal Audit prior to submission to the regulators such as BNM and PayNet.
- Deliberated key observations points raised by Internal Audit through its IT advisory services and ensured that the Management would addressed the concerns raised accordingly.
- Reviewed the Internal Audit Achievements and Performance Reports to ensure the progress, achievement, performance, and coverage of the Internal Audit functions in line with the annual audit plan.
- Reviewed the audit reports issued by regulatory authorities, Management’s responses to the Regulators’ recommendations and the remedial actions taken to rectify the weaknesses highlighted.
- Reviewed the audit reports on the Bank’s subsidiary for an overview of the risk management and internal control systems of the entity.
- Deliberated and approved the 2023 key performance indicators (KPI) setting for CIA.
- Evaluated the performance of the CIA.
- Reviewed and noted the Key Highlights of Management, Audit, Fraud & Integrity Committee Meetings to obtain an overview of the deliberation and remedial actions taken by Management on the control lapses raised by the Internal Audit Sector.

5.4 External Audit

- Reviewed and deliberated on the Audit Plan for the Year Ending 31 December 2023 encompassing details on the audit focus areas, audit methodology as well as newly effective/forthcoming accounting standards.
- Reviewed with the external auditors the results of audit, the relevant audit reports, Management Letter and Memorandum of Recommendations together with Management’s responses/comments to the findings.
- Periodically reviewed and monitored the progress of actions taken to rectify audit findings raised by the external auditor to ensure the issues are being managed and rectified appropriately and in a timely manner.
- Performed assessment on the external auditors prior to recommendation to the Board on its reappointment. The assessment was conducted in accordance with BNM’s Guidelines on External Auditor on principal areas covering performance, independence and objectivity.

6.0 TRAINING

The training attended by the AEC members is reported under the Board of Directors and Main Committees section.

Audit and Examination Committee Report

7.0 INTERNAL AUDIT FUNCTION

The AEC is supported by Internal Audit Sector in the discharge of its duties and responsibilities. Internal Audit Sector provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes. Internal Audit Sector also carries out investigative audits where there are improper, illegal and dishonest acts reported.

Internal Audit Sector reviews the effectiveness of internal control structures over the activities of Bank Rakyat, its subsidiary and Yayasan Bank Rakyat focusing on high-risk areas as determined using a risk-based approach. All high-risk activities in each auditable area are audited annually.

Internal Audit Sector covers the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieved acceptable risk exposures consistent with the Bank’s risk management policy. In performing such reviews, Internal Audit Sector made recommendations for improvement and enhancements to the existing system of internal controls and work processes.

Internal Audit Sector also conducts audits on the information systems of Bank Rakyat to ensure that the computing resources are adequately secured to protect data integrity and confidentiality, availability of adequate measures to safeguard and provide for the continued availability of the system to support business operational needs.

Internal Audit Sector provides consulting or advisory functions in the evaluation of risk exposures of new systems, business products and services to assess the controls that should be in place to mitigate the risks identified prior to their implementation. In order to maintain its objectivity and independence, Internal Audit Sector is not involved in the system selection or implementation process when providing such consulting or advisory functions.

All auditing activities are conducted in line with Bank Rakyat’s objectives and policies and in compliance with the relevant policies and guidelines issued by BNM and as guided by the Code of Ethics and International Standards for the Professional Practice of Internal Auditing promulgated by the IIA.

During 2023, the activities undertaken by Internal Audit Sector were as follows:

- Developed an annual audit plan using a risk-based approach, taking into consideration the Bank’s Strategic Plan, namely BR25, and inputs from the Management (as recommended by the Institute of Internal Auditors);
- Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management, internal control and governance processes through structured reviews of departments and operations identified in the annual audit plan;
- Performed reviews on the draft unaudited quarterly financial statements to ensure the Bank’s conformity with applicable accounting and financial reporting standards as well as compliance with the relevant regulatory requirements;
- Provided independent Shariah audit assessment on the quality and effectiveness of the Bank and its subsidiary’s internal control, risk management systems, governance processes as well as the overall compliance of the Bank and its subsidiary’s operations, business, affairs and activities with Shariah.
- Performed Shariah audit analysis (including screening process on possible Shariah Non-Compliance (“SNC”) event) on result of internal audit assessment; initiated internal collaboration across various functions/departments/divisions etc. of the Bank and its subsidiary related to the proposed rectification plan for the possible SNC event; and conducted reporting process of the possible SNC event as required by BNM.

Audit and Examination Committee Report

- Assisted the Shariah Committee in discharging its oversight role on Shariah matters related to the Bank’s and its subsidiary’s operations, business, affairs and activities through Shariah Audit’s observations and participations at Shariah Committee Meetings which enabled the Shariah Committee to identify issues that require its attention and where appropriate, to propose corrective measures;
- Performed audits on the Bank’s information systems to ensure the adequacy of the systems’ security, controls and compliance with the relevant acts or regulatory requirements;
- Attended various management level committees’ meetings such as Project Working Committees (PWC) and Project Steering Committee (PSC), in a consultative and advisory capacity to provide independent views pertaining to the governance and controls encompassing the Bank’s critical IT projects;
- Acted as an independent function in observing the Bank’s negotiation meetings for major IT projects;
- Participated in proposal paper review discussions for IT projects;
- Conducted ad-hoc assignments and special reviews as instructed by the AEC, Management or BNM;
- Participated in various Business Continuity Management exercises to ensure the Bank’s readiness in resuming/ recovering its operational activities and systems in the event of disaster within the expected timelines;
- Ascertained the level of compliance with established policies and procedures and statutory requirements;
- Recommended improvements and enhancements to the existing system of internal controls, work procedures/ processes, relevant guidelines and department manuals;
- Prepared the Audit and Examination Committee Report for Bank Rakyat’s Annual Report for Financial Year ended 31 December 2022.

The total costs incurred for the Internal Audit Sector of Bank Rakyat for 2023 is RM7,935,156.37.

Risk Management Committee

The Pivotal Role of Risk Management

It is essential to recognise the journey we have embarked upon together. The theme, “Realising Dreams Hand in Hand Towards Seven Decades Together,” encapsulates not just the passing of years but the collective efforts, resilience, and shared vision that define the organisation.

Risk Management in Bank Rakyat (the Bank) serves as the vigilant guardian, navigating the turbulent waters of uncertainty, allowing the Bank to forge ahead while mitigating potential threats, celebrating achievements and addressing challenges that have shaped our path.

Through meticulous risk assessment and strategic planning, the Bank achieved commendable financial stability and the Bank robust risk management practices have shielded us from economic fluctuations and positioned the Bank for a better sustainable growth. The Bank operating within our risk appetite, had fostered a culture of innovation which has propelled the Bank into new markets segments, technologies and digitalisation, expanding the Bank footprint and reinforcing the Bank’s position as a forward-thinking organisation, identifying and addressing potential vulnerabilities, creating resilient framework capable of withstanding operational challenges and disruptions.

Regardless, the past year has been marked by unprecedented global uncertainties, from public health crises to geopolitical tensions the Bank’s risk management strategies have been instrumental in adapting swiftly to the evolving landscape.

Looking ahead, as the Bank commemorate seven decades together, lets celebrate not only our successes but also the lessons learned from challenges overcome. Our journey, guided by a shared vision, embodies the essence of collaboration and resilience.

Commensuration of Credit Risk and Modelling Measures with the Bank’s Significance in Banking Industry

Throughout the last decades, the Bank has been strongly supported by three lines of defense in providing robust risk management and upholding sound governance practices. As the Bank stroking its stable footing in the market being the biggest Islamic cooperative bank in Malaysia, on aggregate, our asset size has also flourish significantly while being anchored by strong risk culture among our stakeholders.

The year 2023 drove the Bank towards a fairly stable asset quality while maintaining sturdy capital level with capital buffer well above the Internal Capital Target and industry’s Risk-Weighted Capital Ratio. Such buffer provides cushion against any potential unexpected losses and well in turn preserves the Bank’s capacity to pursue business growth whilst supporting government’s effort in servicing the nation throughout the years. Despite having quantitatively measured buffers in placed, the Bank continues to test its resilience by employing stress testing to assess its ability to operate under adverse scenarios.

Effort in continuously improving the Bank’s underwriting standards and credit processes, especially at the origination stage of the financing was part of the initiatives to improve the quality of credit appraisal and subsequently quality of credit portfolio of the Bank. Round table sharing session on Post Approval Credit Review (PACR) Observations and Credit Risk Policy (Business) Workshop have been initiated to act as catalyst in inculcating credit risk culture, involving 198 Relationship Managers and related business units, nationwide.

To bolster internal capabilities and fortify the Bank’s risk management practices, a range of initiatives have been implemented. The Capacity Building Program involving participants across the Board of Directors, Senior Management and Working levels is contributory in enabling the Bank to adapt to a dynamic risk management landscape. The program facilitates our internal workforce to be well-equipped with up-to-date expertise and competencies to proficiently identify, evaluate, and mitigate emerging risks.

During the year, Credit Risk and Modelling working hand in hand with other business functions to simulate comprehensive assessment and in-depth analysis on retail and business financing portfolios. Over and above that, extensive back-testing analysis on enhancement and recalibration of credit scorecards have been done to further align the parameters used with business sense. Data-backed suggestions and recommendations generated using advanced statistical approaches have been communicated to the respective stakeholders to help formulate effective and feasible management action plans.

Risk Management Committee

Towards seven decades of offering financial products and facilities to our ever-growing customer size, implementation of new catalytic initiatives for the year 2023 accorded additional impetus to our Credit Risk and Modelling practices. To commensurate both risk and reward with the Bank’s significance in banking industry, strong and collective collaboration with Business and Support Units are pivotal in further establishing our footprints.

Moving Towards Technology Advancement Whilst Upholding Security

Today, it’s clear that modern application has shifted from traditional on-premises to cloud services which offers strategic advantages including scalability, resiliency, cost-efficiency as well as enhanced performance and security. To be at par with the industry players, Bank Rakyat has embarked towards cloud initiatives to deliver effective services to our valued customers.

In governing Bank Rakyat’s cloud adoption, Chief Information Security (CIS) Office has established Cloud Risk Management Policy to assure risks related to cloud adoption are mitigated, in line with Bank Rakyat’s technology risk appetite. The formation of Cloud Taskforce also plays a significant role in facilitating and overseeing the readiness of Bank Rakyat’s cloud initiatives.

As we navigate an ever-evolving digital landscape, the addition of Cyber Defence and Monitoring Team signifies a strategic move to bolster our cybersecurity capabilities. In line with our commitment to data protection and payment security, substantial investments have been made in technology. These efforts are integral to maintaining the trust and confidence of our stakeholders. We are dedicated to upholding the highest standards in cybersecurity, and these initiatives reflect our commitment to providing secure and resilient services to our valued customers.

Our technology and cyber security programs have been meticulously aligned with Bank Rakyat’s risk appetite, guaranteeing the adequacy and resiliency of our IT infrastructure. Intensified security awareness programs for our Board, Management, and staff further enhance our collective ability to detect and respond effectively to technology and cyber threats.

CIS Office remains committed to a culture of continuous improvement, constantly refining our technology and cybersecurity measures to stay ahead of emerging threats.

Liquidity Resilience

In 2023, Malaysian banking system remained robust. BNM’s continuous support in implementing its effective measures ensured ample liquidity in the banking system while balancing the economic growth, inflation, and financial stability.

The Bank prudently managed its liquidity positions, focusing on maintaining sufficient liquid assets to meet its short-term obligations and regulatory requirements. These efforts were well supported by a comprehensive liquidity risk management strategy.

The Bank focused on diversifying its funding structure by prioritising the stability of its sources and cost. This was achieved through intensified efforts to grow stable retail customer deposits, securing medium-term funds and interbank market opportunities. With the strategy, the Bank aimed to reduce reliance on funding concentration, thus enhancing its overall stability and resilience to market fluctuations.

Liquidity risk positions are monitored regularly against the established liquidity risk management framework, policies and procedures. The Bank uses a range of tools to monitor and control liquidity risk exposure such as intra-day cash position, liquidity mismatch gap, concentration of deposits, availability of funding, stress testing and reverse stress testing.

The Bank has in place a Liquidity Contingency Funding Plan (LCFP) formulated to provide a systematic approach in addressing potential liquidity crisis or funding disruption affecting its liquidity soundness and financial solvency. The LCFP comprises strategies, decision-making authorities, communication channels and processes as well as courses of action for management to make prompt decisions. The plan is reviewed and tested regularly to ensure its effectiveness and robustness in handling liquidity crisis events, and to meet its obligations in a timely manner and at a reasonable cost.

Risk Management Committee

Comprehensive and Robust Implementation of Operational Risk Management

Comprehensiveness of risk culture and promotes risk ownership and accountability in the Bank are main agenda for Operational Risk in 2023. In 2023, Operational Risk had continuous provide effective coordination in the management of operational risk by strengthening the internal control environment in the Bank through operational risk tools. Amongst the key initiatives and efforts:

- Inculcating risk culture by conducting risk awareness training on Operational Risk tools through completion of nationwide risk awareness training programs comprising:
 - Embedded Risk Function (ERF) Trainings for Branch Compliance and Governance (BCG).
 - Risk Agent Trainings covering Regional and Head Office.
 - Branch Development Program.
 - Control Awareness Tour (CAT).
- Strengthening the risk assessment through comprehensive bank wide risk profiling and assessment by taking into account potential emerging risks via Risk Control Self-Assessment (RCSA). Evaluation of adequate internal control is done through control testing via Control Self-Assessment (CSA) which is aimed to provide assurance on the quality of internal control and effectiveness on control implementation to provide defence against operational risk exposures.
- Constructive challenging validation process through establishment of focus group discussion with Risk Agent in Head Office and branches. The validation and challenge sessions are aimed to provide assurance on the adequacy of risk assessment including risk impact, risk level and causal factors. In addition, the validation process conducted is to ensure the risk mitigation activities have effectively address all identified major operational risks and commensurate with the Bank’s operational risk profile.
- Established two new functions namely Monitoring Risk Awareness (MRA) function and Post Monitoring Operational Risk Function (PMORF). MRA is set-up for early detection and perform preliminary assessment for potential incidents from various sources within the Bank. It also promotes awareness among the Business Unit regarding the correct process of submitting the incident reports and ensuring submission of incidents are within the stipulated timeline. Introduction of Post Monitoring Operational Risk Function (PMORF) has improved the submission and updates of incident reporting in further promoting risk accountability and ownership within the Bank.
- Continuous tracking and monitoring of risk using key risk Indicators and ensure the risk exposure of the key risk indicator is within the approved threshold. In 2023, Operational Risk had successfully developed new operational Key Risk Indicator (KRI) for Business Banking as a tool for early identification of emerging and potential risks that may arise from Business Banking’s operational risk profile.
- In avoiding recurring of incidents in the Bank, Operational Risk has performed Root-Cause Analysis (RCA) on operational risk based on incidents reported by Business Unit in addressing and identifying gaps in the internal control environments. Additionally, in providing safe and soundness of control environment in the Bank, Operational Risk had successfully disseminated lesson learnt from internal loss events through several sessions of nationwide awareness training.
- With the robust implementation of operational risk framework, Operational Risk Management able to manage the risk profiles for Business and Support Units more effectively by reducing the recurrence of operational risk incident and total risk exposure including Shariah non-risk in 2023 and ensure the risk exposure of operational risk is within the threshold of Operational Risk Management.

Statement of Internal Control

RESPONSIBILITY

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

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

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

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

KEY INTERNAL CONTROL SYSTEM

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

- Organisation Structure**

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

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

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

The AEC actively oversees the work and performance of the IA function. In discharging its duties, the AEC meets periodically to review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensure that the Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliances with laws, regulatory requirements, policies and other issues identified by IA and other control functions.

Statement of Internal Control

- Management Committees**

Various Management Committees (Executive-level) are established by the Management to assist and support the various Board Committees to oversee the core areas of business operations. These Committees include the Management Committee (MANCO), Management Risk Committee (MRC), Asset and Liability Committee (ALCO), Management Procurement Committee (MPC), Digital Information Technology Steering Committee (DITSC), Financing Committee A (FCA), Management Audit, Fraud & Integrity Committee (AFIC), Financing Recovery Committee (FRC), Crisis Management Team (CMT) and Liquidity Management Committee (LMC).
- Annual Business Plan and Budget**

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

The second line of defense assist the Bank to ensure business and operations in accordance with applicable laws, guidelines and rules issued by regulators by providing guidance and oversight of the first line of defense.
- Risk Management Sector**

Risk Management Sector performs independent assessment and monitoring of risk-taking activities and ensure the risk profile and policies remained accommodative for business growth without transgressing the Bank’s Risk Appetite Statement.

In promoting sound implementation of risk management, the Bank has established relevant framework and policies in managing the risk-taking activities, for example, Group Risk Management Framework and dedicated policy for each type of risk (e.g., Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Technology and Sustainability Risk). Risk Management remains committed to upholding the highest standards of corporate governance and risk management practices to safeguard the interest of our stakeholders and to uphold the trust and confidence in our operations.

The framework and policies have been established in tandem with the relevant regulatory requirements issued by BNM.
- Compliance**

Compliance is committed to upholding good governance principles and regulatory requirements by ensuring the Bank operates with comprehensive integrity and adheres to applicable laws, regulations and internal policies. Compliance provides oversight, coordination and compliance practices towards regulatory requirements, inclusive of Shariah and AMLA.

These are achieved through periodic reviews and monitoring to assess the overall effectiveness of the Bank’s compliance practices. This commitment is demonstrated through the establishment and strengthening of policies and controls in preventing, detecting and monitoring non-compliance event whilst ensuring the Bank’s responsibilities to stakeholders and its business objectives are met. Additionally, Compliance actively engages in inculcating compliance culture through continuous compliance awareness amongst employees.
- Fraud and Corporate Integrity (FRCI) Function**

FRCI is established and reports functionally to the Board Integrity & Governance Committee (BIGC) authorised by the Board of Directors of Bank Rakyat. FRCI executes and prevents the conduct of fraudulent act through bank-wide Fraud Management Framework inclusive of 3 prong approaches namely Fraud Prevention, Fraud Detection and Fraud Response.

Statement of Internal Control

Corporate Integrity governs the Anti-Bribery & Corruption objectives, strategies & control measures via implementation of three (3) core functions namely:

- Integrity Governance
- Integrity Detection and Verification
- Integrity Enhancement

In addition, FRCI promotes & embrace Zero Tolerance towards Fraud, Bribery & Corruption through awareness among stakeholders having business relationship with Bank Rakyat as well as recommendation of value added proposition in the fulfillment of the business partner role.

FRCI also provide consultancy and advisory to the Board of Directors and Management in meeting ISO:37001 Anti-Bribery Management Systems (ABMS) standard.

• **Internal Audit Function**

As the third line of defence, Internal Audit Sector (“IAS”) serves as an independent function that provides objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operation of Bank Rakyat. IAS is committed in bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Bank Rakyat’s governance, risk management and internal control. It is headed by the Chief Internal Audit, who reports functionally to the AEC and administratively to the Chief Executive Officer. IAS’ activities are governed by the relevant regulatory guidelines, the Bank’s Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards).

Note: More detailed description of IAS’s function is highlighted in the Audit & Examination Committee Report.

• **Policies and Procedures**

The Bank established a set clearly defined policies and procedures to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures will be updated from time to time to cater any changes in the business environment or regulatory guidelines. These documents are published and accessible by all employees in the Bank’s portal.

• **Code of Business Conducts and Ethics**

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

• **Branch Compliance and Governance**

As Bank Rakyat approaching seven decades in existence and engage in large volumes of customer transactions and applications across various channels, the Bank face the risk of compliance and governance in many forms across the banking products and services, channels and digital platforms. To build robust organisational resilience, establishing effective lines of defense against various risks and challenges is integral to this initiative.

Hence, Branch Compliance and Governance aims to prevent and reduce the risk of non-compliance more effectively and act as preventive body before the second and third line of defense by performing branch review to further strengthen the compliance culture and non-compliance risk at the branches.

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Branch Compliance and Governance also critical in strengthening end to end internal process through Embedded Risk Function (ERF) to ensure comprehensive management of operational risk at business level towards maximising the Bank’s with minimal unexpected operational setbacks (Regulatory, Laws, Audit, Compliance or Shariah).

Branch Compliance and Governance Officer “BCGO” are assigned at every region and are entrusted to perform site visits and review on branches under their purview to ensure they are in compliance with the internal policies and procedures, minimise regulatory, governance, audit, compliance or Shariah findings.

BCGO function is important to ensure that the branch operations always remain compliant and to strengthen the internal process by conducting regular review in ensuring that branch operations and activities of the branch are conducted within internal policies and regulatory requirements.

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Shariah Committee

1.0 INTRODUCTION

- 1.1
- Establishment of Shariah Committee (“SC”) of Bank Rakyat is a requirement by Bank Negara Malaysia (“BNM”) pursuant to Section 33F of the Development Financial Institutions Act 2002 (DFIA). The purpose is to ensure all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries are Shariah compliant at all times as a full-fledged Islamic financial institution incorporated in Malaysia.

2.0 REPORTING LINE

- 2.1
- The SC shall report directly to the Board of Directors (“BOD”) and shall be recognised as an independent committee.

3.0 FORMATION OF SHARIAH COMMITTEE

- 3.1
- BOD and Management Committee (“MANCO”) shall ensure that SC must be of a sufficient size that:

a. reflects the business needs of the Bank or the financial group; and

b. enables a conducive environment for sound deliberation of Shariah matters.
- 3.2
- The Bank must ensure that:

a. majority of its SC members are Shariah qualified persons with at least bachelor’s degree in Shariah, which includes study in *usul fiqh* or *fiqh muamalat* from a recognised university.

b. the chairman of the SC must be a Shariah qualified person.
- 3.3
- The appointment of the SC members must obtain prior written approval from BNM and BOD upon recommendation by the Nomination Committee.
- 3.4
- The SC may comprise experts with diverse qualification, experience, and knowledge to support the depth and breadth of the Shariah deliberations.
- 3.5
- The SC shall comprise of at least five (5) members as required by SGPD/BNM.
- 3.6
- 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.
- 3.7
- 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 APPOINTMENT, CESSATION AND DISQUALIFICATION

- 4.1
- Subject to Section 33G of DFIA, the Bank shall only appoint or reappoint a person to be its Shariah committee member if the following are fulfilled:

a. the person is a Muslim individual.

b. the person has been assessed to have met the requirements specified in the policy document on “Fit and Proper Criteria” on a continuous basis; and

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- c.
- the person is either:

i. a Shariah qualified person; or

ii. an expert who possesses skills, knowledge, and experience relevant to support the roles and responsibilities of the SC.

The definition of Shariah Qualified person are as follows:

- a.
- Holds, at minimum, a bachelor’s degree in Shariah, which includes study in *usul fiqh* (principles of Islamic jurisprudence) or *fiqh muamalat* (Islamic transaction/commercial law);
- b.
- Possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and
- c.
- Demonstrates strong proficiency and knowledge in written and verbal Arabic, with good command in the preferred language of the Bank, either Bahasa Malaysia or English language.

- 4.2
- Pursuant to Section 33I of DFIA 2002, 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 4.2 (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.

- 4.3
- 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

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- c.

have a significant business or other contractual relationship with the bank or any of its affiliates within the last two (2) years.
- 4.4

SC member must not serve the bank for more than nine (9) years.
- 4.5

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.
- 4.6

SC member must not accept any appointment in more than one licensed Islamic bank, one licensed takaful operator and one prescribed institution.
- 4.7

SC member must not be an active politician.
- 4.8

SC member must immediately disclose to the BOD any circumstances that may affect his ability to meet the minimum requirements under paragraph's 4.1 to 4.7.
- 4.9

The BOD must establish and regularly review succession plans for the SC members. Such process must involve assessment of candidates against the minimum requirements set out in paragraphs 4.1 to 4.7.
- 4.10

The BOD must establish a rigorous process for the appointment, reappointment and cessation of SC members. Such process must involve assessment of candidates against the minimum requirements set out in paragraphs 4.1 to 4.7.
- 4.11

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.
- 4.12

The Bank must not make an application to the BNM to appoint or reappoint a SC member or chairman of the SC unless the Bank is fully satisfied, based on its objective assessment, that the candidate meets the minimum requirements set out in paragraphs 4.1 to 4.7, can perform his expected roles and responsibilities and will be able to meaningfully contribute to the SC.
- 4.13

For the purpose of the application for reappointment and termination of the SC members and chairman of the SC, Secretariat of SC must provide justifications for the application, as well as assessment on the performance of such member to the BNM.
- 4.14

A SC member whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including by participating in any SC meetings or holding himself out as a SC member of the Bank.
- 4.15

Where a SC member resigns or is disqualified, sections 33I(2)(a) and 33J(1) of the DFIA impose obligations on the Bank and the SC member to notify the BNM of that fact and its reason immediately or in any cases no later than fourteen (14) days of such circumstance.
- 4.16

Section 33I(3) of DFIA imposes an obligation on the Bank to obtain the prior written approval of the BNM before the Bank terminates a SC member.

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5.0 ROLES AND RESPONSIBILITIES OF SHARIAH COMMITTEE

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 times.
- 5.3

To adopt the resolutions of Shariah Advisory Council of Bank Negara Malaysia ("SAC BNM") and Shariah Advisory Council of Securities Commission ("SAC SECCOM") upon publishment in deriving Shariah decisions and to highlight to Management and BOD in the event SC invokes its right to adopt stringent decisions as permissible by BNM.
- 5.4

Perform oversight role on Shariah matters related to the Bank's business operations and activities including its subsidiaries and guide the Bank and its subsidiaries on the implementation of Shariah decisions issued.
- 5.5

Providing a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a Shariah non-compliance event.
- 5.6

Deliberate, validate and endorse all matters related to Shariah Non-Compliance (SNC) event, rectification measures and purification process including the list of beneficiaries of tainted income for further reporting to BOD.
- 5.7

Assess and validate works which include Shariah research, *takyif fiqhi* (adaptation of Shariah ruling), report and finding carried out by all Shariah functions inclusive of Shariah Secretariat & Advisory, Shariah Review, Shariah Risk and Shariah Audit in order to ensure Shariah compliance.
- 5.8

Approve and provide written confirmation on Shariah compliance of bank's product proposal based on proper support of *takyif fiqhi* and confirmation whereby no contradiction against Shariah Advisory Council (SAC) BNM ruling is identified in the product proposal for the purpose of new product approval submission to BNM.
- 5.9

Endorse and approve all frameworks, policies, procedures and any other applicable documents relating to Shariah and ensure the contents do not contain any elements which are not in line with Shariah.
- 5.10

Endorse and validate all relevant documentations relating to products, business and operations including, but not limited to, legal documents, product policies and procedures, product manual and marketing collaterals to ensure compliance with Shariah requirements with exception to certain specific tasks empowered to a specific internal Shariah function 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.

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- 5.14
- In the event where the SC decides or advises to place additional restrictions on the operations, business, affairs and activities of the Bank in applying the SAC/BNM rulings, the Bank must:
- a.

document the deliberations and justifications of the SC decision or advice;
- b.

ascertain the BOD’s views on the decision or advice made by the SC with regards to the SAC/BNM ruling; and
- c.

ensure immediate notification to the BNM of such decision or advice.
- 5.15
- Secretariat of SC shall ensure that any records of SC’s decision or advice to be submitted to the BNM, including a rectification plan to address a Shariah non-compliance event is supported with key deliberations, rationale and any significant concerns or dissenting views to the decision or advice.
- 5.16
- In the event that the SC delegates any of its responsibilities to any persons or functions:
- a.

Secretariat of SC must ensure that the mandate, areas of delegated authority and operating procedures are set out clearly in the SC’s charter and bank’s internal policies;
- b.

Secretariat of SC must establish reporting arrangements to keep the SC informed of the work, key deliberations and decisions on the delegated matters; and
- c.

the SC must remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.
- 5.17
- Advice the Bank on the calculation, allocation and distribution of zakat and validate the list of zakat recipients’ post-decision of JZPBA.
- 5.18
- 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.
- 5.19
- 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.
- 5.20
- Harmonise the conflict between Shariah and legal approaches to gradually lead bank’s practices towards the best globally accepted Shariah practices.
- 5.21
- Inform BNM on SNC activities in the event they are not effectively or adequately addressed, or no rectification measures are made by the Bank.
- 5.22
- Regularly inform the BOD on relevant Shariah matters.
- 5.23
- Disclose sufficient information relating to Shariah as required by BNM in the Annual SC Report which is embedded in bank’s annual report and endorse the annual report prior to publishment.
- 5.24
- Act as Shariah spokesperson to respond on Shariah related inquiries during bank’s annual general meeting or any public events which involve Bank Rakyat.
- 5.25
- Observe the principle of confidentiality in relation to the Bank’s business, operations and affairs at all times whereby all information obtained shall not be used in the manner that could be detrimental to Bank Rakyat.
- 5.26
- Other responsibilities being assigned by BOD from time to time or any Shariah matters that require SC’s immediate attention.

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- 5.27
- Free from association or circumstances that may impair the exercise of SC’s professional objectivity in arriving a Shariah decision or advice.
- 5.28
- The SC member must devote sufficient time to prepare for and attend Shariah committee meetings.
- 5.29
- The SC member must 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.
- 5.30
- Every SC member must 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 are any changes in his circumstances that may affect his status.
- 5.31
- The SC member must 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 provide the SC with access to all information required and ensure that the information provided is timely, accurate, comprehensive and clear.
- 6.4
- 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.
- 6.5
- In relation to paragraphs 6.7 and 6.8, 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.
- 6.6
- 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.

Shariah Committee Terms of Reference

Shariah Committee

- 6.7
- Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Internal Audit (CIA), Chief Compliance Officer (CCO) 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.
- 6.8
- 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.
- 6.9
- 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
- Chief Shariah Officer who is a qualified Shariah personnel shall be appointed as the Secretary of SC. Secretary of SC has no voting power in decision making by the SC.
- 7.2
- Secretary of SC, or an alternate secretary appointed by the Secretary of 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 Secretariat of SC is assigned to SC Secretariat under the Shariah Secretariat & Advisory function.
- 7.4
- 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.
- 7.5
- Secretariat of SC shall ensure that any decision of the SC must be made at least on the basis of simple majority.

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.

Shariah Committee Terms of Reference

Shariah Committee

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 regardless of whether the views and opinions are in favor of the subject matter of discussion or otherwise.
- 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.

Shariah Committee Terms of Reference

Shariah Committee

- 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 escalated to MANCO and BOD at least on quarterly basis and escalation to Business and Support Unit 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. The detail of delegation of authority from the SC to Shariah function can be referred to Department Manual of Shariah Secretariat & Advisory’s Department Manual.
- 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 advice on Shariah related matters only without intervening into other than the coverage of roles and responsibilities of the SC.
- 16.4
- Seating fee paid to the appointed SC as BOD member or the SC representative who attends the meeting is subjected to BOD’s approval and/or review from time to time upon recommendation by the Remuneration Committee.

17.0 ADVISOR TO JAWATANKUASA ZAKAT PERNIAGAAN BANK DI BAWAH ASNAF

- 17.1
- Two (2) of the SC members are appointed as an advisor to Jawatankuasa Zakat Perniagaan Bank di Bawah Asnaf (JZPBA) to ensure the management of zakat is compliant with Shariah.
- 17.2
- JZPBA meeting can only be conducted with the present of at least one (1) of the appointed advisors.
- 17.3
- The SC representative or zakat advisors shall provide advice 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.

Shariah Committee Terms of Reference

Shariah 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.

Shariah Committee Terms of Reference

Shariah Committee

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.

ATTENDANCE OF SHARIAH COMMITTEE FOR THE YEAR 2023

There were twelve (12) Shariah Committee Meetings held in the year 2023 and the attendance of Shariah Committee for the year 2023 are as follows:

Shariah Committee Member	Total Attendance	Percentage of Attendance (%)
Prof. Dr. Azman Mohd Noor	12/12	100%
Prof. Emeritus Dato’ Dr. Mohd Azmi Omar	12/12	100%
Ustaz Wan Rumaizi Wan Husin	3/3	100%
Dr. Mohammad Zaini Yahaya	12/12	100%
Dr. Tuan Badrul Hisyam Tuan Soh	12/12	100%
Dato’ Sahibus Samahah Dr. Mohamad Sabri Haron	12/12	100%
Dr. Akhtarzaite Abdul Aziz	12/12	100%

Notice of Annual General Meeting

Date : 2 May 2024

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

NOTICE OF BANK RAKYAT ANNUAL GENERAL MEETING 2024

NOTICE IS HEREBY GIVEN THAT the Bank Rakyat Annual General Meeting 2024 will be held as follows:

Date : 18 May 2024 (Saturday)

Venue : Dewan Tun Abdul Razak
Level 2, Tower 1
Menara Kembar Bank Rakyat
No. 33, Jalan Rakyat
50470 Kuala Lumpur.

Time : 10.30 a.m.

Registration : 8.00 a.m. - 10.00 a.m.

MEETING AGENDA

1.

Confirmation of the minutes of the Annual General Meeting held on 10 June 2023;
2.

To appoint a Committee of six (6) representatives and four (4) members of the Board including the Chairman, to verify the draft of the minutes of the Annual General Meeting;
3.

To present the Audited Financial Statements for the year ended 31 December 2023, together with the Board of Directors’ Report, Audit and Examination Committee Report, Auditor General’s Report and Views of the Malaysia Cooperative Societies Commission; and
4.

To deliberate on the motions from members received by the Board not less than seven (7) days before the Annual General Meeting (if available).

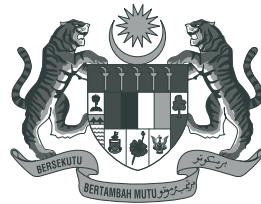
By Order of the Board


MOHAMAD KHAIRIL ABIDIN
Senior Vice President, Bank Secretary,
Legal and Members



Sustainability

Embedding sustainability principles throughout our organisation to create enduring success.



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
FOR THE YEAR ENDED 31 DECEMBER 2023**

Certificate on the Audit of the Financial Statements

Opinion

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Bank Kerjasama Rakyat Malaysia Berhad. The financial statements comprise the Statements of Financial Position as at 31 December 2023 of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 3 to 226.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [Act 202], the Co-operative Societies Act 1993 [Act 502] and the Development Financial Institutions Act 2002 [Act 618] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of Directors of the Bank Kerjasama Rakyat Malaysia Berhad is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [Act 202], the Co-operative Societies Act 1993 [Act 502] and the Development Financial Institutions Act 2002 [Act 618] requirements. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, the Board of Directors is responsible for assessing the Group's and the Bank Kerjasama Rakyat Malaysia Berhad's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank Kerjasama Rakyat Malaysia Berhad's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- d. conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank Kerjasama Rakyat Malaysia Berhad's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Group or the Bank Kerjasama Rakyat Malaysia Berhad to cease to continue as a going concern;
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Group and of the Bank Kerjasama Rakyat Malaysia Berhad, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- f. obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Financial Statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

The Board of Directors has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

I have also disclosed to the Board of Directors that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [Act 202], the Co-operative Societies Act 1993 [Act 502] and the Development Financial Institutions Act 2002 [Act 618], I report that the subsidiaries, of which I have not acted as auditor, are disclosed in Note 16 to the Financial Statements.

