



CORPORATE GOVERNANCE DISCLOSURES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

BOARD COMPOSITION

The Board of Directors ("Board") of KAF Investment Bank Berhad ("KAF IB or the Bank") currently consists of five (5) members, of which two (2) are Non-Independent Non-Executive Directors and three (3) are Independent Non-Executive Directors, as follows:

Encik Paisol bin Ahmad	Non-Independent Non-Executive Director / Chairman
Datuk Khatijah binti Ahmad	Non-Independent Non-Executive Director
Dato' Saiful Bahri bin Zainuddin	Independent Non-Executive Director
Mr. Khoo Guan Huat	Independent Non-Executive Director
Puan Nor Rejina binti Abdul Rahim	Independent Non-Executive Director

PROFILE OF DIRECTORS

ENCIK PAISOL BIN AHMAD, was appointed as Chairman on 4 December 2018. He is a Non-Independent Non-Executive Director, was appointed to the Board on 10 February 2010. He is a Fellow of the Association of Chartered Accountants, United Kingdom. He is also a Chartered Accountant with the Malaysian Institute of Accountants, a Fellow of the Financial Services Institute of Australasia and a Certified Financial Planner with the Financial Planning Association of Malaysia.

He started his career as a Senior Accountant at Pernas Charter Management Sdn Bhd. He joined Permodalan Nasional Berhad ("PNB") in 1994 and has held various senior positions in PNB, including the post of Senior Vice President of the Internal Assurance Division. He is also a board member of Universiti Tun Abdul Razak and Renesas Semiconductor (M) Sdn Bhd.

DATUK KHATIJAH BINTI AHMAD, a Non-Independent Non-Executive Director, was appointed to the Board on 12 October 1974. She is the founder of KAF Group, a well-diversified Malaysian Financial services group with interests in Money Market Activities, Investment Banking, Stock Broking, Islamic Banking, Research, Investment Fund Management, Fund Advisory and Trustee services. She holds a Degree in Economics from the London School of Economics & Political Science of the University of London, United Kingdom.

Datuk Khatijah also served as director of several public listed companies including the Malaysian Conglomerate Sime Darby Berhad. In 1979, she was appointed a member on the International Commission. She was also a member of the Economic Advisory Council (1981-2003) to Tun Dr Mahathir Mohamad, former prime Minister of Malaysia.

DATO' SAIFUL BAHRI BIN ZAINUDDIN, an Independent Non-Executive Director, was appointed to the Board on 1 June 2017. He holds a degree of Bachelor of Science in Economics and Finance from Western Michigan University, USA in 1985 and has attended the Global Leadership Development Programme at Stanford University, United States of America ("USA"). He has extensive skills and experience of more than 14 years in the Malaysian stockbroking industry. He previously held various senior positions in established banking groups, including Executive Director of Affin Holdings Berhad and Affin Hwang Investment Bank Berhad and currently the Executive Director of OSK Holdings Berhad.

In addition, he is the Chairman of PT KAF Securitas Indonesia. He also sits on the Investment Committee Board of Eastspring Investments Berhad. He was also appointed to the Board of Eastspring Investments Berhad on 20 June 2022. He was the Financial Adviser to the State Government of Negeri Sembilan, a member of the Negeri Sembilan State Government Think Tank, an Audit Committee Member for Universiti Sains Islam Malaysia (USIM)

MR. KHOO GUAN HUAT, an Independent Non-Executive Director, was appointed to the Board on 1 June 2018. He graduated with an LLB (Hons) from the University of Malaya and commenced his legal career with the Attorney-General's Chambers in 1987 and was a pioneer member of the Arbitration Unit of the Chambers when the unit was set up in 1990. He joined Skrine in 1993 and became a Partner of the firm in 1996. Skrine is one of the largest law firms in Malaysia, providing a comprehensive range of legal services to a large cross-section of the business community in Malaysia as well as abroad. His works are focused on intellectual property and commercial disputes.

In addition, he has advised financial institutions and multinational corporations on regulatory and compliance issues. At various times, he was a member of the Compensation, Listing and Market Participants Committees of Bursa Malaysia Berhad. He has also appeared

as an expert witness on Malaysian law in various proceedings, including arbitration proceedings in the USA and Singapore.

