



KERJASAMA STRATEGIK PEMACU PERTUMBUHAN

STRATEGIC PARTNERSHIP FOR GROWTH

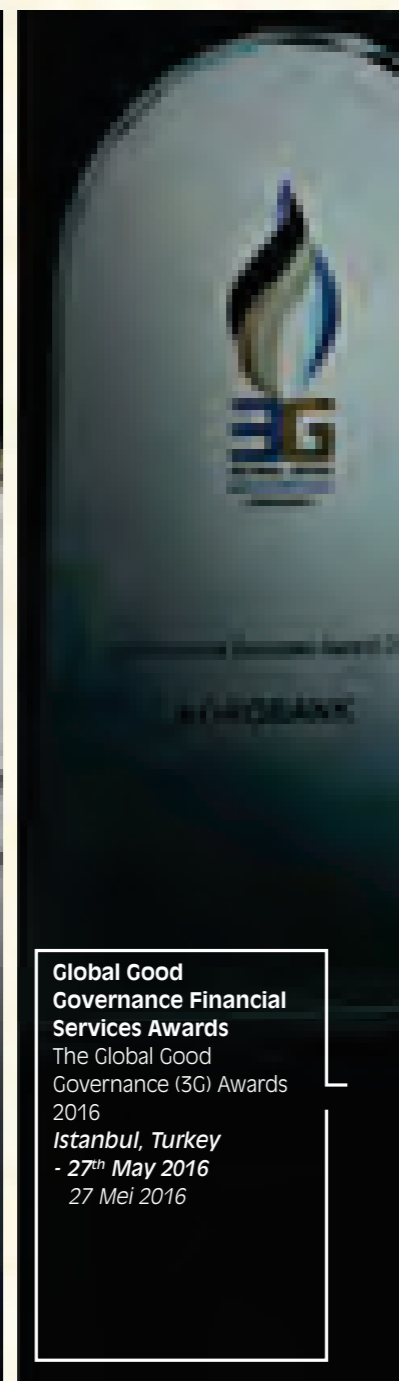
ANUGERAH DAN PENGIKTIRAFAN



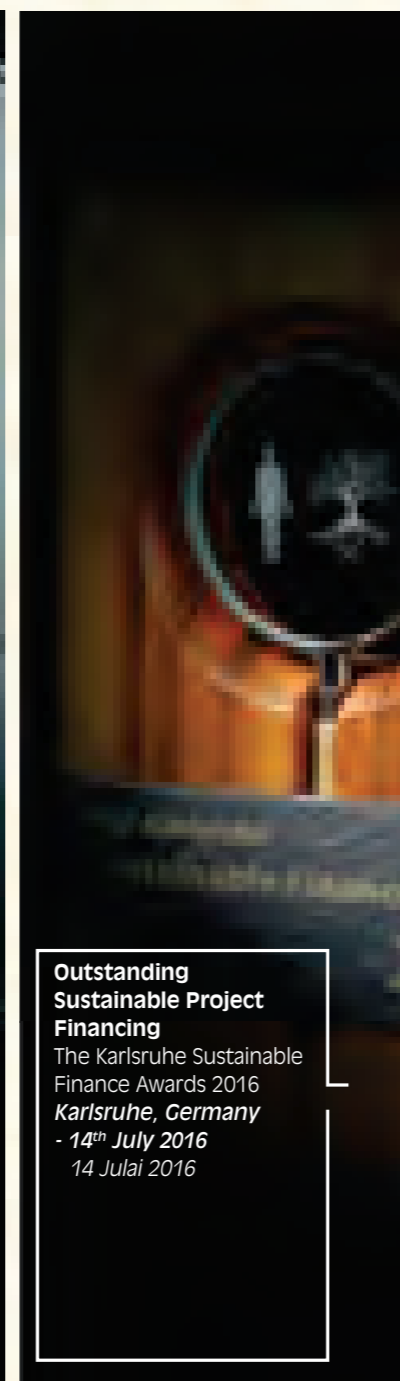
AWARDS
AND
RECOGNITIONS



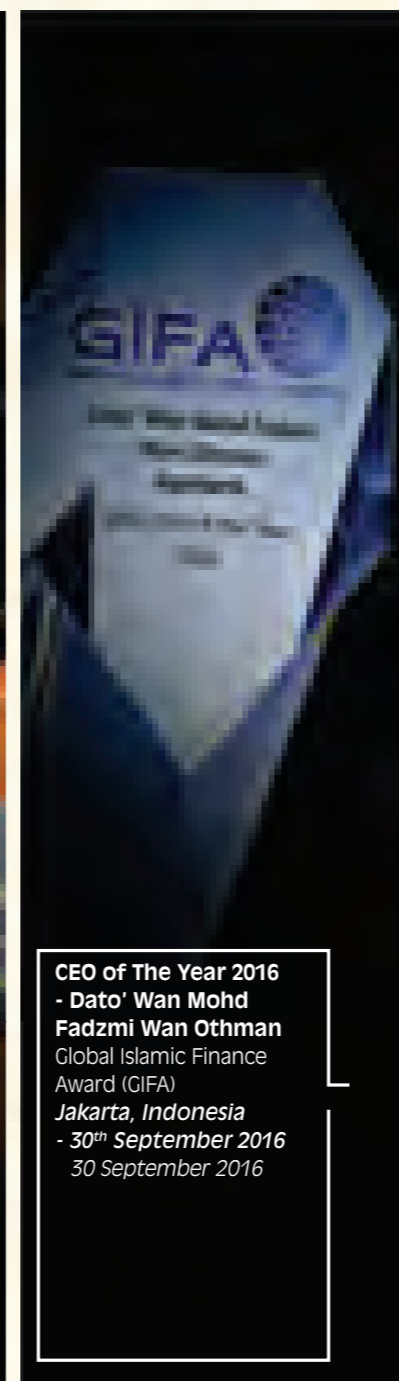
**Outstanding Work In
Financial Inclusion**
Association of
Development Financing
Institutions in Asia Pacific
(ADFIAP)
Samoa
- 2nd May 2016
2 Mei 2016



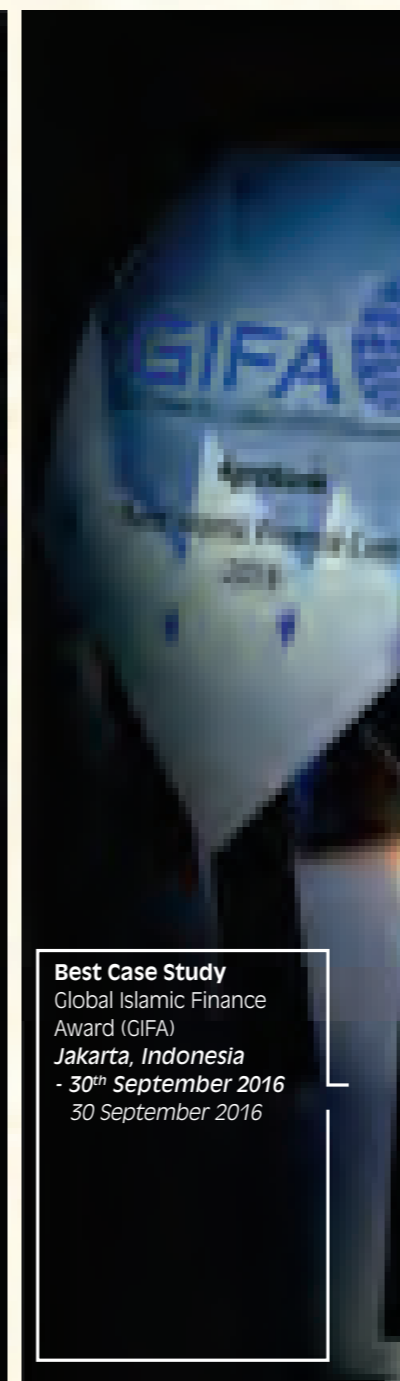
**Global Good
Governance Financial
Services Awards**
The Global Good
Governance (3G) Awards
2016
Istanbul, Turkey
- 27th May 2016
27 Mei 2016



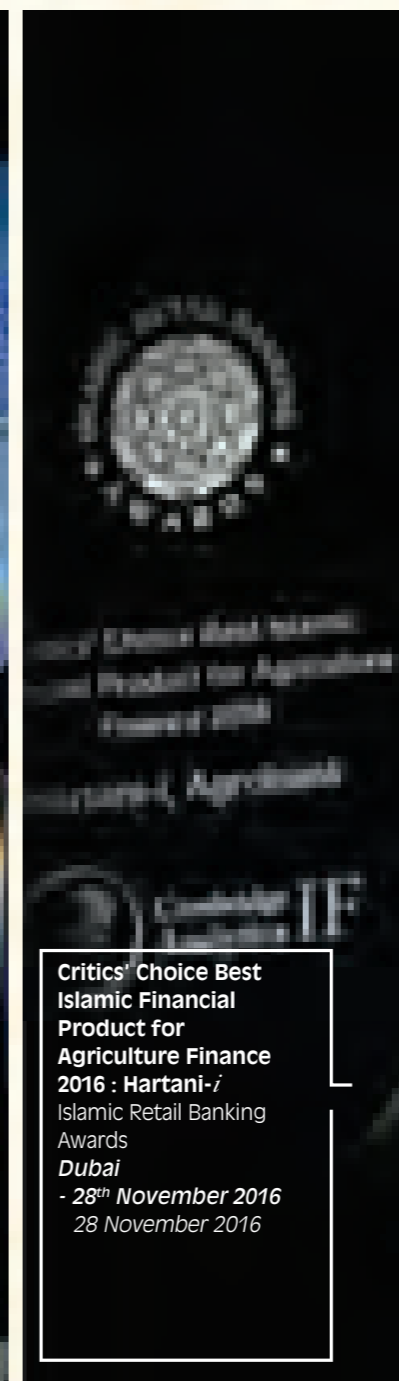
**Outstanding
Sustainable Project
Financing**
The Karlsruhe Sustainable
Finance Awards 2016
Karlsruhe, Germany
- 14th July 2016
14 Julai 2016



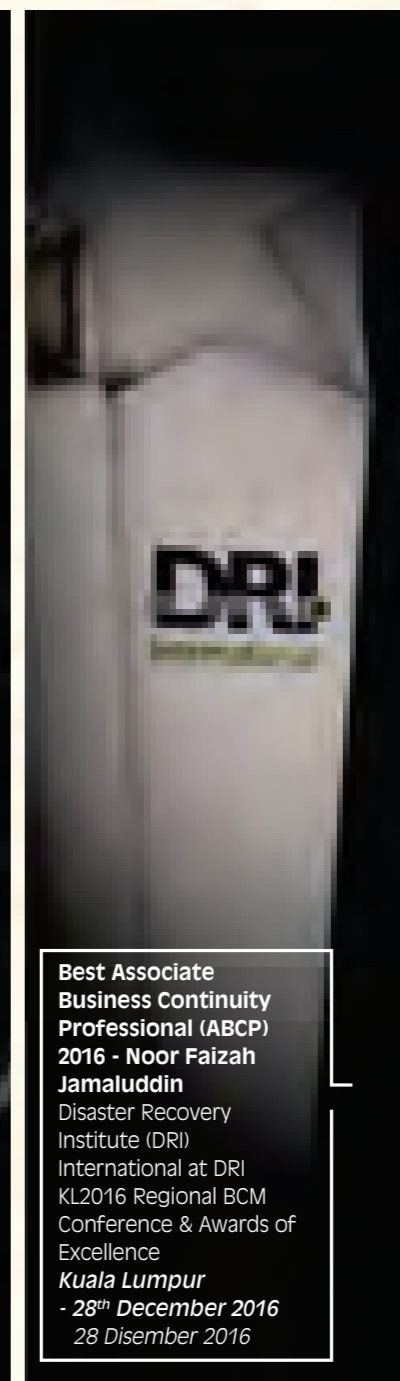
CEO of The Year 2016
- Dato' Wan Mohd
Fadzmi Wan Othman
Global Islamic Finance
Award (GIFA)
Jakarta, Indonesia
- 30th September 2016
30 September 2016



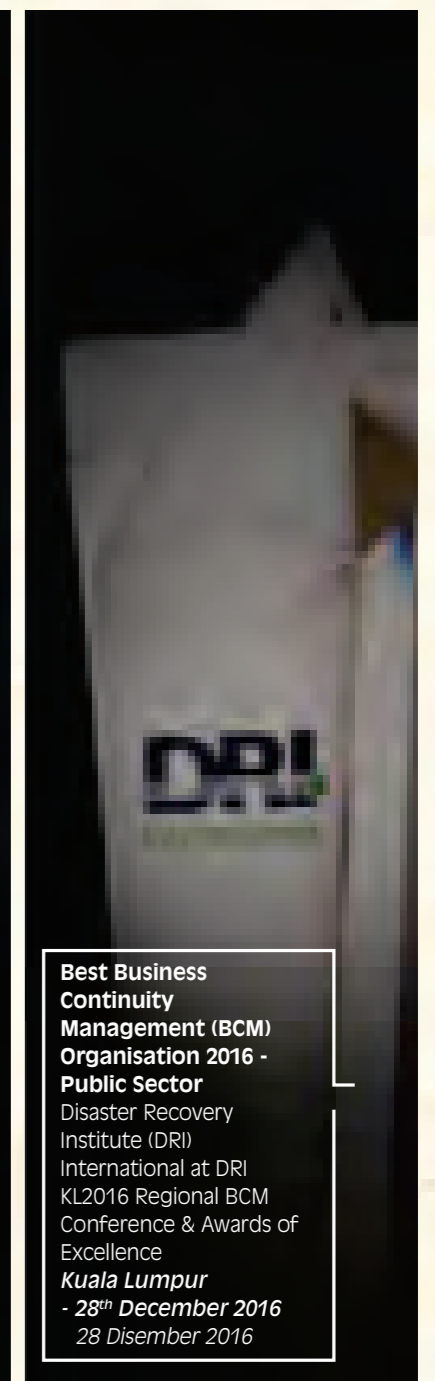
Best Case Study
Global Islamic Finance
Award (GIFA)
Jakarta, Indonesia
- 30th September 2016
30 September 2016



**Critics' Choice Best
Islamic Financial
Product for
Agriculture Finance
2016 : Hartani-
i**
Islamic Retail Banking
Awards
Dubai
- 28th November 2016
28 November 2016



**Best Associate
Business Continuity
Professional (ABCP)
2016 - Noor Faizah
Jamaluddin**
Disaster Recovery
Institute (DRI)
International at DRI
KL2016 Regional BCM
Conference & Awards of
Excellence
Kuala Lumpur
- 28th December 2016
28 Disember 2016



**Best Business
Continuity
Management (BCM)
Organisation 2016 -
Public Sector**
Disaster Recovery
Institute (DRI)
International at DRI
KL2016 Regional BCM
Conference & Awards of
Excellence
Kuala Lumpur
- 28th December 2016
28 Disember 2016

DALAM LAPORAN INI

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MENGENAI LAPORAN INI

Sebagai sebuah Institusi Kewangan Pembangunan yang diberi mandat untuk meningkatkan taraf hidup komuniti pertanian, Agrobank melipatgandakan usahanya untuk membangunkan usahawan tani dengan mengukuhkan keupayaan dan kesediaan mereka agar berjaya dalam perniagaan, selain memastikan keterangkuman perkhidmatan kewangan untuk komuniti luar bandar dan yang kurang mendapat liputan perkhidmatan perbankan. Demi memenuhi objektif ini, kami menawarkan penyelesaian kewangan yang menyeluruh serta produk dan perkhidmatan berorientasikan pelanggan bagi meningkatkan taraf hidup mereka.

Laporan ini telah disediakan untuk memberi lebih pemahaman tentang usaha yang dilaksana bagi memastikan kemampanan kewangan dan secara berterusan mengukuhkan keterlibatan kami dalam segmen perniagaan strategik, di samping mengekalkan standard kehematan yang tinggi berkaitan keperluan modal, kecairan dan peruntukan rosot nilai. Kami juga telus dalam melaporkan mengenai rangka kerja tadbir urus dengan mengambil kira peranan berbeza yang dimainkan oleh pihak berkepentingan, iaitu kementerian dan badan kawal selia yang terlibat dalam industri pertanian dan perbankan.

Kami percaya bahawa struktur tadbir urus yang berkesan berupaya meningkatkan keyakinan terhadap dasar yang dimiliki oleh Bank, dengan memaklumkan kepada para pembaca tentang amalan terbaik yang telah dipatuhi dalam setiap keputusan yang dilaksanakan.

Kami telah mengamalkan amalan terbaik dalam pelaporan kewangan bagi industri perbankan sepertimana yang dianjurkan oleh Kod Tadbir Urus Korporat Malaysia (MCCG), Bank Negara Malaysia (BNM) serta Majlis Pelaporan Bersepadu Antarabangsa (IIRC).



ABOUT THIS REPORT

As a Development Financial Institution mandated to develop the agricultural community, Agrobank intensifies its efforts to develop agropreneurs by improving their capacity and preparedness to attain business success, while sustaining financial inclusion among the unserved and underserved communities. To meet these objectives, we provide comprehensive financial solutions and client-oriented products and services to uplift their standard of life.

This report has been prepared to better communicate our efforts to ensure the Bank is financially sustainable and continuously strengthen our involvement in strategic segments, while at the same time maintaining high prudential standards with regards to capital, liquidity and impairment allowances requirements. We have also clearly presented our governance framework, taking into account the different roles of our stakeholders, namely the ministries and regulatory bodies involved in the agriculture and banking industries.

We believe that an effective governance structure serves to build greater confidence in the Bank's fundamentals, informing readers of the best practices that have been adhered to in our decision-making.

We have adopted best practices in financial reporting for the banking industry as advocated by the Malaysian Code on Corporate Governance (MCCG), Bank Negara Malaysia (BNM) as well as the International Integrated Reporting Council (IIRC).





BERSAMA DEMI PERTUMBUHAN

TOGETHER FOR GROWTH

“Menjadi usahawan tani di era kini, kita bukan sahaja perlu rajin malah menjadi kreatif dan inovatif adalah antara kunci utama kejayaan.”

“Being an agropreneur in this era, we don't just need to be diligent. In fact, being creative and innovative are among the keys to success.”

- Nurul Hida Othman

Pemilik/Owner
Azizi Agro Farm Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH AGROPRENEUR MUDA
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF YOUNG AGROPRENEUR AWARD CATEGORY

**Azizi Agro
Farm Sdn. Bhd.**
(Teluk Intan, Perak)

Sistem teknologi nano oksigen merupakan sistem tunggal yang digunakan di Malaysia dan disebabkan hal itu, Azizi Agro Farm Sdn. Bhd. menerima ramai penuntut dari universiti tempatan dalam bidang akuakultur yang melakukan lawatan dan kajian berkenaan sistem ini. Dalam pada masa yang sama, pengusaha benih udang kara tempatan, memperoleh manfaat apabila syarikat-syarikat pengusaha udang kara membeli anak benih ini secara konsisten.

- Syarikat ini berjaya mengekalkan purata peningkatan pendapatan sebanyak 8 peratus dalam masa 3 tahun.
- Pernah memenangi Anugerah RBC (Rural Business Challenge) Cemerlang 2014.
- Memenangi geran sejumlah RM 1.5 juta dari Kementerian Kemajuan Luar Bandar dan Wilayah.

In Malaysia, the nano oxygen technology has been solely adopted by Azizi Agro Farm Sdn. Bhd. and for that reason, the company has attracted visits and research into the system from many students of local universities who are pursuing a course in aquaculture. At the same time, this local lobster seed stock entrepreneur is reaping the benefits with the consistent purchase of seedlings by companies dealing in the lobster business.

- Succeeded in maintaining an average of eight per cent hike in revenue within three years.
- Winner of the Rural Business Challenge (RBC) Excellence Award 2014.
- Secured a grant worth RM1.5 million from the Ministry of Rural and Regional Development.

Dimiliki oleh Nurul Hida Othman dan ditubuhkan pada tahun 2009.

Established in 2009 by its owner, Nurul Hida Othman.



Beliau merupakan antara pengusaha perniagaan benih udang kara air tawar bumiputera yang disegani di Teluk Intan, Perak.

Commands a respectable name and stands tall amongst the bumiputera entrepreneurs in Teluk Intan, Perak, who are involved in the freshwater lobster seed business.



Azizi Agro Farm Sdn. Bhd. merupakan satu-satunya syarikat yang menggunakan kaedah ini.

Azizi Agro Farm Sdn. Bhd. is the only company utilising such method.



Keputusan untuk memulakan perniagaan adalah berdasarkan kepakaran yang ada dan juga permintaan yang tinggi tetapi bekalan di pasaran yang sangat rendah.

The decision to venture into the business was triggered by the knowledge and expertise in the said field and upon realizing that there is a high demand for lobster seeds, whereas supply is scarce.



Azizi Agro Farm Sdn. Bhd. merupakan pembekal utama benih udang kara di daerah Teluk Intan. Syarikat ini telah berjaya mengembangkan perniagaannya dengan purata peningkatan hasil jualan daripada 300,000 kepada 500,000 anak benih.

Azizi Agro Farm Sdn. Bhd. is the main lobster seed stock supplier in the Teluk Intan district. The company flourished and expanded its business with an average increment in sale proceeds from 300,000 to 500,000 seedlings.



Azizi Agro Farm Sdn. Bhd. berhasrat untuk mencapai pengeluaran 1 juta anak benih bagi satu pusingan proses pembenihan dengan nilai dianggarkan RM70,000 bagi pasaran tempatan.

Azizi Agro Farm Sdn. Bhd. aspires to produce one million seedlings in a single process cycle, with an estimated local market value of RM70,000.





**PUAN
NURUL HIDA
OTHMAN**

Pemilik
Owner
Azizi Agro Farm
Sdn. Bhd.

Pelanggan Agrobank
sejak 2009
*Agrobank's customer
since 2009*

LATAR BELAKANG

BACKGROUND



LATAR BELAKANG BACKGROUND

Bank Pertanian Malaysia (BPM) telah ditubuhkan pada tahun 1969 bagi membiayai projek pengairan demi menampung penanaman padi dwimusim di Kedah dan Perlis, yang dikenali sebagai kawasan Lembaga Kemajuan Pertanian Muda (MADA).

Bank Pertanian Malaysia (BPM) was established in 1969 to finance irrigation projects to accommodate double cropping for paddy planting in Kedah and Perlis, known as the Muda Agricultural Development Authority (MADA) area.

Berikutan penubuhannya dalam menyediakan bantuan kredit kepada para petani, BPM telah membuka dua cawangan, yang pertama di Alor Setar, Kedah pada April 1970 dan yang kedua di Kota Bharu, Kelantan. Menjelang 1980, BPM telah muncul sebagai penyedia perkhidmatan kredit terbesar bagi sektor pertanian luar bandar.

Berpandukan kelulusan Rang Undang-undang Bank Pertanian Malaysia Berhad (BPMB) pada 19 Disember 2007, BPMB telah diperbadankan di bawah Akta Syarikat 1965 dan dikenali secara komersialnya sebagai Agrobank, iaitu sebuah bank milik Kerajaan di bawah pengawasan Kementerian Kewangan Diperbadankan (MKD). Dengan tumpuan terarah kepada pertanian, pembiayaan bank dalam sektor pertanian adalah berpandukan kepada dasar yang ditetapkan oleh Kementerian Pertanian dan Industri Asas Tani (MOA).

Berkuat kuasa pada 1 Julai 2015, Agrobank secara rasminya telah menjadi sebuah perbankan Islam sepenuhnya. Peralihan kepada sistem perbankan Islam dilihat sebagai suatu perkembangan yang positif memandangkan pertumbuhan pesat sektor perbankan Islam di negara ini. Berpaksikan perubahan ini, Agrobank kini berupaya menyediakan produk dan perkhidmatan perbankan Islam bagi memenuhi keperluan industri makanan halal. Ini seterusnya akan memantapkan keyakinan para pelabur serta pengguna terhadap status halal yang terdapat pada produk halal keluaran Malaysia yang berteraskan transaksi perniagaan patuh Syariah.

Subsequent to its establishment to provide credit assistance to farmers, BPM opened two branches, the first in Alor Setar, Kedah in April 1970 and the second in Kota Bharu, Kelantan. By 1980, BPM had emerged as the largest credit service provider to the rural agriculture sector.

Upon the passing of the Bank Pertanian Malaysia Berhad (BPMB) Bill on 19 December 2007, BPMB was corporatised under the Companies Act 1965 and commercially known as Agrobank, a Government-owned bank under the purview of the Minister of Finance Incorporated (MoF Inc.). Focusing on agriculture, the bank's financing of the agriculture sector is guided by policies determined by the Ministry of Agriculture and Agro-Based Industry (MOA).

Effective 1 July 2015, Agrobank officially became a full-fledged Islamic bank. The transition to the Islamic banking system is seen as a positive development, based on the rapid growth of the Islamic banking sector in the country. With the transition, Agrobank is now able to provide Islamic banking products and services to fulfill the requirements of the halal food industry. This will in turn further increase investor and consumer's confidence in the halal status of Malaysian halal products, as these are backed by Shariah-compliant business transactions.

NILAI TERAS DAN MATLAMAT KAMI

OUR CORE VALUES AND GOALS

NILAI TERAS/CORE VALUES

P A T R I O T

Professionalisme Professionalism	Sikap Positif Positive Attitude	Kerja Berpasukan Teamwork	Hormat- Menghormati Respect	Integriti Integrity	Komunikasi Terbuka Open Communication	Menepati Masa Timeliness
Perkhidmatan Berkualiti Quality Service	Berfikiran Terbuka Open-Minded	Bersatu United	Hormat Honour	Kejujuran Honest	Telus Transparent	Pelaksanaan yang Menepati Masa Timely Execution
Berhemah Prudent	Optimis Optimistic	Kerjasama Cooperation	Kesamarataan Equality	Amanah Trustworthy	Membina Constructive	
Berorientasikan Perniagaan yang Mampan Oriented in Sustainable Business	Berdisiplin Disciplined Bertanggungjawab Responsible	Komited Committed				

ENAM/SIX BIDANG TUMPUAN STRATEGIK STRATEGIC FOCUS AREAS

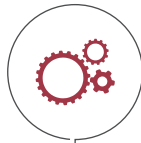


Fungsi Pengantaraan yang Berkesan
Effective Intermediary Function



Memperluaskan fungsi pengantaraan untuk memudahkan lagi proses pemedanan dalam pemberian dana

Expanding the breadth and depth of the intermediary function to facilitate better matching of fund disbursement



Model Operasi yang Kukuh dan Mampan
Sound and Sustainable Operating Model



Membangunkan dan mempertingkatkan model operasi bagi penyampaian strategi yang berkesan dan cekap

Build and scale up the operating model for effective and efficient strategy delivery



Organisasi Berprestasi Tinggi dan Mampan
High Performing and Sustainable Organisation



Mewujudkan impak positif dan hasil perniagaan yang boleh diukur di peringkat individu, kumpulan dan organisasi

Create positive impact and measurable business results at the individual, team and organisational levels



Pengurusan dan Keupayaan Kewangan yang Mantap dan Berhemat
Sound and Prudent Financial Management and Capacity



Ekosistem yang rancak bagi mencapai lebih keseimbangan dalam aktiviti pengambilan risiko

Vibrant ecosystem to achieve greater balance in risk-taking activities



Pusat Kecemerlangan Dalam Sektor Pertanian
Centre of Excellence in Agriculture Sector



Memperkuhkan keupayaan melalui kepimpinan, amalan terbaik, sokongan penyelidikan dalam pertanian

Strengthening capacity through leadership, best practices, research support in agriculture



Pembabitan Berkesan Bersama Pihak Berkepentingan
Effective Stakeholder Management



Menguruskan jangkaan pihak-pihak yang mempunyai kepentingan dalam kejayaan Bank

Managing expectations of parties that have an interest in the Bank's success

NILAI TERAS DAN MATLAMAT KAMI

OUR CORE VALUES AND GOALS



VISI | VISION

Untuk menjadi sebuah bank yang menerajui bidang perbankan dengan fokus kepada pertanian

To be a leading bank with a focus on agriculture

MISI | MISSION

Menyediakan perkhidmatan kewangan yang lengkap mengikut kehendak pasaran dan pelanggan, dengan kewangan yang mampan untuk kumpulan sasar tertentu:

- | | | |
|------------------------------|---|--------------------------------------|
| 1
Usahawan
tani | 2
Usahawan mikro,
kecil dan
sederhana | 3
Individu
persendirian |
|------------------------------|---|--------------------------------------|

To provide market and client-driven financial services in a financially sustainable way with specific target groups such as:

- | | | |
|--------------------------|---|------------------------------------|
| 1
Agropreneurs | 2
Micro, small
and medium
entrepreneurs | 3
Private
individuals |
|--------------------------|---|------------------------------------|

OBJEKTIF | OBJECTIVES

- Menggalakkan pembangunan pertanian Malaysia yang kukuh;
- Menyelaras dan menyelia pemberian kredit daripada dana awam untuk tujuan pertanian oleh pelbagai pihak atau syarikat sama ada diperbadankan atau tidak;
- Menyediakan pembiayaan, pendahuluan dan kemudahan kredit untuk pembangunan sektor pertanian dan perniagaan berkaitan pertanian;
- Untuk menggembleng simpanan dengan perhatian khusus kepada sektor pertanian dan demi mencapai objektif ini, menerima simpanan dan deposit berjangka;
- Meningkatkan kesejahteraan komuniti pertanian; dan
- Melaksanakan perniagaan am institusi perkhidmatan kewangan yang moden dan progresif yang menyediakan keperluan kewangan menyeluruh kepada pelanggannya.
- To promote Malaysia's sound agricultural development;
- To co-ordinate and supervise the grant of credit from public funds for agricultural purposes by individuals or companies whether incorporated or unincorporated;
- To provide financing, advances, and other credit facilities for the development of the agriculture sector and agriculture-related business;
- To mobilise savings with particular regard to the agricultural sector and, in furtherance of this objective, to accept savings and time deposits;
- To uplift the well-being of the agricultural community; and
- To carry on the general business of a modern and progressive financial services institution catering for the total financial needs of its customers.

SOROTAN UTAMA KEWANGAN

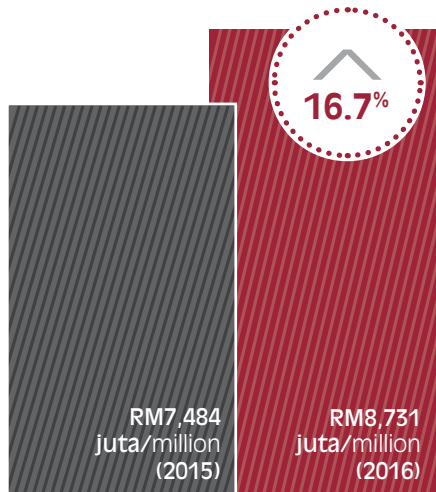
FINANCIAL KEY HIGHLIGHTS

PERTUMBUHAN PEMBIAYAAN



FINANCING GROWTH

- Mencapai pertumbuhan pembiayaan tahunan tertinggi
- Highest annual financing growth achieved

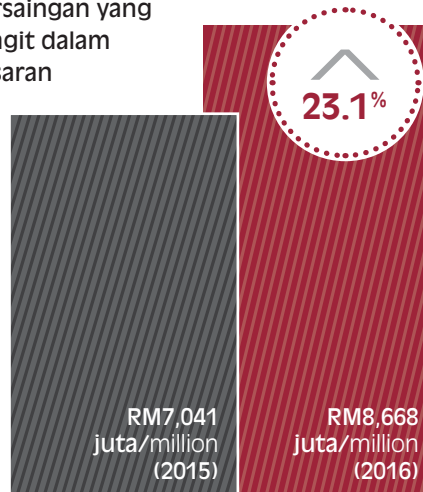


PERTUMBUHAN DEPOSIT



DEPOSIT GROWTH

- Mencatatkan pertumbuhan yang memberangsangkan walaupun terdapat persaingan yang sengit dalam pasaran
- Recorded growth despite rising competition in the market

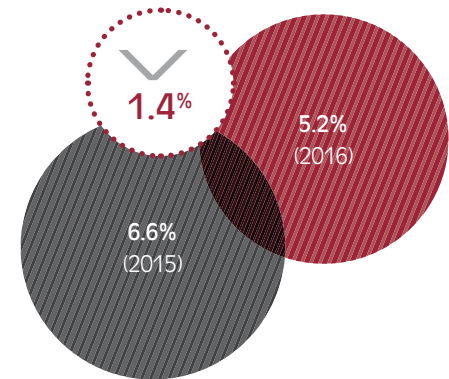


PEMBIAYAAN TIDAK BERBAYAR



NON-PERFORMING FINANCING

- Kualiti aset bertambah baik
- Asset quality improved

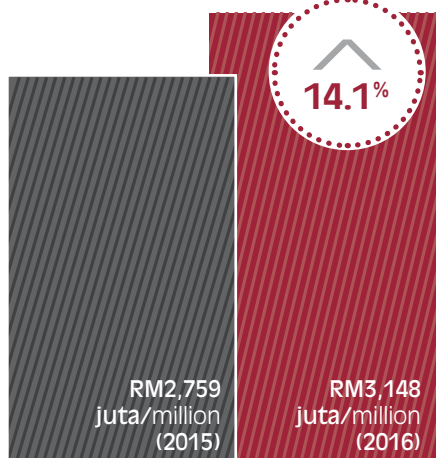


PEMBIAYAAN AGRO MAKANAN



AGROFOOD FINANCING

- Mengatasi prestasi pencapaian pada tahun sebelumnya
- Outperformed the previous year's achievement

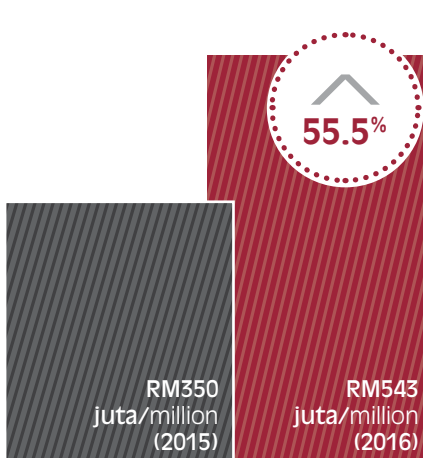


PEMBIAYAAN INDUSTRI ASAS TANI



AGRO-BASED INDUSTRY FINANCING

- Meluaskan penguasaan dalam segmen ini
- Expanded footprint in this segment

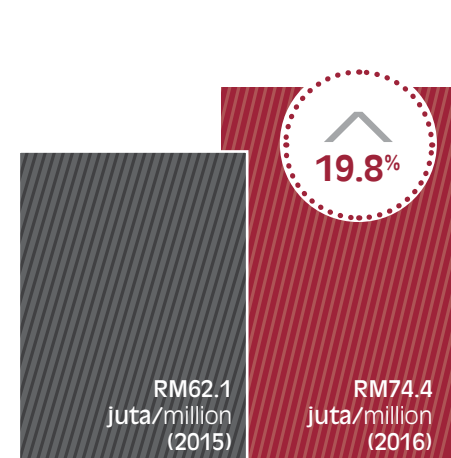


PERTUMBUHAN PENDAPATAN FI



FEE-BASED INCOME GROWTH

- Mencatatkan pertumbuhan yang stabil
- Registered stable growth



SOROTAN UTAMA LAIN

OTHER KEY HIGHLIGHTS



Kerjasama Strategik

Kerjasama strategik dengan agensi terpilih bagi mempelbagaikan rangkaian produk & perkhidmatan agar menepati permintaan pelanggan dan pasaran (BERNAS Paddy-*i*, Program Cili Fertigasi, Program Ladang Rakyat)

Strategic Collaboration

Strategic collaboration with selected agencies in expanding range of products & services to fulfil client and market demand (BERNAS Paddy-*i*, Chilli Fertigation Programme, Ladang Rakyat Programme)

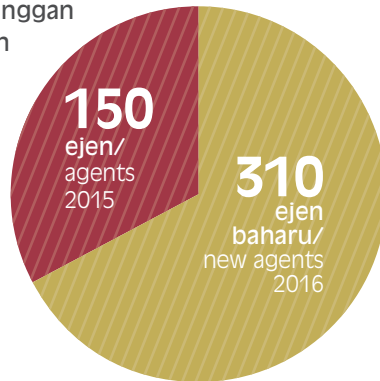


Ejen Perbankan

Memperluaskan jangkauan pelanggan di kawasan luar bandar dengan penambahan bilangan ejen

AGROAgents

Expanding client outreach in rural areas with an additional number of agents

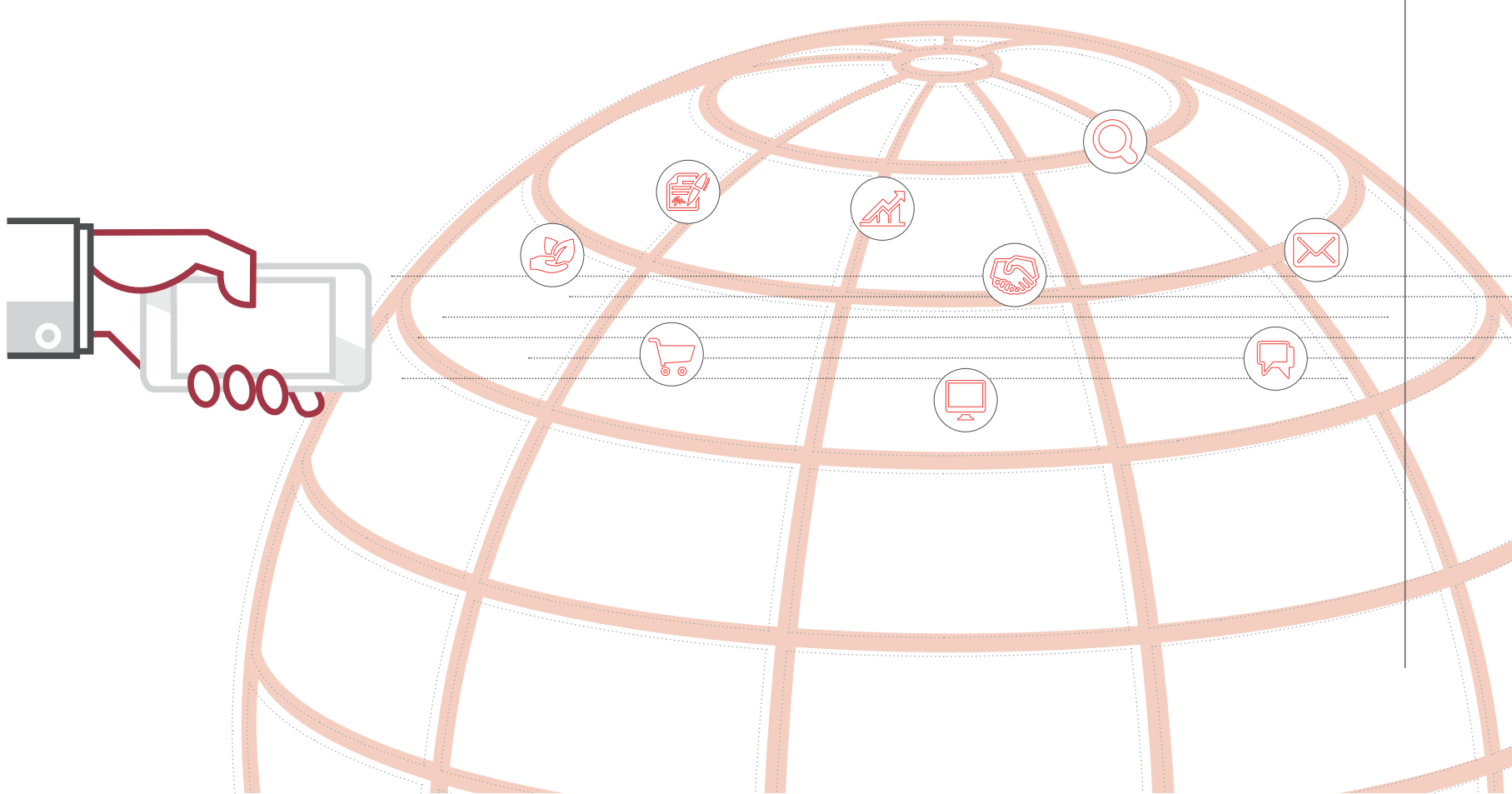


Aplikasi ACEDiA

Menyediakan secara meluas maklumat serta sumber rujukan tentang pembiayaan pertanian dan perbankan Islam kepada komuniti pertanian

ACEDiA Apps

Wide provision of information and referral sources in agricultural financing and Islamic banking to agricultural communities







BERSAMA DEMI KEMAKMURAN

TOGETHER FOR PROSPERITY

“Percaya pada diri sendiri dan ketahui kekuatan produk, anda pasti akan berjaya.”

“Believe in yourself and know the strength of your product. You will definitely succeed.”

- Rubiah Mohamed

Pemilik dan Pengasas/*Owner and Founder*
Doana Frozen Food Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH AGROPRENEUR MIKRO
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF MICRO AGROPRENEUR AWARD CATEGORY

**Doana Frozen
Food Sdn. Bhd.**
(Kota Tinggi, Johor)

Sejak penubuhannya pada tahun 1999, Doana Frozen Food Sdn. Bhd. telah merangkul pelbagai anugerah keusahawanan. Antaranya:

- Anugerah Usahawan Jaya Industri Asas Tani (2004)
- Anugerah Usahawan Wanita Harapan (2004)
- Anugerah Usahawan Jaya Negeri Johor (2004 & 2005)
- Johan Industri Asas Tani Kebangsaan (2007 & 2008)
- Anugerah Gerai Terbaik (2009)
- Peladangnya Jaya (2014)

Since its inception in 1999, Doana Frozen Food Sdn. Bhd. has garnered numerous entrepreneurship awards, among which are:

- The Agro-based Industry Successful Entrepreneur Award (2004)
- Potential Woman Entrepreneur Award (2014)
- Johor's Successful Entrepreneur Award (2004 & 2005)
- The Agro-based Industry National Champion (2007 & 2008)
- Best Booth Award (2009)
- Successful Woman Farmer (2014)

Doana Frozen Food Sdn. Bhd. diasaskan oleh Rubiah Mohamed secara kecil-kecilan sejak tahun 1999.



Founded on humble beginnings by Rubiah Mohamed, Doana Frozen Food Sdn. Bhd. had begun operating since 1999

Selepas 17 tahun penglibatan dalam industri makanan sejuk beku, Doana Frozen Food Sdn. Bhd. telah menghasilkan lebih 10 jenis produk makanan sejuk beku antaranya roti canai, karpap dan donut.



After 17 years, Doana Frozen Food Sdn. Bhd. foray into the industry is proven with the production of over 10 types of frozen food which include roti canai, curry puff and doughnut.

Di atas usaha dan kegigihan Rubiah Mohamed, produknya telah mendapat permintaan tinggi bukan sahaja di Malaysia, malah di Brunei dan Singapura.



Anchored by Rubiah Mohamed's endeavour and perseverance, there is a high demand for her products, not only in Malaysia, but also in Brunei and Singapore.



**PUAN
RUBIAH
MOHAMED**

Pemilik dan Pengasas
Owner and Founder
Doana Frozen Food
Sdn. Bhd.