Other Matters

This certificate is made solely to the Board of Directors of the Bank Kerjasama Rakyat Malaysia Berhad in accordance with the Financial Reporting for Development Financial Institutions policy issued by Bank Negara Malaysia, Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 [Act 202], the Co-operative Societies Act 1993 [Act 502] and the Development Financial Institutions Act 2002 [Act 618] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(DATUK WAN SURAYA BINTI WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
15 MARCH 2024



Statement by Directors

We, **DATUK MOHD IRWAN MOHD MUBARAK** and **TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN**, being two of the Directors of Bank Kerjasama Rakyat Malaysia Berhad, do hereby state that:

- (i) The financial statements of the Bank have been prepared in accordance with the provisions of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Co-operative Societies Act 1993 (Act 502), Development Financial Institutions Act 2002 (Act 618), applicable Malaysian Financial Reporting Standards (“MFRS”) IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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 Accounting Standards 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 2023 and of the results of the operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



DATUK MOHD IRWAN MOHD MUBARAK
Chairman



TUNKU DATO' AHMAD BURHANUDDIN TUNKU DATUK SERI ADNAN
Director

Kuala Lumpur
Date: **11 MAR 2024**

Annual Report of Shariah Committee of Bank Rakyat

for the Financial Year End 31 December 2023

In carrying out the roles and responsibilities of the Shariah Committee (SC) of Bank Rakyat, we hereby submit the following report on Shariah compliance of Bank Rakyat’s business activities and operations for the financial year ended 31st December 2023.

The Management of Bank Rakyat is responsible for ensuring Bank Rakyat conducts its business in accordance with Shariah principles and it is our responsibility to form an independent opinion based on our review of Bank Rakyat’s operation and to report to the Board of Directors of Bank Rakyat. We are responsible for assisting the Board of Directors in ensuring that the operations, business, affairs and activities of the Bank are in compliance with Shariah at all times.

We have provided the Shariah advisory services on various aspects to the Bank in order to ensure compliance with applicable Shariah principles as well as the relevant resolutions and rulings made locally and globally by the Shariah Advisory Council of the regulatory bodies.

During the financial year ended 31st December 2023, the Shariah Committee convened twelve (12) meetings and approved four (4) Shariah resolutions via circulation to cater for urgent proposals and notifications. All Shariah Committee members have satisfied the attendance requirement under Bank Negara Malaysia’s (BNM)’s Shariah Governance Policy Document (SGPD). The Shariah Committee and the Board place importance on ensuring the effective implementation of Shariah governance and working harmonically with best practices of corporate governance. In view of this, two (2) engagement sessions were held between the Shariah Committee and the Board of Directors in the financial year 2023.

To ensure the smoothness of banking operations, we empowered and delegated the approval authority to the Shariah Secretariat & Advisory Department to approve generic Shariah-related matters. Nonetheless, all requests for approvals to the Shariah Secretariat & Advisory Department are duly reported to us on quarterly basis for review and confirmation. Chief Shariah Officer or his representative is also sitting as a member in the following committees to advise the Bank on matters relating to Shariah requirements and principles:

- a. Management Committee
- b. Assets and Liabilities Committee
- c. Digital IT Steering Committee
- d. Financing Recovery Committee
- e. Financing Committee A
- f. Financing Committee B
- g. Crisis Management Team
- h. Management, Audit, Fraud & Integrity Committee
- i. Management Risk Committee
- j. Operational Risk Management Committee
- k. Product Committee
- l. Zakat Management Committee
- m. Surau Al-Barakah Committee
- n. Joint Management Committee Jāriah Al-Barakah
- o. Evaluation Committee for The Appointment of A Gold Business Partner for Bank Rakyat
- p. Decreasing Term Takaful (DTT) Scheme Evaluation Committee

We planned and performed our review to obtain all information and explanations that we considered necessary to provide us with sufficient evidence to give reasonable assurance that Bank Rakyat has not violated the Shariah principles.

APPROVAL

- 1. We have endorsed and approved the transactions, applications and dealings entered into by Bank Rakyat through the following processes:
 - i. Shariah advisory and review on development of Bank products including policies, operational guidelines, and procedures.
 - ii. Shariah advisory and review on legal and banking documentation, Product Disclosure Sheets (PDS), notices and marketing materials.

Annual Report of Shariah Committee of Bank Rakyat

for the Financial Year End 31 December 2023

- iii. Shariah advisory and review on Shariah compliance status of business activities of commercial banking’s customers prior to approval of financing.
- iv. Shariah advisory and review on banking operations at the branches level, related departments, and Bank’s subsidiaries, which involve reviewing legal documents executed and *’aqad* sequences.
- v. Shariah advisory and review on system applications related to banking products.
- vi. Shariah advisory and review on banking activities, asset rental by the Bank and its subsidiaries to third parties as well as sponsorship activities.
- vii. Shariah risk assessment on new products or enhancement to the existing products, processes and procedures, business activities and operations.
- viii. Shariah audit assessment on the quality and effectiveness of the Bank and its subsidiaries’ internal control, risk management systems, and governance processes as well as the overall compliance of the Bank and its subsidiaries’ operations, business, affairs, and activities with Shariah.

SHARIAH SECRETARIAT & ADVISORY DEPARTMENT, SHARIAH RESEARCH, GOVERNANCE & TRAINING DEPARTMENT, SHARIAH REVIEW DEPARTMENT, SHARIAH AUDIT DEPARTMENT AND SHARIAH RISK UNIT

- 2. Functions of Shariah Secretariat & Advisory Department, Shariah Review Department, Shariah Audit Department and Shariah Risk Unit in Operational Risk Department 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 operations.
- 3. We have assessed the function carried out by Shariah Secretariat & Advisory Department, Shariah Review Department, Shariah Audit Department and Shariah Risk Unit, which included examining on a sample basis of each type of transaction, the relevant documentation and procedures adopted by Bank Rakyat.

Shariah Secretariat & Advisory Department

- 4. Shariah Secretariat & Advisory Department provide advisory on product development and day-to-day business operations, which includes:
 - a. issuing of Shariah Compliance Review Certificate
 - b. setting the Shariah parameters
 - c. vetting of legal documentation
 - d. screening business banking financing applications
 - e. approving marketing materials and appointment of card merchants
 - f. preparing *Takyif Fiqhi* for validation by us on the current issues related to Islamic Banking products and services as a support to the business proposal of the Bank.

Shariah Research, Governance & Training Department

- 5. We also supervised and endorsed any new and revised guidelines issued by Bank Negara Malaysia as presented by Shariah Research, Governance & Training Department.

Annual Report of Shariah Committee of Bank Rakyat

for the Financial Year End 31 December 2023

- 6. We have also endorsed the Shariah research papers under the supervision of Shariah Research, Governance & Training Department addressing current issues related to Islamic Social Finance in support of new developments in banking businesses. Among the Shariah research papers that have been presented and notified to us are as follows:
 - a. Microfinance Impact Study Measurement, Performance and Effectiveness: Case Study of Bank Rakyat
 - b. An Integrated Model of Islamic Social Finance Towards Sustainable Funding
 - c. Sustainable Mechanism of Distributing Financial Assistance to Asnaf and B40 Entrepreneur: Case Study of Bank Rakyat
- 7. Shariah Review Department and Shariah Audit Department have performed their review and audit based on review and audit plan as advised and approved by us. Shariah Review and Shariah Audit Reports were presented and deliberated in our meetings to confirm that the Bank has complied with the rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, Shariah Advisory Council of Securities Commission Malaysia and decisions made by us.
- 8. During the financial year of 2023, Shariah Review Department and Shariah Audit Department presented to us the following reports:

Shariah Review Reports

- a. Shariah Review Report on 71 Bank Rakyat’s branches in Malaysia.
- b. Shariah Review Report on 13 Rakyat Xcess/Rakyat Xcess and Ar-Rahnu X’Change.
- c. Shariah Review Report on 8 Auto Finance Centre (AFC).
- d. Shariah Review Report on Ar-Rahnu Business.
- e. Shariah Review Report on Card Business.
- f. Shariah Review Report on Retail Collection & Recovery.
- g. Shariah Review Report on 254 customer files of business and cooperative banking financing.
- h. Shariah Review Report on 20 customer files of trade finance.
- i. Shariah Review Report on 20 premises of Cooperative (Credit and Ar-Rahnu).
- j. Shariah Review Report on Commercial Hire Purchase-i (CHP-i).
- k. Shariah Review Report on the Cash Management Department.
- l. Shariah Review Report on Trade Finance Department.
- m. Shariah Review Report on Rakyat Management Services Sdn. Bhd.
- n. Shariah Review Report on Money Market, Foreign Exchange, Correspondent Banking and Treasury Sales Departments.
- o. Shariah Review Report on Equity Investment and Fixed Income Departments.
- p. Shariah Review Report on Member Services Department.
- q. Shariah Review Report on Marketing & Communications.
- r. Shariah Review Report on Asset Liability & Capital Management.
- s. Shariah Review Report on Marketing Materials of Bank Rakyat Through Social Media.
- t. Shariah Review Report on Payments Networks Malaysia Sdn Bhd (PayNet).

Shariah Audit Reports

- a. Shariah Audit Report: Vehicle Financing-i.
- b. Shariah Audit Report: Corporate Banking Team 2 Department.
- c. Shariah Audit Report: Credit Card-i.
- d. Shariah Audit Report: Pawn Broking-i.
- e. Shariah Audit Report: Business Banking Credit Admin Department.
- f. Shariah Audit Report: Credit Admin Documentation & Securities Department.
- g. Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit Department for Quarter 4, 2022.
- h. Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit Department for Quarter 1, 2023.
- i. Shariah Audit Report: Zakat Management, Islamic Development & Surau Affairs.
- j. Shariah Audit Report: Small Medium Enterprise (SME) Financing.

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- k. Shariah Audit Report: Cooperatives Financing.
- l. Audit Report: Follow-up on Unresolved Audit Findings Highlighted by Shariah Audit Department for Quarter 2, 2023.
- m. Shariah Audit Report: Staff Financing.
- n. Audit Report: Follow-up on Unresolved Audit Findings and Value-Added Recommendations Highlighted by Shariah Audit Department for Quarter 3, 2023.
- o. Shariah Audit Report: Capital Management.
- p. Shariah Audit Report: Delivery Channel.

Shariah Risk Unit in Operational Risk Department

- 9. Shariah Risk Unit is responsible for systematically identifying, measuring, monitoring and controlling Shariah non-compliance risks. Therefore, to mitigate or minimize the occurrence of Shariah non-compliance, Shariah Risk Unit has consistently put in place the appropriate measures to manage its Shariah Non-Compliance (SNC) risk exposures for the year 2023 through suitable control mechanisms, such as policies, guidelines and procedures on Shariah requirements.
- 10. Shariah Risk Management uses Loss Event Data (LED), Risk-Control Self-Assessment (RCSA), Key Risk Indicators (KRI), and Control Self-Assessment (CSA) as tools to ensure comprehensive and thorough risk profiling, controls, and any Shariah non-compliance are managed and mitigated.
- 11. In managing SNC risk, appointed Embedded Risk Function (ERF) and Risk Agents (RAs) have taken part in a continuous process of identifying and assessing SNC risks, with the ERFs and RAs responsible for identifying and implementing an appropriate control to identify, assess, mitigate, monitor and report any potential SNC events without jeopardizing the business objectives of their respective BUs or exposing the Bank to unacceptable levels of risk.
- 12. All potential and actual SNC events were reported to BNM within the timeframe.
- 13. All reports related to SNC risk have also been tabled to the Operational Risk Management Committee, Management Risk Committee and Board Risk Committee for monitoring and oversight purposes as follows:
 - a. SNC Analysis
 - b. Shariah Risk Profiling
 - c. Risk Control Self-Assessment (RCSA) Profiling

SHARIAH TRAINING AND AWARENESS PROGRAM

- 14. In 2023, Shariah Sector made a significant effort to inculcate a strong Shariah compliance culture. This dedication was demonstrated by several extensive training and awareness campaigns designed to involve stakeholders at all levels.
- 15. Recognising the crucial role of leadership in setting the tone, Bank Rakyat prioritised equipping its top management with comprehensive knowledge and understanding of Islamic finance principles. An exclusive In-house Shariah Training program was organised by Shariah Research Governance and Training Department specifically for the Board of Directors, Shariah Committee, and Management Committee. This intensive program, led by a prominent Shariah scholar in Malaysia, Prof. Dr. Aznan Hasan, covered the key aspects of *muamalat* (Islamic transactions) and contemporary Islamic finance practices. By actively participating in such initiatives, Bank Rakyat’s top leadership illustrated their continuous commitment to upholding Shariah principles in all aspects of the Bank's operations.
- 16. Shariah Sector has additionally pledged to carry out a comprehensive internal program aimed at enhancing the knowledge and comprehension of Shariah principles among its Shariah fellowship. A five-day intensive course on *muamalat* from the perspective of Mazhab Shafi'i was attended by four (4) members of the Shariah Committee and thirty-two (32) Shariah officers. The course was led by Sheikh Dr. Amjad Rashid, a renowned Shariah scholar and the dean of the Al Shafi'i Jurisprudence Faculty at the World Islamic Science & Education University (WISE) of Jordan.

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- 17. A three-series of Training-of-Trainer (TOT) program by Paradigma Ibrah Sdn Bhd was implemented to close the gap of inefficiency and inadequacy of content while conducting a training program. It was presented by a reputable external consultant, Ustaz Syaari Ab Rahman and Ustaz Fakhrol Islam to equip all Shariah Sector employees with relevant knowledge and skills in delivering training, briefings, and religious lectures both internally and externally.
- 18. Additionally, in recognizing the importance of equipping all employees with a sound understanding of Shariah principles and their practical application in Islamic finance, the Shariah Sector proactively partnered with IIUM Institute of Islamic Banking and Finance (IIBF). This strategic collaboration concluded in the enrolment of 63 employees consisting of 33 staff in Cohort 1 and 30 staff in Cohort 2 in the Executive Certificate of Islamic Banking and Finance (E-CIBF) program.
- 19. To equip new hires with a comprehensive understanding of Shariah principles in Islamic banking, the Centre of Excellence incorporated an extensive session on this topic into its induction program. This session covered fundamental applications of Shariah across both banking and non-banking operations, ensuring new employees are well-prepared to deal with the complexities of Islamic finance.
- 20. Intending to foster a culture of Shariah conformity, Shariah Sector of Bank Rakyat has conducted two (2) series of Ar-Rahnu training as well as ten (10) series of Control Awareness Tours (CAT) for the Retail Banking Sector inclusive of all levels of the branches manpower. A similar program was also implemented for the Business Banking Sector employees at all Regional-based Business Banking Centres (BBC). Another program, namely Get Ready to Operation at Work (GROW) was held for Senior Executives and Assistant Managers who have been identified to be promoted to a higher position. All those programs that have been participated in by approximately 450 employees aim to share information with the Business & Support Unit (BSU) on the avoidance of Shariah non-compliance events and new updates of Shariah-related guidelines issued by Bank Rakyat or regulators.
- 21. To complete the picture, the Shariah Sector, through its participation in the Regional Meeting Engagement, has successfully shared key insights on Islamic integrity principles and relevant Shariah guidance with the BSU. This knowledge transfer is vital to equip the BSU to champion Shariah compliance throughout Bank Rakyat, leading to a more deeply embedded culture among employees at all levels.
- 22. Shariah Review Department had also contributed the support with the implementation of 207 Shariah awareness training sessions by providing the understanding regarding the implementation and operation of Shariah compliant banking products. The following are the list of trainings that have been implemented in 2023:
 - a. Shariah Awareness Training on Branches, Rakyat Xcess & Ar-Rahnu X’Change (RXC) and Auto Finance Centre (AFC)
 - b. Shariah Awareness Training on Rakyat Management Services (RMS)
 - c. Shariah Awareness Training for selected departments at the Headquarters for the year 2023
 - d. Shariah Compliance Briefing on the Cooperatives and entities or premises that have been financed by Bank Rakyat
 - e. Ar-Rahnu Briefing (e-Auction)
 - f. Control Awareness Tour (CAT)
 - g. Branch Development Programme: Leadership Excellence and Development (LEAD) Program
- 23. Besides, Shariah Review Department through the Compliance Sector initiative had held 10 Shariah Compliance briefings for Business Banking Centre (BBC) employees to provide guidance and understanding for them regarding the implementation and operation of Shariah compliant business banking products.
- 24. Awareness trainings on the Shariah risk management process were also conducted by Operational Risk Department to instil Shariah risk compliance culture and to guide Business Unit in identifying Shariah risk and its control measures within their daily operations. A total of 33 training sessions were held in 2023, with an average of 30 participants per session. The following is the list of the trainings that were completed for the year 2023:
 - a. Risk Agent (RA) Branches and Branch Compliance and Governance (BCG)
 - b. Risk Agent (RA) Headquarters
 - c. Control Awareness Tour (CAT)
 - d. Branch Development Program: Skill Enhancement & Employee Development (SEED), Get Ready for Operation at Work (GROW) & Leadership Excellence and Development Program (LEAD)

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25. The year 2023 marked a significant advancement in Bank Rakyat's journey to establish a strong Shariah compliance culture. The training and awareness initiatives that were introduced laid a solid basis for continuing learning and growth in this crucial area. Moving forward, Bank Rakyat will keep encouraging an ethical culture and Shariah-compliant practices within its operations to ensure the long-term success and sustainability of its Islamic banking activities.

FINDINGS OF SHARIAH NON-COMPLIANCE ISSUE

26. For the financial year ended 31st December 2023, there were a total of four (4) Shariah Non-Compliance issues recorded and deliberated in the Shariah Committee Meeting as follows:
- a) The Finding of Conventional Insurance Coverage Financed by Vehicle Financing-i (An-Naqlu 2).

Shariah non-compliance involving three (3) Vehicle Financing-i (An-Naqlu) accounts. Profits amounting to RM1,504.32 have been transferred to the GL Shariah Non-Compliant Fund to be purified.
- b) The Finding of Late Payment from the Successful Bidder During the Gold Auction Transaction.

Incident of extra gold being handed over to the successful bidder, leading to the occurrence of *Riba’ An-Nasiah* as the bidder fails to pay on the same day the gold is received. No financial implication is involved.
- c) Shariah Non-Compliance on the Redemption Process and New Pawn Broking.

Non-compliance with internal policy and procedures of Pawn Broking-i product which resulted in SNC event due to the transaction performed was not in compliance with the Shariah requirements. No financial implication is involved.
- d) Acceptance of *Marhun* (Jewellery) Bearing Non-Islamic Religious Related Symbols.

Acceptance of marhun items depicting non-Islamic religious symbols is non-compliance with Shariah Committee Resolution and Financing Operating Guideline No. 215 - Pawn Broking-i. No financial implication is involved.
27. All potential Shariah Non-Compliant events are initially assessed by the Qualified Shariah Officer, and all of the Shariah non-compliance events together with the rectification plans were presented to us and the Board of Directors for confirmation and were subsequently reported to Bank Negara Malaysia in accordance with the Shariah non-compliance reporting process within the required timeframe set by Bank Negara Malaysia.
28. Shariah non-compliance events experienced by the Bank were mostly due to the non-compliance with 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 for all staff.

BANK RAKYAT’S WAQF/SADAQAH INITIATIVE

29. Waqf/*Sadaqah* initiatives in Bank Rakyat which has been approved by us is divided into three (3), namely:
- a) Waqf

This waqf initiative involves various types of waqf and the implementation of a wider waqf. The Bank has collaborated with Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), and as of 31st December 2023, the total accumulated waqf amounted to **RM1,531,683.60**. Of these, a total of **RM754,508.78** was used for the purpose of renovating and purchasing the medical equipment of the MAIDAM Haemodialysis Centre. A total of 18 asnaf sponsored by MAIDAM have benefited from the Waqf Fund received from the public.

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- b) Cash Waqf
- Waqf is one of the types of waqf introduced by the Bank. Through this waqf, the cash value will be maintained and invested, and the proceeds of the investment will be distributed to the beneficiaries. Bank Rakyat has collaborated with several Higher Education Institutions as well as Waqf-related Institutions. As of 31st December 2023, the accumulated amount from the institutions involved are as follows:

Institution	Accumulated amount (RM)
Kolej Profesional Baitulmal, Kuala Lumpur (KPBKL)	366,043.43
National University of Malaysia (UKM)	590,659.64
Yayasan Waqaf Malaysia (YWM)	825,551.11
Islamic University College of Perlis (KUIPs)	486,637.76
Total Accumulated Amount	2,268,891.94

- c) *Sadaqah* (Jāriah Al-Barakah)
- Jāriah Al-Barakah is a collaborative initiative between Bank Rakyat and Surau Al-Barakah, which was created to support the practice of charity among the Bank's employees and the community. Through this platform, the *sadaqah*/charity will be managed more effectively. The collection received for this platform from 1st January 2023 until 31st December 2023 is RM406,488.55 which made the total accumulated amount from the establishment of this initiative until 31st December 2023 is **RM1,243,116.99**. From this amount, a total of **RM550,628.15** has been distributed to **442** recipients and **23** qualified agencies.

ZAKAT ON BUSINESS

30. We confirmed that the Bank has fulfilled its obligation to pay Zakat on its business for the financial year ended 2022 to Majlis Agama Islam Negeri-Negeri amounting **RM14,405,951.00** 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). Meanwhile, the distribution of business Zakat of the Bank for Asnaf (own distribution) to the eligible Asnaf amounting to **RM25,295,570.00** are as guided by Policy and Procedure Business Zakat Management of Bank Rakyat that was approved by us.
31. The distribution of zakat is in line with the Shariah’s objective implemented in the Sustainable Development Goals (SDGs) such as basic needs assistance, education, religion, medication, housing, asnaf entrepreneurs and *muallaf*.
32. In summary, we endorsed that Bank Rakyat has managed to pay Zakat on business for the year of 2022 in total sum of **RM39,701,521.00**.

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

1. The Shariah principles and contracts implemented on products offered by the Bank are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

2. The transactions, applications and dealings entered into by the Bank that we have reviewed, 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, excluding the Shariah Non-compliance events as verified and mentioned above.

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for the Financial Year End 31 December 2023

3.
- Rectification plans have been executed on all confirmed Shariah Non-Compliant events.
4.
- The transactions, applications and dealings that are subjected to further investigation and rectification have been regulated on an on-going basis.
5.
- All earnings that have been realised from sources or by means of incompliance with the Shariah principles has been transferred to GL Shariah Non-Compliant Fund to be channelled to charitable organisations, in line with the internal policies and Shariah Governance Framework of Bank Rakyat.
6.
- The distribution of Zakat on Banking Businesses for the year of 2022 is complied with Shariah principles.
7.
- The collection and management of Waqf funds under Bank Rakyat Waqf Initiative for the year of 2023 is complied with Shariah principles.

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 2023 have been conducted in conformity with the Shariah principles.



PROF. DR. AZMAN MOHD NOOR
Chairman of Shariah Committee



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



DR. MOHAMMAD ZAINI YAHAYA
Shariah Committee Member



SS DATO' DR. MOHAMAD SABRI HARON
Shariah Committee Member



ASST. PROF. DR. AKHTARZAITE ABDUL AZIZ
Shariah Committee Member



DR. TUAN BADRUL HISYAM TUAN SOH
Shariah Committee Member

Statutory Declaration

I, **AMREN FAISAL FADZIL**, being the officer primarily responsible for the financial management of Bank Kerjasama Rakyat Malaysia Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on **11 MAR 2024**



AMREN FAISAL FADZIL

Before me:



ZULPADLI & EDDY S
NO. 24, JALAN PERUMAHAN GURNEY
54000 KUALA LUMPUR

Directors’ Report

DIRECTORS’ REPORT

The Directors of Bank Kerjasama Rakyat Malaysia Berhad (“the Bank”) have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and the Bank.

RESULTS OF OPERATIONS

	Group RM’000	Bank RM’000
Profit before taxation and zakat	1,760,788	1,773,602
Taxation	(116,674)	(113,169)
Zakat	(44,188)	(41,702)
Profit after taxation and zakat	1,599,926	1,618,731
Statutory appropriations	(483,246)	(483,246)
Profit for the year	1,116,680	1,135,485
Other comprehensive income	323,813	323,813
Total comprehensive income for the year	1,440,493	1,459,298
Total comprehensive income for the year attributable to: Equity holders of the Bank	1,440,493	1,459,298

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.

Directors’ Report

DIVIDENDS

During the financial year ended 31 December 2023, the Bank paid a cash dividend of 15% amounting to RM427 million in regard to the previous financial year ended 31 December 2022.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 15% amounting to approximately RM450 million and a special dividend of 2% amounting to approximately RM60 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 209 to 371 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 2023 and of the results of their operations and cash flows for the year ended on that date.

The Directors are satisfied that before the statements of financial position and the statements of profit or loss and other comprehensive income of the Group and of the Bank were made out, reasonable steps have been taken on the following matters:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment provisions and allowance for doubtful debts and had satisfied themselves that all known bad financing and bad debts had been written off and that adequate impairment provisions and allowance for impaired financing had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, within the knowledge of the Directors, they are not aware of any circumstances that would cause the following:

- (i) the amount written off for bad financing and bad debts or the amount of the impairment provisions and allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) the amount reported in the financial statements of the Group and of the Bank misleading; and
- (iv) any adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability which has not been discharged has been undertaken by the Group and the Bank, except as disclosed in Note 41 to the financial statements. No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Bank for the current financial year.

Directors’
Report

OTHER STATUTORY INFORMATION (CONTINUED)

The Directors do solemnly and sincerely declare that there were no other matters, within their knowledge, that are not disclosed in accordance with Section 59, Co-operative Societies Act 1993.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.


Datuk Mohd Irwan Mohd Mubarak

Kuala Lumpur, Malaysia
11 MAR 2024


Tunku Dato’ Ahmad Burhanuddin
Tunku Datuk Seri Adnan

Statements of
Financial Position
as at 31 December 2023

		Group		
	Note	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Assets				
Cash and short-term funds	6	1,102,099	1,834,420	835,189
Deposits and placements with financial institutions	7	378,718	368,445	672,463
Financial investments at fair value through profit or loss	8	-	255,027	976,032
Financial investments at fair value through other comprehensive income	9	19,394,617	20,466,301	20,781,718
Financial investments at amortised cost	10	12,522,304	12,427,045	10,826,850
Financing and advances	11	81,101,218	77,239,589	76,646,744
Trade receivables	12	2,314	1,228	909
Other assets	13	949,292	975,749	620,169
Right-of-use assets	14	43,917	40,262	49,075
Inventories	15	38,911	43,801	23,393
Property and equipment	17	644,134	613,202	606,186
Intangible assets	18	550,412	544,365	579,046
Investment properties	19	1,543,123	1,490,411	1,388,091
Prepaid lease payments	20	53,719	55,193	59,038
Tax recoverable		189,067	218,713	142,078
Deferred tax assets	21	177,912	290,672	201,484
Total assets		118,691,757	116,864,423	114,408,465
Liabilities				
Deposits from customers	22	83,557,906	86,338,197	86,523,884
Investment accounts of customers	23	202,967	19,983	-
Deposits and placements from banks and financial institutions	24	2,755,505	1,592,461	850,000
Trade payables		1,695	1,735	1,839
Recourse obligations on financing sold to Cagamas	25	1,000,005	500,000	318,311
Debt securities issued	26	5,033,537	4,023,391	3,297,940
Cashline facility	27	701,468	704,122	700,417
Other liabilities	28	1,931,726	1,590,796	1,697,022
Deferred tax liabilities	21	13,584	15,170	13,550
Total liabilities		95,198,393	94,785,855	93,402,963
Shareholders’ fund				
Share capital	29	2,986,030	2,986,030	2,986,030
Share redemption fund		50,000	2,120	5,885
Reserves	30	20,457,334	19,090,418	18,013,587
Total shareholders’ fund		23,493,364	22,078,568	21,005,502
Total liabilities and shareholders’ fund		118,691,757	116,864,423	114,408,465
Commitments and contingencies	41	2,711,970	2,573,104	2,543,134

Statements of Financial Position

as at 31 December 2023 (Continued)

			Bank	
	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Assets				
Cash and short-term funds	6	1,101,504	1,831,709	834,987
Deposits and placements with financial institutions	7	378,716	368,303	672,463
Financial investments at fair value through profit or loss	8	-	255,027	976,032
Financial investments at fair value through other comprehensive income	9	19,394,609	20,466,293	20,781,710
Financial investments at amortised cost	10	12,522,304	12,427,045	10,826,850
Financing and advances	11	81,425,290	77,527,614	76,866,888
Other assets	13	944,926	948,807	596,551
Right-of-use assets	14	57,386	46,954	60,948
Investment in subsidiaries	16	100,744	100,744	100,744
Property and equipment	17	549,012	523,536	514,446
Intangible assets	18	537,227	531,180	565,861
Investment properties	19	981,885	958,370	948,920
Prepaid lease payments	20	53,719	55,193	59,038
Tax recoverable		185,492	215,653	138,747
Deferred tax assets	21	177,000	290,000	201,000
Total assets		118,409,814	116,546,428	114,145,185
Liabilities				
Deposits from customers	22	83,557,906	86,338,197	86,523,884
Investment accounts of customers	23	202,967	19,983	-
Deposits and placements from banks and financial institutions	24	2,755,505	1,592,461	850,000
Recourse obligations on financing sold to Cagamas	25	1,000,005	500,000	318,311
Debt securities issued	26	5,033,537	4,023,391	3,297,940
Cashline facility	27	701,468	704,122	700,417
Other liabilities	28	2,094,289	1,737,738	1,884,260
Total liabilities		95,345,677	94,915,892	93,574,812
Shareholders' fund				
Share capital	29	2,986,030	2,986,030	2,986,030
Share redemption fund		50,000	2,120	5,885
Reserves	30	20,028,107	18,642,386	17,578,458
Total shareholders' fund		23,064,137	21,630,536	20,570,373
Total liabilities and shareholders' fund		118,409,814	116,546,428	114,145,185
Commitments and contingencies	41	2,711,970	2,573,104	2,543,134

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

Statements of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Income	31	6,665,609	6,074,708	6,496,327	5,993,280
Expenditure	32	(3,541,807)	(2,427,353)	(3,384,493)	(2,351,517)
Net income		3,123,802	3,647,355	3,111,834	3,641,763
Allowances for impairment	33	(158,884)	(661,193)	(154,474)	(657,897)
Other operating income	34	580,001	440,793	592,953	423,650
Operating expenses	35	(1,784,131)	(1,551,254)	(1,776,711)	(1,549,897)
Profit before taxation and zakat		1,760,788	1,875,701	1,773,602	1,857,619
Taxation	36	(116,674)	158,167	(113,169)	162,271
Zakat	37	(44,188)	(40,926)	(41,702)	(39,851)
Profit after taxation and zakat		1,599,926	1,992,942	1,618,731	1,980,039
Statutory appropriations					
	38				
Transfer to statutory reserve: 25% (2022: 25%)		(415,108)	(504,972)	(415,108)	(504,972)
Contribution to the Co-operative Education Trust Fund: 2% (2022: 2%)		(35,472)	(37,152)	(35,472)	(37,152)
Contribution to the Co-operative Development Provident Fund: 1% (2022: 1%)		(17,736)	(18,576)	(17,736)	(18,576)
Contribution to Bank Rakyat Foundation		(14,930)	(14,930)	(14,930)	(14,930)
		(483,246)	(575,630)	(483,246)	(575,630)
Profit for the year		1,116,680	1,417,312	1,135,485	1,404,409
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss:					
Change in fair value reserve (equity instruments)		14,407	14,395	14,407	14,395
Items that may be reclassified subsequently to profit or loss:					
Fair value reserve (debt instruments)					
- Change in fair value		315,285	(429,599)	315,285	(429,599)
- Amount transferred to profit or loss		(5,923)	(1,349)	(5,923)	(1,349)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		44	(51)	44	(51)
Other comprehensive income/(loss) for the year		323,813	(416,604)	323,813	(416,604)
Total comprehensive income for the year		1,440,493	1,000,708	1,459,298	987,805
Earnings per share (RM)					
Basic	39	0.55	0.68	0.55	0.67

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

Statements of Changes in Equity

for the Year Ended 31 December 2023

	Non-distributable		Distributable		
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Group					
At 1 January 2022, as previously reported	2,986,030	5,885	7,853,902	10,809,378	21,655,195
Prior year adjustments (Note 48)	-	-	-	(649,693)	(649,693)
At 1 January 2022, as restated	2,986,030	5,885	7,853,902	10,159,685	21,005,502
Profit after taxation and zakat	-	-	-	1,992,942	1,992,942
Transfer to statutory reserve	-	-	-	(504,972)	(504,972)
Contribution to the Co-operative Education Trust Fund	-	-	-	(37,152)	(37,152)
Contribution to the Co-operative Development Provident Fund	-	-	-	(18,576)	(18,576)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,417,312	1,417,312
Other comprehensive loss	-	-	(416,604)	-	(416,604)
Total comprehensive (loss)/ income for the year	-	-	(416,604)	1,417,312	1,000,708
Transfer from retained profits	-	-	504,972	-	504,972
Issuance to new member	22,939	-	-	-	22,939
Share withdrawal	(26,704)	-	-	-	(26,704)
Transfer to share capital	3,765	(3,765)	-	-	-
Dividends (Note 40)	-	-	-	(429,476)	(429,476)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	627	627
At 31 December 2022	2,986,030	2,120	7,942,270	11,148,148	22,078,568
	Note 29		Note 30	Note 30	

Statements of Changes in Equity

for the Year Ended 31 December 2023 (Continued)

	Non-distributable		Distributable		
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Group					
At 1 January 2023, as previously reported	2,986,030	2,120	7,897,423	11,668,679	22,554,252
Prior year adjustments (Note 48)	-	-	44,847	(520,531)	(475,684)
At 1 January 2023, as restated	2,986,030	2,120	7,942,270	11,148,148	22,078,568
Profit after taxation and zakat	-	-	-	1,599,926	1,599,926
Transfer to statutory reserve	-	-	-	(415,108)	(415,108)
Contribution to the Co-operative Education Trust Fund	-	-	-	(35,472)	(35,472)
Contribution to the Co-operative Development Provident Fund	-	-	-	(17,736)	(17,736)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,116,680	1,116,680
Other comprehensive income	-	-	323,813	-	323,813
Total comprehensive income for the year	-	-	323,813	1,116,680	1,440,493
Transfer from retained profits	-	-	415,108	-	415,108
Issuance to new member	27,057	-	-	-	27,057
Share withdrawal	(41,789)	-	-	-	(41,789)
Transfer to share capital	14,732	(14,732)	-	-	-
Transfer to share redemption fund	-	62,612	-	(62,612)	-
Dividends (Note 40)	-	-	-	(426,803)	(426,803)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	730	730
At 31 December 2023	2,986,030	50,000	8,681,191	11,776,143	23,493,364
	Note 29		Note 30	Note 30	

Statements of Changes in Equity

for the Year Ended 31 December 2023 (Continued)