PUAN NOR REJINA BINTI ABDUL RAHIM, an Independent Non-Executive Director, was appointed to the Board on 1 March 2023. She graduated with an LLB (Hons) from the University of Kent at Canterbury, United Kingdom in 1996 and is a member of Lincoln's Inns in Law. She was called to the Bar of England and Wales in 1997. She has twenty-five years of experience in the Malaysian capital market.

Her career was cultivated on pioneering new roles and businesses, from a first-ever legal officer of Pengkalen Securities Sdn. Bhd. in 1996 to the first Legal and Compliance Manager for Commerce Trust and Commerce Asset Fund Managers in 1998, to founding staff of Nomura Asset Management in Malaysia in 2006 where she grew it to one of the Top 10 biggest award-winning fund management companies in Malaysia. She was also Nomura Asset Management's first woman and non-Japanese national to head one of their overseas businesses. Currently, she is the Managing Founder of a Femtech start-up called Wahine Capital Sdn. Bhd and sits on various Boards and advisory councils.

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

- (i) Encik Muhammad Ridzuan bin Abdul Aziz resigned as an Independent Non-Executive Director on 1 March 2023.
- (ii) Puan Nor Rejina binti Abdul Rahim was appointed as an Independent Non-Executive Director on 1 March 2023.

FUNCTION AND CONDUCT

Roles and Responsibilities

The Board reviews and approves risk appetite, strategies, business plans and significant policies and monitors the Management's execution in implementing the approved strategies, plans and policies. The Board ensures that there are adequate controls and systems in place to facilitate the implementation of the Bank's policies.

The Board oversees the implementation of the Bank's governance framework and internal control. Consequentially, the Bank has established comprehensive risk management policies, processes and infrastructure to manage the various types of risks relevant to the Bank's operations. The Board accordingly monitors and assesses current developments in the country and globally which may affect the Bank's existing strategic plans and whether

the framework would remain appropriate in light of material changes to the size, nature and complexity of the Bank's operations.

The Board reviews the adequacy and integrity of the Bank's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board promotes, together with the Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour. The Board also promotes sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies.

Frequency and conduct of Board meetings

Meetings are conducted regularly to discuss key issues of the Bank including review of the financial performance, operations, internal control and risk management of the Bank and to deliberate on matters which require the Board's decision and approval.

The agenda for every Board meeting, together with Management reports, proposal papers and supporting documents are distributed to the Directors in advance of all Board meetings, to allow time for appropriate review and to enable full discussion at the meetings. All proceedings from the Board meetings are recorded in the minutes which are properly kept.

The Board is satisfied that each Director has committed sufficient time to the Company as evidenced by the Directors' record of attendance at Board meetings held during the financial year. All current Directors complied with Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance which specifies that each Director must attend at least 75% of the Board meetings held in each financial year.

A summary of the attendance at Board meetings during the financial year ended 30 June 2023 is set out below:

Name of Directors	No. of Meetings Attended
Encik Paisol bin Ahmad (Chairman) (Non-Independent Non-Executive Director)	7 out of 8
Datuk Khatijah binti Ahmad (Non-Independent Non-Executive Director)	8 out of 8
Dato' Saiful Bahri bin Zainuddin	8 out of 8

Name of Directors	No. of Meetings Attended
(Independent Non-Executive Director)	
Mr. Khoo Guan Huat (Independent Non-Executive Director)	7 out of 8
Encik Muhammad Ridzuan bin Abdul Aziz (resigned w.e.f. 01.03.2023) (Independent Non-Executive Director)	4 out of 6
Puan Nor Rejina binti Abdul Rahim (appointed w.e.f. 01.03.2023) (Independent Non-Executive Director)	2 out of 2

DIRECTORS' TRAINING

The Board members attended seminars and trainings during the financial year ended 30 June 2023 to strengthen their skill sets and knowledge to effectively discharge their responsibilities and acquire a sound understanding of current issues and developments in the financial and business environment.