Pelanggan Agrobank
sejak 2000
Agrobank's customer
since 2000

RINGKASAN KEWANGAN LIMA TAHUN

FIVE-YEAR FINANCIAL SUMMARY

Tahun berakhir 31 Disember/Year ended 31 December	2016	2015	2014	2013	2012
KEUNTUNGAN (RM juta)/PROFITABILITY (RM million)					
Keuntungan operasi/Operating profit	213.8	199.8	204.5	338.3	410.0
Keuntungan sebelum cukai dan zakat/Profit before tax and zakat	197.9	165.0	192.6	319.3	355.4
DATA PENTING KEWANGAN (RM juta)/KEY FINANCIAL DATA (RM million)					
Jumlah aset/Total assets	13,937.6	12,292.7	12,007.8	11,138.7	11,461.4
Pembiayaan dan pendahuluan (bersih)/Financing and advances (net)	8,270.9	6,986.7	6,129.7	5,850.2	5,867.6
Jumlah liabiliti/Total liabilities	11,315.5	9,808.3	9,557.6	8,789.3	9,136.1
Deposit dan simpanan pelanggan/Deposits from customers	7,044.9	5,905.0	6,169.0	6,184.5	6,283.1
Deposit dan simpanan bank dan institusi kewangan lain/Deposit and placement of banks and other financial institutions	1,623.3	1,135.7	685.2	410.1	580.1
Modal berbayar/Paid-up capital	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Ekuiti pemegang saham/Shareholder's equity	2,622.0	2,484.4	2,450.2	2,349.4	2,325.3
Komitmen dan luar jangka/Commitments and contingencies	6,732.5	6,646.9	572.7	660.3	859.0
NISBAH KEWANGAN (%)/FINANCIAL RATIOS (%)					
Nisbah Keuntungan/Profitability Ratios					
Pulangan atas ekuiti (sebelum cukai)/Return on equity (before tax)	7.5	6.6	7.9	13.6	15.3
Pulangan atas aset purata (sebelum cukai)/Return on average assets (before tax)	1.4	1.3	1.6	2.9	3.1
Nisbah kos kepada pendapatan/Cost to income ratio	62.1	64.3	56.3	45.0	41.1
Nisbah Kualiti Aset/Asset Quality Ratios					
Nisbah pembiayaan kepada deposit/Financing to deposit ratio	78.8	78.9	72.0	76.0	74.4
Nisbah pembiayaan terjejas kasar/Gross impaired financing ratio	5.2	6.6	7.2	9.9	12.4
Perlindungan kerugian pembiayaan/Financing loss coverage	100.6	100.8	98.8	85.3	77.5
Nisbah Kecukupan Modal/Capital Adequacy Ratios					
Sebelum menolak dividen yang dicadangkan/ Before deducting proposed dividends					
Nisbah modal teras/Core capital ratio	24.9	27.3	28.9	29.9	28.1
Nisbah modal berwajaran risiko/Risk-weighted capital ratio	29.4	32.5	34.3	35.7	33.7
Asas modal (RM juta)/Capital base (RM million)	3,104.7	2,964.8	2,873.6	2,743.8	2,568.3
Modal kumpulan 1 (RM juta)/Tier 1 capital (RM million)	2,630.4	2,486.8	2,417.7	2,298.6	2,139.0
Modal kumpulan 2 (RM juta)/Tier 2 capital (RM million)	474.3	478.0	455.9	445.2	429.3
NISBAH PRODUKTIVITI/PRODUCTIVITY RATIOS					
Bilangan kakitangan/No. of employees	3,381	3,102	3,347	3,488	3,488
Pembiayaan kasar bagi setiap kakitangan (RM juta)/ Gross financing per employee (RM million)	2.6	2.4	2.0	1.8	1.9
Deposit bagi setiap kakitangan (RM juta)/Deposits per employee (RM million)	2.6	2.3	2.0	1.9	2.0
Keuntungan sebelum cukai bagi setiap kakitangan (RM juta)/ Profit before tax per employee (RM million)	0.1	0.1	0.1	0.1	0.1

SOROTAN KEWANGAN

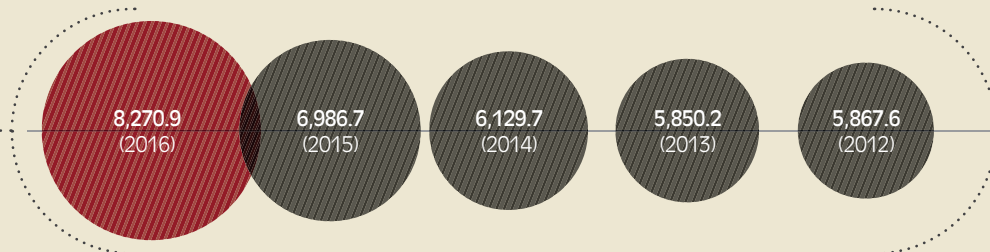
FINANCIAL HIGHLIGHTS

PEMBIAYAAN DAN PENDAHULUAN (BERSIH)

FINANCING AND ADVANCES (NET)

(RM JUTA/MILLION)

PENINGKATAN 18.4%
INCREASED BY 18.4%

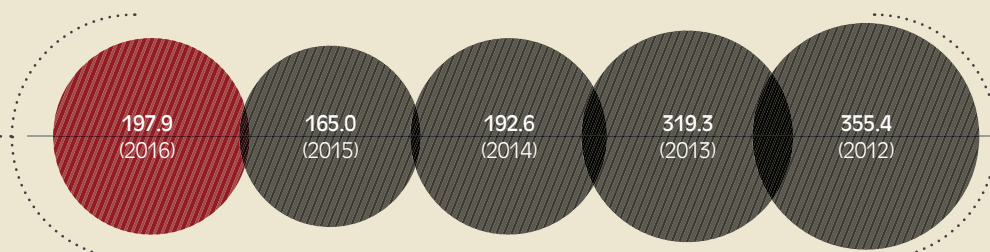


KEUNTUNGAN SEBELUM CUKAI DAN ZAKAT

PROFIT BEFORE TAX AND ZAKAT

(RM JUTA/MILLION)

PENINGKATAN 20.0%
INCREASED BY 20.0%

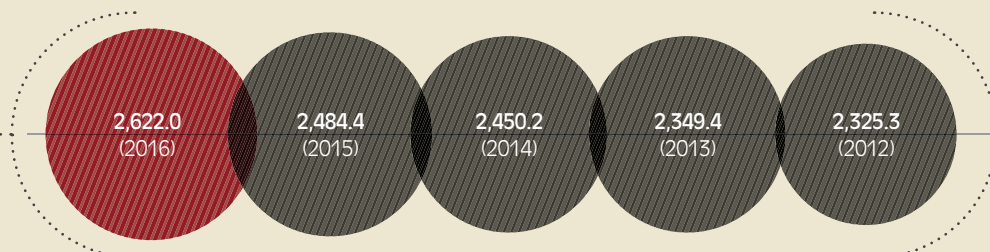


EKUITI PEMEGANG SAHAM

SHAREHOLDER'S EQUITY

(RM JUTA/MILLION)

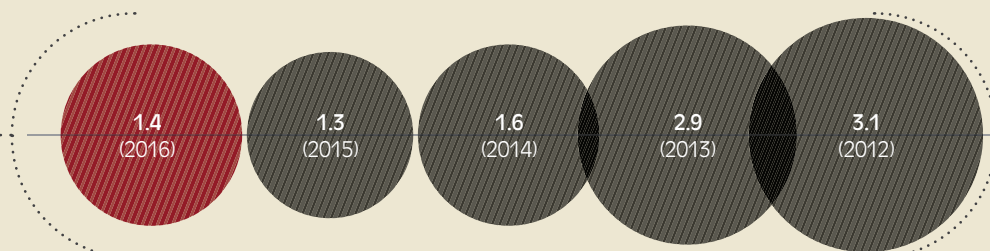
PENINGKATAN 5.5%
INCREASED BY 5.5%



PULANGAN ATAS ASET PURATA (SEBELUM CUKAI)

RETURN ON AVERAGE ASSETS (BEFORE TAX)

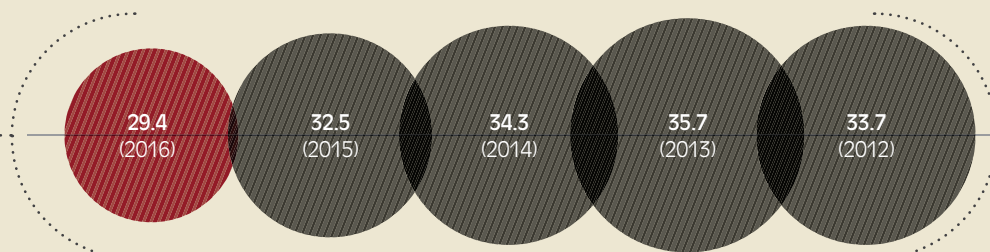
PENINGKATAN 0.1%
INCREASED BY 0.1%



NISBAH MODAL BERWAJARAN RISIKO

RISK-WEIGHTED CAPITAL RATIO (%)

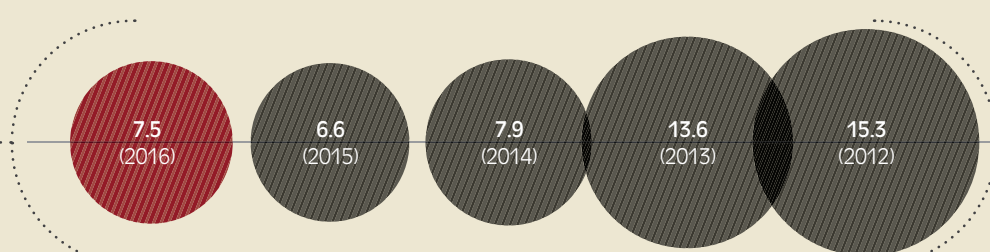
PENURUNAN 3.1%
DECREASED BY 3.1%



PULANGAN ATAS EKUITI (SEBELUM CUKAI)

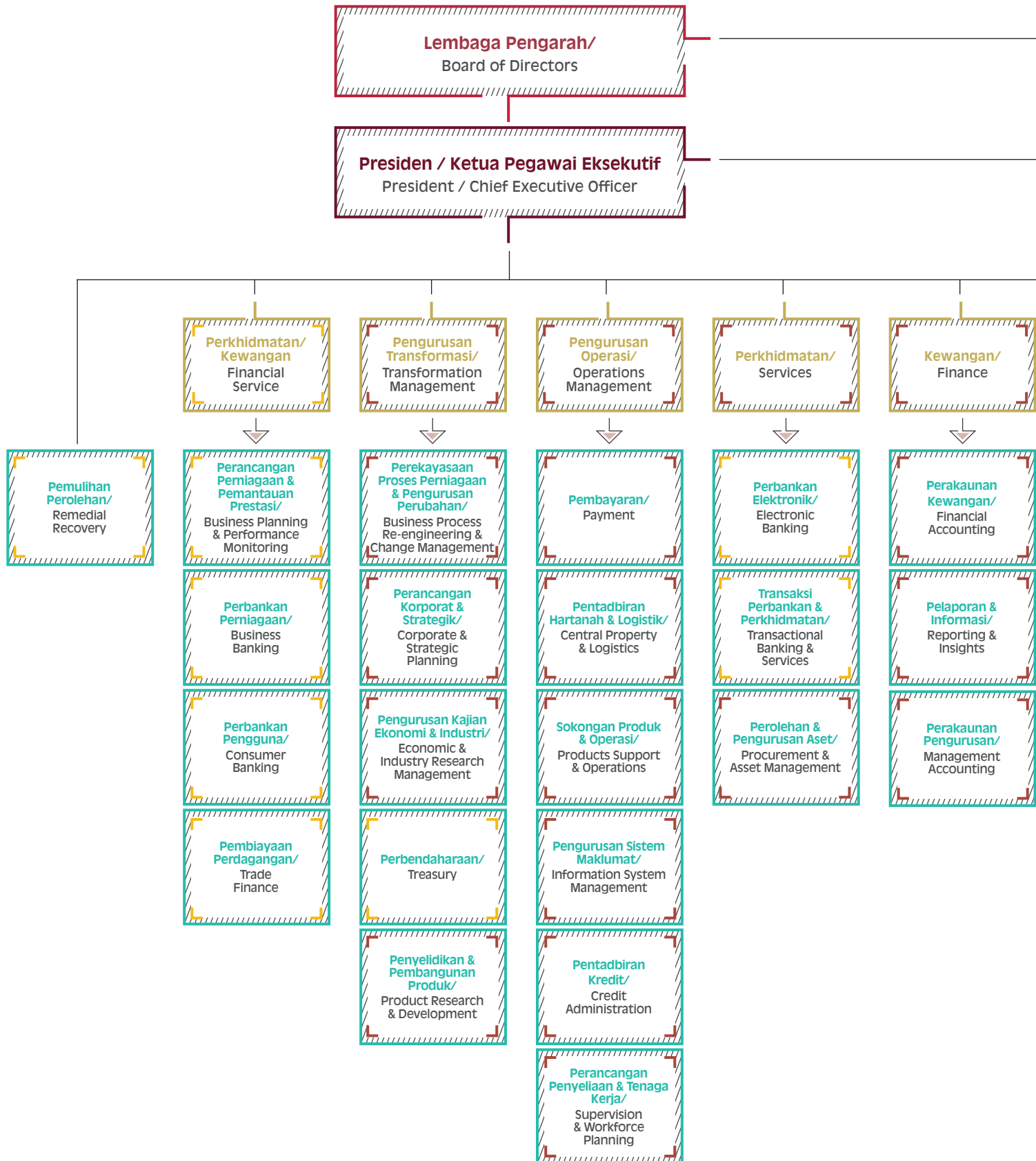
RETURN ON EQUITY (BEFORE TAX) (%)

PENINGKATAN 0.9%
INCREASED BY 0.9%



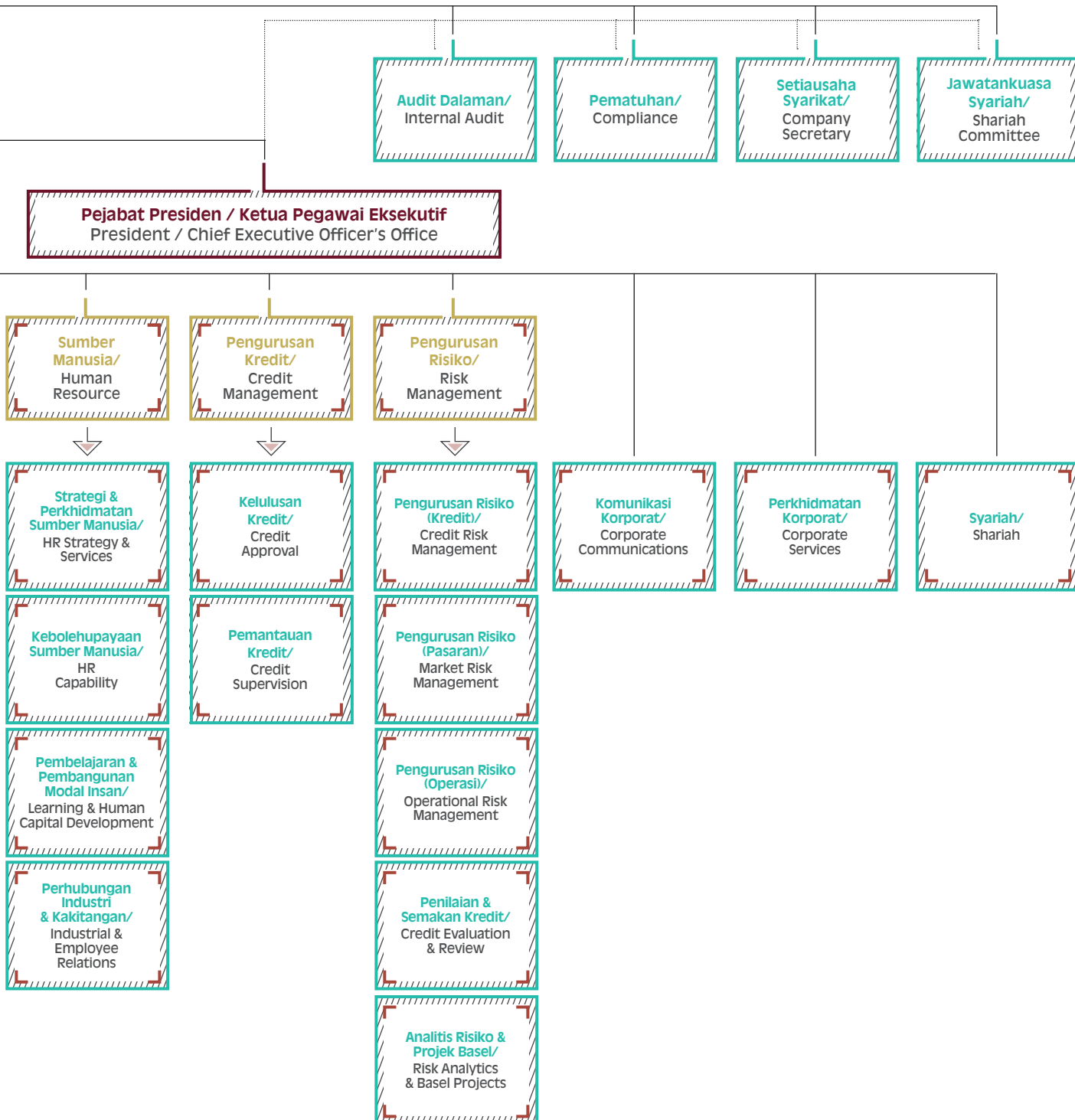
STRUKTUR ORGANISASI KAMI




OUR ORGANISATIONAL STRUCTURE



STRUKTUR ORGANISASI KAMI

OUR ORGANISATIONAL STRUCTURE



 Bahagian/Division	 Jabatan/Department	 Bahagian Perniagaan Strategik/Strategic Business Division (SBD)	 Bahagian Sokongan Strategik/Strategic Support Division (SSD)
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BERSAMA DEMI PERKEMBANGAN

TOGETHER FOR DEVELOPMENT

“Bersabar dan sentiasa berusaha keras, pasti setiap impian yang dihayatkan akan tercapai.”

“Be patient and always work hard, and every dream you aspire to, will definitely be achieved.”

- Norazrin Amat Tarmezi

Pengarah/*Director*
Jamirah Food Industries Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH AGROPRENEUR WANITA
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF WOMAN AGROPRENEUR AWARD CATEGORY

Jamirah Food Industries (M) Sdn. Bhd.
(Sepang, Selangor)

Syarikat ini beroperasi berasaskan pensijilan Halal dari JAKIM dan Pensijilan Skim Amalan Ladang Baik Malaysia dari Jabatan Pertanian Malaysia. Ianya penting bagi menjamin kualiti dan tahap halal produk yang dihasilkan. Pernah memenangi anugerah:

- Peladang Jaya Wanita Peringkat Kebangsaan (2005)
- Anugerah Usahawan Cemerlang (SDSI) (2012)
- Petani Jaya/Usahawan Jaya (2013)
- Usahawan Hasil Tertinggi (2013)

Operating on the validation of JAKIM's Halal certification and the Malaysian Farm Certification Scheme for Good Agricultural Practices from the Department of Agriculture, these attestations are crucial in ensuring that the goods produced by Jamirah Food Industries (M) Sdn. Bhd. are of quality and halal. Among the awards it had garnered thus far, are:

- Successful Female Farmer at the National Level (2005)
- Outstanding Entrepreneur Award (SDSI) (2012)
- Successful Farmer/Successful Entrepreneur (2013)
- Highest Revenue Entrepreneur (2013)

Jamirah Food Industries (M) Sdn. Bhd. ditubuhkan sejak 26 tahun yang lalu oleh Puan Jamirah Othman, 56 tahun.



Over 26 years ago, Jamirah Food Industries (M) Sdn. Bhd. was established by the 56 years old Puan Jamirah Bt. Othman.

Memulakan operasi perniagaan pada tahun 1990 dengan hanya bermodalkan RM50, Jamirah Food Industries (M) Sdn. Bhd. kini mempunyai lebih daripada 26 tenaga kerja. Ketika ini, Jamirah Food Industries merupakan pembekal kerepek terbesar di Malaysia.



With a mere capital of RM50, Jamirah Food Industries (M) Sdn. Bhd. which commenced operations in 1990 is now empowered with over 26 workforce and excels as the biggest chips supplier in Malaysia.

Mampu menghasilkan tiga tan kerepek sehari dan mengeluarkan 14 jenis kerepek pelbagai rasa.



Able to register an output of three tonnes of chips a day and produces 14 types of multi flavoured chips.

Kini, Jamirah Food Industries (M) Sdn. Bhd. telah berjaya meluaskan perniagaan ke negara luar dengan mengeksport produknya ke negara seperti Taiwan, United Kingdom, Singapura dan Brunei.



Today, Jamirah Food Industries (M) Sdn. Bhd. has spread its wings abroad by importing its products to Taiwan, United Kingdom, Singapore and Brunei.



**PUAN
NORAZRIN
AMAT
TARMEZI**

Pengarah
Director
Jamirah Food
Industries (M) Sdn. Bhd.

Pelanggan Agrobank
sejak 2005
*Agrobank's customer
since 2005*

PERUTUSAN PENGERUSI

CHAIRMAN'S STATEMENT

Dengan nama Allah, yang Maha Pemurah, yang Maha Mengasihani
 In the name of Allah, the Most Beneficent, the Most Merciful

السلام عليكم ورحمة الله وبركاته

Para Pemegang Saham yang dihormati sekalian,

Saya berasa bertuah dapat melampirkan laporan tahunan pertama di bawah kepimpinan saya selaku pengerusi, pada waktu yang dikira paling mengujakan bagi Agrobank. Dalam banyak hal, 2016 merupakan satu lagi tahun yang mengetengahkan titik perubahan bagi Bank. Buat pertama kalinya, lengkap setahun kami beroperasi sepenuhnya sebagai sebuah bank Islam dengan menawarkan produk kewangan patuh Syariah yang komprehensif untuk sektor pertanian yang merangkumi pembiayaan bagi aktiviti hulu dan hiliran di sepanjang rantai nilai pertanian.

Dear Shareholders,

It is my privilege to deliver the first annual report under my chairmanship during what is perhaps the most exciting period for Agrobank. In many ways, 2016 was another watershed year for the Bank. It was the first full year we operated as a full-fledged Islamic bank, offering comprehensive Shariah-compliant financing solutions for agriculture that include financing for upstream and downstream activities along the agriculture value chain.

 **4.2%**

**PERTUMBUHAN KDNK
MALAYSIA PADA 2016**
MALAYSIA'S GDP GROWTH
IN 2016

 **-5.1%**

**PERTUMBUHAN KDNK
SEKTOR PERTANIAN PADA
2016**
GROWTH OF THE AGRICULTURE
SECTOR GDP IN 2016

 **5.3%**

**PERTUMBUHAN
KESELURUHAN PEMBIAYAAN
DALAM NEGARA**
OVERALL FINANCING GROWTH
IN THE COUNTRY

 **-1.7%**

**PERTUMBUHAN
PEMBIAYAAN KEPADA
SEKTOR PERTANIAN PRIMER**
GROWTH IN FINANCING
TO THE PRIMARY AGRICULTURE
SECTOR

PERUTUSAN Pengerusi
CHAIRMAN'S STATEMENT



PRESTASI STRATEGIK KAMI
OUR STRATEGIC PERFORMANCE



**TAN SRI
MOHAMAD ZABIDI ZAINAL**
Pengerusi/Chairman

PERUTUSAN PENERUSI CHAIRMAN'S STATEMENT

2016 juga merupakan tahun yang menyaksikan kami memulakan fasa kedua dalam transformasi untuk menjadi sebuah bank terkemuka dengan tumpuan terhadap sektor pertanian, berikutan kejayaan kami menyempurnakan Pelan Perniagaan Strategik (2011 - 2015) yang membentuk asas pertumbuhan yang teguh. Bank mengesahkan kedudukannya sebagai peneraju dalam bidang pembiayaan pertanian selaku pembiaya terbesar bagi segmen utama agromakanan dengan menguasai 27.3 peratus pasaran dalam sistem perbankan.

Meskipun landskap kewangan semasa nyata tidak sunyi daripada cabaran, namun Bank telah memperlihatkan tumpuan yang kritikal dalam menongkah arus menzahirkan keutamaan ini, dan Lembaga Pengarah berpuas hati dengan cara strategik pihak pengurusan berhadapan dengan cabaran ini serta perkembangan yang ditempa sehingga kini. Berlatarkan persekitaran semasa, ternyata ia bukan suatu kejayaan kecil bagi mana-mana bank!

MERENUNG KEMBALI 2016

2016 digambarkan sebagai tahun yang mencabar dengan halangan serta ketidakpastian dalam persekitaran ekonomi. Ia juga merupakan tahun yang menandakan bermulanya suatu era global baharu. Berlakunya dua perkembangan penting di hemisfera Barat - keputusan referendum Brexit serta kemenangan Trump dalam pemilihan presiden Amerika Syarikat (AS), terus menggoncang pasaran dunia.

Undian Brexit telah mencetuskan gelombang kejutan dalam landskap politik United Kingdom (UK), menggegarkan Kesatuan Eropah dan turut mengheret pasaran kewangan global bersama dengannya. Kesan serta-merta daripada tindakan tersebut menyaksikan nilai pasaran global kerugian USD2.1 trilion, manakala paun British merudum ke paras terendah dalam tempoh 30 tahun. Oleh kerana kota London merupakan pusat kewangan antarabangsa utama, ketidakpastian yang berlarutan berkenaan ketepatan masanya serta sifat proses Brexit menimbulkan risiko tambahan terhadap pemulihan ekonomi global yang sememangnya sedia rapuh. Namun, yang paling nyata, implikasi Brexit



Bank mengesahkan kedudukannya sebagai peneraju dalam bidang pembiayaan pertanian selaku pembiaya terbesar bagi segmen utama agromakanan dengan menguasai 27.3 peratus pasaran dalam sistem perbankan.

The Bank reaffirmed its leadership position in agriculture financing, as the largest financier for the primary agrofood segment with 27.3 per cent market share in the banking system.

2016 was also the year where we embarked on our second phase of transformation to become a leading bank with a focus on agriculture, following the successful completion of our Strategic Business Plan (2011 – 2015) that formed a strong foundation for growth. The Bank reaffirmed its leadership position in agriculture financing, as the largest financier for the primary agrofood segment with 27.3 per cent market share in the banking system.

While the current financial landscape is certainly not without its challenges, the Bank has demonstrated critical focus on delivering against these priorities, and the Board is pleased with how strategically the management is taking on these challenges and the advancements made to date. Indeed, this is no small feat for any bank in the current environment!

2016 IN PERSPECTIVE

The year 2016 has been described as a challenging year with headwinds and uncertainties in economic conditions. It was also a year that marked the start of a new global era. Two important developments in the Western hemisphere – Brexit referendum results and Trump's win in the US presidential election, continued to shake up the world markets.

The Brexit vote sent shockwaves through the UK's political landscape, shook the European Union and dragged global financial markets with it. In the immediate aftermath, the global markets lost US\$2.1 trillion in value while the British pound fell to a record 30-year low. As the city of London is the leading international financial centre, ongoing uncertainties on the timing and nature of the Brexit process pose additional risk to the already fragile global economic recovery. But

PERUTUSAN Pengerusi

CHAIRMAN'S STATEMENT



adalah jauh lebih meluas terhadap landskap geopolitik di Eropah kerana ia berpotensi mencetuskan referendum atau pungutan suara yang serupa di negara Kesatuan Eropah (EU) yang lain. Seandainya negara EU yang lain turut mengikut jejak UK, ia akan memberi kesan yang lebih merumitkan terhadap susunan ekonomi global.

Pemilihan Donald Trump sebagai presiden AS turut menimbulkan banyak persoalan tentang ketidakpastian dasar global. Para penganalisis politik percaya pentadbiran Trump akan menterbalikkan dasar luar negara AS yang terbina selama tujuh dekad dan mengurangkan penglibatan AS dalam hal ehwal global. Dengan mengotakan janji yang dibuatnya semasa kempen pemilihan presiden untuk mengamalkan pendirian yang lebih agresif terhadap para pesaing asing sebagai sebahagian daripada pendekatan "Amerika Didahulukan", arahan eksekutif Trump supaya AS menarik diri daripada Perjanjian Perkongsian Trans-Pasifik (TPP) telah menularkan implikasi geopolitik yang meluas.

Di tanah air, kesulitan melanda ekonomi Malaysia apabila ringgit Malaysia semakin lemah berbanding mata wang utama, di samping kelesuan dalam sentimen perniagaan dan pengguna. Namun, di sebalik ketidakpastian ini, ekonomi Malaysia terus mencatatkan pertumbuhan KDNK pada kadar 4.2 peratus pada 2016, iaitu 0.8 peratus lebih rendah berbanding pertumbuhan 5.0 peratus pada 2015. Permintaan domestik berkembang pada tahap sederhana kepada 4.4 peratus pada 2016 manakala kesuraman eksport menyaksikan kenaikan marginal sebanyak 0.1 peratus.

Dari segi penawaran, kesemua sektor ekonomi mencatatkan perkembangan sederhana sepanjang tahun kecuali bagi sektor pertanian yang mengecut 5.1 peratus pada 2016. Sektor pertanian Malaysia didominasi oleh kelapa sawit yang menguasai 40 peratus daripada KDNK pertanian negara. Kesan susulan daripada fenomena El Nino memberi impak negatif terhadap hasil kelapa sawit apabila pengeluaran minyak sawit mentah (CPO) merosot 13.2 peratus pada 2016, lantas menyebabkan prestasi keseluruhan sektor pertanian tempatan terjejas teruk.

most notably, Brexit has far-reaching implications on the geopolitical landscape in Europe as it has the potential to trigger similar referendums in other European Union countries. If other EU countries follow the UK's lead, this will have wider ramifications on the global economic order.

The election of Donald Trump as the US president also raised big questions about global policy uncertainty. Political analysts believe that the Trump administration is going to reverse the cornerstone of seven decades of American foreign policy and scale back US involvement in global affairs. Living true to his promises during his presidential campaign to take a more aggressive stance against foreign competitors as part of his "America First" approach, Trump's executive order for the US to withdraw from the Trans-Pacific Partnership (TPP) carried broad geopolitical implications.

At home, the Malaysian economy was plagued by the weakening of the Malaysian ringgit against major currencies coupled with weak business and consumer sentiment. Despite such uncertainties, the Malaysian economy continued to record a GDP growth of 4.2 per cent in 2016, which was 0.8 per cent lower compared to 5.0 per cent in 2015. Domestic demand expanded modestly to 4.4 per cent in 2016 while exports were lacklustre with a marginal 0.1 per cent growth.

On the supply side, all sectors of the economy recorded a modest expansion during the year with the exception of the agriculture sector, which contracted 5.1 per cent in 2016. The Malaysian agricultural sector is dominated by oil palm, accounted for 40 per cent of the country's agricultural GDP. The lagged effect of the El Nino weather phenomenon negatively impacted oil palm yields as production of crude palm oil (CPO) fell by 13.2 per cent in 2016, thus adversely affecting the overall performance of the domestic agriculture sector.

However, the agro-food subsector and agro-based industries continued to register positive growth at 3.8 per cent and 4.3 per cent respectively in 2016. Growth was supported by various programmes and initiatives introduced by the Government aimed towards ensuring national food security and food self-sufficiency. During the Budget 2016, the Government announced an allocation of RM5.3 billion to modernise the agriculture sector by transforming it from subsistence farming to commercial agriculture with emphasis on higher productivity.

BANKING ON AGRICULTURE

Agriculture and food security are fundamental to the United Nation's (UN) 2030 Agenda for Sustainable Development. Under the second Sustainable Development Goal, the UN set several associated targets and indicators including doubling agricultural productivity and incomes of small-scale food producers and farmers through secure and equal access to financial services by 2030. In this context, Agrobank is cognisant of its role in advancing the sustainable development agenda

PERUTUSAN Pengerusi

CHAIRMAN'S STATEMENT

Walau bagaimanapun, pada 2016 subsektor agromakanan serta industri asas tani terus mencatatkan pertumbuhan positif, iaitu masing-masing pada kadar 3.8 peratus dan 4.3 peratus. Pertumbuhan ini telah disokong oleh pelbagai program dan inisiatif yang diperkenalkan oleh Kerajaan dengan matlamat menjamin bekalan makanan negara dan tahap sara diri makanan. Semasa Belanjawan 2016, Kerajaan telah mengumumkan peruntukan sebanyak RM5.3 bilion bagi memodenkan sektor pertanian dengan mentransformasinya daripada perladangan sara diri kepada pertanian komersial dengan penekanan terhadap produktiviti yang lebih tinggi.

PERBANKAN DALAM PERTANIAN

Pertanian serta jaminan makanan adalah asas kepada Agenda 2030 Pertubuhan Bangsa-bangsa Bersatu (PBB) bagi Pembangunan Mampan. Di bawah Matlamat Pembangunan Mampan kedua, PBB telah menetapkan beberapa sasaran dan petunjuk yang berkaitan, termasuk menggandakan produktiviti pertanian serta pendapatan para pengeluar makanan dan petani berskala kecil menerusi akses kepada perkhidmatan kewangan yang terjamin dan sama rata menjelang 2030. Dalam hal ini, Agrobank menyedari peranannya dalam memajukan agenda pembangunan mampan di peringkat antarabangsa dan kebangsaan, manakala memastikan bahawa bank melaksanakan sepenuhnya peranan yang telah diamanahkan kepadanya dengan memberi tumpuan terhadap sektor pertanian.

Akses kepada Perkhidmatan Kewangan yang Relevan dan Berkualiti

Langkah penting telahpun diorak dari segi menambah baik akses kepada perkhidmatan kewangan. Bank kekal teguh dalam memperluaskan perkhidmatan kewangannya kepada segmen penduduk yang kurang mendapat perkhidmatan dan masyarakat luar bandar menerusi rangkaian cawangan dan agensi pengedaran yang meluas. Kami bekerja untuk mempercepatkan usaha keterangkuman kewangan bagi menambah baik kehidupan orang ramai dan menyokong pertumbuhan sektor pertanian dengan memperluaskan rangkaian kami di luar bandar dan memantapkan serta mengembangkan penggunaan platform perbankan elektronik. Setakat Disember 2016, kami telah memperluaskan perkhidmatan kewangan kami menerusi 460 ejen perbankan, 188 buah cawangan dan 386 terminal khidmat layan diri di merata negara, dengan 71 peratus daripadanya terletak di kawasan luar bandar.

Dalam usaha untuk memantapkan keterangkuman kewangan dalam negara bagi mencakupi segmen masyarakat luar bandar, kami telah melancarkan program pembiayaan mikro yang dinamakan Agro Bakti, yang telah dirangka secara khusus untuk orang kurang upaya (OKU). Agro Bakti dibangunkan bagi membantu usahawan OKU bagi menjalankan atau mengembangkan perniagaan pertanian atau yang berasaskan pertanian, lantas menambah baik keterangkuman kewangan serta sumbangan mereka kepada pembangunan negara.

Namun demikian, akses kepada produk dan perkhidmatan kewangan perlu dilengkapi oleh perkhidmatan kewangan yang berkualiti dan mampu dimiliki. Sehubungan dengan itu, kami terus menyediakan akses kepada rangkaian perkhidmatan kewangan yang berkualiti

at both the international and national level whilst ensuring that the bank fully performs its mandated role of focusing on the agricultural sector.

Access to Relevant and Quality Financial Services

Significant strides have been made in the area of improving access to financial services. The Bank remained steadfast in extending its financial services to the underserved as well as unserved segments of the population through its wide branch and agency distribution network. We worked to accelerate the pace of financial inclusion to improve people's livelihoods and support the growth of the agriculture sector by broadening our rural network and enhancing and expanding the utilisation of our electronic banking platform. As of December 2016, we have extended our financial services through some 460 AGROAgents, 188 branches and 386 self-service terminals nationwide, with 71 per cent of these located in rural areas.

In efforts to scale up financial inclusion in the country to include the unserved segment of society, we successfully launched a micro financing programme called Agro Bakti, designed specifically for persons with disabilities (PWDs). Agro Bakti aims to aid entrepreneurs who are PWDs to undertake or expand their agriculture or agro-based businesses, and thus improve their financial inclusion and contribution to the nation's development.

Kami telah memperluaskan perkhidmatan kewangan kami menerusi 460 ejen perbankan, 188 buah cawangan dan 386 terminal khidmat layan diri di merata negara, dengan 71 peratus daripadanya terletak di kawasan luar bandar.

We have extended our financial services through some 460 AGROAgents, 188 branches and 386 self-service terminals nationwide, with 71 per cent of these located in rural areas.



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pada kadar keuntungan yang kompetitif serta relevan dengan keperluan pelanggan, terutamanya komuniti pertanian. Demi menyokong inisiatif kerajaan untuk meningkatkan pengeluaran makanan, maka pada 2016 Agrobank telah menawarkan dua produk kewangan berdaya saing baharu kepada usahawan tani, iaitu BERNAS Paddy-*i* dan Pembiayaan Berkelompok Cili Fertigation-*i*.

Teknologi juga menjadi agen dalam memberikan perkhidmatan kewangan berkualiti. Ia boleh mengurangkan kos, meningkatkan jangkauan dan memperluas rangkaian perkhidmatan kewangan. Dengan memanfaatkan teknologi bagi menyediakan penyelesaian perbankan yang mudah dan inovatif, Agrobank terus memantapkan saluran perkhidmatan yang ditawarkan kepada usahawan tani. Pada 2016, perkhidmatan perbankan internet untuk perniagaan, AGRONet BIZ, telah diperkukuhkan lagi bagi membolehkan pelanggan perniagaan menguruskan operasi yang melibatkan tunai harian dengan lebih baik.

Pemeriksaan Melalui Pendidikan dan Pembangunan Kemahiran

Pendidikan kewangan, sepertimana bentuk pendidikan yang lain, merupakan agen pemerksaan yang amat berkuasa. Ia memperkasa pelanggan dengan ilmu pengetahuan, kemahiran dan menjadi instrumen untuk membina, mengurus serta melindungi kekayaan peribadi mereka. Berpaksikan pemikiran ini, Agrobank

However, access to financial products and services need to be complemented by quality and affordable financial services. In this regard, we continue to provide access to a range of quality financial services at competitive rates that are relevant with the client's needs, particularly for the agricultural community. In supporting the government's initiative to increase the food production, Agrobank offered 2 new competitive financing products to agropreneuers in 2016, namely BERNAS Paddy-*i* and Group Chilli Fertigation Financing.

Technology is also an agent to deliver quality financial services. It can lower cost, increase outreach and expand the range of financial services. Leveraging on technology to provide our customers with innovative and convenient banking solutions, Agrobank continued to enhance service channels offered to agropreneuers. In 2016, the business internet banking service, AGRONet BIZ, was further enhanced to allow business customers to better manage their day-to-day cash operations.

Empowerment Through Education and Skill Development

Financial education, as with other forms of education, is a powerful agent of empowerment. It empowers consumers with the knowledge, skills and tools to build, manage and protect their personal wealth. With this in mind, Agrobank remains committed in extending its capacity-building support to agropreneuers through several initiatives such as the Agropreneur Development Programme (ADP), Business Advisory Services and Intervention Programme.

The Bank successfully conducted a total of 22 ADP training sessions during the year, which was attended by 604 participants from various states across the country, helping them build thriving businesses through education and personal development. Participants of ADP benefitted from the skill-oriented modules covering various aspects of business and entrepreneurship such as business excellence, strategic planning and marketing development, packaging,

Pada 2016, perkhidmatan Perbankan Internet Perniagaan AGRONet BIZ telah diperkukuhkan lagi bagi membolehkan pelanggan perniagaan menguruskan operasi yang melibatkan tunai harian dengan lebih baik.

In 2016, the AGRONet BIZ Business Internet Banking service was further enhanced to allow business customers to better manage their day-to-day cash operations.

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terus berpegang kepada iltizamnya untuk memperluaskan sokongannya dalam membina keupayaan usahawan tani menerusi beberapa inisiatif seperti Program Pembangunan Usawahan Tani (ADP), Khidmat Nasihat Perniagaan dan Program Intervensi.

Rentetan itu, Bank berjaya mengendali sejumlah 22 sesi latihan ADP sepanjang tahun yang dihadiri oleh 604 peserta dari pelbagai negeri di seluruh negara, membantu mereka membina perniagaan yang berkembang maju melalui pendidikan dan pembangunan diri sendiri. Para peserta ADP meraih manfaat daripada modul berorientasikan kemahiran yang meliputi pelbagai aspek perniagaan dan keusahawanan seperti kecemerlangan perniagaan, perancangan strategik dan pembangunan pemasaran, pembungkusan, pelabelan dan penjenamaan. Pada masa yang sama, seramai 117 dan 106 usahawan tani turut memperoleh faedah daripada Khidmat Nasihat Perniagaan dan Program Intervensi.

Perkongsi Demi Pertumbuhan

Bersandarkan kekuatan kami serta peluang yang terdapat dalam sektor pertanian, maka fokus kami adalah untuk membangunkan infrastruktur perbankan, produk yang berinovasi serta perkongsian strategik agar dapat memberi khidmat kepada lebih ramai pelanggan dalam sektor ini. Kami mengakui bahawa salah satu penyumbang utama kepada pembangunan ekonomi merupakan 'Perkongsi Demi Pertumbuhan'.

Di Agrobank, warga kerja kami merupakan denyut nadi kami. Berpandukan falsafah ini, kami melihat warga kerja kami sebagai rakan niaga dalam menyuburkan pertumbuhan aset dan sumber Bank. Kami sedar tentang hubungan saling menguntungkan yang wujud antara warga kerja kami dan Bank dan sesungguhnya pertumbuhan yang mampan bergantung kepada usaha memupuk warga kerja kami menjadi rakan pertumbuhan kami. Sejajar dengan agenda transformasi Bank untuk menjadi sebuah organisasi berprestasi tinggi serta mampan, kami membuat pelaburan dalam pelbagai program membina keupayaan yang disasarkan ke arah pembangunan kepimpinan, teknikal dan kemahiran insaniah.



Kami akan terus mengukuhkan perkongsian dan perikatan strategik kami dengan pelbagai agensi dan institusi bagi menawarkan produk inovatif baharu yang mencerminkan iltizam kami untuk memenuhi keperluan kewangan perusahaan mikro yang berbeza, yang terlibat dalam sektor pertanian dan asas tani.

We will continue to strengthen our strategic partnerships and alliances with various agencies and institutions to offer new innovative products that exemplify our commitment to meet the diverse financial needs of micro enterprises involved in the agriculture and agro-based sector.

labelling and branding. A total of 117 and 106 agropreneurs also benefitted from our Business Advisory Services and Intervention Programme, respectively.

Partnership For Growth

Given our strength and the opportunities in the agriculture sector, our focus is therefore on developing our banking infrastructure, innovative products and strategic partnerships in order to serve more customers in this sector. We recognise that one of key contributors to economic development is 'Partnership for Growth'.

At Agrobank, our people are our lifeblood. Guided by this, we see our people as partners in fostering the growth of the Bank's assets and resources. We recognise the mutually beneficial relationship which exists between our people and the Bank and that sustainable growth is dependent on nurturing our people to become our growth partners. In line with the Bank's transformation agenda of becoming a high-performing and sustainable organisation, we have made investments in various capacity-building programmes directed towards development of leadership, technical and soft skills.

Agrobank is fully committed to support the Ministry of Agriculture and Agro-Based Industry's efforts to lessen Malaysia's dependency on food imports through various programmes and initiatives and subsequently, increase the country's self-sufficiency level for food. We will continue to strengthen our strategic partnerships and alliances with various agencies and institutions to offer new innovative products that exemplify our commitment to meet the diverse financial needs of micro enterprises involved in the agriculture and agro-based sector. During 2016, we had the pleasure to partner with BERNAS and PPK Kuala Langat for

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Agrobank beriltizam sepenuhnya untuk menyokong usaha Kementerian Pertanian dan Industri Asas Tani dalam mengurangkan kebergantungan Malaysia kepada import makanan melalui pelbagai program serta inisiatif, dan seterusnya, untuk meningkatkan tahap sara diri makanan negara. Kami akan terus mengukuhkan perkongsian dan perikatan strategik kami dengan pelbagai agensi dan institusi bagi menawarkan produk inovatif baharu yang mencerminkan iltizam kami untuk memenuhi keperluan kewangan perusahaan mikro yang pelbagai, yang terlibat dalam sektor pertanian dan asas tani. Sepanjang 2016, kami telah diberi kesempatan untuk menjalin perkongsian dengan BERNAS dan PPK Kuala Langat untuk penanaman dan penanaman semula padi di bawah program BERNAS Paddy-*i* dan pembiayaan berkelompok untuk para pekebun cili. Dengan penambahan terbaharu ini dan banyak lagi program yang sedang dalam perancangan, kami yakin bahawa Agrobank dapat merealisasikan visinya untuk menjadi bank terkemuka dengan tumpuan terhadap pertanian.

Sebagai sebahagian daripada program pembangunannya, Agrobank terus merangka modul latihan baharu dengan pelbagai rakan strategik seperti UPM dan UCAM demi membangunkan usahawan tani. Program Pensijilan Pertanian Agrobank-UPM (AU-ACP) tertumpu kepada memantapkan pegawai-pegawai baharu diambil bekerja untuk memahami prinsip-prinsip pertanian yang utama di samping mendapat kemas kini mutakhir berkenaan aktiviti dan inisiatif perniagaan pertanian.

Untuk menempatkan Agrobank di tangga kejayaan, maka usahawan tani kami juga perlu berjaya. Demi menggapai matlamat ini, kami telah melakukan pelaburan yang besar untuk memperkasakan mereka - membentuk perkongsian yang akan menyemarakkan semangat keusahawanan dan menggalakkan pertumbuhan dalam sektor pertanian.

PRESTASI

Bertunjangan kejayaan fasa pertama proses transformasi, kami telah memulakan fasa berikutnya pada 2016 dengan tumpuan terhadap enam bidang strategik di bawah Pelan Perniagaan Strategik (2016 - 2020) - fungsi pengantaraan yang berkesan, model operasi yang kukuh serta mampan, organisasi berprestasi tinggi dan mampan, pengurusan dan keupayaan kewangan yang mampan dan berhemat, pusat kecemerlangan dalam sektor pertanian dan pembabitan berkesan bersama pihak berkepentingan. Fokus perniagaan kami bagi 2016 - 2020 bersifat serampang dua mata: (1) untuk menyediakan akses kewangan yang menyeluruh kepada komuniti pertanian selaras dengan aspirasi untuk menjadi institusi kewangan yang terkemuka dengan tumpuan terhadap sektor pertanian; dan (2) berusaha ke arah mempelbagaian yang lebih hebat dengan mengekalkan penguasaan pasaran oleh Bank dalam segmen agromakanan sementara memperluaskan penguasaannya dalam industri asas tani.

Pada 2016, kami telah berjaya mencapai sasaran yang telah ditetapkan dalam semua aspek dan mencatatkan kemajuan yang memberangsangkan dalam melaksanakan strategi kami dengan menzahirkan prestasi operasi yang teguh serta kecekapan kos,

paddy planting and replanting under the BERNAS Paddy-*i* programme and group financing for chili farmers. With this new addition and many more programmes in the pipeline, we are confident that Agrobank will realise its vision to be a leading bank with a focus on agriculture.