	Non-distributable		Distributable		
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Bank					
At 1 January 2022, as previously reported	2,986,030	5,885	7,854,643	10,373,508	21,220,066
Prior year adjustments (Note 48)	-	-	-	(649,693)	(649,693)
At 1 January 2022, as restated	2,986,030	5,885	7,854,643	9,723,815	20,570,373
Profit after taxation and zakat	-	-	-	1,980,039	1,980,039
Transfer to statutory reserve	-	-	-	(504,972)	(504,972)
Contribution to the Co-operative Education Trust Fund	-	-	-	(37,152)	(37,152)
Contribution to the Co-operative Development Provident Fund	-	-	-	(18,576)	(18,576)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,404,409	1,404,409
Other comprehensive loss	-	-	(416,604)	-	(416,604)
Total comprehensive (loss)/ income for the year	-	-	(416,604)	1,404,409	987,805
Transfer from retained profits	-	-	504,972	-	504,972
Issuance to new member	22,939	-	-	-	22,939
Share withdrawal	(26,704)	-	-	-	(26,704)
Transfer to share capital	3,765	(3,765)	-	-	-
Dividends (Note 40)	-	-	-	(429,476)	(429,476)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	627	627
At 31 December 2022	2,986,030	2,120	7,943,011	10,699,375	21,630,536
	Note 29		Note 30	Note 30	

Statements of Changes in Equity

for the Year Ended 31 December 2023 (Continued)

	Non-distributable		Distributable		
	Share capital RM'000	Share redemption fund RM'000	Other reserves RM'000	Retained profits RM'000	Total equity RM'000
Bank					
At 1 January 2023, as previously reported	2,986,030	2,120	7,898,164	11,219,906	22,106,220
Prior year adjustments (Note 48)	-	-	44,847	(520,531)	(475,684)
At 1 January 2023, as restated	2,986,030	2,120	7,943,011	10,699,375	21,630,536
Profit after taxation and zakat	-	-	-	1,618,731	1,618,731
Transfer to statutory reserve	-	-	-	(415,108)	(415,108)
Contribution to the Co-operative Education Trust Fund	-	-	-	(35,472)	(35,472)
Contribution to the Co-operative Development Provident Fund	-	-	-	(17,736)	(17,736)
Contribution to Bank Rakyat Foundation	-	-	-	(14,930)	(14,930)
Profit for the year	-	-	-	1,135,485	1,135,485
Other comprehensive income	-	-	323,813	-	323,813
Total comprehensive income for the year	-	-	323,813	1,135,485	1,459,298
Transfer from retained profits	-	-	415,108	-	415,108
Issuance to new member	27,057	-	-	-	27,057
Share withdrawal	(41,789)	-	-	-	(41,789)
Transfer to share capital	14,732	(14,732)	-	-	-
Transfer to share redemption fund	-	62,612	-	(62,612)	-
Dividends (Note 40)	-	-	-	(426,803)	(426,803)
Overprovision in contribution to Bank Rakyat Foundation	-	-	-	730	730
At 31 December 2023	2,986,030	50,000	8,681,932	11,346,175	23,064,137
	Note 29		Note 30	Note 30	

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

Statements of Cash Flows

for the Year Ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities				
Profit before taxation and zakat	1,760,788	1,875,701	1,773,602	1,857,619
Adjustment for:				
Profit expense on debt securities issued (Note 32)	174,344	150,551	174,344	150,551
Allowance for impairment on financing and advances (Note 33)	158,842	668,645	154,432	665,349
Allowance/(Writeback) for impairment on financial investments at fair value through other comprehensive income (Note 33)	42	(51)	42	(51)
Writeback for impairment on financial investments at amortised cost (Note 33)	-	(7,401)	-	(7,401)
Depreciation of property and equipment (Note 35(ii))	44,707	39,058	41,983	36,517
Depreciation of right-of-use assets (Note 35(ii))	18,039	18,959	23,865	24,447
Amortisation of prepaid lease payment (Note 35(ii))	1,474	1,550	1,474	1,550
Amortisation of intangible assets (Note 35(ii))	53,459	54,306	53,459	54,306
Finance cost on lease liabilities (Note 35(ii))	2,045	1,913	2,722	2,316
Property and equipment written off (Note 35(ii))	39	37	39	37
Gain on disposal of property and equipment (Note 34(ii))	(4)	-	(4)	-
Loss on financing written off (Note 35(ii))	7,625	6,936	7,625	6,936
Impairment losses of trade and other receivables (Note 35(ii))	5,728	-	5,560	-
Gain on revaluation of investment properties (Note 34(ii))	(43,274)	(26,281)	(34,265)	(9,450)
Writeback for impairment on trade receivables (Note 34(ii))	(205)	(149)	-	-
Writeback for impairment on other receivables, deposits and prepayments (Note 34(ii))	-	(1,138)	-	(1,138)
Net loss on disposal of financial investments at fair value through profit or loss (Note 34(ii))	11,312	24,813	11,312	24,813
Net gain on disposal of financial investments at fair value through other comprehensive income (Note 34(ii))	(5,923)	(1,349)	(5,923)	(1,349)
Net loss on revaluation of financial investments at fair value through profit or loss (Note 34(ii))	-	846	-	846
Profit expense on financing sold with recourse to Cagamas (Note 32)	44,252	15,467	44,252	15,467
Profit expense on cashline facility (Note 32)	3,908	8,647	3,908	8,647
Dividend from financial investments at fair value through profit or loss (Note 34(ii))	(13,760)	(15,623)	(13,760)	(15,623)
Operating profit before working capital changes	2,223,438	2,815,437	2,244,667	2,814,389
Decrease/(Increase) in assets:				
Deposits and placements with financial institutions	(10,273)	243,905	(10,413)	244,047
Financing and advances	(4,030,760)	(1,269,975)	(4,062,397)	(1,334,560)
Trade receivables	(881)	(170)	-	-
Other assets	2,841	(354,442)	(32,170)	(351,118)
Inventories	4,890	(20,408)	-	-

Statements of Cash Flows

for the Year Ended 31 December 2023 (Continued)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities (continued)				
(Decrease)/Increase in liabilities:				
Deposits from customers	(2,780,291)	(185,687)	(2,780,291)	(185,687)
Investment accounts of customers	182,984	19,983	182,984	19,983
Deposits and placements from banks and financial institutions	1,163,044	742,461	1,163,044	742,461
Trade payables	(40)	(104)	-	-
Recourse obligations on financing sold to Cagamas	455,753	166,222	455,753	166,222
Other liabilities	238,653	(254,735)	260,553	(289,812)
Cash (used in)/generated from operations activities	(2,550,642)	1,902,487	(2,578,270)	1,825,925
Income tax refunded/(paid)	24,146	(6,036)	29,992	(3,635)
Zakat paid	(38,707)	(37,974)	(36,911)	(36,728)
Net cash (used in)/generated from operating activities	(2,565,203)	1,858,477	(2,585,189)	1,785,562
Cash flows from investing activities				
Purchases of financial investments at fair value through profit or loss	(420,000)	(330,000)	(420,000)	(330,000)
Proceed from disposal and/or maturity of financial investments at fair value through profit or loss	663,715	1,025,346	663,715	1,025,346
Purchases of financial investments at fair value through other comprehensive income	(2,645,000)	(3,855,000)	(2,645,000)	(3,855,000)
Proceed from disposal and/or maturity of financial investments at fair value through other comprehensive income	4,046,378	3,755,213	4,046,378	3,755,213
Purchases of financial investments at amortised cost	(1,895,000)	(3,961,150)	(1,895,000)	(3,961,150)
Proceeds from disposal and/or maturity of financial investments at amortised cost	1,799,741	2,368,356	1,799,741	2,368,356
Purchase of investment properties	(30,388)	(76,039)	-	-
Proceeds from disposal of investment properties	2,300	-	-	-
Purchase of property and equipment	(57,203)	(43,816)	(56,922)	(43,349)
Purchase of intangible assets	(59,506)	(19,625)	(59,506)	(19,625)
Proceeds from disposal of property and equipment	179	-	178	-
Dividend from financial investments at fair value through profit or loss (Note 34(ii))	13,760	15,623	13,760	15,623
Net cash generated from/(used in) investing activities	1,418,976	(1,121,092)	1,447,344	(1,044,586)

Statements of Cash Flows

for the Year Ended 31 December 2023 (Continued)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from financing activities				
Proceeds from re-issuance of shares to members	27,057	22,939	27,057	22,939
Dividend paid	(426,803)	(429,476)	(426,803)	(429,476)
Net (decrease)/increase in government fund	(2,826)	2,529	(2,826)	2,529
Fund received from Bank Negara Malaysia (“BNM”)	7,482	56,700	7,482	56,700
Proceeds from debt securities issued	1,000,000	2,000,000	1,000,000	2,000,000
Payment of profit expenses on debt securities issued	-	(145,100)	-	(145,100)
Payment on debt securities issued	(164,198)	(1,280,000)	(164,198)	(1,280,000)
Payment of lease liabilities	(20,244)	(20,917)	(26,510)	(27,017)
Payment of cashline facility	(706,562)	(704,942)	(706,562)	(704,942)
Receipt of cashline facility	700,000	700,000	700,000	700,000
Net cash generated from financing activities	413,906	201,733	407,640	195,633
Net (decrease)/increase in cash and cash equivalents	(732,321)	939,118	(730,205)	936,609
Cash and cash equivalents at beginning of the year	1,834,420	895,302	1,831,709	895,100
Cash and cash equivalents at end of the year	1,102,099	1,834,420	1,101,504	1,831,709
Cash and cash equivalents comprises:				
Cash and short-term funds (Note 6)	1,102,099	1,834,420	1,101,504	1,831,709
Deposits and placements with financial institutions (Note 7)	378,718	368,445	378,716	368,303
	1,480,817	2,202,865	1,480,220	2,200,012
Less:				
Cash and short-term funds and deposits and placements with original maturity of more than three months	(378,718)	(368,445)	(378,716)	(368,303)
	1,102,099	1,834,420	1,101,504	1,831,709

Cash flows for leases as a lessee

Included in net cash (used in)/generated from operating activities is payments relating to Group’s and Bank’s short-term leases amounting to RM966,156 (2022: RM1,755,080) and RM936,604 (2022: RM1,818,445) respectively, as well as Group's leases of low-value assets amounting to RM26,215 (2022: RM26,215).

Statements of Cash Flows

for the Year Ended 31 December 2023 (Continued)

	Debt securities RM'000	Lease liabilities RM'000	Cashline facility RM'000	Government fund RM'000	BNM fund RM'000	Total RM'000
Group						
At 1 January 2023	4,023,391	42,378	704,122	121,079	182,161	5,073,131
Profit expense during the year	174,344	2,045	3,908	-	-	180,297
Additions	1,000,000	21,694	700,000	-	7,482	1,729,176
Payment	(164,198)	(20,244)	(706,562)	(2,827)	-	(893,831)
Non-cash movement	-	-	-	-	5,495	5,495
At 31 December 2023	5,033,537	45,873	701,468	118,252	195,138	6,094,268
At 1 January 2022	3,297,940	51,236	700,417	198,892	134,840	4,383,325
Profit expense during the year	150,551	1,913	8,647	-	-	161,111
Profit paid during the year	(145,100)	-	-	-	-	(145,100)
Additions	2,000,000	10,146	700,000	-	56,700	2,766,846
Payment	(1,280,000)	(20,917)	(704,942)	(77,813)	-	(2,083,672)
Non-cash movement	-	-	-	-	(9,379)	(9,379)
At 31 December 2022	4,023,391	42,378	704,122	121,079	182,161	5,073,131
Bank						
At 1 January 2023	4,023,391	49,457	704,122	121,079	182,161	5,080,210
Profit expense during the year	174,344	2,722	3,908	-	-	180,974
Additions	1,000,000	34,297	700,000	-	7,482	1,741,779
Payment	(164,198)	(26,510)	(706,562)	(2,827)	-	(900,097)
Non-cash movement	-	-	-	-	5,495	5,495
At 31 December 2023	5,033,537	59,966	701,468	118,252	195,138	6,108,361
At 1 January 2022	3,297,940	63,705	700,417	198,892	134,840	4,395,794
Profit expense during the year	150,551	2,316	8,647	-	-	161,514
Profit paid during the year	(145,100)	-	-	-	-	(145,100)
Additions	2,000,000	10,453	700,000	-	56,700	2,767,153
Payment	(1,280,000)	(27,017)	(704,942)	(77,813)	-	(2,089,772)
Non-cash movement	-	-	-	-	(9,379)	(9,379)
At 31 December 2022	4,023,391	49,457	704,122	121,079	182,161	5,080,210

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

1. GENERAL INFORMATION

The Bank was established under the Co-operative Societies Act 1993 with the registered office address at 35th Floor, Menara 1, Menara Kembar Bank Rakyat, No. 33, Jalan Rakyat, 50470 Kuala Lumpur.

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 16.

There have been no significant changes in the nature of these principal activities of the Group and the Bank.

The Bank has a total of 148 branches as of 31 December 2023 (2022: 148).

These financial statements have been approved and authorised for issue by the Board of Directors on 11 March 2024.

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), applicable Malaysian Financial Reporting Standards (“MFRS”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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 Accounting Standards and the provisions of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and are rounded to the nearest thousand (“000”), unless otherwise stated.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Bank.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and *MFRS 7, Financial Instruments: Disclosures - Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendment to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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*

Notes to the Financial Statements

for the Year Ended 31 December 2023

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

The Group and the Bank plan to apply the abovementioned accounting standards, amendments or interpretations, where applicable:

- from the annual period beginning on 1 January 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024
- from the annual period beginning on 1 January 2025 for those amendments that are effective for annual periods beginning on or after 1 January 2025

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Bank.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Bank adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosures of ‘material’, rather than ‘significant’ accounting policies. The amendments also provide guidance on application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that need to understand other information in the financial statement.

Although the amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed as follows:

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.

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.

Investments in subsidiaries are measured in the Bank’s statement of financial position at cost less any impairment losses.

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. 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;

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Business combinations (continued)

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that (continued):

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2, *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified and measured as held-for-sale in accordance with MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

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.

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.

3.5.1 Financial assets

3.5.1.1 Initial recognition and subsequent measurement

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the asset’s contractual cash flow characteristics, measured at either:

- Amortised cost
- Fair value through other comprehensive income (“FVOCI”)
- Fair value through profit or loss (“FVTPL”)

Included in financial assets are the following:

(i) Financial assets at amortised cost

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (“SPPP”) on the principal amount outstanding.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.1 Initial recognition and subsequent measurement (continued)

(i) Financial assets at amortised cost (continued)

The details of these conditions are outlined below:

(a) Business model assessment

The Group and the Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Group’s and the Bank’s business model is not assessed on an instrument-by-instrument basis, but a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); or
- The expected frequency, value and timing of sales are also important aspects of the Group’s 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’s and the Bank’s original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

(b) The SPPP test

As a second step of its classification process, the Group and the Bank assess the contractual terms of financial assets to identify whether they meet the SPPP test.

“Principal” for the purpose of this test is defined as their fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are payments of principal or amortisation of the premium/discount).

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.1 Initial recognition and subsequent measurement (continued)

(i) Financial assets at amortised cost (continued)

(b) The SPPP test (continued)

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

(ii) Fair value through other comprehensive income (“FVOCI”)

The Group and the Bank apply the new category under MFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets meet the SPPP test.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income (“OCI”). Profit income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for unquoted equity instruments, with an irrevocable option at inception, the Group and the Bank measure the changes through FVOCI (without recycling profit or loss upon derecognition).

(iii) Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at FVTPL include financial assets held-for-trading and financial asset designated at FVTPL upon initial recognition. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading.

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.1 Initial recognition and subsequent measurement (continued)

(iii) Financial assets at fair value through profit or loss (“FVTPL”) (continued)

Such designation is determined on an instrument-by-instrument basis (continued):

- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statements of financial position at fair value. Changes in fair value are recognised in profit or loss under the heading of ‘other operating income’.

(iv) Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financing and receivables are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method, less any impairment.

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.

3.5.1.2 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*.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Impairment of financial assets (continued)

The measurement of ECL involves increased complexity and judgement that include:

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

The assessment of significant deterioration since initial recognition is the key to determine the point of switching between measuring an allowance based on 12-month ECL, or an allowance based on lifetime ECL. A number of both qualitative and quantitative assessments are used in determining whether there is a significant increase in credit risk as at reporting date when compared with the date of initial recognition.

The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
Description	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

- (ii) ECL Measurement

There are three main components to measure ECL which are probability of default (“PD”) model, a loss given default (“LGD”) model, and the exposure at default model (“EAD”).

- a) Probability of default

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon.

- b) Loss Given Default

LGD is defined as the percentage of exposure the Bank might lose in case the customer defaults. These losses are usually shown as a percentage of EAD, and depend, amongst others, on the type and amount of collateral as well as the type of customer and the expected proceeds from the work-out of the assets.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Impairment of financial assets (continued)

- (ii) ECL Measurement (continued)

- c) Exposure at Default

EAD is an estimate of the Bank’s exposure to its counterparty at the time of default. For defaulted accounts, EAD is simply the amount outstanding at the point of default.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group and the Bank have continued to measure impairment on individual assessment basis for financial assets that are deemed to be individually significant. All other remaining financial assets are collectively assessed as per the Group’s policy.

- (iii) Expected life

Lifetime expected credit losses must be measured over the expected life. This is defined to be the maximum contractual life, including any expected prepayment, extension, call and similar options.

- (iv) Financial investments at FVOCI

The ECLs of financial investments measured at FVOCI do not reduce the carrying amount of these financial assets, which remains at fair value. Rather, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to profit or loss upon derecognition of the assets.

- (v) Forward-looking information

Expected credit losses are the unbiased probability-weighted credit losses, determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking forward is based on the Group’s and the Bank’s Economic Research Division.

Where applicable, the Group and the Bank incorporate forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation, taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.2 Impairment of financial assets (continued)

(v) Forward-looking information (continued)

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Private Final Consumption (“PFC”);
- Gross Domestic Product (“GDP”);
- Consumer Sentiment Index (“CSI”);
- Unemployment Rate (“Unemployment”);
- Overnight Pricing Rate (“OPR”);
- Passenger Cars (“Passenger Cars”);
- Consumer Price Indices (“CPI”);
- House Price Indices (“HPI”); or
- FTSE Bursa Malaysia Small Cap Index (“FTSE”).

The Group and Bank apply the following three alternative macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

- *Base scenario:* This scenario reflects the current macro-economic conditions continue to prevail.
- *Best and Worst scenarios:* These scenarios are set relative to the base scenario; reflecting the best and worst case macro-economic conditions respectively, based on subject matter expert’s best judgement from current economic conditions.

(vi) Valuation for Stage 3 ECL

The Group’s 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.

3.5.1.3 Rescheduled and restructured financing

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.1 Financial assets (continued)

3.5.1.4 Modification of financing

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of financing to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amount the customer is expected to be able to pay;
- Whether any substantial new terms are introduced, such as profit share/equity-based return that substantially affects the risk profile of the financing;
- Significant extension of the financing term when the customer is not in financial difficulty; or
- Significant change in profit rate.

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.

3.5.1.5 Reclassification of financial assets

Reclassification of financial assets is permissible when and only when there is change in business model for managing financial assets.

Subsequent to initial recognition, the Group and the Bank do not reclassify its financial assets.

3.5.2 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when the Group and the Bank transfer the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the financial asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised financing for the proceeds received.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (continued)

3.5.2 Derecognition of financial assets (continued)

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated under the heading of other reserves is recognised in profit or loss.

3.5.3 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

3.5.4 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group’s and of the Bank’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s and of the Bank’s own equity instruments.

3.5.5 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at amortised cost include deposits from customers, deposits and placements from banks and financial institutions, trade and other payables, recourse obligations on financing sold to Cagamas, debt securities issued and other fund placements.

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

3.5.5.1 Investment accounts

Investment accounts are based on the concept of profit sharing. Under this concept, the customer provides capital for the Group and the Bank to invest. The profit earned from the investment will be shared as dividend between the customer and the Group and the Bank according to the predetermined mutually agreed Profit Sharing Ratio (“PSR”).

An unrestricted investment account (“UA”) refers to a type of investment account where the investor provides the Group and the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. The UA is structured under Mudarabah contracts.

The financial losses associated with the investment are to be borne by the customer whilst the Group and the Bank may suffer losses in term of costs and time.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL 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 statements of financial position comprise of cash and bank balances with bank and other financial institutions and short-term deposits maturing within one month. For purpose of the statements of cash flows, cash and cash equivalents consist of cash and short term funds with original maturity of less than three months.

3.7 Leases

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank use the definition of a lease in MFRS 16.

(a) Group as lessor

The Group and the Bank enter into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group and the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(a) Group as lessor (continued)

When the Group or the Bank is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease as part of ‘Other operating income’ (Note 34). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s and the Bank’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s and the Bank’s net investment outstanding in respect of the leases.

(b) Group as lessee

The Group and the Bank apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liabilities.

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Bank expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease:

Buildings	1 - 10 years
Other equipment	1 - 2 years

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (continued)

(b) Group as lessee (continued)

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

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

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

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of compensation for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs and are included in 'Operating expenses' in profit or loss.

The Group and the Bank present lease liabilities in ‘Other liabilities’ (Note 28) in the statements of financial position.

In calculating the present value of lease payments, the Group and the Bank use finance rate implicit in the lease. If this rate cannot be readily determined, the lessees uses its incremental financing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured (and makes a corresponding adjustment to the related right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero) if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group and the Bank do not make any such adjustments during the periods presented.

Notes to the Financial Statements

for the Year Ended 31 December 2023

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

3.8 Financing costs

Financing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other financing costs are expensed in the period in which they occur. Financing costs consist of profit expense and other costs that an entity incurs in connection with the financing of funds.

3.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group and the Bank, are classified as investment properties. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period.

Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

In determining the amount of consideration from the derecognition of investment property the Group and the Bank consider the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

If owner-occupied property becomes an investment property, the Group and the Bank account for such property in accordance with the policy stated under property and equipment up to the date of change in use. Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease.

3.10 Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Property and equipment (continued)

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

3.11 Intangible assets

In addition to goodwill, intangible assets also include computer software and software-in-development.

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.

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

Computer software	5 - 15 years
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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 2 to 858 years (2022: 3 to 859 years).

3.13 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

3.14 Inventories

Inventories are valued at the lower of cost (determined using the first-in, first out method) and net realisable value.

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

3.18 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 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.

Notes to the Financial Statements

for the Year Ended 31 December 2023

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Employee benefits

3.19.1 Defined contribution plan

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

3.19.2 Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.20 Impairment of non-financial assets

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

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.

Notes to the Financial Statements

for the Year Ended 31 December 2023

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

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

4.2 Impairment of financial assets portfolio

The Group and the Bank review their financial investments at FVOCI and financial investments at amortised cost under MFRS 9 to recognise the ECL at each reporting date to reflect changes in credit risk of the financial investments not measured through FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

Notes to the Financial Statements

for the Year Ended 31 December 2023

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 statements of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques. Valuation techniques include the discounted cashflow methods, option pricing models, and other relevant valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

4.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profit together with future tax planning strategies.

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

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank have several lease contracts that include extension and termination options. The Group and the Bank apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Notes to the Financial Statements

for the Year Ended 31 December 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

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

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

5. CHANGES IN REGULATORY REQUIREMENTS

Based on the BNM’s revised guideline on Financial Reporting for Development Financial Institutions, the prescribed development financial institutions (“DFIs”) can make a one-time election in 2020 to apply revisions to the original effective profit rate in respect of any modifications made to the contractual cash flows of financing. In the event of election, the requirements shall apply for financial years beginning between 1 January 2020 to 31 December 2022 and in respect of financing for which the contractual cash flows are modified, including payments deferred under moratoriums provided by DFIs during these financial years.

The Group and the Bank had elected in 2020 to adopt the abovementioned modified accounting treatment for financial years beginning between 1 January 2020 to 31 December 2022. With effect from 1 January 2023, the Group and the Bank have discontinued the adoption of the modified accounting treatment to comply with MFRS and IFRS accounting standards.

The effect of the discontinuation of the modified accounting treatment has been accounted for retrospectively in the financial statements and prior year adjustments have been made as disclosed in Note 48.

6. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
At amortised cost				
Cash and balances with banks and other financial institutions	1,002,064	1,048,826	1,001,469	1,046,115
Money at call and deposit placements maturing within one month	100,035	785,594	100,035	785,594
	1,102,099	1,834,420	1,101,504	1,831,709

Included in the cash and balances with banks and other financial institutions are RM246.86 million (2022: RM239.83 million) pledged as the collateral for the cashline facility (Note 27).

Notes to the Financial Statements

for the Year Ended 31 December 2023

6. CASH AND SHORT-TERM FUNDS (CONTINUED)

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

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Cash and short-term funds	1,102,099	1,834,420	1,101,504	1,831,709

7. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
At amortised cost				
Licensed banks	378,718	368,445	378,716	368,303

Included in the deposits and placements with financial institutions are RM378.72 million (2022: RM368.30 million) pledged as the collateral for the cashline facility (Note 27).

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

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
More than three months	378,718	368,445	378,716	368,303

8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	2023 RM’000	2022 RM’000
Debt instruments at fair value through profit or loss:		
Government investment issues	-	41,827
Islamic redeemable convertible preference shares	-	213,200
	-	255,027
Total financial investments at fair value through profit or loss	-	255,027

Notes to the Financial Statements

for the Year Ended 31 December 2023

9. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
*Debt instruments at fair value through other comprehensive income:				
Islamic debt securities	5,349,954	4,520,183	5,349,954	4,520,183
Government investment issues	4,798,167	6,803,294	4,798,167	6,803,294
Government sukuk	8,678,487	8,403,783	8,678,487	8,403,783
Cagamas sukuk	466,427	651,866	466,427	651,866
	19,293,035	20,379,126	19,293,035	20,379,126
Equity securities at fair value through other comprehensive income:				
Unquoted shares	101,582	87,175	101,574	87,167
	101,582	87,175	101,574	87,167
Total financial investments at fair value through other comprehensive income				
	19,394,617	20,466,301	19,394,609	20,466,293

* Included financial assets sold under repurchase agreements (see Note 24) amounting to RM403.00 million (2022: RM502.46 million).

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 2022	129
Changes in credit risk (Note 33(ii))	(51)
At 31 December 2022/1 January 2023	78
Changes in credit risk (Note 33(ii))	42
At 31 December 2023	120

The increase in ECL Stage 1 of RM42,000 was due to increase in gross carrying amount of Islamic debt securities during the financial year.

Notes to the Financial Statements

for the Year Ended 31 December 2023

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

The maturity structure of the debt instruments is as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Maturity within one year	2,224,054	2,667,668
More than one year to five years	8,714,140	9,071,779
More than five years	8,354,841	8,639,679
	19,293,035	20,379,126

10. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Islamic debt securities	1,201,287	1,286,778
Government investment issues	7,955,166	7,803,055
Government sukuk	3,047,098	3,184,122
Khazanah sukuk	-	63,354
Cagamas sukuk	229,683	50,451
Negotiable Islamic debt certificates	99,711	49,926
	12,532,945	12,437,686
Less: Allowance for ECL		
Negotiable Islamic debt certificates	(2)	(1)
Islamic debt securities	(10,639)	(10,640)
	12,522,304	12,427,045

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 2022	32	18,010	18,042
Changes in credit risk (Note 33(ii))	4	(7,405)	(7,401)
At 31 December 2022/1 January 2023/31 December 2023	36	10,605	10,641

Notes to the Financial Statements

for the Year Ended 31 December 2023

10. FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

The maturity structure of the instruments is as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Maturity within one year	1,143,493	1,001,266
More than one year to five years	4,547,956	3,465,348
More than five years	6,841,496	7,971,072
	12,532,945	12,437,686

11. FINANCING AND ADVANCES

(i) Financing and advances analysed by type and concept

Group 31.12.2023	Bai` `Inah RM'000	Bithaman Ajil RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost							
Term financing							
- Personal financing	12,199,280	-	-	-	-	46,039,248	58,238,528
- House financing	-	554,285	-	-	-	9,844,128	10,398,413
- Hire-purchase receivables	-	-	-	-	2,790,811	-	2,790,811
- Syndicated financing	-	-	-	-	-	398,273	398,273
- Bridging financing	-	-	-	-	-	29,956	29,956
- Other term financing	44,926	2,573	5	48,515	-	6,871,123	6,967,142
Pawn broking	-	-	-	-	-	2,882,790	2,882,790
Cashline	-	-	-	-	-	640,018	640,018
Revolving credit	-	-	-	-	-	251,790	251,790
Credit card	-	-	-	-	-	416,733	416,733
Staff financing	-	-	-	-	-	496,277	496,277
	12,244,206	556,858	5	48,515	2,790,811	67,870,336	83,510,731
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							(653,488)
Stage 2 - lifetime ECL not credit impaired							(677,545)
Stage 3 - lifetime ECL credit impaired							(1,078,480)
Net financing and advances							81,101,218

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Group 31.12.2022 (Restated)	Bai` `Inah RM'000	Bai` Bithaman Ajil RM'000	Qard RM'000	Murabahah RM'000	Ijarah Thumma Al-Bai` RM'000	Tawarruq RM'000	Total RM'000
At amortised cost							
Term financing							
- Personal financing	14,715,712	-	-	-	-	43,152,217	57,867,929
- House financing	-	647,381	-	-	-	8,588,415	9,235,796
- Hire-purchase receivables	-	-	-	-	2,251,046	-	2,251,046
- Syndicated financing	-	-	-	-	-	397,821	397,821
- Bridging financing	-	-	-	-	-	71,320	71,320
- Other term financing	66,160	3,186	6	40,918	-	6,096,717	6,206,987
Pawn broking	-	-	-	-	-	2,336,283	2,336,283
Cashline	-	-	-	-	-	482,496	482,496
Revolving credit	-	-	-	-	-	192,309	192,309
Credit card	-	-	-	-	-	391,826	391,826
Staff financing	-	-	-	-	-	494,799	494,799
	14,781,872	650,567	6	40,918	2,251,046	62,204,203	79,928,612
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							(855,270)
Stage 2 - lifetime ECL not credit impaired							(847,837)
Stage 3 - lifetime ECL credit impaired							(985,916)
Net financing and advances							77,239,589

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Group	Bai` `Inah	Bai` Bithaman	Rahn	Qard	Murabahah	Ijarah Thumma Al-Bai`	Tawarruq	Total
01.01.2022 (Restated)	RM'000	Ajil RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost								
Term financing								
- Personal financing	17,160,873	-	-	-	-	-	42,236,023	59,396,896
- House financing	-	745,354	-	-	-	-	7,577,249	8,322,603
- Hire-purchase receivables	-	-	-	-	-	1,872,949	-	1,872,949
- Syndicated financing	-	-	-	-	-	-	346,195	346,195
- Bridging financing	-	-	-	-	-	-	257,291	257,291
- Other term financing	94,589	3,916	-	11	29,700	-	5,223,532	5,351,748
Pawn broking	-	-	437	-	-	-	2,015,366	2,015,803
Cashline	-	-	-	-	-	-	224,006	224,006
Revolving credit	-	-	-	-	-	-	304,539	304,539
Credit card	-	-	-	-	-	-	356,279	356,279
Staff financing	-	-	-	-	-	-	484,852	484,852
	17,255,462	749,270	437	11	29,700	1,872,949	59,025,332	78,933,161
Allowance for ECL on financing and advances:								
Stage 1 - 12-month ECL								(930,256)
Stage 2 - lifetime ECL not credit impaired								(587,830)
Stage 3 - lifetime ECL credit impaired								(768,331)
Net financing and advances								
								76,646,744

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank	Bai` `Inah	Bai` Bithaman	Qard	Murabahah	Ijarah Thumma Al-Bai`	Tawarruq	Total
31.12.2023	RM'000	Ajil RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost							
Term financing							
- Personal financing	12,199,280	-	-	-	-	46,039,248	58,238,528
- House financing	-	554,285	-	-	-	10,174,100	10,728,385
- Hire-purchase receivables	-	-	-	-	2,790,811	-	2,790,811
- Syndicated financing	-	-	-	-	-	398,273	398,273
- Bridging financing	-	-	-	-	-	29,956	29,956
- Other term financing	44,926	2,573	5	48,515	-	6,871,123	6,967,142
Pawn broking	-	-	-	-	-	2,882,790	2,882,790
Cashline	-	-	-	-	-	640,018	640,018
Revolving credit	-	-	-	-	-	251,790	251,790
Credit card	-	-	-	-	-	416,733	416,733
Staff financing	-	-	-	-	-	496,277	496,277
	12,244,206	556,858	5	48,515	2,790,811	68,200,308	83,840,703
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							(659,388)
Stage 2 - lifetime ECL not credit impaired							(677,545)
Stage 3 - lifetime ECL credit impaired							(1,078,480)
Net financing and advances							
							81,425,290

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank	Bai` Inah	Bai` Bithaman	Qard	Murabahah	Ijarah		
31.12.2022 (Restated)	RM'000	RM'000	RM'000	RM'000	Thumma	Tawarruq	Total
					Al-Bai`	RM'000	RM'000
At amortised cost							
Term financing							
- Personal financing	14,715,712	-	-	-	-	43,152,217	57,867,929
- House financing	-	647,381	-	-	-	8,886,750	9,534,131
- Hire-purchase receivables	-	-	-	-	2,251,046	-	2,251,046
- Syndicated financing	-	-	-	-	-	397,821	397,821
- Bridging financing	-	-	-	-	-	71,320	71,320
- Other term financing	66,160	3,186	6	40,918	-	6,096,717	6,206,987
Pawn broking	-	-	-	-	-	2,336,283	2,336,283
Cashline	-	-	-	-	-	482,496	482,496
Revolving credit	-	-	-	-	-	192,309	192,309
Credit card	-	-	-	-	-	391,826	391,826
Staff financing	-	-	-	-	-	494,799	494,799
	14,781,872	650,567	6	40,918	2,251,046	62,502,538	80,226,947
Allowance for ECL on financing and advances:							
Stage 1 - 12-month ECL							(865,580)
Stage 2 - lifetime ECL not credit impaired							(847,837)
Stage 3 - lifetime ECL credit impaired							(985,916)
Net financing and advances							77,527,614

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

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Notes to the Financial Statements

for the Year Ended 31 December 2023

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 Bank’s financing and advances is financing granted to Rakyat Holdings Sdn Bhd, a subsidiary of the Bank, amounting to RM324.07 million (2022: RM288.03 million) net of expected credit losses of RM5.90 million (2022: RM10.31 million), subject to profit rate of 4.51% to 5.25% (2022: 4.14% to 4.45%).

Included in the Group’s and the Bank’s financing and advances as at 31 December 2023 is BNM financing scheme as part of the government support measures in response to COVID-19 pandemic for the purpose of SME financing amounting to RM168.48 million (2022: RM193.15 million) (Note 28 (v)).