New Directors are to undertake the Financial Institutions Directors' Education (FIDE) Core Programme, which is set up to enhance corporate governance practice in the Board of financial institutions and to develop world-class Directors who advocate best practices and excellence in corporate governance. Upon completion of the FIDE Core Programme, Directors are eligible to attend FIDE Elective programmes that focus on Board Committee, technical and advanced issues.

Directors are also provided with opportunities to attend public programmes or seminars on areas related to the functions to keep abreast with the current developments in the market. Directors may request that training programmes on a specific subject be arranged in order to facilitate them to discharge their duties effectively. The Company Secretary and/or Group Compliance update and apprise the Directors on new policy documents and guidelines issued by the regulatory authorities and the requirements to be observed by the Bank and Directors.

The Bank also organised a Cyber Security Awareness Training Program for the Board of Directors of the Bank and its subsidiaries in line with BNM's Risk Management in Technology policy document requirements.

Listed below are some of the conferences, seminars and training programmes attended by the Board members during the financial year:

- i. Invest Malaysia Series 1 - Building Resilience Amidst Volatility & Invest Malaysia Series 2 -The Road to Electronic Vehicles
- ii. Invest Malaysia 2023 Series 1 : Strengthening Resilience and Sustaining Growth' & Invest Malaysia 2023 Series 2 : Digital Malaysia: Tomorrow's Infrastructure Today
- iii. Board Cyber Security Awareness Training for KAF Group
- iv. Risk Oversight and Compliance - Action Plan for Board of Directors
- v. My Fintech Week Advancing Digitalisation by Bank Negara
- vi. Special Tax Incentives in 2022 - Voluntary Disclosure & Amnesty by ACCA
- vii. Raising Defences: Section 17A, MACC Act
- viii. FIDE Core Programme Module A (Bank & Insurance)

COMMITTEES ESTABLISHED BY THE BOARD

The Board has established the following Board Committees to assist the Board in discharging their duties:

- i. Audit Committee;
- ii. Risk Management Committee; and
- iii. Nomination & Remuneration Committee.

Details of attendance of each Director in the Committees during the financial year ended 30 June 2023 are highlighted in the table below.

Name of Directors	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee
Encik Paisol bin Ahmad	6 out of 6	N/A	N/A
Datuk Khatijah binti Ahmad	N/A	N/A	2 out of 2
Dato' Saiful Bahri bin Zainuddin	N/A	6 out of 6	2 out of 2
Mr. Khoo Guan Huat	6 out of 6	5 out of 6	N/A
Encik Muhammad Ridzuan bin Abdul Aziz	3 out of 5	4 out of 5	1 out of 2
Puan Nor Rejina binti Abdul Rahim	1 out of 1	1 out of 1	N/A

AUDIT COMMITTEE

The Audit Committee comprises all Non-Executive Directors, of which two (2) Independent Directors and one (1) Non-Independent Director. The Chairman of the Audit Committee is an Independent Non-Executive Director, and no alternate Directors were appointed as members of the Audit Committee during the financial year. The Audit Committee meets at least once every quarter and reports regularly to the Board.

The members are as follows:

Name	Position
Puan Nor Rejina binti Abdul Rahim (Independent Non-Executive Director)	Chairman
Encik Paisol bin Ahmad (Non-Independent Non-Executive Director)	Member
Mr. Khoo Guan Huat (Independent Non-Executive Director)	Member

Changes to the composition of the Audit Committee during the financial year:

- (i) Encik Mohammad Ridzuan bin Abdul Aziz resigned on 1 March 2023.
- (ii) Puan Nor Rejina was appointed Chairman on 1 March 2023.

The objective of the Audit Committee is to provide an independent oversight of the Bank's financial reporting and internal control systems and ensure adequate checks and balances are put in place within the Bank.

The Audit Committee assists the Board in meeting its responsibilities in ensuring adequate and effective internal control, risk management and compliance with established policies and procedures. The Audit Committee also assists the Board in meeting its external financial reporting obligations and compliance with laws and regulations. The Audit Committee shall be directly responsible for the selection, oversight and remuneration of the external auditors.

The Audit Committee meets at least once every quarter and reports regularly to the Board.