As part of the Bank's development programme, Agrobank continues to develop new training modules with various strategic partners such as UPM and UCAM in developing agropreneurs. The Agrobank-UPM Agriculture Certification Programme (AU-ACP) focuses on enhancing our new hirers to understand various key agriculture principles as well as receive the latest updates in agriculture business activities and initiatives.

For Agrobank to be successful, our agropreneurs must be successful. To this end we have invested heavily in empowering them - forging partnerships that will encourage entrepreneurial spirit and promote growth in the agriculture sector.

PERFORMANCE

With the success of the first phase of transformation, we embarked on our next phase in 2016 with a focus on six strategic areas under the Strategic Business Plan (2016 - 2020): effective intermediary function, sound and sustainable operating model, high performing and sustainable organisation, sound and prudent financial management and capacity, centre of excellence in agriculture sector and effective stakeholder engagement. Our business focus for 2016-2020 is two-pronged: (1) to provide comprehensive financial access to the agriculture community in line with the aspiration to be the leading financial institution with focus on agriculture sector; and (2) to pursue greater diversification by retaining the Bank's market share in agrofood segment whilst expanding its presence in the agro-based industry.

In 2016, we achieved what we set out to do in all areas and made good progress on our strategy, delivering strong operating performance and cost efficiencies, as well as solid returns. Our mandated financing continued to record strong growth of 84.6 per cent in 2016 (2015: 82 per cent). In terms of the Bank's mandated market share, the primary agricultural segment constituted about 12.3 per cent of the mandated market share in 2016, followed by commodities at 6.6 per cent and agro-based at 1.6 per cent.

Governance

Agrobank's success is built on a firm foundation of excellence in corporate governance, including a well-developed culture of prudent risk management and integrity. We are very conscious that our governance must meet the demands of our business, our shareholders and other stakeholder groups. Changes in our operating and risk environment are constant, arising from developments in technology, regulation and our relative competitive position in shifting markets.

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Pada tahun ini, kajian semula yang dijalankan secara tetap telah dijalankan bagi memastikan langkah kawalan dalaman dan pengurusan risiko yang berkesan telah tersedia dan mematuhi Garis Panduan BNM berkenaan Tadbir Urus Korporat serta Rangka Kerja Tadbir Urus Syariah BNM untuk Institusi Kewangan Islam.

During the year, regular reviews were made to ensure that effective internal controls and risk management measures are in place and comply with BNM's Guidelines on Corporate Governance as well as BNM's Shariah Governance Framework for Islamic Financial Institutions.

di samping pulangan yang mantap. Jumlah pembiayaan yang dimandatkan terus mencatatkan pertumbuhan yang kukuh pada kadar 84.6 peratus pada 2016 (2015: 82 peratus). Dari segi penguasaan pasaran pembiayaan yang dimandatkan pula, segmen pertanian primer membentuk 12.3 peratus penguasaan pasaran pada 2016, diikuti oleh komoditi sebanyak 6.6 peratus dan industri asas tani pada kadar 1.6 peratus.

Tadbir Urus

Kejayaan Agrobank dibina berdasarkan asas kecemerlangan yang kukuh dalam tadbir urus, termasuk budaya pengurusan risiko dan integriti yang berhemat yang telah dirangka dengan baik. Kami amat menyedari bahawa tadbir urus kami perlu memenuhi permintaan perniagaan, pemegang saham serta pihak-pihak berkepentingan kami yang lain. Perubahan dalam persekitaran operasi dan risiko adalah malar, yang timbul daripada perkembangan dalam teknologi, peraturan dan kedudukan kami yang berdaya saing dalam pasaran yang berubah-ubah. Tambahan lagi, kami perlu terus peka terhadap sudut pandangan para pemegang saham dan memastikan kami dilengkapi secukupnya untuk bertindak balas terhadap kemusykilan mereka.

Pada tahun ini, kajian semula yang dilakukan secara tetap telah dijalankan bagi memastikan langkah kawalan dalaman dan pengurusan risiko yang berkesan telah tersedia dan mematuhi Garis Panduan BNM berkenaan Tadbir Urus Korporat serta Rangka Kerja Tadbir Urus Syariah BNM untuk Institusi Kewangan Islam. Dalam mencerminkan tumpuan kami bagi memastikan fungsi pengawasan yang teguh, Jawatankuasa Lembaga Teknologi Maklumat (BITC) telah ditubuhkan semula pada 2016 bagi menyediakan fungsi pengawasan dan hala tuju untuk pendekatan holistik oleh Bank terhadap Teknologi Maklumat (IT).

Furthermore, we need to remain alert to our shareholders' points of view and ensure we are well-equipped to respond to their concerns.

During the year, regular reviews were made to ensure that effective internal controls and risk management measures are in place and comply with BNM's Guidelines on Corporate Governance as well as BNM's Shariah Governance Framework for Islamic Financial Institutions. Reflecting our focus on ensuring a strong oversight function, the Board Information Technology Committee (BITC), was re-established in 2016 to provide oversight and direction for the Bank's holistic approach to Information Technology ("IT").

The Board

In the period since July 2016, there has been considerable change in the composition of the Board with the appointment of five new directors (including the Chairman) following the resignation of four directors and the retirement of one director. We would like to thank the following Board members for their contributions and efforts in guiding the Bank thus far. Our



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Lembaga Pengarah

Dalam tempoh sejak Julai 2016, berlaku perubahan yang agak besar dalam komposisi Lembaga Pengarah dengan pelantikan lima pengarah baharu (termasuk Pengerusi) berikutan peletakan jawatan empat pengarah dan persaraan seorang pengarah. Kami ingin mengucapkan ribuan terima kasih kepada ahli Lembaga Pengarah berikut di atas sumbangan serta usaha mereka dalam membimbing Bank sehingga kini. Penghargaan kami ditujukan kepada Datuk Johar Che Mat, Dato' Mohd Arif Ab Rahman, Datin Seri Hj Ruzaina Wan Haniff dan Datin Rashidah Mohd Sies. Kami akan berusaha melakukan yang terbaik dan terus mengemudi Bank bagi merungkai nilai yang lebih hebat buat pihak berkepentingan kami.

Saya juga ingin mengalu-alukan kehadiran rakan anggota Lembaga Pengarah saya, Datuk Seri Ismail Hj Bakar, Dato' Dr Yusof Ismail, Puan Azizah Abdul Rahman dan Datin Setia Shahariah Hashim. Saya tidak sabar untuk bekerjasama dengan anda semua pada tahun kewangan akan datang.

Memandang ke Hadapan

Dengan pihak AS memilih untuk memberi fokus kepada negaranya sendiri, China bersedia untuk mengambil alih dan mengisi kekosongan ekonomi dalam usaha untuk menempatkan dirinya sebagai penambat ekonomi dalam kalangan negara Asia. China telah pun bergerak pantas untuk mewujudkan dan mengukuhkan hubungan perdagangan dua hala dengan negara Pasifik dan Timur Tengah, lantas menguatkan kedudukannya sebagai kuasa ekonomi di rantau ini. Rentetan itu, syarikat Malaysia telah menandatangani memoranda persefahaman (MoU) dengan syarikat China dengan tumpuan terhadap pelbagai sektor, termasuk pembangunan pertanian. Sebagai contoh, Agrofresh International Sdn Bhd telah menandatangani MoU dengan Dashang Co. Ltd untuk menjadi ejen eksklusifnya bagi membekalkan pisang Cavendish dan buah-buahan tropika, yang bernilai USD1.53 bilion (RM6.65 bilion).

Pada Forum Ekonomi Dunia yang diadakan baru-baru ini di Davos, Presiden China, Xi Jinping mengibaratkan dasar perlindungan sebagai "mengunci diri di dalam bilik gelap", lantas mengisytiharkan bahawa China



gratitude goes to Datuk Johar Che Mat, Dato' Mohd Arif Ab Rahman, Datin Seri Hj Ruzaina Wan Haniff and Datin Rashidah Mohd Sies. We will endeavour to do our best and carry on steering the Bank to unlock greater value for our stakeholders.

I would also like to welcome aboard my fellow Board members, Datuk Seri Ismail Hj Bakar, Dato' Dr Yusof Ismail, Puan Azizah Abdul Rahman and Datin Setia Shahariah Hashim. I look forward to working together with you in the coming financial year.

Looking Forward

With the US looking inwards, China is ready to step in to fill the economic vacuum in an attempt to establish itself as an economic anchor among Asian nations. China is already moving swiftly to establish and strengthen bilateral trade ties with Pacific and Middle Eastern countries, thus strengthening its position as an economic power in the region. To this effect, Malaysian companies have entered into memoranda of understanding (MoU) with Chinese companies focusing on various sectors including agriculture development. For instance, Agrofresh International Sdn Bhd had signed an MoU with Dashang Co. Ltd to become the exclusive agent for the supply of Cavendish banana and tropical fruits, worth US\$1.53 billion (RM6.65 billion).

At the recent World Economic Forum in Davos, China's President Xi Jinping likened protectionism to "locking oneself in a dark room", thus signalling that China would look to negotiate regional trade deals. Top of this list is the Regional Comprehensive Economic Partnership (RCEP), being led by China, which includes Southeast Asian countries, as well as Japan, South Korea, Australia, New Zealand and India. This bodes well for Malaysia as it opens up new markets for over 3 billion people.

Looking forward in 2017, Malaysian economic growth is projected to improve marginally to 4.4 per cent in 2017 with growth driven mainly by sustained expansion in domestic demand. Similar positive growth is expected for the agriculture sector as CPO yields recover from the adverse impact of El Nino. While we will continue to

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berminat untuk merundingkan perjanjian perdagangan serantau. Perkara teratas dalam senarai ini ialah Perkongsian Ekonomi Komprehensif Serantau (RCEP), yang dipimpin oleh China, dan merangkumi negara-negara Asia Tenggara, serta Jepun, Korea Selatan, Australia, New Zealand dan India. Ini merupakan petanda baik bagi Malaysia kerana ia membuka pasaran baharu untuk lebih 3 bilion orang.

Dalam mengalu-alukan kehadiran 2017, pertumbuhan ekonomi Malaysia diunjur akan bertambah baik secara marginal kepada 4.4 peratus pada 2017 dengan sebahagian besar pertumbuhan dipacu oleh perkembangan mampan dalam permintaan domestik. Pertumbuhan positif yang serupa turut dijangka untuk sektor pertanian memandangkan hasil CPO telah pulih daripada kesan buruk El Nino. Dalam pada masa kami terus melaksanakan inisiatif untuk pertumbuhan jangka panjang, kami akan melakukannya dengan menerapkan nilai berhemat bagi mengurangkan kesan daripada sebarang cabaran dan untuk memastikan bahawa kami berupaya memberikan nilai terbaik untuk pihak berkepentingan kami. Kami terus memegang iltizam untuk menjadikan pihak berkepentingan sebagai rakan kongsi dalam usaha menggapai kemajuan.

Tindakan Bank Negara Malaysia untuk mewujudkan Sandbox Kawal Selia Teknologi Kewangan (Fintech) bagi membolehkan syarikat teknologi kewangan melakukan eksperimen dengan penyelesaian inovatif dalam persekitaran sebenar ternyata tepat pada masanya. Dengan tersedianya sandbox ini, kami teruja untuk melihat lebih banyak inovasi dalam pasaran kewangan yang bukan sahaja akan

implement our initiatives for long-term growth, we will do so with a healthy dose of prudence to mitigate the effects of any challenges and ensure that we are able to deliver the best value for our stakeholders. We remain committed to partnering with our stakeholders in the pursuit of development.

The move by Bank Negara Malaysia to create the Fintech Regulatory Sandbox to allow fintech companies to experiment with innovative solutions in a live environment is most timely indeed. With this sandbox in place, we are excited to see more innovations in the financial markets that would not only improve accessibility of financial services and efficiency but also open up new opportunities for financing or investments in the economy.

With the winds of change sweeping across the global economy, we see unprecedented opportunities in these changes; opportunities to grow and to become a leading bank with a focus on agriculture. As President John F.

Pertumbuhan ekonomi Malaysia diunjur akan bertambah baik secara marginal kepada 4.4 peratus pada 2017

Malaysian economic growth is projected to improve marginally to 4.4 per cent in 2017

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menambah baik kebolehcapaian dan kecekapan perkhidmatan kewangan, malah turut membuka peluang baharu bagi pembiayaan atau pelaburan dalam ekonomi.

Tiupan angin perubahan melanda merentasi ekonomi global mewujudkan peluang yang tidak pernah berlaku dahulu; kami melihat peluang ini untuk berkembang dan menjadi bank terkemuka dengan fokus terhadap pertanian. Seperti yang pernah diucapkan oleh Presiden John F. Kennedy suatu masa dahulu, "Perubahan merupakan undang-undang kehidupan, dan mereka yang hanya memandang kepada masa lampau atau masa kini, pasti akan ketinggalan masa depan."

UCAPAN PENGHARGAAN

Saya mengambil kesempatan ini untuk menyampaikan penghargaan serta rasa terima kasih saya kepada rakan pengarah dan ahli Jawatankuasa Syariah Bank di atas panduan dan sokongan mereka yang tidak henti-henti. Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada Presiden/Ketua Pegawai Eksekutif, Dato' Wan Mohd Fadzmi Wan Othman, serta anggota pengurusan di atas keutuhan kepimpinan mereka yang berterusan. Lembaga Pengarah juga ingin menyampaikan penghargaan kepada komuniti Agrobankers di atas perkhidmatan mereka yang berdedikasi, iltizam serta kesetiaan dan sumbangan mereka kepada Bank dan kerana berjaya mewakili Agrobank dengan baik dalam sekian banyak komuniti yang mendapat perkhidmatan kami.

Akhir kata, kami ingin merakamkan penghargaan kepada pihak berkepentingan kami yang utama, khususnya Kementerian Pertanian dan Industri Asas Tani serta Menteri Kewangan Diperbadankan (MOF Inc) serta Bank Negara Malaysia kerana memupuk sebuah persekitaran yang memberi keupayaan bagi memastikan pertumbuhan dan pembangunan Bank adalah stabil dalam masa yang pantas berubah ini.

Wassalam dan terima kasih.



Kennedy once said: "Change is the law of life, and those who look only to the past or present are certain to miss the future."

NOTE OF APPRECIATION

I take this opportunity to convey my appreciation and gratitude to my fellow directors and members of the Bank's Shariah Committee, for their relentless guidance and support. On behalf of the Board, I would like to thank our President/Chief Executive Officer, Dato' Wan Mohd Fadzmi Wan Othman, and members of the management for their continued strong leadership. The Board also extends its gratitude to the community of Agrobankers for their dedicated services, commitment, loyalty and contribution to the Bank and for representing Agrobank so well in the many communities they serve.

Finally, we would like to express our appreciation to our key stakeholders, particularly the Ministry of Agriculture and Agro-Based Industry and the Minister of Finance Incorporated (MOF Inc) as well as Bank Negara Malaysia, for fostering an enabling environment to ensure the Bank's steady growth and development in these fast-changing times.

Wassalam and thank you.

ULASAN PRESTASI OLEH PRESIDEN/ KETUA PEGAWAI EKSEKUTIF

PERFORMANCE REVIEW BY PRESIDENT/CHIEF EXECUTIVE OFFICER



**DATO' WAN MOHD
FADZMI WAN OTHMAN**

Presiden/Ketua Pegawai Eksekutif
President/Chief Executive Officer



ULASAN PRESTASI OLEH PRESIDEN/ KETUA PEGAWAI EKSEKUTIF

PERFORMANCE REVIEW BY PRESIDENT/CHIEF EXECUTIVE OFFICER

Dengan nama Allah, yang Maha Pemurah, yang Maha Mengasihani
In the name of Allah, the Most Beneficent, the Most Merciful

السلام عليكم ورحمة الله وبركاته

Para Pemegang Saham yang Dihormati sekalian,

Kewangan Islam masih merupakan salah satu segmen yang paling pantas berkembang dalam industri kewangan Malaysia. Dengan sempurnanya penukaran kami menjadi sebuah bank Islam sepenuhnya pada 2015, Agrobank kini bersedia memainkan peranan yang lebih hebat dalam menyokong agenda perbankan Islam di Malaysia apabila kami terus melakukan inovasi demi memacu pertumbuhan dan memantapkan penawaran kami kepada sektor pertanian, khususnya kepada Perusahaan Kecil dan Sederhana (PKS), bagi memastikan agenda pembangunan kerajaan serta dasar keterangkuman kewangannya dilaksanakan. Hari ini, Agrobank tersergam megah sebagai sebuah bank Islam dengan penglibatan secara langsung dalam ekonomi benar - sesuatu yang telah ditekankan oleh para penyokong perbankan Islam sejak daripada awal lagi dan masih merupakan suatu cabaran dalam perbankan dan kewangan Islam.

Dear Shareholders,

Islamic finance is still one of the fastest growing segments within the Malaysian financial industry. With the completion of our conversion into a full-fledged Islamic bank in 2015, Agrobank is now poised to play a greater role in supporting Malaysia's Islamic banking agenda as we continue to innovate to drive growth and enhance our offerings to the agricultural sector, particularly to SMEs, to ensure that the government's development agenda and its policy of financial inclusion are implemented. Today, Agrobank stands tall as an Islamic bank with a direct involvement in the real economy - something that has been emphasised by the proponents of Islamic banking right from the beginning and what remains a challenge in Islamic banking and finance.

 **RM8.7** BIL


JUMLAH PEMBIAYAAN
TOTAL FINANCING

 **RM8.7** BIL

JUMLAH DEPOSIT
TOTAL DEPOSITS

 **RM13.9** BIL

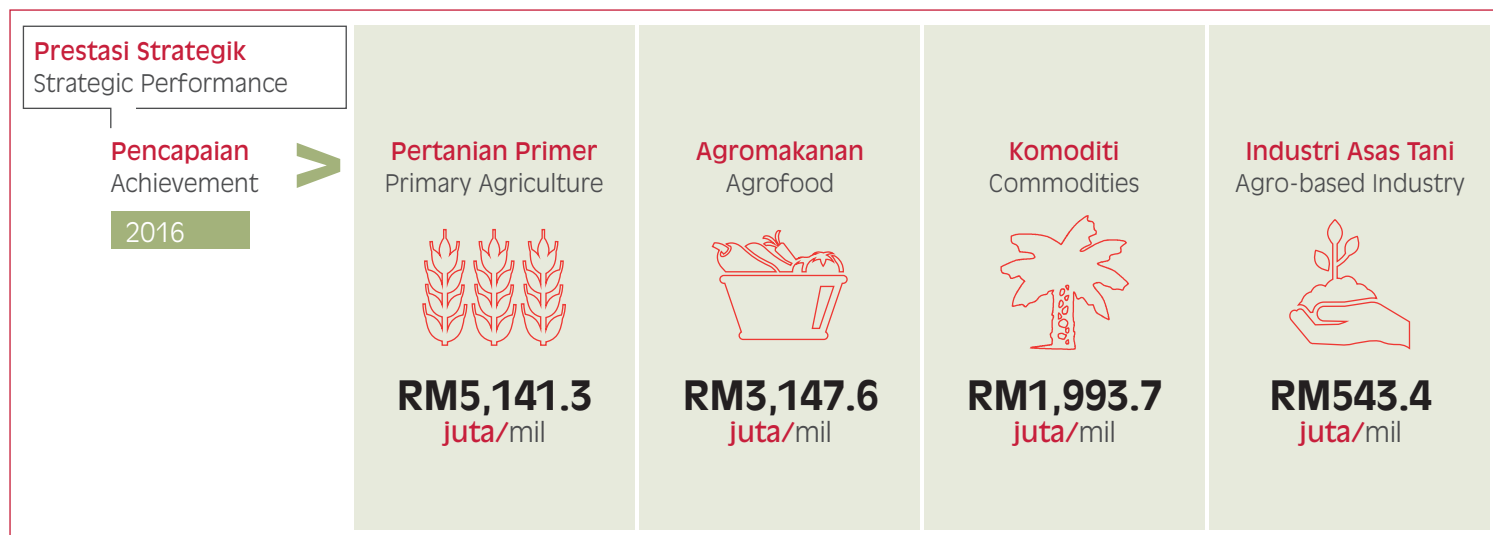
JUMLAH ASET
TOTAL ASSETS

 **RM2.6** BIL

EKUITI PEMEGANG SAHAM
SHAREHOLDER'S EQUITY

ULASAN PRESTASI OLEH PRESIDEN/ KETUA PEGAWAI EKSEKUTIF

PERFORMANCE REVIEW BY PRESIDENT/CHIEF EXECUTIVE OFFICER



Berlatarkan pelan transformasi 2011-2015 kami yang pertama, dengan diiringi kecekalan tumpuan oleh pasukan pengurusan, Bank kini tampil sebagai pemimpin hakiki dalam industri perbankan Islam. Sejak kami memulakan transformasi yang pertama, kami telah menempuh sekian banyak kemajuan yang mengujakan, dan tahun 2016 turut tidak terkecuali. Ia merupakan satu lagi tahun dengan transformasi yang berterusan ke arah prestasi yang lebih tinggi ketika kami memasuki fasa yang berikutnya dalam pelan transformasi 2016-2020 dengan fokus terhadap pertumbuhan perniagaan secara berhemat. Kami turut menempa perkembangan yang memuaskan bersandarkan suatu set keutamaan strategik yang telah ditetapkan sepanjang 12 bulan lalu. Keutamaan ini sedia memaklumi bahawa Agrobank berada pada kedudukan yang amat teguh pada hari ini, namun masih banyak yang boleh kami lakukan untuk meraih nilai, khususnya yang berhubung dengan menjana pertumbuhan kami sendiri, melakukan penyesuaian terhadap organisasi dan membangunkan warga kerja kami.



On the back of our first transformation plan 2011-2015, coupled with the determined focus of the management team, the Bank today stands as a true leader in the Islamic banking industry. Since we embarked on our first transformation, we have been through many exciting developments. 2016 was no exception. It was another year of continued transformation towards a higher performance as we enter the next phase of our transformation plan 2016-2020 that focuses on prudent business growth. We also made good progress against a set of strategic priorities that had been laid out over the last 12 months. These priorities acknowledge that Agrobank is in a very strong position today, but there is always more we can do to capture value, particularly with regard to generating our own growth, adapting the organisation and developing our people.

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2016 juga merupakan tahun yang cemerlang bagi Bank. Pelaksanaan berterusan strategi jangka panjang, serta tumpuan terhadap kepuasan pelanggan, inovasi dan kekuatan, telah memastikan bahawa prestasi Agrobank tampil luar biasa hebat sepanjang tahun kewangan ini. Secara keseluruhannya, angka yang dicapai oleh Bank memperlihatkan bagi kekuatan dan penambahbaikan beberapa petunjuk prestasi utama. Kami mencapai kadar pertumbuhan pembiayaan tertinggi dalam tempoh lima tahun. Kami menzahirkan kadar pertumbuhan dua angka bagi keuntungan sebelum zakat dan cukai, pembiayaan, deposit dan aset. Keputusan yang kukuh ini berjaya dicapai berlatarkan persekitaran ekonomi dan perniagaan yang mencabar.

PRESTASI KEWANGAN

Meskipun berhadapan keadaan pasaran yang mencabar disebabkan oleh pelbagai halangan makro dan mikro, Agrobank telah mencapai pertumbuhan dua angka dalam keuntungan sebelum zakat dan cukai dengan mencatatkan RM197.9 juta pada penghujung 2016, dengan disokong oleh pertumbuhan yang teguh dalam pembiayaan dan deposit, berserta dengan pengendalian kualiti aset yang kukuh.

Nisbah kos kepada pendapatan meningkat dua mata peratus berbanding tahun sebelumnya dengan mencatatkan 62.1 peratus pada 2016. Nisbah pembiayaan terjejas kasar bertambah baik daripada 6.6 peratus pada 2015 kepada 5.2 peratus pada 2016, yang menggambarkan kualiti aset yang baik apabila kami mengukuhkan proses penajajaminan kredit. Pulangan atas aset purata bagi tahun ini ialah 1.4 peratus, mengatasi purata dalam industri. Pulangan atas ekuiti kami bagi tahun ini mencecah 7.5 peratus, suatu penambahbaikan berbanding 6.6 peratus yang dicatatkan pada 2015. Jumlah aset turut berkembang 13.4 peratus dengan mencatatkan RM13,937.6 juta setakat Disember 2016, dipacu oleh pertumbuhan pembiayaan yang kukuh.



Hari ini, Agrobank tersergam megah sebagai sebuah bank Islam dengan penglibatan secara langsung dalam ekonomi benar - sesuatu yang telah ditekankan oleh para penyokong perbankan Islam sejak daripada awal lagi dan masih merupakan suatu cabaran dalam perbankan dan kewangan Islam.

Today, Agrobank stands tall as an Islamic bank with a direct involvement in the real economy – something that has been emphasised by the proponents of Islamic banking right from the beginning and what remains a challenge in Islamic banking and finance.

2016 was also a record year for the Bank. Continued execution of our long-term strategy, focused on customer satisfaction, innovation and strength, has ensured that Agrobank performed exceptionally well during the financial year. Overall, the Bank's 2016 figures demonstrated both substantial strength and improvement over a number of key performance indicators. We achieved the highest financing growth rate in 5 years. We delivered double-digit growth rates in profit before zakat and tax, financing, deposits and assets. These strong results were achieved amidst a challenging economic and business climate.

FINANCIAL PERFORMANCE

Despite challenging market conditions due to various macro and micro headwinds, Agrobank achieved a double-digit growth in its profit before zakat and tax to a record RM197.9 million by end of 2016, underpinned by healthy growth in financing and deposits during the year, coupled with sustained strong asset quality.

Our cost to income ratio improved by two percentage points on the previous year to register 62.1 per cent in 2016. The gross impaired financing ratio improved from 6.6 per cent in 2015 to 5.2 per cent in 2016, an indication of good quality assets as we strengthened credit underwriting processes. Return on average assets for the year is 1.4 per cent, above the industry average. Our return on equity for the year stood at 7.5 per cent, an improvement over the 6.6 per cent recorded in 2015. Total assets expanded 13.4 per cent to a record RM13,937.6 million as at December 2016, driven by strong financing growth.

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Pembiayaan mencapai pertumbuhan 16.7 peratus tahun ke tahun untuk merekodkan sejumlah RM8,730.9 juta, mengatasi prestasi purata industri pada kadar 5.3 peratus dan melangkaui sasaran 10.8 peratus. Pencapaian ini diterajui oleh pertumbuhan dalam segmen perbankan pengguna dan perniagaan. Perbankan pengguna menyumbang RM4.1 bilion kepada jumlah pembiayaan, dengan sebahagian besarnya didorong oleh pertumbuhan yang teguh dalam portfolio pembiayaan, berserta pelaksanaan inisiatif strategik yang membawa kepada perluasan aliran hasil. Perbankan korporat menempa pertumbuhan yang mengagumkan pada kadar 25.0 peratus untuk mencatatkan pencapaian RM2.1 bilion, manakala angka penutup bagi perbankan komersial ialah RM2.5 bilion dengan kadar pertumbuhan 1.0 peratus tahun ke tahun.

Jumlah deposit memperoleh peningkatan yang memberangsangkan sebanyak 23.1 peratus tahun ke tahun kepada RM8.7 bilion. Kedudukan pendanaan dan kecairan Bank kekal teguh dengan nisbah pembiayaan kepada deposit berada pada tahap yang baik iaitu 78.8 peratus. Nisbah perlindungan kerugian pembiayaan kekal tinggi pada paras 100.6 peratus, yakni lebih tinggi dan berhemat berbanding nisbah industri perbankan Malaysia yang berada pada paras 90.2 peratus.

Keputusan ini mencerminkan keteguhan yang berterusan dalam strategi transformasi serta tumpuan kami yang padu terhadap pelaksanaan strategi untuk menjadi sebuah bank terkemuka dengan fokus terhadap pertanian.

MEMBENTUK PERKONGSIAN DEMI PERTUMBUHAN

Hasil keputusan ini menunjukkan kekuatan strategi pertumbuhan yang berjaya serta pelaburan yang terus kami lakukan dalam perniagaan bagi menjamin kami dapat bersaing, menang dan berkembang. Namun, pada asasnya, ia bertunjangan hubungan perkongsian yang erat dengan pelbagai pihak berkepentingan, yang telah membuka ruang baharu bagi menjalin kerjasama dan mobilisasi sumber.



Pertumbuhan pembiayaan mencapai
Financing growth achieved

16.7%

Pertumbuhan perbankan korporat
Corporate banking growth

25.0%

Jumlah deposit memperoleh peningkatan yang sihat sebanyak
Total deposits gained a healthy growth of

23.1%

Keputusan ini mencerminkan keteguhan yang berterusan dalam strategi transformasi serta tumpuan kami yang padu terhadap pelaksanaan strategi untuk menjadi sebuah bank terkemuka dengan fokus terhadap pertanian.

The results reflect the continued robustness of our transformation strategy and our firm focus on executing our strategy of becoming a leading bank with a focus on agriculture.

Financing achieved 16.7 per cent growth year-on-year to a record RM8,730.9 million, outperforming the industry average of 5.3 per cent and surpassing the target of 10.8 per cent. This was led by growth in the consumer and business banking segments. Consumer banking contributed RM4.1 billion to total financing, driven mainly by strong growth in the financing portfolio, and implementation of strategic initiatives that led to expanded revenue streams. Corporate banking booked an impressive 25.0 per cent growth to RM2.1 billion, whilst commercial banking closed at RM2.5 billion with a 1.0 per cent year-on-year growth rate.

Total deposits gained a healthy 23.1 per cent year-on-year to RM8.7 billion. The Bank's funding and liquidity position remained sound with the financing to deposit ratio at a healthy level of 78.8 per cent. The financing loss coverage ratio remained high at 100.6 per cent, which was higher and more prudent than the Malaysian banking industry's ratio of 90.2 per cent.

The results reflect the continued robustness of our transformation strategy and our firm focus on executing our strategy of becoming a leading bank with a focus on agriculture.

PARTNERSHIP FOR GROWTH

These results point to the strength of our winning growth strategy and the investments we continue to make in our business to ensure we can compete, win and grow. But, more fundamentally, they stem from our close partnership with various stakeholders, which has opened up new avenues for collaboration and resource mobilisation.

Partnering with Our Customers

To our customers, especially farmers and SMEs customers, we are not simply just a bank. We know how having the right banking partner can make a difference. This is why at Agrobank we embrace the "human element" of a banking relationship by being a financial partner that not only provides the necessary banking services, but also demonstrates an understanding of the

ULASAN PRESTASI OLEH PRESIDEN/ KETUA PEGAWAI EKSEKUTIF

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Pelanggan Kami sebagai Rakan Kongsi

Buat para pelanggan kami, terutamanya para petani dan pelanggan PKS, kami bukan sekadar sebuah bank. Kami tahu bagaimana mempunyai rakan perbankan yang tepat boleh membawa perbezaan. Kerana itulah di Agrobank kami menghayati “unsur keinsanan” dalam hubungan perbankan dengan menjadi rakan kongsi kewangan yang bukan sahaja menyediakan perkhidmatan perbankan yang memenuhi keperluan, namun turut mempamerkan pemahaman terhadap perniagaan, industri dan komuniti yang terdapatnya operasi para pelanggan kami. Sebagai sebuah Bank dengan pengkhususan dalam bidang pertanian, kami memiliki pengalaman dan kepakaran yang boleh ditawarkan kepada usahawan tani dan seterusnya dapat membantu mereka mengemudi dan mengharungi cabaran kewangan serta melakar laluan pertumbuhan.

Pada tahun ini, kami telah menganjurkan beberapa program membina keupayaan seperti Program Pembangunan Usahawan Tani (ADP), Khidmat Nasihat Perniagaan dan Program Intervensi serta Perkongsian Amalan Terbaik, yang kesemuanya telah dipilih dan ditapis untuk menyediakan bantuan yang diperlukan oleh usahawan tani agar mencapai pertumbuhan dan kemampunan dalam perniagaan. Sejumlah 604 usahawan tani daripada pelbagai subsektor bidang pertanian telah meraih manfaat daripada 22 sesi ADP yang dianjurkan sepanjang tahun. Menerusi program ini, usahawan tani didedahkan kepada polisi semasa yang berkait dengan industri mereka masing-masing, diberi tunjuk ajar tentang perancangan strategik demi kemampunan perniagaan, di samping bantuan berkenaan penjenamaan produk mereka untuk pemasaran yang lebih baik.

Program Intervensi dan Perkongsian Amalan Terbaik oleh Bank telah dirangka untuk menyokong usahawan mikro dengan menggalakkan mereka mempelajari amalan terbaik melalui seminar, konvensyen serta lawatan ke lokasi perniagaan yang dikelolakan oleh Agrobank dan/atau organisasi yang berkaitan. Program seperti Program Bicara Agro, Program Agenda Agro serta Seminar Agropreneur Muda (SAM) adalah bertujuan membantu usahawan tani mencapai matlamat perniagaan mereka. Melalui Program Khidmat Nasihat Perniagaan, kami memberikan kaunseling kepada usahawan tani melalui klinik perniagaan Agrobank dan juga menerusi sesi perseorangan.

Kami juga sedar bahawa pelanggan kami tidak hidup untuk melakukan perbankan, mereka melakukan perbankan untuk hidup. Pada 2016, kami terus meningkatkan budaya berpusatkan pelanggan menerusi kecemerlangan perkhidmatan, menambah portfolio produk, dan pendigitan tawaran kami untuk memberi lebih kemudahan dan keberkesanan. Kami terus menambah baik kecemerlangan perkhidmatan bagi mengendali aspek keutamaan perbankan melalui pelaksanaan Penjajaran Semula Model Cawangan (BMR) berdasarkan segmentasi cawangan. Menerusi usaha ini, 81 buah cawangan telah diklasifikasikan sebagai cawangan Tumpuan Komersial dan 56 buah lagi sebagai cawangan Tumpuan Pengguna.

business, industry and community in which our customers operate. As a Bank specialising in agriculture, we have the experience and expertise we can offer to our agropreneurs that can help their businesses navigate financial challenges and delineate a path to growth.

During the year, we organised several capacity-building programmes such as the Agropreneur Development Programme (ADP), Business Advisory and Intervention, and Best Practice Sharing programme, all of which are curated to provide the assistance required by agropreneurs to attain business growth and sustainability. A total of 604 agropreneurs from various subsectors of the agriculture sector had benefitted from the 22 ADP sessions organised throughout the year. Through this programme, agropreneurs are exposed to current policies related to their respective industry, given coaching on strategic planning for business sustainability as well as assistance on branding of their products for better marketing.

The Bank’s Intervention and Best Practice Sharing programmes are designed to support micropreneurs by encouraging them to learn best practices through seminars, conventions and site visits organised by Agrobank and/or relevant organisations. Programmes such as Bicara Agro Programme, Agenda Agro Programme and Seminar Agropreneur Muda (SAM) are intended to help agropreneurs achieve their business goals. Through our Business Advisory services, we provide counselling to agropreneurs through Agrobank’s business clinics as well as one-to-one sessions.

We are also conscious that our customers don’t live to bank, they bank to live. In 2016, we continued to enhance our customer-centric culture through service excellence, increasing our portfolio of products, and digitising our offerings to enhance convenience and efficacy. We continued to further improve our service excellence to address banking preferences through the implementation of the Branch Model Re-Alignment (BMR) based on branch segmentation. Through this exercise, 81 branches were classified as Commercial Focus branches and another 56 as Consumer Focus branches.

By continuing to invest in technology and digitising our systems and processes, we aim to provide a better banking experience for our customers so that banking with the Bank is made even simpler and more convenient. For instance, the business internet banking service, AGRONet BIZ, was enhanced further with the introduction of a cash management module to enable the Bank to offer various new features that would allow business customers to achieve operational excellence.

Two new ATM service features were introduced, namely Interbank GIRO transfer (IBG) and JomPAY bill payment service, which are compliance requirements under Bank Negara Malaysia’s (BNM) e-Payment initiatives. With all these enhancements, our online customer base grew by 41.25 per cent; with this the number of online transactions and value of

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Dengan terus melabur dalam teknologi dan pendigitalan sistem serta proses, matlamat kami adalah untuk memberi pengalaman perbankan yang lebih baik kepada para pelanggan kami agar perbankan dengan Bank menjadi lebih ringkas dan lebih mudah. Sebagai contoh, perkhidmatan perbankan internet perniagaan, AGRONet BIZ, telah dinaik taraf selanjutnya dengan memperkenalkan modul pengurusan tunai bagi membolehkan Bank menawarkan pelbagai ciri baharu yang membuka jalan kepada pelanggan perniagaan mencapai kecemerlangan operasi.

Dua ciri perkhidmatan ATM yang baharu turut diperkenalkan, iaitu pemindahan GIRO Antara Bank (IBG) serta perkhidmatan pembayaran bil JomPAY yang merupakan keperluan yang perlu dipatuhi di bawah inisiatif e-Pembayaran Bank Negara Malaysia (BNM). Bertunjangan semua peningkatan ini, jumlah pelanggan dalam talian kami meningkat 41.25 peratus dan dengannya, bilangan urus niaga dalam talian serta nilai urus niaga turut melonjak, masing-masing sebanyak 74.4 peratus dan 150.0 peratus.

Kami turut memantapkan produk dan penyelesaian perbankan kami yang telah dirangka agar dapat memenuhi keperluan unik kedua-dua pelanggan dan pasaran yang menjadi gelanggang operasi kami. Pelbagai inisiatif serta kempen telah dilancarkan sepanjang tahun bagi memenuhi kehendak pelanggan kami yang pelbagai, termasuk pelancaran produk pendapatan berasaskan fi seperti takaful keluarga dan kad debit.

Sektor pertanian domestik terus meraih faedah daripada penyelesaian pembiayaan kami yang disediakan pada kadar yang berpatutan, terutamanya daripada tiga produk induk perbankan pengguna - Agrocash-*i* (pembiayaan peribadi), Hartani-*i* (pembiayaan pembelian tanah) dan Ar Rahnu (penggadaian emas). Sebagai contoh, produk pembiayaan tanah pertanian kami, iaitu Hartani-*i* menawarkan kemudahan pembiayaan terbaik dalam pasaran bagi pemilikan tanah pertanian dengan pembiayaan sehingga 100 peratus daripada nilai tanah. Bagi kemudahan pembiayaan peribadi pula, Agrocash-*i* mempunyai kadar paling kompetitif dalam pasaran, manakala kemudahan Ar Rahnu kami telah diperluaskan lagi kepada penduduk tetap dengan margin kewangan dinaikkan kepada 80 peratus.

Agensi sebagai Rakan Kongsi

Mewujudkan perkongsian dengan agensi yang menyokong komuniti pertanian adalah suatu keperluan dalam mencipta nilai buat para pelanggan kami. Pada tahun ini, kami telah memperkenalkan tiga program baharu hasil jalinan kerjasama dengan agensi di bawah Kementerian Pertanian dan Industri Asas Tani - Program Ladang Rakyat, Program BERNAS Paddy-*i* serta Pembiayaan Berkelompok Cili Fertigasi-*i*. Menerusi program sebegini, Bank menyediakan kemudahan pembiayaan untuk para petani dan PKS pertanian. Misalnya, di bawah skim BERNAS Paddy-*i*, kami menawarkan kemudahan pembiayaan kepada lebih 14,000 penanam padi yang berdaftar di bawah skim tersebut dengan BERNAS, iaitu agensi yang bertanggungjawab mengurus penanaman padi negara.



Jumlah pelanggan dalam talian kami meningkat sebanyak

Our online customer base grew by

41.25%

Kami turut memantapkan produk dan penyelesaian perbankan kami yang telah dirangka agar dapat memenuhi keperluan unik kedua-dua pelanggan dan pasaran yang menjadi gelanggang operasi kami.

We also continued to enhance our banking products and solutions, which were crafted to meet the unique needs of both customers and the market we operate in.

transactions increased by 74.4 per cent and 150 per cent, respectively.

We also continued to enhance our banking products and solutions, which were crafted to meet the unique needs of both customers and the market we operate in. Various initiatives and campaigns were launched throughout the year to satisfy the diverse needs of our consumers, including the launch of new fee-based income products such as family takaful and debit card.

The domestic agriculture sector continued to further benefit from our affordable financing solutions, primarily from our three main consumer banking products - Agrocash-*i* (personal financing), Hartani-*i* (land purchase financing) and Ar Rahnu (gold pawning). For example, our agricultural land financing product, Hartani-*i*, offers the best financing facility for agriculture land ownership in the market with financing of up to 100 per cent of the land's value. For our personal financing facility, Agrocash-*i* has the most competitive rates in the market. Our Ar Rahnu facility was further expanded to permanent residents whilst its margin of finance was raised to 80 per cent.

Partnering with Agencies

Partnering with agencies that support the agriculture community is essential in creating value for our customers. During the year, we introduced 3

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Kami juga telah mengembangkan lagi kerjasama dan perkongsian strategik dengan 11 agensi kerajaan termasuk FAMA, NEKMAT, MADA dan FELDA bagi menyediakan kemudahan perbankan asas terutamanya kepada segmen yang kurang mendapat perkhidmatan perbankan, iaitu penduduk luar bandar, menerusi ejen perbankan kami. Antara perkhidmatan perbankan utama yang ditawarkan adalah penerimaan deposit, kemudahan pengeluaran, pindahan dana, pembayaran bil dan pembelian tambah nilai telefon mudah alih.

Kakitangan sebagai Rakan Kongsi

Sama ada memberi khidmat kepada pelanggan atau komuniti, kami tahu bahawa warga kerja kamilah yang mencetuskan perbezaan. Kami percaya pembentukan perkongsian dengan kakitangan dapat membantu mencapai pertumbuhan peribadi dan akan menjurus kepada kejayaan korporat. Oleh yang demikian, kami menjadikan kakitangan sebagai rakan kongsi sementara mereka mengemudi laluan kerjaya mereka masing-masing, dan matlamat kami adalah untuk menyemai budaya yang menginspirasi kecemerlangan dan inovasi serta memberikan kakitangan Agrobank peluang kerjaya dan pertumbuhan yang bermakna.

Bank mengekalkan program inisiatif latihan yang komprehensif sepanjang tahun, yang telah dirangka untuk memantapkan set kemahiran serta keupayaan semua kakitangan Agrobank. Pada tahun ini, kami telah mengendali beberapa program yang disasar untuk meningkatkan pengetahuan warga kerja kami berkenaan produk Bank. Ini termasuklah program khidmat bantuan cawangan dan program e-pembelajaran, iaitu program latihan bagi mengembangkan pengetahuan kakitangan Agrobank agar berpusatkan produk manakala e-pembelajaran merupakan usaha memperkenalkan kakitangan kepada produk Bank dengan cara yang lebih menarik perhatian.

Kami menawarkan kemudahan pembiayaan kepada lebih
We offer financing facilities to over

14,000

penanam padi yang berdaftar di bawah skim tersebut dengan BERNAS

paddy farmers registered under the scheme with BERNAS

new programmes in collaboration with agencies under the Ministry of Agricultural and Agro-Based Industry – the Ladang Rakyat Programme, the BERNAS Paddy-i Programme and Chilli Fertigation Group Financing. Through these programmes, the Bank provides financing facilities to farmers and agri-SMEs. For example, under the BERNAS Paddy-i scheme, we offer financing facilities to over 14,000 paddy farmers registered under the scheme with BERNAS, an agency responsible for managing the national rice plantation.

We also further developed our strategic collaborations and partnerships with 11 government agencies including FAMA, NEKMAT, MADA and FELDA to provide basic banking facilities especially to underserved segments of the rural populations through our AGROAgents. Amongst the key banking services offered are deposit acceptance, withdrawal facilitation, fund transfer, bill payments and purchase of mobile top-ups.



Partnering with Our Employees

Whether serving our customers or communities, we know that our people are the ones who make a difference. We believe in partnering with our employees to achieve personal growth, and through personal growth comes corporate success. To this end, we partner with our employees as they navigate their individual career pathways, and our aim is to nurture a culture that inspires excellence and innovation and provides Agrobankers with meaningful work and growth opportunities.

The Bank maintains a comprehensive programme of training initiatives year-round, which are designed to enhance the skillsets and abilities of all Agrobankers. During the year, we conducted several programmes aimed at enhancing the product knowledge of our people. These included the branch outreach programme and e-learning programme, whereby the former is a training programme for developing product-centric knowledge of Agrobankers whilst the latter introduces employees to the Bank's products in an engaging way.

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Dari segi membina keupayaan, Bank telah melakar pencapaian penting dengan penubuhan Sekolah Kredit Agrobank (ASC) yang merupakan sebuah pusat sehenti untuk membina kecekapan kredit.

In the area of capacity building, the Bank charted a significant milestone with the setting up of the Agrobank School of Credit (ASC), which is the one-stop centre for credit competency development.



Dari segi membina keupayaan, Bank telah melakar pencapaian penting dengan penubuhan Sekolah Kredit Agrobank (ASC) yang merupakan sebuah pusat sehenti untuk membina kecekapan kredit. Dengan penubuhan ASC, kami berharap dapat menghasilkan bekalan bakat berasaskan kredit secara berterusan demi menyokong pertumbuhan perniagaan kami.

Sebuah model kecekapan kepimpinan di seluruh bank sedang dipersiapkan buat masa ini dan akan membentuk asas kepada rangka kerja pengurusan bakat yang membolehkan kami menilai keperluan pembangunan kakitangan kami dengan lebih baik. Model kecekapan ini akan menyokong inisiatif Agrobank dengan menzahirkan serta memperjelaskan kemahiran serta perilaku asas yang diperlukan oleh pemimpin untuk mengemudi dan berjaya bukan sahaja untuk hari ini, tetapi juga dalam menjangkakan apa yang mungkin berlaku pada masa hadapan.