(ii) Financing and advances analysed by geographical distribution

	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Group			
Central Region	33,411,689	31,603,330	31,086,969
Southern Region	12,761,441	12,219,628	12,046,075
Eastern Region	12,735,795	12,282,807	12,082,085
Northern Region	9,696,806	9,368,592	9,277,104
East Malaysia Region	14,905,000	14,454,255	14,440,928
	83,510,731	79,928,612	78,933,161
Bank			
Central Region	33,741,661	31,901,665	31,320,719
Southern Region	12,761,441	12,219,628	12,046,075
Eastern Region	12,735,795	12,282,807	12,082,085
Northern Region	9,696,806	9,368,592	9,277,104
East Malaysia Region	14,905,000	14,454,255	14,440,928
	83,840,703	80,226,947	79,166,911

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

(iii) Financing and advances analysed by economic sector

	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Group			
Household	76,582,011	73,644,239	73,423,481
Agriculture	96,977	97,809	79,404
Mining and quarrying	50,427	4,450	3,225
Manufacturing	192,999	107,068	69,211
Electricity, gas and water	118,388	163,602	47,628
Construction	757,427	798,926	654,005
Wholesale and retail trade	1,181,966	862,000	544,063
Transportation and communication	1,001,775	923,682	736,135
Financial, takaful and business services	3,233,521	2,414,287	2,874,199
Community, social and personal services	295,240	912,549	501,810
	83,510,731	79,928,612	78,933,161
Bank			
Household	76,582,011	73,644,239	73,423,481
Agriculture	96,977	97,809	79,404
Mining and quarrying	50,427	4,450	3,225
Manufacturing	192,999	107,068	69,211
Electricity, gas and water	118,388	163,602	47,628
Construction	757,427	798,926	654,005
Wholesale and retail trade	1,181,966	862,000	544,063
Transportation and communication	1,001,775	923,682	736,135
Financial, takaful and business services	3,563,493	2,712,622	3,107,949
Community, social and personal services	295,240	912,549	501,810
	83,840,703	80,226,947	79,166,911

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

(iv) Financing and advances analysed by remaining contractual maturity

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Group			
Maturity within one year	2,212,486	1,681,931	2,378,842
More than one year to three years	5,413,914	4,380,976	2,852,497
More than three years to five years	5,838,401	6,200,981	6,367,709
More than five years	70,045,930	67,664,724	67,334,113
	83,510,731	79,928,612	78,933,161
Bank			
Maturity within one year	2,212,486	1,681,931	2,378,842
More than one year to three years	5,413,914	4,380,976	2,852,497
More than three years to five years	5,838,401	6,200,981	6,367,709
More than five years	70,375,902	67,963,059	67,567,863
	83,840,703	80,226,947	79,166,911

(v) Financing and advances analysed by customer type

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Group			
Individuals	76,579,744	73,650,253	73,421,915
Business enterprises	4,195,906	3,833,689	3,041,922
Non-bank financial institutions			
- Co-operatives	2,580,640	2,277,119	2,214,427
Foreign entities	2,267	1,515	1,566
Other entities	152,174	166,036	253,331
	83,510,731	79,928,612	78,933,161
Bank			
Individuals	76,579,744	73,650,253	73,421,915
Business enterprises	4,525,878	4,132,024	3,275,672
Non-bank financial institutions			
- Co-operatives	2,580,640	2,277,119	2,214,427
Foreign entities	2,267	1,515	1,566
Other entities	152,174	166,036	253,331
	83,840,703	80,226,947	79,166,911

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

(vi) Financing and advances analysed by profit rate sensitivity

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Group			
Fixed rate			
Personal financing	13,167,895	15,556,328	18,391,710
House financing	1,336,859	1,381,918	1,436,285
Others	8,178,900	7,089,882	6,238,592
Floating rate			
Personal financing	45,070,632	42,311,601	41,005,185
House financing	9,061,554	7,853,877	6,886,318
Others	6,694,891	5,735,006	4,975,071
	83,510,731	79,928,612	78,933,161
Bank			
Fixed rate			
Personal financing	13,167,895	15,556,328	18,391,710
House financing	1,336,859	1,381,918	1,436,285
Others	8,178,900	7,089,882	6,238,592
Floating rate			
Personal financing	45,070,632	42,311,601	41,005,185
House financing	9,391,526	8,152,212	7,120,068
Others	6,694,891	5,735,006	4,975,071
	83,840,703	80,226,947	79,166,911

(vii) Impaired financing and advances analysed by geographical distribution

Group and Bank			
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Central Region	1,246,703	1,135,498	1,035,174
Southern Region	95,398	99,524	70,532
Eastern Region	112,141	115,091	87,720
Northern Region	84,217	92,432	63,022
East Malaysia Region	157,528	152,430	97,052
	1,695,987	1,594,975	1,353,500

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

(viii) Impaired financing and advances analysed by economic sector

	Group and Bank		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Household	853,710	889,764	608,343
Agriculture	5,865	3,965	49,965
Mining and quarrying	19,124	1,301	-
Manufacturing	11,209	5,395	2,010
Electricity, gas and water	4,210	2,634	-
Construction	91,727	116,051	184,089
Wholesale and retail trade	130,133	45,935	8,375
Transportation and communication	126,630	108,280	7,542
Financial, takaful and business services	450,185	374,639	492,542
Community, social and personal services	3,194	47,011	634
	1,695,987	1,594,975	1,353,500

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

	Group and Bank		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
As of 1 January, as previously reported	1,594,975	1,353,500	1,518,204
Classified as impaired during the year	2,503,697	2,156,229	2,005,755
Amount written back in respect of recoveries	(1,961,669)	(1,647,166)	(1,685,467)
Amount written off during the year	(441,016)	(267,588)	(484,992)
	101,012	241,475	(164,704)
At 31 December	1,695,987	1,594,975	1,353,500

	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
Group			
Gross impaired financing and advances as a percentage of gross financing and advances	2.03%	2.00%	1.71%
Bank			
Gross impaired financing and advances as a percentage of gross financing and advances	2.02%	1.99%	1.71%

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Group 2023	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 2023, as previously reported	860,331	874,052	996,155	2,730,538
Prior year adjustments	(5,061)	(26,215)	(10,239)	(41,515)
As of 1 January 2023, as restated	855,270	847,837	985,916	2,689,023
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	180,394	(139,657)	(40,737)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(37,570)	116,748	(79,178)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(7,319)	(87,777)	95,096	-
New financial assets originated *	118,267	30,174	112,131	260,572
Changes in credit risk	(391,253)	(1,800)	503,906	110,853
Financial assets derecognised	(64,301)	(87,980)	(57,638)	(209,919)
Amount written off	-	-	(441,016)	(441,016)
At 31 December 2023	653,488	677,545	1,078,480	2,409,513

Group 2022 (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 2022, as previously reported	934,553	609,842	774,632	2,319,027
Prior year adjustments	(4,297)	(22,012)	(6,301)	(32,610)
As of 1 January 2022, as restated	930,256	587,830	768,331	2,286,417
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	105,094	(74,774)	(30,320)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(25,829)	73,357	(47,528)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(7,381)	(52,308)	59,689	-
New financial assets originated *	145,610	40,564	84,547	270,721
Changes in credit risk	(232,863)	317,215	454,369	538,721
Financial assets derecognised	(59,617)	(44,047)	(35,584)	(139,248)
Amount written off	-	-	(267,588)	(267,588)
At 31 December 2022	855,270	847,837	985,916	2,689,023

Notes to the Financial Statements

for the Year Ended 31 December 2023

11. FINANCING AND ADVANCES (CONTINUED)

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

Bank 2023	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 2023, as previously reported	870,641	874,052	996,155	2,740,848
Prior year adjustments	(5,061)	(26,215)	(10,239)	(41,515)
As of 1 January 2023, as restated	865,580	847,837	985,916	2,699,333
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	180,394	(139,657)	(40,737)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(37,570)	116,748	(79,178)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(7,319)	(87,777)	95,096	-
New financial assets originated *	118,267	30,174	112,131	260,572
Changes in credit risk	(395,663)	(1,800)	503,906	106,443
Financial assets derecognised	(64,301)	(87,980)	(57,638)	(209,919)
Amount written off	-	-	(441,016)	(441,016)
At 31 December 2023	659,388	677,545	1,078,480	2,415,413

Bank 2022 (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 2022, as previously reported	948,159	609,842	774,632	2,332,633
Prior year adjustments	(4,297)	(22,012)	(6,301)	(32,610)
As of 1 January 2022, as restated	943,862	587,830	768,331	2,300,023
Changes due to financing and advances movements:				
- Transfer to 12-month ECL (Stage 1)	105,094	(74,774)	(30,320)	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	(25,829)	73,357	(47,528)	-
- Transfer to lifetime ECL credit impaired (Stage 3)	(7,381)	(52,308)	59,689	-
New financial assets originated *	145,610	40,564	84,547	270,721
Changes in credit risk	(236,159)	317,215	454,369	535,425
Financial assets derecognised	(59,617)	(44,047)	(35,584)	(139,248)
Amount written off	-	-	(267,588)	(267,588)
At 31 December 2022	865,580	847,837	985,916	2,699,333

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

Notes to the Financial Statements

for the Year Ended 31 December 2023

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 has increased due to the following:

- a)12-month ECL (Stage 1) - The decrease by RM201.78 million for the Group and RM206.19 million for the Bank was mainly due to the reversal of management overlays and model re-calibration conducted during the year to reflect more recent data and optimistic economic forecast post recovery from the pandemic which resulted in a release of ECL.
- b)Lifetime ECL (Stage 2) - The decrease by RM170.29 million for the Group and the Bank was mainly due to repayments received from customers, as well as effect of further deterioration of various stage 2 financing customers which now transferred to stage 3.
- c)Lifetime ECL (Stage 3) - The increase by RM92.56 million for the Group and the Bank was mainly due to deterioration in credit quality, offset by write-off of impaired financing during the year.

12. TRADE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
At amortised cost		
Trade receivables	3,294	2,245
Less: Allowance for ECL	(980)	(1,017)
	2,314	1,228

The credit period granted for sale of goods is 30 days (2022: 30 days). No profit is charged on trade receivables.

Notes to the Financial Statements

for the Year Ended 31 December 2023

12. TRADE RECEIVABLES (CONTINUED)

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

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired		
1 day to less than 1 month	809	153
Past due but not impaired		
1 month to less than 2 months	843	850
2 months to less than 3 months	673	265
4 months and above	29	-
	1,545	1,115
Past due and impaired	940	977
	3,294	2,245

Movements in the allowance for ECL (credit-impaired) are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	1,017	1,166
Impairment losses recognised during the year (Note 35(ii))	168	-
Amount recovered during the year (Note 34(ii))	(205)	(149)
At 31 December	980	1,017

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date which credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

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for the Year Ended 31 December 2023

13. OTHER ASSETS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amount due from subsidiaries (i)	-	-	29,510	7,941
Other receivables, deposits and prepayments (ii)	949,292	975,749	915,416	940,866
	949,292	975,749	944,926	948,807

The Group's and Bank's other assets include financial assets of RM910.87 million (2022: RM946.27 million) and RM906.54 million (2022: RM919.73 million) that are classified as amortised cost.

(i) Amount due from subsidiaries

The amount due from subsidiaries is non-trade in nature, not subject to financing charges and has no fixed terms of payment.

	Bank	
	2023 RM'000	2022 RM'000
Outstanding balances	31,021	9,452
Less: Allowance for ECL	(1,511)	(1,511)
	29,510	7,941

Movements in the allowance for ECL (12-month ECL Stage 1) of amount due from subsidiaries that are neither past due nor impaired are as follows:

	Bank	
	2023 RM'000	2022 RM'000
At 1 January	1,511	11,428
Reclassification to other receivables	-	(9,917)
At 31 December	1,511	1,511

Notes to the Financial Statements

for the Year Ended 31 December 2023

13. OTHER ASSETS (CONTINUED)

(ii) Other receivables, deposits and prepayments

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	686,371	723,365	683,302	720,574
Allowance for ECL	(17,645)	(19,875)	(17,116)	(19,346)
	668,726	703,490	666,186	701,228
Refundable deposits	42,147	42,775	10,842	10,564
Prepayments	38,419	29,484	38,388	29,074
Contribution to Central Liquidity Fund *	200,000	200,000	200,000	200,000
	949,292	975,749	915,416	940,866

Movements in the allowance for ECL (12-month ECL Stage 1) of other receivables that are neither past due nor impaired are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	19,875	11,096	19,346	10,567
Impairment losses recognised during the year (Note 35(ii))	5,560	-	5,560	-
Amount recovered during the year (Note 34(ii))	-	(1,138)	-	(1,138)
Reclassified from amount due from subsidiaries	-	9,917	-	9,917
Amount written off during the year	(7,790)	-	(7,790)	-
At 31 December	17,645	19,875	17,116	19,346

* This contribution is required under sub-section 42(i) of Malaysia Co-operative Societies Commission Act 2007 (Act 665) either at a rate of 3% on the qualifying liability or RM200 million, whichever is lower, commencing in the financial period beginning on or after 1 January 2012.

14. RIGHT-OF-USE ASSETS

(i) Group as a lessee

The Group and the Bank have lease contracts for buildings and other equipment used in its operations. Leases of buildings generally have lease terms between 1 to 10 years, with the option to extend for another 1 to 3 years, while other equipment generally have lease terms between 1 to 2 years. The Group's and the Bank's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group and the Bank are restricted from assigning and subleasing the leased assets and some contracts require the Group and the Bank to maintain certain financial ratios. There are several lease contracts that include extension and variable lease payments, which are further discussed below.

Notes to the Financial Statements

for the Year Ended 31 December 2023

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

The Group and the Bank also have certain leases of motor vehicle with lease terms of 12 months or less and lease of office equipment with low value. The Group and the Bank apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings RM'000	Other equipment RM'000	Total RM'000
Group			
At 1 January 2022	42,711	6,364	49,075
Additions	4,589	-	4,589
Termination	(695)	(2)	(697)
Remeasurement	4,067	2,187	6,254
Depreciation (Note 35(ii))	(16,510)	(2,449)	(18,959)
At 31 December 2022/1 January 2023	34,162	6,100	40,262
Additions	3,806	-	3,806
Termination	(4,139)	-	(4,139)
Remeasurement	22,027	-	22,027
Depreciation (Note 35(ii))	(17,419)	(620)	(18,039)
At 31 December 2023	38,437	5,480	43,917
Bank			
At 1 January 2022	54,584	6,364	60,948
Additions	4,589	-	4,589
Termination	(695)	(2)	(697)
Remeasurement	4,374	2,187	6,561
Depreciation (Note 35(ii))	(21,998)	(2,449)	(24,447)
At 31 December 2022/1 January 2023	40,854	6,100	46,954
Additions	3,806	-	3,806
Termination	(4,139)	-	(4,139)
Remeasurement	34,630	-	34,630
Depreciation (Note 35(ii))	(23,245)	(620)	(23,865)
At 31 December 2023	51,906	5,480	57,386

The Group's total cash outflow for leases is RM20,317,000 (2022: RM20,917,000) and for the Bank is RM26,510,000 (2022: RM27,017,000). There are no non-cash additions to right-of-use assets and lease liabilities. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 28.

Notes to the Financial Statements

for the Year Ended 31 December 2023

14. RIGHT-OF-USE ASSETS (CONTINUED)

(i) Group as a lessee (continued)

Some property leases contain extension options exercisable by the Group and the Bank up to three years before the end of the non-cancellable contract period. Where practicable, the Group and the Bank seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group and the Bank assess at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Bank reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use assets (Note 35(ii))	18,039	18,959	23,865	24,447
Finance cost on lease liabilities (Note 35(ii))	2,045	1,913	2,722	2,316
Total amount recognised in profit or loss	20,084	20,872	26,587	26,763

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(ii) Group as a lessor

The Group and the Bank have entered into operating leases on its investment property portfolio consisting of certain office buildings (Note 19). These leases have terms of between 1 to 4 years. Rental income recognised by the Group and the Bank during the year is RM23,169,007 (2022: RM22,391,025) and RM22,785,980 (2022: RM21,588,967), respectively.

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Future rental income within:				
- 1 year	19,857	13,655	18,897	12,807
- 2 years	15,020	8,668	14,027	7,669
- 3 years	8,439	6,874	6,289	4,809
- 4 years	307	-	307	-
	43,623	29,197	39,520	25,285

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15. INVENTORIES

Inventories consist of the following:

	Group	
	2023 RM'000	2022 RM'000
Trading inventories, at cost	38,911	43,801
Recognised in profit or loss:		
Inventories recognised as cost of sales	161,840	66,762

16. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	100,744	100,744

Details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name	Proportion of ownership interest and voting power held by the Group		Principal activities
	2023 %	2022 %	
Directly owned			
Rakyat Holdings Sdn Bhd *	100	100	Investment and property management
Rakyat Management Services Sdn Bhd *	100	100	Management of Ar-Rahnu business and franchise
Rakyat Nominees Sdn Bhd *	100	100	Dormant
Rakyat Hartanah Sdn Bhd *	100	100	Dormant
Rakyat Asset Management Sdn Bhd *	100	100	Dormant
Rakyat Facility Management Sdn Bhd *	100	100	Dormant
Rakyat Niaga Sdn Bhd *	100	100	Dormant
Indirectly owned through Rakyat Holdings Sdn Bhd			
Rakyat Travel Sdn Bhd *	100	100	Dormant

* The financial statements of these subsidiaries were not audited by the Auditor General of Malaysia.

Notes to the Financial Statements

for the Year Ended 31 December 2023

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of Incorporation and Operation	Number of directly owned subsidiaries 2023	2022	Number of indirectly owned subsidiaries 2023	2022
Investment and property management	Malaysia	1	1	-	-
Management of Ar-Rahnu business and franchise	Malaysia	1	1	-	-
Dormant	Malaysia	5	5	1	1
		7	7	1	1

17. PROPERTY AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in-progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group 2023									
At cost									
At 1 January	41,510	474,915	119,060	928	7,539	309,273	450,359	7,772	1,411,356
Additions	-	140	-	-	11,478	1,515	43,028	1,042	57,203
Disposals	-	-	-	-	-	-	(1,150)	(353)	(1,503)
Write-offs	-	-	-	-	-	(924)	(10,367)	-	(11,291)
Reclassifications	-	(140)	-	-	(11,487)	11,487	140	-	-
Transfer from investment properties (Note 19)	4,600	14,050	-	-	-	-	-	-	18,650
At 31 December	46,110	488,965	119,060	928	7,530	321,351	482,010	8,461	1,474,415
Accumulated depreciation									
At 1 January	-	79,950	30,395	928	-	285,819	396,172	4,890	798,154
Charge for the year	-	9,733	2,461	-	-	10,517	21,002	994	44,707
Disposals	-	-	-	-	-	-	(1,087)	(241)	(1,328)
Write-offs	-	-	-	-	-	(924)	(10,328)	-	(11,252)
At 31 December	-	89,683	32,856	928	-	295,412	405,759	5,643	830,281
Net book value									
At 31 December	46,110	399,282	86,204	-	7,530	25,939	76,251	2,818	644,134

Notes to the Financial Statements

for the Year Ended 31 December 2023

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) 2022									
At cost									
At 1 January	41,510	474,896	119,060	928	17,196	285,365	439,063	6,696	1,384,714
Additions	-	224	-	-	12,788	1,337	28,391	1,076	43,816
Disposals	-	-	-	-	-	-	(16)	-	(16)
Write-offs	-	-	-	-	-	(79)	(17,079)	-	(17,158)
Reclassifications	-	(205)	-	-	(22,445)	22,650	-	-	-
At 31 December	41,510	474,915	119,060	928	7,539	309,273	450,359	7,772	1,411,356
Accumulated depreciation									
At 1 January	-	70,456	30,235	920	-	276,535	396,314	4,068	778,528
Charge for the year	-	9,494	2,455	8	-	9,363	16,916	822	39,058
Disposals	-	-	-	-	-	-	(16)	-	(16)
Write-offs	-	-	-	-	-	(79)	(17,042)	-	(17,121)
Transfer to prepaid lease payments (Note 20)	-	-	(2,295)	-	-	-	-	-	(2,295)
At 31 December	-	79,950	30,395	928	-	285,819	396,172	4,890	798,154
Net book value									
At 31 December	41,510	394,965	88,665	-	7,539	23,454	54,187	2,882	613,202

Notes to the Financial Statements

for the Year Ended 31 December 2023

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									
2023									
At cost									
At 1 January	40,122	411,870	80,325	928	7,539	307,333	447,693	7,225	1,303,035
Additions	-	140	-	-	11,478	1,481	42,781	1,042	56,922
Disposals	-	-	-	-	-	-	(719)	(353)	(1,072)
Write-offs	-	-	-	-	-	(924)	(10,359)	-	(11,283)
Reclassifications	-	(140)	-	-	(11,487)	11,487	140	-	-
Transfer from investment properties (Note 19)	4,600	6,150	-	-	-	-	-	-	10,750
At 31 December	44,722	418,020	80,325	928	7,530	319,377	479,536	7,914	1,358,352
Accumulated depreciation									
At 1 January	-	72,064	24,047	928	-	283,969	393,789	4,702	779,499
Charge for the year	-	8,158	1,591	-	-	10,456	20,865	913	41,983
Disposals	-	-	-	-	-	-	(657)	(241)	(898)
Write-offs	-	-	-	-	-	(924)	(10,320)	-	(11,244)
At 31 December	-	80,222	25,638	928	-	293,501	403,677	5,374	809,340
Net book value									
At 31 December	44,722	337,798	54,687	-	7,530	25,876	75,859	2,540	549,012

Notes to the Financial Statements

for the Year Ended 31 December 2023

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)									
2022									
At cost									
At 1 January	40,122	411,851	80,325	928	17,196	283,425	436,447	6,554	1,276,848
Additions	-	224	-	-	12,788	1,337	28,329	671	43,349
Disposals	-	-	-	-	-	-	(8)	-	(8)
Write-offs	-	-	-	-	-	(79)	(17,075)	-	(17,154)
Reclassifications	-	(205)	-	(22,445)	22,650	-	-	-	-
At 31 December	40,122	411,870	80,325	928	7,539	307,333	447,693	7,225	1,303,035
Accumulated depreciation									
At 1 January	-	63,987	24,757	920	-	274,750	394,049	3,939	762,402
Charge for the year	-	8,077	1,585	8	-	9,298	16,786	763	36,517
Disposals	-	-	-	-	-	-	(8)	-	(8)
Write-offs	-	-	-	-	-	(79)	(17,038)	-	(17,117)
Transfer to prepaid lease payments (Note 20)	-	-	(2,295)	-	-	-	-	-	(2,295)
At 31 December	-	72,064	24,047	928	-	283,969	393,789	4,702	779,499
Net book value									
At 31 December	40,122	339,806	56,278	-	7,539	23,364	53,904	2,523	523,536

Land titles of certain freehold land of the Group and the Bank with carrying amount of RM22,529,179 (2022: RM23,012,387) have not yet been issued by the relevant authorities.

Notes to the Financial Statements

for the Year Ended 31 December 2023

18. INTANGIBLE ASSETS

	Goodwill RM'000	Computer software RM'000	Total RM'000
Group			
2023			
At cost			
At 1 January	13,185	908,717	921,902
Additions	-	59,506	59,506
Write-offs	-	(83)	(83)
At 31 December	13,185	968,140	981,325
Accumulated amortisation			
At 1 January	-	377,537	377,537
Charge for the year	-	53,459	53,459
Write-offs	-	(83)	(83)
At 31 December	-	430,913	430,913
Net book value			
At 31 December	13,185	537,227	550,412
2022			
At cost			
At 1 January	13,185	889,172	902,357
Additions	-	19,625	19,625
Write-offs	-	(80)	(80)
At 31 December	13,185	908,717	921,902
Accumulated amortisation			
At 1 January	-	323,311	323,311
Charge for the year	-	54,306	54,306
Write-offs	-	(80)	(80)
At 31 December	-	377,537	377,537
Net book value			
At 31 December	13,185	531,180	544,365

Notes to the Financial Statements

for the Year Ended 31 December 2023

18. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Bank	
2023	
At cost	
At 1 January	908,717
Additions	59,506
Write-offs	(83)
At 31 December	968,140
Accumulated amortisation	
At 1 January	377,537
Charge for the year	53,459
Write-offs	(83)
At 31 December	430,913
Net book value	
At 31 December	537,227
2022	
At cost	
At 1 January	889,172
Additions	19,625
Write-offs	(80)
At 31 December	908,717
Accumulated amortisation	
At 1 January	323,311
Charge for the year	54,306
Write-offs	(80)
At 31 December	377,537
Net book value	
At 31 December	531,180

Notes to the Financial Statements

for the Year Ended 31 December 2023

19. INVESTMENT PROPERTIES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
At 1 January	1,490,411	1,388,091	958,370	948,920
Additions	30,388	76,039	-	-
Gain on revaluation (Note 34(ii))	43,274	26,281	34,265	9,450
Disposal	(2,300)	-	-	-
Transfer to property and equipment (Note 17)	(18,650)	-	(10,750)	-
At 31 December	1,543,123	1,490,411	981,885	958,370

Investment properties include the following:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	151,755	153,055	144,153	145,453
Buildings	1,069,060	1,022,009	545,425	528,010
Long-term leasehold land	322,308	315,347	292,307	284,907
	1,543,123	1,490,411	981,885	958,370

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 2023 and 31 December 2022 have been arrived at on the basis of valuation carried out by independent valuers who have appropriate qualification and recent experience in the valuation of properties in the relevant locations. The fair value at level 3 was arrived at by using a variety of approaches such as sales comparison and investment method.

Level 3 Fair Value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method is an approach which uses the value of recently sold comparable assets to determine the value of a property. In real terms this will mean looking at similar properties within the area and using the sales prices they achieved to guide a valuation decision for the subject property.	Price per square foot.	The estimated fair value would increase if the price per square foot is higher.

Notes to the Financial Statements

for the Year Ended 31 December 2023

19. INVESTMENT PROPERTIES (CONTINUED)

Level 3 Fair Value (continued)

The Group and the Bank have assessed that the highest and best use of its properties do not differ from their existing use.

No investment properties were pledged as security for banking facilities at the reporting date.

Details of the Group's and the Bank's investment properties and information about the fair value hierarchy are as follows:

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
At 31 December 2023	1,543,123	1,543,123	-	-	1,543,123
At 31 December 2022	1,490,411	1,490,411	-	-	1,490,411

Bank					
At 31 December 2023	981,885	981,885	-	-	981,885
At 31 December 2022	958,370	958,370	-	-	958,370

Reconciliation of fair value:

Group	Freehold land RM'000	Buildings RM'000	Long-term leasehold land RM'000	Total RM'000
At 1 January 2022	145,245	931,692	311,154	1,388,091
Additions	-	76,039	-	76,039
Remeasurement recognised in profit or loss	7,810	14,278	4,193	26,281
At 31 December 2022/1 January 2023	153,055	1,022,009	315,347	1,490,411
Additions	-	30,388	-	30,388
Remeasurement recognised in profit or loss (Note 34(ii))	2,700	32,363	8,211	43,274
Disposal	-	(2,300)	-	(2,300)
Transfer to property and equipment (Note 17)	(4,000)	(13,400)	(1,250)	(18,650)
At 31 December 2023	151,755	1,069,060	322,308	1,543,123

Notes to the Financial Statements

for the Year Ended 31 December 2023

19. INVESTMENT PROPERTIES (CONTINUED)

Reconciliation of fair value (continued):

Bank	Freehold land RM'000	Buildings RM'000	Long-term leasehold land RM'000	Total RM'000
At 1 January 2022	145,203	522,200	281,517	948,920
Remeasurement recognised in profit or loss	250	5,810	3,390	9,450
At 31 December 2022/1 January 2023	145,453	528,010	284,907	958,370
Remeasurement recognised in profit or loss (Note 34(ii))	2,700	22,915	8,650	34,265
Transfer to property and equipment (Note 17)	(4,000)	(5,500)	(1,250)	(10,750)
At 31 December 2023	144,153	545,425	292,307	981,885

Land titles for certain freehold land and leasehold land of the Group and the Bank with fair value amounting to RM1,000,000 (2022: RM1,000,000) 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 RM23,169,007 (2022: RM22,391,025) and RM22,785,980 (2022: RM21,588,967) has been earned during the year.

20. PREPAID LEASE PAYMENTS

Group and Bank		
	2023 RM'000	2022 RM'000
Cost		
At 1 January/31 December	79,853	79,853
Accumulated amortisation		
At 1 January	24,660	20,815
Charge for the year (Note 35(ii))	1,474	1,550
Transfer from property and equipment (Note 17)	-	2,295
At 31 December	26,134	24,660
	53,719	55,193
Group and Bank		
	2023 RM'000	2022 RM'000
Prepaid lease payments include:		
Long-term leasehold land	48,556	49,872
Short-term leasehold land	5,163	5,321
	53,719	55,193

Notes to the Financial Statements

for the Year Ended 31 December 2023

20. PREPAID LEASE PAYMENTS (CONTINUED)

The remaining period of the leasehold land of the Group and of the Bank ranges from 2 to 858 years (2022: 3 to 859 years).

The land titles of certain leasehold land of the Group and of the Bank amounting to RM6,175,708 (2022: RM6,347,002) have not yet been issued to the Group and the Bank by the relevant authorities.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January				
Recognised in profit or loss (net) (Note 36)	275,502	187,934	290,000	201,000
- relating to origination and reversal of temporary differences	(111,765)	87,838	(113,000)	89,000
- over/(under)provision of net deferred tax liabilities	591	(270)	-	-
As of 31 December	164,328	275,502	177,000	290,000

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets, net	177,912	290,672	177,000	290,000
Deferred tax liabilities, net	(13,584)	(15,170)	-	-
	164,328	275,502	177,000	290,000

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	357,898	394,825	353,000	393,000
Deferred tax liabilities	(193,570)	(119,323)	(176,000)	(103,000)
	164,328	275,502	177,000	290,000

Notes to the Financial Statements

for the Year Ended 31 December 2023

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	Financing allowances for ECL RM'000	Provision of liabilities RM'000	Other temporary differences * RM'000	Total RM'000
Deferred tax assets				
At 1 January 2022	244,000	121,304	20,784	386,088
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	31,000	(16,056)	(5,937)	9,007
- overprovision	-	-	(270)	(270)
At 31 December 2022/1 January 2023	275,000	105,248	14,577	394,825
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	(36,000)	(9,759)	8,232	(37,527)
- underprovision	-	-	600	600
At 31 December 2023	239,000	95,489	23,409	357,898

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

Group	FVOCI reserve and impairment losses on financial investments RM'000	Other temporary differences ^ RM'000	Total RM'000
Deferred tax liabilities			
At 1 January 2022			
Recognised in profit or loss	33,000	165,154	198,154
- relating to origination and reversal of temporary differences	(103,000)	24,169	(78,831)
At 31 December 2022/1 January 2023	(70,000)	189,323	119,323
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	74,000	238	74,238
- underprovision	-	9	9
At 31 December 2023	4,000	189,570	193,570

^ 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 Ended 31 December 2023

21. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

Bank	Financing allowances for ECL RM'000	Provision of liabilities RM'000	Other temporary differences * RM'000	Total RM'000
Deferred tax assets				
At 1 January 2022	244,000	121,000	20,000	385,000
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	31,000	(17,000)	(6,000)	8,000
At 31 December 2022/1 January 2023	275,000	104,000	14,000	393,000
Recognised in profit or loss				
- relating to origination and reversal of temporary differences	(36,000)	(10,000)	6,000	(40,000)
At 31 December 2023	239,000	94,000	20,000	353,000

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

Bank	FVOCI reserve and impairment losses on financial investments RM'000	Other temporary differences ^ RM'000	Total RM'000
Deferred tax liabilities			
At 1 January 2022			
Recognised in profit or loss	33,000	151,000	184,000
- relating to origination and reversal of temporary differences	(103,000)	22,000	(81,000)
At 31 December 2022/1 January 2023	(70,000)	173,000	103,000
Recognised in profit or loss			
- relating to origination and reversal of temporary differences	74,000	(1,000)	73,000
At 31 December 2023	4,000	172,000	176,000

^ 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 Ended 31 December 2023

22. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Savings deposits		
Qard	6,694,943	6,690,395
Demand deposits		
Qard	3,268,313	2,803,919
Term deposits		
Tawarruq	70,869,650	75,856,383
Negotiable Islamic debt certificates	2,725,000	987,500
	83,557,906	86,338,197

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

	Group and Bank	
	2023 RM'000	2022 RM'000
Government	40,187,871	41,953,477
Business enterprises	20,330,025	20,689,800
Co-operatives	2,564,886	2,691,533
Individuals	18,379,156	19,042,369
Others	2,095,968	1,961,018
	83,557,906	86,338,197

Maturity structure of deposits from customers are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Maturity within six months	65,143,781	72,020,090
More than six months to one year	12,974,512	8,484,552
More than one year to five years	5,439,613	5,833,555
	83,557,906	86,338,197

Notes to the Financial Statements

for the Year Ended 31 December 2023

23. INVESTMENT ACCOUNTS OF CUSTOMERS

a) By type and Shariah contract

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Unrestricted investment accounts		
Without maturity:		
Mudarabah	202,967	19,983

b) By type of customers

	Group and Bank	
	2023 RM'000	2022 RM'000
Individuals	202,967	19,983

c) Movement of unrestricted investment accounts of customers

	Group and Bank	
	2023 RM'000	2022 RM'000
As at 1 January	19,983	-
Funding inflows/outflows:		
Net movement	182,595	19,972
Bank's share of profit:		
Profit distributed to Mudharib	389	11
As at 31 December	202,967	19,983

	Group and Bank	
	2023 RM'000	2022 RM'000
Investment portfolio:		
Personal financing	142,077	13,988
Islamic debt securities	60,890	5,995
	202,967	19,983

Notes to the Financial Statements

for the Year Ended 31 December 2023

23. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

d) By maturity structures, profit sharing ratio and rate of return

Group and Bank	Investment account holders		
	Total amount RM'000	Average profit sharing ratio (%)	Average rate of return (%)
2023 Unrestricted investment accounts:			
Less than 3 months			
Mudarabah	202,967	7.87	0.19
2022 Unrestricted investment accounts:			
Less than 3 months			
Mudarabah	19,983	4.80	0.02

24. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Cash and short-term funds	2,755,505	1,592,461

Included in the cash and short-term funds are obligations on financial assets sold under repurchase agreements of RM403.00 million (2022: RM502.46 million).

25. RECOURSE OBLIGATIONS ON FINANCING SOLD TO CAGAMAS

This represents proceeds received from financing sold directly to Cagamas Berhad with recourse to the Bank. Types of financing involved are personal financing and house financing. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to replace any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad.

Recourse obligations on financing sold to Cagamas are stated at amortised cost.

Notes to the Financial Statements

for the Year Ended 31 December 2023

26. DEBT SECURITIES ISSUED

	Note	Group and Bank	
		2023 RM'000	2022 RM'000
At amortised cost			
Issued under the RM10.0 billion Senior Sukuk Wakalah Programme:			
RM400 million IMTN due in 2025	(ii)(a)	402,524	402,477
RM300 million IMTN due in 2027	(ii)(a)	301,969	301,962
RM300 million IMTN due in 2026	(ii)(b)	302,081	302,052
RM700 million IMTN due in 2028	(ii)(b)	705,312	705,261
RM700 million IMTN due in 2027	(ii)(c)	703,778	703,709
RM800 million IMTN due in 2029	(ii)(c)	804,697	804,627
RM200 million IMTN due in 2025	(ii)(d)	201,297	201,261
RM200 million IMTN due in 2027	(ii)(d)	201,377	201,355
RM100 million IMTN due in 2029	(ii)(d)	100,691	100,682
RM300 million IMTN due in 2026	(i)(e)	302,878	-
RM700 million IMTN due in 2028	(i)(e)	706,878	-
Issued under the RM5.0 billion Tier II Subordinated Programme:			
RM300 million Tier II due in 2031	(iii)(a)	300,055	300,005
		5,033,537	4,023,391

(i) On 10 July 2020, the Bank established a RM10 billion Senior IMTNs Programme to issue Sukuk Wakalah via a SPV, Intiaz Sukuk II Berhad with a programme tenor of 30 years.