Its principal functions are to:

- i. Provide assistance to the Board in fulfilling their statutory and fiduciary responsibilities and in monitoring its accounting and financial reporting practices;
- ii. Determine that the Bank has adequate administrative, operational and internal accounting controls and that the Bank is operating in accordance with its prescribed procedures and code of conduct;

- iii. Serve as an independent and objective party in the review of the financial information presented by Management for distribution to shareholders and the public;
- iv. Provide an independent oversight of the Bank's internal audit function and the external auditors;
- v. Review the effectiveness of internal controls and risk management processes, and
- vi. Review any related party transactions that may arise within the Bank.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee currently consists of three (3) members, of which all the members are Independent Directors. The Chairman of the Risk Management Committee is an Independent Non-Executive Director.

The members are as follows:

Name	Position
Mr. Khoo Guan Huat (Independent Non-Executive Director)	Chairman
Dato' Saiful Bahri bin Zainuddin (Independent Non-Executive Director)	Member
Puan Nor Rejina binti Abdul Rahim (Independent Non-Executive Director)	Member

Changes to the composition of the Risk Management Committee during the financial year:

- (i) Encik Mohammad Ridzuan bin Abdul Aziz resigned on 1 March 2023.
- (ii) Puan Nor Rejina was appointed a member on 1 March 2023.

The Risk Management Committee ensures that proper governance infrastructure, resources and systems are in place and functioning for effective risk and compliance management. The Board, through the Risk Management Committee, maintains overall responsibility for risk and compliance oversight within the Bank.

Risk Management Committee oversees the Bank's Management activities in managing credit, market, liquidity, operational, legal and other risks. Risk Management Committee also ensures that proper processes and procedures, and compliance are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

The Committee comprises only Non-Executive Directors and is chaired by an Independent Non-Executive Director. The Committee may invite any Director, executive or other person(s) to attend any meeting(s) of the Committee as it may from time to time in order to

assist the Committee in the attainment of its objectives. The Committee Secretary circulates such reports and minutes of the Risk Management Committee meetings as appropriate to all Committee members.

The Committee meets with such frequency and at such times as it may determine, but in any event, not less than once every quarter. The quorum for meetings is two Non-Executive Directors, including one Independent Non-Executive Director. At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. If the Chairman is absent, the members present at the meeting shall elect a chairman of the meeting, who shall be an Independent Non-Executive Director.

Management committees have been established with clear reporting structures and dedicated roles and responsibilities to manage major sources of risk. These committees, details of which are set out below, report to the Risk Management Committee of the Board:

- i. Treasury Management Committee to manage assets and liabilities, market and liquidity risks;
- ii. Investment Committee for market and liquidity risks; and
- iii. Credit Committee for credit risk.

Risk Management and Group Compliance have a pivotal role in providing adequate risk and compliance assurances as well as assisting the Board (through the Risk Management Committee) in exercising their appropriate risk and compliance oversights within the Bank and across the KAF Group.

Risk Management Department is responsible for implementing and monitoring compliance with the risk policies set by the Risk Management Committee and actively supports the Risk Management Committee through identifying and recommending tools as well as measures to augment the risk management process. On the other hand, Group Compliance is entrusted to ensure the Bank's comprehensive compliance with regulatory requirements, where the Risk Management Committee is regularly updated on the Bank's compliance status vis-à-vis applicable regulatory developments and operational requirements.

Both the Head, Risk Management Department and Group Chief Compliance Officer are regular invitees to the meetings of the Risk Management Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") currently consists of three (3) members, of which two (2) committee members are Independent Directors. The Chairman of the NRC is an Independent Non-Executive Director.

The members are as follows:

Name	Position
Dato' Saiful Bahri bin Zainuddin (Independent Non-Executive Director)	Chairman
Datuk Khatijah binti Ahmad (Non-Independent Non-Executive Director)	Member
Mr. Khoo Guan Huat (Independent Non-Executive Director)	Member

Changes to the composition of the Nomination & Remuneration Committee during the financial year:

- (i) Encik Mohammad Ridzuan bin Abdul Aziz resigned on 1 March 2023.
- (ii) Mr. Khoo Guan Huat was appointed a member on 1 March 2023.