In the area of capacity building, the Bank charted a significant milestone with the setting up of the Agrobank School of Credit (ASC), which is the one-stop centre for credit competency development. With the establishment of the ASC, we hope to produce a continuous supply of credit-based talent to support our business growth.

A bank-wide leadership competency model is currently being completed and will form the basis of a talent management framework which will allow us to better assess the development needs of our employees. This competency model will support Agrobank's initiatives by crystallising and articulating the essential skills and behaviours needed by leaders to navigate and be successful not only for today but also in anticipation for what the future holds.

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Sebagai sebuah bank Islam sepenuhnya, kami sedar bahawa memiliki sebuah budaya tadbir urus Syariah yang teguh di Bank adalah keutamaan terpenting. Justeru itu, Bank telah melancarkan Jerayawara Kesedaran Perbankan Islam di seluruh negara yang bertujuan menerapkan budaya Sifar Ketidakpatuhan Syariah dalam kalangan kakitangan dengan mendedahkan mereka kepada kefahaman asas tentang risiko dan isu ketidakpatuhan Syariah.

Komuniti Kami sebagai Rakan Kongsi

Pada 2016, Agrobank terus mengukir impak berkekalan dalam komuniti beroperasinya perniagaan kami melalui pelbagai inisiatif yang diadakan di serata negara. Sebagai sebuah institusi kewangan Islam untuk sektor pertanian, kami berpegang bahawa kami bukan sahaja bertanggungjawab menyediakan penyelesaian kewangan terbaik, bahkan turut berperanan menyediakan inisiatif sosial terbaik dan program komuniti yang benar-benar dapat memberi khidmat kepada semua segmen komuniti kami.

Kami sentiasa yakin tentang menyepadukan tanggungjawab sosial ke dalam tonggak yang menjadi pendukung Bank, dan lantaran itu kami berusaha menerapkan kewarganegaraan korporat ke dalam amalan perniagaan dan nilai korporat kami merentasi seluruh organisasi - menggalakkan kakitangan kami untuk menjadi lebih prihatin dari sudut sosial dan aktif dalam komuniti mereka.

Usaha komuniti Agrobank telah membawa pengertian istimewa di Bario, Sarawak, ketika kebakaran meranapkan sebahagian daripada sekolah di kawasan tersebut dan kemudiannya menjejaskan murid-murid yang bakal menduduki Ujian Pencapaian Sekolah Rendah (UPSR). Pihak Bank telah tampil menghulurkan bantuan kepada komuniti ini di saat mereka benar-benar memerlukan, lantas menyumbangkan kira-kira 40 buah komputer dan wang tunai bagi membantu sekolah tersebut dalam proses pembinaan semula.

KE ARAH PERTUMBUHAN TERANGKUM

Kami terus menjadi rakan kongsi negara dalam perjalanannya menuju pertumbuhan terangkum berpaksikan tumpuan yang jitu untuk memajukan perkhidmatan kami kepada kedua-dua segmen pasaran yang kurang mendapat perkhidmatan perbankan serta segmen luar bandar. Bank terus memainkan peranan penting dalam meningkatkan

As a full-fledged Islamic bank, we are mindful that instituting a strong Shariah governance culture within the Bank is of paramount importance. The Bank rolled out a nationwide Islamic Banking Awareness Roadshow aimed at instilling a Zero Shariah Non-Compliance culture among employees by exposing them to basic understanding of Shariah non-compliance risks and issues.

Partnering with Our Communities

In 2016, Agrobank continued to make a lasting impact in the communities where we do business through various initiatives across the country. As an Islamic financial institution for the agricultural sector, we believe that we have a responsibility to not only provide the best financial solutions, but to also provide the best social initiatives and community programmes that truly serve all segments of our community.

We have always believed in integrating social responsibility into the very fabric of our Bank, and we therefore seek to embed corporate citizenship into our business practices and corporate values across our entire organisation – encouraging our employees to be more socially aware and active in their communities.

Agrobank's community efforts took on a special meaning in Bario, Sarawak; fire had razed parts of the schools in this area and had subsequently affected pupils who were about to sit for the Ujian Pencapaian Sekolah Rendah (UPSR). The Bank came together to support this community in their time of greatest need and had contributed some 40 computers and cash donations to assist the schools in the rebuilding process.

TOWARDS INCLUSIVE GROWTH

We continued to partner the nation in its journey of inclusive growth with a firm focus on advancing our services to both the underserved and unserved market segments. The Bank continued to play a prominent role in increasing financial inclusion in the country through its 460 AGROAgents and 188

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keterangkuman kewangan dalam negara menerusi 460 ejen perbankannya dan 188 cawangan di seluruh negara dengan 71 peratus daripadanya terletak di kawasan luar bandar.

Dalam menyokong usaha pembangunan kerajaan untuk memperluaskan keterangkuman kewangan dalam negara, Agrobank terus meningkatkan sokongannya agar dapat menjangkau kedua-dua segmen penduduk yang kurang mendapat perkhidmatan perbankan serta segmen luar bandar. Sebuah program pembiayaan mikro yang digelar Agro Bakti telah dilancarkan pada 2016, dan ia telah dirangka khusus untuk membantu para usahawan kurang upaya menjalankan atau mengembangkan perniagaan pertanian atau perniagaan berasaskan pertanian mereka.

PENCAPAIAN

Pada 2016, pertumbuhan kami yang stabil biarpun berlatarkan persekitaran perniagaan yang rumit telah diiktiraf secara meluas oleh masyarakat antarabangsa. Kami telah menerima anugerah daripada Persatuan Institusi Pembiayaan Pembangunan di Asia Pasifik atau ringkasnya ADFIAP kerana usaha cemerlang Bank dalam keterangkuman kewangan, terutamanya untuk komuniti pertanian dan komuniti yang kurang mendapat perkhidmatan perbankan. Pada masa yang sama, usaha kami dalam keterangkuman kewangan turut diperakui pada majlis Anugerah Tadbir Urus Baik Global 2016 tatkala menerima Anugerah Perkhidmatan Kewangan 3G.

Dari segi produk, kejayaan skim kredit padi (Paddy-*i*) kami telah mendapat pengiktirafan pada majlis Anugerah Kelestarian Kewangan Karlsruhe bagi Pembiayaan Projek Lestari Cemerlang. Sementara itu, Hartani-*i* pula mendapat penghargaan sebagai Pilihan Pengkritik untuk Produk Islam Terbaik bagi Kewangan Pertanian sewaktu berlangsungnya majlis Anugerah Perbankan Runcit Islam (IRBA). Saya turut diberi penghormatan apabila diumumkan sebagai penerima Anugerah 'CEO bagi Tahun 2016' pada majlis Anugerah Kewangan Islam Global (GIFA) 2016. Kesemua pencapaian ini tidak mungkin tergapai tanpa adanya iltizam serta sokongan semua pihak berkepentingan dan rakan niaga.

MEMANDANG KE HADAPAN

Merenung kembali setahun yang lalu, saya gembira dengan apa yang telah kami capai dan bagaimana lancarnya kami mengendalikan perniagaan, dan pada masa yang sama menzahirkan pertumbuhan yang menguntungkan secara konsisten. Namun, jalan yang bakal ditempuh terus dilanda cabaran memandangkan rintangan ekonomi berkemungkinan berlanjutan. Kami juga bakal menyaksikan landskap persaingan semakin sengit apabila kedua-dua peserta tradisional dan baharu menggerakkan teknologi inovatif, manakala perubahan dalam

Pada 2016, pertumbuhan kami yang stabil biarpun berlatarkan persekitaran perniagaan yang rumit telah diiktiraf secara meluas oleh masyarakat antarabangsa.

In 2016, our stable growth amidst a complicated business environment was widely recognised by the international community.

branches nationwide with 71 per cent located in rural locations.

In supporting the government's developmental efforts to scale up financial inclusion in the country, Agrobank continued to scale up its support to reach both the underserved and unserved segments of the population. A new micro-financing programme called Agro Bakti was launched in 2016, which was designed specifically to aid entrepreneurs with disabilities to undertake or expand their agriculture or agro-based businesses.

ACHIEVEMENTS

In 2016, our stable growth amidst a complicated business environment was widely recognised by the international community. We received an award from ADFIAP (Association of Development Financing Institutions in Asia Pacific) for the Bank's outstanding efforts in financial inclusion, particularly for the agricultural community and underserved communities. At the same time, our efforts in financial inclusion were also recognised at the Global Good Governance Awards 2016 where we received the 3G Financial Services Award.

In terms of products, the success of our paddy credit scheme (Paddy-*i*) was recognised at the Karlsruhe Sustainable Finance Awards for Outstanding Sustainable Project Financing. Hartani-*i* received acknowledgement as the Critics' Choice for Best Islamic Product for Agriculture Finance at the Islamic Retail Banking Awards (IRBA). I was also honoured to be announced as the 'CEO of The Year' at the Global Islamic Financial Award (GIFA) 2016. All these achievements would not have been possible without the commitment and support of all our stakeholders and partners.

LOOKING AHEAD

Reflecting back over the past year, I am pleased with what we have accomplished and how well we have managed our business, while at the

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pengawalseliaan memerlukan model perniagaan berkembang secara beransur-ansur dan institusi kewangan perlu bergelut dengan ancaman baharu dan yang sedang muncul, termasuk keselamatan siber.

Walau bagaimanapun, tidak ada satupun di antara perkara tersebut yang akan mengalih perhatian kami daripada janji yang telah dibuat kepada para pelanggan, komuniti dan rakan sejawat ataupun terhadap nilai yang kami pegang. Kesudahannya, matlamat kami - untuk memperkaya kehidupan usahawan tani - akan terus memandu hala tuju Bank dan seterusnya akan memberi keupayaan kepada kami untuk menzahirkan keputusan yang hebat buat para pemegang saham kami. Pencapaian pada tahun 2016 adalah cerminan tentang kemampuan kami dan telah menjadikan kami lebih berkeyakinan serta lebih bercita-cita tinggi dalam menghadapi masa depan. Kami percaya, pada 2017 kami akan mengulangi kekuatan prestasi semasa dan menjadikan pencapaian ini sebagai asas untuk terus membina kejayaan. Saya yakin kami memiliki strategi yang tepat dan melakukan pelaburan yang bersesuaian untuk membolehkan kami bersaing, menang dan menyubur menyusuri masa depan.

PENGHARGAAN

Saya merasa gembira perjalanan kami ini disertai oleh Pengerusi baharu kami, Tan Sri Mohamad Zabidi Zainal, yang membawa bersamanya pengalaman yang luas untuk manfaat Bank. Saya mengalu-alukan kehadiran Datuk Seri Dr. Ismail Haji Bakar, Dato' Dr. Yusof Ismail, Puan Azizah Abdul Rahman dan Datin Setia Shahariah Hashim, yang baharu dilantik menganggotai Lembaga Pengarah.

Saya ingin mengucapkan ribuan terima kasih kepada kakitangan kami kerana kerja keras dan dedikasi mereka terhadap para pelanggan dan Bank, juga kepada para pelanggan kami untuk kesetiaan yang diberikan dalam industri yang semakin kompetitif ini. Keyakinan serta sokongan padu daripada anda menjadi teras kekuatan yang diharapkan oleh Bank untuk mengharungi cabaran mendatang.

Saya juga ingin menyampaikan penghargaan kepada empat anggota Pengurusan Lembaga Pengarah yang telah bersara, iaitu Datuk Johar Che Mat, Dato' Mohd Arif Ab Rahman, Datin Seri Hajah Ruzaina Wan Haniff dan Datin Rashidah Mohd Sies, yang telah memberi sumbangan bernilai kepada Bank dalam tempoh penting sejarahnya.

Dato' Wan Mohd Fadzmi Wan Othman
Presiden/CEO

same time delivering consistent profitable growth. However, the horizons ahead continue to be beset with challenges as economic headwinds will likely persist. We will also see the competitive landscape continue to intensify; as both traditional and new entrants deploy innovative technologies, regulatory changes will require business models to evolve and financial institutions will need to contend with new and emerging threats including cyber-security.

None of this, however, will distract us from the promises we have made to our customers, communities and colleagues or the values we hold dear. Ultimately, our purpose – to enrich the lives of our Agropreneurs – will continue to guide the Bank and, in turn, will enable us to deliver superior results for our shareholders. The results of 2016 are a reflection of what we are capable of and have made us more confident and more ambitious about our future. We believe we will repeat our current strong performance in 2017 and we want to build on what we have been achieving. I am confident that we have the right strategies and are making the right investments to enable us to compete, win and grow in the future.

ACKNOWLEDGEMENTS

I am delighted that we are joined on this journey by our new Chairman, Tan Sri Mohamad Zabidi Zainal, who brings a depth of experience to the Bank. I welcome Datuk Seri Dr. Ismail Haji Bakar, Dato' Dr. Yusof Ismail, Puan Azizah Abdul Rahman and Datin Setia Shahariah Hashim, who are new appointees to the Board.

I would like to thank our staff for their hard work and dedication to our customers and the Bank, and our customers for their business in this increasingly competitive industry. Your steadfast trust and endorsement are core strengths the Bank relies on in braving the challenges that lie ahead.

I would also like to express my gratitude to the four members of the Managing Board who have retired from the Board. Datuk Johar Che Mat, Dato' Mohd Arif Ab Rahman, Datin Seri Hajah Ruzaina Wan Haniff and Datin Rashidah Mohd Sies made valuable contributions to the Bank during an important stage of its history.

Dato' Wan Mohd Fadzmi Wan Othman
President/CEO



BERSAMA MELANGKAH KE ERA BAHARU

TOGETHER TOWARDS NEW HORIZONS

“Kunci kejayaan bagi setiap usahawan adalah menjadi seorang yang bertanggungjawab dan oleh itu saya sanggup menahan lapar asalkan dapat membayar pembiayaan secara konsisten setiap bulan.”

“The key to success for every entrepreneur is to be a responsible person and it is for that reason I am able to endure hunger, as long as I can repay my financing consistently every month.”

- Yaacob Busu

Pemilik dan Pengasas/*Owner and Founder*
Perikanan JS Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH PELANGGAN SETIA (INDIVIDU)
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF LOYAL CUSTOMER AWARD CATEGORY (INDIVIDUAL)

**Perikanan JS
Sdn. Bhd.**
(Langkawi, Kedah)

Merupakan pemenang Anugerah Pelanggan Jaya:

- Nelayan Jaya Peringkat Kebangsaan (1992)
- Nelayan Jaya Peringkat Negeri Kedah (1998).

Winner of the Successful Customer Award:

- Successful Fisherman at the National Level (1992)
- Kedah's Successful Fisherman (1998)

Perikanan JS Sdn. Bhd. berjaya menjalankan kerja-kerja penangkapan, pemprosesan, penyimpanan dan pemasaran ikan bilis semenjak tahun 1986 lagi.



Perikanan JS Sdn. Bhd. commendably manages the entire routine of fishing, processing, stowing and marketing of anchovies since 1986.

Mendapatkan pembiayaan daripada Agrobank dari tahun 1986.

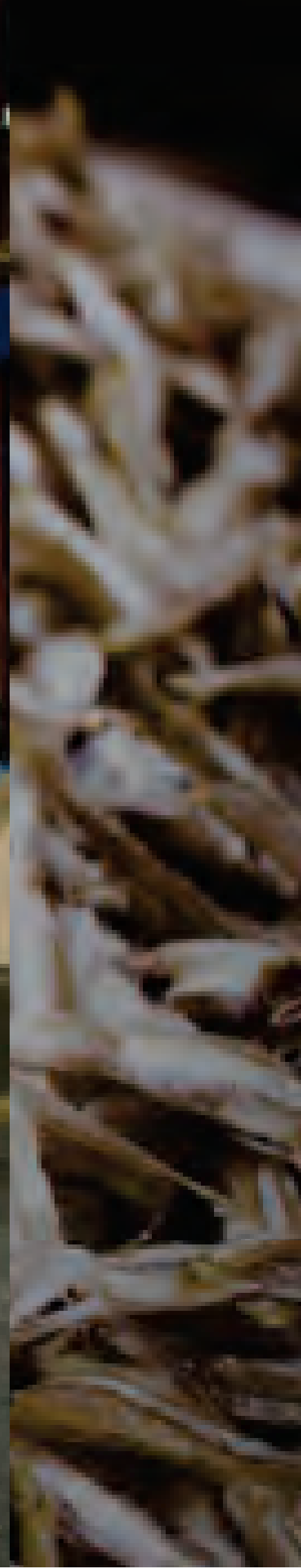


Acquired financing from Agrobank since 1986.

Setiap kali pembayaran ansuran, syarikat membayar ansuran lebih awal dari tempohnya. Menurut Yaacob Busu, pemilik Perikanan JS Sdn. Bhd., pembayaran ansuran dengan segera amat penting bagi membolehkan orang lain juga memperolehi pembiayaan.



Each repayments were made earlier than its due date. Yaacob Busu, the owner of Perikanan JS Sdn. Bhd., believes that prompt repayment is imperative as it allow others to acquire financing as well.



**ENCIK
YAACOB
BUSU**

Pemilik dan Pengasas
Owner and Founder
Perikanan JS Sdn. Bhd.

Pelanggan Agrobank
sejak 1986
*Agrobank's customer
since 1986*

MEMBANGUNKAN WARGA KERJA KAMI

DEVELOPING OUR PEOPLE



Kejayaan pertumbuhan strategik dan perniagaan Agrobank yang berterusan bergantung kepada usaha menarik, membangun serta mengekalkan warga kerja yang terbaik dalam industri. Oleh kerana itu, sepanjang 2016, kami terus membangun warga kerja (Agrobankers) serta mentransformasi tenaga kerja kami bagi mencerminkan pertumbuhan dan kemajuan perniagaan. Kami memegang iltizam yang teguh untuk membentuk perkongsian dengan kakitangan serta mengukuhkan barisan tenaga kami dengan menyediakan peluang pertumbuhan serta peningkatan kerjaya kepada mereka.

The success of Agrobank's ongoing strategic and business growth depends upon attracting, developing and retaining the best people in the industry. Accordingly, during 2016, we continued to develop our people (Agrobankers) and transform our workforce to reflect business growth and development. We are steadfastly committed to partnering with employees and strengthening our talent pool by providing them with growth and career enhancement opportunities.

MEMBANGUNKAN WARGA KERJA KAMI

DEVELOPING OUR PEOPLE

Denyut nadi bagi mana-mana syarikat adalah warga kerjanya dan Agrobank juga tidak terkecuali. Menyedari bahawa warga kerja merupakan pemacu kejayaan, maka kami amat yakin bahawa memperkayakan kehidupan tenaga kerja kami bererti kami akan turut meneguhkan prestasi perniagaan kami. Justeru, Agrobankers menjadi denyut nadi dalam memenuhi visi kami untuk menjadi bank utama dengan tumpuan terhadap pertanian. Ia turut mengutuhkannya keyakinan kami bahawa kakitangan secara kolektifnya memainkan peranan dalam menentukan kekuatan, sifat dan prestasi Bank.

Budaya yang telah berakar berumbi ini menyaksikan Bank memulakan pelbagai inisiatif berpaksikan bakat yang ditetapkan dengan jelas oleh Bank di bawah Pelan Perniagaan Strategik (SBP) 2016-2020. Falsafah ini telahpun membuahkan hasil seperti yang terbukti menerusi pertumbuhan kewangan yang mantap yang dialami oleh Bank apabila 2016 tampil sebagai tahun yang amat baik bagi kedua-dua Agrobank serta Agrobankers. Dengan tenaga kerja melebihi 3,381 orang (kenaikan 9 peratus dari 2015), Bank sedang menempuh fasa pertumbuhan dalam mencapai pertumbuhan jangka panjang yang mampan.

Menjadi Majikan Pilihan

Sambil kami terus melabur dalam pembangunan warga kerja menerusi program kecekapan kepimpinan dan teknikal, penekanan terhadap usaha membina penjenamaan majikan turut berjalan seiring bagi memastikan kami terus menarik tenaga kerja baharu agar pembangunan modal insan kami menempa kemajuan sejajar dengan keperluan pasaran yang mendapat perkhidmatan kami. Strategi pengurusan tenaga kami adalah sejajar dengan usaha untuk menampilkan diri kami sebagai majikan pilihan siswazah muda yang berbakat serta tenaga kerja baharu.

Usaha kami dalam penjenamaan majikan telah diiktiraf pada 2016 dengan meningkatnya kedudukan Agrobank di tangga ke-44 dalam senarai *Malaysian 100 Leading Graduate Employers*. Pencapaian penting ini berkemungkinan kerana adanya kerjasama yang utuh berpandukan inisiatif strategik dalam pengambilan pekerja serta adanya keyakinan yang teguh dalam kalangan kakitangan dan orang ramai bahawa prestasi Bank akan terus meningkat bersama-sama dengan warga kerja dan para pelanggannya. Sementara jenama Agrobank terus melebarkan sayapnya dan diterima umum, Bank telah menjadi majikan pilihan dengan barisan calon yang berkaliber dan berbakat untuk dimanfaatkan



The lifeblood of any company is its people and Agrobank is no exception. Recognising that people drive business success, we firmly believe that enriching the lives of our talent is synonymous with enhancing our business performance. Hence, Agrobankers are the lifeblood to fulfilling our vision of becoming a leading bank with a focus on agriculture. It also underscores our firm belief that employees collectively determine the Bank's strength, character and performance.

This deeply-rooted culture has seen the Bank embark on various talent-centric initiatives, which are prescribed clearly under the Bank's 2016-2020 Strategic Business Plan (SBP). This philosophy has already borne fruit as evident by the steady financial growth experienced by the Bank with 2016 being a very good year for both Agrobank and Agrobankers alike. With a work force of over 3,381 employees (an increase of 9 per cent from 2015), the Bank is in the growth phase of its path to achieve long-term, sustained growth.

Being Employer of Choice

As we continue to invest in people development through leadership and technical competency programmes, parallel emphasis is also placed on building employer branding to ensure that we continue to attract new talent and that our human capital development progresses in accordance with the needs of the markets we are serving. Our talent management strategy is aligned with presenting ourselves as an employer of choice to talented young graduates and new talents.

Our employer branding efforts were recognised in 2016 where Agrobank moved up the *Malaysian 100 Leading Graduate Employers* ranking to a very credible 44. This milestone was made possible by a great team effort guided by both strategic recruitment initiatives as well as a firm belief by our employees and the public that the Bank will grow together with its people and customers. As the Agrobank brand continues to prosper and gain solid visibility, the Bank has become an employer of choice and has a rich pool

MEMBANGUNKAN WARGA KERJA KAMI

DEVELOPING OUR PEOPLE

serta pada masa yang sama terus berkembang menjadi bank utama yang memfokuskan kepada aktiviti berasaskan pertanian.

Proposisi Nilai Kakitangan

Dengan sokongan penuh Lembaga Pengarah dan pihak Pengurusan, kami telah merumuskan suatu proposisi nilai yang unik (Proposisi Nilai Agrobank atau AVP) yang mewakili jenama Agrobank dengan matlamat untuk menyampaikan perutusan penting mengenai membina kerjaya, membangunkan kecekapan, mengurus ganjaran serta aktiviti yang memberi faedah bersama. AVP memainkan peranan sebagai pengupaya kepada iltizam kami bagi memperkaya kerjaya warga kerja kami dan lebih penting lagi, ia bertindak sebagai mekanisme untuk menarik dan mengekalkan kakitangan yang berkelayakan.

Kesejahteraan dan Pembabitan Kakitangan

Agrobank menggalakkan gaya hidup sihat serta kesejahteraan untuk warga kerjanya, dan telah mewujudkan beberapa inisiatif berkaitan keseimbangan kerja dan kehidupan bagi membantu Agrobankers mengekalkan keseimbangan di antara perkembangan peribadi dan kesejahteraan peribadi. Menerusi program ini, kami percaya ia dapat mempengaruhi semua aspek kehidupan seseorang pekerja - termasuk kesejahteraan fizikal, mental dan emosi. Berkerjasama membentuk perkongsian dengan kakitangan, kami terus-menerus menetapkan sasaran untuk mencapai persekitaran kerja yang sihat untuk semua. Kami menawarkan khidmat saringan kesihatan kepada semua kakitangan menerusi kerjasama dengan penyedia penjagaan kesihatan di serata negara. Agrobankers turut didorong untuk memenuhi peranan mereka dalam komuniti melalui penyertaan dalam acara seperti kempen derma darah dan membersihkan Zoo Melaka. Di Agrobank, kami menggalak dan menggabungkan aktiviti sukan serta rekreasi sebagai sebahagian daripada strategi pembabitan kakitangan. Pada tahun ini, Bank telah menganjurkan aktiviti sukan dan rekreasi baharu yang dapat memantapkan usaha membina pasukan serta objektif penglibatan, dan pada masa yang sama, menggalakkan keseimbangan antara kerja dan kehidupan. Ini termasuklah pertandingan AgroStar, penerokaan gua di Perak serta cabaran *Skytrex*.

Pengurusan Bakat

Sebagai persediaan di masa hadapan, adalah penting bagi kami untuk memupuk warga kerja yang kekal relevan dari segi set kemahiran yang dimiliki bagi menggalas jawatan yang lebih besar. Rangka kerja pembangunan warga kami menyediakan serangkaian luas peluang pembelajaran, pembangunan dan pendidikan dan ia adalah bersandarkan Direktori Latihan Tahunan yang telah dirangka dengan baik. Menerusinya, Agrobankers dilengkapi dengan kemahiran dan kecekapan agar dapat memberi sumbangan positif kepada Bank dan dalam masa yang sama, mampu bergerak seiring dengan perubahan dinamik dalam kerja di samping membolehkan mereka berkembang dari sudut peribadi dan profesional.

Pada tahun ini, kami meningkatkan tumpuan terhadap pembinaan keupayaan buat warga kerja untuk membolehkan mereka bekerja berteraskan usaha sama yang lebih erat, lantas memberikan hasil yang lebih baik. Pelaburan dibuat dalam pelbagai program yang meliputi latihan, bengkel kerja serta seminar yang menjangkau

of ready and talented candidates to draw upon as we grow to become a leading bank with a focus on agriculture.

Employee Value Proposition

With the full support of our Board and Management, we have clearly formulated a unique value proposition (Agrobank Value Proposition or AVP) that represents Agrobank's brand with the aim to deliver key communications on career building, competency development, rewards management as well as other mutually beneficial activities. The AVP acts as an enabler to our commitment to enrich the careers of our people and more importantly serves as a mechanism to attract and retain qualified personnel.

Employee Well Being and Engagement

Agrobank promotes a healthy lifestyle and well-being for its people, and has a number of work-life initiatives in place to help Agrobankers maintain a balance between personal development and personal well-being. Through these programmes, we believe in influencing all aspects of an employee's life - including physical, mental and emotional well-being. Working in partnership with our employees, we continuously aim to achieve a healthy working environment for all. We offer health screening services to our staff via collaboration with healthcare providers all over the country. Agrobankers are also encouraged to fulfil their role in the community through participation in events such as blood donation drives and zoo cleaning at the Melaka Zoo. At Agrobank, we encourage and incorporate sports and recreational activities as part of our employee engagement strategy. During the year, the Bank provided ingenious sports and recreational activities that enhanced teambuilding and engagement objectives while at the same time promoting work-life-balance. These included the AgroStar tournaments, cave exploration in Perak and *Skytrex* challenge.

Talent Management

To be future ready, it is vital that we nurture our people to stay relevant in their skill-sets and to take on larger roles. Our people development framework provides a wide range of learning, development and educational opportunities and is premised upon a well-developed Annual Training Directory. Through this, Agrobankers are equipped with the skills and competencies to make positive contributions to the Bank and at the same time to keep pace with changing work dynamics as well as enabling them to grow personally and professionally.

During the year, we increased our focus on building the capability of our people to enable them to work more collaboratively and deliver better outcomes. Investments were made in various programmes covering training, workshops and seminars ranging from management, technical, communication, and leadership to soft skills. We also launched a new suite of programmes incorporating an electronic learning management system or e-learning, which contributed to a comprehensive training offering, including

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aspek pengurusan, teknikal, komunikasi, kepimpinan serta kemahiran insaniah. Kami turut melancarkan serangkaian program baharu yang melibatkan sistem pengurusan pembelajaran elektronik atau e-pembelajaran, yang menyumbang kepada penawaran latihan yang komprehensif, termasuk modul dalam talian, program secara bersemuka, latihan semasa kerja serta latihan kepimpinan dan pengurusan.

Mengukuhkan Modal Insan

Kami mempercayai perlunya untuk sentiasa mengukuhkan infrastruktur pendidikan dan latihan dalam membentuk barisan berkemahiran yang mampan di sepanjang kitaran hayat kakitangan. Salah satu daripada enam bidang strategik pada permulaan agenda transformasi Bank pada 2016 adalah untuk menjadikan Agrobank sebagai sebuah organisasi berprestasi tinggi serta mampan. Maka, tumpuan yang lebih mendalam diberikan kepada usaha membentuk barisan tenaga, dengan diiringi kepentingan terhadap pelaburan dalam pembangunan kepimpinan, latihan profesional dan memperkaya kemahiran kakitangan.

Sistem Pengurusan Sumber Manusia

Kami berpegang teguh kepada misi untuk menambah baik pengalaman kakitangan dengan mengkaji semula sistem dan perkhidmatan pengurusan sumber manusia kami agar menepati landskap pengurusan insan yang sentiasa berubah dan berdaya saing. Demi memenuhi matlamat ini, Bahagian Sumber Manusia telah berjaya bertukar kepada Sistem Pengurusan Sumber Manusia (e-HRMS) berkomputer yang bertindak sebagai platform utama untuk memenuhi kesemua keperluan kakitangan dengan matlamat akhirnya dapat menyediakan persekitaran kerja yang kondusif kepada Agrobankers. e-HRMS yang baharu ini juga akan menyediakan sistem pengurusan kakitangan yang lebih baik buat pihak Pengurusan agar dapat memberi nilai tambah kepada proses membuat keputusan strategik berkaitan pengurusan sumber manusia.

online modules, face-to-face programmes, on the job training and leadership and management training.

Strengthening Human Capital

We believe in the need to constantly strengthen our education and training infrastructure in building a sustainable skills pipeline throughout the employee life-cycle. One of the six strategic areas at the onset of the Bank's transformation agenda in 2016 was for Agrobank to become a high-performing and sustainable organisation. Hence, a sharper focus was placed on building the talent pipeline with attached importance on investment in leadership development, professional training and employee skills enrichment.



Human Resource Management System

We have been steadfast in our mission to improve employee experience, through the revision of our human resource management system and services, to navigate the ever-changing landscape of people management and to remain competitive. Towards this end, the Human Resource Division has successfully migrated to a computerised Human Resource Management System (e-HRMS) that serves as the primary platform to cater to all employee needs with the end objective of providing Agrobankers with a conducive work environment. The new e-HRMS will also provide Management with a more reliable employee management system meant to value-add on strategic HR management decision-making.

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Pengurusan Penggantian Demi Menjamin Kesinambungan Perniagaan

Pengurusan penggantian terus menjadi tema utama Sumber Manusia kerana ianya tertumpu kepada usaha menyokong strategi pertumbuhan serta kesinambungan perniagaan, seraya melakukan penyesuaian terhadap persekitaran strategik yang sedang menempuh perubahan. Di Agrobank, pengurusan penggantian terletak di baris paling hadapan dalam falsafah pengurusan Bank bagi memastikan kesinambungan kepimpinan dan demi memanfaatkan bakat dari dalam Bank. Justeru itu, ia menetapkan sasaran untuk mengenal pasti dan mempersiapkan pemimpin yang berpotensi bagi jawatan kritikal dengan objektif mewujudkan bekalan tenaga kerja masa depan yang mencukupi, bagi mendorong kemampanan organisasi. Demi memastikan peralihan yang lancar dan mengurangkan risiko wujudnya jurang dalam kepimpinan, kami akan mengenal pasti serta merasionalkan aktiviti pembangunan profesional dan kepimpinan menjadi sebuah rangka kerja pengurusan penggantian yang tekal untuk diguna pakai oleh para pemimpin bagi jawatan penting.

Kami juga sedar bahawa ia adalah kritikal untuk mempersiapkan tenaga kerja serta barisan bakal pemimpin untuk peranan serta tanggungjawab baharu. Ini dapat dicapai dengan mengenal pasti dan menilai jawatan kepimpinan utama dan rangkaian kemahiran yang paling kritikal untuk kejayaan jangka pendek dan jangka panjang. Buat masa ini, Bahagian Sumber Manusia berada di peringkat akhir dalam memperkenalkan model Kecekapan Kepimpinan Agrobank dan apabila ia berkuat kuasa kelak, ia secara jelas akan menghasilkan struktur organik untuk Bank dalam membangunkan bakat agar berkembang seiring dengan misi dan objektif Bank. Model kecekapan ini akan mencerminkan kemahiran kepimpinan baharu yang diperlukan bagi melaksana transformasi strategik Bank dan supaya Bank berjaya dikemudi mengharungi era baharu dalam perbankan. Dengan didorong secara peribadi oleh Presiden/Ketua Pegawai Eksekutif kami, pengurusan penggantian akan menjadi titik tumpuan utama dalam menghasilkan generasi pemimpin yang berikutnya untuk Bank, dan kejayaan tersebut akan memastikan barisan tenaga kerja yang mencukupi serta teguh untuk jawatan kepimpinan utama.

Membentuk Barisan Tenaga Kerja

Sejak 2013, Agrobank mengendali Program Bakat Muda (YTP) bagi mengukuhkan barisan tenaga kerja yang membentuk masa depan Bank. YTP telah diperkenalkan dengan matlamat ke arah pembentukan kakitangan yang serba lengkap bagi memenuhi tugas fungsian ataupun tugas pakar, seraya memupuk kecekapan kepimpinan mereka dengan tujuan

Succession Management for Sustained Business Continuity

Succession management continues to be a key theme for Human Resources as they focus on supporting the Bank's growth strategy and business continuity, whilst adapting to the changing strategic environment. At Agrobank, succession management is at the forefront of the Bank's management philosophy in ensuring leadership continuity and harnessing talent from within. As such it is aimed at identifying and grooming potential leaders for critical positions with the objective of creating ample supply of future talent that will promote organisational sustainability. To ensure smooth transitions and reduce the risk of leadership gaps, we will identify and rationalise our professional and leadership development activities into a coherent succession management framework for leaders to apply to key positions.

We are also mindful that it is critical to prepare our workforce and emerging leaders for new roles and responsibilities. This is achieved by identifying and assessing key leadership positions and skillsets most critical to short- and long-term success. The HR Division is currently in the final leg of introducing the Agrobank Leadership Competency model, which when it comes into effect, will notably provide the Bank with an organic structure in developing talent to grow in tandem with the mission and objective of the Bank. The competency model will be reflective of new leadership skills required for the Bank's strategic transformation and to navigate successfully in the new era of banking. Personally driven by our President/Chief Executive Officer, succession management will take centre stage in producing the next generation of leaders for the Bank, the success of which will ensure a sufficient and robust talent pipeline for key leadership positions.

Building the Talent Pipeline

Since 2013, Agrobank runs its Young Talent Programme (YTP) to strengthen the Bank's future talent pipeline. The

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mengisi jawatan kepimpinan pada masa hadapan di Agrobank. Program ini memastikan barisan tenaga kami terus-menerus dibekalkan dengan individu yang dinamik, progresif dan inovatif. Dalam masa yang sama, program ini turut memberi pengalaman pementoran dan penyeliaan yang amat bernilai.

Sepanjang tahun ini, program tersebut terus berkembang apabila kami menampilkan dan mengalu-alukan kehadiran 23 tenaga muda ke dalam kelompok kami sekaligus membuka peluang kepada mereka buat mereka. Sejak ditubuhkan, banyak permohonan telah dipanjangkan kepada kami yang menjadi wadah perkembangan bakat siswazah yang baru menamatkan pengajian dan mereka amat gembira dengan peluang yang ditawarkan. Kami akan terus melabur terhadap siswazah yang mempunyai masa depan yang cerah dan menyediakan untuk mereka perjalanan kerjaya yang mengujakan di Agrobank, di samping instrumen untuk pembangunan dan pembelajaran serta program perkembangan.

Satu lagi pencapaian penting ialah penubuhan Sekolah Kredit Agrobank (Agrobank School of Credit - ASC) dengan mandat tunggalnya adalah untuk menjadi pusat sehati bagi membina kecekapan kredit. Berdasarkan rangka kerja pembangunan kecekapan 70-20-10, ASC, berserta platform pembangunan utama yang lain telah bersedia untuk melahirkan bekalan tenaga kerja berasaskan kredit secara berterusan.

YTP was introduced with the objective of developing well-rounded and capable employees for functional or specialist functions whilst nurturing their leadership competencies towards future leadership roles in Agrobank. This programme ensures our talent pipeline receives a continuous supply of dynamic, progressive and innovative individuals. Concurrently, the programme provides Agrobankers with valuable mentoring and supervisory experience.

During the year, the programme continued to prosper as we unearthed and welcomed 23 young and fresh minds into our fold and placed them on an accelerated and merited career path. Since its inception, considerably more applications are finding their way into our talent repository as fresh graduates are piqued by the opportunities on offer. We will continue investing in promising graduates and providing them with an exciting career journey at Agrobank, as well as development tools and learning and development programmes.

Another significant milestone was the setting-up of the Agrobank School of Credit (ASC), whose singular mandate was to be the one-stop centre for credit competency development. Based on the 70-20-10 competency development framework, the ASC, together with other key development platforms, is set to produce a continuous supply of credit-based talents.



Pembangunan Kepimpinan

Berlatarkan aspirasi kami untuk membina dan mengukuhkan teras kepimpinan, kami telah melancarkan *Emerging Leaders Programme (ELP)* yang bertujuan memupuk bakat yang dibentuk secara dalaman bagi mengisi jawatan kepimpinan menerusi inisiatif pembangunan berstruktur dan penutup jurang, yang akan mendedahkan Agrobankers kepada kecekapan strategik, kepimpinan dan teknikal melalui aktiviti pengurusan projek. Program ini telah dirangka untuk menyokong proses pengurusan tenaga Bank dengan mengenal pasti lebih awal pemimpin yang berpotensi, menilai kualiti dan potensi kepimpinan mereka serta aktiviti pembangunan bagi membantu merealisasikan potensi tersebut. Di bawah ELP, eksekutif berpotensi tinggi yang terpilih akan meraih pengetahuan kemahiran pengurusan am yang meluas agar mereka berada pada kedudukan yang tepat bagi menggapai peluang pertumbuhan pada masa hadapan.

Leadership Development

In our aspiration to develop and strengthen the leadership core, the Emerging Leaders Programme (ELP) was rolled out, aimed at nurturing home-grown talents to take up leadership roles via a structured development and gaps closure initiative that will expose Agrobankers to strategic, leadership and technical competencies via project management activities. This programme was designed to support the Bank's talent management process by early identification of potential leaders, evaluation of their leadership qualities and potential, and development activities to help realise that potential. Under the ELP, selected high potential executives acquired broad-based knowledge and updated their general management skills so that they are well-positioned for future growth opportunities.

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Ekonomi global pada 2016 telah dicorakkan oleh peristiwa yang melemahkan sentimen pelabur, lantas membawa kepada kadar pertumbuhan yang agak suram serta ketidakstabilan. Lantaran itu, ekonomi global mencatatkan pertumbuhan yang sederhana bagi tahun kelima berturut-turut. Selain pasaran kewangan dan komoditi yang turun naik, kejutan berkembar dalam politik hasil daripada referendum Brexit serta keputusan pemilihan presiden Amerika Syarikat (AS) telah menyuramkan lagi keadaan ekonomi dunia. Kesudahan yang tidak dijangka daripada peristiwa ini telah mencetuskan huru-hara jangka pendek dalam pasaran, manakala kesan untuk tempoh jangka panjang masih lagi belum jelas. Di serata dunia, gelombang populisme dan ketidakpuasan hati yang semakin meningkat terhadap globalisasi telah mula terlihat dan menambahkan ketidaktentuan tersebut. Gangguan teknologi terus melanda dengan pantas sehingga memberi impak terhadap landskap perniagaan dan memaksa perubahan pesat dalam perniagaan serta industri.

Kejatuhan harga minyak berlatarkan kelembapan dalam pertumbuhan global dan meningkatnya ketidakstabilan serta ketidakpastian telah menimbulkan kesan ketara, bukan sahaja terhadap negara pengekspor, tetapi juga terhadap ekonomi global secara keseluruhannya. Ketidakpastian yang masih berlarutan berkenaan Brexit, ketidakpastian tentang ekonomi dan dasar luar negara AS di bawah pentadbiran Trump, serta pilihan raya penting yang bakal menjelang di negara-negara utama Eropah berkemungkinan akan meningkatkan lagi ketidakpastian dalam ekonomi global pada 2017.

Ulasan Ekonomi

Dalam berhadapan dengan banyak rintangan di peringkat global dan domestik, ekonomi Malaysia telah mencatatkan pertumbuhan yang boleh dibanggakan pada kadar 4.2 peratus pada 2016. Sungguhpun pertumbuhan bergerak perlahan berbanding 5.0 peratus yang dicatatkan pada 2015, namun ekonomi kekal berdaya tahan dengan disokong oleh kepelbagaian dalam struktur ekonomi, asas makroekonomi yang kukuh, kemajuan dalam sistem kewangan serta kesinambungan dalam kefleksibelan dasar bagi mengurangkan cabaran yang hadir dari luar dan dalam. Faktor luar begitu ketara menyumbang kepada kelembapan ekonomi, termasuk pergolakan yang kian meruncing dalam pasaran kewangan, pembalikan aliran modal daripada ekonomi sedang muncul, kesuraman perdagangan global, harga komoditi yang rendah serta kelembapan ekonomi China.

Dalam negara, rintangan ekonomi domestik terus membebani momentum pertumbuhan. Kelemahan prestasi ringgit, kos kehidupan yang lebih tinggi berlatarkan pelaksanaan Cukai Barangan dan Perkhidmatan (GST) dan program rasionalisasi subsidi yang sedang berjalan, serta kejatuhan hasil disebabkan oleh pasaran komoditi yang lebih lesu telah melemahkan

The global economy in 2016 was shaped by events that weakened investor sentiments, which in turn led to subdued growth rates and volatility. As a result, the global economy registered tepid global growth for the fifth year in a row. Financial and commodity markets were volatile, exacerbated by the twin political shocks of the Brexit referendum outcome and the US presidential election result. The unexpected outcomes of these events created short-term turmoil in the markets and the long-term consequences remain unclear. Across the globe, a rising tide of populism and discontent towards globalisation reared its head, adding to the uncertainty. Technology disruption continued apace, impacting the business landscape and forcing rapid change upon businesses and industries.

The decline in oil prices, against the backdrop of a slowdown in global growth and heightened volatility and uncertainty, had a significant impact not only on the oil exporting countries but also on the global economy as a whole. Continuing uncertainty over Brexit, uncertainty over the US's economic and foreign policies under the Trump administration, and upcoming key elections in major European countries will likely heighten uncertainty in the global economy in 2017.

Economic Review

In the face of considerable global and domestic headwinds, the Malaysian economy registered a commendable growth of 4.2 per cent in 2016. Although growth slowed down compared to 5.0 per cent recorded in 2015, the economy remained resilient, supported by the diversified economic structure, sound macroeconomic fundamentals, developed financial system and continued policy flexibility to mitigate external and internal challenges. External factors contributed significantly to the economic slowdown including heightened volatility of the financial markets, reversal of capital flows from emerging economies, subdued global trade, low commodity prices and China's economic slowdown.

Closer to home, domestic economic headwinds continued to weigh on the growth momentum. The dismal performance of the ringgit, higher cost of living amidst the implementation of Goods and Services Tax (GST) and the ongoing subsidy rationalisation programme, and falling revenue due to the weaker commodities market had put a damper on business and consumer sentiments. After moderating to a 4.1 per cent growth in the first half of 2016, Malaysia's economic growth picked up pace in the last quarter of the year to 4.5 per cent, bringing overall growth to 4.2 per cent. Despite a subdued global economy, the domestic economy has been resilient, in part supported by the recovery in oil price from US\$30 per barrel in January 2016 to US\$54 per barrel in December 2016.

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sentimen perniagaan dan pengguna. Setelah pertumbuhan menyederhana kepada 4.1 peratus pada setengah tahun pertama 2016, pertumbuhan ekonomi Malaysia bergerak lebih laju pada suku terakhir tahun kepada 4.5 peratus, untuk membawa pertumbuhan keseluruhan ke paras 4.2 peratus. Meskipun ekonomi global diselubungi kesuraman, namun ekonomi domestik kekal berdaya tahan, dengan sebahagian daripadanya disokong oleh pemulihan dalam harga minyak daripada USD30 setong pada Januari 2016 kepada USD54 setong pada Disember 2016.