(a) On 7 October 2020, the Bank issued the first and second tranches of RM400 million and RM300 million, respectively. The first tranche bears a profit distribution rate at 2.97% maturing on 7 October 2025. The second tranche bears a profit distribution rate at 3.20% maturing on 7 October 2027. The profit is payable semi-annually each year commencing 7 April 2021.

(b) On 19 April 2021, the Bank issued the third and fourth tranches of RM300 million and RM700 million. The third tranche bears a profit distribution rate at 3.54% maturing on 17 April 2026. The fourth tranche bears a profit distribution rate at 3.90% maturing on 19 April 2028. The profit is payable semi-annually each year commencing 20 October 2021.

(c) On 12 May 2022, the Bank issued the fifth and sixth tranches of RM700 million and RM800 million, respectively. The fifth tranche bears a profit distribution rate at 4.38% maturing on 12 May 2027. The sixth tranche bears a profit distribution rate at 4.77% maturing on 11 May 2029. The profit is payable semi-annually each year commencing 14 November 2022.

(d) On 8 November 2022, the Bank issued the seventh, eighth and ninth tranches of RM200 million, RM200 million and RM100 million, respectively. The seventh tranche bears a profit distribution rate at 4.63% maturing on 7 November 2025. The eighth tranche bears a profit distribution rate at 4.97% maturing on 8 November 2027. The ninth tranche bears a profit distribution rate at 5.00% maturing on 8 November 2029. The profit is payable semi-annually each year commencing 8 May 2023.

Notes to the Financial Statements

for the Year Ended 31 December 2023

26. DEBT SECURITIES ISSUED (CONTINUED)

- (i)

On 10 July 2020, the Bank established a RM10 billion Senior IMTNs Programme to issue Sukuk Wakalah via a SPV, Imtiaz Sukuk II Berhad with a programme tenor of 30 years (continued).
- (e)

On 2 October 2023, the Bank issued the tenth and eleventh tranches of RM300 million and RM700 million, respectively. The tenth tranche bears a profit distribution rate at 4.05% maturing on 2 October 2026. The eleventh tranche bears a profit distribution rate at 4.15% maturing on 2 October 2028. The profit is payable semi-annually each year commencing 2 April 2024.

The Sukuk Wakalah constitutes direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, subject to the previous of the Transaction Documents and those preferred by law.

- (ii)

On 19 April 2016, the Bank established a Subordinated Sukuk Programme to issue a Basel III compliant Tier II Subordinated Sukuk Murabahah of up to RM5.0 billion in nominal value. The issuance was made via a SPV, Mumtaz Rakyat Sukuk Berhad. The Subordinated Sukuk Programme has a tenor of up to 20 years from the date of the first issuance and shall be issued with a maturity for at least 5 years and up to 20 years.

On 25 June 2021, the Bank issued the second tranche of RM300 million on nominal value of the Tier II Subordinated Sukuk for a tenor of 10 years on a 10 non-callable 5 basis with profit distribution rate at 3.78% and maturing on 25 June 2031. The profit is payable semi-annually each year commencing 27 December 2021.

The Subordinated Sukuk Murabahah will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking pari passu without any preference among themselves and at least pari passu with all other present and future unsecured and subordinated obligations of the Issuer, except those preferred by law and the Transaction Documents.

The proceeds from the issuances were utilised by the Bank for Shariah-compliant working capital and general corporate purposes.

27. CASHLINE FACILITY

The cashline facility is a committed line provided by local banks. It is an interbank arrangement where the facility is collateralised on agreed terms and alternative source of funds.

Cashline facility is stated at amortised cost.

As at the end of the reporting period, the following are the assets that are pledged as the collateral for the cashline facility:

	Group and Bank	
	2023 RM'000	2022 RM'000
Cash and short-term funds	246,864	239,829
Deposits and placements with financial institutions	378,716	368,303
	625,580	608,132

Notes to the Financial Statements

for the Year Ended 31 December 2023

28. OTHER LIABILITIES

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Amount due to subsidiaries (i)	-	-	166,520	148,921
Sundry creditors	347,373	167,601	341,795	172,000
Income payable	601,287	428,136	601,287	428,136
Other liabilities and accruals	563,000	591,455	553,157	579,937
Lease liabilities (ii)	45,873	42,378	59,966	49,457
Allowances for ECL on financial guarantee (iii)	-	2,664	-	2,664
Government funds (iv)	118,252	121,079	118,252	121,079
Amount due to BNM (v)	195,138	182,161	195,138	182,161
Zakat payable	60,803	55,322	58,174	53,383
	1,931,726	1,590,796	2,094,289	1,737,738

Included in the Group's and Bank's other liabilities are financial liabilities of RM1.83 billion (2022: RM1.49 billion) and RM1.98 billion (2022: RM1.63 billion) that are classified as amortised cost.

(i) Amount due to subsidiaries

	Bank	
	2023 RM'000	2022 RM'000
Term deposits	142,920	121,754
Savings deposits	23,600	27,167
	166,520	148,921

The amount due to subsidiaries represents deposits placed with the Bank at profit rate paid/payable ranging from 1.90% to 2.30% (2022: 1.90% to 2.30%) per annum and have maturity period ranging from 30 days to 365 days (2022: 30 days to 365 days).

Notes to the Financial Statements

for the Year Ended 31 December 2023

28. OTHER LIABILITIES (CONTINUED)

(ii) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	42,378	51,236	49,457	63,705
Additions	3,806	4,589	3,806	4,589
Termination	(4,139)	(697)	(4,139)	(697)
Remeasurement	22,027	6,254	34,630	6,561
Lease payments	(20,244)	(20,917)	(26,510)	(27,017)
Finance cost on lease liabilities (Note 35(ii))	2,045	1,913	2,722	2,316
At 31 December	45,873	42,378	59,966	49,457

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

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Future rental commitment within:				
- 1 year	16,243	23,800	22,168	28,283
- 2 years	10,823	17,610	15,079	20,722
- 3 years	7,732	7,918	10,793	9,275
- 4 years	5,947	1,503	8,891	1,575
- 5 years	3,741	41	6,587	41
- 6 years onwards	449	7,899	1,204	7,899
	44,935	58,771	64,722	67,795

The Group and the Bank do not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's and the Bank's treasury function.

All lease obligations are denominated in Ringgit Malaysia.

Notes to the Financial Statements

for the Year Ended 31 December 2023

28. OTHER LIABILITIES (CONTINUED)

(iii) Allowances for ECL on financial guarantee

	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
Group and Bank			
At 1 January 2022	1,549	2,664	4,213
Changes in credit risk	(1,549)	-	(1,549)
At 31 December 2022/1 January 2023	-	2,664	2,664
Changes in credit risk	-	(2,664)	(2,664)
At 31 December 2023	-	-	-

(iv) Government funds

The Bank has been enrolled as custodian by the Government of Malaysia to channel the funds to the recipients based on the approval granted by respective Government agencies.

As of 31 December 2023, the Bank has channeled a total of 12 (2022: 12) Government-led financing schemes from various Government agencies to over 46,000 (2022: 25,000) individuals and businesses.

The financing channeled out of those funds are categorised as an off-balance sheet item and as of 31 December 2023, the off-balance sheet outstanding financing amounted to RM338.88 million (2022: RM343.60 million).

(v) Amount due to BNM

Amount due to BNM is amount received by the Group and the Bank under various financing facilities established by the BNM to provide relief and support recovery for SME/micro enterprises in response to COVID-19 pandemic at below market rate with a maturity period ranging between 5 to 7 years.

The financing disbursed are categorised as an on-balance sheet item (Note 11(i)).

Notes to the Financial Statements

for the Year Ended 31 December 2023

29. SHARE CAPITAL

	Group and Bank	
	2023 RM'000	2022 RM'000
Issued and fully paid - Ordinary shares		
At 1 January	2,986,030	2,986,030
Net issuance during the year	27,057	22,939
Share withdrawal	(41,789)	(26,704)
Transfer from share redemption fund *	14,732	3,765
At 31 December	2,986,030	2,986,030

Membership as of 31 December is as follows:

	Group and Bank	
	2023	2022
Individual	800,559	815,367
Co-operative	2,264	2,264
	802,823	817,631

* The share redemption fund is maintained under Paragraph 19(i) of Undang-undang Kecil Bank Kerjasama Rakyat Malaysia Berhad for redemption of shares by members.

Notes to the Financial Statements

for the Year Ended 31 December 2023

30. RESERVES

	Non-distributable					Distributable		
	Capital reserve RM'000	Statutory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Group								
At 1 January 2023 , as previously reported	14,617	7,766,818	78	(213,762)	329,672	7,897,423	11,668,679	19,566,102
Prior year adjustments	-	44,847	-	-	-	44,847	(520,531)	(475,684)
At 1 January 2023, as restated	14,617	7,811,665	78	(213,762)	329,672	7,942,270	11,148,148	19,090,418
Profit after taxation and zakat	-	-	-	-	-	-	1,599,926	1,599,926
Transfer from retained profits	-	415,108	-	-	-	415,108	(477,720)	(62,612)
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(35,472)	(35,472)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(17,736)	(17,736)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,200)	(14,200)
Fair value reserve								
- Change in fair value	-	-	-	329,692	-	329,692	-	329,692
- Transferred to profit or loss	-	-	-	(5,923)	-	(5,923)	-	(5,923)
Change in ECL reserve	-	-	44	-	-	44	-	44
Dividends (Note 40)	-	-	-	-	-	-	(426,803)	(426,803)
At 31 December 2023	14,617	8,226,773	122	110,007	329,672	8,681,191	11,776,143	20,457,334
Bank								
At 1 January 2022, as previously reported	14,617	7,306,693	129	202,791	329,672	7,853,902	10,809,378	18,663,280
Prior year adjustments	-	-	-	-	-	-	(649,693)	(649,693)
At 1 January 2022, as restated	14,617	7,306,693	129	202,791	329,672	7,853,902	10,159,685	18,013,587
Profit after taxation and zakat	-	-	-	-	-	-	1,992,942	1,992,942
Transfer from retained profits	-	504,972	-	-	-	504,972	(504,972)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(37,152)	(37,152)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(18,576)	(18,576)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,303)	(14,303)
Fair value reserve								
- Change in fair value	-	-	-	(415,204)	-	(415,204)	-	(415,204)
- Transferred to profit or loss	-	-	-	(1,349)	-	(1,349)	-	(1,349)
Change in ECL reserve	-	-	(51)	-	-	(51)	-	(51)
Dividends (Note 40)	-	-	-	-	-	-	(429,476)	(429,476)
At 31 December 2022	14,617	7,811,665	78	(213,762)	329,672	7,942,270	11,148,148	19,090,418

Notes to the Financial Statements

for the Year Ended 31 December 2023

30. RESERVES (CONTINUED)

	Non-distributable				Distributable			
	Capital reserve RM'000	Statutory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
Bank								
At 1 January 2023 , as previously reported	15,358	7,766,818	78	(213,762)	329,672	7,898,164	11,219,906	19,118,070
Prior year adjustments	-	44,847	-	-	-	44,847	(520,531)	(475,684)
At 1 January 2023, as restated	15,358	7,811,665	78	(213,762)	329,672	7,943,011	10,699,375	18,642,386
Profit after taxation and zakat	-	-	-	-	-	-	1,618,731	1,618,731
Transfer from retained profits	-	415,108	-	-	-	415,108	(477,720)	(62,612)
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(35,472)	(35,472)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(17,736)	(17,736)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,200)	(14,200)
Fair value reserve								
- Change in fair value	-	-	-	329,692	-	329,692	-	329,692
- Transferred to profit or loss	-	-	-	(5,923)	-	(5,923)	-	(5,923)
Change in ECL reserve	-	-	44	-	-	44	-	44
Dividends (Note 40)	-	-	-	-	-	-	(426,803)	(426,803)
At 31 December 2023	15,358	8,226,773	122	110,007	329,672	8,681,932	11,346,175	20,028,107
At 1 January 2022, as previously reported	15,358	7,306,693	129	202,791	329,672	7,854,643	10,373,508	18,228,151
Prior year adjustments	-	-	-	-	-	-	(649,693)	(649,693)
At 1 January 2022, as restated	15,358	7,306,693	129	202,791	329,672	7,854,643	9,723,815	17,578,458
Profit after taxation and zakat	-	-	-	-	-	-	1,980,039	1,980,039
Transfer from retained profits	-	504,972	-	-	-	504,972	(504,972)	-
Contribution to the Co-operative Education Trust Fund	-	-	-	-	-	-	(37,152)	(37,152)
Contribution to the Co-operative Development Provident Fund	-	-	-	-	-	-	(18,576)	(18,576)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	-	(14,303)	(14,303)
Fair value reserve								
- Change in fair value	-	-	-	(415,204)	-	(415,204)	-	(415,204)
- Transferred to profit or loss	-	-	-	(1,349)	-	(1,349)	-	(1,349)
Change in ECL reserve	-	-	(51)	-	-	(51)	-	(51)
Dividends (Note 40)	-	-	-	-	-	-	(429,476)	(429,476)
At 31 December 2022	15,358	7,811,665	78	(213,762)	329,672	7,943,011	10,699,375	18,642,386

Notes to the Financial Statements

for the Year Ended 31 December 2023

30. RESERVES (CONTINUED)

- (i) Statutory reserve

The statutory reserve is maintained in compliance with Development Financial Institutions Act 2002 (Act 618) and is not distributable as dividend.
- (ii) Capital reserve

This is a reserve required to be maintained under Co-operative Societies Act 1993 and consists of capital gain from disposal of land or building, or both, under non-current assets.
- (iii) ECL reserve

This ECL reserve comprises ECL allowance for financial investments at FVOCI. The ECL allowance will be reversed to profit or loss upon disposal or derecognition of the financial instruments.
- (iv) Fair value reserve of financial investments at FVOCI

This reserve relates to unrealised fair value gains and losses on financial investments at fair value through other comprehensive income.
- (v) Regulatory reserve

The regulatory reserve is maintained as an additional credit risk buffer to ensure the robustness of the financing impairment assessment methodology. The regulatory reserve is maintained in accordance with Bank Negara Malaysia's policy on Financial Reporting for Development Financial Institutions to maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserve of no less than 1% (2022: no less than 1%) of total credit exposures, net of loss allowance for credit-impaired exposures.
- (vi) Retained profits

During the year, the Board of Directors has approved to remove the RM1,340,000,000 which was previously earmarked to improve the Rate of Return Risk (ROR) exposure as part of asset and liability management strategies.

31. INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Income derived from investment of depositors’ fund (i)	4,834,400	4,564,694	4,846,676	4,573,408
Income derived from investment account funds (ii)	5,270	283	5,270	283
Income derived from investment of shareholders’ fund (iii)	1,640,215	1,416,885	1,644,381	1,419,589
Income generated by subsidiaries (iv)	185,724	92,846	-	-
	6,665,609	6,074,708	6,496,327	5,993,280

Notes to the Financial Statements

for the Year Ended 31 December 2023

31. INCOME (CONTINUED)

(i) Income derived from investment of depositors’ fund

	Group		Bank	
	2023 RM’000	2022 RM’000 Restated	2023 RM’000	2022 RM’000 Restated
Income from financing and advances *	3,865,033	3,590,096	3,877,309	3,598,810
Income from deposits and placements with banks and financial institutions	14,899	12,586	14,899	12,586
Income from financial investments	954,468	962,012	954,468	962,012
	4,834,400	4,564,694	4,846,676	4,573,408

(ii) Income derived from investment account funds

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Income from financing and advances *	4,210	224	4,210	224
Income from financial investments	1,060	59	1,060	59
	5,270	283	5,270	283

(iii) Income derived from investment of shareholders’ fund

	Group		Bank	
	2023 RM’000	2022 RM’000 Restated	2023 RM’000	2022 RM’000 Restated
Income from financing and advances *	1,311,328	1,114,369	1,315,494	1,117,073
Income from deposits and placements with banks and financial institutions	5,055	3,907	5,055	3,907
Income from financial investments	323,832	298,609	323,832	298,609
	1,640,215	1,416,885	1,644,381	1,419,589

* Included in income from financing and advances for the current year is profit accrued on impaired financing of RM85,181,490 (2022: RM64,925,919).

* Included the net effect under government support measures to provide relief and support recovery for SME/micro enterprises in order to sustain their business operations amounting to RM4,373,325 (2022: RM5,902,547) for the Group and the Bank.

* Included the net effect of modification loss under financial assistance measures to provide relief and support recovery for financing customers amounting to RM86,368,926 (2022: RM98,507,846) for the Group and the Bank.

Notes to the Financial Statements

for the Year Ended 31 December 2023

31. INCOME (CONTINUED)

(iv) Income generated by subsidiaries

	Group	
	2023 RM’000	2022 RM’000
Pawning income	175,417	82,140
Rental income	962	832
Management fee	9,345	9,874
	185,724	92,846

32. EXPENDITURE

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Income attributable to depositors (i)	3,157,074	2,173,261	3,161,600	2,176,841
Income attributable to investment account holders (ii)	389	11	389	11
Profit expense on financing sold with recourse to Cagamas	44,252	15,467	44,252	15,467
Profit expense on debt securities issued	174,344	150,551	174,344	150,551
Profit expense on cashline facility	3,908	8,647	3,908	8,647
Cost of sales	161,840	79,416	-	-
	3,541,807	2,427,353	3,384,493	2,351,517

(i) Income attributable to depositors

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Deposits from customers				
Non-Mudarabah	3,103,795	2,146,088	3,108,321	2,149,668
Deposits and placements from banks and other financial institutions				
Non-Mudarabah	53,279	27,173	53,279	27,173
	3,157,074	2,173,261	3,161,600	2,176,841

Notes to the Financial Statements

for the Year Ended 31 December 2023

32. EXPENDITURE (CONTINUED)

(ii) Income attributable to investment account holders

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unrestricted investment accounts				
Mudarabah	389	11	389	11

33. ALLOWANCES FOR IMPAIRMENT

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Allowance for impairment on financing and advances (i)	158,842	668,645	154,432	665,349
Allowance for impairment on financial investments (ii)	42	(7,452)	42	(7,452)
	158,884	661,193	154,474	657,897

(i) Allowance for impairment on financing and advances

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Stage 1 - 12-month ECL	(201,782)	(74,986)	(206,192)	(78,282)
Stage 2 - lifetime ECL not credit impaired	(170,292)	258,458	(170,292)	258,458
Stage 3 - lifetime ECL credit impaired	530,916	485,173	530,916	485,173
	158,842	668,645	154,432	665,349

(ii) Allowance for impairment on financial investments

	Group and Bank	
	2023 RM'000	2022 RM'000
Financial investments at fair value through other comprehensive income (Note 9)	42	(51)
Financial investments at amortised cost (Note 10)	-	(7,401)
	42	(7,452)

Notes to the Financial Statements

for the Year Ended 31 December 2023

34. OTHER OPERATING INCOME

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees and commission (i)	230,161	115,346	230,161	115,346
Other income (ii)	349,840	325,447	362,792	308,304
	580,001	440,793	592,953	423,650

(i) Fees and commission

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Takaful commission	160,106	64,082	160,106	64,082
ATM service fees	15	4	15	4
Wasiat commission	24,393	9,484	24,393	9,484
Other commission	24,302	22,592	24,302	22,592
Processing fees	7	27	7	27
MEPS fees	15,209	15,167	15,209	15,167
Other fees	6,129	3,990	6,129	3,990
	230,161	115,346	230,161	115,346

(ii) Other income

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net other income from financial instruments				
Dividend from financial investments				
at fair value through profit or loss	13,760	15,623	13,760	15,623
Net loss on disposal of financial investments				
at fair value through profit or loss	(11,312)	(24,813)	(11,312)	(24,813)
Net gain on disposal of financial investments at fair value through other comprehensive income	5,923	1,349	5,923	1,349
Net loss on revaluation of financial investments at fair value through profit or loss	-	(846)	-	(846)
	8,371	(8,687)	8,371	(8,687)

Notes to the Financial Statements

for the Year Ended 31 December 2023

34. OTHER OPERATING INCOME (CONTINUED)

(ii) Other income (continued)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Others				
Rental income	22,223	21,598	22,802	21,627
Compensation for late payment	6,686	6,450	6,686	6,450
Charges from credit card services	7,259	5,145	7,259	5,145
Other service charges	15,836	13,634	15,836	13,634
Recoveries from financing written off	190,103	187,865	190,103	187,865
Writeback for impairment on trade receivables (Note 12)	205	149	-	-
Writeback for impairment on other receivables, deposits and prepayments (Note 13(ii))	-	1,138	-	1,138
Gain on disposal of property and equipment	4	-	4	-
Other income	55,879	71,874	55,466	71,682
Gain on revaluation of investment properties (Note 19)	43,274	26,281	34,265	9,450
Dividend income from subsidiaries	-	-	22,000	-
	341,469	334,134	354,421	316,991
	349,840	325,447	362,792	308,304

35. OPERATING EXPENSES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel expenses (i)	1,167,721	1,002,758	1,160,409	997,121
Other overheads and expenditure (ii)	616,410	548,496	616,302	552,776
	1,784,131	1,551,254	1,776,711	1,549,897

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(i) Personnel expenses

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and wages	542,903	499,122	538,719	495,449
Allowances and bonuses	350,022	259,230	347,806	257,987
Defined contribution plan - EPF	169,983	159,244	169,549	158,957
Social security contributions - SOCSO	6,679	5,763	6,642	5,731
Other staff related costs	98,134	79,399	97,693	78,997
	1,167,721	1,002,758	1,160,409	997,121

Total number of staff (excluding the Board of Directors) for the Group is 6,165 (2022: 6,168) and for the Bank is 6,114 (2022: 6,117).

(ii) Other overheads and expenditures

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Establishment				
Rental	992	1,781	937	1,818
Depreciation of property and equipment (Note 17)	44,707	39,058	41,983	36,517
Depreciation of right-of-use assets (Note 14)	18,039	18,959	23,865	24,447
Amortisation of prepaid lease payments (Note 20)	1,474	1,550	1,474	1,550
Amortisation of intangible assets (Note 18)	53,459	54,306	53,459	54,306
Finance cost on lease liabilities (Note 28(ii))	2,045	1,913	2,722	2,316
Repair and maintenance	85,793	93,965	85,712	93,887
Takaful	7,901	10,022	7,848	9,967
	214,410	221,554	218,000	224,808
Promotion				
Advertisement and publicity	19,322	27,999	19,229	27,991

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditures (continued)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
General expenses				
Legal and professional fees	11,979	19,482	11,453	19,270
Auditors' remuneration	1,430	1,365	1,260	1,200
Communication expenses	33,085	21,950	33,027	21,907
Utilities expenses	24,691	17,562	24,643	17,522
Printing and stationery	18,391	18,540	18,282	18,461
Postage and courier	19,714	19,574	19,663	19,515
Security expenses	29,771	29,533	29,771	29,533
Service charges	46,556	44,112	49,344	47,072
Loss on financing written off	7,625	6,936	7,625	6,936
Property and equipment written off	39	37	39	37
Commission expenses	117,791	77,334	117,791	77,334
Travelling and transportation	23,208	18,499	23,178	18,475
Others	48,398	24,019	42,997	22,715
	382,678	298,943	379,073	299,977
	616,410	548,496	616,302	552,776

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment losses on:				
Trade receivables (Note 12)	168	-	-	-
Other receivables, deposits and prepayments (Note 13(ii))	5,560	-	5,560	-
Auditors' remuneration:				
Current year:				
Statutory audit fees	1,430	1,365	1,260	1,200
Amortisation of prepaid lease payment (Note 20)	1,474	1,550	1,474	1,550
Depreciation of property and equipment (Note 17)	44,707	39,058	41,983	36,517
Amortisation of intangible assets (Note 18)	53,459	54,306	53,459	54,306
Depreciation of right-of-use assets (Note 14)	18,039	18,959	23,865	24,447
Finance cost on lease liabilities (Note 28(ii))	2,045	1,913	2,722	2,316
Property and equipment written off	39	37	39	37
Rental of premises *	966	1,755	937	1,818
Rental of equipment *	26	26	-	-

* These are short-term leases of which the Bank has elected not to recognise the right-of-use assets and lease liabilities for these leases. Instead, they are recognised as expense on straight-line basis over the lease term.

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Included in general expenses are the following Chief Executive Officer, Directors and Shariah Committee members' remuneration:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Chief Executive Officer				
Salary and other remuneration	1,282	1,001	1,146	1,001
Bonuses	1,170	624	1,170	624
EPF contributions	441	304	441	304
Other emoluments	7	4	7	4
	2,900	1,933	2,764	1,933
Former Chief Executive Officer				
Salary and other remuneration	-	613	-	613
Bonuses	-	922	-	922
EPF contributions	-	292	-	292
Other emoluments	-	3	-	3
	-	1,830	-	1,830
Non-Executive Directors				
Fees	2,297	2,373	2,129	2,260
Other emoluments	148	92	148	92
	2,445	2,465	2,277	2,352
	5,345	6,228	5,041	6,115
Shariah Committee				
Fees	620	444	620	444
	5,965	6,672	5,661	6,559

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Chief Executive Officer and Directors is as follows:

	Bank			Group			
	Remuneration received from the Bank			Bank	Remuneration received from Subsidiary Companies		
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Total RM'000	Total RM'000
2023							
Chief Executive Officer							
Dato’ Dr. Mohammad Hanis Osman	2,757	-	7	2,764	136	136	2,900
Non-Executive Directors							
Datuk Mohd Irwan Mohd Mubarak	-	390	-	390	23	23	413
Tunku Dato’ Ahmad Burhanuddin							
Tunku Datuk Seri Adnan	-	241	-	241	-	-	241
Haji Mohd Jafri Kudus	-	247	-	247	68	68	315
Dato’ Sri Suriani Dato’ Ahmad	-	181	-	181	-	-	181
Dato’ Seri Dr. Vaseehar Hassan Abdul Razack	-	229	-	229	77	77	306
Prof. Dr. Raduwan Idar	-	223	-	223	-	-	223
Idris Abd Hamid	-	240	-	240	-	-	240
Dato’ Haji Amirudin Haji Abdul Halim	-	208	-	208	-	-	208
Dato’ Dr. Amiruddin Bin Muhamed	-	102	-	102	-	-	102
	-	2,061	-	2,061	168	168	2,229
Former Non-Executive Directors							
Datuk Hj. Abd Rani Lebai Jaafar	-	23	10	33	-	-	33
Datin Norhamizah Mat Tahir	-	24	118	142	-	-	142
Dato’ Shamsul Azri Abu Bakar	-	21	10	31	-	-	31
Mohamad Rafi Shahzada	-	-	10	10	-	-	10
	-	68	148	216	-	-	216
	2,757	2,129	155	5,041	304	304	5,345

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Chief Executive Officer and Directors is as follows (continued):

	Bank			Group			
	Remuneration received from the Bank			Bank	Remuneration received from Subsidiary Companies		
	Salary and bonus RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Total RM'000	Total RM'000
2022							
Chief Executive Officer							
Dato’ Dr. Mohammad Hanis Osman	1,929	-	4	1,933	-	-	1,933
Non-Executive Directors							
Datuk Mohd Irwan Mohd Mubarak	-	319	-	319	21	21	340
Datuk Haji Abd Rani Lebai Jaafar	-	308	31	339	92	92	431
Dato’ Sri Suriani Dato’ Ahmad	-	186	-	186	-	-	186
Dato’ Shamsul Azri Abu Bakar	-	202	-	202	-	-	202
Tunku Dato’ Ahmad Burhanuddin							
Tunku Datuk Seri Adnan	-	271	-	271	-	-	271
Haji Mohd Jafri Kudus	-	231	-	231	-	-	231
Dato’ Seri Dr. Vaseehar Hassan Abdul Razack	-	257	-	257	-	-	257
Prof. Dr. Raduwan Idar	-	114	-	114	-	-	114
Idris Abd Hamid	-	52	-	52	-	-	52
Datin Norhamizah Mat Tahir	-	165	-	165	-	-	165
	-	2,105	31	2,136	113	113	2,249
Former Chief Executive Officer							
Dato’ Syed Abdul Aziz Syed Hassan	1,827	-	3	1,830	-	-	1,830
Former Non-Executive Directors							
Mohamad Rafi Shahzada	-	155	61	216	-	-	216
	3,756	2,260	99	6,115	113	113	6,228

Notes to the Financial Statements

for the Year Ended 31 December 2023

35. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (continued)

Total remuneration of the Shariah Committee is as follows:

	Group and Bank		
	Remuneration received from the Bank		
	Fees RM'000	Other emoluments RM'000	Total RM'000
2023			
Shariah Committees			
Prof. Dr. Azman Bin Mohd Noor	146	-	146
Dr. Mohammad Zaini Bin Yahaya	99	-	99
Prof. Emeritus Dato' Dr. Mohd Azmi Bin Omar	86	-	86
Dr. Akhtarzaite Abdul Aziz	91	-	91
Dr. Tuan Badrul Hisyam Bin Tuan Soh	90	-	90
Dato' Sahibus Samahah Dr. Mohamad Sabri Haron	88	-	88
	600	-	600
Former Shariah Committee			
Ustaz Wan Rumaizi Bin Wan Husin	20	-	20
	620	-	620
2022			
Shariah Committees			
Prof. Dr. Azman Mohd Noor	98	-	98
Dr. Mohamad Zaini Yahaya	80	-	80
Ustaz Wan Rumaizi Wan Husin	72	-	72
Prof. Dato' Dr. Mohd Azmi Omar	69	-	69
Dr. Tuan Badrul Hisyam Tuan Soh	70	-	70
Dato' Sahibus Samahah Dr. Mohamad Sabri Haron	55	-	55
	444	-	444

The above disclosure on total remuneration of the Shariah Committee is presented in accordance with para 12.16 as per BNM's policy on Financial Reporting for Development Financial Institutions, which became effective on or after 1 January 2020.

Notes to the Financial Statements

for the Year Ended 31 December 2023

36. TAXATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian income tax				
Current year	5,358	2,843	-	-
Under/(Over)provision in prior years	142	(73,442)	169	(73,271)
	5,500	(70,599)	169	(73,271)
Deferred tax (Note 21)				
Current year	111,765	(87,838)	113,000	(89,000)
(Over)/Underprovision in prior years	(591)	270	-	-
	111,174	(87,568)	113,000	(89,000)
Total	116,674	(158,167)	113,169	(162,271)

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	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Profit before taxation and zakat	1,760,788	1,875,701	1,773,602	1,857,619
Tax expense at statutory tax rate of 24% (2022: 24%) *	422,589	407,115	425,664	402,775
Non-taxable income	(227,421)	(230,217)	(239,061)	(231,703)
Non-deductible expenses	285,342	134,149	289,784	135,969
Tax exempt under Section 65(A) of the Income Tax Act 1967	(363,387)	(396,042)	(363,387)	(396,041)
Under/(Over)provision in prior years:				
Income tax	142	(73,442)	169	(73,271)
Deferred tax	(591)	270	-	-
	116,674	(158,167)	113,169	(162,271)

Notes to the Financial Statements

for the Year Ended 31 December 2023

36. TAXATION (CONTINUED)

* The Bank, being a co-operative society uses the tax rates under Part IV, Schedule 1 of the Income Tax Act, 1967 as follows:

- On the first RM30,000 of chargeable income: 0% (2022: 0%)
- On the next RM30,000 of chargeable income: 5% (2022: 5%)
- On the next RM40,000 of chargeable income: 10% (2022: 10%)
- On the next RM50,000 of chargeable income: 15% (2022: 15%)
- On the next RM100,000 of chargeable income: 18% (2022: 18%)
- On the next RM250,000 of chargeable income: 21% (2022: 21%)
- On the next RM250,000 of chargeable income: 23% (2022: 23%)
- In excess of RM750,000 of chargeable income: 24% (2022: 24%)

37. ZAKAT

The Group’s and the Bank’s zakat have been computed by applying the growth capital method based on the rate of 2.5%. This method applies the rate on owners’ equity, long term liability, net of fixed assets and non-current assets, and is subject to allowable adjustments.

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Provision for current year	44,486	41,075	42,000	40,000
Overprovision in prior years	(298)	(149)	(298)	(149)
	44,188	40,926	41,702	39,851

38. STATUTORY APPROPRIATIONS

Maintenance of statutory reserve fund is required under the Development Financial Institutions Act 2002 (Act 618), whereas contributions to Co-operative Education Trust Fund and Co-operative Development Provident Fund are made in compliance with the Co-operative Societies Act 1993 (Act 502).

Contribution to Bank Rakyat Foundation is made under paragraph 65(ii) of Undang-Undang Kecil Bank Kerjasama Rakyat Malaysia Berhad, which states that net profit for the year can be utilised towards a fund meant for welfare and benefits of members.

39. EARNINGS PER SHARE

Basic earnings per ordinary share have been calculated based on the Group’s and the Bank’s profit after taxation and zakat of RM1,599,926,000 (2022: RM1,992,942,000) and RM1,618,731,000 (2022: RM1,980,039,000) divided by the weighted average number of ordinary shares of 2,928,547,000 (2022: 2,937,247,000) of RM1 each in issue during the financial year.

Notes to the Financial Statements

for the Year Ended 31 December 2023

40. DIVIDENDS

	Group and Bank	
	2023 RM’000	2022 RM’000
Cash dividend of 15% for the year ended 31 December 2022 (2022: 15%)	426,803	429,476

During the financial year ended 31 December 2023, the Bank paid a cash dividend of 15% amounting to RM427 million in regard to the previous financial year ended 31 December 2022.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of up to 15% amounting to approximately RM450 million and a special dividend of 2% amounting to approximately RM60 million. The proposed dividend will be recognised in the subsequent financial year upon approval by the relevant external authorities.

41. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group and Bank	
	2023 RM’000	2022 RM’000
Contingent liabilities		
Non-financial bank guarantee given in respect of banking facilities granted to customers	193,413	149,847
Claims for damages from litigation taken against the Bank	14,926	15,575
Commitments		
Undrawn financing	2,503,631	2,407,682
	2,711,970	2,573,104

A summary of the status of material litigations against the Bank is as follows:

Case 1
The Bank had terminated financing facility and filed a claim against a customer and its corporate guarantors to recover the outstanding financing of approximately RM24 million. The main contractor, the customer and its corporate guarantors had also filed claims against the Bank respectively. The High Court on 24 January 2018 had dismissed the main contractor’s claim against the Bank and other defendants. The Court of Appeal has dismissed the suit on 19 August 2022 which is a basis for the Bank to remove RM101.66 million of contingent liabilities during the previous financial year.

Notes to the Financial Statements

for the Year Ended 31 December 2023

41. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A summary of the status of material litigations against the Bank is as follows (continued):

Case 1 (continued)
However, the counter claim by the Bank against the customer and its corporate guarantors was dismissed by the Court. Meanwhile, the customer’s counter claim against the Bank was allowed but no sum has been determined by the Court and is subject to further assessment. The corporate guarantors’ counter claim against the Bank was allowed but it was a non-monetary claim. The Learned Judge has fixed the matter for case management on 2 April 2024 to update the Court on the status of the Bank’s appeal to the Federal Court.

With regards to Bank’s Application for Leave to Appeal to the Federal Court of which the hearing was held on 2 February 2023, the Court has adjourned the Bank’s Leave Application as the Ground of Judgment from Court of Appeal is not yet received. The Bank’s Notice to Appeal to the Federal Court was filed on 20 October 2023. The next hearing for the appeal is set on 14 March 2024.

