



CORPORATE GOVERNANCE DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

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
Encik Mohammad Ridzuan bin Abdul Aziz	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 in Pernas Charter Management Sendirian Berhad. 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.

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.

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, Majoring in Economics and Finance from the 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 a Financial Adviser to the State Government of Negeri Sembilan and a member of Negeri Sembilan State Government Think Tank. He has served as a member of the Securities Commission Malaysia's (SC) Securities Law Consultative Committee and a member at the Secondary Market Business Advisory Board.

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 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 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. He was a member of Compensation and Listing Committees of Bursa Malaysia Berhad, and is currently a member of the Market Participants Committee, Bursa Malaysia Berhad.

Mr. Khoo currently chairs the Intellectual Property Dispute Resolution Practice Group in Skrine. He has also appeared as an expert witness on Malaysian law in various legal proceedings, including arbitration proceedings in the USA and Singapore.

ENCIK MOHAMMAD RIDZUAN BIN ABDUL AZIZ, an Independent Non-Executive Director, was appointed to the Board on 22 June 2020. He holds a degree of Bachelor of Science (BSc) Economics, Majoring in Accounting and Finance from the University of Wales, Aberystwyth in 1997 and Master in Management Information System from the International Islamic University of Malaysia.

Encik Ridzuan has over 20 years of commercially-driven regulatory, compliance and technology experience in Asia-Pacific. He is currently WorldRemit's Country Director for Malaysia and Head of Business for Thailand and Indonesia, the fastest growing global online-only international remittance providers located in the UK and the present President of the Fintech Association of Malaysia since 2018. He also founded CS Technology Solutions Sdn Bhd

in 2016 and RHT Compliance Solutions in 2013, both regulatory technology advisory firms that provide consultancy for fintech firms in various countries. His other stint included an appointment by Sedania As Salam Capital Sdn Bhd as Chief Executive Director, a fintech solution provider that being used by over 40 financial institutions in Malaysia.

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

- (i) Encik Muhammad Ridzuan bin Abdul Aziz was appointed as an Independent Non-Executive Director on 22 June 2020.
- (ii) Puan Hijah Arifakh binti Othman retired as an Independent Non-Executive Director on 31 December 2020.

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 that ensures 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 the 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 behavior. 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 evident from Directors' record of attendance at Board meetings held during the financial year ended 31 May 2021. All 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 31 May 2021 is set out below:

Name of Directors	No. of Meetings Attended
Encik Paisol bin Ahmad (Chairman) (Non-Independent Non-Executive Director)	8 out of 8
Datuk Khatijah binti Ahmad (Non-Independent Non-Executive Director)	8 out of 8
Puan Hijah Arifakh binti Othman (resigned w.e.f. 31.12.2020) (Independent Non-Executive Director)	4 out of 4
Dato' Saiful Bahri bin Zainuddin (Independent Non-Executive Director)	7 out of 8
Mr. Khoo Guan Huat (Independent Non-Executive Director)	7 out of 8
Encik Muhammad Ridzuan bin Abdul Aziz (appointed w.e.f. 22.6.2020) (Independent Non-Executive Director)	7 out of 7

DIRECTORS' TRAINING

The Board members had attended seminars and trainings during the financial year ended 31 May 2021 to strengthen their skill sets and knowledge in order to effectively discharge their responsibilities, and to acquire 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 advocates of best practices and excellence in corporate governance. Upon completion of FIDE Core Programme, Directors are eligible to attend FIDE Elective programmes that focus on Board Committee, technical and advanced issues.

Directors also are provided with opportunities to attend public programmes or seminars on areas related to the functions to keep abreast with the current development in the market. Directors may request that training programmes on a specific subject to be arranged in order to facilitate them to discharge their duties effectively. The Company Secretary and/or the Compliance Department 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 has 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 2020;
- ii. Talk on Temporary Measures for Reducing the Impact of Covid-19 Bill 2020;
- iii. Top Market Takeaways: 2020 U.S. Presidential Elections: What Do We Know So Far;
and
- iv. US Elections Outcome and Market Impact.

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 31 May 2021 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	2 out of 2	3 out of 3
Datuk Khatijah binti Ahmad	2 out of 2	2 out of 2	4 out of 4
Puan Hijah Arifakh binti Othman	4 out of 4	2 out of 2	3 out of 3
Dato' Saiful Bahri bin Zainuddin	2 out of 2	6 out of 6	4 out of 4
Mr. Khoo Guan Huat	4 out of 4	5 out of 6	3 out of 3
Encik Muhammad Ridzuan bin Abdul Aziz	4 out of 4	4 out of 4	1 out of 1

The Board had recently reviewed the composition of the Committees and number of Committee members has been reduced to three (3), which is still in compliance with the BNM's policy document on Corporate Governance.

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 there are no alternate Directors who were appointed as members of the Audit Committee during the financial year. The Audit Committee meets at least once in every quarter and reports regularly to the Board.

The members are as follows:

Name	Position
Encik Muhammad Ridzuan bin Abdul Aziz (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) Datuk Khatijah binti Ahmad, Dato' Saiful Bahri bin Zainuddin and Mr. Khoo Guan Huat ceased to be members on 13 August 2020.
- (ii) Mr. Khoo Guan Huat was later re-appointed as a member on 13 December 2020.
- (iii) Encik Muhammad Ridzuan bin Abdul Aziz was appointed as a member on 13 August 2020 and became the Chairman on 31 December 2020.