Kadar pertukaran ringgit pada 2016 berterusan tidak menentu berikutan aliran keluar pelaburan portfolio yang berjumlah RM22.3 bilion. Namun demikian, prestasi ringgit berbanding Dolar AS kembali meraih sedikit kestabilan apabila Bank Negara Malaysia (BNM) memperkenalkan beberapa langkah baharu pada Disember 2016 yang menghendaki para pengeksport menukar 75 peratus daripada perolehan eksport mereka kepada ringgit. Pada 2016, RM/USD mengalami margin susut nilai yang lebih kecil pada kadar 4.5 peratus berikutan kejatuhan mendadak sebanyak 22.8 peratus pada 2015, dengan berada pada tahap RM4.486/USD setakat penghujung Disember 2016 (penghujung Disember 2015: RM4.292/USD).

Keputusan BNM untuk menurunkan Kadar Polisi Semalaman (OPR) kepada 3.00 peratus pada Julai 2016 dilihat sebagai tindakan positif bagi mengurangkan kos pembiayaan dan merangsang aktiviti ekonomi. Tambahan lagi, langkah yang diumumkan dalam Belanjawan 2016 seperti projek infrastruktur baharu, peruntukan tambahan sebanyak RM1.0 bilion untuk skim pembiayaan PKS yang mematuhi Syariah serta kenaikan upah minimum pada Julai 2016 telah menjadi sebahagian penampakan dalam ekonomi domestik.

Permintaan domestik sebagai pemacu utama pertumbuhan berkembang secara sederhana pada kadar 4.4 peratus pada 2016 (2015: 5.1 peratus), manakala eksport

The ringgit exchange rate continued to be volatile in 2016 following outflows of portfolio investments amounting to RM22.3 billion. However, the performance of the ringgit against the US dollar regained some stability as Bank Negara Malaysia (BNM) introduced new measures in December 2016 to compel exporters to convert 75 per cent of their export proceeds to ringgit. In 2016, the RM/USD had depreciated by a smaller margin of 4.5 per cent following a sharp fall of 22.8 per cent in 2015, standing at RM4.486/USD as at end-December 2016 (end-December 2015: RM4.292/USD).

The decision by BNM to lower the Overnight Policy Rate (OPR) to 3.00 per cent in July 2016 was seen as a positive move to reduce the financing cost and stimulate economic activities. Furthermore, measures announced in Budget 2016 such as new infrastructure projects, additional allocation of RM1.0 billion for the Shariah-compliant SME financing scheme and the increase in minimum wage in July 2016 had partly buffered the domestic economy.

Domestic demand as the main driver of growth expanded modestly by 4.4 per cent in 2016 (2015: 5.1 per cent), while exports were lacklustre with a marginal 0.1 per cent growth (2015: 0.6 per cent). Nonetheless, exports rebounded slightly with a modest expansion of 1.3 per cent in the last quarter of 2016, partly attributed to stronger growth in electrical and electronics (E&E) exports and higher commodity exports. Palm oil exports rose by 5.1 per cent to a value of RM43.4 billion in 2016, but in volume terms fell by 8.1 per cent to 16.0 million tonnes.

On the supply side, all sectors of the economy recorded a modest expansion during the year with the exception of the agriculture sector. The services sector reported a higher growth of 5.6 per cent in 2016 (2015: 5.1

Ulasan Ekonomi Economic Review

Ekonomi Malaysia mencatatkan pertumbuhan sebanyak
Malaysian economy registered a commendable growth of

4.2%

Peningkatan dalam
permintaan domestik
Growth in domestic demand

4.4%

Pertumbuhan sektor
perkhidmatan
Services sector growth

5.6%

Peningkatan eksport
minyak sawit
Increased in palm oil exports

RM43.4^{bil}

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tampil suram dengan pertumbuhan marginal 0.1 peratus (2015: 0.6 peratus). Walau bagaimanapun, eksport meningkat semula sedikit dengan perkembangan sederhana 1.3 peratus pada suku terakhir 2016, yang sebahagiannya disumbangkan oleh pertumbuhan yang lebih kukuh dalam eksport elektrik dan elektronik (E&E) serta eksport komoditi yang lebih tinggi. Eksport minyak sawit meningkat 5.1 peratus dengan nilai RM43.4 bilion pada 2016, namun dari segi volum jatuh 8.1 peratus kepada 16.0 juta tan.

Dari sudut penawaran, kesemua sektor ekonomi mencatatkan perkembangan sederhana di sepanjang tahun kecuali sektor pertanian. Sektor perkhidmatan mencatatkan pertumbuhan yang lebih tinggi pada kadar 5.6 peratus pada 2016 (2015: 5.1 peratus), didorong oleh permintaan domestik yang berdaya tahan bersandarkan langkah untuk meningkatkan pendapatan boleh guna isi rumah. Sektor pembuatan berkembang 4.4 peratus (2015: 4.9 peratus), dengan disokong oleh keadaan yang kembali pulih dalam sektor E&E di tengah-tengah aktiviti domestik yang bergerak sederhana. Projek infrastruktur yang sedang dijalankan serta pembinaan rumah kediaman telah menyumbang kepada pertumbuhan 7.4 peratus dalam sektor pembinaan pada 2016.

Tinjauan Ekonomi

Memandang ke arah tahun 2017, ekonomi dunia dijangka akan menyaksikan pemulihan yang rapuh berlatarkan pelbagai cabaran, dan lantaran itu ia membawa kepada satu lagi tahun yang mendesak bagi ekonomi Malaysia. Tabung Kewangan Antarabangsa (IMF) mengunjurkan sedikit penambahbaikan dalam ekonomi global (2017: 3.5 peratus; 2016: 3.1 peratus), namun terdapat risiko kemerosotan yang boleh menyebabkan ketidakstabilan. Sungguhpun ekonomi AS dirangsang oleh perbelanjaan infrastruktur serta potongan cukai, namun ketidakpastian berhubung dengan dasar perlindungan "Amerika Didahulukan" berpotensi menggugat perdagangan global dan berkemungkinan mengakibatkan peningkatan ketidaktentuan dalam pasaran. Prestasi ekonomi China masih menjadi tumpuan utama disebabkan hubungan perdagangannya yang kukuh dengan negara Asia yang lain.

Oleh kerana momentum pertumbuhan mula memperlihatkan peningkatan pada setengah tahun kedua 2016, maka pertumbuhan ekonomi Malaysia diunjur akan bertambah baik secara marginal kepada 4.4 peratus pada 2017, daripada 4.2 peratus pada 2016. Sebahagian besar pertumbuhan ini akan dipacu oleh pengembangan yang mampan dalam permintaan domestik, dengan disokong oleh pembayaran BR1M yang lebih tinggi, kajian semula gaji penjawat awam, gaji minimum yang lebih tinggi serta perbelanjaan aktiviti pelancongan. Ramalan positif turut dijangka bagi hasil kerajaan pada masa hadapan, dengan jangkaan harga minyak akan melangkaui USD50 setong pada 2017, lantas membuka ruang kepada lebih banyak perbelanjaan sosial.

per cent), driven by resilient domestic demand on the back of measures to raise household disposable income. The manufacturing sector expanded by 4.4 per cent (2015: 4.9 per cent), underpinned by the rebound in the E&E sector amid modest domestic activities. Ongoing infrastructure projects and building of residential housing contributed to the 7.4 per cent growth in the construction sector in 2016.

Economic Outlook

Looking ahead into 2017, the world economy is expected to see a fragile recovery amid numerous challenges, thus translating into another demanding year for the Malaysian economy. The IMF has projected a slight improvement in the global economy (2017: 3.5 per cent; 2016: 3.1 per cent), but there are downside risks that can be destabilising. While the US economy may be boosted by infrastructure spending and tax cuts, uncertainties with regard to the "America First" protectionist policies may potentially disrupt global trade and are likely to result in higher market volatility. China's economic performance remains in the spotlight owing to its strong trade links with the rest of Asia.

With growth momentum picking up in the second half of 2016, Malaysia's economic growth is projected to improve marginally to 4.4 per cent in 2017, from 4.2 per cent in 2016. This growth will be driven mainly by sustained expansion in domestic demand, underpinned by private sector activities. An uptick in private consumption will be supported by higher BR1M payments, salary revisions for civil servants, higher minimum wage and tourism spending. A positive outlook is also anticipated for future government revenues, with oil prices

Sungguhpun pertumbuhan dijangka bertambah baik pada 2017, namun ekonomi akan dicabar oleh kadar inflasi yang lebih tinggi.

Although growth is expected to improve in 2017, the economy will be challenged by higher inflation.

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Sungguhpun pertumbuhan dijangka bertambah baik pada 2017, namun ekonomi akan dicabar oleh kadar inflasi yang lebih tinggi. Kelemahan ringgit yang dijangka akan berterusan pada 2017 boleh menyumbang kepada tekanan selanjutnya terhadap harga import dengan kadar purata inflasi dijangka lebih tinggi dalam julat 3.0 peratus - 4.0 peratus pada 2017. Kadar pengangguran dijangka turut meningkat sedikit kepada 3.6 peratus sehingga 3.8 peratus pada 2017 (2016: 3.5 peratus). Meskipun dipengaruhi oleh aliran keluar modal yang disebabkan oleh dasar pengetatan kadar faedah AS, namun ringgit dijangka akan stabil kepada RM4.20-RM4.30 berbanding dolar AS pada setengah tahun kedua 2017 bersandarkan perolehan sederhana dalam ekonomi dan kemajuan dalam tindakan BNM. Berlatarkan keadaan ini, Agrobank yakin ekonomi Malaysia kekal kondusif untuk pertumbuhan perniagaan perbankan pada 2017.

Ulasan dan Tinjauan Sektor Pertanian

Pertumbuhan dalam sektor pertanian mengecut 5.1 peratus pada 2016 (2015: +1.2 peratus), dengan sebahagian besarnya berpunca daripada pengeluaran yang lebih rendah dalam minyak sawit mentah (CPO) memandangkan hasil telah terjejas akibat berlalutannya kesan fenomena cuaca El Nino yang memburukkan lagi keadaan kemarau dan menyebabkan kekurangan bekalan air. Oleh kerana minyak sawit menyumbang kira-kira 40 peratus kepada sektor pertanian, maka kejatuhan dalam pengeluaran CPO sebanyak 13.2 peratus pada 2016 telah menjejaskan prestasi keseluruhan sektor ini dengan ketara. Berikutan kekangan dalam penawaran, harga CPO mengalami arah aliran menaik dengan merekodkan peningkatan 23.3 peratus.

Walau bagaimanapun, pengeluaran komoditi makanan seperti ternakan, buah-buahan dan sayur-sayuran bertambah dengan disokong oleh pelbagai program serta inisiatif Kerajaan demi mencapai tahap sara diri. Menerusi Belanjawan 2016,

expected to surpass US\$50 per barrel in 2017, allowing room for more social expenditures.

Although growth is expected to improve in 2017, the economy will be challenged by higher inflation. The weak ringgit that is expected to persist in 2017 could contribute to further imported price pressures with inflation expected to average higher in the range of 3.0 per cent - 4.0 per cent in 2017. The unemployment rate is also expected to edge up to 3.6 per cent to 3.8 per cent in 2017 (2016: 3.5 per cent). While swayed by capital outflows due to US interest rate tightening, the ringgit is likely to stabilise to RM4.20-RM4.30 against the US dollar in the second half of 2017 amid mild gains in the economy and progress in BNM's measures. Against such a backdrop, Agrobank is confident that the Malaysian economy will remain conducive for the banking sector's business growth in 2017.

Agriculture Sector Review and Outlook

Growth in the agriculture sector contracted 5.1 per cent in 2016 (2015: +1.2 per cent), attributable mainly to lower crude palm oil (CPO) production as yields were affected by the prolonged effects of the El Nino weather phenomenon, which had intensified droughts and caused water shortages. As oil palm contributes about 40 per cent of the agriculture sector, the fall in CPO production by 13.2 per cent in 2016 affected the overall performance of the sector significantly. Following the supply constraint, CPO prices trended upwards recording a 23.2 per cent increase.

However, production of food commodities such as livestock, fruits and vegetables grew supported by various programmes and initiatives by the Government to achieve the self-sufficiency level. In Budget 2016, the Government had allocated some RM5.3

Tinjauan Ekonomi Economic Outlook

Memandang ke arah tahun 2017, ekonomi dunia dijangka akan menyaksikan pemulihan yang rapuh berlatarkan pelbagai cabaran, dan lantaran itu ia membawa kepada satu lagi tahun yang mendesak bagi ekonomi Malaysia.

Looking ahead into 2017, the world economy is expected to see a fragile recovery amid numerous challenges, thus translating into another demanding year for the Malaysian economy.

Pertumbuhan ekonomi
Malaysia
Malaysia's economic
growth

4.4%
2017

Agrobank yakin ekonomi
Malaysia kekal kondusif untuk
pertumbuhan perniagaan
perbankan pada 2017.

Agrobank is confident that the
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Kerajaan telah memperuntukkan lebih kurang RM5.3 bilion untuk memodenkan sektor pertanian dengan melakukan tranformasi daripada pertanian sara diri kepada pertanian komersial dengan penekanan kepada peningkatan produktiviti. Segmen agromakanan yang kelihatan kurang terjejas oleh El Nino telah mencatatkan pertumbuhan yang lebih tinggi sebanyak 3.8 peratus pada 2016 (2015: 2.0 peratus), dengan peningkatan kadar pengeluaran tanaman makanan dan perikanan sebagai pemacu utamanya. Industri asas tani mencatatkan pertumbuhan sederhana pada kadar 2.1 peratus pada 2016, sedikit perlahan berbanding 3.3 peratus pada 2015 disebabkan oleh kelembapan dalam permintaan global. Meskipun subsektor agromakanan dan industri asas tani terus menghasilkan pertumbuhan positif, namun ia masih belum mencapai sasaran yang ditetapkan di bawah RMK-11, dengan masing-masing disasarkan pada kadar 5.3 peratus dan 3.7 peratus setahun.

Namun demikian, pengeluaran pertanian dijangka kembali pulih pada 2017 dengan pulihnya penghasilan CPO daripada kesan buruk El Nino. Setelah mengecut 5.1 peratus pada 2016, sektor pertanian diunjur akan merekod pertumbuhan positif antara 2.0 peratus sehingga 3.0 peratus pada 2017. Ia berpunca daripada segmen komoditi yang kembali cergas dengan pertumbuhan sederhana 1.5 peratus sehingga 2.5 peratus (2016: -10.8 peratus) memandangkan pengeluaran minyak sawit semakin bertambah dengan berakhirnya kesan El Nino. Segmen agromakanan diunjur dapat mengekalkan pertumbuhan positif kira-kira 4.0 peratus bertunjangan pertambahan penduduk dan kenaikan sederhana dalam gaji purata. Apabila permintaan domestik dan permintaan luar beransur-ansur naik pada 2017, maka industri asas tani dijangka akan menjana prestasi yang memberangsangkan bagi mencatatkan pertumbuhan dalam pengeluaran dan jualan sepanjang tempoh tersebut.

Ulasan dan Tinjauan Sektor Perbankan

Pada 2016, pertumbuhan pembiayaan sistem perbankan Malaysia bergerak perlahan kepada 5.3 peratus daripada kadar pertumbuhan 7.9 peratus pada 2015, untuk menggambarkan keadaan operasi yang lebih sukar pada 2016 memandangkan berkurangnya margin disebabkan oleh OPR yang lebih rendah serta persaingan yang amat sengit. Pertumbuhan pembiayaan isi rumah jatuh kepada 5.3 peratus pada 2016 (2015: 7.7 peratus) lantaran sentimen pengguna kekal berhati-hati bersaksikan kenaikan kos sara hidup, manakala pembiayaan bukan isi rumah dan perniagaan menyederhana dengan pertumbuhan 5.3 peratus pada 2016 (2015: 8.0 peratus). Pembiayaan oleh institusi kewangan pembangunan kepada sektor pertanian berkembang sebanyak 14.8 peratus sehingga mencecah RM9.2 bilion pada 2016.

Pengeluaran pertanian dijangka kembali pulih pada 2017 dengan pulihnya penghasilan CPO daripada kesan buruk El Nino.

Agricultural production is expected to rebound in 2017 as CPO yields recover from the adverse impact of El Nino.

Pertumbuhan positif segmen agromakanan
Agro-food segment positive growth

4.0%

Industri asas tani dijangka akan menjana prestasi yang memberangsangkan bagi mencatatkan pertumbuhan dalam pengeluaran dan jualan sepanjang tempoh tersebut.

Agro-based industries are expected to perform well to record growth in production and sales during this period.

billion to modernise the agriculture sector by transforming it from subsistence farming to commercial agriculture with emphasis on increasing productivity. The agro-food segment, which appeared to be less affected by El Nino, recorded a higher growth of 3.8 per cent in 2016 (2015: 2.0 per cent), driven primarily by higher output of food crops and fisheries. Agro-based industries registered a moderate 2.1 per cent growth in 2016, decelerating from 3.3 per cent in 2015 owing to sluggish global demand. Although the agro-food subsector and agro-based industries continued to register positive growth, they have not met the targets set under the RMK-11 of 5.3 per cent and 3.7 per cent per annum, respectively.

However, agricultural production is expected to rebound in 2017 as CPO yields recover from the adverse impact of El Nino. After a 5.1 per cent contraction in 2016, the agriculture sector is projected to register a positive growth of between 2.0 per cent to 3.0 per cent in 2017. This is attributed to a rebound in the commodity segment by a modest 1.5 per cent to 2.5 per cent growth (2016: -10.8 per cent) as palm oil output picks up as the El Nino effects diminish. The agro-food segment is projected to sustain a positive growth of around 4.0 per cent on the back of a growing population and modest rise in average salaries. As domestic and external demand gradually picks up in 2017, the agro-based industry is expected to perform well to record growth in production and sales during this period.

Banking Sector Review and Outlook

In 2016, Malaysia's banking system financing growth softened to 5.3 per cent from a growth rate of 7.9 per cent in 2015, reflecting the tougher operating conditions in 2016 as margins were reduced due to the lower OPR

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Suasana operasi terus menghidangkan cabaran pada 2017 kelak. Rintangan yang mendatang mencakupi pertumbuhan ekonomi yang sederhana di peringkat domestik dan global, sementara ketidakpastian dalam mata wang dan harga komoditi agak mustahil akan reda dalam tempoh masa terdekat. Walau bagaimanapun, sistem perbankan dijangka kekal stabil dengan pertumbuhan pembiayaan diunjurkan berada antara 5.0 dan 6.0 peratus pada 2017.

Pada Mac 2017, pertumbuhan pembiayaan sistem perbankan dilaporkan berada pada kadar 6.0 peratus tahun ke tahun (Disember 2016: 5.3 peratus) dengan menyaksikan pembiayaan perniagaan berkembang 7.2 peratus. Nisbah pembiayaan terjejas bersih kekal pada kadar 1.2 peratus manakala jumlah nisbah modal berada pada tahap 17.0 peratus pada Mac 2017. Pembiayaan dalam pertanian primer bertambah baik dengan pertumbuhan positif 6.9 peratus pada Mac 2017, berikutan kejatuhannya sebanyak 3.2 peratus pada Februari 2017 (Disember 2016: 2.6 peratus), seiring dengan pemulihan dalam sektor pertanian berpaksikan penambahbaikan dalam sentimen perniagaan. Persaingan dalam industri perbankan tetap sengit terutamanya dengan kemajuan pesat dalam teknologi kewangan (Fintech).

Ulasan Prestasi Agrobank

Prestasi Bank bagi tempoh di bawah ulasan banyak dipengaruhi oleh perkembangan ekonomi di peringkat antarabangsa dan domestik pada tahun ini. Tahun 2016 merupakan tahun yang diwarnai cabaran dalam makroekonomi Malaysia secara keseluruhannya dan industri perbankan tidak terkecuali. Berlatarkan cabaran luar dan domestik ini, Agrobank telah melakar kemajuan yang memberangsangkan berkenaan strateginya dengan menzahirkan prestasi operasi yang teguh serta kecekapan kos, di samping pulangan yang kukuh.

Keuntungan sebelum zakat dan cukai (PBZT) meningkat 20 peratus dengan merekodkan RM197.9 juta menjelang akhir 2016. Kejayaan ini didorong oleh pertumbuhan pembiayaan sebanyak 16.7 peratus yang jauh melangkaui prestasi industri pada tahap 5.3 peratus. Jumlah pembiayaan Bank berkembang daripada RM7.5 billion kepada 8.7 billion, dengan mengatasi kadar pertumbuhan yang disasarkan, iaitu 10.8 peratus. Pencapaian ini yang merupakan pencapaian terbaik Bank dalam tempoh lima tahun lalu adalah sejajar dengan iltizamnya untuk menyediakan akses kepada rangkaian perkhidmatan kewangan yang berkualiti pada kadar yang berdaya saing serta relevan dengan keperluan para pelanggan, terutamanya buat komuniti pertanian.

Menyentuh aspek pendanaan, jumlah deposit telah bertambah kepada RM8.7 billion pada 2016 dengan mencatatkan pertumbuhan 23.1 peratus daripada RM7.0 billion pada 2015. Jumlah aset turut berkembang sebanyak 14.2 peratus berbanding dengan pertumbuhan industri pada tahap 3.8 peratus dan mencecah

and fierce competition. Household financing growth dipped to 5.3 per cent in 2016 (2015: 7.7 per cent) as consumer sentiments remained cautious amid the rising cost of living, while non-household and business financing moderated to a 5.3 per cent growth in 2016 (2015: 8.0 per cent). Financing by development financial institutions to the agriculture sector expanded by 14.8 per cent to reach RM9.2 billion in 2016.

The operating environment continues to be challenging in 2017. Headwinds include more moderate economic growth both on the domestic and global front, while the volatility in currencies and commodity prices is unlikely to abate any time soon. However, the banking system is likely to remain stable with financing growth projected to range between 5.0 per cent and 6.0 per cent in 2017.

In March 2017, the banking system financing growth was reported at 6.0 per cent year-on-year (December 2016: 5.3 per cent), with business financing expanding 7.2 per cent. Net impairment ratio remained at 1.2 per cent while total capital ratio stood at 17.0 per cent in March 2017. Financing in primary agriculture is improving with a positive 6.9 per cent growth in March 2017 following a decline of 3.2 per cent in February 2017 (December 2016: -2.6 per cent), in line with the recovery in the agriculture sector amid improvement in business sentiments. Competition in the banking industry will remain intense especially with the rapid progress in financial technology (Fintech).

Agrobank's Performance Review

The Bank's performance for the period under review was highly influenced by the international and domestic economic developments during the year. The year 2016 was a challenging one for Malaysia's macro economy as a whole and the banking industry was not an exception. Against these external and domestic challenges, Agrobank made good progress on its strategy, delivering strong operating performance and cost efficiencies as well as solid returns.

Profit before zakat and tax (PBZT) increased by 20 per cent to a record RM197.9 million by end of 2016. This was driven by financing growth of 16.7 per cent, which was well above the industry performance of 5.3 per cent. The Bank's total financing grew from RM7.5 billion to RM8.7 billion, surpassing the growth target of 10.8 per cent. This achievement, the best for the Bank in the last five years, is in line with its commitment to provide access to a range of quality financial services at competitive rates that is relevant to client's needs, particularly for the agricultural community.

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RM13.9 bilion pada 2016. Pulangan atas ekuiti pula bergerak sedikit tinggi kepada 7.5 peratus manakala pulangan atas aset mencatatkan 1.43 peratus, dengan kedua-duanya melebihi sasaran Bank, iaitu masing-masing pada kadar 6.66 peratus dan 1.31 peratus. Nisbah kos kepada pendapatan juga bertambah baik 2.2 mata peratusan sehingga mencecah 62.1 peratus pada 2016, berbanding 64.3 peratus pada tahun sebelumnya, dipacu oleh hasil yang kukuh berserta disiplin kos yang baik.

Nisbah pembiayaan kepada deposit mencatatkan pencapaian yang memuaskan pada tahap 78.8 peratus. Nisbah perlindungan kerugian pembiayaan berada pada tahap 100.6 peratus manakala pembiayaan terjejas kasar bertambah baik pada 2016 bagi mencatatkan 5.2 peratus berbanding 6.5 peratus pada tahun sebelumnya. Arah aliran menurun ini dijangka akan terus berlarutan dengan Agrobank mengekalkan tumpuannya terhadap analisis kredit dan proses kawalan serta dasar risiko kredit yang kukuh. Kualiti aset yang teguh mencerminkan rangka kerja pengurusan risiko dan sistem kawalan dalaman Bank yang kukuh.

Perbankan pengguna kekal sebagai teras yang memacu perniagaan Agrobank dengan menyumbangkan kira-kira 47.2 peratus atau RM4.1 bilion kepada jumlah pembiayaan pada 2016, untuk merekodkan peningkatan 24.3 peratus tahun ke tahun daripada RM3.3 bilion pada 2015. Prestasi perbankan pengguna telah didorong oleh pertumbuhan yang mantap dalam portfolio pembiayaan serta pelaksanaan inisiatif strategik yang membawa kepada perluasan aliran hasil. Ia telah dicapai berlatarkan landskap perbankan pengguna yang mencabar memandangkan spread pembiayaan kekal mampat berpunca daripada penetapan harga pembiayaan yang rendah merentasi industri serta dasar kredit berhemat yang disebabkan oleh hutang isi rumah yang lebih tinggi.

Perbankan korporat mencapai pertumbuhan yang mengagumkan dengan catatan RM2.1 bilion atau 24.4 peratus daripada jumlah pembiayaan pada 2016, berbanding dengan RM1.7 bilion pada tahun sebelumnya. Perbankan komersial menyumbang 29 peratus kepada jumlah pembiayaan untuk mencatatkan sedikit pertumbuhan daripada RM2,459 juta pada 2015 kepada RM2,484 juta pada 2016.

Nisbah pembiayaan kepada deposit mencatatkan pencapaian yang sihat pada kadar

The financing to deposit ratio registered a healthy level of

78.8%

Sumbangan perbankan pengguna

Contribution of consumer banking

47.2%

Pertumbuhan perbankan korporat

Growth of corporate banking achieved

24.4%

On the funding aspect, total deposits increased to RM8.7 bilion in 2016 and recorded 23.1 per cent growth from RM7.0 bilion in 2015. Total assets grew by 14.2 per cent compared with industry growth of 3.8 per cent to reach RM13.9 bilion in 2016. The return on equity edged higher to 7.5 per cent while return on assets was 1.43 per cent, both surpassing the Bank's targets of 6.66 per cent and 1.31 per cent respectively. The cost to income ratio improved 2.2 percentage points, reaching 62.1 per cent in 2016 as compared with 64.3 per cent in the previous year, driven by strong revenues coupled with good cost discipline.

The financing to deposit ratio registered a healthy level of 78.8 per cent. The financing loss coverage ratio stood at 100.6 per cent while gross impaired financing improved in 2016 to a record 5.2 per cent as compared to 6.5 per cent in the previous year. The downward trend is expected to continue further as Agrobank maintains its focus on robust credit analysis and control process and credit risk policies. The strong asset quality is the reflection of the Bank's robust risk management framework and internal control system.

Consumer banking remains the core driver of Agrobank's business, contributing some 47.2 per cent or RM4.1 bilion to total financing in 2016, representing a year-on-year increase of 24.3 per cent from RM3.3 bilion in 2015. The performance of consumer banking was driven by strong growth in the financing portfolio and implementation of strategic initiatives that led to expanded revenue streams. This was achieved amidst a challenging landscape for consumer banking as financing spreads remained compressed owing to low financing pricing across the industry and prudential credit policies due to higher household debt.

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Sorotan Utama Operasi dan Pencapaian

Kos dana yang lebih tinggi disebabkan oleh persaingan yang sengit dalam pasaran telah membawa kepada pengecilan margin dan persekitaran yang lebih mencabar secara amnya. Meskipun begitu, Bank telah menggembleng deposit baharu menerusi pelbagai kempen yang disasarkan yang berupaya menyokong pertumbuhan pembiayaan. Portfolio pembiayaan Bank berkembang melalui program dan kempen mendapatkan pelanggan baharu, program pemantapan jaringan kerja dan juga melalui pelancaran produk serta perkhidmatan baharu yang memenuhi keperluan pelanggan usahawan taninya secara khusus.

Perbankan Pengguna

Pada tahun ini, tumpuan perbankan pengguna adalah terhadap pengukuhan perniagaan runcitnya menerusi promosi dan kempen pemasaran yang diadakan secara agresif untuk tiga produk utamanya - Agrocash-*i* (Pembiayaan Peribadi), Hartani-*i* (Pembiayaan Pembelian Tanah) serta Ar Rahnu (Penggadaian Emas). Pelbagai inisiatif dan kempen telah dilancarkan untuk meningkatkan secara berhemat pangkalan pelanggan Ar Rahnu, termasuk memperluaskan kemudahan Ar Rahnu kepada pemastautin tetap, meningkatkan margin kemudahan pembiayaan sehingga 80 peratus dan melanjutkan "Kempen Kakitangan Mendapatkan Pelanggan" atau SGC. Kempen ini berjaya mempercepatkan pertumbuhan produk Ar Rahnu seperti yang terbukti melalui kenaikan 41 peratus yang dicatatkan pada 2016.

Pembiayaan peribadi terus memberi sumbangan positif kepada hasil perbankan pengguna. Setakat Disember 2016, jumlah portfolio bagi Agrocash-*i* ialah RM3.47 bilion dengan peningkatan bersih sebanyak 21 peratus. Agrocash-*i* kekal sebagai salah satu produk pembiayaan peribadi yang paling kompetitif dalam pasaran dengan kadar penawaran serendah 3.62 peratus sehingga 4.10 peratus. Bagi Hartani-*i* pula, produk pembiayaan tanah pertanian ini menawarkan salah satu pakej terbaik yang tersedia untuk pemilikan tanah pertanian dengan pembiayaan sehingga 90 peratus daripada nilai pasaran tanah. Kadar pengambilan berterusan meningkat sepanjang tahun dengan nilai penutupan pada 2016 melebihi RM381 juta, dengan kenaikan bersih sebanyak 49 peratus dari tahun 2015.

Sebagai sebahagian daripada usaha untuk melonjakkan pertumbuhan deposit, sebuah program baharu yang dinamakan Sahabat Agro telah dilancarkan pada Mei 2016. Sahabat Agro merupakan program pemasaran patuh Syariah yang menggunakan pakai konsep keahlian, merujuk dan memberi ganjaran, menawarkan ganjaran bulanan kepada ahli yang merujuk Akaun Deposit Berjangka (Agroprima S) Bank kepada anggota keluarga atau rakan mereka.

Corporate banking achieved impressive growth to a record RM2.1 billion or 24.4 per cent of total financing in 2016, as opposed to RM1.7 billion the year before. Commercial business contributed 29 per cent to total financing to record slight growth from RM2,459 million in 2015 to RM2,484 million in 2016.

Key Operational Highlights and Achievements

The higher cost of funds due to the intense market competition led to margin compression and generally a more challenging environment. Nonetheless, the Bank solicited fresh deposits through various targeted campaigns that were able to support financing growth. The Bank's financing portfolio expanded through new customer acquisition programmes and campaigns, network enhancement programmes as well as through new products and services launched that cater specifically to the needs of its agropreneur clients.

Consumer Banking

During the year, the focus of consumer banking was on strengthening its retail business through an aggressive promotional and marketing campaign of its three main products - Agrocash-*i* (Personal Financing), Hartani-*i* (Land Purchase Financing) and Ar Rahnu (Gold Pawning). Various initiatives and campaigns were launched to prudently increase the Ar Rahnu base, including expanding the Ar Rahnu facility to permanent residents, increasing the margin of financing facility up to 80 per cent and extending the "Staff Get Customer Campaign" or SGC. These campaigns were successful in accelerating the growth of the Ar Rahnu product as evident in the 41 per cent increase recorded in 2016.

Personal financing continued to contribute positively to consumer banking's revenue. The total portfolio for Agrocash-*i* as at December 2016 was RM3.47 billion with a net increase of 21 per cent. Agrocash-*i* remains one of the most competitive personal financing products in the market, offering rates as low as 3.62 per cent up to 4.10 per cent. Hartani-*i*, the agriculture land financing product, offers one of the best packages available for agricultural land ownership with financing of up to 90 per cent of the land's market value. The take-up rate had steadily increased throughout the year to close at over RM381 million in 2016, a net increase of 49 per cent from 2015.

As part of a drive to boost deposit growth, a new programme called Sahabat Agro was launched in May 2016. Sahabat Agro, which is a Shariah-compliant marketing programme that applies the concept of membership, refer and reward, offers

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Perbankan Perniagaan

Denyut nadi Agrobank kepada pendekatan berpusatkan pelanggan ialah tumpuan seluruh bank terhadap kecemerlangan perkhidmatan pelanggan. Justeru itu, salah satu strategi pemantapan jaringan kerja Bank yang telah dilaksanakan pada 2016 ialah pengenalan Penjajaran Semula Model Cawangan (BMR) yang dibuat berdasarkan segmentasi cawangan. Segmentasi cawangan dianggap perlu demi memenuhi jangkaan pelanggan yang semakin meningkat terhadap perkhidmatan yang pantas dan cekap, dalam berhadapan dengan persaingan yang sengit, pertumbuhan yang rendah, serta persekitaran margin rendah dalam industri perbankan. Daripada 188 cawangan di seluruh negara, 81 buah cawangan telah diklasifikasikan sebagai Cawangan Tumpuan Komersial manakala baki cawangan diletakkan di bawah Cawangan Tumpuan Pengguna. Sementara itu, Perbankan Korporat telah menubuhkan Pusat Perbankan Korporat Malaysia Timur yang telah beroperasi sepenuhnya pada Jun 2016.

Dari segi pembiayaan mikro, Agrobank kekal di barisan hadapan dalam pembiayaan mikro bagi sektor pertanian. Bank terus menjadi peneraju dalam mengatur langkah kemajuan bersandarkan produk baharu yang inovatif dan menjadi contoh terhadap iltizamnya demi memenuhi pelbagai keperluan kewangan perusahaan mikro yang terlibat dalam sektor pertanian dan asas tani. Menerusi perikatan strategik, kerjasama dengan agensi di bawah Kementerian Pertanian dan Industri Asas Tani, Bank berjaya melancarkan tiga program baharu - Ladang Rakyat, BERNAS Paddy-*i*, serta Pembiayaan Berkelompok Cili Fertigasi.

Skim BERNAS Paddy-*i* ialah jalinan kerjasama antara Agrobank dan BERNAS, iaitu agensi yang bertanggungjawab menguruskan pengeluaran padi negara. Berpaksakan jalinan pakatan strategik dengan BERNAS, Agrobank menjadi sumber pembiayaan utama untuk skim Projek Rakan Ladang (PRL) Bernas di bawah kemudahan pembiayaan BERNAS Paddy-*i*. Buat masa ini, terdapat 14,000 pesawah padi aktif yang berdaftar di bawah skim ini. Setakat Disember 2016, program ini berjaya dilancarkan di kawasan jelapang padi utama seperti di MADA, KADA, IADA dan juga di kawasan yang melangkaui jelapang padi seperti di Pekan, Rompin dan Perlis.

Pakatan strategik yang serupa turut dibentuk dengan Perbadanan Pembangunan Pertanian Negeri Perak (PPPNNP) untuk Program Ladang Rakyat bagi menawarkan pembiayaan penanaman kelapa sawit serta getah, dan bersama dengan PPK Kuala Langat untuk Pembiayaan Berkelompok Cili Fertigasi, yang menyaksikan para peserta projek fertigasi cili ini ditawarkan kemudahan pembiayaan dari RM1,000 sehingga RM50,000 tanpa memerlukan cagaran.

monthly rewards to members who refer the Bank's Term Deposit Account (Agroprima S) to their family members or friends.

Business Banking

At the heart of Agrobank's customer-centric approach is a bank-wide focus on customer service excellence. Hence, one of the Bank's network enhancement strategies implemented in 2016 was the introduction of the Branch Model Re-Alignment (BMR) based on branch segmentation. Branch segmentation was deemed necessary to meet the growing expectation of customers for quick and efficient servicing despite the intensely competitive, low-growth, low-margin environment in the banking industry. Out of the 188 branches nationwide, 81 branches were classified as Commercial Focused Branches whilst the remaining branches are categorised as Consumer Focused Branches. Corporate banking, on the other hand, had set up the East Malaysia Corporate Banking Centre, which was fully operational in June 2016.

In terms of microfinance, Agrobank remained at the forefront in microfinance for the agriculture sector. The Bank continues to lead the way forward with new innovative products that exemplify its commitment to meet the diverse financial needs of micro enterprises involved in the agriculture and agro-based sector. Through strategic alliances and collaboration with agencies under the Ministry of Agricultural and Agro-Based Industry, the Bank had successfully launched three new programmes - Ladang Rakyat, BERNAS Paddy-*i*, and Chilli Fertigation Group Financing.

The BERNAS Paddy-*i* scheme is a collaboration between Agrobank and BERNAS, which is an agency responsible for managing national rice production. Through strategic alliance collaboration with BERNAS, Agrobank is the main source of financing for the Bernas Projek Rakan Ladang (PRL) scheme under the BERNAS Paddy-*i* financing facility. Currently, there are 14,000 active paddy farmers registered under the scheme. As at December 2016, the programme had been successfully rolled out to the country's main granary areas such as in MADA, KADA, IADA as well as areas beyond the main granaries such as in Pekan, Rompin and Perlis.

Similar strategic alliances were formed with Perbadanan Pembangunan Pertanian Negeri Perak (PPPNNP) for the Ladang Rakyat Programme to offer financing of oil palm and rubber plantations, and with PPK Kuala Langat for the Chilli Fertigation Group Financing whereby participants of the chili fertigation projects are offered financing facilities from RM1,000 to RM50,000 without the need for collateral.

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Perbankan Elektronik

Pada tahun ini, Bank terlibat secara aktif dalam melancarkan pelbagai jenis perniagaan serta inisiatif pematuhan yang telah dirangka untuk menggalakkan amalan serta terima pakai platform e-pembayaran sebagai penyelesaian pembayaran oleh para pelanggan dan untuk meningkatkan tahap kepuasan mereka. Dalam usaha untuk memperkasakan para pelanggannya agar melakukan urusan niaga perbankan layan diri dan memantapkan pemusatan terhadap pelanggan, Agrobank telah memperkenalkan dua ciri baharu untuk perkhidmatan ATMnya, iaitu pemindahan GIRO Antara Bank (IBG) serta perkhidmatan pembayaran bil JomPAY yang kedua-duanya merupakan keperluan yang perlu dipatuhi di bawah inisiatif e-Pembayaran BNM. Selain itu, keperluan pematuhan lain yang berjaya dilaksanakan pada tahun ini melibatkan usaha menaik taraf pematuhan terminal MCCS serta pemasangan terminal penyelesaian keselamatan sebagai langkah keselamatan tambahan bagi mencegah percubaan untuk menggodam ATM.

Sebagai satu-satunya bank pertanian yang khusus di Malaysia, Agrobank terus melipatgandakan produk dan saluran perkhidmatan yang ditawarkan kepada usahawan tani. Pencapaian penting bagi Bank pada tahun 2016 ialah pengenalan modul pengurusan tunai kepada perkhidmatan Perbankan Internet Perniagaan AGRONet BIZ. Peningkatan ini menawarkan kepada pelanggan perniagaan pelbagai ciri baharu agar dapat menguruskan operasi tunai harian dengan lebih baik serta mencapai kecemerlangan operasi melalui perkhidmatan seperti pengurusan akaun belum bayar/ belum terima dan pemprosesan gaji. Berbekalkan ciri baharu dan pemantapan AGRONet, pangkalan pelanggan dalam talian Bank berkembang sebanyak 41.25 peratus dengan hampir dua juta transaksi bernilai RM437 juta diproses sepanjang tahun ini. Ia mewakili 74.4 peratus kenaikan dalam bilangan transaksi dan naik 150 peratus dalam nilai urusan niaga berbanding 2015.

Perniagaan kad melakar pertumbuhan yang kukuh bersandarkan perolehan lebih tinggi daripada fi berkaitan perniagaan kad serta fi transaksi MEPS. Bagi tempoh kewangan 12 bulan berakhir pada 31 Disember 2016, jumlah pendapatan berasaskan fi yang diperolehi daripada perbankan elektronik dan perkhidmatan kad telah berkembang 11 peratus tahun ke tahun kepada RM10.43 juta daripada RM9.381 juta yang dicatatkan pada 2015. Pertumbuhan ketara turut dicatatkan bagi penggunaan kad debit pada 2016. Jumlah bilangan urusan niaga meningkat sebanyak 214 peratus tahun ke tahun dengan nilai urusan niaga sebanyak RM43.5 juta, iaitu naik sehingga 170 peratus daripada tahun sebelumnya. Pada 2016, tumpuan utama diberikan terhadap tindakan penggantian kad di serata industri yang dengannya semua kad pembayaran (debit atau kredit) berasaskan tanda tangan yang sedia ada, perlu diganti kepada kad pembayaran boleh guna PIN Spesifikasi Kad Cip Malaysia (MCCS) yang baharu demi tahap keselamatan yang lebih baik serta mudah digunakan semasa membuat pembelian runcit.

Electronic Banking

During the year, the Bank was actively involved in rolling out various business and compliance initiatives designed to encourage the practice and adoption of the e-payment platform as payment solutions by customers and to improve their satisfaction level. In a bid to empower its customers to conduct self-banking transactions and enhance customer-centricity, Agrobank introduced two new features for its ATM services, namely Interbank GIRO transfer (IBG) and JomPAY bill payment service of which both are compliance requirements under BNM's e-Payment initiatives. In addition, other compliance requirements that were successfully implemented for the year involved the MCCS terminal compliance upgrade and installation of a terminal security solution for added security measures to prevent ATM hacking attempts.

As the only dedicated agriculture bank in Malaysia, Agrobank continued to multiply the product and service channels offered to agropreneurs. A key milestone for the year 2016 was the introduction of the cash management module to the Bank's AGRONet BIZ Business Internet Banking service. This enhancement offers business customers various new features to better manage their day-to-day cash operations and achieve operational excellence through services such as account payable/receivable management and payroll processing. With these new and enhanced features of AGRONet, the Bank's online customer base grew by 41.25 per cent, with almost two million transactions worth RM437 million processed during the year. This represented a 74.4 per cent increase in the number of transactions and a 150 per cent increase in transaction value over 2015.

The card business has registered strong growth on the back of higher earnings from card business-related fees and MEPS' transaction fees. For the 12-month financial period ending 31 December 2016, total fee-based income earned from electronic banking and card services grew 11 per cent year-on-year to RM10.43 million from RM9.381 million posted in 2015. Significant growth was also recorded for debit card usage during 2016. The total number of transactions grew by 214 per cent year-on-year with a transaction value worth RM43.5 million, up by 170 per cent from the previous year. For 2016, primary focus was directed towards the industry-wide card replacement exercise whereby all existing signature-based payment cards (debit or credit) are required to be replaced with the new Malaysian Card Chip Specification (MCCS) PIN-enabled payment card for better security and ease of use in making retail purchases.

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Perkhidmatan Lain

Dalam perniagaan berasaskan fi, Agrobank menyediakan rangkaian produk dan perkhidmatan perniagaan serta perbankan peribadi yang komprehensif untuk kedua-dua korporat dan individu. Antara perkhidmatan inovatif berasaskan fi yang ditawarkan ialah penulisan wasiat, pembayaran bil, perlindungan takaful dan pemindahan wang. 2016 menyaksikan pertumbuhan yang ketara dalam volum dan aktiviti perbankan transaksi dengan dipacu oleh pertambahan dalam bilangan pelanggan serta penambahbaikan platform dan perkhidmatan operasi.

Bertunjangkan misi untuk memenuhi keperluan pelanggan dalam semua segmen, Agrobank telah melancarkan sebuah pelan Takaful Hayat Keluarga yang dikenali sebagai Takaful Agro Mabruur-*i*, yang merupakan sebuah pelan perlindungan takaful komprehensif dengan menawarkan faedah tambahan seperti badal haji dan wakaf tunai kepada pelanggan Muslimnya. Faedah badal haji adalah perlindungan baharu yang dimasukkan ke dalam pelan Takaful Agro Mabruur-*i* yang dengannya, apabila berlaku kematian atau hilang upaya menyeluruh kekal kepada peserta semasa tempoh perlindungan, faedahnya akan dibayar kepada nomini badal haji untuk mengerjakan haji bagi pihak peserta.

Beberapa program dan aktiviti telah dikendalikan sepanjang tahun demi memacu strategi baharu bagi meluaskan pangkalan pendeposit. Antaranya adalah latihan jualan, Jelajah MAHA, persidangan jualan dan MAHA 2016. Menerusi program ini, Agrobank dapat melibatkan diri dengan pelbagai pihak berkepentingan dan mempromosi produk berasaskan finya dengan matlamat untuk memperbesarkan penguasaan Bank bagi produk berasaskan fi.

Pembiayaan Perdagangan

Agrobank menawarkan rangkaian produk dan perkhidmatan pembiayaan perdagangan yang luas berdasarkan prinsip Syariah seperti murabahah dan bai al-dayn bagi mencakupi Surat Kredit-*i*, Resit Amanah Murabahah, Pembiayaan Modal Kerja Perdagangan-*i*, Jaminan Bank-*i*, Jaminan Perkapalan-*i* serta perkhidmatan Pungutan Berdokumen. Pada 2016, jumlah pembiayaan aset melonjak kepada RM553.85 juta, iaitu naik 76.90 peratus daripada tahun sebelumnya, lantas memperlihatkan sokongan Agrobank yang semakin meningkat terhadap pembiayaan perdagangan. Berhubung dengan pendapatan pembiayaan perdagangan, terdapat kenaikan yang ketara sebanyak 71.71 peratus pada 2016. Dari segi pecahan mengikut sektor pula "Perdagangan Borong dan Runcit" merupakan komponen pembiayaan perdagangan terbesar pada kadar 43.82 peratus, manakala dari segi industri, sebahagian besar pembiayaan perdagangan adalah untuk industri asas tani, pada kadar 83.4 peratus.