42. CAPITAL COMMITMENTS

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Capital expenditure				
Approved and contracted for	480,924	370,647	440,719	294,982

43. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both.

The related parties of the Group and of the Bank are:

43.1 Subsidiaries

Details of the subsidiaries are shown in Note 16.

43.2 Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel of the Group and of the Bank includes Executive Director and Non-Executive Directors of the Bank and certain members of senior management of the Bank and heads of major subsidiaries of the Group.

Notes to the Financial Statements

for the Year Ended 31 December 2023

43. RELATED PARTY TRANSACTIONS (CONTINUED)

43.2 Key Management Personnel (continued)

Remuneration of Directors and other members of key management are as follows:

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Short-term employee benefits				
Fees	2,541	2,434	2,237	2,321
Salary	9,720	8,524	9,720	8,524
Allowances	1,149	1,058	1,149	1,058
EPF contribution	3,493	2,788	3,493	2,788
Bonuses	7,909	5,827	7,909	5,827
Other emoluments	7	38	7	38
	24,819	20,669	24,515	20,556

Included in the total compensation for key management personnel are the following items:

	Group		Bank	
	2023 RM’000	2022 RM’000	2023 RM’000	2022 RM’000
Directors’ remuneration				
From the Bank	2,277	2,352	2,277	2,352
From subsidiaries	168	113	-	-
	2,445	2,465	2,277	2,352

Notes to the Financial Statements

for the Year Ended 31 December 2023

43. RELATED PARTY TRANSACTIONS (CONTINUED)

43.3 Transactions with subsidiaries

All related party transactions within the Bank Rakyat group are conducted on normal commercial terms which are not more favourable than those generally available to the public.

	Bank	
	2023 RM'000	2022 RM'000
Income earned		
Income from financing and advances	(16,443)	(11,418)
Rental income	(596)	(44)
Expenditure incurred		
Profit expenses	4,526	3,580
Management fee expenses	2,870	3,019
Rental expenses	6,929	6,650
Allowance for impairment on financing	(4,410)	(3,296)
	(7,124)	(1,509)

Movement of allowance for impairment on financing is as follows:

Bank	12-month ECL Stage 1 RM'000
At 1 January 2022	13,606
Changes in credit risk	(3,296)
At 31 December 2022/1 January 2023	10,310
Changes in credit risk	(4,410)
At 31 December 2023	5,900

Notes to the Financial Statements

for the Year Ended 31 December 2023

44. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank	
	2023 RM'000	2022 RM'000
Outstanding exposures with connected parties	1,529,984	4,453,193
% of outstanding exposures to connected parties as a proportion of total exposure	1.43%	3.94%
% of outstanding exposures financing exposures with connected parties which is non-performing or in default	0.01%	0.01%

The above disclosure on Financing Facilities with Connected Parties is presented in accordance with para 14.1 as per BNM’s policy on Financing Facilities with Connected Parties, which became effective on 13 July 2016.

45. FINANCIAL INSTRUMENTS

45.1 Net gains and losses arising from financial instruments

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Net gains/(losses) arising on: Financial assets measured at fair value through profit or loss				
Income ^	798	15,641	798	15,641
Dividend	13,760	15,623	13,760	15,623
Disposal	(11,312)	(24,813)	(11,312)	(24,813)
Revaluation	-	(846)	-	(846)
	3,246	5,605	3,246	5,605
Financial assets measured at fair value through other comprehensive income				
Income ^	778,468	778,404	778,468	778,404
Disposal	5,923	1,349	5,923	1,349
Revaluation on:				
Equity instruments	14,407	14,395	14,407	14,395
Debt instruments	315,285	(429,599)	315,285	(429,599)
	1,114,083	364,549	1,114,083	364,549

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45. FINANCIAL INSTRUMENTS (CONTINUED)

45.1 Net gains and losses arising from financial instruments (continued)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Financial assets measured at amortised cost: ^				
Income from:				
Financing and advances	5,180,570	4,704,689	5,197,012	4,716,107
Deposits and placements with banks and financial institutions	19,954	16,493	19,954	16,493
Financial investments at amortised cost	482,095	466,635	482,095	466,635
	5,682,619	5,187,817	5,699,061	5,199,235
Financial liabilities measured at amortised cost: ^				
Income attributable to depositors	(3,103,795)	(2,146,088)	(3,108,321)	(2,149,668)
Income attributable to investment account holders	(389)	(11)	(389)	(11)
Income attributable to deposits and placements from banks and other financial institutions	(53,279)	(27,173)	(53,279)	(27,173)
Profit expense on financing sold with recourse to Cagamas	(44,252)	(15,467)	(44,252)	(15,467)
Profit expense on debt securities issued	(174,344)	(150,551)	(174,344)	(150,551)
Profit expense on cashline facility	(3,908)	(8,647)	(3,908)	(8,647)
	(3,379,967)	(2,347,937)	(3,384,493)	(2,351,517)
	3,419,981	3,210,034	3,431,897	3,217,872
Net gains/(losses) on impairments of financial instruments:				
Financial assets at:				
Amortised cost	(158,842)	(661,244)	(154,432)	(657,948)
Fair value through other comprehensive income	(42)	51	(42)	51
	(158,884)	(661,193)	(154,474)	(657,897)

^ Profit income and expenses for these financial instruments are calculated using the effective profit rate method.

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT

46.1 Overview

The Bank’s business activities involve the use of financial instruments that expose the Bank to a variety of financial risks with the following as the primary risks:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Operational risk

46.2 Risk management framework

Risk Management Framework articulates the objectives, guiding principles and governance structure for risk management processes in the Bank. This enables the identification, assessment and measurement control and continuous monitoring of all material risks on a group-and bank-wide basis, supported by robust management information system that facilitates timely and reliable reporting of risks and the integration of information across the Bank.

Risk Management within the Bank is guided by the following principles:

- Alignment of risk taking activities with the Bank’s risk appetite;
- Risk aware decision making with clear understanding of risks and their impacts on profitability and sustainability;
- Accountability through ownership of risks, controls, and profitability inherent in the Bank’s business and support functions; and
- Integration of risk management, compliance and ethical business practices into the culture of the Bank.

The Bank’s Risk Appetite Statement is as follows:

“The Bank’s business strategy and risk-taking activities should always be within the capacity of the Bank. This is achieved by strengthening the following six dimensions - Robust Risk and Compliance Culture; Guarding Reputational as an Islamic Financial Institution; Maintaining Adequate Capital; Quality Assets; Funding Certainty and Adequate Liquidity Cover; Ensuring Operational Resilience; and Managing Risk in Technology.”

46.2.1 Risk governance

The Bank manages its risks in accordance with the “Three Lines of Defence Model”, which places accountability and ownership to the source of risk, whilst ensuring sufficient level of independent oversight.

The “Three Lines of Defence” consists of the following components:

(i) First Line of Defence - Informed Decision Making by Business Units

The Business Units and Embedded Risk Functions 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.

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Risk management framework (continued)

46.2.1 Risk governance (continued)

The “Three Lines of Defence” consists of the following components (continued):

(ii) Second Line of Defence - Oversight by Risk Management and Compliance

Risk Management and Compliance supports business units, as well as review business and operations within approved risk appetite and in compliance to regulations 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) Review and recommend risk appetite, strategies, risk management framework and policies as well as any subsequent revision for the Board’s approval;
- (b) Ensure the capital adequacy of the Bank commensurates with the various types of risks;
- (c) Review and appraise the Board on risk exposure, risk portfolio composition, and risk management activities;
- (d) Ensure the adequency of infrastructure and resources to manage various types of risks;
- (e) Appraise the performance of the Chief Risk Officer; and
- (f) Periodically meet with Audit & Examination Committee (“AEC”) to ensure effective exchange of information to enable effective coverage of all risks, including emerging risk issues.

Roles and responsibilities of Management Risk Committee (“MRC”):

- (a) Establish clear guidance and recommend business and risk strategy, including risk limits, for business units to ensure that risk-taking activities remain within the risk appetite;
- (b) Evaluate the sensitivities and reasonableness of key assumptions used in the process of assessing material risks and capital;
- (c) Ensure establishment, implementation, communication and enforcement of risk management framework and policies;

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Risk management framework (continued)

46.2.1 Risk governance (continued)

Roles and responsibilities of the oversight committee (continued):

Roles and responsibilities of Management Risk Committee (“MRC”) (continued):

- (d) Ensure adequate and effective risk monitoring, reporting, controls and tolerable risk limits while managing risk exposure; and
- (e) The role of MRC is supported by dedicated risk committees as follows:
 - Credit Risk Committee;
 - Operational Risk Management Committee;
 - Any other committees that will be established for risk management purposes.

Roles and responsibilities of Operational Risk Management Committee:

- (a) Review and recommend operational risk management strategies, policies, guidelines and procedures;
- (b) Review and assess the adequacy of operational risk management framework, policies, guidelines and procedures in identifying, assessing, controlling and monitoring of operational risk and the extent to which these are operating effectively;
- (c) Ensure that infrastructure, resources and systems are in place to effectively manage operational risks;
- (d) Review operational risk profiles and periodic reports, including progress and follow-up actions; and
- (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; and
- (d) Review and recommend any enhancement of credit related policies, processes and procedures.

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk

Credit risk is the risk of a counterparty failing to perform its contractual obligations through the Bank’s financing, hedging, trading and investing activities.

The Bank’s retail and corporate credit exposures are governed by underwriting criteria outlined in credit policies and product guidelines. The Bank’s credit processes are in line with industry best practices which emphasizes on individual accountability with clear lines of responsibility and segregation of duties where credit administration, early monitoring and recovery are independent from Business Units.

46.3.1 Management of credit risk

The Bank’s credit risk management includes 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 together with Business Units is responsible to formulate and review the credit risk policies, guidelines and procedures as well as credit portfolio monitoring. Independent Credit Assessment headed by Chief Credit is to evaluate quality of credit proposals by Business Units based on principles of 5Cs of Credit.

In ensuring effective monitoring of credit, Credit Portfolio Analysis Report which provides insights on overall credit risk is presented to the Senior Management and Board periodically. With this information, Board and Senior Management are able to effectively identify adverse credit risk trends, take corrective actions and formulate business strategies accordingly.

46.3.2 Financing to retail customers

Financing granted to retail customers is individually underwritten by assessing historical payment track record and payment capacity of the customer. This process is governed by Credit Policy (Retail), Product Guidelines and assessed using credit scorecard. Both Credit Policy (Retail) and credit scorecard are developed by Risk Management while Product Guidelines are developed by Product Division and Business Units within Retail Banking and are independently reviewed by control functions including Risk Management, Compliance and Shariah.

The credit approving authorities have the responsibility to ensure that credit risk is properly assessed and financings are only be granted according to suitability, affordability and circumstances of the customers.

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.

46.3.3 Financing to corporate customers

Granting of credit to corporate customers is individually underwritten as guided by the Bank’s risk appetite and policies. In ensuring only good and quality customers are onboard, Credit Assessment headed by Chief Credit is responsible to conduct Independent Risk Assessment on credit proposal submitted by Business Units prior to approval by relevant approving authorities. Under exceptional circumstances such as through financing programs, approving authority is delegated to Business Units to reduce turnaround time of credit processes. This is guided through simplified Risk Assessment Template (RAT).

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.4 Purchase of investment securities

Credit qualities of financial instruments are assessed based on ratings from external credit ratings agencies.

Portfolio review and monitoring is conducted to ensure the exposure are effectively managed and within the Bank’s risk appetite.

46.3.5 Impaired financing and investment securities

Individually impaired financing and investment securities are financing and advances and investment securities (other than those carried at fair value through profit or loss) for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and profits due according to the contractual terms of the financing/investment security agreement(s).

46.3.6 Neither past due nor impaired financing and investment securities

These are financing and investment securities from which contractual payment of profit or principal have not defaulted and therefore are not impaired since there is no objective evidence of impairment.

46.3.7 Past due but not impaired financing and investment securities

Past due but not impaired financing and investment securities, other than those carried at fair value through profit or loss, are those for which contractual profits or principal payments are past due, more than 1 day but less than three (3) months.

46.3.8 Financing with renegotiated terms

Financing with renegotiated terms are financing that have been restructured or rescheduled due to deterioration in the customer’s financial position.

46.3.9 Allowances for impairment

The Bank establishes an allowance for impairment loss on assets carried at amortised cost and fair value through other comprehensive income, which represents an estimation of expected losses in the financing and investment security portfolio.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective financing loss allowance established for groups of homogenous assets. Both components of allowance incorporates historical, current, and forecasted information in estimating the expected losses.

Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

46.3.10 Write-off policy

The Bank writes-off a financing or an investment security, and any related allowances for impairment losses, when the Bank determines that the financing or investment security is uncollectible. This determination is made after exhaustive recovery exercise and 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.

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.11 Collateral on financing and advances

In mitigating credit risk on financing and advances granted to customers, collaterals are obtained as follows:

- (i) House financing - charges over residential properties.
- (ii) Commercial property financing - charges over the properties being financed.
- (iii) Vehicle financing - ownership claims over the vehicles being financed.
- (iv) Other financing and advances - charges over business assets such as premises, trade receivables or deposits.

46.3.12 Credit grading for investment securities

Credit qualities of financial instruments are assessed based on ratings from external credit ratings agencies and independently assessed by Credit Assessment prior to approval by relevant approving authorities.

46.3.13 Maximum exposure to credit risk

The following table presents the Bank’s credit exposure of on-balance sheet and off-balance sheet financial instruments.

For on-balance sheet assets, the exposure to credit risk equals the carrying amount.

For credit commitments, maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Group		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Assets			
Cash and short-term funds	1,102,099	1,834,420	835,189
Deposits and placements with financial institutions	378,718	368,445	672,463
Financial investments at fair value through profit or loss	-	255,027	976,032
Financial investments at fair value through other comprehensive income	19,293,035	20,379,126	20,708,939
Financial investments at amortised cost	12,522,304	12,427,045	10,826,850
Financing and advances	81,101,218	77,239,589	76,646,744
Trade receivables	2,314	1,228	909
Other receivables	910,873	946,265	586,519
	115,310,561	113,451,145	111,253,645

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.13 Maximum exposure to credit risk (continued)

	Group (continued)		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Commitments			
Undrawn financing	2,503,631	2,407,682	2,271,831
Total maximum exposure to credit risk	117,673,627	115,703,227	113,352,266

	Bank		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Assets			
Cash and short-term funds	1,101,504	1,831,709	834,987
Deposits and placements with financial institutions	378,716	368,303	672,463
Financial investments at fair value through profit or loss	-	255,027	976,032
Financial investments at fair value through other comprehensive income	19,293,035	20,379,126	20,708,939
Financial investments at amortised cost	12,522,304	12,427,045	10,826,850
Financing and advances	81,425,290	77,527,614	76,866,888
Other receivables	906,538	919,733	563,233
	115,627,387	113,708,557	111,449,392
Commitments			
Undrawn financing	2,503,631	2,407,682	2,271,831
Total maximum exposure to credit risk	118,131,018	116,116,239	113,721,223

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.14 Credit risk exposure on financing and advances

	Group		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
At amortised cost			
Neither past due nor impaired			
0 month	79,721,045	76,591,008	76,749,370
Past due but not impaired			
1 month	1,388,773	1,179,118	598,991
2 months	704,596	562,635	215,666
3 months	329	876	23,376
	2,093,698	1,742,629	838,033
Past due and impaired			
Less than 4 months	352,944	492,609	435,632
4 months to 6 months	333,168	262,246	90,246
7 months to 9 months	175,445	171,728	117,533
More than 9 months	834,431	668,392	702,347
	1,695,988	1,594,975	1,345,758
Gross financing and advances	83,510,731	79,928,612	78,933,161
Less:			
Stage 1 - 12-month ECL	(653,488)	(855,270)	(930,256)
Stage 2 - lifetime ECL not credit impaired	(677,545)	(847,837)	(587,830)
Stage 3 - lifetime ECL credit impaired	(1,078,480)	(985,916)	(768,331)
Net financing and advances	81,101,218	77,239,589	76,646,744

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.14 Credit risk exposure on financing and advances (continued)

	Bank		
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	01.01.2022 RM'000 Restated
At amortised cost			
Neither past due nor impaired			
0 month	80,051,017	76,889,343	76,983,120
Past due but not impaired			
1 month	1,388,773	1,179,118	598,991
2 months	704,596	562,635	215,666
3 months	329	876	23,376
	2,093,698	1,742,629	838,033
Past due and impaired			
Less than 4 months	352,944	492,609	435,632
4 months to 6 months	333,168	262,246	90,246
7 months to 9 months	175,445	171,728	117,533
More than 9 months	834,431	668,392	702,347
	1,695,988	1,594,975	1,345,758
Gross financing and advances	83,840,703	80,226,947	79,166,911
Less:			
Stage 1 - 12-month ECL	(659,388)	(865,580)	(943,862)
Stage 2 - lifetime ECL not credit impaired	(677,545)	(847,837)	(587,830)
Stage 3 - lifetime ECL credit impaired	(1,078,480)	(985,916)	(768,331)
Net financing and advances	81,425,290	77,527,614	76,866,888

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities

Group 2023	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	-	4,013,133	944,724	4,957,857
Grade AA+	-	165,120	-	165,120
Grade AA	-	280,349	24,958	305,307
Grade AA-	-	232,151	37,231	269,382
Grade AA1	-	333,151	106,713	439,864
Grade AA2	-	162,639	50,619	213,258
Grade AA3	-	163,411	26,403	189,814
	-	5,349,954	1,190,648	6,540,602
Cagamas sukuk				
Grade AAA	-	466,427	229,683	696,110
Negotiable Islamic debt certificates				
Grade AA1	-	-	99,709	99,709
	-	5,816,381	1,520,040	7,336,421
Unrated securities				
Government investment issues				
Government sukuk	-	4,798,167	7,955,166	12,753,333
	-	8,678,487	3,047,098	11,725,585
	-	13,476,654	11,002,264	24,478,918
Shares				
Unquoted shares				
	-	101,582	-	101,582
	-	19,394,617	12,522,304	31,916,921

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Bank 2023	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	-	4,013,133	944,724	4,957,857
Grade AA+	-	165,120	-	165,120
Grade AA	-	280,349	24,958	305,307
Grade AA-	-	232,151	37,231	269,382
Grade AA1	-	333,151	106,713	439,864
Grade AA2	-	162,639	50,619	213,258
Grade AA3	-	163,411	26,403	189,814
	-	5,349,954	1,190,648	6,540,602
Cagamas sukuk				
Grade AAA	-	466,427	229,683	696,110
Negotiable Islamic debt certificates				
Grade AA1	-	-	99,709	99,709
	-	5,816,381	1,520,040	7,336,421
Unrated securities				
Government investment issues				
Government sukuk	-	4,798,167	7,955,166	12,753,333
	-	8,678,487	3,047,098	11,725,585
	-	13,476,654	11,002,264	24,478,918
Shares				
Unquoted shares				
	-	101,574	-	101,574
	-	19,394,609	12,522,304	31,916,913

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Group 2022	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	-	3,333,756	962,732	4,296,488
Grade AA+	-	119,668	-	119,668
Grade AA	-	239,341	30,039	269,380
Grade AA-	-	293,923	68,183	362,106
Grade AA1	-	174,782	107,058	281,840
Grade AA2	-	106,418	50,934	157,352
Grade AA3	-	252,295	57,192	309,487
	-	4,520,183	1,276,138	5,796,321
Cagamas sukuk				
Grade AAA	-	651,866	50,451	702,317
Negotiable Islamic debt certificates				
Grade AA2	-	-	49,925	49,925
	-	5,172,049	1,376,514	6,548,563
Unrated securities				
Government investment issues	41,827	6,803,294	7,803,055	14,648,176
Government sukuk	-	8,403,783	3,184,122	11,587,905
Khazanah sukuk	-	-	63,354	63,354
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	255,027	15,207,077	11,050,531	26,512,635
Shares				
Unquoted shares	-	87,175	-	87,175
	-	87,175	-	87,175
	255,027	20,466,301	12,427,045	33,148,373

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.15 Credit risk exposure on investment securities (continued)

Bank 2022	Financial investments at fair value through profit or loss RM'000	Financial investments at fair value through other comprehensive income RM'000	Financial investments at amortised cost RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AAA	-	3,333,756	962,732	4,296,488
Grade AA+	-	119,668	-	119,668
Grade AA	-	239,341	30,039	269,380
Grade AA-	-	293,923	68,183	362,106
Grade AA1	-	174,782	107,058	281,840
Grade AA2	-	106,418	50,934	157,352
Grade AA3	-	252,295	57,192	309,487
	-	4,520,183	1,276,138	5,796,321
Cagamas sukuk				
Grade AAA	-	651,866	50,451	702,317
Negotiable Islamic debt certificates				
Grade AA2	-	-	49,925	49,925
	-	5,172,049	1,376,514	6,548,563
Unrated securities				
Government investment issues	41,827	6,803,294	7,803,055	14,648,176
Government sukuk	-	8,403,783	3,184,122	11,587,905
Khazanah sukuk	-	-	63,354	63,354
Islamic redeemable convertible preference shares	213,200	-	-	213,200
	255,027	15,207,077	11,050,531	26,512,635
Shares				
Unquoted shares	-	87,167	-	87,167
	-	87,167	-	87,167
	255,027	20,466,293	12,427,045	33,148,365

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.16 Maximum exposure to credit risk

The following analysis represents the Group’s maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

	Group		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Credit exposure for on-balance sheet financial assets			
Cash and short-term funds	1,102,099	1,834,420	835,189
Deposits and placements with financial institutions	378,718	368,445	672,463
Financial investments portfolio *	31,836,741	33,082,558	32,462,970
Financing and advances	72,250,448	70,679,957	68,315,853
Trade receivables	2,314	1,228	909
Other assets	910,873	946,265	586,519
Credit exposure for off-balance sheet financial assets			
Undrawn financing	2,503,631	2,407,682	2,271,831
Total maximum credit risk exposure	108,984,824	109,320,555	105,145,734

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.3 Credit risk (continued)

46.3.16 Maximum exposure to credit risk (continued)

	Bank		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Credit exposure for on-balance sheet financial assets			
Cash and short-term funds	1,101,504	1,831,709	834,987
Deposits and placements with financial institutions	378,716	368,303	672,463
Financial investments portfolio *	31,836,741	33,082,558	32,462,970
Financing and advances	72,250,448	70,679,957	68,315,853
Other assets	906,538	919,733	563,233
Credit exposure for off-balance sheet financial assets			
Undrawn financing	2,503,631	2,407,682	2,271,831
Total maximum credit risk exposure	108,977,578	109,289,942	105,121,337

* 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.

46.4 Liquidity risk

Liquidity risk arises from mismatches in the timing of cash flows due to the inability to meet maturing or regulatory obligations and customers’ demands for funds when required, which may adversely affect daily operations, Bank’s reputation and incur unacceptable losses.

46.4.1 Management of liquidity risk

The management of liquidity risk is subject to Bank Negara Malaysia’s Liquidity Framework and Liquidity Coverage Ratio requirements as well as the Bank’s liquidity risk management framework.

The Bank adopts various liquidity risk measurement tools in managing the cash flows for daily movement as well as medium and long-term positions to ensure sufficient funding sources to meet obligations.

It is important for the Bank to maintain diversification strategy of funding sources and providers to ensure 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 Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.1 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 in order to manage effective implementation of risk management policies and to ensure liquidity risk position are within the Bank’s risk appetite and approved limits.

46.4.2 Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade securities for which there is an active and liquid market.

Details of the reported Bank ratio of net liquid assets to deposits from customers at the end of the reporting period and during the year were as follows:

	Bank	
	2023	2022
At 31 December	32.02%	33.83%
Average for the year	33.05%	32.76%
Maximum for the year	34.38%	33.83%
Minimum for the year	31.66%	32.17%

46.4.3 Liquidity risk of assets and liabilities

The main thrust of liquidity management is the projection of up to one year of the maturity profile of the Bank’s assets, liabilities and off-balance sheet commitments from a given position.

The focus is on the ability of the Bank to match its short-term liquidity requirement arising from maturing obligations with maturing assets, followed by a medium-term assessment of liquidity up to one year.

The primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallise.

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

Group	Up to	More than	More than	More than	More than	More than	No	
31.12.2023	1 week	1 week-	1 month-	3 months-	6 months-	1 year	specific	Total
	RM’000	1 month	3 months	6 months	1 year	1 year	maturity	RM’000
		RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Assets								
Cash, deposits and placements with financial institutions	1,002,066	100,035	-	-	378,716	-	-	1,480,817
Investment securities	-	227,442	1,086,788	664,517	1,438,955	28,397,637	101,582	31,916,921
Financing and advances	377,038	1,651,406	2,317,560	3,346,221	6,171,749	69,646,757	(2,409,513)	81,101,218
Trade receivables	2,485	809	-	-	-	-	(980)	2,314
Other assets	-	-	686,371	-	-	-	224,502	910,873
	1,381,589	1,979,692	4,090,719	4,010,738	7,989,420	98,044,394	(2,084,409)	115,412,143
Liabilities								
Deposits from customers	13,933,168	16,662,544	20,102,911	14,445,158	12,974,512	5,439,613	-	83,557,906
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	1,302,500	900,697	552,308	-	-	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	1,000,005	-	1,000,005
Debt securities issued	-	-	-	33,537	-	5,000,000	-	5,033,537
Cashline facility	-	701,468	-	-	-	-	-	701,468
Trade payables	-	-	1,695	-	-	-	-	1,695
Other liabilities	-	205	1,572,874	616	1,232	43,411	313,388	1,931,726
	15,438,635	18,264,914	22,229,788	14,479,311	12,975,744	11,483,029	313,388	95,184,809
Net maturity mismatch	(14,057,046)	(16,285,222)	(18,139,069)	(10,468,573)	(4,986,324)	86,561,365	(2,397,797)	20,227,334

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group (continued) 31.12.2023	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	193,413	-	-	-	-	-	-	193,413
Claims for damages from litigation taken against the Bank	-	-	-	-	-	14,926	-	14,926
Undrawn financing	2,503,631	-	-	-	-	-	-	2,503,631
	2,697,044	-	-	-	-	14,926	-	2,711,970

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group 31.12.2022 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	1,048,968	785,594	-	-	368,303	-	-	2,202,865
Investment securities	-	130,033	366,094	911,274	2,250,986	29,189,611	300,375	33,148,373
Financing and advances	791,387	1,179,114	2,125,679	3,197,372	5,938,175	66,696,884	(2,689,022)	77,239,589
Trade receivables	2,092	153	-	-	-	-	(1,017)	1,228
Other assets	-	-	723,365	-	-	-	222,900	946,265
	1,842,447	2,094,894	3,215,138	4,108,646	8,557,464	95,886,495	(2,166,764)	113,538,320
Liabilities								
Deposits from customers	17,874,155	19,601,521	20,535,292	14,009,122	8,484,552	5,833,555	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	500,000	-	500,000
Debt securities issued	-	-	-	23,391	-	4,000,000	-	4,023,391
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Trade payables	-	-	1,735	-	-	-	-	1,735
Other liabilities	-	55	1,237,243	165	331	41,717	311,285	1,590,796
	18,600,423	21,091,874	21,874,270	14,032,678	8,484,883	10,375,272	311,285	94,770,685
Net maturity mismatch	(16,757,976)	(18,996,980)	(18,659,132)	(9,924,032)	72,581	85,511,223	(2,478,049)	18,767,635

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group (continued) 31.12.2022 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	149,847	-	-	-	-	-	-	149,847
Claims for damages from litigation taken against the Bank	-	-	-	-	-	15,575	-	15,575
Undrawn financing	2,407,682	-	-	-	-	-	-	2,407,682
	2,557,529	-	-	-	-	15,575	-	2,573,104

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group 01.01.2022 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	835,189	-	311,214	-	361,249	-	-	1,507,652
Investment securities	-	304,065	334,578	1,506,914	2,652,425	27,664,988	121,630	32,584,600
Financing and advances	533,698	1,066,537	2,193,827	3,152,408	5,682,367	66,538,075	(2,520,168)	76,646,744
Trade receivables	2,015	60	-	-	-	-	(1,166)	909
Other assets	-	-	351,626	-	-	-	234,893	586,519
	1,370,902	1,370,662	3,191,245	4,659,322	8,696,041	94,203,063	(2,164,811)	111,326,424
Liabilities								
Deposits from customers	15,617,109	16,397,345	20,446,183	16,783,618	11,156,420	6,123,209	-	86,523,884
Deposits and placements from banks and financial institutions	450,000	150,000	250,000	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	1,834	3,699	5,626	307,152	-	-	318,311
Debt securities issued	-	-	-	867,940	430,000	2,000,000	-	3,297,940
Cashline facility	-	400,032	300,385	-	-	-	-	700,417
Trade payables	-	-	1,839	-	-	-	-	1,839
Other liabilities	-	116	1,308,074	350	700	63,387	337,945	1,710,572
	16,067,109	16,949,327	22,310,180	17,657,534	11,894,272	8,186,596	337,945	93,402,963
Net maturity mismatch	(14,696,207)	(15,578,665)	(19,118,935)	(12,998,212)	(3,198,231)	86,016,467	(2,502,756)	17,923,461

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Group (continued) 01.01.2022 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	130,900	-	-	-	-	-	-	130,900
Claims for damages from litigation taken against the Bank	-	-	-	-	-	140,403	-	140,403
Undrawn financing	2,271,831	-	-	-	-	-	-	2,271,831
	2,402,731	-	-	-	-	140,403	-	2,543,134

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 31.12.2023	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	1,001,469	100,035	-	-	378,716	-	-	1,480,220
Investment securities	-	227,442	1,086,788	664,517	1,438,955	28,397,637	101,574	31,916,913
Financing and advances	377,038	1,651,406	2,317,560	3,346,221	6,171,749	69,976,729	(2,415,413)	81,425,290
Other assets	-	-	712,812	-	-	-	193,726	906,538
	1,378,507	1,978,883	4,117,160	4,010,738	7,989,420	98,374,366	(2,120,113)	115,728,961
Liabilities								
Deposits from customers	13,933,168	16,662,544	20,102,911	14,445,158	12,974,512	5,439,613	-	83,557,906
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	1,302,500	900,697	552,308	-	-	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	1,000,005	-	1,000,005
Debt securities issued	-	-	-	33,537	-	5,000,000	-	5,033,537
Cashline facility	-	701,468	-	-	-	-	-	701,468
Other liabilities	-	24,000	1,574,715	38,231	62,852	57,502	336,989	2,094,289
	15,438,635	18,288,709	22,229,934	14,516,926	13,037,364	11,497,120	336,989	95,345,677
Net maturity mismatch	(14,060,128)	(16,309,826)	(18,112,774)	(10,506,188)	(5,047,944)	86,877,246	(2,457,102)	20,383,284

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank (continued) 31.12.2023	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	193,413	-	-	-	-	-	-	193,413
Claims for damages from litigation taken against the Bank	-	-	-	-	-	14,926	-	14,926
Undrawn financing	2,503,631	-	-	-	-	-	-	2,503,631
	2,697,044	-	-	-	-	14,926	-	2,711,970

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 31.12.2022 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	1,046,115	785,594	-	-	368,303	-	-	2,200,012
Investment securities	-	130,033	366,094	911,274	2,250,986	29,189,611	300,367	33,148,365
Financing and advances	791,388	1,179,114	2,125,679	3,197,372	5,938,175	66,995,220	(2,699,334)	77,527,614
Other assets	-	-	728,515	-	-	-	191,218	919,733
	1,837,503	2,094,741	3,220,288	4,108,646	8,557,464	96,184,831	(2,207,749)	113,795,724
Liabilities								
Deposits from customers	17,874,155	19,601,521	20,535,292	14,009,122	8,484,552	5,833,555	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	-	-	500,000	-	500,000
Debt securities issued	-	-	-	23,391	-	4,000,000	-	4,023,391
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Other liabilities	6,993	7,461	1,265,404	21,454	49,412	48,562	338,452	1,737,738
	18,607,416	21,099,280	21,900,696	14,053,967	8,533,964	10,382,117	338,452	94,915,892
Net maturity mismatch	(16,769,913)	(19,004,539)	(18,680,408)	(9,945,321)	23,500	85,802,714	(2,546,201)	18,879,832

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank (continued) 31.12.2022 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	149,847	-	-	-	-	-	-	149,847
Claims for damages from litigation taken against the Bank	-	-	-	-	-	15,575	-	15,575
Undrawn financing	2,407,682	-	-	-	-	-	-	2,407,682
	2,557,529	-	-	-	-	15,575	-	2,573,104

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank 01.01.2022 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	834,987	-	311,214	-	361,249	-	-	1,507,450
Investment securities	-	304,065	334,578	1,506,914	2,652,425	27,664,988	121,622	32,584,592
Financing and advances	533,698	1,066,537	2,193,827	3,152,408	5,682,367	66,538,075	(2,300,024)	76,866,888
Other assets	-	-	363,321	-	-	-	199,912	563,233
	1,368,685	1,370,602	3,202,940	4,659,322	8,696,041	94,203,063	(1,978,490)	111,522,163
Liabilities								
Deposits from customers	15,617,109	16,397,345	20,446,183	16,783,618	11,156,420	6,123,209	-	86,523,884
Deposits and placements from banks and financial institutions	450,000	150,000	250,000	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	1,834	3,699	5,626	307,152	-	-	318,311
Debt securities issued	-	-	-	867,940	430,000	2,000,000	-	3,297,940
Cashline facility	-	400,032	300,385	-	-	-	-	700,417
Other liabilities	928	7,573	1,324,335	30,931	59,821	63,324	397,348	1,884,260
	16,068,037	16,956,784	22,324,602	17,688,115	11,953,393	8,186,533	397,348	93,574,812
Net maturity mismatch	(14,699,352)	(15,586,182)	(19,121,662)	(13,028,793)	(3,257,352)	86,016,530	(2,375,838)	17,947,351

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (continued)

Bank (continued) 01.01.2022 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	130,900	-	-	-	-	-	-	130,900
Claims for damages from litigation taken against the Bank	-	-	-	-	-	140,403	-	140,403
Undrawn financing	2,271,831	-	-	-	-	-	-	2,271,831
	2,402,731	-	-	-	-	140,403	-	2,543,134

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis

The tables below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities as at 31 December 2023 and 31 December 2022. 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 2023	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	18,140,862	19,778,093	18,528,675	12,692,171	9,747,061	6,717,248	-	85,604,110
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	1,302,500	901,362	552,594	-	-	-	-	2,756,456
Recourse obligations on financing sold to Cagamas	-	5,686	5,850	11,535	23,071	1,144,116	-	1,190,258
Debt securities issued	-	-	-	102,227	108,662	5,678,346	-	5,889,235
Trade payables	-	-	1,695	-	-	-	-	1,695
Cashline facility	302,031	401,497	-	-	-	-	-	703,528
Other liabilities	-	2,037	1,556,487	8,149	9,906	28,719	313,390	1,918,688
	19,948,360	21,088,675	20,645,301	12,814,082	9,888,700	13,568,429	313,390	98,266,937

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group 2022	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	17,911,560	19,646,875	20,710,507	14,248,146	8,795,764	7,509,634	-	88,822,486
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	5,850	5,850	11,700	469,803	-	493,203
Debt securities issued	-	-	-	80,993	82,665	4,701,877	-	4,865,535
Trade payables	-	-	1,735	-	-	-	-	1,735
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Other liabilities	-	55	1,237,243	165	331	41,717	305,904	1,585,415
	18,637,828	21,137,228	22,055,335	14,335,154	8,890,460	12,723,031	305,904	98,084,940

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2023	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	18,140,862	19,778,093	18,528,675	12,692,171	9,747,061	6,717,248	-	85,604,110
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	1,302,500	901,362	552,594	-	-	-	-	2,756,456
Recourse obligations on financing sold to Cagamas	-	5,686	5,850	11,535	23,071	1,144,116	-	1,190,258
Debt securities issued	-	-	-	102,227	108,662	5,678,346	-	5,889,235
Cashline facility	302,031	401,497	-	-	-	-	-	703,528
Other liabilities	-	2,037	1,556,487	8,149	9,906	42,555	313,390	1,932,524
	19,948,360	21,088,675	20,643,606	12,814,082	9,888,700	13,582,265	313,390	98,279,078

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.4 Liquidity risk (continued)

46.4.5 Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank 2022	Up to 1 week RM'000	More than 1 week- 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 6 months RM'000	More than 6 months- 1 year RM'000	More than 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Deposits from customers	17,911,560	19,646,875	20,710,507	14,248,146	8,795,764	7,509,634	-	88,822,486
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	305,082	1,187,379	100,000	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	5,850	5,850	11,700	469,803	-	493,203
Debt securities issued	-	-	-	80,993	82,665	4,701,877	-	4,865,535
Cashline facility	401,203	302,919	-	-	-	-	-	704,122
Other liabilities	6,993	7,461	1,265,404	21,454	49,412	48,562	333,071	1,732,357
	18,644,821	21,144,634	22,081,761	14,356,443	8,939,541	12,729,876	333,071	98,230,147

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk

Market risk is defined as the risk of financial loss due to changes in equity prices, benchmark rates, credit spreads, foreign-exchange rates, commodity prices, and other indicators whose values are set in a public market. Changes in market rates can affect the Bank’s net earnings and also the economic value of Bank’s equity.