The objective of the NRC is to support the Board in carrying out its functions with regard to the appointments, removals and performance assessment of the Board and Senior Management. NRC reviews and recommends any proposed reappointment of Directors for Board approval prior to seeking approval from BNM. The NRC also manages the overall composition of the Board with respect to the appropriate size, professional diversity and balance between Executive, Non-Executive, and Independent Directors. The NRC is also responsible for all Board remuneration-related matters and periodically reviews the remuneration of Directors on the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

SHARIAH COMMITTEE

The Board has established a Shariah Committee ("SC") comprises of three (3) members to assist the Board in oversight the Bank's Shariah governance. The Bank has introduced comprehensive policies and procedures in ensuring the Bank's operations and products are conducted in accordance with the Shariah principles as set out by BNM policy document on Shariah Governance Framework for Islamic Financial Institutions.

While Shariah Committee has distinct responsibilities in relation to Shariah matters, the Board shall remain responsible for the direction and control of the Bank's business and risk strategies.

The members are as follows:

Name	Position
YBhg Sahibus Samahah Associate Professor Dr. Miszairi bin Sitiris	Chairman
Dr. Asma Hakimah binti Ab. Halim	Member
Ustaz Muhammad Ameen bin Kamaruzaman	Member

Changes to the composition of the Shariah Committee during the financial year:

- (i) Ustaz Mohd Zubir bin Awang term ended on 25 October 2022.
- (ii) Encik Muhammad Zahid bin Abdul Aziz term ended on 25 October 2022.
- (iii) Ustaz Muhammad Ameen bin Kamaruzaman was appointed a member on 30 November 2022.

The SC reports directly to the Board with its primary roles and responsibilities are as follows:

- (1) Advising the Board and Management and providing input to the Bank on the application of any rulings of the SAC or standards on Shariah matters to its operations, businesses, affairs and activities;
- (2) Endorsing Shariah-related policies and manuals/guidelines;
- (3) Endorsing and validating relevant documentation in the proposal of new Islamic products and services including contracts, agreements or other legal documentation used in executing Islamic Banking transactions;
- (4) Assessing the work carried out by Shariah Review, Shariah Risk, and Shariah Audit in order to ensure compliance with Shariah matters;
- (5) Assisting and advising related parties such as legal counsel, auditor or consultant on Shariah matters upon request;
- (6) Providing decision or advice on matters which require a reference to be made to the Shariah Advisory Council of BNM ("SAC"), on any Shariah matters which SC is not able to decide or SAC has not made any rulings;
- (7) Deliberating and affirming Shariah Non-Compliance finding by any relevant function; and
- (8) Endorsing a rectification measure to address a Shariah non-compliance event.

During the financial year ended 30 June 2023, the attendance of each Shariah Committee member is as follows:

Name	Position	No. of Meetings Attended
YBhg Sahibus Samahah Associate Professor Dr. Miszairi bin Sitiris	Chairman	3 out of 4
Dr. Asma Hakimah binti Ab. Halim	Member	4 out of 4
Ustaz Muhammad Ameen bin Kamaruzaman (appointed w.e.f. 30.11.2022)	Member	3 out of 3
Ustaz Mohd Zubir bin Awang (term ended 25.10.2022)	Member	1 out of 1
Encik Muhammad Zahid bin Abdul Aziz (term ended 25.10.2022)	Member	1 out of 1

INTERNAL CONTROL FRAMEWORK

Risk Management and Compliance

The Board either directly or via Risk Management Committee (RMC), places the highest priority on the implementation of a compliance culture within the Bank. To this effect, the Bank has put in place strong and contemporary internal policies and procedures. These are reviewed periodically to ensure relevancy and to better govern the conduct of the Bank and its officers in managing the business within the parameters of the existing legal and regulatory framework in the country.

With a strong mandate given and direct reporting to the RMC and Board, Group Compliance is well positioned to drive the overall management of the Bank's compliance. This would have a positive impact on elevating the principles of good corporate governance. The group-wide compliance oversight underpins comprehensive compliance management. The subsidiaries' Compliance will complement the role of Group Compliance.