Other Services

In fee-based business, Agrobank provides a comprehensive range of business and personal banking products and services for both corporates and individuals. Amongst the innovative fee-based services offered are will writing, bill payment, takaful protection and money transfer. Significant growth in transactional banking volumes and activities were recorded in 2016, driven by the growing number of customers and improvement in the operating platform and services.

Driven by the mission to serve the needs of customers in all segments, Agrobank launched a new Family Life Takaful plan known as Takaful Agro Mabruur-*i*, which is a comprehensive takaful protection plan that offers additional benefits such as the badal hajj and cash waqaf to its Muslim customers. The badal hajj benefit is a new coverage included in the Takaful Agro Mabruur-*i* plan whereby upon the death or permanent total disability of the participant during the coverage period, the benefit will be paid to the badal hajj nominee to perform hajj on behalf of the participant.

A number of programmes and activities were conducted throughout the year to drive new strategies in growing the depositor base. Amongst them were sales training, MAHA Road Tours, sales conferences and MAHA 2016. Through these outreach programmes, Agrobank was able to engage with a broad array of stakeholders and promote its fee-based products with a view to growing the Bank's wallet share in fee-based products.

Trade Finance

Agrobank offers a wide range of trade finance products and services based on Shariah principles such as murabahah and bai al-dayn, including Letter of Credit-*i*, Murabahah Trust Receipt, Trade Working Capital Financing-*i*, Bank Guarantee-*i*, Shipping Guarantee-*i* and Documentary Collection services. In 2016, total financing assets surged to RM553.85 million, an increase of 76.90 per cent from the previous year, demonstrating Agrobank's growing support to financing trade. Trade finance income recorded a significant increase of 71.71 per cent in 2016. In terms of sectoral breakdown, 'Wholesale and Retail Trade' was the largest component of trade finance with 43.82 per cent while in terms of industry, the bulk of trade financing went to agro-based industry at 83.4 per cent.

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Pendekatan Propertumbuhan

Sebagai tindak balas terhadap kesukaran yang semakin meningkat sepanjang tahun di bawah ulasan, Agrobank telah menerima pakai pendekatan proaktif dan propertumbuhan bagi mengukuhkan proposisi nilai untuk kakitangan Agrobank dan usahawan tani menerusi pelbagai kempen dan inisiatif berikut yang dikendalikan sepanjang tahun:

- Pelancaran produk pendapatan berasaskan fi yang baharu dan inovatif, khususnya takaful keluarga, modul pengurusan tunai serta kad debit, di samping usaha pemasaran dan promosi yang agresif untuk produk sedia ada seperti Ar Rahnu dan Takaful Kasih-*i*.
- Mengendali kempen pemasaran bagi mempelbagaikan sumber deposit dan meluaskan pangkalan pelanggannya seperti Kempen Agro Superb Deal, Kempen Drop and Win serta Kempen Kakitangan Mendapatkan Pelanggan.
- Melancarkan beberapa kempen untuk menggalakkan pembayaran tanpa tunai dalam kalangan pelanggannya, termasuk Kempen Go Cashless, Swipe Your Agro Visa Business Debit Card, Let's Agronet, Kempen Klik & Menang dan Cashback Reward AgroNet Bill Payment.
- Mengendali *Branch Outreach Programme* iaitu sebuah program latihan untuk mengembangkan pengetahuan berpusatkan produk dalam kalangan kakitangan Agrobank bagi membolehkan pembentukan konsep dan pengekal maklumat yang lebih baik dalam persekitaran latihan semasa kerja.
- Mengendali program e-pembelajaran untuk semua kakitangan Agrobank dengan tujuan memantapkan pengetahuan mereka mengenai produk dan memperoleh pemahaman yang lebih mendalam tentang asas ilmu perbankan.

Program Pembangunan Usahawan Tani

Agrobank melihat nilai dalam menyediakan wadah untuk usahawan tani memantapkan daya keusahawanan mereka melalui Program Pembangunan Usahawan Tani (ADP). Menerusinya, Bank telah meningkatkan kadar kejayaan usaha niaga yang dibiayai oleh Bank. Sejak mula dilaksanakan, ADP telah diperluaskan bagi meliputi Khidmat Nasihat Perniagaan dan juga Program Intervensi bagi memudahkan usaha mencari resolusi terhadap masalah. Khidmat Nasihat ini telah membantu pelanggan menguruskan perniagaan mereka dan mencapai hasil yang optimum.

Pro-Growth Approach

In response to the mounting adversity during the financial year under review, Agrobank adopted a proactive and pro-growth approach to strengthen its value proposition to agrobankers and agropreneurs through the following array of campaigns and initiatives conducted throughout the year:

- Launched new and innovative fee-based income products, in particular family takaful, cash management module and debit card as well as aggressive marketing and promotional efforts for existing products such as Ar Rahnu and Takaful Kasih-*i*.
- Conducted marketing campaigns to diversify sources of deposit and to grow its customer base such as the Agro Superb Deal Campaign, the Drop and Win Campaign and Staff Get Customer Campaign.
- Launched several campaigns to promote cashless payments among its customers, including Go Cashless Campaign, Swipe Your Agro Visa Business Debit Card, Let's AgroNet, Click & Win Campaign and Cashback Reward AgroNet Bill Payment.
- Conducted the *Branch Outreach Programme*, a training programme for developing product-centric knowledge amongst Agrobankers to enable better conceptualisation and information retention within the on-the-job training environment.
- Conducted an e-learning programme for all Agrobankers aimed at enhancing product knowledge and deeper understanding of basic banking knowledge.

Agropreneur Development Programme

Agrobank sees value in providing avenues for agropreneurs to enhance their entrepreneurship through the Agropreneur Development Programme (ADP), through which the Bank has enhanced the success rate of business ventures financed by the Bank. Since its inception, ADP has expanded to include Business Advisory Services as well as an Intervention Programme to facilitate problem resolution. These advisory services have assisted customers in managing their business and achieving optimum results.

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Pada 2016, beberapa siri latihan ADP yang melibatkan 22 sesi dan 604 peserta daripada pelbagai subsektor pertanian telah dianjurkan. Modul latihan mencakupi topik mengenai Dasar Agromakanan Negara, asas keusahawanan, kecemerlangan perniagaan, perancangan strategik dan pembangunan pemasaran, pembungkusan, pelabelan dan penjenamaan. Sejumlah 117 usahawan tani terlibat dalam program Khidmat Nasihat Perniagaan sama ada menerusi lawatan tapak projek, klinik perniagaan atau sesi secara bersemuka. Program ini bertujuan menyokong usahawan tani (individu/syarikat) dalam menangani masalah serta cabaran dalam menjalankan perniagaan.

Bagi Program Intervensi pula, sejumlah 106 usahawan tani telah menghadiri pelbagai program yang dianjurkan oleh Agrobank serta agensi yang berkaitan di sepanjang tahun. Ini termasuklah Program Bicara Agro, MAHA 2016 serta Seminar Agropreneur Muda (SAM). Matlamat Program Intervensi adalah untuk mendedahkan usahawan tani kepada perancangan perniagaan dan pengetahuan bernilai yang dapat membantu membangunkan perniagaan mereka menjadi lebih progresif dan berdaya saing.

Memperluaskan Jangkauan Menerusi Keterangkuman Kewangan

Dari segi peranannya dalam menyediakan kewangan yang terangkum dan menyokong agenda keterangkuman kewangan BNM, Agrobank memainkan peranan penting dalam meningkatkan keterangkuman kewangan dalam negara. Bank terus mengembangkan rangkaian cawangannya, meluaskan penggunaan platform perbankan elektronik dan menyediakan rangkaian perkhidmatan yang lengkap. Pada 2016, terdapat 188 buah cawangan dan 386 terminal layan diri (SST) di seluruh negara dengan 71 peratus daripadanya terletak di lokasi luar bandar. Sepanjang tahun ini, tiga buah mesin ATM baharu telah ditambah kepada rangkaian ATM Bank, manakala rangkaian mesin deposit tunai (CDM) bertambah dengan 2 buah mesin. Dengan rangkaian yang luas ini, Agrobank berupaya mengembangkan lagi jangkauannya kepada komuniti luar bandar dan yang kurang mendapat perkhidmatan perbankan.

Kemajuan dan perkembangan lanjut telah dirancang sebagai sebahagian daripada program pelaburan cawangan Agrobank di seluruh negara, termasuk pusat perbankan komersial baharu di setiap wilayah. Dua buah pusat komersial baharu telah ditubuhkan di wilayah Perak, iaitu di Bukit Raja dan Hutan Melintang. Kedua-dua pusat komersial ini telah memulakan operasi, masing-masing pada Jun dan September 2016.

In 2016, Agrobank organised a series of 22 ADP training sessions involving 604 participants from various subsectors of agriculture. Training modules included topics on National Agrofood Policy, basic entrepreneurship, business excellence, strategic planning, and marketing development, packaging, labelling and branding. A total of 117 agropreneurs engaged in the Business Advisory programme through either site visits, business clinics or one-to-one sessions. The programme aims at supporting Agropreneurs (individual/company) in addressing problems and challenges of doing business.

Under the Intervention Programme, a total of 106 agropreneurs attended various programmes organised by Agrobank and related agencies during the year. These included Bicara Agro Programme, MAHA 2016 and Seminar Agropreneur Muda (SAM). The aim of the Intervention Programme is to expose agropreneurs to business planning and valuable knowledge that would help them develop their businesses to become more progressive and competitive.

Expanding Outreach Through Financial Inclusion

In terms of its role in providing inclusive finance and supporting BNM's financial inclusion agenda, Agrobank plays a prominent role in increasing financial inclusion in the country. The Bank continued to broaden its network of branches, expand utilisation of its electronic banking platform and provide a full range of services. In 2016, there were 188 branches and 386 self-service terminals (SSTs) nationwide with 71 per cent located in rural locations. During the year, 3 new ATM machines were added to the bank's ATM network, whereas the cash deposit machine (CDM) network increased by 2 machines. With this vast network, Agrobank was able to expand further its outreach to rural and underserved communities.

Further development and expansion is planned as part of Agrobank's nationwide branch investment programme, including new commercial banking centres in every region. Two new commercial centres were established in the Perak region, namely at Bukit Raja and Hutan Melintang. Both commercial centres commenced operations in June and September 2016 respectively.

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Sejak pelancaran perkhidmatan perbankan ejen perbankan pada 2014, rangkaian perbankan ejen telah berkembang kepada 460 ejen menjelang penghujung 2016 dengan penambahan 310 ejen baharu sepanjang tahun ini. Usaha sama strategik dengan 11 agensi kerajaan di seluruh negara, termasuk NAFAS, FAMA, NEKMAT, MADA, FELDA dan KPDKK telah membolehkan Bank, menerusi perkhidmatan ejen perbankan, menyediakan kemudahan asas perbankan, terutamanya kepada komuniti yang kurang mendapat perkhidmatan perbankan di kawasan luar bandar. Antara perkhidmatan perbankan utama yang ditawarkan menerusi ejen perbankan mencakupi penerimaan deposit, kemudahan pengeluaran, pemindahan dana, pembayaran bil dan pembelian tambah nilai telefon mudah alih. Buat masa ini, Kelantan dan Perak mempunyai bilangan ejen perbankan tertinggi dengan setiap satu memiliki 63 ejen, diikuti oleh Sabah (56 ejen) dan Pahang (51 ejen).

Mengukuhkan Peranan yang Telah Dimandatkan

Dalam usaha untuk memenuhi peranan yang dimandatkan kepadanya bagi membiayai sektor pertanian agar sejajar dengan dasar kerajaan, bidang pembiayaan yang telah dimandatkan kepada Bank terus melakar pertumbuhan yang kukuh, meningkat daripada 81.9 peratus pada 2015 kepada 84.9 peratus pada 2016, iaitu jauh melangkaui sasaran minimum pada kadar 70 peratus.

Dari segi komposisi portfolio pembiayaan yang dimandatkan, pertanian primer membentuk 90.4 peratus pembiayaan dan baki 9.6 peratus adalah industri asas tani. Menjelang 2020, Bank berazam untuk mencapai nisbah 82:18 dari segi komposisi pertanian primer kepada asas tani.

Bagi segmen agromakanan, Agrobank telah meningkatkan penguasaan pasaran pembiayaannya kepada 27.3 peratus pada 2016 daripada 23.8 peratus pada 2015. Ia disumbangkan oleh pertumbuhan dalam baki pembiayaan agromakanan sebanyak 14.1 peratus kepada RM3.1 bilion. Sementara itu, Agrobank menguasai 6.6 peratus pasaran komoditi pada 2016, meningkat daripada 5.6 peratus pada 2015. Pembiayaan komoditi telah mencapai RM2.0 bilion pada 2016, mencatatkan pertumbuhan sebanyak 16.8 peratus. Pembiayaan industri asas tani mencatatkan kenaikan setinggi 55.5 peratus daripada RM0.3 bilion pada 2015 kepada RM0.5 bilion pada 2016, lantas menghasilkan peningkatan dalam penguasaan pasaran daripada 0.98 peratus pada 2015 kepada 1.60 peratus pada 2016.

Pertumbuhan ini memperlihatkan prospek yang hebat dalam sektor pertanian dan agromakanan bertunjangan permintaan yang berterusan dari dalam dan luar negara, meskipun berhadapan dengan keadaan ekonomi semasa.

Since the launch of the AGROAgent banking service in 2014, the agent banking network has expanded to 460 agents by the end of 2016 with an addition of 310 new agents during the year. Strategic collaborations with 11 government agencies nationwide including NAFAS, FAMA, NEKMAT, MADA, FELDA and KPDKK have enabled the Bank, through its AGROAgents, to provide basic banking facilities especially to the underserved segments of the population in rural areas. The key banking services offered through AGROAgents include deposit acceptance, withdrawal facilitation, fund transfer, bill payments and purchase of mobile top-ups. Kelantan and Perak currently hold the highest number of AGROAgents deployed with 63 agents each, followed by Sabah (56 agents) and Pahang (51 agents).

Strengthening Its Mandated Role


In striving to meet its mandated role of financing the agriculture sector in line with government policies, the Bank's mandated financing continued to record strong growth, rising from 81.9 per cent in 2015 to 84.9 per cent in 2016, way above the minimum target of 70.0 per cent.

In terms of the composition of the mandated financing portfolio, 90.4 per cent was made up of primary agricultural and the remaining 9.6 per cent agro-based. By 2020, the Bank aspires to achieve an 82:18 ratio in terms of composition of primary agricultural to agro-based.

For the agrofood segment, Agrobank raised its financing market share to 27.3 per cent in 2016 from 23.8 per cent in 2015. This was contributed by growth in the agrofood financing balance by 14.1 per cent to RM3.1 billion. Meanwhile, Agrobank's market share in commodity financing was at 6.6 per cent in 2016, up from 5.6 per cent in 2015. Financing to the commodity sector reached RM2.0 billion in 2016, representing growth of 16.8 per cent. Agro-based financing recorded a 55.5 per cent increase from RM0.3 billion in 2015 to RM0.5 billion in 2016 and resulted in an increase in market share from 0.98% in 2015 to 1.60% in 2016.

The growth indicates excellent prospects in the agriculture and agrofood sectors with continuous demand locally and overseas despite current economic conditions.





BERSAMA MENEROKA LEBIH JAUH

TOGETHER TO DO MORE

“Jangan takut mencuba sesuatu yang baharu dan selalu prihatin terhadap kebersihan alam sekitar kerana tanpa tanah yang baik, usahawan tani tidak akan berjaya.”

“Don't be afraid to try something new and always be mindful of the environment because without good soil, agropreneurs will not succeed.”

- Mu Yue Liong

Pengarah/*Director*

Syarikat Woon Chin & Son Agriculture Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH AGROPRENEUR INOVASI
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF INNOVATIVE AGROPRENEUR AWARD CATEGORY

**Woon Chin
& Sons
Agriculture
Sdn. Bhd.**
(Cameron Highlands,
Pahang)

Pelanggan setia Agrobank sejak 21 tahun dengan rekod pembayaran ansuran dan konsisten.

Agrobank's loyal customer for the past 21 years with a good and consistent repayment record.



Syarikat ini merupakan antara pelopor yang memperkenalkan tanaman sayuran bertingkat di Cameron Highlands dan kini mempunyai 3 tingkat tanaman (3 tiers).

This company is among the pioneers in initiating the vertical farming in Cameron Highlands, which currently applied the three-tier concept.



Berjaya menghasilkan inovasi untuk membangunkan sistem "rumah hijau" berasaskan pertanian bertingkat yang bebas daripada pencemaran alam sekitar dan juga mempunyai daya pengeluaran yang tinggi dan jimat ruang.

Innovation had led to the actualisation of the Greenhouse vertical farming method which is free from environmental pollution and offer higher yields, whilst economising on space.



Jualan syarikat meningkat di antara 18 peratus ke 44 peratus dalam masa 3 tahun.

The company's sales had grown between 18 to 44 per cent within a period of three years.



Kapasiti penanaman sehingga tiga kali ganda di mana ianya meningkatkan pengeluaran dan kurang kos modal untuk tanah.

It translates into three times more planting capacity - resulting in increased output and lesser cost for soil.



Mampu memenuhi permintaan yang tinggi daripada pelanggan seperti pasaraya besar dan dijual dengan harga yang berpatutan.

Able to conform to the high demands from customers such as supermarkets, and selling at a reasonable price.





**ENCIK MU
YUE LIONG**

Pengarah
Director
Syarikat Woon Chin
& Son Agriculture
Sdn. Bhd.

Pelanggan Agrobank
sejak 1995
*Agrobank's customer
since 1995*

AKTIVITI KORPORAT

CORPORATE ACTIVITIES

JANUARI/JANUARY



YB Dato' Sri Ahmad Shabery Cheek, Menteri Pertanian dan Industri Asas Tani membuat lawatan rasmi ke Ibu Pejabat Agrobank pada 8 Januari 2016.

8th January 2016 marked the official visit of YB Dato' Sri Ahmad Shabery Cheek, Minister of Agriculture and Agro-Based Industry to Agrobank's headquarters.



Agrobank menandatangani Memorandum Persefahaman (MoU) bersama Lembaga Kemajuan Pertanian Kemubu (KADA). MoU ini menggariskan tiga (3) bidang kerjasama iaitu sistem pembayaran yang ditambah baik, perlindungan takaful dan ejen perbankan.

A Memorandum of Understanding (MoU) was inked between Agrobank and Kemubu Agriculture Development Authority (KADA). The MOU delineated three (3) areas of cooperation, namely improvements in the payment system, takaful coverage and AGROAgent.



Agrobank melancarkan produk pembiayaan pertama khusus untuk Orang Kurang Upaya, yang dikenali sebagai Agro Bakti.

Agrobank launched a maiden financing product known as 'Agro Bakti' specifically for Persons with Disabilities.



YB Dato' Sri Ahmad Shabery Cheek, Menteri Pertanian dan Industri Asas Tani dan YB Dato' Nogeh Gumbek, Timbalan Menteri Pertanian dan Industri Asas Tani menyampaikan hadiah kepada Pemenang Utama Kempen Festival Agrobank, Ju Zamri Bin Nor Ishak.

YB Dato' Sri Ahmad Shabery Cheek, Minister of Agriculture and Agro-Based Industry and YB Dato' Nogeh Gumbek, Deputy Minister of Agriculture and Agro-Based Industry presented the prize to the main winner of the Agrobank Festival Campaign, Ju Zamri bin Nor Ishak.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

FEBRUARI/FEBRUARY



Agrobank menganjurkan program perkongsian maklumat 'Bicara Agro' yang membincangkan pelbagai topik dan isu berkaitan sektor pertanian dan industri asas tani oleh tokoh-tokoh usahawan, ahli akademik dan pakar teknologi yang terlibat dalam industri asas tani.

A knowledge sharing programme titled 'Bicara Agro' or Agro Talk was organised to discuss various topics and issues concerning the agriculture and agro-based sector by bringing forth entrepreneurial figures, academicians and technological experts involved in the agro-based industry.

APRIL/APRIL



Agrobank melancarkan produk perlindungan Takaful Agro Mabru*r-i*. Produk perlindungan komprehensif ini telah dilancarkan oleh YB Datuk Seri Johari Abdul Ghani, Timbalan Menteri Kewangan.

Agrobank launched an insurance coverage product termed 'Takaful Agro Mabru*r-i*'. This comprehensive protection product was launched by Deputy Minister of Finance, YB Datuk Seri Johari Abdul Ghani.



Agrobank mengembangkan perkhidmatan perbankan dengan pembukaaan perkhidmatan kewangan ejen perbankan di Bario, Sarawak. Selain menyediakan perkhidmatan transaksi kewangan, Agrobank juga menyediakan pembiayaan kewangan kepada pengusaha pertanian dan penternakan di kawasan ini.

Agrobank expanded its banking services with the opening of an AGROAgent financial services in Bario, Sarawak. In addition to providing transaction services, Agrobank also provides financing facilities to agropreneurs in the area.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

APRIL/APRIL



Dato' Wan Mohd Fadzmi Wan Othman, Presiden/Ketua Pegawai Eksekutif Agrobank beramah mesra bersama pelanggan Agrobank di wilayah Sarawak sempena program Agenda Agro.

YBhg Dato' Wan Mohd Fadzmi Wan Othman, President/Chief Executive Officer of Agrobank having a light moment with Agrobank's customers from the Sarawak territory in conjunction with the 'Agenda Agro'.



Agrobank menyokong aspirasi kerajaan untuk memperkukuh platform dagangan yang ideal bagi menarik peniaga Halal dari seluruh dunia dengan menyertai pameran 'The 14th Halal Showcase Malaysia International (MIHAS) 2016'.

Agrobank supports the government's aspiration to reinforce an ideal trading platform to attract Halal dealers from all over the world by participating in the '14th Malaysian International Halal Showcase (MIHAS) 2016'.

MEI/MAY



Agrobank menganjurkan satu program tanggungjawab sosial korporat, Program Celik Wang yang diadakan di Sasana Kijang, Bank Negara Malaysia, Kuala Lumpur. Seramai 110 orang pelajar dari tiga (3) buah sekolah telah menyertai program ini. Program Celik Wang ini diteruskan di sekolah-sekolah di seluruh Malaysia.



Agrobank organised a corporate social responsibility programme known as 'Program Celik Wang' held at Sasana Kijang, Bank Negara Malaysia, Kuala Lumpur. A total of 110 students from three (3) schools participated in the 'Program Celik Wang' programme which will continue to be carried out in schools throughout Malaysia.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

JUN/JUNE



Agrobank meneruskan usaha untuk mendekati pelanggannya dengan menganjurkan program Sembang Usahawan. Program yang mendapat kerjasama TEKUN ini turut dihadiri Timbalan Menteri Pertanian dan Industri Asas Tani, Dato' Sri Tajuddin Abdul Rahman.

In furtherance of its efforts to engage with customers, Agrobank had organised an entrepreneurs' discussion programme known as 'Sembang Usahawan'. The programme which was held in collaboration with TEKUN was attended by the Deputy Minister of Agriculture and Agro-Based Industry, YBhg Dato' Sri Tajuddin Abdul Rahman.

JULAI/JULY



Agrobank meraikan pihak berkepentingan, para pelanggan serta golongan kurang bernasib baik di majlis sambutan Hari Raya Korporat Syukur Syawal @ Agrobank.

Agrobank's stakeholders, clients and less fortunate were feted by Agrobank during the Corporate Hari Raya Celebration, themed 'Syukur Syawal @ Agrobank'.

OGOS/AUGUST



Ketua Setiausaha Negara, Tan Sri Dr. Ali Hamsa melancarkan kes kajian baharu terbitan Cambridge IFA mengenai inisiatif transformasi Agrobank. Pelancaran itu diadakan bersempena dengan Forum Ekonomi Islam Dunia atau *World Islamic Economic Forum* (WIEF) ke-12 di Jakarta.

Chief Secretary to the Government, Tan Sri Dr. Ali Hamsa launched a new case study published by Cambridge IFA in relation to Agrobank's transformation initiatives. The launch was held in Jakarta, in conjunction with the 12th World Islamic Economic Forum (WIEF).



Agrobank meneruskan komitmen untuk berkongsi informasi dan maklumat berkenaan potensi dan peluang dalam industri pertanian kepada pelanggannya dengan penganjuran program Agenda Agro di Johor Bahru.

In pursuing its commitment of sharing information with customers regarding the potentials and opportunities in the agriculture industry, Agrobank executed an 'Agenda Agro' programme in Johor Bahru.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

OGOS/AUGUST



Agrobank melancarkan Kad Takaful Kasih Plus edisi khas MAHA 2016. Majlis berlangsung bersempena 'Road to MAHA' di Cherating.

At the 'Road to MAHA' event held in Cherating, Agrobank launched the 'Takaful Kasih Plus' MAHA Special Edition Card 2016.

SEPTEMBER/SEPTEMBER



18 kakitangan Agrobank menyahut cabaran 'Run for Others' pada larian Bursa Bull Charge 2016.

18 of Agrobank's staff rose to the challenge by participating in the Bursa Bull Charge 2016 race which carried the theme 'Run for Others'.



YB Dato' Sri Shabery Cheek, Menteri Pertanian dan Industri Asas Tani bersama Dato' Wan Mohd Fadzmi, Presiden/Ketua Pegawai Eksekutif Agrobank beramah mesra bersama barisan pemenang Anugerah Agropreneur Agrobank yang diadakan bersempena ulangtahun Agrobank ke-47.

YB Dato' Sri Shabery Cheek, Minister of Agriculture and Agro-Based Industry, together with Dato' Wan Mohd Fadzmi, President/Chief Executive Officer of Agrobank, socialized with the winners of the 'Agrobank Agropreneur Award' which was held in celebration of Agrobank's 47th Anniversary.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

OKTOBER/OCTOBER



YBhg Tan Sri Mohamad Zabidi Zainal, Pengerusi Agrobank, beramah mesra bersama pelanggan Agrobank di negeri Perak ketika program Agenda Agro anjuran Agrobank.

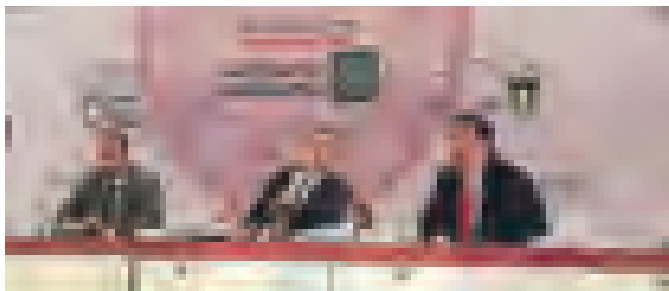
Agrobank's Chairman, YBhg Tan Sri Mohamad Zabidi Zainal exchanged pleasantries with Agrobank's customers in Perak at Agenda Agro, organised by Agrobank.



YBhg Tan Sri Mohamad Zabidi Zainal, Pengerusi Agrobank, merasmikan bangunan baharu di Pusat Pembiayaan Komersial Agrobank, Kampung Raja, Cameron Highland.

YBhg Tan Sri Mohamad Zabidi Zainal, Agrobank's Chairman, officiated the opening of a new building at Agrobank's Commercial Financing Centre in Kampung Raja, Cameron Highlands.

NOVEMBER/NOVEMBER



Dato' Wan Mohd Fadzmi, Presiden/Ketua Pegawai Eksekutif Agrobank diundang oleh Pertubuhan Perakaunan dan Pengauditan bagi Institusi Kewangan Islam (AAOIFI) dan Bank Dunia sebagai pengulas untuk sesi 'Pembiayaan Pertanian: Destinasi Baharu untuk Kewangan Islam.' Persidangan telah berlangsung di Bahrain.

YBhg Dato' Wan Mohd Fadzmi, President/Chief Executive Officer of Agrobank was invited by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the World Bank as a commentator for the 'Agriculture Financing: New Destination for the Islamic Finance' session. The conference was held in Bahrain.



Agrobank meneruskan usaha untuk mendekati pelanggannya di seluruh negara melalui penganjuran program Agenda Agro bagi berkongsi informasi serta maklumat berkaitan industri pertanian. Program ini telah dijalankan di Pulau Pinang.

Agrobank continued its efforts to get to know its clients nationwide by organising Agenda Agro programme to share insights in the agriculture industry. The programme was held in Penang.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

DISEMBER/DECEMBER



Dalam usaha memperkasakan komuniti pertanian, Agrobank menandatangani Perjanjian Rakan Niaga Strategik bersama BERNAS.

In its effort to empower the agricultural community, Agrobank signed a Strategic Partnership Agreement with BERNAS.



Agrobank melancarkan aplikasi telefon pintar, *Agrobank Community and Entrepreneur Development in Agriculture* atau lebih dikenali sebagai ACEDiA@Agrobank. Aplikasi telefon pintar ini diperkenalkan bagi menyediakan maklumat dan informasi mengenai industri pertanian dan asas tani dan juga pembiayaan yang ditawarkan Agrobank bagi industri pertanian.

Agrobank launched its smart phone application called 'Agrobank Community and Entrepreneur Development in Agriculture' or better known as ACEDiA@Agrobank. The application was introduced to provide information regarding the agriculture and agro-based industry, as well as the financing offered by Agrobank for the agriculture industry.

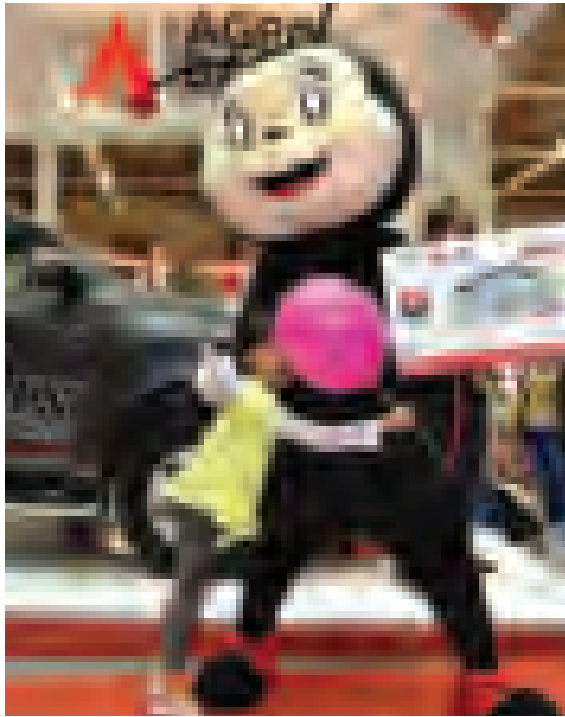


Kementerian Pertanian dan Industri Asas Tani (MOA) dengan kerjasama Agrobank telah menganjurkan program Seminar Agropreneur Muda (SAM 2016). Seramai lebih 700 orang belia telah menyertai seminar ini.

A seminar dedicated to young agropreneurs known as 'Seminar Agropreneur Muda' (SAM 2016) was organised by the Ministry of Agriculture and Agro-Based Industry (MOA) in collaboration with Agrobank. The seminar saw the attendance of about 700 youth.

AKTIVITI KORPORAT CORPORATE ACTIVITIES

DISEMBER/DECEMBER



Agrobank menganugerahkan biasiswa *Agrobank Scholarship Award Programme (SAP)* kepada lima pelajar Institusi Pengajian Tinggi Awam (IPTA).

Agrobank presented scholarships to five students of public higher education institutions via the Agrobank Scholarship Award Programme.



3 juta pengunjung mengunjungi Pameran Pertanian Hortikultur dan Agro Pelancongan Malaysia (MAHA) 2016 yang melibatkan Agrobank sebagai salah satu pempamer. Acara yang diadakan setiap dua tahun ini telah berjaya menarik ramai pengunjung sepanjang 13 hari pameran berlangsung.

A throng of 3 million visitors flooded the Malaysia Agriculture, Horticulture and Agro-Tourism (MAHA) 2016 exhibition, which saw Agrobank as one of its exhibitors. This biannual exhibition succeeded in attracting a large crowd during the 13-day event.

SOROTAN MEDIA

MEDIA HIGHLIGHTS

KERATAN AKHBAR

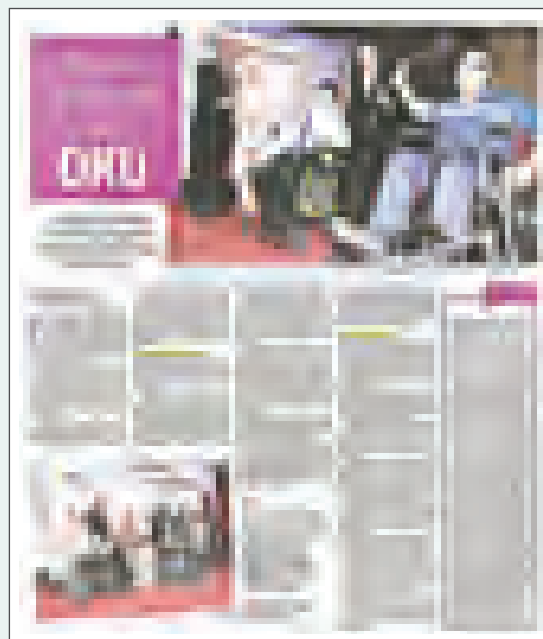
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20 Januari 2016
20 January 2016



Berita Harian ^
11 Februari 2016/11 February 2016



Focus Malaysia >>
30 Januari 2016
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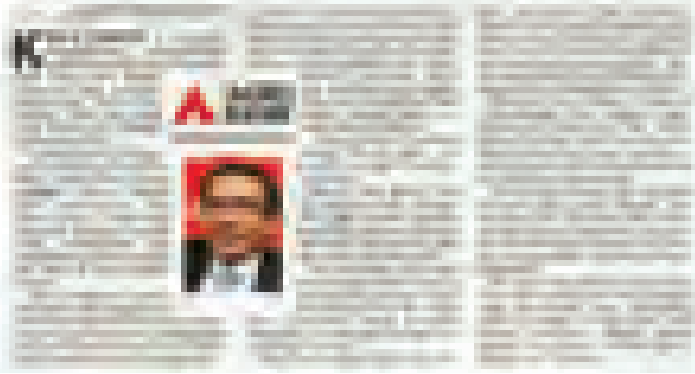
SOROTAN MEDIA
MEDIA HIGHLIGHTS

KERATAN AKHBAR
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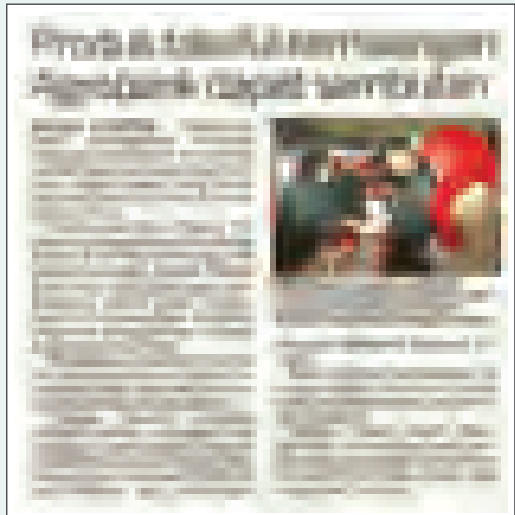


News

Tingkatkan pertumbuhan pembiayaan Agropreneur Muda



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 22 Februari 2016
 22 February 2016



Kosmo ^
 26 Februari 2016
 26 February 2016



Harian Metro >>
 13 April 2016
 13 April 2016

SOROTAN MEDIA

MEDIA HIGHLIGHTS

KERATAN AKHBAR

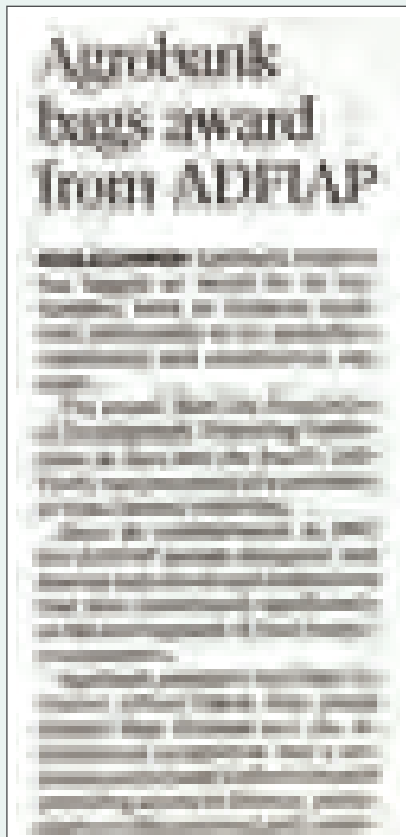
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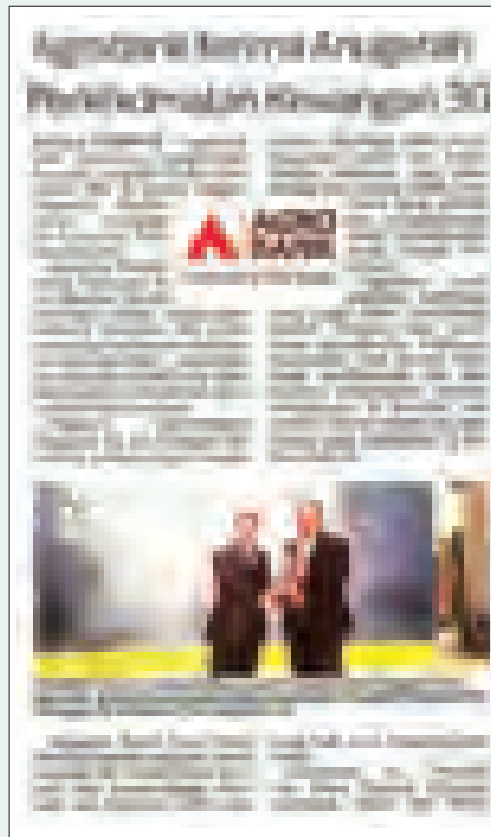
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Sinar Harian >>
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22 April 2016



New Straits Times >>
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<< Kosmo
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3 May 2016

SOROTAN MEDIA
MEDIA HIGHLIGHTS

KERATAN AKHBAR
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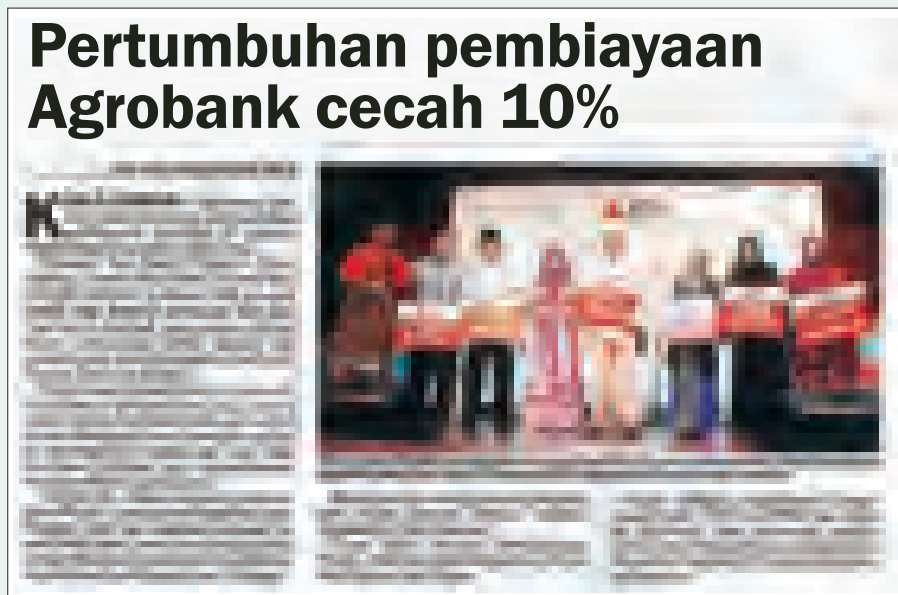
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BERSAMA DEMI MENGGAPAI KEJAYAAN

TOGETHER TO ACHIEVE SUCCESS

"Jika jatuh, jangan takut untuk bangkit semula. Kebangkitan kedua mungkin pentas kejayaan selamanya."

"If you fall, don't be afraid to pick yourself up again. The second resurgence could very well be the perpetual platform of success."

- Dato' Mansor Md Noor

Pengarah/*Director*
Syarikat Haji Md. Nor Bin Haji Abd. Rahman

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH PELANGGAN SETIA (SYARIKAT)
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF LOYAL CUSTOMER AWARD CATEGORY (COMPANY)

**Syarikat Haji
Md. Nor Bin
Haji Abd.
Rahman**
(Tanjung Karang,
Selangor)

Merupakan pelanggan Agrobank sejak 23 tahun yang lalu.

The company has been Agrobank's customer for the past 23 years.



Syarikat ini diuruskan oleh dua orang anak pengasasnya iaitu Dato' Ahmad Fuad Md Nor dan Dato' Mansor Md Nor dari tahun 2004 hingga kini.

The company is now managed by the founder's two sons, Dato' Ahmad Fuad Md Nor and Dato' Mansor Md Nor since 2004 till now.



Syarikat ini merupakan antara syarikat Bumiputera yang berjaya menjalankan perniagaan pengeluaran benih padi.

It is amongst the bumiputera companies that has claimed success in the rice seed production business.



Pada tahun 2001, syarikat ini telah mendapat pengiktirafan ISO 9001:2008 daripada Lloyd's Register untuk pemprosesan, pembungkusan dan penjualan benih padi yang diusahakan.

In 2001, the company was accorded with Lloyd's Register ISO 9001 : 2008 accreditation for the processing, packaging and sales of rice seed.