The function of Market Risk and Asset Liability Management (“ALM”) is to manage and control market risk exposure in order to optimize return on risk while maintaining a market profile consistent with the Bank’s strategic plan.

The Bank has established the market risk policy, strategy and processes which are periodically reviewed and updated to take into account changes in activities and market structure to ensure effective implementation of risk management policies.

46.5.1 Management of market risk

The Bank manages market risk by segregating exposure to market risk between trading and non-trading portfolios. Trading portfolios are held by treasury department which consist of financial assets that are managed on fair value basis.

The risk measurement techniques employed by the Bank to measure and quantify the market value changes and the level of market risk comprise of Value-at-Risk (“VaR”), Modified Duration and Present Value of One Basis Point (“PV01”).

Exposure of the Bank to the foreign exchange rates is minimal since operation of foreign currency unit is limited to remittance services only.

46.5.2 Profit rate risk

Investment in debt securities and financing are exposed to risk of change in profit rates that would result in changes in cash flows. On the other hand, investment in equity securities and other short-term receivables and payables are not significantly exposed to profit rate risk.

Among other efforts in mitigating this risk is by diversifying investment mainly in fixed-income securities with different duration. The Bank has not engaged in hedging through derivative instruments during the year.

The sensitivity of the Bank's financial assets and liabilities to the profit rate risk is measured and monitored proactively using multiple measurement techniques such as Gap Analysis, Duration and Simulation Model.

Profit rate risk in the banking book portfolio is managed and controlled using the standardised approach known as Earning at Risk (“EaR”) and Economic Value of Equity (“EVE”).

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.2 Profit rate risk (continued)

The table below indicates the Bank’s profit rate sensitivity to a 100 basis points parallel shift.

	Increase by 100 bp RM’000	Decrease by 100 bp RM’000
Group and Bank		
2023		
Impact on Earning at Risk (EaR)	(8,067)	8,067
Impact on Economic Value of Equity (EVE)	(1,596,117)	1,596,117
2022		
Impact on Earning at Risk (EaR)	(47,563)	47,563
Impact on Economic Value of Equity (EVE)	(1,810,136)	1,810,136

46.5.3 Exposure to profit rate

Among other controls to ensure that market risk exposures remain within tolerable levels include stress testing, new product approval procedures and listing of permissible instruments that can be traded.

Periodic stress testing and control assessment are conducted to address the plausible market events relating to the threat of market failure that could disrupt the Bank’s profitability and capital adequacy in ensuring its resiliency.

46.5.4 Risk measurement approach

The tables in Note 46.5.5 indicate the effective profit rates at the reporting date and the Group’s and the Bank’s sensitivity to profit rates by time band based on maturity date.

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments

<div>← Non-trading book →</div>								
Group 31.12.2023	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	100,035	-	378,716	-	-	1,002,066	-	1,480,817
Financial investments at fair value through other comprehensive income	127,730	619,890	1,537,187	8,653,422	8,354,806	101,574	8	19,394,617
Financial investments at amortised cost	99,709	466,896	566,278	4,547,931	6,841,490	-	-	12,522,304
Financing and advances								
- Non-impaired	60,621,696	74,945	64,522	3,031,346	15,206,691	2,916,556	-	81,915,756
- Impaired, net of allowances	-	-	-	-	-	(814,538)	-	(814,538)
Other non-profit sensitive balances	-	-	-	-	-	4,192,801	-	4,192,801
	60,949,170	1,161,731	2,546,703	16,232,699	30,402,987	7,398,459	8	118,691,757

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Non-trading book								
Group (continued) 31.12.2023	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	31,019,226	18,396,461	21,891,237	10,242,529	2,008,453	-	-	83,557,906
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	2,203,197	552,308	-	-	-	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	-	-	-	1,000,005	-	-	-	1,000,005
Debt securities issued	-	-	-	3,828,093	1,205,444	-	-	5,033,537
Cashline facility	701,468	-	-	-	-	-	-	701,468
Other non-profit sensitive balances	-	-	-	-	-	1,947,005	-	1,947,005
	34,126,858	18,948,769	21,891,237	15,070,627	3,213,897	1,947,005	-	95,198,393
On-balance sheet profit sensitivity gap								
	26,822,312	(17,787,038)	(19,344,534)	1,162,072	27,189,090	5,451,454	8	23,493,364
Total profit sensitivity gap								
	26,822,312	(17,787,038)	(19,344,534)	1,162,072	27,189,090	5,451,454	8	23,493,364

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 31.12.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	-	-	368,303	-	-	1,834,562	-	2,202,865
Financial investments at fair value through profit or loss	-	-	-	-	-	-	255,027	255,027
Financial investments at fair value through other comprehensive income	80,107	305,057	2,282,572	9,071,730	8,639,660	-	87,175	20,466,301
Financial investments at amortised cost	49,926	61,039	879,693	3,465,323	7,971,064	-	-	12,427,045
Financing and advances								
- Non-impaired	55,735,600	78,187	75,764	2,969,913	17,213,455	2,502,193	-	78,575,112
- Impaired, net of allowances	-	-	-	-	-	(1,335,523)	-	(1,335,523)
Other non-profit sensitive balances	-	-	-	-	-	4,273,596	-	4,273,596
	55,865,633	444,283	3,606,332	15,506,966	33,824,179	7,274,828	342,202	116,864,423

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 31.12.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	31,101,097	20,535,291	22,493,674	9,453,101	2,755,034	-	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	1,492,461	100,000	-	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	-	-	500,000
Debt securities issued	-	-	-	2,112,817	1,910,574	-	-	4,023,391
Cashline facility	704,122	-	-	-	-	-	-	704,122
Other non-profit sensitive balances	-	-	-	-	-	1,607,701	-	1,607,701
	33,317,663	20,635,291	22,493,674	12,065,918	4,665,608	1,607,701	-	94,785,855
On-balance sheet profit sensitivity gap	22,547,970	(20,191,008)	(18,887,342)	3,441,048	29,158,571	5,667,127	342,202	22,078,568
Total profit sensitivity gap	22,547,970	(20,191,008)	(18,887,342)	3,441,048	29,158,571	5,667,127	342,202	22,078,568

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Group (continued) 01.01.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	150,189	311,214	211,060	-	-	835,189	-	1,507,652
Financial investments at fair value through profit or loss	-	-	-	-	-	-	976,032	976,032
Financial investments at fair value through other comprehensive income	199,160	335,682	2,589,900	9,814,429	7,769,768	-	72,779	20,781,718
Financial investments at amortised cost	105,022	-	1,546,374	2,298,504	6,876,950	-	-	10,826,850
Financing and advances								
- Non-impaired	52,856,995	45,598	64,758	3,319,354	19,484,772	1,808,185	-	77,579,662
- Impaired, net of allowances	-	-	-	-	-	(932,918)	-	(932,918)
Other non-profit sensitive balances	-	-	-	-	-	3,669,469	-	3,669,469
	53,311,366	692,494	4,412,092	15,432,287	34,131,490	5,379,925	1,048,811	114,408,465

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Non-trading book								
Group (continued) 01.01.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	25,829,046	20,446,183	27,940,038	10,182,524	2,126,093	-		86,523,884
Deposits and placements from banks and financial institutions	600,000	250,000	-	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	-	-	318,311	-	-	-	318,311
Debt securities issued	-	-	1,286,546	704,367	1,307,027	-	-	3,297,940
Cashline facility	400,032	300,385	-	-	-	-	-	700,417
Other non-profit sensitive balances	-	-	-	-	-	1,712,411	-	1,712,411
	26,829,078	20,996,568	29,226,584	11,205,202	3,433,120	1,712,411	-	93,402,963
On-balance sheet profit sensitivity gap	26,482,288	(20,304,074)	(24,814,492)	4,227,085	30,698,370	3,667,514	1,048,811	21,005,502
Total profit sensitivity gap	26,482,288	(20,304,074)	(24,814,492)	4,227,085	30,698,370	3,667,514	1,048,811	21,005,502

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Non-trading book								
Bank 31.12.2023	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	100,035	-	378,716	-	-	1,001,469	-	1,480,220
Financial investments at fair value through other comprehensive income	127,730	619,890	1,537,187	8,653,422	8,354,806	101,574	-	19,394,609
Financial investments at amortised cost	99,709	466,896	566,278	4,547,931	6,841,490	-	-	12,522,304
Financing and advances								
- Non-impaired	60,621,696	74,945	64,522	3,031,346	15,536,663	2,916,556	-	82,245,728
- Impaired, net of allowances	-	-	-	-	-	(820,438)	-	(820,438)
Other non-profit sensitive balances	-	-	-	-	-	3,587,391	-	3,587,391
	60,949,170	1,161,731	2,546,703	16,232,699	30,732,959	6,786,552	-	118,409,814

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 31.12.2023	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	31,019,226	18,396,461	21,891,237	10,242,529	2,008,453	-	-	83,557,906
Investment accounts of customers	202,967	-	-	-	-	-	-	202,967
Deposits and placements from banks and financial institutions	2,203,197	552,308	-	-	-	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	-	-	-	1,000,005	-	-	-	1,000,005
Debt securities issued	-	-	-	3,828,093	1,205,444	-	-	5,033,537
Cashline facility	701,468	-	-	-	-	-	-	701,468
Other non-profit sensitive balances	-	-	-	-	-	2,094,289	-	2,094,289
	34,126,858	18,948,769	21,891,237	15,070,627	3,213,897	2,094,289	-	95,345,677
On-balance sheet profit sensitivity gap								
	26,822,312	(17,787,038)	(19,344,534)	1,162,072	27,519,062	4,692,263	-	23,064,137
Total profit sensitivity gap								
	26,822,312	(17,787,038)	(19,344,534)	1,162,072	27,519,062	4,692,263	-	23,064,137

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 31.12.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	-	-	368,303	-	-	1,831,709	-	2,200,012
Financial investments at fair value through profit or loss	-	-	-	-	-	-	255,027	255,027
Financial investments at fair value through other comprehensive income	80,107	305,057	2,282,572	9,071,730	8,639,660	-	87,167	20,466,293
Financial investments at amortised cost	49,926	61,039	879,693	3,465,323	7,971,064	-	-	12,427,045
Financing and advances								
- Non-impaired	55,735,600	78,187	75,764	2,969,913	17,511,790	2,502,193	-	78,873,447
- Impaired, net of allowances	-	-	-	-	-	(1,345,833)	-	(1,345,833)
Other non-profit sensitive balances	-	-	-	-	-	3,670,437	-	3,670,437
	55,865,633	444,283	3,606,332	15,506,966	34,122,514	6,658,506	342,194	116,546,428

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for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Non-trading book								
Bank (continued) 31.12.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	31,101,097	20,535,291	22,493,674	9,453,101	2,755,034	-	-	86,338,197
Investment accounts of customers	19,983	-	-	-	-	-	-	19,983
Deposits and placements from banks and financial institutions	1,492,461	100,000	-	-	-	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	-	-	500,000
Debt securities issued	-	-	-	2,112,817	1,910,574	-	-	4,023,391
Cashline facility	704,122	-	-	-	-	-	-	704,122
Other non-profit sensitive balances	-	-	-	-	-	1,737,738	-	1,737,738
	33,317,663	20,635,291	22,493,674	12,065,918	4,665,608	1,737,738	-	94,915,892
On-balance sheet profit sensitivity gap	22,547,970	(20,191,008)	(18,887,342)	3,441,048	29,456,906	4,920,768	342,194	21,630,536
Total profit sensitivity gap	22,547,970	(20,191,008)	(18,887,342)	3,441,048	29,456,906	4,920,768	342,194	21,630,536

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

Non-trading book								
Bank (continued) 01.01.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with financial institutions	150,189	311,214	211,060	-	-	834,987	-	1,507,450
Financial investments at fair value through profit or loss	-	-	-	-	-	-	976,032	976,032
Financial investments at fair value through other comprehensive income	199,160	335,682	2,589,900	9,814,429	7,769,768	-	72,771	20,781,710
Financial investments at amortised cost	105,022	-	1,546,374	2,298,504	6,876,950	-	-	10,826,850
Financing and advances								
- Non-impaired	52,856,995	45,598	64,758	3,319,354	19,718,521	1,808,185	-	77,813,411
- Impaired, net of allowances	-	-	-	-	-	(946,523)	-	(946,523)
Other non-profit sensitive balances	-	-	-	-	-	3,186,255	-	3,186,255
	53,311,366	692,494	4,412,092	15,432,287	34,365,239	4,882,904	1,048,803	114,145,185

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.5 Market risk (continued)

46.5.5 Exposure to profit rate risk on profit-bearing financial instruments (continued)

	Non-trading book							
Bank (continued) 01.01.2022 Restated	Up to 1 month RM'000	More than 1 month- 3 months RM'000	More than 3 months- 1 year RM'000	More than 1 year- 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	25,829,046	20,446,183	27,940,038	10,182,524	2,126,093	-	-	86,523,884
Deposits and placements from banks and financial institutions	600,000	250,000	-	-	-	-	-	850,000
Recourse obligations on financing sold to Cagamas	-	-	-	318,311	-	-	-	318,311
Debt securities issued	-	-	1,286,546	704,367	1,307,027	-	-	3,297,940
Cashline facility	400,032	300,385	-	-	-	-	-	700,417
Other non-profit sensitive balances	-	-	-	-	-	1,884,260	-	1,884,260
	26,829,078	20,996,568	29,226,584	11,205,202	3,433,120	1,884,260	-	93,574,812
On-balance sheet profit sensitivity gap	26,482,288	(20,304,074)	(24,814,492)	4,227,085	30,932,119	2,998,644	1,048,803	20,570,373
Total profit sensitivity gap	26,482,288	(20,304,074)	(24,814,492)	4,227,085	30,932,119	2,998,644	1,048,803	20,570,373

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.6 Operational risk

The Bank defines operational risk as the risk of loss or non-achievement of business objectives due to inadequate or failed internal processes, people and 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.

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46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management

The objective of capital management is to maintain a strong capital position to support business growth, to maintain investors, depositors, customers and market confidence and to provide cushion for any potential losses. In line with this objective, the Bank manages its capital actively and ensures that the capital adequacy ratios which take into account the risk profile of the Bank, are above the regulatory minimum requirement.

Capital adequacy and the use of regulatory capital are monitored monthly by the Bank’s management, employing techniques based on the Capital Framework for Development Financial Institutions by Bank Negara Malaysia. The required information is filed with Bank Negara Malaysia on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with Bank Negara Malaysia which takes into account the risk profile of the Bank. The regulatory capital requirements are strictly observed when managing economic capital.

The Bank’s regulatory capital comprises two tiers:

- (i) Tier 1 capital: share capital, statutory reserve, capital reserve and retained profits; and
- (ii) Tier 2 capital: subordinated sukuk, collective impairment allowances on non-impaired financing and regulatory reserve.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and exposures not recognised in the statements of financial position.

The Bank’s policy is to maintain a strong capital base so as to ensure investors’ , creditors’ and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders’ return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

46.7.1 Capital adequacy ratio

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The capital adequacy ratios of the Bank are computed in accordance with BNM’s Capital Framework for Development Financial Institutions (Capital Component & Risk-Weighted Asset). The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank		
	31.12.2023	31.12.2022 Restated	01.01.2022 Restated
Before proposed dividend			
Core capital ratio	24.428%	24.256%	23.057%
Risk-weighted capital adequacy ratio	26.463%	26.819%	25.454%
After proposed dividend			
Core capital ratio	23.872%	23.742%	22.534%
Risk-weighted capital adequacy ratio	25.907%	26.305%	24.931%

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management (continued)

46.7.1 Capital adequacy ratio (continued)

The above ratios are derived by taking into account the core capital and capital base against the risk-weighted assets of the Bank. Components of the capital are as follows:

	Bank		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Tier I capital			
Paid-up share capital	2,986,030	2,986,030	2,986,030
Retained profits	11,346,175	10,699,375	9,723,815
Other reserves	8,242,131	7,827,023	7,322,051
Less: deferred tax assets	(177,000)	(290,000)	(201,000)
Total Tier I capital (core)	22,397,336	21,222,428	19,830,896
Tier II capital			
Subordinated sukuk	300,000	300,000	300,000
Collective impairment *	1,336,933	1,713,417	1,533,241
Regulatory reserve	329,672	329,672	329,672
Total Tier II capital	1,966,605	2,343,089	2,162,913
Total capital	24,363,941	23,565,517	21,993,809
Less: Investment in subsidiaries	(100,744)	(100,744)	(100,744)
Total capital base	24,263,197	23,464,773	21,893,065

* 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		
	31.12.2023 RM’000	31.12.2022 RM’000 Restated	01.01.2022 RM’000 Restated
Total assets assigned 20% risk-weighted	234,907	224,109	421,051
Total assets assigned 50% risk-weighted	2,406,274	2,453,180	2,563,408
Total assets assigned 100% risk-weighted	87,957,384	83,763,480	82,031,089
Off-Balance Sheet claims assigned 100% risk-weighted	1,089,558	1,051,069	993,140
	91,688,123	87,491,838	86,008,688

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management (continued)

46.7.2 Transitional Arrangement

Based on the BNM’s policy document on Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions for Development Financial Institutions (DFIs) issued on 9 December 2020, the prescribed development financial institutions (“DFIs”) which elect to apply the transitional arrangements are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to Tier I Capital over a four-year period from financial year beginning 2020 or a three-year period from financial year beginning 2021. The Group and Bank elected to adopt the transitional arrangements for four-year period from financial year beginning 2020.

Bank 31.12.2023	Before Transitional Arrangement RM’000	After Transitional Arrangement RM’000
Total Tier I Capital of which: Total Add-back	22,397,336 -	22,397,336 338,343
Total Additional Tier I Capital	22,397,336	22,735,679
Total Tier II Capital of which: Loss provisions	1,966,605 1,666,605	1,966,605 1,666,605
Total Risk Weighted Assets	91,688,123	91,688,123
Core capital ratio Risk-weighted capital adequacy ratio	24.428% 26.463%	24.797% 26.832%
Bank 31.12.2022 Restated		
Total Tier I Capital of which: Total Add-back	21,222,428 -	21,222,428 789,879
Total Additional Tier I Capital	21,222,428	22,012,307
Total Tier II Capital of which: Loss provisions	2,343,089 2,043,089	2,343,089 2,043,089
Total Risk Weighted Assets	87,491,838	87,491,838
Core capital ratio Risk-weighted capital adequacy ratio	24.256% 26.819%	25.159% 27.722%

Notes to the Financial Statements

for the Year Ended 31 December 2023

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

46.7 Capital management (continued)

46.7.2 Transitional Arrangement (continued)

Bank 01.01.2022 Restated	Before Transitional Arrangement RM’000	After Transitional Arrangement RM’000
Total Tier I Capital of which: Total Add-back	19,830,896 -	19,830,896 872,996
Total Additional Tier I Capital	19,830,896	20,703,892
Total Tier II Capital of which: Loss provisions	2,162,913 1,862,913	2,162,913 1,862,913
Total Risk Weighted Assets	86,008,688	86,008,688
Core capital ratio Risk-weighted capital adequacy ratio	23.057% 25.454%	24.072% 26.469%

47. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm’s length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting period.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132, *Financial Instruments: Disclosure and Presentation* which requires the fair value information to be disclosed.

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.1 Valuation of financial instruments

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- (i)

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii)

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii)

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Group and the Bank determine fair values using valuation techniques.

There were no financial liabilities of the Group and the Bank at the end of the reporting period that were measured at fair value.

47.2 Valuation of financial instruments at fair value

Group 2023	Carrying amount RM’000	Fair value RM’000	Level 1 RM’000	Level 2 RM’000	Level 3 RM’000
Financial investments at fair value through other comprehensive income					
Islamic debt securities	5,349,954	5,349,954	-	5,349,954	-
Government investment issues	4,798,167	4,798,167	-	4,798,167	-
Government sukuk	8,678,487	8,678,487	-	8,678,487	-
Cagamas sukuk	466,427	466,427	-	466,427	-
Unquoted shares	101,582	101,582	-	-	101,582
	19,394,617	19,394,617	-	19,293,035	101,582

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

Group 2022	Carrying amount RM’000	Fair value RM’000	Level 1 RM’000	Level 2 RM’000	Level 3 RM’000
Financial investments at fair value through profit or loss					
Government investment issues	41,827	41,827	-	41,827	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
	255,027	255,027	-	255,027	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,520,183	4,520,183	-	4,520,183	-
Government investment issues	6,803,294	6,803,294	-	6,803,294	-
Government sukuk	8,403,783	8,403,783	-	8,403,783	-
Cagamas sukuk	651,866	651,866	-	651,866	-
Unquoted shares	87,175	87,175	-	-	87,175
	20,466,301	20,466,301	-	20,379,126	87,175
Bank 2023					
Financial investments at fair value through other comprehensive income					
Islamic debt securities	5,349,954	5,349,954	-	5,349,954	-
Government investment issues	4,798,167	4,798,167	-	4,798,167	-
Government sukuk	8,678,487	8,678,487	-	8,678,487	-
Cagamas sukuk	466,427	466,427	-	466,427	-
Unquoted shares	101,574	101,574	-	-	101,574
	19,394,609	19,394,609	-	19,293,035	101,574

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

Bank 2022	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial investments at fair value through profit or loss					
Government investment issues	41,827	41,827	-	41,827	-
Islamic redeemable convertible preference shares	213,200	213,200	-	213,200	-
	255,027	255,027	-	255,027	-
Financial investments at fair value through other comprehensive income					
Islamic debt securities	4,520,183	4,520,183	-	4,520,183	-
Government investment issues	6,803,294	6,803,294	-	6,803,294	-
Government sukuk	8,403,783	8,403,783	-	8,403,783	-
Cagamas sukuk	651,866	651,866	-	651,866	-
Unquoted shares	87,167	87,167	-	-	87,167
	20,466,293	20,466,293	-	20,379,126	87,167

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 Valuation of financial instruments at fair value (continued)

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value:

Group		
	2023 RM'000	2022 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	87,175	72,779
Addition of unquoted shares	-	1
Unrealised gains recognised in other comprehensive income	14,407	14,395
At 31 December	101,582	87,175
Bank		
	2023 RM'000	2022 RM'000
Financial investments at fair value through other comprehensive income		
Unquoted shares		
At 1 January	87,167	72,771
Addition of unquoted shares	-	1
Unrealised gains recognised in other comprehensive income	14,407	14,395
At 31 December	101,574	87,167

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required)

Set out below is a comparison of the carrying amount and fair value of financial instruments that are not measured at fair value in the financial statements.

	Carrying amount 2023 RM'000	Fair value 2023 RM'000	Carrying amount 2022 RM'000 Restated	Fair value 2022 RM'000 Restated
Group				
Financial assets				
Cash and short-term funds	1,102,099	1,102,099	1,834,420	1,834,420
Deposits and placements with financial institutions	378,718	378,718	368,445	368,445
Financial investments at amortised cost	12,522,304	12,278,479	12,427,045	12,015,044
Financing and advances	81,101,218	83,684,054	77,239,589	79,480,667
Trade receivables	2,314	2,314	1,228	1,228
Other receivables and deposits	910,873	910,873	946,265	946,265
Financial liabilities				
Deposits from customers	83,557,906	83,958,940	86,338,197	86,151,840
Investment accounts of customers	202,967	202,967	19,983	19,983
Deposits and placements from banks and financial institutions	2,755,505	2,755,505	1,592,461	1,592,461
Recourse obligations on financing sold to Cagamas	1,000,005	1,008,491	500,000	501,777
Debt securities issued	5,033,537	5,027,488	4,023,391	3,921,772
Trade payables	1,695	1,695	1,735	1,735
Cashline facility	701,468	701,468	704,122	704,122
Other liabilities	1,825,050	1,825,050	1,493,096	1,493,096

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

	Carrying amount 2023 RM'000	Fair value 2023 RM'000	Carrying amount 2022 RM'000 Restated	Fair value 2022 RM'000 Restated
Bank				
Financial assets				
Cash and short-term funds	1,101,504	1,101,504	1,831,709	1,831,709
Deposits and placements with financial institutions	378,716	378,716	368,303	368,303
Financial investments at amortised cost	12,522,304	12,278,479	12,427,045	12,015,044
Financing and advances	81,425,290	83,684,054	77,527,614	79,480,667
Other receivables and deposits	906,538	906,538	919,733	919,733
Financial liabilities				
Deposits from customers	83,557,906	83,958,940	86,338,197	86,151,840
Investment accounts of customers	202,967	202,967	19,983	19,983
Deposits and placements from banks and financial institutions	2,755,505	2,755,505	1,592,461	1,592,461
Recourse obligations on financing sold to Cagamas	1,000,005	1,008,491	500,000	501,777
Debt securities issued	5,033,537	5,027,488	4,023,391	3,921,772
Cashline facility	701,468	701,468	704,122	704,122
Other liabilities	1,976,149	1,976,149	1,634,898	1,634,898

Notes to the Financial Statements

for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

Group 31.12.2023	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets					
Cash and short-term funds	1,102,099	1,102,099	-	-	1,102,099
Deposits and placements with financial institutions	378,718	378,718	-	-	378,718
Financial investments at amortised cost:					
Government sukuk	3,047,098	3,003,537	-	3,003,537	-
Government investment issues	7,955,166	7,852,088	-	7,852,088	-
Islamic debt securities	1,190,648	1,193,305	-	1,193,305	-
Cagamas sukuk	229,683	229,550	-	229,550	-
Negotiable Islamic debt certificates	99,709	99,709	-	-	99,709
Financing and advances	81,101,218	83,684,054	-	-	83,684,054
Trade receivables	2,314	2,314	-	-	2,314
Other receivables and deposits	910,873	910,873	-	-	910,873
	96,017,526	98,456,247	-	12,278,480	86,177,767
Financial liabilities					
Deposits from customers	83,557,906	83,958,940	-	-	83,958,940
Investment accounts of customers	202,967	202,967	-	-	202,967
Deposits and placements from banks and financial Institutions	2,755,505	2,755,505	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	1,000,005	1,008,491	-	-	1,008,491
Debt securities issued	5,033,537	5,027,488	-	5,027,488	-
Trade payables	1,695	1,695	-	-	1,695
Cashline facility	701,468	701,468	-	-	701,468
Other liabilities	1,825,050	1,825,050	-	-	1,825,050
	95,078,133	95,481,604	-	5,027,488	90,454,116

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for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

Group (continued) 31.12.2022 Restated	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets					
Cash and short-term funds	1,834,420	1,834,420	-	-	1,834,420
Deposits and placements with financial institutions	368,445	368,445	-	-	368,445
Financial investments at amortised cost:					
Government sukuk	3,184,122	3,071,187	-	3,071,187	-
Government investment issues	7,803,055	7,520,318	-	7,520,318	-
Islamic debt securities	1,276,138	1,259,758	-	1,259,758	-
Khazanah sukuk	63,354	63,682	-	63,682	-
Cagamas sukuk	50,451	50,173	-	50,173	-
Negotiable Islamic debt certificates	49,925	49,925	-	-	49,925
Financing and advances	77,239,589	79,480,667	-	-	79,480,667
Trade receivables	1,228	1,228	-	-	1,228
Other receivables and deposits	946,265	946,265	-	-	946,265
	92,816,992	94,646,068	-	11,965,118	82,680,950
Financial liabilities					
Deposits from customers	86,338,197	86,151,840	-	-	86,151,840
Investment accounts of customers	19,983	19,983	-	-	19,983
Deposits and placements from banks and financial Institutions	1,592,461	1,592,461	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	500,000	501,777	-	-	501,777
Debt securities issued	4,023,391	3,921,772	-	3,921,772	-
Trade payables	1,735	1,735	-	-	1,735
Cashline facility	704,122	704,122	-	-	704,122
Other liabilities	1,493,096	1,493,096	-	-	1,493,096
	94,672,985	94,386,786	-	3,921,772	90,465,014

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for the Year Ended 31 December 2023

47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

Bank 31.12.2023	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets					
Cash and short-term funds	1,101,504	1,101,504	-	-	1,101,504
Deposits and placements with financial institutions	378,716	378,716	-	-	378,716
Financial investments at amortised cost:					
Government sukuk	3,047,098	3,003,537	-	3,003,537	-
Government investment issues	7,955,166	7,852,088	-	7,852,088	-
Islamic debt securities	1,190,648	1,193,305	-	1,193,305	-
Cagamas sukuk	229,683	229,550	-	229,550	-
Negotiable Islamic debt certificates	99,709	99,709	-	-	99,709
Financing and advances	81,425,290	83,684,054	-	-	83,684,054
Other receivables and deposits	906,538	906,538	-	-	906,538
	96,334,352	98,449,001	-	12,278,480	86,170,521
Financial liabilities					
Deposits from customers	83,557,906	83,958,940	-	-	83,958,940
Investment accounts of customers	202,967	202,967	-	-	202,967
Deposits and placements from banks and financial Institutions	2,755,505	2,755,505	-	-	2,755,505
Recourse obligations on financing sold to Cagamas	1,000,005	1,008,491	-	-	1,008,491
Debt securities issued	5,033,537	5,027,488	-	5,027,488	-
Cashline facility	701,468	701,468	-	-	701,468
Other liabilities	1,976,149	1,976,149	-	-	1,976,149
	95,227,537	95,631,008	-	5,027,488	90,603,520

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47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

Bank (continued) 31.12.2022 Restated	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets					
Cash and short-term funds	1,831,709	1,831,709	-	-	1,831,709
Deposits and placements with financial institutions	368,303	368,303	-	-	368,303
Financial investments at amortised cost:					
Government sukuk	3,184,122	3,071,187	-	3,071,187	-
Government investment issues	7,803,055	7,520,318	-	7,520,318	-
Islamic debt securities	1,276,138	1,259,758	-	1,259,758	-
Khazanah sukuk	63,354	63,682	-	63,682	-
Cagamas sukuk	50,451	50,173	-	50,173	-
Negotiable Islamic debt certificates	49,925	49,925	-	-	49,925
Financing and advances	77,527,614	79,480,667	-	-	79,480,667
Other receivables and deposits	919,733	919,733	-	-	919,733
	93,074,404	94,615,455	-	11,965,118	82,650,337
Financial liabilities					
Deposits from customers	86,338,197	86,151,840	-	-	86,151,840
Investment accounts of customers	19,983	19,983	-	-	19,983
Deposits and placements from banks and financial Institutions	1,592,461	1,592,461	-	-	1,592,461
Recourse obligations on financing sold to Cagamas	500,000	501,777	-	-	501,777
Debt securities issued	4,023,391	3,921,772	-	3,921,772	-
Cashline facility	704,122	704,122	-	-	704,122
Other liabilities	1,634,898	1,634,898	-	-	1,634,898
	94,813,052	94,526,853	-	3,921,772	90,605,081

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47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

47.3.1 Cash and short-term funds

The carrying amounts of cash and short-term funds approximate fair values due to the relatively short maturity of the financial instruments. This is similar to deposits and placements with financial institutions maturing within one month that have a relatively short maturity period.

47.3.2 Deposits and placements with financial institutions

The fair values of deposits and placements with financial institutions are not materially sensitive to changes in market profit rate because of their limited term to maturity.

47.3.3 Financial investments at amortised cost

Financial investments at amortised are carried at amortised cost at the end of the reporting period. Fair values for these financial instruments are estimated based on broker quotes from Bond Pricing Agency Malaysia.

47.3.4 Financing and advances

Financing and advances are carried at amortised cost at the end of the reporting period. Fair valuation of these financial instruments are estimated based on discounted payment to be received in the future using the effective profit rate offered for similar financing at the reporting date.

47.3.5 Trade and other receivables

The carrying amounts of trade and other receivables reported in the statements of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

47.3.6 Deposits from customers

The fair values of deposits payable on demand (demand and savings deposits), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on effective profit rates for similar deposits from customers at the reporting date.

However, since all deposits received can be classified as Islamic deposits, their fair values are deemed to approximate their carrying amounts as profit rates are determined at the end of the maturity period based on the sharing of profits generated from investments of the deposits.

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47. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

47.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (continued)

47.3.7 Deposits and placements from banks and financial institutions

The fair values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments.

47.3.8 Recourse obligations on financing sold to Cagamas

The fair values for recourse obligations sold to Cagamas that have remaining maturity of less than one year are estimated to approximate their carrying amounts. For remaining maturity of more than one year, they are estimated using discounted cash flows based on prevailing Cagamas rates at the reporting date.

47.3.9 Debt securities issued

Debt securities issued are measured at amortised cost at the end of the reporting period. The fair value of the securities are derived by referring to the present value of the expected amount due in the future by applying the effective profit rate for the debt securities at the reporting date.

47.3.10 Trade and other liabilities

The carrying amounts of trade and other liabilities reported in the statements of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

Notes to the Financial Statements

for the Year Ended 31 December 2023

48. PRIOR YEAR ADJUSTMENTS

Prior year adjustments were made to reflect the discontinuation of the adoption of the modified accounting treatment to comply with MFRS and IFRS accounting standards as described in Note 5. The effects of the adjustments have been accounted for retrospectively in the financial statements.