With a mandate to include identifying, assessing and monitoring compliance risks associated with the businesses, the role of Group Compliance is critical to ensure the compliance level of the Bank remains at all times satisfactory. This has been achieved with unimpeded access to the Board for independent compliance reports, which include potential regulatory incidents for immediate rectifications and closure.

As compliance is a journey, Group Compliance emphasises a close working relationship and engagement with the Board, Senior Management and officers of the business on the requirements of various regulators. This is to ensure the officers to remain vigilant while carrying out the Bank's businesses. Assessments are done from time to time to ensure a satisfactory level of compliance performance within the Bank. The expected compliance conduct of all stakeholders is manifested in the Group Code of Ethics and Professional Conduct.

The Bank has adopted a zero-tolerance approach towards all forms of bribery and corrupt practices. In order to enhance and instill integrity value within the Bank, all Directors, Management and employees are required to adhere to and comply with the Anti-Bribery and Corruption (ABC) Guide which sets out the key guiding principles and procedures to address bribery and corruption risks with internal or external parties. The ABC Guide was formalised and adopted across the Group on 17 June 2020 as part of the Group Code of Ethics and Professional Conduct.

The Bank also strongly advocates the prevention of money laundering and terrorism financing as part of the overall Financial Crime Compliance (FCC) and Ethics portfolio. This is reflected in the Group Anti-Money Laundering and Counter Financing Terrorism (AML/CFT) Policy, where the Bank's clients are screened against a comprehensive database of sanctions, high-risk jurisdiction and other related categories for eventual reporting to the regulator. This control mechanism is also supplemented with adequate due diligence, risk management and monitoring processes in support of an effective AML/CFT framework. The newly expanded scope of the FCC and Ethics portfolio which includes fraud monitoring, further embodies stringent internal processes and assessments that are of the highest integrity to ensure satisfaction of the regulatory requirements and to ensure the Bank's clients and their transactions remain clear of the prohibitive AML/CFT elements. The continuous reporting of institutional AML/CFT risk assessment to the Executive Committee and Risk Management Committee signifies the Bank's initiative of ensuring consistent, transparent and timely reporting of risks as well as reflecting a robust governance framework for the conduct of AML/CFT controls.

With a strong internal governance framework and competent officers, the Bank is confident in ensuring a sustainable compliance culture for implementation across the Bank.

Internal Audit

The Audit Committee is supported by an adequately resourced Internal Audit Department to provide an independent review and assessment of the adequacy and reliability of the Bank's internal controls. The review covers financial, risk management processes, compliances with control and risk policies and regulatory requirements.

Senior Management

The Executive Committee ("EXCO"), of which the Chief Executive Officer, Deputy Chief Executive Officer and Chief Operating Officer are the members, is established to manage the strategic direction and guidance to the business of the Bank. They make a collective decision in relation to strategies, daily business and operational issues.

In order to preserve the quality and independence of the control functions, the relevant heads of the control functions report to the various Board Committees, namely the Audit Committee and Risk Management Committee. The clear segregation of duties and responsibilities amongst the Senior Management provides a check and balance system for the Bank's operations.

Internal Policies and Procedures

Clearly documented policies and procedures which are easily accessible by the staff serve as a day-to-day operational guide to ensure compliance with the internal controls and the applicable laws and regulations. At a minimum, annual reviews are conducted to ensure that the policies and procedures are kept up-to-date with the practices embraced in ensuring operational efficiency and effectiveness and to take into account the changing regulatory requirements, risk and external environment to continuously strengthen internal controls.

REMUNERATION

The NRC is in charge of developing and implementing the remuneration policy for the Directors and Senior Management of the Bank. The Remuneration Policy is designed to align with the Bank's overall objectives and strategies. This enables the Bank to attract, reward and retain talents with a competitive remuneration package.

Directors' Remuneration

The remuneration of Directors is reviewed and recommended by the NRC for the approval of the Board, and shall be in line with the level of contribution and responsibilities as a Director of a financial institution. The Directors are paid an annual fee for their service on the Board.

The remuneration of Directors are as follows:

Non-Executive Director Remuneration (Per annum)	
Chairman	RM110,000
Member	RM90,000

Components of Remuneration

The Bank embraces a rewards package that focuses on providing the right remuneration and benefits for our employees. It involves the integration of total rewards key elements that are outlined in our Appraisal Policy and Procedure and Remuneration Policy to create motivated, sustainable and productive employees. This outcome will create the desired business performance for sustainable growth.