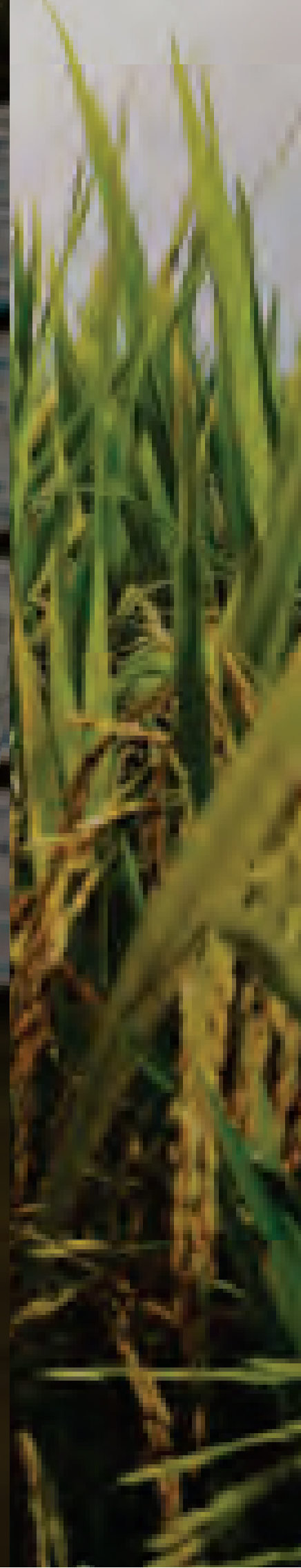




**DATO'
MANSOR
MD NOOR**

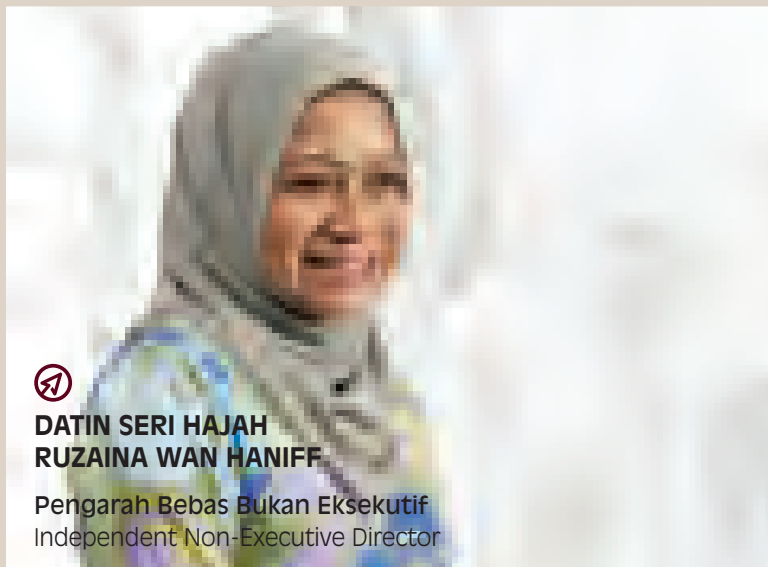
Pengarah
Director
Syarikat Haji Md. Nor
Bin Haji Abd. Rahman

Pelanggan Agrobank
sejak 1993
*Agrobank's customer
since 1993*



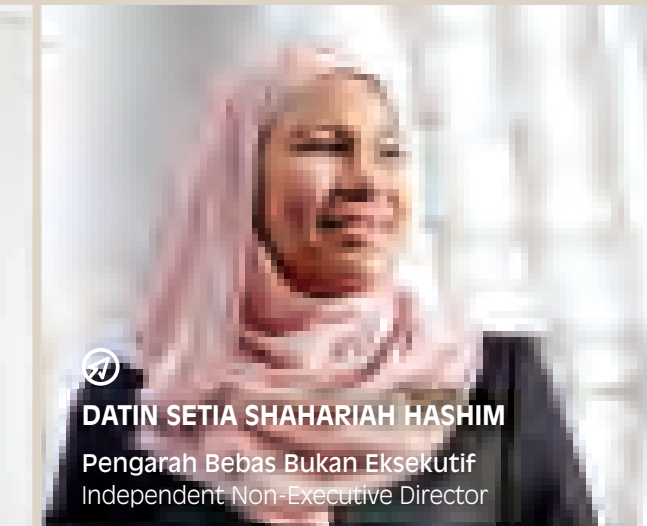
AHLI LEMBAGA PENGARAH

BOARD OF DIRECTORS



AHLI LEMBAGA PENGARAH

BOARD OF DIRECTORS



PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

TAN SRI MOHAMAD ZABIDI ZAINAL

Pengerusi
Chairman



Butiran Peribadi Personal Details	Usia/Age: 60 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengerusi (Pengarah Bebas Bukan Eksekutif) (Dilantik berkuat kuasa mulai 29 Julai 2016) Chairman (Independent Non-Executive Director) (Appointed w.e.f. 29 July 2016)
Kelayakan Qualification	i. Ijazah Sarjana Muda Sastera Pengajian Asia Tenggara (Kepujian) Universiti Malaya Bachelor of Arts in Southeast Asian Studies (Hons), University of Malaya ii. Diploma Pentadbiran Awam, Institut Tadbiran Awam Negara (INTAN) Diploma in Public Administration, National Institute of Public Administration (INTAN)
Pengalaman Experience	i. Ketua Pengarah, Jabatan Perkhidmatan Awam Director-General, Public Service Department ii. Ketua Pengarah, Unit Pemodenan Tadbiran dan Perancangan Pengurusan Malaysia, Jabatan Perdana Menteri Director-General, Malaysian Administrative Modernisation and Management Planning Unit, Prime Minister Department iii. Setiausaha Kerajaan Negeri Perlis State Secretary of Perlis iv. Timbalan Ketua Setiausaha (Kewangan), Kementerian Kesihatan Deputy Secretary-General (Finance), Ministry of Health
Pekerjaan Occupation	Pengerusi, Agrobank (Dilantik berkuat kuasa mulai 29 Julai 2016) Chairman, Agrobank (Appointed w.e.f. 29 July 2016)
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	29 Julai/July 2016
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	-
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	-

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

5/5

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATO' WAN MOHD FADZMI WAN OTHMAN

Presiden/Ketua Pegawai Eksekutif
(Pengarah Eksekutif Bukan Bebas)

President/Chief Executive Officer
(Non-Independent Executive Director)



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

14/14

Butiran Peribadi Personal Details	Usia/Age: 51 tahun/years old Kewarganegaraan/Nationality: Malaysia/Malaysian
Jawatan Position	Presiden/Ketua Pegawai Eksekutif (Pengarah Bukan Bebas Eksekutif) President/Chief Executive Officer (Non-Independent Executive Director)
Kelayakan Qualification	<ul style="list-style-type: none"> i. Ijazah Sarjana Muda Ekonomi Binaan, Royal Melbourne Institute of Technology, Australia Bachelor in Construction Economics, Royal Melbourne Institute of Technology, Australia ii. Program Pengurusan Lanjutan, Wharton Business School, University of Pennsylvania, Amerika Syarikat Advanced Management Programme, Wharton Business School, University of Pennsylvania, United States of America iii. Program Kewangan Eksekutif Kanan, Oxford University, United Kingdom Senior Executive Finance Programme, Oxford University, United Kingdom iv. Jurubank Berkanun, Asian Institute of Chartered Bankers (AICB) Chartered Banker, Asian Institute of Chartered Bankers (AICB) v. Profesional Kewangan Islam Berkanun (CPIF) Chartered Professional, Islamic Finance (CPIF)
Pengalaman Experience	<ul style="list-style-type: none"> i. Pengarah, Perbankan Kewangan Global, Kumpulan Perbankan RHB Director, Global Financial Banking, RHB Banking Group ii. Memegang beberapa jawatan pengurusan kanan di Kumpulan Maybank selama 22 tahun, iaitu Ketua wakil negara bagi cawangan Maybank di London, New York dan Hong Kong Held several senior management positions at Maybank Group for 22 years i.e. Country Head for Maybank's branches in London, New York and Hong Kong
Pekerjaan Occupation	Presiden/Ketua Pegawai Eksekutif Agrobank President/Chief Executive Officer, Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	1 Julai/July 2011
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	-
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	-

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

NG CHIH KAYE

Pengarah Bebas
Bukan Eksekutif
Independent
Non-Executive Director



Butiran Peribadi Personal Details	Usia/Age: 61 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
Kelayakan Qualification	i. Akauntan Berkanun, Institut Akauntan Malaysia (MIA) Chartered Accountant, Malaysian Institute of Accountants (MIA) ii. Fellow, Persatuan Akauntan Bertauliah Berkanun (ACCA) Fellow, Association of Chartered Certified Accountants (ACCA).
Pengalaman Experience	i. Naib Presiden Eksekutif, Maybank Berhad Executive Vice President, Maybank Berhad ii. Audit Kanan, KPMG, Akauntan Awam Bertauliah Audit Senior, KPMG, Certified Public Accountants iii. Akauntan Berkanun, Blinkhorn, Lyon & Golding, London Blinkhorn, Lyon & Golding, Chartered Accountants, London
Pekerjaan Occupation	Pengarah Bebas Bukan Eksekutif Agrobank Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	8 Februari/February 2011
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Pencalonan Nominating Committee ii. Jawatankuasa Lembaga Audit (Pengerusi) Board Audit Committee (Chairman) iii. Jawatankuasa Lembaga Teknologi Maklumat (Pengerusi) Board Information Committee (Chairman) iv. Jawatankuasa Lembaga Pengurusan Risiko Board Risk Management Committee v. Jawatankuasa Lembaga Kredit & Pelaburan Board Credit & Investment Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. CapitaLand Malaysia Mall REIT Management Sdn Bhd CapitaLand Malaysia Mall REIT Management Sdn Bhd ii. Malaysia Debt Ventures Berhad Malaysia Debt Ventures Berhad

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.
He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

Bil. mesyuarat lembaga pengarah yang
dihadiri pada tahun kewangan ('TK')

No. of board meetings
attended in the financial year ("FY")

12/14

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATO' DR. MOHAMAD HASHIM AHMAD TAJUDIN

Pengarah Bebas
Bukan Eksekutif
Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

14/14

Butiran Peribadi Personal Details	Usia/Age: 62 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
Kelayakan Qualification	<ul style="list-style-type: none"> i. PhD. (Ijazah Doktor Falsafah) dalam Kesuburan dan Pengurusan Tanah PhD in Soil Fertility and Management ii. Ijazah Sarjana Pertanian (Kimia dan Kesuburan Tanah) Master in Agriculture (Soil Chemistry and Fertility) iii. Ijazah Sarjana Muda Pertanian, Universiti Putra Malaysia Bachelor in Agriculture, Universiti Putra Malaysia iv. Program Pengurusan Perniagaan Perdana Harvard dan Program Pengurusan Lanjutan (AMP), INSEAD, Perancis Harvard Premier Business Management Programme and Advanced Management Programme (AMP), INSEAD, France
Pengalaman Experience	<ul style="list-style-type: none"> i. Pengerusi, Jawatankuasa Editorial "The Planters" bagi Incorporated Society of Planters Chairman, "The Planters" Editorial Committee of Incorporated Society of Planters ii. Ahli Lembaga Pengarah, Incorporated Society of Planters Board Member, The Incorporated Society of Planters iii. Ahli Lembaga Pengarah, ISPM Management Sdn Bhd Board Member, ISPM Management Sdn Bhd iv. Ahli Majlis, Outward Bound Trust of Malaysia (OBS) Council Member, Outward Bound Trust of Malaysia (OBS) v. Pengarah Urusan Kumpulan, Chemical Company of Malaysia Berhad (CCM) Group Managing Director, Chemical Company of Malaysia Berhad (CCM) vi. Pengarah Kanan, Bahagian Minyak dan Lemak, Golden Hope Plantations Berhad Senior Director, Oil and Fats Division, Golden Hope Plantations Berhad vii. Pengarah Penyelidikan, Bahagian Penyelidikan dan Pembangunan Golden Hope Research Sdn Bhd Director of Research, Research and Development Division, Golden Hope Research Sdn Bhd viii. Pengarah Eksekutif, Golden Hope Research Sdn Bhd Executive Director, Golden Hope Research Sdn Bhd ix. Ketua Pegawai Eksekutif, Tradewinds Plantation Berhad Chief Executive Officer, Tradewinds Plantation Berhad x. Ketua Pegawai Eksekutif, Padiberas Nasional Berhad (Bernas) Chief Executive Officer, Padiberas Nasional Berhad (Bernas)
Pekerjaan Occupation	Pengarah Bebas Bukan Eksekutif Agrobank Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	3 Julai/July 2014
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	<ul style="list-style-type: none"> i. Jawatankuasa Pencalonan Nominating Committee ii. Jawatankuasa Ganjaran Remuneration Committee iii. Jawatankuasa Lembaga Audit Board Audit Committee iv. Jawatankuasa Lembaga Pengurusan Risiko (Pengerusi) Board Risk Management Committee (Chairman) v. Jawatankuasa Lembaga Kredit & Pelaburan Board Credit & Investment Committee vi. Jawatankuasa Lembaga Teknologi Maklumat Board Information Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	-

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATUK SERI DR ISMAIL HAJI BAKAR

Pengarah Bebas
Bukan Eksekutif

Non-Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

3/6

Butiran Peribadi Personal Details	Usia/Age: 56 tahun/years old Kewarganegaraan/Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif (Dilantik berkuat kuasa mulai 1 Julai 2016) Non-Independent Non-Executive Director (Appointed w.e.f. 1 July 2016)
Kelayakan Qualification	<ul style="list-style-type: none"> i. PhD (Ijazah Doktor Falsafah), University of Hull, United Kingdom PhD, University of Hull, United Kingdom ii. Ijazah Sarjana Pentadbiran Perniagaan, University of Hull, United Kingdom Master in Business Administration, University of Hull, United Kingdom; iii. Ahli, Chartered Institute of Purchasing and Supply (CIPS), United Kingdom Member, Chartered Institute of Purchasing and Supply (CIPS), United Kingdom iv. Profesor Adjung, Sekolah Kejuruteraan dan Keusahawanan, Universiti Malaysia Perlis Adjunct Professor, School of Engineering and Entrepreneurship, Universiti Malaysia Perlis
Pengalaman Experience	<ul style="list-style-type: none"> i. Ketua Setiausaha, Kementerian Pertanian dan Industri Asas Tani Secretary General, Ministry of Agriculture and Agro-Based Industry ii. Ketua Setiausaha, Kementerian Pengangkutan Secretary General, Ministry of Transport iii. Timbalan Ketua Setiausaha (Dasar), Kementerian Pertahanan Deputy Secretary General (Policy), Ministry of Defence iv. Pengarah, Belanjawan Negara, Pejabat Belanjawan Negara, Perbendaharaan, Kementerian Kewangan Director, National Budget, National Budget Office, Treasury, Ministry of Finance v. Pengarah, Unit Strategik Nasional, Kementerian Kewangan Director, National Strategic Unit, Ministry of Finance vi. Penasihat Kanan, Pengarah Eksekutif (Kumpulan Asia Tenggara), Bank Dunia Senior Advisor, Executive Director (SEA Group), World Bank vii. Ketua Bahagian, Perolehan Kerajaan Head of Section, Government Procurement viii. Ketua Perancangan, Penyelidikan dan Dasar, Bahagian Perolehan Kerajaan Head of Planning, Research and Policy, Government Procurement
Pekerjaan Occupation	Pengarah Bebas Bukan Eksekutif Agrobank Non-Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	1 Julai/July 2016
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Pencalonan Nominating Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. Padiberas Nasional Berhad (BERNAS) Padiberas Nasional Berhad (BERNAS)

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATO' DR. YUSOF ISMAIL

Pengarah Bukan
Bebas Bukan Eksekutif

Non-Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang
dihadiri pada tahun kewangan ('TK')

No. of board meetings
attended in the financial year ("FY")

1/1

Butiran Peribadi Personal Details	Usia/Age: 54 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bukan Bebas Bukan Eksekutif Non-Independent Non-Executive Director
Kelayakan Qualification	<ul style="list-style-type: none"> i. PhD (Ijazah Doktor Falsafah) dalam bidang Pembangunan Ekonomi Komuniti, Universiti Putra Malaysia PhD in Community Economic Development, Universiti Putra Malaysia ii. Ijazah Sarjana Ekonomi Pembangunan, Williams College Massachusetts, Amerika Syarikat Master in Development Economics, Williams College Massachusetts, United States of America iii. Ijazah Sarjana Muda Ekonomi (Kepujian) Universiti Malaya Bachelor in Economics (Hons), University of Malaya iv. Diploma Pentadbiran Awam, Institut Tadbiran Awam Negara (INTAN) Diploma in Public Administration, National Institute of Public Administration (INTAN)
Pengalaman Experience	<ul style="list-style-type: none"> i. Setiausaha, Bahagian Pelaburan Strategik, Kementerian Kewangan Secretary, Strategic Investment Division, Ministry of Finance ii. Timbalan Ketua Pegawai Eksekutif, Pihak Berkuasa Lembaga Pembangunan Langkawi (LADA) Deputy Chief Executive Officer, Langkawi Development Authority (LADA) iii. Kementerian Kemajuan Luar Bandar dan Wilayah, Unit Perancang Ekonomi, Jabatan Perdana Menteri Ministry of Rural and Regional Development, Economic Planning Unit, Prime Minister's Department iv. Pegawai Khas kepada Ketua Setiausaha, Perbendaharaan, Kementerian Kewangan Special Officer to the Chief Secretary, Treasury, Ministry of Finance v. Penolong Setiausaha, Bahagian Kewangan, Seksyen Pelaburan, Kementerian Kewangan Assistant Secretary, Finance Division, Investment Section, Ministry of Finance vi. Penolong Setiausaha, Bahagian Ekonomi, Kementerian Kewangan Assistant Secretary, Economic Division, Ministry of Finance
Pekerjaan Occupation	Pengarah Bukan Bebas Bukan Eksekutif Agrobank Non-Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	14 Disember/December 2016
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	-
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	<ul style="list-style-type: none"> i. Lembaga Kemajuan Tanah Persekutuan (FELDA) Federal Land Development Authority (FELDA) ii. Perbadanan PR1MA Malaysia iii. DanaInfra Nasional Berhad iv. Panel Pelaburan KWAP KWAP Investment Panel v. MRL Sdn Bhd vi. SSER Sdn Bhd

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATIN SETIA SHAHARIAH HASHIM

Pengarah Bebas
Bukan Eksekutif

Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

6/6

Butiran Peribadi

Personal Details

Usia/Age: 60 tahun/years old

Kewarganegaraan/
Nationality:

Malaysia/Malaysian

Jawatan

Position

Pengarah Bebas Bukan Eksekutif
(Dilantik berkuat kuasa mulai 1 Julai 2016)
Independent Non-Executive Director
(Appointed w.e.f. 1 July 2016)

Kelayakan

Qualification

- i. **Ijazah Sarjana Pentadbiran Perniagaan, University of Stirling, United Kingdom**
Master in Business Administration, University of Stirling, United Kingdom
- ii. **Ijazah Sarjana Muda Ekonomi (Kepujian), Universiti Malaya**
Bachelor in Economics (Hons), University of Malaya
- iii. **Menghadiri kursus mengenai Institusi Kewangan untuk Pembangunan Perusahaan Swasta, Harvard University, Amerika Syarikat**
Attended a course on Financial Institutions for Private Enterprise Development, Harvard University, United States of America

Pengalaman

Experience

- i. **Timbalan Pengarah, Jabatan Kewangan Pembangunan dan Enterpris, Bank Negara Malaysia**
Deputy Director, Development Finance and Enterprise Department, Bank Negara Malaysia
- ii. **Bertugas di pelbagai jabatan di Bank Negara Malaysia termasuk di Jabatan Peraturan Bank**
Various Departments in Bank Negara Malaysia including the Bank Regulation Department
- iii. **Jabatan Kawalan Pertukaran Wang, Bank Negara Malaysia**
Exchange Control Department, Bank Negara Malaysia

Pekerjaan

Occupation

Pengarah Bebas Bukan Eksekutif Agrobank
Independent Non-Executive Director of Agrobank

Tarikh mula dilantik menganggotai Lembaga Pengarah

Date first appointed to the Board

1 Julai/July 2016

Keahlian dalam Jawatankuasa Lembaga

Membership in Board Committee

- i. **Jawatankuasa Pencalonan (Pengerusi)**
Nominating Committee (Chairman)
- ii. **Jawatankuasa Ganjaran**
Remuneration Committee
- iii. **Jawatankuasa Lembaga Audit**
Board Audit Committee
- iv. **Jawatankuasa Lembaga Pengurusan Risiko**
Board Risk Management Committee
- v. **Jawatankuasa Lembaga Kredit & Pelaburan**
Board Credit & Investment Committee
- vi. **Jawatankuasa Lembaga Teknologi Maklumat**
Board Information Technology Committee

Jawatan pengarah dalam syarikat awam lain

Directorship of other public companies

-

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

She does not have any conflict of interest or any family relationship any other director and/or major shareholders.

She has not been convicted of any offences within the pass five (5) years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

AZIZAH ABDUL RAHMAN

Pengarah Bebas
Bukan Eksekutif
Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

6/6

Butiran Peribadi Personal Details	Usia/Age: 61 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
Kelayakan Qualification	i. Ahli Fellow, Chartered Institute of Management Accountants (FCMA UK) Fellow Member, Chartered Institute of Management Accountants (FCMA UK) ii. Ahli, Institut Akauntan Malaysia (MIA) Member, Malaysia Institute of Accountants (MIA)
Pengalaman Experience	i. Pengarah, Ternakan Bersepadu dan Pembuatan Makanan, QSR Brands/KFC Holdings Malaysia Berhad Director, Integrated Poultry and Food Manufacturing, QSR Brands/ KFC Holdings Malaysia Berhad ii. Ketua Pegawai Kewangan, Johor Corporation Chief Financial Officer, Johor Corporation iii. Pengurus Besar, Kewangan, Johor Corporation General Manager, Finance, Johor Corporation iv. Pengurus Besar, Bahagian Kewangan Korporat, Antara Steel Mills Sdn Bhd General Manager, Finance and Corporate Division, Antara Steel Mills Sdn Bhd v. Akauntan, Antara Steel Mills Sdn. Bhd. (subsidiari Johor Corporation) Accountant, Antara Steel Mills Sdn. Bhd. (subsidiary of Johor Corporation)
Pekerjaan Occupation	Pengarah Bebas Bukan Eksekutif Agrobank Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	1 Julai/July 2016
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Pencalonan Nominating Committee ii. Jawatankuasa Ganjaran Remuneration Committee iii. Jawatankuasa Lembaga Audit (Pengerusi) Board Audit Committee (Chairman) iv. Jawatankuasa Lembaga Pengurusan Risiko Board Risk Management Committee v. Jawatankuasa Lembaga Kredit & Pelaburan Board Credit & Investment Committee vi. Jawatankuasa Lembaga Teknologi Maklumat Board Information Technology Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. AWQAF Holdings Berhad ii. Nationwide Express Courier Services Berhad

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

She does not have any conflict of interest or any family relationship any other director and/or major shareholders.

She has not been convicted of any offences within the pass five (5) years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATIN SERI HAJAH RUZAINA WAN HANIFF

Pengarah Bebas
Bukan Eksekutif

Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

8/8

Butiran Peribadi Personal Details	Usia/Age: 54 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif (Meletak jawatan berkuat kuasa mulai 31 Ogos 2016) Independent Non-Executive Director (Resigned w.e.f. 31 August 2016)
Kelayakan Qualification	i. Ijazah Sarjana Perhubungan Antarabangsa (Undang-undang Antarabangsa), Waseda University, Tokyo, Jepun Master in International Relations (International Law), Waseda University, Tokyo, Japan ii. Ijazah Sarjana Muda Undang-undang (Kepujian) Universiti Malaya Bachelor in Law (Hons), University of Malaya
Pengalaman Experience	i. Penolong Penasihat Undang-undang, Kementerian Pertahanan, Timbalan Peguam Cara Perbendaharaan, Timbalan Pendakwa Raya (Unit Jenayah Komersial) Assistant Legal Advisor, Ministry of Defence, Deputy Treasury Solicitor of Treasury, Deputy Public Prosecutor (Commercial Crime Unit) ii. Penasihat Undang-undang, Kementerian Penerangan serta Kementerian Pertanian dan Industri Asas Tani Malaysia Legal Advisor, Ministry of Information and Ministry of Agriculture and Agro-Based Industry Malaysia iii. Penolong Kanan Penggubal Undang-undang Parlimen/Ketua, Bahagian Penggubalan Undang-undang, Pejabat Peguam Negara Senior Assistant Parliamentary Draftsman/Head, Drafting Division, Attorney General's Chambers
Pekerjaan Occupation	Pengarah Bebas Bukan Eksekutif Agrobank Independent Non-Executive Director of Agrobank
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	23 Februari/February 2015
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Pencalonan Nominating Committee ii. Jawatankuasa Ganjaran (Pengerusi) Remuneration Committee (Chairman) iii. Jawatankuasa Lembaga Pengurusan Risiko Board Risk Management Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	-

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

She does not have any conflict of interest or any family relationship any other director and/or major shareholders.

She has not been convicted of any offences within the pass five (5) years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATO' MOHD ARIF BIN AB RAHMAN

Pengarah Bukan Bebas
Bukan Eksekutif

Non-Independent
Non-Executive Director



Butiran Peribadi Personal Details	Usia/Age: 59 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bukan Bebas Bukan Eksekutif (Meletak jawatan berkuat kuasa mulai 1 Julai 2016) Non-Independent Non-Executive Director (Resigned w.e.f. 1 July 2016)
Kelayakan Qualification	i. Ijazah Sarjana Muda Sastera (Kepujian), Universiti Malaya Bachelor of Arts (Hons), University of Malaya ii. Diploma Pengurusan Awam, Institut Tadbiran Awam Negara (INTAN) Diploma in Public Management, National Institute of Public Administration (INTAN)
Pengalaman Experience	i. Pegawai Daerah merangkap Presiden Majlis Perbandaran Sepang dan Presiden Majlis Perbandaran Subang Jaya District Officer cum President of Sepang Municipal Council and President of Subang Jaya Municipal Council ii. Ketua Penolong Setiausaha, Bahagian Perkhidmatan, Kementerian Kewangan Principal Assistant Secretary, Service Division, Ministry of Finance iii. Ketua Penolong Setiausaha, Bahagian Perumahan Principal Assistant Secretary, Housing Division iv. Penolong Pengarah, Unit Penyelarasan, Pejabat Perdana Menteri Assistant Director, Coordination Unit, Prime Minister's Office v. Perkhidmatan Tadbir dan Diplomatik Administrative and Diplomatic Service
Pekerjaan Occupation	Ketua Setiausaha, Kementerian Kemajuan Luar Bandar dan Wilayah (KKLW) Secretary-General, Ministry of Rural and Regional Development (MRRD)
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	23 Februari/February 2015
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	-
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. Padiberas Nasional Berhad (BERNAS) Padiberas Nasional Berhad (BERNAS)

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

Bil. mesyuarat lembaga pengarah yang
dihadiri pada tahun kewangan ('TK')

No. of board meetings
attended in the financial year ("FY")

5/8

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATIN RASHIDAH MOHD SIES

Pengarah Bukan Bebas
Bukan Eksekutif
Non-Independent
Non-Executive Director



Bil. mesyuarat lembaga pengarah yang dihadiri pada tahun kewangan ('TK')

No. of board meetings attended in the financial year ("FY")

8/8

Butiran Peribadi Personal Details	Usia/Age: 52 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bukan Bebas Bukan Eksekutif (Meletak jawatan berkuat kuasa mulai 1 Julai 2016) Non-Independent Non-Executive Director (Resigned w.e.f. 1 July 2016)
Kelayakan Qualification	i. Ijazah Sarjana Pentadbiran Perniagaan Master in Business Administration ii. Ijazah Sarjana Muda Pentadbiran Perniagaan (Kewangan), Idaho State University, Amerika Syarikat Bachelor in Business Administration (Finance), Idaho State University, United States of America iii. Diploma Pentadbiran Awam, Institut Tadbiran Awam Negara (INTAN) Diploma in Public Administration, National Institute of Public Administration (INTAN)
Pengalaman Experience	i. Bahagian Pelaburan, Kementerian Kewangan Diperbadankan Investment Section, Minister of Finance Incorporated <ul style="list-style-type: none"> • Menguruskan pinjaman Kerajaan dan terlibat dalam penswastaaan pelbagai agensi dan jabatan di bawah Kerajaan • Managing Government loans and involved in the privatisation of various agencies and departments under the Government • Terlibat dalam penstrukturan semula Bank Pembangunan Dan Infrastruktur Malaysia Berhad serta Bank Industri Malaysia Berhad • Restructuring of Bank Pembangunan Dan Infrastruktur Malaysia Berhad as well as Bank Industri Malaysia Berhad
Pekerjaan Occupation	Ketua, Komersial, Bahagian Syarikat Pelaburan Kerajaan, Menteri Kewangan, Diperbadankan Head, Commercial, Government Investment Companies Division, Minister of Finance, Incorporated
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	8 Jun/June 2010
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Ganjaran Remuneration Committee ii. Jawatankuasa Lembaga Audit Board Audit Committee iii. Jawatankuasa Lembaga Kredit & Pelaburan Board Credit & Investment Committee
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. Global Maritime Ventures Bhd Global Maritime Ventures Bhd

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

She does not have any conflict of interest or any family relationship any other director and/or major shareholders.

She has not been convicted of any offences within the pass five (5) years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL AHLI LEMBAGA PENGARAH

DIRECTORS' PROFILES

DATUK JOHAR CHE MAT

Pengarah Bebas
Bukan Eksekutif

Independent
Non-Executive Director



Butiran Peribadi Personal Details	Usia/Age: 64 tahun/years old Kewarganegaraan/ Nationality: Malaysia/Malaysian
Jawatan Position	Pengarah Bebas Bukan Eksekutif (Meletak jawatan berkuat kuasa mulai 1 Julai 2016) Independent Non-Executive Director (Resigned w.e.f. 1 July 2016)
Kelayakan Qualification	i. Ijazah Sarjana Muda, Universiti Malaya Bachelor of Economics, University of Malaya
Pengalaman Experience	i. Ahli Lembaga Pengarah, Mayban Trustees Berhad Board Member, Mayban Trustee Berhad ii. Ahli Lembaga Pengarah, Maybank Islamic Berhad Board Member, Maybank Islamic Berhad iii. Ahli Lembaga Pengarah, Mayban Life Assurance Berhad Board Member, Mayban Life Assurance Berhad iv. Ahli Lembaga Pengarah, Maybank Takaful Berhad Board Member, Maybank Takaful Berhad v. Ahli Lembaga Pengarah Mayfin Bhd (Mayban Finance Berhad) Board Member, Mayfin Bhd (Mayban Finance Berhad) vi. Ahli Lembaga Pengarah, Aseamlease Berhad Board Member, Aseamlease Berhad vii. Ahli Lembaga Pengarah, Aseam Credit Sdn Bhd; Board Member, Aseam Credit Sdn Bhd; viii. Ahli Lembaga Pengarah, Mayban Allied Credit & Leasing Berhad Board Member, Mayban Allied Credit & Leasing Berhad ix. Ketua Pegawai Operasi, Maybank Berhad Chief Operating Officer, Maybank Berhad
Pekerjaan Occupation	Pengarah, Amanah Raya Berhad Directors, Amanah Raya Berhad
Tarikh mula dilantik menganggotai Lembaga Pengarah Date first appointed to the Board	1 Julai/July 2010
Keahlian dalam Jawatankuasa Lembaga Membership in Board Committee	i. Jawatankuasa Pencalonan Nominating Committee ii. Jawatankuasa Lembaga Audit Board Audit Committee iii. Jawatankuasa Lembaga Pengurusan Risiko Board Risk Management Committee iv. Jawatankuasa Lembaga Kredit & Pelaburan (Pengerusi) Board Credit & Investment Committee (Chairman)
Jawatan pengarah dalam syarikat awam lain Directorship of other public companies	i. Amanah Raya Berhad (Kumpulan Syarikat) Amanah Raya Berhad (Group of Companies) ii. Edra Gobal Energy Berhad Edra Global Energy Berhad

Bil. mesyuarat lembaga pengarah yang
dihadiri pada tahun kewangan ('TK')

No. of board meetings
attended in the financial year ("FY")

4/8

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.

Beliau tidak pernah disabitkan dengan apa-apa kesalahan dalam tempoh lima (5) tahun yang lalu dan tidak dikenakan sebarang sekatan oleh mana-mana badan pengawalseliaan yang relevan pada tahun 2016.

He does not have any conflict of interest or any family relationship any other director and/or major shareholders.

He has not been convicted of any offences within the pass five (5) years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2016.

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

DATO' WAN MOHD FADZMI WAN OTHMAN

Presiden/Ketua Pegawai
Eksekutif
President/Chief Executive
Officer



Kelayakan:

- Ijazah Sarjana Muda Ekonomi Binaan, Royal Melbourne Institute of Technology, Australia
- Program Pengurusan Lanjutan, Wharton Business School, University of Pennsylvania, Amerika Syarikat
- Program Kewangan Eksekutif Kanan, Oxford University, United Kingdom
- Jurubank Berkanun, Asian Institute of Chartered Bankers (AICB)
- Profesional Kewangan Islam Berkanun (CPIF)

Pengalaman:

- Pengarah, Perbankan Kewangan Global, Kumpulan Perbankan RHB
- Memegang beberapa jawatan pengurusan kanan di Kumpulan Maybank selama 22 tahun, iaitu Ketua wakil negara bagi cawangan Maybank di London, New York dan Hong Kong

TANGGUNGJAWAB

- Membangunkan hala tuju strategik Bank dengan memastikan strategi dan dasar korporat Bank dilaksanakan dengan berkesan
- Memastikan keputusan Lembaga Pengarah dilaksanakan dan memberi maklum balas kepada arahan Lembaga Pengarah dengan memberi garis panduan dalam pelaksanaan pelan perniagaan jangka pendek dan jangka panjang, memastikan Lembaga Pengarah dimaklumkan sepenuhnya mengenai semua aspek penting operasi Bank serta memastikan maklumat yang mencukupi diedarkan kepada Ahli Lembaga Pengarah
- Memastikan hal ehwal perniagaan harian institusi diuruskan dengan berkesan
- Jabatan di bawah Presiden/Ketua Pegawai Eksekutif adalah Jabatan Pemulihan Perolehan, Jabatan Pematuhan, Jabatan Audit Dalaman, Jabatan Komunikasi Korporat, Jabatan Penyelidikan & Kajian Syariah dan Jabatan Perkhidmatan Korporat

Tarikh Pelantikan:

1 Julai 2011

Qualifications:

- Bachelor in Construction Economics, Royal Melbourne Institute of Technology, Australia
- Advanced Management Programme, Wharton Business School, University of Pennsylvania, United States of America
- Senior Executive Finance Programme, Oxford University, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- Chartered Professional, Islamic Finance (CPIF)

Experience:

- Director, Global Financial Banking, RHB Banking Group
- Held several senior management positions at Maybank Group for 22 years i.e. Country Head for Maybank's branches in London, New York and Hong Kong

RESPONSIBILITIES

- Develop the strategic direction of the Bank by ensuring that the Bank's strategies and corporate policies are effectively implemented
- Ensure Board decisions are implemented and Board directions are responded by providing guidelines of the implementation on short and long-term business plans, keeping board fully informed of all important aspects of the Bank operations and ensuring sufficient information is distributed to board members
- Ensure the day-to-day business affairs of the institutions are effectively managed
- Departments under the purview of President/Chief Executive Officer are Remedial Recovery Department, Compliance Department, Internal Audit Department, Corporate Communications Department, Shariah Research & Review Department and Corporate Services Department

Date Appointed:

1 July 2011

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

DATO' ASMUNI SUDIN

Ketua Pegawai
Perkhidmatan Kewangan
Chief Financial
Services Officer



Kelayakan:

- Ijazah Sarjana Muda Ekonomi, Universiti Malaya

Pengalaman:

- Pengarah Serantau, Maybank (Selangor/Negeri Sembilan)
- Pengurus Besar, Operasi Brunei, Maybank
- Ketua Wilayah, Maybank (Pulau Pinang/Perak/Kedah/Perlis/Wilayah Persekutuan KL)
- Ketua Pusat Perniagaan, Maybank
- Pengurus Cawangan, Maybank
- Penolong Pengurus Cawangan, Maybank
- Pegawai Operasi, Maybank

Tanggungjawab:

- Mengetengahkan kepimpinan yang berkesan demi memenuhi visi dan misi serta membuat laporan secara berkala tentang pelan atau hala tuju strategik pengurusan perkhidmatan kewangan kepada Presiden/Ketua Pegawai Eksekutif dan Lembaga Pengarah
- Merangka dan mengkaji keteguhan KPI perniagaan serta prosedur yang mentadbir operasi dan aktiviti perniagaan harian serta keupayaan dalaman Bank, termasuk yang berkaitan dengan budaya berprestasi tingginya yang tertumpu ke arah menepati matlamat organisasi dan perniagaan
- Merumus dan memacu pelaksanaan strategi perniagaan secara keseluruhan, memastikan pelan perniagaan dan pemasaran dijalankan dengan berkesan, *turn-around-time* (TAT) yang lebih pantas dengan menepati garis masa bersandarkan kawalan yang maksimum dan diukur secara bebas, dan memastikan operasi perniagaan yang kritikal adalah sejajar dengan matlamat perniagaan Bank dalam menzahirkan pertumbuhan aset, deposit, keuntungan, kualiti aset pembiayaan dan lain-lain.
- Mengurus dan menggerakkan kesemua portfolio perniagaan serta menyediakan khidmat nasihat perbankan yang memberi nilai tambah dan juga penyelesaian kewangan yang dirangka mengikut kesesuaian agar penjanaan hasil daripada portfolio dapat dioptimumkan

Tarikh Pelantikan:

29 Mac 2013

Qualifications:

- Bachelor of Economics, University of Malaya

Experience:

More than 30 years of experience in various portfolios:

- Regional Director, Maybank (Selangor/Negeri Sembilan)
- General Manager, Brunei Operations, Maybank
- Regional Head, Maybank (Penang/Perak/Kedah/Perlis/Federal Territory KL)
- Head of Business Centre, Maybank
- Branch Manager, Maybank
- Assistant Branch Manager, Maybank
- Operations Officer, Maybank

Responsibilities:

- Provide effective leadership in fulfilling the Bank's vision and mission and report at regular intervals on the plan or strategic direction of the financial services management to the President/Chief Executive Officer and the Board of Directors
- Develop and review robust business KPIs and procedures governing daily business operations and activities and the Bank's internal capabilities including its high-performance culture focused on meeting organisational and business goals
- Formulate and drive the implementation of the overall business strategy, ensure effective execution of business and marketing plans, deliver faster turn-around-time (TAT) within the timeline with maximum controls which are measured independently, and ensure business critical operations are aligned with the Bank's business goals to deliver asset growth, deposit, profitability, financing asset quality, etc.
- Manage and drive all business portfolios, and provide value-added banking advice and customised financial solutions in order to optimise revenue generation from the portfolio

Date Appointed:

29 March 2013

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

MASAAT AWADZ

Ketua Pegawai Kewangan
Chief Finance Officer



Kelayakan:

- Ijazah Sarjana Pentadbiran Perniagaan (MBA) dengan pengkhususan dalam bidang Kewangan
- Ijazah Sarjana Muda Pentadbiran Perniagaan (Kepujian) dalam bidang Kewangan
- Usahawan Profesional Bertauliah (CPE), Institut Pengurusan Malaysia (MIM)

Pengalaman:

- Pemangku Ketua Pegawai Kewangan, Agrobank
- Ketua Jabatan Perakaunan, Agrobank
- Ketua Jabatan Pengurusan Pelaporan dan Sistem Maklumat, Agrobank
- Pengurus Cawangan bagi beberapa cawangan Agrobank di Malaysia Barat
- Ketua Projek Agrobank bagi Cukai Barangan dan Perkhidmatan (GST)
- Ketua Projek Agrobank bagi pelaksanaan Piawaian Pelaporan Malaysia
- Ketua Projek Agrobank bagi Sistem Pengurusan Kewangan dan Pengurusan Data

Tanggungjawab:

- Bertanggungjawab menyelia hal ehwal kewangan, operasi perakaunan, perolehan serta pengurusan data Bank. Mematuhi semua yang diterima pakai secara amnya, berkaitan dengan prinsip perakaunan, undang-undang cukai dan pengawalseliaan, kaedah dan peraturan agar sentiasa memberi gambaran yang memuaskan dan tepat berkenaan kedudukan kewangan Bank
- Merangka strategi kewangan dengan menyumbangkan maklumat, analisis serta cadangan mengenai kewangan dan perakaunan bagi tujuan pemikiran dan hala tuju strategik; mewujudkan objektif fungsian yang sejajar dengan objektif Bank
- Mengarahkan pengurusan belanjawan Bank demi memenuhi matlamat kewangan

Tarikh Pelantikan:

1 Januari 2017

Qualifications:

- Master of Business Administration (MBA) majoring in Finance
- Bachelor of Business Administration (Hons) Finance
- Certified Professional Entrepreneur (CPE), Malaysian Institute of Management (MIM)

Experience:

- Acting Chief Finance Officer, Agrobank
- Head of Accounting, Agrobank
- Head of Management Reporting and Information System, Agrobank
- Branch Manager for various Agrobank branches in West Malaysia
- Agrobank Project Leader for Goods and Services Tax (GST)
- Agrobank Project Leader for implementation of Malaysian Reporting Standards
- Agrobank Project Leader for Financial Management and Data Management System

Responsibilities:

- Responsible for overseeing all financial matters, accounting operations, procurement and data management of the Bank. Adhere to all related generally accepted accounting principles, tax and regulatory laws, rules and regulations to adequately and accurately reflect the financial position of the Bank at all times.
- Develop financial strategies by contributing financial and accounting information, analysis, and recommendations for strategic thinking and direction; establishing functional objectives in line with the Bank's objectives.
- Direct the Bank's budgets to meet financial goals.

Date appointed:

1 January 2017

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

MAD YUSOF YAZID

Ketua Pegawai
Perkhidmatan
Chief Services
Officer



Kelayakan:

- Pegawai Pematuhan Bertauliah, Akademi Antarabangsa Pengurusan Kewangan
- Sijil Undang-undang Islam, Universiti Islam Antarabangsa Malaysia
- Ahli Bersekutu, CSI World Headquarters
- Jurulatih Profesional Bertauliah, Program Latihan Jurulatih Diakreditasi ACTP, Persekutuan Jurulatih Antarabangsa

Pengalaman:

- Ketua Pegawai Operasi, Agrobank
- Ketua, Pematuhan Kumpulan, Maybank
- Ketua, Operasi Malaysia, Maybank
- Bahagian Penyeliaan dan Sokongan Cawangan, Maybank
- Pengurus Cawangan, Maybank

Tanggungjawab:

- Bertanggungjawab terhadap keseluruhan fungsi Perkhidmatan Perniagaan, iaitu Perbankan Elektronik, Transaksi Perbankan dan Perkhidmatan, Pemerolehan, Pengurusan Perhubungan Pelanggan dan Pengurusan Aset
- Memastikan strategi yang berkesan dirangka dan dilaksana bagi memaksimumkan kecekapan keseluruhan fungsi perkhidmatan perniagaan

Tarikh Pelantikan:

20 Julai 2015

Qualifications:

- Certified Compliance Officer, International Academy of Financial Management
- Certificate in Islamic Law, International Islamic University Malaysia
- Associate Member, CSI World Headquarters
- Certified Professional Coach, ACTP-Accredited Coach Training Programme, International Coach Federation

Experience:

- Chief Operations Officer, Agrobank
- Head, Group Compliance, Maybank
- Head, Malaysian Operations, Maybank
- Branch Supervision and Support Department, Maybank
- Branch Manager, Maybank

Responsibilities:

- Accountable for overall functions under Business Services i.e. Electronic Banking, Transactional Banking and Services, Procurement, Customer Relation Management and Asset Management
- Ensure effective strategy is developed and implemented to maximise efficiencies of overall functions in business services

Date Appointed:

20 July 2015

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

ZAHID AHMAD ZAWAWI

Ketua Pegawai
Operasi
Chief Operations
Officer



Kelayakan:

- Ijazah Perakaunan, Universiti Kebangsaan Malaysia
- Ahli Institut Akauntan Malaysia (MIA)

Pengalaman:

- Timbalan Ketua Pegawai Operasi, Agrobank
- Ketua Juruaudit Dalaman, Agrobank
- Menubuhkan Jabatan Audit Dalaman di sebuah syarikat modal teroka yang dimiliki sepenuhnya oleh Kementerian Kewangan Diperbadankan
- Sebelum menyertai Agrobank, telah meraih pengalaman selama 15 tahun dalam industri perbankan dengan pengkhususan dalam bidang audit, tadbir urus korporat, penyiasatan, kewangan, pengurusan risiko dan pengurusan operasi perbankan

Tanggungjawab:

- Mentransformasi Bahagian Pengurusan Operasi (OMD) dan memperkemas fungsi operasi serta mewujudkan sinergi di antara OMD dan bahagian lain dalam Bank
- Memastikan strategi yang berkesan dirangka dan dilaksana bagi memaksimumkan kecekapan keseluruhan fungsi operasi

Tarikh Pelantikan:

23 Julai 2015

Qualifications:

- Degree in Accountancy, Universiti Kebangsaan Malaysia
- Member, Malaysian Institute of Accountants (MIA)

Experience:

- Deputy Chief Operation Officer, Agrobank
- Chief Internal Auditor, Agrobank
- Set up an Internal Audit Department in a venture capital company fully owned by the Minister of Finance Incorporated
- Prior to joining Agrobank, gained 15 years of experience in the banking industry specialising in audits, corporate governance, investigation, finance, risk management and banking operations management

Responsibilities:

- Transforming the Operation Management Division (OMD) and streamlining operational functions as well as creating synergies between OMD and other divisions within the Bank
- Ensure effective strategy is developed and implemented to maximise the efficiencies of overall functions in operations

Date Appointed:

23 July 2015

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

AHMAD SHAHRIL MOHD SHARIFF

Ketua Pegawai Transformasi
Chief Transformation Officer



Kelayakan:

- Ijazah Sarjana Muda dalam bidang Kewangan dan Perakaunan, University of Salford, United Kingdom

Pengalaman:

- Pengerusi Jawatankuasa Teknikal DFI bagi Persatuan Institusi Pembangunan Kewangan Malaysia (ADFIM)
- Timbalan Pengarah Bank Negara Malaysia selama 16 tahun dengan menggalas pelbagai tugas, termasuk bertanggungjawab terhadap pengawasan mikro, pemantauan kewangan, institusi kewangan bukan bank, dasar kehematan dan kehematan makro serta merupakan pakar risiko

Tanggungjawab:

- Bertanggungjawab terhadap fungsi keseluruhan Jabatan Perancangan Korporat dan Strategik, Perekayasaan Proses Perniagaan/Pengurusan Perubahan, Pengurusan Ekonomi dan Penyelidikan Industri serta Jabatan Perbendaharaan
- Merangka dan menerajui kesemua usaha transformasi yang boleh dizahirkan dan memastikan sasaran utama dalam Pelan Transformasi dapat dicapai

Tarikh Pelantikan:

3 Ogos 2015

Qualifications:

- Bachelor's in Finance and Accounting, University of Salford, United Kingdom

Experience:

- Chairman of the DFI Technical Committee of the Association of Development Finance Institutions of Malaysia (ADFIM)
- Deputy Director of Bank Negara Malaysia for 16 years with various responsibilities including micro-supervision, financial surveillance, non-bank financial institutions, prudential and macro-prudential policies and risk specialist

Responsibilities:

- Accountable for the overall functions of Corporate and Strategic Planning, Business Process Re-engineering/Change Management, Economic and Industry Research Management and Treasury Departments
- Develop and spearhead all transformation deliverables, and ensure milestones within the Transformation Plan are achieved

Date Appointed:

3 August 2015

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

JASNI MOHAMED YUSOFF

Ketua Pegawai Kredit
Chief Credit Officer



Kelayakan:

- Ijazah Sarjana Muda dalam bidang Kajian Sains Alam Sekitar, Universiti Pertanian Malaysia

Pengalaman:

- Ketua, Penilaian dan Semakan Semula Kredit, Agrobank
- Ketua, Risiko Kredit dan Keizinan Cawangan, Agrobank
- Pemangku Ketua Pegawai Risiko, Agrobank
- Ketua Penilaian Kredit, Agrobank
- Ketua Projek Kanan Modul Pengurusan Kredit dan Risiko Kredit, Projek Perundingan Teknikal AGROBANK-RABOBANK
- Pengurus Kanan Bahagian Penilaian Pinjaman/ Penolong Naib Presiden Pinjaman Korporat dan SME, Agrobank
- Pengurus Cawangan di pelbagai cawangan di Sabah dan Sarawak, Agrobank

Tanggungjawab:

- Mengawasi fungsi kelulusan kredit serta penyeliaan kredit di seluruh Bank
- Merancang, mengetuai, mengarah dan mengawal aktiviti kredit serta penilaian untuk Bahagian
- Menilai kesempurnaan keseluruhan portfolio pembiayaan, memastikan dasar dan prosedur kredit diikuti dan kredit diberi atas dasar ia adalah selamat untuk berbuat demikian

Tarikh Pelantikan:

11 Januari 2016

Qualifications:

- Bachelor of Science in Environmental Studies, Universiti Pertanian Malaysia

Experience:

- Head, Credit Evaluation and Review, Agrobank
- Head, Credit Risk and Branch Authorisation, Agrobank
- Acting Chief Risk Officer, Agrobank
- Head, Credit Appraisal, Agrobank
- Senior Project Leader Credit and Credit Risk Management Module, AGROBANK – RABOBANK Technical Consultancy Project
- Senior Manager Loan Appraisal Division/ Assistant Vice President Corporate and SME Loans, Agrobank
- Branch Manager, various branches in Sabah and Sarawak, Agrobank

Responsibilities:

- Oversee Bank-wide credit approval and credit supervision function
- Plan, lead, direct and control credit and appraisal activities for the Division
- Assess overall soundness of the financing portfolio, ensure that credit policies and procedures are followed and that credit is extended on a sound basis

Date Appointed:

11 January 2016

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

ABDUL KHALIF MOHAMMAD SALLEH

Ketua Pegawai
Sumber Manusia
Chief Human
Resource Officer



Kelayakan:

- Ijazah Sarjana Muda Sastera dalam bidang Sains Politik (Kepujian), Simon Fraser University, Vancouver, Kanada

Pengalaman:

- Pengurus Penjagaan Kesihatan Kumpulan, Sumber Manusia dan Pemasaran, TDM Berhad
- Pengurus Kumpulan, Sumber Manusia, TDM Berhad
- Pengurus Sumber Manusia, Q-Intell Sdn Bhd
- Pengurus Pampasan dan Manfaat, DHL Worldwide Express Sdn Bhd
- Penolong Pengurus, RHB Group Berhad
- Eksekutif Sumber Manusia, Pengambilan Pekerja, Proton Berhad

Tanggungjawab:

- Membentuk dan memimpin sekumpulan para profesional dalam bidang sumber manusia untuk memberi khidmat dan nasihat berkenaan sumber manusia kepada pihak Pengurusan dan kakitangan
- Memainkan peranan sebagai rakan strategik kepada bahagian perniagaan dan sokongan dengan memahami isu am dan isu yang menyelubungi industri agar dapat memberikan latihan, rundingan serta sokongan yang diperlukan
- Memastikan bahawa semua amalan sumber manusia menuruti keperluan berkanun dan mematuhi undang-undang yang berkaitan

Tarikh Pelantikan:

1 Disember 2014

Qualifications:

- Bachelor of Arts in Political Science (Hons), Simon Fraser University, Vancouver, Canada

Experience:

- Group Manager Healthcare, Human Resource and Marketing, TDM Berhad
- Group Manager, Human Resource, TDM Berhad
- Human Resource Manager, Q-Intell Sdn Bhd
- Compensations and Benefits Manager, DHL Worldwide Express Sdn Bhd
- Assistant Manager, RHB Group Berhad
- HR Executive, Recruitment, Proton Berhad

Responsibilities:

- Develop and lead a team of human resource professionals to provide Human Resources services and advisory to the Management and staff
- Serve as a strategic partner to the business and support divisions by understanding general and industry issues in order to provide the required training, consultation and support
- Ensure that all human resource practices adhere to statutory requirements and in comply with the relevant laws

Date Appointed:

1 December 2014

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES

DATO' MUSLIM HUSSAIN

Ketua Pegawai Risiko
Chief Risk Officer



Kelayakan:

- Ijazah Sarjana Muda Pentadbiran Perniagaan, Universiti Malaya

Pengalaman:

Memiliki lebih 25 tahun pengalaman dengan memegang pelbagai portfolio:

- Pegawai Kanan, Dasar Kredit, Maybank
- Ketua, Portfolio Kawalan, Maybank
- Ketua, Portfolio Dasar, Maybank
- Ketua, Dasar Kredit dan Pengurusan Portfolio, Maybank
- Ketua, Risiko Operasi, Maybank

Terlibat dalam pengurusan risiko dan melaksanakan usaha wajar bagi penggabungan dan pengambilalihan:

- Pacific Bank
- Mayban Finance
- Lippo Bank Indonesia
- Bank Permata Indonesia
- Bank International Indonesia
- ABB Bank Vietnam
- MCM Pakistan

Menghadiri pelbagai kursus di peringkat tempatan dan antarabangsa berkenaan pengurusan risiko dan derivatif, serta membuat pembentangan mengenai pengurusan risiko pada forum antarabangsa.