The objective of the Audit Committee is to provide an independent oversight of the Bank's financial reporting and internal control systems and ensuring 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 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
Encik Mohammad Ridzuan bin Abdul Aziz (Independent Non-Executive Director)	Member

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

- (i) Encik Paisol bin Ahmad, Datuk Khatijah binti Ahmad and Puan Hijah Arifakh binti Othman ceased to be members on 13 August 2020.
- (ii) Encik Muhammad Ridzuan bin Abdul Aziz was appointed as a member on 13 August 2020.

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 are appropriate to all members of the Committee.

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 departments 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 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, Compliance Department 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 Head, Risk Management Department and Head, Group Compliance are regular invitees to the meetings of 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
Encik Mohammad Ridzuan bin Abdul Aziz (Independent Non-Executive Director)	Member

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

- (i) Encik Paisol bin Ahmad, Puan Hijah Arifakh binti Othman and Mr. Khoo Guan Huat ceased to be members on 13 August 2020.
- (ii) Encik Muhammad Ridzuan bin Abdul Aziz was appointed as a member on 13 August 2020.

The objective of the NRC is to support the Board in carrying out its functions with regards to the appointments, removals and performance assessment of the Board and Senior Management. NRC reviews and recommends any proposed re-appointment 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 four (4) members in assisting the Board to 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
Ustaz Mohd Zubir bin Awang	Chairman
Encik Muhammad Zahid bin Abdul Aziz	Member
Associate Professor Dr. Miszairi Sitiris	Member
Dr. Asma Hakimah binti Ab. Halim	Member

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

- (i) Ustaz Asman bin Abdullah term ended on 14 September 2020.
- (ii) Encik Muhammad Zahid bin Abdul Aziz was appointed as a member on 26 October 2020.
- (iii) Associate Professor Dr. Miszairi Sitiris and Dr. Asma Hakimah binti Ab. Halim was appointed as a member on 18 March 2021.

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

- (1) Advising the Board and Management on Shariah related matters;
- (2) Reviewing and endorsing Shariah related policies and manuals/guidelines;
- (3) Endorsing and validating relevant documentations in the proposal of new Islamic products and services including contract, agreement 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) Advising in consultation with the Shariah Advisory Council of BNM ("SAC") on any Shariah matters which have not been resolved or endorsed by the SAC;
- (7) Monitoring compliance with all SAC's decisions; and
- (8) Reviewing the Shariah Non-Compliance and Potential Shariah Non-Compliance issues.

During the financial year ended 31 May 2021, the attendance of each Shariah Committee member is as follows:

Name	Position	No. of Meetings Attended
Ustaz Mohd Zubir bin Awang	Chairman	3 out of 3
Ustaz Asman bin Abdullah	Member	0 out of 0
Ustaz Dr. Abdul Rahman bin A. Shukor	Member	0 out of 0
Encik Muhammad Zahid bin Abdul Aziz	Member	3 out of 3
Associate Professor Dr. Miszairi Sitiris	Member	1 out of 1
Dr. Asma Hakimah binti Ab. Halim	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 a 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 in elevating the principles of good corporate governance. The group-wide compliance oversight underpins a comprehensive compliance management. The subsidiaries' Compliance will complement the role of Group Compliance.

With a mandate to include identifying, assessing and monitoring of 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 an 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 Bank's Code of Ethics and Professional Conduct.

The Bank has adopted zero tolerance approach towards all forms of bribery and corrupt practices. In order to enhance and instill the integrity value within the Bank, all Directors, Management and employees are required to adhere to and comply with the Anti-Bribery and Corruption Guidelines which set out the key guiding principles and procedures to address bribery and corruption risks with internal or external parties. The ABC Guidelines was formalised and adopted across the Group in 17 June 2020.

The Bank also strongly advocates the prevention of money-laundering and terrorism financing. This is reflected in the Anti-Money Laundering and Counter Financing Terrorism (AML-CFT) policy, where the Bank's clients are screened against potential suspicious activities,

for eventual reporting to the regulator. The newly established screening manuals further embody stringent internal processes and assessments are stringent and of 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.

With the 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 as 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 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 the 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 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	RM120,000
Member	RM80,000

Components of Remuneration

The Bank embraces rewards package that focuses on providing the right remuneration and benefits for our employees. It involves the integration of total rewards key elements that outlined in our Appraisal Policy and Procedure and Remuneration Policy to create motivated, sustainable and productive employees. This outcome will create 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.
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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 31 May 2021

Below is the summary of compensation outcome for the financial year ended 31 May 2021.

Table 1: Breakdown of CEO's remuneration

Total value of remuneration for the financial year	CEO	
	Unrestricted	Deferred
Fixed Remuneration		-
▪ Cash based	648,000	
▪ Shares and share-linked instruments		-
▪ Other		-
Variable Remuneration		-
▪ Cash based	432,000	
▪ 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	1,716,000		
▪ Shares and share-linked instruments	-		-	
▪ Other	-		-	
Variable Remuneration			-	
▪ Cash based	5	1,286,000		
▪ 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	2,251,516		
▪ Shares and share-linked instruments	-		-	

▪ Other	-		-	
Variable Remuneration			-	
▪ Cash based	8	1,825,750		
▪ 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 31 May 2022

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

This Corporate Governance Disclosures has been approved by the Board on 27 October 2021.