The Bank's remuneration policy is approved by the Board and it is subject to periodic/yearly monitoring and reviewing. The remuneration policy reinforces a high-performance culture to attract, motivate and retain our human capital through market competitive and differentiated pay.

The Bank's rewards principles are delivered holistically including fixed pay, variable pay, and benefits.

Fixed Pay	▪ Consist of base salary and fixed allowances. ▪ Determined based on skills, competencies, responsibilities and performance of the employee, taking into consideration market competitive levels.
Variable Pay	▪ Payable annually through cash bonus. ▪ Reinforced pay-for-performance, not guaranteed and adherence to Bank culture and value. ▪ Based on overall bank performance, business function as well as individual performance. ▪ Performance is measured via appraisal/merit approach.

Linkage between Performance and Remuneration

The Bank remuneration policy is a mixture of fixed and variable pay which is designed to align with long-term performance goals and objectives of the Bank. The policy provides a balance approach between fixed and variable components that change according to individual performance, department performance, bank performance as well as individual level and accountability.

The Bank has a proper internal governance on performance and remuneration of control functions which are measured and assessed independently based on the functions they are attached to avoid any conflict of interest.

As part of the overall corporate governance framework, the Bank has a significant role to align the remuneration policy with the requirement of governance Policy Document on Corporate Governance set out by Bank Negara Malaysia. From a risk management perspective, remuneration policy is supported by strong governance and sensitive to risk outcomes.

Employee rewards are reviewed on an annual basis and are consistent with business performance and prudent risk management. Involvement by the relevant Senior Management is sufficiently embedded to provide an independent and objective assessment of the remuneration principles and practices which are pre-requisites for executing a complete remuneration policy. An individual's performance bonus may be further adjusted based on audit and non-compliance findings or due to disciplinary action.

Remuneration packages of the EXCO members are reviewed by the NRC. The Head, Group Internal Audit, Group Compliance and Head, Risk Management are assessed by the NRC for recommendations to the Board for approval.

Summary of Remuneration for the Financial Year Ended 30 June 2023

Below is the summary of compensation outcome for the financial year ended 30 June 2023.

Table 1: Breakdown of CEO's remuneration

Total value of remuneration for the financial year	CEO	
	Unrestricted	Deferred
Fixed Remuneration		-
▪ Cash based	780,000	
▪ Shares and share-linked instruments		-
▪ Other		-
Variable Remuneration		-
▪ Cash based	270,000	
▪ Shares and share-linked instruments		-
▪ Other		-

Table 2: Remuneration for Senior Officers*

Total value of remuneration for the financial year	Senior Officers			
	Unrestricted		Deferred	
	Headcount	RM	Headcount	RM
Fixed Remuneration			-	
▪ Cash based	5	2,040,500		
▪ Shares and share-linked instruments	-		-	
▪ Other	-		-	
Variable Remuneration			-	
▪ Cash based	5	680,000		
▪ Shares and share-linked instruments	-		-	
▪ Other	-		-	

* Remuneration of Senior Officers disclosed are for Deputy Chief Executive Officer, Chief Operating Officer, Head, Group Internal Audit, Head, Group Compliance and Head, Risk Management.

Table 3: Remuneration for Material Risk Takers

Total value of remuneration for the financial year	Other Material Risk Taker			
	Unrestricted		Deferred	
	Headcount	RM	Headcount	RM
Fixed Remuneration				
▪ Cash based	8	2,547,129	-	
▪ Shares and share-linked instruments	-		-	
▪ Other	-		-	
Variable Remuneration				
▪ Cash based	8	903,000	-	
▪ Shares and share-linked instruments	-		-	
▪ Other	-		-	

* Material Risk Takers are defined as employees whose responsibilities have material impact on the Bank and its risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Bank.

Focus for the Financial Year Ending 30 June 2024

In compliance with BNM's Policy Document on Corporate Governance, the Bank is working towards enhancing corporate governance practices and processes.