Group	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Statements of Financial Position as at 1 January 2022			
Gross financing and advances	79,615,464	(682,303)	78,933,161
Allowance for ECL on financing and advances:			
Stage 1 - 12-month ECL	(934,553)	4,297	(930,256)
Stage 2 - lifetime ECL not credit impaired	(609,842)	22,012	(587,830)
Stage 3 - lifetime ECL credit impaired	(774,632)	6,301	(768,331)
Net financing and advances	77,296,437	(649,693)	76,646,744
Reserves	(18,663,280)	649,693	(18,013,587)
Statements of Financial Position as at 31 December 2022			
Gross financing and advances	80,440,430	(511,818)	79,928,612
Allowance for ECL on financing and advances:			
Stage 1 - 12-month ECL	(860,331)	5,061	(855,270)
Stage 2 - lifetime ECL not credit impaired	(874,052)	26,215	(847,837)
Stage 3 - lifetime ECL credit impaired	(996,155)	10,239	(985,916)
Net financing and advances	77,709,892	(470,303)	77,239,589
Other liabilities	(1,585,415)	(5,381)	(1,590,796)
Reserves	(19,566,102)	475,684	(19,090,418)
Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022			
Income	5,904,223	170,485	6,074,708
Allowances for impairment	(670,098)	8,905	(661,193)
Statutory appropriations:			
Transfer to statutory reserve	(460,125)	(44,847)	(504,972)
Contribution to the Co-operative Education Trust Fund	(33,565)	(3,587)	(37,152)
Contribution to the Co-operative Development Provident Fund	(16,782)	(1,794)	(18,576)
Profit for the year	1,288,150	129,162	1,417,312
Statements of Cash Flows for the year ended 31 December 2022			
Adjustment for allowance for impairment on financing and advances	677,550	(8,905)	668,645
Increase in financing and advances	(1,099,490)	(170,485)	(1,269,975)

Notes to the Financial Statements

for the Year Ended 31 December 2023

48. 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 2022			
Gross financing and advances	79,849,214	(682,303)	79,166,911
Allowance for ECL on financing and advances:			
Stage 1 - 12-month ECL	(948,159)	4,297	(943,862)
Stage 2 - lifetime ECL not credit impaired	(609,842)	22,012	(587,830)
Stage 3 - lifetime ECL credit impaired	(774,632)	6,301	(768,331)
Net financing and advances	77,516,581	(649,693)	76,866,888
Reserves	(18,228,151)	649,693	(17,578,458)
Statements of Financial Position as at 31 December 2022			
Gross financing and advances	80,738,765	(511,818)	80,226,947
Allowance for ECL on financing and advances:			
Stage 1 - 12-month ECL	(870,641)	5,061	(865,580)
Stage 2 - lifetime ECL not credit impaired	(874,052)	26,215	(847,837)
Stage 3 - lifetime ECL credit impaired	(996,155)	10,239	(985,916)
Net financing and advances	77,997,917	(470,303)	77,527,614
Other liabilities	(1,732,357)	(5,381)	(1,737,738)
Reserves	(19,118,070)	475,684	(18,642,386)
Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022			
Income	5,822,795	170,485	5,993,280
Allowances for impairment	(666,802)	8,905	(657,897)
Statutory appropriations:			
Transfer to statutory reserve	(460,125)	(44,847)	(504,972)
Contribution to the Co-operative Education Trust Fund	(33,565)	(3,587)	(37,152)
Contribution to the Co-operative Development Provident Fund	(16,782)	(1,794)	(18,576)
Profit for the year	1,275,247	129,162	1,404,409
Statements of Cash Flows for the year ended 31 December 2022			
Adjustment for allowance for impairment on financing and advances	674,254	(8,905)	665,349
Increase in financing and advances	(1,164,075)	(170,485)	(1,334,560)



Our Subsidiaries

Our diverse range of businesses ensures we satisfy every customer's needs in their financial journeys.

Corporate Office and Branches

CORPORATE OFFICE

BANK RAKYAT
Tower 1
Bank Rakyat Twin Tower
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
iRakyat: www.irakyat.com.my
Facebook/X/Instagram: /myBankRakyat

BRANCHES

REGION OFFICE (PERLIS/ KEDAH/PULAU PINANG)
No. 66, Level 2, Jalan Langgar
05460 Alor Setar, Kedah

ARAU
No. 6, 8 and 10, Jalan Pauh
Taman Pauh Utama
02600 Arau, Perlis

KANGAR
No. 13, Jalan Hospital
01000 Kangar, Perlis

ALOR SETAR
No. 66, Jalan Langgar
05460 Alor Setar, Kedah

BALING
Ground Floor, Bangunan UMNO
Pekan Baru
09100 Baling, Kedah

GURUN
No. 19 C and 19 D, Jalan Sungai Petani
08300 Gurun, Kedah

JITRA
No. 247 and 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 and 204, Jalan Lunas
Taman Seluang, Kelang Lama
09000 Kulim, Kedah

LANGKAWI
No. 28 and 29, Jalan Mahawangsa 1
Langkawi Blvd
07000 Langkawi, Kedah

MERGONG
No. 7 and 8, Susuran Tuanku Haminah
Pusat Perdagangan Tuanku Haminah
Mergong
05150 Alor Setar, Kedah

PENDANG
Lot 9-11, Pendang Square
06700 Pendang, Kedah

SUNGAI PETANI
No. 21 and 22, Jalan Jati 1/1
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah

BAYAN BARU
No. 49, 51 and 53, Block H
Persiaran Mahsuri 1/3
Sunway Avenue
11950 Bayan Baru, Pulau Pinang

BUKIT MERTAJAM
No. 22 and 24, Jalan Perda Selatan
Bandar Perda
14000 Bukit Mertajam, Pulau Pinang

GEORGETOWN
No. 137, Jalan Magazine
10300 Georgetown, Pulau Pinang

JAWI
No. 56 and 58, Jalan Jawi Jaya 1
Taman Jawi Jaya
Seberang Perai Selatan
14200 Sungai Jawi, Pulau Pinang

JELUTONG
No. 13 and 13A, Metro Avenue
Jelutong Express Way
11600 Pulau Pinang

KEPALA BATAS
No. 8, Jalan Dagangan 2
Pusat Bandar Bertam Perdana
13200 Kepala Batas, Pulau Pinang

SEBERANG JAYA
No. 1, Ground Floor and 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 and 10, Jalan Greentown 1
Greentown Nova
30450 Ipoh, Perak

GRIK
No. 1, Jalan Indah 1
33600 Grik, Perak

KUALA KANGSAR
No. 1 and 2, Bangunan Bank Rakyat
Jalan Daeng Selili
33000 Kuala Kangsar, Perak

MANJUNG
No. 41, 43 and 45, Persiaran PM 3/2
Seri Manjung City Centre, Section III
32040 Seri Manjung, Perak

MEDAN GOPENG
No. 37 and 39, Medan Gopeng 1
Jalan Raja Dr Nazrin Shah
Peti Surat 494
30750 Ipoh, Perak

MERU RAYA
No. 42 and 44, Jalan Meru, Impian A1
Meru Impian Business Centre
Bandar Meru Raya
30020 Ipoh, Perak

SERI ISKANDAR
No. 24 and 26, Jalan Maju Satu
Taman Maju, Bandar Sri Iskandar
32610 Bandar Seri Iskandar, Perak

Corporate Office and Branches

TAIPIING
Lot 2478 and 2482, Jalan Berek
34000 Taiping, Perak

TANJUNG MALIM
Lot 27 and 29, Jalan Permai 1
Taman Ketoyong Permai 2
35900 Tanjung Malim, Perak

TAPAH
No. 56 and 57, Jalan Besar
35000 Tapah, Perak

TELUK INTAN
No. 187, Jalan Intan 5, Bandar Baru
36000 Teluk Intan, Perak

REGION OFFICE (SELANGOR)
No. 9 and 11, Tingkat 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 and 39
Jalan Medan Pusat 2D, Seksyen 9
43650 Bandar Baru Bangi, Selangor

BANDAR BARU KLANG
No. 2, Lorong Tiara 1B
Bandar Baru Klang
41150 Klang, Selangor

BANTING
No. 239, Jalan Sultan Abdul Samad
42700 Banting, Selangor

CYBERJAYA
Unit F03A, Fasa 1
Glomac Cyberjaya, Persiaran APEC
63000 Cyberjaya, Selangor

KAJANG
No. 18 and 19, Jalan Jelok 3
Off Jalan Bukit Kajang
43000 Kajang, Selangor

KELANA JAYA
Ground Floor, Wisma Sekatarakyat
Glomac Business Centre
Jalan SS 5/1, Kelana Jaya
47301 Petaling Jaya, Selangor

KUALA SELANGOR
No. 2, Jalan Bendahara 1/1
Bandar Bendahara
45000 Kuala Selangor, Selangor

MELAWATI
No. G-2 and G-3
Melawati Corporate Centre
Taman Melawati
53100 Kuala Lumpur

PETALING JAYA
No. 1-1, Jalan 14/22
Wisma Federal Academy Ballet
46100 Petaling Jaya, Selangor

PJ STATE
No. 11 and 13
Jalan Yong Shook Lin, Seksyen 52
46200 Petaling Jaya, Selangor

PORT KLANG
No. 2 and 4, Harbour Point
Commercial Centre, Jalan Sungai Aur
42000 Port Klang, Selangor

PUCHONG
No. 28 and 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 and 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 and 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 and A13, Jalan Menteri
45300 Sungai Besar, Selangor

SUNGAI BULOH
Lot 91 and 93, Pusat Commercial TSB
Jalan Nautika A U20/A
Seksyen U20, Sungai Buloh
40160 Shah Alam, Selangor

TANJONG KARANG
No.1 and 3, Jalan Makmur 1
Taman Makmur, Batu 7
45500, Tanjong Karang, Selangor

USJ, SUBANG JAYA
No. 22 and 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 and 62
Jalan Maarof
59100 Bangsar Baru, Kuala Lumpur

BANDAR TUN RAZAK
No. G11, G12, 01-11 and 01-12
Wisma Zelan, Bandar Tun Razak
56000 Kuala Lumpur

DESA PANDAN
No. 33 and 35 Jalan 1/76
Desa Pandan
55100 Kuala Lumpur

DESA SRI HARTAMAS
Lot B-02, Galeria Hartamas
Jalan 26/70A, Desa Seri Hartamas
50480 Kuala Lumpur

GLO DAMANSARA
Level G.01, G.01AL
Ground Floor, GLO Damansara
Jalan Damansara
60000 Kuala Lumpur

Corporate Office
and Branches

JALAN IPOH, KL
No. 140, Bangunan Bank Rakyat
Jalan Ipoh
51200 Kuala Lumpur

JALAN PINANG, KL
No. 19-1-1 Ground Floor and 19-1-1A
Mezzanine Floor, UOA Centre
No. 19 Jalan Pinang
50450 Kuala Lumpur

JALAN TANGSI, KL
Ground Floor, Bangunan Bank Rakyat
Jalan Tangsi
50732 Kuala Lumpur

KEPONG
No. 11 and 15, Jalan Rimbunan Raya 1
Laman Rimbunan Raya 1
Laman Rimbunan
52100 Kepong, Kuala Lumpur

PRESINT 15, PUTRAJAYA
No. 22 and 24, Jalan Diplomatik 3/1
Presint 15
62050 Putrajaya

PUTRAJAYA
Ayer @ 8, Lot 3 and 3A, Blok B8C1
Jalan P8G, Presint 8
62250 Putrajaya

SELAYANG
Ground Floor, Block 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 and 68-1-2, Jalan 4/91
Dataran Shamelin
Taman Shamelin Perkasa
56100 Kuala Lumpur

UTAMA, MKBR
Ground Floor
Bank Rakyat Twin Tower
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

**REGION OFFICE (MELAKA/
NEGERI SEMBILAN)**
No. 4-5 and 6-5, Level 5, Jalan KC 1
Kota Cemerlang
75450 Ayer Keroh, Melaka

AYER KEROH
No. G-4 and 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

JALAN HANG TUAH
Bangunan Bank Rakyat
Jalan Hang Tuah, Peti Surat No. 354
75760 Melaka

BAHAU
No. 25 and 27, Jalan Ara 1
Pusat Perniagaan Ara
72100 Bahau, Negeri Sembilan

KUALA PILAH
Lot No. 3803 and 3804
Jalan Dato' Ulu Muar
72000 Kuala Pilah, Negeri Sembilan

LUKUT
No. 137 and 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 and 157, Blok L
Senawang Commercial Park
70450 Seremban, Negeri Sembilan

SEREMBAN
Bangunan Bank Rakyat, Lot 5750
Jalan Tuanku Munawir, Peti Surat 70
70000 Seremban, Negeri Sembilan

TAMPIN
No. 1135 Taman Seri Intan
73000 Tampin, Negeri Sembilan

REGION OFFICE (JOHOR)
No. 21, Jalan Indah 15/2
Taman Bukit Indah
81200 Johor Bahru, Johor

BATU PAHAT
No. 3 and 4, Jalan Maju Barat
Taman Maju, Bukit Pasir
83000 Batu Pahat, Johor

DAMANSARA ALIFF
No. 57 and 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 and 29, Jalan Md Lazim Saim
86000 Kluang, Johor

KOTA TINGGI
No. 24 and 26, Jalan Jaya 1
Taman Jaya
81900 Kota Tinggi, Johor

KULAI
No. 4 and 5, Jalan Anggerik Satu
Taman Kulai Utama
81000 Kulai, Johor

LABIS
No. 4A and 4B Jalan Segamat
85300 Labis, Johor

MASAI
No. 31, Jalan Suria 3
Bandar Seri Alam
81750 Masai, Johor

MERSING
No. 345 F and 345 G
Jalan Ismail
86800 Mersing, Johor

Corporate Office
and Branches

MUAR
No. 222, Jalan Abdullah
84000 Muar, Johor

NUSAJAYA
No. 21, Jalan Indah 15/2
Taman Bukit Indah
81200 Johor Bahru, Johor

PONTIAN
No. 11, Jalan Delima 2
Pusat Perdagangan Pontian
82000 Pontian, Johor

SEGAMAT
No. 123 and 124, Jalan Genuang
85000 Segamat, Johor

TAMAN UNIVERSITI, SKUDAI
No. 14 and 16, Jalan Pendidikan 8
Taman Universiti
81300 Skudai, Johor

YONG PENG
No. 5 and 6, Jalan Tropika Utama 4
Taman Bukit Tropika
83700 Yong Peng, Johor

REGION OFFICE (PAHANG)
B 160 and B 162, Level 1
IM 8/33, Bandar Indera Mahkota
25200 Kuantan, Pahang

BANDAR INDERA MAHKOTA
No. B 56 and B 58, Persiaran Sultan
Abu Bakar, Bandar Indera Mahkota
25000 Kuantan, Pahang

BENTONG
No. P18 and P19
Jalan Prima 1, Bentong Prima
28700 Bentong, Pahang

BERA
No. 13, 15 and 17, Jalan Angsana 1
Taman Angsana, Bandar Bera
28200 Bera, Pahang

JENGKA
Lot 92, Jalan Zamrud Nadi Kota
26400 Bandar Jengka, Pahang

JERANTUT
No. 1, Jalan Pine 1, Taman Pine
27000 Jerantut, Pahang

KUALA LIPIS
Lot 2891, Lorong BBKL 2/3/1
Bandar Baru Kuala Lipis
27200 Kuala Lipis, Pahang

KUANTAN
No. G-15, Mahkota Square
Jalan Mahkota
25000 Kuantan, Pahang

MUADZAM SHAH
No. 117, 118 and 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 and 26
Bandar Raub Perdana, Jalan Lipis
27600 Raub, Pahang

TEMERLOH
No. 7 and 9, Jalan Sudirman 2
Bandar Sri Semantan
28000 Temerloh, Pahang

**REGION OFFICE (TERENGGANU/
KELANTAN)**
No. 25 and 26, Level 4
Bazar Maidam, Jalan Masjid Abidin
20100 Kuala Terengganu, Terengganu

DUNGUN
Lot PT 12447 and 12448
Taman Saujana, Sura Gate
23000 Dungun, Terengganu

GONG BADAK
No. 1, 2 and 3, Taman Tanjung Permata
Kampung Gong Badak
Jalan Batu Rakit
21300 Kuala Terengganu, Terengganu

JERTIH
Lot 4123 and 4124, Jalan Pasar
Bandar Jertih
22000 Jertih, Terengganu

KEMAMAN
Lot K12086 and K12087
Jalan Kubang Kurus
24000 Kemaman, Terengganu

KERTEH
Lot PT14507, 14508 and 14509
Kampung Baru, Mukim Kerteh
24300 Kerteh, Terengganu

KUALA BERANG
Lot PT 11282 and 11283, Batu 23
Jalan Kuala Berang
21700 Kuala Berang, Terangganu

KUALA TERENGGANU
No. 8 and 9
Pusat Niaga Paya Keladi
Jalan Paya Keladi
20000 Kuala Terengganu, Terengganu

MARANG
Lot 8996 and 8997
Kompleks Komersial Marang
21600 Marang, Terengganu

GUA MUSANG
Lot PT 7841 and PT 7842
Jalan Persiaran Raya, Taman Mesra
18300 Gua Musang, Kelantan

KOTA BHARU
Lot 206 and 207, Jalan Pengkalan Chepa
15400 Kota Bharu, Kelantan

KUALA KRAI
No. PT 5572 and PT 5573
KM 2, Jalan Kuala Krai - Gua Musang
18000 Kuala Krai, Kelantan

KUBANG KERIAN
Lot PT 1709 and 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 and PT 316
Wisma Majlis Daerah Pasir Mas
Jalan Pasir Pekan
17000 Pasir Mas, Kelantan

Corporate Office and Branches

TANAH MERAH
Lot PT 237 and PT 238
Bandar Tanah Merah
17500 Tanah Merah, Kelantan

WAKAF CHE YEH
No. J-105 and J-106
Zon Komersial Wakaf Che Yeh
15050 Kota Bharu, Kelantan

REGION OFFICE (SARAWAK)
Level 2
Blok E, Sentosa Parade
KCLD, Jalan Kucing-Serian
93250 Kuching, Sarawak

BINTULU
Lot 22 and 23
Parkcity Commercial Square
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak

KAPIT
Lot 542 and 543
Wisma Ngieng Ping Toh
Jalan Airport
96800 Kapit, Sarawak

KOTA SENTOSA
Ground Floor and 1
Block E, Sentosa Parade
KCLD, Jalan Kucing-Serian
93250 Kuching, Sarawak

KOTA SAMARAHAN
Lot 18 and 19
Uni Capital Commercial Centre
Kuching/Kota Samarahan Express Way
94300 Kota Samarahan, Sarawak

LIMBANG
Lot 11 and 12, Limbang Town District
Jalan Pandaruan
98700 Limbang, Sarawak

MATANG JAYA
No. 3 and 4, Taman Lee Ling
Commercial Centre, Jalan Matang
93050 Kuching, Sarawak

MIRI
Lot 1111 and 1112
Bangunan Tabung Baitulmal
Sarawak Pelita Commercial Central
98000 Miri, Sarawak

MUKAH
No. 1152 and 1153, Block C
Mukah Town Extension Phase II
96400 Mukah, Sarawak

PERMY JAYA
Lot 6131 and 6132, Pusat Bandar Fasa 6
Bandar Baru Permy Jaya
98000 Miri, Sarawak

SARIKEI
No. 22 and 22A, Lorong Tun Razak 1
96100 Sarikei, Sarawak

SATOK
Lot 504, Section 6
KTLD, Jalan Kulas Tengah
93400 Kuching, Sarawak

SIBU
Lot 12 E and 12 F, Blok 4
Jalan Kampung Datu
96000 Sibu, Sarawak

SIMPANG TIGA
Ground Floor and Level 1, No. 9 and 10
Blok 16, KCLD, Jalan Tun Jugah
93350 Kuching, Sarawak

SRI AMAN
Lot 1467 and 1468
Seksyen 3 S.T.D, Jalan Hospital
95000 Sri Aman, Sarawak

REGION OFFICE (SABAH)
Level 5, Block B
Harbour City, Lot 20 and 21
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu, Sabah

KOTA BELUD
Lot 3 and 4, Block E
Yick Ming Commercial Centre
89157 Kota Belud, Sabah

KOTA MARUDU
No. 6 and 7, WTK Phase 2
89108 Kota Marudu, Sabah

LABUAN
Unit No. E001, Ground Floor
Financial Park Labuan Complex
Jalan Merdeka
87000 Wilayah Persekutuan, Labuan

LAHAD DATU
Lot 27 and 28, Block D, Airport Plaza
Fajar Centre, Jalan Segama
91100 Lahad Datu, Sabah

KENINGAU
Lot 7 and 8, Blok C
Keningau Plaza, Peti Surat 910
89008 Keningau, Sabah

LIKAS
No. 1, Block A, Plaza Juta
Jalan Tuaran
88400 Kota Kinabalu, Sabah

PENAMPANG
No. 49 and 50, Block H
Donggongan Square, Penampang
89500 Kota Kinabalu, Sabah

PUTATAN
Lot 5 and 6, Tapak Putatan Baru
Jalan Putatan
88300 Kota Kinabalu, Sabah

SANDAKAN
Lot 4 and 5, Fasa 2
Sandakan Square, Jalan Prayer
90000 Sandakan, Sabah

SEMPORNA
Lot D2 and 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 and 21, Block B, Harbour City
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu

BEAUFORT
Lot 21 and 22, Block C
At Commercial Lot New Beaufort Jaya
Near Beaufort Bridge
89800 Beaufort, Sabah

Ar-Rahnu X’Change

KEDAH

CHANGLUN
No. 61-B, Pekan Baru
Jalan Kodiang
06010 Changlun, Kedah

LANGKAWI
No. 140 and 142, Persiaran Bunga Raya
Langkawi Mall, Kuah
07000 Langkawi, Kedah

MERGONG
No. 19, Lorong Putih 9
Taman Rakyat Mergong
05150 Alor Setar, Kedah

PERAK

BATU GAJAH
No. 5, Ground Floor
Jalan Dewangsa
31000 Batu Gajah, Perak

SITIAWAN
No. 25, Ground Floor
Taman Sentosa, Jalan Lumut
32000 Sitiawan, Perak

TELUK INTAN
No. 61A, Jalan Selat
36000 Teluk Intan, Perak

TAIPING
No. 31, Ground Floor
Susur Simpang Jalan Kg. Dew
34700 Simpang, Perak

SELANGOR

AMPANG
No. 6-G, Ground Floor
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 and 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
Level GB, Tower 1
Bank Rakyat Twin Tower
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, Ground Floor, Jalan Terentang
71300 Rembau, Negeri Sembilan

MELAKA

MELAKA SENTRAL
No. 24, Jalan Cempaka 1
Taman Seri Cempaka
Peringgiti
75400 Melaka

SUNGAI UDANG
No. 2, Ground Floor, Jalan Pahlawan 7
Taman Pahlawan
76300 Sungai Udang, Melaka

JOHOR

KLUANG
No. 22, Ground Floor, 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, Ground Floor and Mezzanine
Jalan Muar
84900 Tangkak, Johor

ULU TIRAM
No. 1, Jalan Ledang 25
Taman Bukit Tiram
81800 Ulu Tiram, Johor

PAHANG

KUANTAN
No. 43A, Ground Floor,
Jalan Haji Abdul Aziz 25000
Kuantan, Pahang

TERENGGANU

KEMAMAN
Kedai Ar-Rahnu Kemaman
No. 22, Jalan Sulaimani Chukai
24000 Kemaman, Terengganu

KELANTAN

JELAWAT
Lot 164, Pekan Jelawat
16070 Bachok, Kelantan

KOTA BHARU
Ground Floor, Lot PT 68
Bangunan Yamud
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan

SARAWAK

SATOK
Lot 497, Seksyen 6
KTLD Jalan Kulas Tengah
93400 Kuching, Sarawak

Rakyat Xcess and Ar-Rahnu X’Change

KEDAH	NEGERI SEMBILAN
ALOR SETAR No. 33 and 34, Jalan SPK 1 Pekan Simpang Kuala 05400 Alor Setar, Kedah SIK No. 1A and 1B, Susur Alamanda 2 Pusat Perniagaan Alamanda 08200 Sik, Kedah SUNGAI PETANI No. 21-F, Jalan Ibrahim 08000 Sungai Petani, Kedah	ENSTEK No. 78-1 and 78-2 Mercato Jalan Timur 6/1B, Bandar Enstek 71800 Bandar Enstek, Negeri Sembilan GEMAS Lot 4642, Ground Floor, Pekan Gemas 73400 Gemas, Negeri Sembilan JOHOR BENUT No. 39 and 40, Ground Floor Jalan Mutiara 4 Pusat Perniagaan Benut 82200 Pontian, Johor PARIT RAJA No. 52 and 53, Jalan Universiti 1 Taman Universiti, Parit Raja 86400 Batu Pahat, Johor PAHANG MENTAKAB No. 119 and 121, Ground Floor Jalan Temerloh 28400 Mentakab, Pahang KUALA ROMPIN No. 70 and 71, Jalan Pasar Bandar Baru Rompin 26800 Kuala Rompin, Pahang TERENGGANU CHABANG TIGA No. 2 and 3, Ground Floor Wisma KY, Kg. Chabang 3 Simpang Tok Ku 21000 Kuala Terengganu, Terengganu
PERAK	
KAMPAR No. 7 and 8, Jalan Siswa 3 Taman Siswa 31900 Kampar, Perak SUNGAI SIPUT No. 15, Jalan Ipoh 31100 Sungai Siput (U), Perak	
SELANGOR	
BANDAR TASIK PUTERI No. 69-G and 1, Jalan 7A/3 Bandar Tasik Puteri 48020 Rawang, Selangor BANGI Lot 1.01, Ground Floor Wisma UNIKEB 43609 Bangi, Selangor BERANANG No. 27-G and 1, Jalan TPS 2/1 Taman Pelangi Semenyih 2 43700 Beranang, Selangor SAUJANA UTAMA No. 1-G-52 and 1-G-50, Jalan Bidara 6/3 Saujana Utama 3 47000 Sungai Buloh, Selangor	

KELANTAN
JELI Lot 6491, Ground Floor and Level 1 Opposite of Fire and Rescue Station Taman Haji Hamat 17600 Jeli, Kelantan SARAWAK BETONG Ground Floor and Level 1, SL 8, Lot 1936 Bandar Baru Betong Phase 1 95700 Betong, Sarawak LUNDU No. 76, Ground Floor and Level 1 Lundu Bazaar 94500 Lundu, Sarawak SEBUYAU Lot 120 Pasar Sebuyau 94850 Sebuyau, Sarawak SERIAN Lot 1401 and 1402, Ground Floor Blok 9, STLD, Jalan Serian By-Pass Serian Jaya Commercial Centre 94700 Serian, Sarawak SABAH RANAU Lot 9, Block C, Wisma Koisaan Ranau Pekan Baru Ranau, 89300 Ranau, Sabah.

Rakyat Xcess

NEGERI SEMBILAN	JOHOR	PAHANG
SEREMBAN 2 No. 115, Ground Floor Jalan S2 F2, Garden Homes Seremban 2 70000 Seremban, Negeri Sembilan	BUKIT GAMBIR No. 6, Jalan Gambir 5 Pusat Komersil Gambir 84800 Bukit Gambir, Johor LARKIN PERDANA No. 61, Susur Larkin Perdana 1 Persiaran Larkin Perdana Taman Larkin Perdana 81100 Johor Bahru, Johor	CAMERON HIGHLANDS No. 6-1, Marigold Square Tanah Rata 39000 Cameron Highlands, Pahang
<h1>Bank Rakyat Service Agents</h1>		
PERLIS		PULAU PINANG
KOPERASI UNIMAP PERLIS (KOUNIMAP) BERHAD No. 8, 10 and 12, Jalan M.U. Satu Medan Universiti 02600 Arau, Perlis Tel: 019-481 5686 KOPERASI GURU-GURU MELAYU PERLIS BERHAD No. 11, Jalan Syed Saffi 01000 Kangar, Perlis Tel: 04-976 5282 Fax: 04-976 5096	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, Level 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	KOPERASI GURU AGAMA KERAJAAN NEGERI PULAU PINANG BERHAD No. 2640, Level 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
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 CEMPEDAK BERHAD No. 3, Level 1, Bangunan Arked 08800 Guar Chempedak, Kedah Tel: 04-468 1697 Fax: 04-468 1697		

Bank Rakyat
Service Agents

KOPERASI UNIVERSITI SAINS MALAYSIA (USM) BERHAD
Universiti Sains Malaysia
11800 Minden, Pulau Pinang
Tel: 04-653 3888 | Fax: 04-657 5688

PERAK

KOPERASI BINA BERSAMA KAMPONG GAJAH PERAK BERHAD
No. 14A, Medan Koperasi
36800 Kampong Gajah, Perak
Tel: 05-631 1368 | Fax: 05-631 1368

KOPERASI KAKITANGAN KERAJAAN HULU PERAK BERHAD
No. 8281, Ground Floor
Jalan Suda Bahagia
Jalan Sultan Iskandar
33300 Grik, Perak
Tel: 05-791 1887 | Fax: 05-791 1887

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA SEBERANG PERAK BERHAD
Lot 4271, Co-op Business Centre (CBC) Lebuh Paduka
Bandar Seberang Perak
36800 Kampung Gajah, Perak
Tel: 05-655 8101 | Fax: 05-655 8100

KOPERASI SELAMA PERAK BERHAD
Lot No. 4, Jalan Besar Selama
34100 Selama, Perak
Tel: 05-839 4532 | Fax: 05-839 2940

KOPERASI BUKIT SEMANGGOL BERHAD
No. 16, Jalan Besar Gunung Semanggol
34400 Simpang 4 Semanggol, Perak
Tel: 05-890 4320 | Fax: 05-890 4320

SELANGOR

KOPERASI KAKITANGAN UNIKL MIAT SEPANG BERHAD
Lot 2891, Jalan Jenderam Hulu
43800 Dengkil, Selangor
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 and 25, Seksyen 2, Jalan Besar
43500 Semenyih, Selangor
Tel: 03-8723 8615 | Fax: 03-8723 4479

KOPERASI UNIKEB BERHAD
Wisma UNIKEB
Universiti Kebangsaan Malaysia
43600 Bangi, Selangor
Tel: 03-8925 2540 | Fax: 03-8925 7177

KOPERASI UNIVERSITI PUTRA MALAYSIA BERHAD
Level 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)
Level 2A, Tower 2
Bank Rakyat Twin Tower
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 Perdanasiswa
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

Bank Rakyat
Service Agents

KOPERASI RANGKAIAN GLOBAL MALAYSIA BERHAD
No. 31, Level 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)
Level 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, Block A
Glomac Damansara
No. 699 Jalan Damansara
60000 Kuala Lumpur
Tel: 03-7731 3699

NEGERI SEMBILAN

KOPERASI JELAI TIGA GEMAS BERHAD
Stesen Minyak Koperasi
Kampung Felde Jelai Tiga
73480 Gemas, Negeri Sembilan
Tel: 06-434 7495 | Fax: 06-434 7495

KOPERASI MELAYU BERJAWATAN KERAJAAN NEGERI SEMBILAN BERHAD (KOMBEK)
No. 39 and 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, Level 1, 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
Ground Floor
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, Ground Floor, 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
Level 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, Level 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 Felde Tembangau Satu
28380 Kemayan, Pahang
Tel: 06-468 5406 | Fax: 06-468 5406

KOPERASI PEMBANGUNAN DAERAH MARAN BERHAD
No. 2, Level 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

Bank Rakyat Service Agents

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, Level 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
Block 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 and Breakfast
Jalan Tun Mustafa, W.D.T 32
89907 Tenom, Sabah
Tel: 013-851 6198

KOPERASI PEKERJA YAYASAN SABAH BERHAD
Lot 7-3, Level 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
Block C1, Lot 1
Level 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

Business Banking Centre

JOHOR
No. 63, Level 1
Susur Larkin Perdana 1
Persiaran Lakin Perdana
Taman Larkin Perdana
81100 Johor Bahru, Johor
Tel: 07-232 1931

KEDAH/PERLIS/PULAU PINANG
No. 21 and 22, Level 2, Jalan Jati 1/1
Pusat Perniagaan Amanjaya
08000 Sungai Petani, Kedah
Tel: 04-441 2565

KELANTAN/TERENGGANU
Level 1 and 2, PT 1711
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu, Kelantan
Tel: 09-697 3116

KUALA LUMPUR/PUTRAJAYA
Level 15, Tower 2
Bank Rakyat Twin Tower
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur
Tel: 03-2600 4751

MELAKA/NEGERI SEMBILAN
Unit 4-3, Level 3
Jalan KC 1, Kota Cemerlang
75450 Air Keroh, Melaka
Tel: 06-231 0498

PAHANG
No. 43A, Jalan Haji Abdul Aziz
25000 Kuantan, Pahang
Tel: 09-573 2037

PERAK
No. 61, Ground Floor and Level 1
Lengkok Kledang Raya
Taman Kledang Raya
30100 Ipoh, Perak
Tel: 05-526 3758

LIKAS
Level 2, No. 1, Block A
Plaza Juta, Jalan Tuaran
88400 Kota Kinabalu, Sabah

MERGONG
Level 2, Auto Finance Centre
Bangunan Bank Rakyat
No. 7 dan 8, Susur Tuanku Haminah
05150 Setar, Kedah

SEBERANG JAYA
Level 3, Auto Finance Centre
Bangunan Bank Rakyat
Jalan Todak 1
Pusat Bandar Seberang Jaya
13700 Prai, Pulau Pinang

SELANGOR
No. 9 and 11, Level 1
Jalan Tengku Ampuan Zabedah U9/9H
Seksyen 9
40000 Shah Alam, Selangor
Tel: 03-5519 8427

SEREMBAN
Level 2, PT5750
Jalan Tunku Munawir
Peti Surat 70
70000 Seremban, Negeri Sembilan

SHAH ALAM
Level 2, No. F31-2 Vista Alam
Jalan Ikhtisas 14/1 Seksyen 14
40000 Shah Alam, Selangor

MERU RAYA
No. 42 and 44, Jalan Meru Impian A1
Pusat Perniagaan Meru Impian
Bandar Meru Raya
30200 Ipoh, Perak

Rakyat Xclusive

RAKYAT XCLUSIVE UTAMA MKBR

Level 6, Tower 1
Bank Rakyat Twin Tower
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

RAKYAT XCLUSIVE PUTRAJAYA

Ayer@8 , Ground Floor
Lot B2-G-5, Block B8C1
Jalan P8G, Presint 8
62250 Putrajaya

Mortgage Sales Centre

KUALA LUMPUR/PUTRAJAYA

Level 15, Tower 2
Bank Rakyat Twin Tower
No. 33, Jalan Rakyat, KL Sentral
50470 Kuala Lumpur

JOHOR

No. 14 and 16, Level 2
Jalan Pendidikan 8
Taman Universiti
81300 Skudai, Johor

SELANGOR

No. 2, Level 2,
Lorong Tiara 1B, Bandar Baru Klang
41150 Klang, Selangor

NORTHERN

No. 14, Level 1 and 2, Jalan Dagangan 8
Pusat Bandar Bertam Perdana
13200 Kepala Batas, Pulau Pinang

Regional Mortgage Processing Centre (RMPC)

JOHOR

No. 65 Ground Floor
Susur Larkin Perdana 1
Persiaran Larkin Perdana
Taman Larkin Perdana
80350 Johor Bahru, Johor

www.bankrakyat.com.my

BANK KERJASAMA RAKYAT MALAYSIA BERHAD (Reg No. 2192)

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