Tanggungjawab:

- Menggalakkan budaya pengurusan risiko yang teguh dan praktikal di seluruh Bank
- Menyelia fungsi pengurusan risiko Bank dan semua pelaporan pengawasan yang perlu berkenaan risiko operasi, risiko pasaran dan risiko kredit
- Merangka dan menjajarkan dasar risiko selaras dengan budaya dan tahap penerimaan risiko serta model pengurusan risiko Bank

Tarikh Pelantikan:

1 April 2011

Tarikh Perletakan Jawatan:

12 September 2016

Qualifications:

- Bachelor of Business Administration, University of Malaya

Experience:

More than 25 years of experience in various portfolios:

- Senior Officer, Credit Policy, Maybank
- Head, Control Portfolio, Maybank
- Head, Policy Portfolio, Maybank
- Head, Credit Policy and Portfolio Management, Maybank
- Head, Operational Risk, Maybank

Risk management and due diligence exercise for the merger acquisition:

- Pacific Bank
- Mayban Finance
- Lippo Bank Indonesia
- Bank Permata Indonesia
- Bank International Indonesia
- ABB Bank Vietnam
- MCM Pakistan

Attended numerous courses locally and internationally on risk management and derivatives, and gave presentations on risk management at international forums

Responsibilities:

- Promote strong and practical risk management culture throughout the Bank
- Oversee the risk management function within the Bank and cover all necessary reporting oversight of operational risk, market risk and credit risk
- Chart and align the risk policy in line with the Bank's risk culture, appetite and risk management model

Date Appointed:

1 April 2011

Date of Resignation:

12 September 2016

PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEE'S PROFILES

PROF. MADYA DR. MOHAMED FAIROOZ ABDUL KHIR

Pengerusi
Chairman



Pengalaman:

- Ahli Jawatankuasa Syariah di MIDF Islamic Assets, MNRB Retakaful dan Maybank Islamic Berhad
- Pensyarah di Universiti Islam Antarabangsa Malaysia
- Sebelumnya merupakan penyelidik di Akademi Penyelidikan Syariah Antarabangsa (ISRA) bagi Kewangan Islam, dengan pembabitan dalam penyelidikan serta penerbitan isu Syariah dan fatwa yang berkaitan dengan ekonomi, perbankan dan kewangan Islam

Kelayakan:

- Ijazah Kedoktoran Perbankan Islam, Universiti Malaya
- Ijazah Sarjana Syariah, Universiti Malaya
- Ijazah Sarjana Muda dalam Ilmu Wahyu dan Warisan Islam, dengan pengkhususan dalam Fiqh (Undang-undang Islam) dan Usul al-Fiqh (Asal Usul Undang-undang Islam), Universiti Islam Antarabangsa Malaysia

Experience:

- Shariah Committee member of MIDF Islamic Assets, MNRB Retakaful and Maybank Islamic Berhad
- Lecturer at International Islamic University Malaysia
- Previously a researcher at International Shariah Research Academy (ISRA) for Islamic Finance, involved in research and publication on Shariah and fatwa issues related to the Islamic economy, banking and finance

Qualifications:

- Doctorate in Islamic Banking, University of Malaya
- Master in Shariah, University of Malaya
- Bachelor in Islamic Revealed Knowledge and Heritage, majoring in Fiqh (Islamic Law) and Usul al-Fiqh (Origins of Islamic Law), International Islamic University Malaysia

Date Appointed:

1 August 2012

Tarikh Pelantikan:

1 Ogos 2012

DR. MOHAMAD SABRI ZAKARIA

Ahli
Member



Pengalaman:

- Perunding Syariah di Great Eastern Takaful Sdn Bhd dan Kumpulan MIDF
- Mantan perunding Syariah di Export-Import Bank of Malaysia Berhad
- Profesor Madya di Universiti Islam Antarabangsa Malaysia

Kelayakan:

- Ijazah Kedoktoran dalam Fiqh and Usul Fiqh, Universiti Islam Antarabangsa Malaysia
- Ijazah Sarjana dalam Pengajian Islam, Universiti Yarmouk, Jordan
- Ijazah Sarjana Muda Syariah, Universiti Al-Azhar, Mesir

Experience:

- Shariah consultant at Great Eastern Takaful Sdn Bhd and MIDF Group
- Former Shariah consultant at Export-Import Bank of Malaysia Berhad
- Associate Professor at International Islamic University Malaysia

Qualifications:

- Doctorate in Fiqh and Usul Fiqh, International Islamic University Malaysia
- Master in Islamic Studies, Yarmouk University, Jordan
- Bachelor in Shariah, Al-Azhar University, Egypt

Date Appointed:

1 June 2013

Tarikh Pelantikan:

1 Jun 2013

PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEE'S PROFILES

PROF. MADYA DR. ATIKULLAH HJ. ABDULLAH

Ahli
Member



Pengalaman:

- Ahli panel Undang-undang Islam dan Siyasah Shar'iyah, Dewan Bahasa dan Pustaka (DBP)
- Ahli panel Majlis Fatwa Pulau Pinang
- Profesor Madya di Institut Pengajian Islam, Universiti Sains Malaysia

Kelayakan:

- Ijazah Sarjana dan Kedoktoran dalam Pengajian Islam, Birmingham University, United Kingdom
- Ijazah Sarjana Muda Syariah, Universiti Malaya

Tarikh Pelantikan:

1 Januari 2006

Experience:

- Panel member of Islamic Law and Siyasah Shar'iyah, Dewan Bahasa dan Pustaka (DBP)
- Panel member of Pulau Pinang Fatwa Council
- Associate Professor at Islamic Studies Institute, Universiti Sains Malaysia

Qualifications:

- Master and Doctorate in Islamic Studies, Birmingham University, United Kingdom
- Bachelor in Shariah, University of Malaysia

Date Appointed:

1 January 2006

Y.M. ENSKU AHMAD FADZIL BIN Y.M. ENSKU ALI

Ahli
Member



Pengalaman:

- Peguam Bela dan Peguam Cara di Mahkamah Tinggi Malaysia
- Ahli Jawatankuasa Syariah di Bank Muamalat Malaysia Berhad

Kelayakan:

- Sedang mengikuti pengajian peringkat Ijazah Kedoktoran dalam bidang Pemasaran Berbilang Aras, Universiti Malaya
- Ijazah Sarjana dalam Kehakiman Islam, Universiti Jordan
- Ijazah Sarjana Muda Undang-undang Syariah, Universiti Islam Antarabangsa Malaysia
- Ijazah Sarjana Muda Undang-undang, Universiti Islam Antarabangsa Malaysia

Tarikh Pelantikan:

1 Jun 2015

Experience:

- Advocate and solicitor in the High Court of Malaysia
- Shariah Committee, Bank Muamalat Malaysia Berhad

Qualifications:

- Pursuing Doctorate in Multi-Level Marketing, University of Malaya
- Master in Islamic Judiciary, Jordan University
- Bachelor in Shariah Law, International Islamic University Malaysia
- Bachelor in Law, International Islamic University Malaysia

Date Appointed:

1 June 2015

PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEE'S PROFILES

TUAN HAJI AZIZI BIN CHE SEMAN

Ahli
Member



Pengalaman:

- Penasihat Syariah bagi Persatuan Institusi Perbankan Islam Malaysia (AIBIM)
- Pengerusi, Jawatankuasa Syariah di Bank Muamalat Malaysia Berhad
- Pensyarah di Akademi Pengajian Islam, Universiti Malaya, dengan pengkhususan dalam pasaran modal Islam, ekonomi Islam, Fiqh Muamalat dan metodologi penyelidikan

Kelayakan:

- Ijazah Sarjana dalam Ekonomi, Universiti Islam Antarabangsa Malaysia
- Ijazah Sarjana Muda dalam Pengajian Islam, Universiti Malaya

Tarikh Pelantikan:

1 Jun 2015

Experience:

- Shariah Advisor, Association of Islamic Banking Institutions Malaysia (AIBIM)
- Chairman, Shariah Committee, Bank Muamalat Malaysia Berhad
- Lecturer at Islamic Studies Academy, University of Malaya, specialising in Islamic capital market, Islamic economics, Fiqh Muamalat and research methodology

Qualifications:

- Master in Economics, International Islamic University Malaysia
- Bachelor in Islamic Studies, University of Malaya

Date Appointed:

1 June 2015

TUAN HAJI JAHIDI BIN HARUN

Ahli
Member



Pengalaman:

- Mantan Ketua, Pengurusan Strategik dan Pembangunan Produk, MSI
- Mantan Pengurus Projek bagi penukaran PT Maybank Indocorp kepada PT Maybank Syariah Indonesia (MSI)
- Mantan Ketua Jualan, Korporat dan Komersial, serta Ketua Pengurusan Risiko, MIB
- Mantan Pengurus Projek bagi penukaran Bahagian Perbankan Islam kepada Maybank Islamic Berhad (MIB)
- Mantan Pengurus Cawangan, Ketua Perniagaan Komersial (Perak) dan Ketua Jualan, Bahagian Perbankan Islam, Maybank

Kelayakan:

- Ijazah Sarjana Muda Ekonomi, Universiti Malaya

Tarikh Pelantikan:

1 Jun 2015

Experience:

- Former Head, Strategic Management and Product Development, MSI
- Former Project Manager for conversion of PT Maybank Indocorp to PT Maybank Syariah Indonesia (MSI)
- Former Head of Sales, Corporate and Commercial, and Head of Risk Management, MIB
- Former Project Manager for conversion of Maybank Islamic Division to Maybank Islamic Berhad (MIB)
- Former Branch Manager, Head of Commercial Business (Perak) and Head of Sales, Islamic Banking Division, Maybank

Qualifications:

- Bachelor in Economics, University of Malaya

Date Appointed:

1 June 2015



BERSAMA KITA MENCIPTA PELUANG

TOGETHER WE CREATE OPPORTUNITIES

“Pertanian adalah perniagaan. Jangan takut pada risiko kegagalan jika benar ingin berjaya.”

“Agriculture is a business. If you really want to succeed, don't be afraid of the risk of failure.”

- Ramle Muda

Pengarah Urusan/*Managing Director*
PRM Foods and Industries Sdn. Bhd.

ANUGERAH AGROPRENEUR AGROBANK 2016
PEMENANG KATEGORI ANUGERAH AGROPRENEUR CEMERLANG
THE AGROBANK AGROPRENEUR AWARD 2016
WINNER OF EXCELLENT AGROPRENEUR AWARD CATEGORY

PRM Foods & Marketing Sdn. Bhd.
(Marang, Terengganu)

PRM Foods & Marketing Sdn. Bhd. telah memenangi beberapa anugerah termasuk:

- Anugerah Usahawan Terengganu
- Anugerah Enterprise 5
- Anugerah Pemasar Tani Jaya

PRM Foods & Marketing Sdn. Bhd. garnered numerous awards, among which are:

- The Terengganu Entrepreneur Award
- The Enterprise 5 Award
- Successful Agricultural Marketing Award

PRM Foods & Marketing Sdn. Bhd. telah mula beroperasi sejak 22 tahun yang lalu.

PRM Foods & Marketing Sdn. Bhd. has been in operations for the past 22 years.



Bermula daripada mengedar beras dengan mempunyai kilang yang kecil, PRM Foods & Marketing Sdn. Bhd. kini telah pun mempunyai kilang padi dan kilang bihun. Produk-produk diproses dan dibekal di negeri-negeri pantai timur berjenama ERA MAS.

The company had started-off with its rice distribution business located at a small plant. However, today, PRM Foods & Marketing Sdn Bhd is the proud owner of a rice mill and rice noodle plant with the assembly line for the manufacturing of products which carries the brand name ERA MAS and are supplied to various states in the east coast.



PRM Foods & Marketing Sdn. Bhd. secara berkala mendapatkan maklumbalas daripada pelanggan dan mengendalikan aduan pelanggan secara sistematik. Purata tahap kepuasan pelanggan tidak kurang daripada 85 peratus.

PRM Foods & Marketing Sdn. Bhd. solicits periodical feedback from customers and handles all customer inquiries systematically. The average customer satisfaction level is not lesser than 85 percent.



Syarikat ini mengendalikan perniagaan dengan mempunyai pensijilan Halal, Trademark, dan kelulusan Teras Program Teraju oleh ECER.

In conducting its business, the company is endorsed with the Halal trademark certification and was approved for the TERAJU (Bumiputera Agenda Steering Unit) TERAS programme which is channelled via the East Coast Economic Region (ECER).



Mempunyai perancangan strategik jangka pendek, sederhana dan panjang bagi menentukan visi, misi dan objektif tercapai sepenuhnya. Perancangan ini diukur setiap bulan dan dibincangkan di semua peringkat pekerjaan. *Management by Walking Around* adalah amalan pihak pengurusan syarikat untuk mendapatkan maklumbalas segera dan terkini dari semua pekerja dari pelbagai peringkat.

To propagate business and ensuring the full attainment of its vision, mission and objectives, the company is bound by its short, medium and long term strategic planning, The planning is measured every month and deliberated at all levels. The concept of 'Management by walking around' is practised by the company in order to amass immediate and current feedback from all staff of various levels.

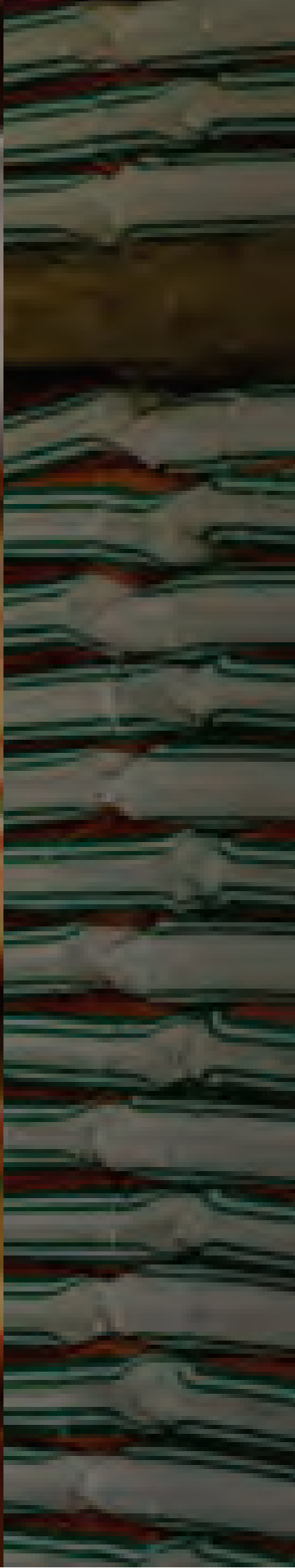




**ENCIK
RAMLE
MUDA**

Pengarah Urusan
Managing Director
PRM Foods and
Marketing Sdn. Bhd.

Pelanggan Agrobank
sejak 2000
*Agrobank's customer
since 2000*



PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Lembaga Pengarah memperakui kepentingan tadbir urus korporat yang mantap dalam melaksanakan tugas dan tanggungjawab fidusiarinya demi mencapai misi korporat Agrobank dan meningkatkan nilai para pemegang sahamnya. Sebagai sebuah Institusi Kewangan Pembangunan (DFI), Lembaga Pengarah dipandu oleh prinsip yang ditetapkan dalam Garis Panduan Tadbir Urus Korporat Bank Negara Malaysia (BNM) di bawah Akta Institusi Kewangan Pembangunan (Pindaan) 2015 (DFIA).

Tadbir urus korporat ditakrifkan sebagai suatu proses dan struktur yang digunakan untuk mengarah dan menguruskan perniagaan serta hal ehwal bank demi meningkatkan kemajuan perniagaan serta kebertanggungjawaban korporat dengan objektif utama untuk menzahirkan nilai pemegang saham dalam jangka panjang, dengan turut mengambil kira kepentingan pihak berkepentingan yang lain.

Garis panduan ini bertindak untuk memastikan Bank diurus dengan cara yang selamat dan mantap, mengimbangi perniagaan berhemat dengan pengambilan risiko, dan dilindungi daripada salah urus atau aktiviti penipuan bagi membantu pihak pengurusan mencapai objektif sosioekonomi, di samping menjamin keselamatan kewangan Bank.

Berdasarkan garis panduan ini, Lembaga Pengarah telah merangka sebuah Piagam yang menggariskan komposisi, peranan dan tanggungjawabnya. Piagam ini telah dikaji semula sebanyak enam kali sejak pertama kali diluluskan oleh Lembaga Pengarah pada 28 November 2008. Versi yang terkini mula berkuat kuasa pada Januari 2017.

Struktur Tadbir Urus Korporat

Sebuah rangka kerja tadbir urus korporat yang komprehensif memainkan peranan penting dalam budaya, amalan perniagaan dan pematuhan terhadap kawal selia di Agrobank. Secara intrinsiknya, amalan tadbir urus korporat Agrobank telah dibina untuk mewujudkan kesan yang positif dan lestari dalam kehidupan para pelanggan, rakan niaga, kakitangan, komuniti dan alam sekitar di tempat beroperasinya Bank. Ini menguatkan lagi sebuah perniagaan yang teguh serta mampan untuk para pemegang saham, sementara mencipta nilai kemasyarakatan untuk pihak berkepentingan Bank.

Bagi memenuhi kepentingan para pemegang saham dan pihak berkepentingan yang lain, model dan rangka kerja tadbir urus korporat Agrobank adalah tertakluk kepada kajian semula, penilaian dan penambahbaikan berterusan. Lembaga Pengarah, secara proaktifnya menerima pakai dasar dan amalan tadbir urus yang telah dirangka untuk menjajarkan kepentingan Lembaga Pengarah dan pihak pengurusan dengan kepentingan para pemegang saham serta pihak berkepentingan yang lain dan menggalakkan piawaian tertinggi dalam tingkah laku beretika serta pengurusan risiko di setiap peringkat organisasi.

Rajah di bawah menggambarkan model dan rangka kerja tadbir urus Agrobank, termasuk Jawatankuasa Lembaga Pengarah dan Pengurusan yang ada kini. Dari semasa ke semasa, Lembaga Pengarah boleh membentuk Jawatankuasa lain atau meminta para Pengarah untuk menggalas peranan tertentu.

The Board of Directors ("the Board") recognises the importance of sound corporate governance in discharging its fiduciary duties and responsibilities towards achieving Agrobank's corporate mission and enhancing its shareholder value. As a Development Financial Institution (DFI), the Board is guided by the principles set out in Bank Negara Malaysia (BNM)'s guidelines on corporate governance under the Development Financial Institutions (Amendment) Act 2015 (DFIA).

Corporate governance is defined as being a process and structure used to direct and manage the business and affairs of a bank towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, while taking into account the interest of other stakeholders.

These guidelines serve to ensure that the Bank is managed in a safe and sound manner, balancing business prudence with risk-taking, and guarding against management or fraudulent activity to help the Management meet its socio-economic objectives while assuring the Bank's financial sustainability.

Based on these guidelines, the Board has developed a Charter outlining its composition, roles and responsibilities. The Charter has been reviewed six times since it was first approved by the Board on 28 November 2008. The most recent version came into effect on January 2017.

Corporate Governance Structure

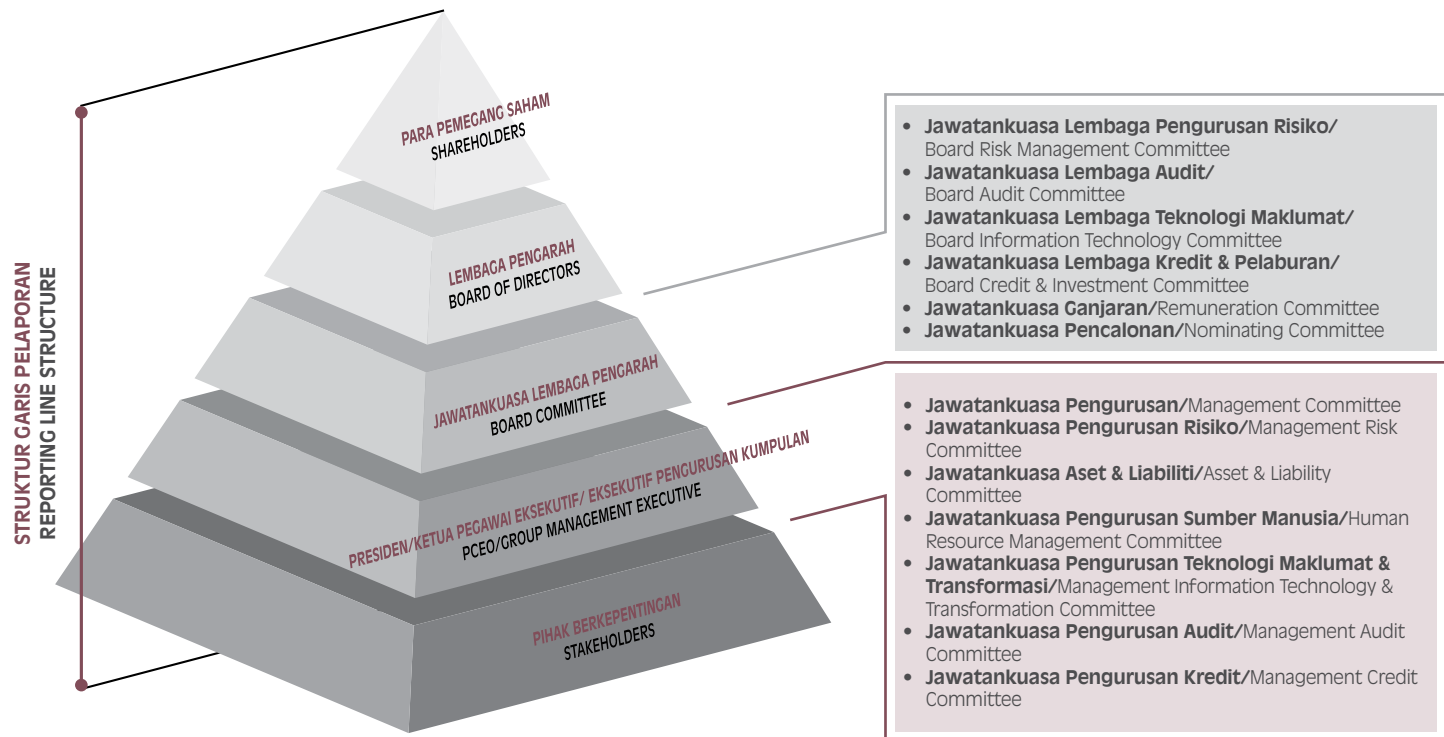
A comprehensive corporate governance framework plays a key role in Agrobank's culture, business practices and regulatory compliance. Intrinsically, Agrobank's corporate governance practices are built on making a positive and sustainable impact in the lives of its customers, business partners, employees, communities and on the environment in which the Bank operates. This underpins a strong and sustainable business for the shareholders, while creating societal value for the Bank's stakeholders.

To serve the interests of shareholders and other stakeholders, Agrobank's corporate governance model and framework are subject to ongoing review, assessment and improvement. The Board proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

The diagram below shows Agrobank's governance model and framework, including the current Committees of the Board and Management. From time to time, the Board may form other Committees or request Directors to undertake specific roles.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE



Model tadbir urus korporat diperjelaskan menerusi peraturan dan prosedur dalaman yang teguh, yang mengawal selia cara Agrobank beroperasi sebagai sebuah organisasi dan cara para profesionalnya menjalankan tugas mereka. Model tadbir urus menghuraikan pembahagian tanggungjawab dalam Bank dengan huraian peranan dirangka untuk mewujudkan proses yang kukuh serta cekap. Selaras dengan model ini, Lembaga Pengarah juga beroperasi menerusi beberapa jawatankuasa yang menyelia bidang tanggungjawab khusus.

Seperti yang digambarkan dalam rajah, dalam menjalankan tugasnya, Lembaga Pengarah disokong oleh Jawatankuasa Pengurusan Risiko, Jawatankuasa Audit, Jawatankuasa Kredit & Pelaburan, Jawatankuasa Teknologi Maklumat, Jawatankuasa Ganjaran dan Jawatankuasa Pencalonan. Bidang kuasa jawatankuasa ini adalah untuk memastikan bahawa Lembaga dapat menumpukan masa semaksimal mungkin untuk menimbangkan topik secara lebih terperinci, untuk menguruskan konflik kepentingan, untuk memenuhi peraturan kawal selia serta aktiviti relevan yang lain yang perlu bagi memastikan tadbir urus Bank yang sewajarnya. Fungsi utama Lembaga dan setiap Jawatankuasa Lembaga digariskan pada muka surat berikutnya.

Rangka kerja tadbir urus menyediakan pembedaan yang jelas tentang peranan dan tanggungjawab antara Lembaga dan pihak Pengurusan bagi memupuk persekitaran yang mendukung ketelusan, keyakinan serta saling mempercayai, lantas dengannya Lembaga berupaya mencabar secara konstruktif dan memberi panduan kepada pihak Pengurusan. Pihak Pengurusan terdiri daripada Presiden/Ketua Pegawai Eksekutif, Ketua Pegawai Kewangan, Ketua Pegawai Risiko, Ketua Pegawai Perkhidmatan, Ketua Pegawai Transformasi, Ketua Pegawai Kredit, Ketua Pegawai Sumber Manusia, Ketua Pegawai Operasi dan Ketua Pegawai Perkhidmatan Kewangan. Ahli Jawatankuasa Pengurusan mengetuai sebuah jawatankuasa operasi kanan dan bertanggungjawab melaksanakan strategi perniagaan di samping bertanggungjawab mengarah dan menyelia operasi Bank. Presiden/Ketua Pegawai Eksekutif dan ahli Jawatankuasa Pengurusan mempunyai mandat bertulis yang menghuraikan peranan, tanggungjawab dan kemampuan yang diperlukan bagi jawatan mereka.

The Bank's corporate governance model is articulated through robust internal rules and procedures that regulate both the way Agrobank operates as an organisation and the way its professionals discharge their duties. The governance model describes the delegation of responsibilities within the Bank, with role descriptions designed to create strong and efficient processes. In accordance with the model, the Board also operates through a number of committees that oversees dedicated areas of responsibilities.

As illustrated in the diagram, the Board is supported in carrying out its duties by the Risk Management Committee, Audit Committee, Credit & Investment Committee, Information Technology Committee, Remuneration Committee and Nominating Committee. The remit of these committees is to ensure that the Board can devote the maximum possible time to consider topics in more detail, to manage conflicts of interest, to satisfy regulatory rules, and other relevant activities necessary to ensure the proper governance of the Bank. The key functions of the Board and each of the Board Committees are outlined in the subsequent pages.

The governance framework provides for a clear demarcation of roles and responsibilities between the Board and Management that fosters an environment of transparency, confidence and mutual trust in which the Board is able to constructively challenge and provide guidance to the Management. The Management comprises the President/CEO, Chief Finance Officer, Chief Risk Officer, Chief Services Officer, Chief Transformation Officer, Chief Credit Officer, Chief Human Resources Officer, Chief Operations Officer and Chief Financial Services Officer. The Management Committee members lead a senior operating committee and are accountable for implementing the business strategies, as well as responsible for directing and overseeing the operations of the Bank. The President/Chief Executive Officer and Management Committee members have written mandates describing their roles, responsibilities and the required capabilities of their positions.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Ruang lingkup dan kecanggihan rangka kerja tadbir urus korporat adalah bersekadar dengan sifat, saiz dan kerumitan dalam mengendalikan Agrobank. Lembaga Pengarah juga menyedari bahawa Bank beroperasi dalam persekitaran global dengan pelbagai jangkaan yang terus berkembang, perubahan malar dalam pengawalseliaan, serta tumpuan yang kian meningkat terhadap penglibatan dan kebertanggungjawaban pihak berkepentingan. Berpaksian matlamat ini, Agrobank terus-menerus berusaha membangunkan dan menambah baik rangka kerja tadbir urus korporatnya bagi membolehkan Lembaga Pengarah dan pihak Pengurusan melaksanakan tugas mereka secara bertanggungjawab.

Komposisi dan Keseimbangan Lembaga Pengarah

Setakat 31 Disember 2016, Lembaga Pengarah mempunyai lapan orang ahli yang terdiri daripada seorang pengarah bukan bebas eksekutif, tiga pengarah bukan bebas bukan eksekutif dan empat pengarah bebas bukan eksekutif. Suatu dinamik baharu ditampikan dalam Lembaga Pengarah dengan pelantikan lima pengarah baharu (termasuk Pengerusi) berikutan peletakan jawatan tiga pengarah dan persaraan seorang pengarah pada tahun ini.

Para pengarah bukan eksekutif menyumbangkan tindakan semakan dan imbalan yang perlu terhadap keputusan eksekutif yang dibuat oleh pihak Pengurusan, manakala para pengarah bebas mengurangkan potensi pengaruh yang tidak wajar oleh pemegang saham dan pihak lain yang mempunyai kepentingan khusus.

Komposisi Lembaga Pengarah menepati keperluan BNM yang menghendaki sekurang-kurangnya tujuh orang ahli Lembaga Pengarah yang majoritinya hendaklah terdiri daripada pengarah bebas dan sekurang-kurangnya tiga pengarah (tidak termasuk Ketua Pegawai Eksekutif) mestilah mempunyai pengalaman dalam bidang perbankan/perakaunan. Oleh itu, Lembaga Pengarah secara keseluruhannya mempunyai gabungan kecekapan teras dalam bidang kewangan, perakaunan, perundangan, pengurusan perniagaan, IT, pengurusan pelaburan dan pertanian serta pengetahuan mengenai pasaran dan sektor sasaran Agrobank. Komposisi Lembaga Pengarah yang ada kini adalah berkesan dalam menyediakan hala tuju dan panduan kepada pihak pengurusan, memenuhi Prinsip 2 Garis Panduan Tadbir Urus Korporat BNM bagi DFI. Ia bermesyuarat sekurang-kurangnya sebulan sekali.

Peranan dan Tanggungjawab Lembaga Pengarah

Lembaga Pengarah mempunyai tanggungjawab utama untuk menyelia strategi perniagaan dan keteguhan kewangan, keputusan penting berkenaan kakitangan, organisasi dalaman dan struktur tadbir urus serta pengurusan risiko dan obligasi Bank terhadap pematuhan. Di samping itu, Lembaga Pengarah turut menetapkan nilai korporat, visi dan strategi Bank untuk memastikan ia beroperasi berpaksian integriti dan mematuhi undang-undang dan peraturan yang berkaitan. Dengan peralihan kepada sebuah institusi perbankan Islam sepenuhnya pada Julai 2015, Lembaga Pengarah turut memainkan peranan yang lebih besar dengan dipertanggungjawabkan dan bertanggungjawab secara dasarnya terhadap keseluruhan rangka kerja tadbir urus Syariah dan pematuhan Syariah oleh Bank.

The scope and sophistication of the corporate governance framework is proportionate to Agrobank's nature, size and complexity. The Board also recognises that the Bank is operating in an evolving global environment of diverse expectations, constant regulatory change, and increasing focus on stakeholder engagement and accountability. Towards this end, Agrobank continuously seeks to develop and improve its corporate governance framework to enable the Board and Management to discharge their duties responsibly.

Board Composition and Balance

The Board has eight members as at 31 December 2016, comprising one non-independent executive director, three non-independent non-executive directors and four independent non-executive directors. New dynamics were brought into the Board with the appointment of five new directors (including the Chairman) following the resignation of 3 directors and the retirement of one director during the year.

The non-executive directors provide the necessary checks and balances on executive decisions made by the Management, while the independent directors alleviate potential undue influence by the shareholder and other parties with specific interest.

The Board's composition meets BNM's requirement for a minimum of seven Board members of whom a majority should be independent directors and at least three directors (excluding the CEO) must have banking/accounting experience. Accordingly, the Board as a whole comprises a mix of core competencies in finance, accounting, legal, business management, IT, investment management and agriculture as well as knowledge of Agrobank's target markets and sectors. The Board's current composition is effective in providing direction and guidance to the management, meeting Principle 2 of BNM's Guidelines on Corporate Governance for DFIs. It meets at least once a month.

Roles and Responsibilities of the Board

The Board has the ultimate responsibility to oversee the Bank's business strategies and financial soundness, key personnel decisions, internal organisation and governance structure, as well as risk management and compliance obligations. In addition, it establishes the Bank's corporate values, vision and strategies to ensure the Bank operates with integrity, and complies with the relevant rules and regulations. With the conversion into a full-fledged Islamic bank in July 2015, the Board also played a greater role in being ultimately accountable and responsible for the overall Shariah governance framework and Shariah compliance of the Bank.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Antara peranan dan tanggungjawab Lembaga Pengarah termasuk:

- Menyelia hal ehwal Bank dengan berkesan demi memastikan pengurusan Bank yang mantap untuk melindungi pendeposit dan faedah pihak berkepentingan.
- Menyelia perkembangan dan meluluskan objektif perniagaan Bank serta strategi jangka pendek dan jangka panjangnya di samping memastikan keberkesanan pelaksanaan strategi.
- Memastikan keberkesanan pelaksanaan rangka kerja tadbir urus Bank dan kebolehgunaannya dengan mengambil kira perubahan dinamik dalam landskap dan peraturan kewangan yang boleh memberi kesan ketara terhadap strategi perniagaan dan operasi Bank.
- Menetapkan kesanggupan Agrobank dalam menanggung risiko berdasarkan cadangan oleh pihak pengurusan kanan dan Ketua Pegawai Risiko, dengan mengambil kira landskap kewangan dan kawal selia yang kompetitif serta kekukuhan kewangan Bank, pendedahan risiko dan keupayaan untuk mengurus risiko secara berkesan.
- Memastikan Bank ditadbir berpandukan dasar yang kukuh, terutamanya berkaitan pengurusan berhemat yang merangkumi proses penilaian kecukupan modal, perancangan modal dan mudah tunai, dasar dan obligasi terhadap pematuhan dan sistem kawalan dalaman Bank.

The roles and responsibilities of the Board include to:

- Effectively supervise the Bank's affairs to ensure sound management of the Bank in order to protect depositors and stakeholders' interest.
- Oversee the development of and approve the Bank's business objectives and its short- and long-term strategies as well as ensuring effective implementation of the strategies.
- Ensure effective implementation of the Bank's governance framework and its applicability taking into consideration the dynamic changes in the financial landscape and regulations that may have material impact on the Bank's business strategies and operations.
- Establish, upon recommendation by senior management and the Chief Risk Officer, Agrobank's risk appetite, taking into account the competitive financial and regulatory landscape as well as the Bank's financial soundness, risk exposure and ability to manage risk effectively.
- Ensure the Bank is governed by sound policies particularly pertaining to prudential management encompassing the Bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and internal control system.

Peranan Pengerusi dan Presiden/Ketua Pegawai Eksekutif Bank dipisahkan dengan pembahagian tanggungjawab yang jelas bagi memastikan keseimbangan kuasa dan autoriti.

Pengerusi berperanan memberi kepimpinan kepada Lembaga Pengarah dan bertanggungjawab terhadap keberkesanan fungsinya secara keseluruhan, termasuk mengekalkan hubungan saling mempercayai dengan ahli Lembaga Pengarah. Pengerusi memastikan keputusan Lembaga Pengarah dicapai menerusi kesepakatan, atau mencerminkan kehendak majoriti berdasarkan maklumat yang kukuh. Beliau menggalakkan perbincangan yang kritis dan memastikan percanggahan pandangan boleh disuarakan dan dibincangkan dengan bebas dalam proses membuat keputusan. Ketika bekerja dengan semua pengarah, Pengerusi memastikan aktiviti perniagaan yang dijalankan oleh pihak pengurusan kanan adalah sejajar dengan objektif dan aspirasi Bank. Sehubungan itu, Pengerusi turut memberikan sokongan dan nasihat yang sesuai yang diperlukan oleh Presiden/Ketua Pegawai Eksekutif.

Peranan utama Presiden/Ketua Pegawai Eksekutif ini adalah untuk menyelia operasi harian Bank bagi memastikan ia berjalan dengan lancar dan berkesan. Ini termasuk merangka hala tuju strategik Bank dan memastikan strategi tersebut, pelan perniagaan dan dasar korporat dilaksanakan dengan berkesan, di samping memastikan keputusan dan arahan Lembaga Pengarah dipatuhi. Presiden/Ketua Pegawai Eksekutif turut mengetengahkan kepimpinan yang mantap dalam menyampaikan visi, falsafah pengurusan dan strategi perniagaan kepada kakitangan, sementara beliau terus memaklumkan sepenuhnya kepada Lembaga Pengarah mengenai semua aspek penting operasi.

Presiden/Ketua Pegawai Eksekutif diharap dapat menampilkan tahap integriti dan ketelusan tertinggi dalam pengurusan kewangan Bank, memastikan semua aktiviti perniagaan dijalankan secara beretika dan mematuhi sepenuhnya undang-undang dan peraturan yang berkaitan. Dalam memastikan kesinambungan perniagaan, Presiden/Ketua Pegawai Eksekutif juga bertanggungjawab membangunkan pelan penggantian yang mantap bagi jawatan penting di Bank.

The roles of the Chairman and President/Chief Executive Officer of the Bank are separated with clear division of responsibilities to ensure balance of power and authority.

The Chairman provides leadership to the Board and is responsible for its effective overall functioning including maintaining a relationship of trust with Board members. The Chairman ensures that the Board's decisions are reached by consensus, or reflect the will of the majority, based on sound information. He encourages critical discussions and ensures that dissenting views can be freely expressed and discussed within the decision-making process. Working with all the directors, the Chairman ensures that business activities driven by the senior management are aligned with the Bank's objectives and aspirations. In this regard, the Chairman provides the President/Chief Executive Officer with necessary support and advice as appropriate.

The key role of the President/Chief Executive Officer is to oversee the day-to-day operations of the Bank to ensure its smooth and effective running. This includes developing the strategic directions of the Bank, ensuring that the strategies, business plans and corporate policies are effectively implemented, and that decisions and directions by the Board are adhered to. The President/Chief Executive Officer also provides strong leadership in communicating the vision, management philosophy and business strategies to the employees while keeping the Board fully informed of all important aspects of operations.

The President/Chief Executive Officer is expected to demonstrate the highest level of integrity and transparency in the financial management of the Bank, ensuring all business activities are carried out in an ethical manner and in full compliance with the relevant laws and regulations. In ensuring business continuity, the President/Chief Executive Officer is also responsible for developing sound succession planning for critical positions in the Bank.

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Kepelbagaian Lembaga Pengarah

Agrobank percaya bahawa kepelbagaian dari segi jantina, umur, budaya dan pendidikan serta latar belakang profesional akan memberi kesan positif terhadap pertimbangan yang dibuat oleh Lembaga Pengarah dengan membawa perspektif yang berbeza sewaktu perbincangan. Justeru itu, Lembaga Pengarah beriltizam untuk memastikan kepelbagaian dalam keanggotaannya, seperti yang tergambar menerusi keluasan kemahiran dan pengetahuan yang dimiliki oleh ahlinya.

Ia merupakan tanggungjawab Jawatankuasa Pencalonan untuk memastikan ahli Lembaga Pengarah membawa bersama mereka gabungan kemahiran dan pengalaman yang diperlukan oleh Lembaga Pengarah. Jawatankuasa Pencalonan menetapkan keperluan minimum dalam set kemahiran dan kecekapan teras seseorang pengarah dan melakukan semakan tahunan berkenaan gabungan kemahiran, pengalaman dan kecekapan teras yang diperlukan dalam Lembaga Pengarah di samping memastikan kriteria 'layak dan sesuai' bagi setiap pengarah.

Pembekalan Maklumat

Pihak Pengurusan dan Setiausaha Syarikat bertanggungjawab memastikan Lembaga Pengarah sentiasa diberikan maklumat yang lengkap, tepat dan mencukupi bagi memudahcarakan keberkesanan fungsinya. Pihak Pengurusan menyediakan untuk ahli Lembaga Pengarah pek mesyuarat yang mengandungi semua maklumat penting dan relevan berkaitan agenda mesyuarat sekurang-kurangnya lima hari sebelum setiap Mesyuarat Lembaga Pengarah. Maklumat tambahan lain yang mungkin memberi kesan ketara kepada Bank, sama ada secara langsung atau tidak, diberikan tepat pada masanya dan apabila perlu atau apabila diminta oleh Lembaga Pengarah.

Setiap pengarah mempunyai akses kepada semua maklumat dan rekod Bank serta nasihat dan khidmat Setiausaha Syarikat yang turut bertindak sebagai setiausaha kepada Jawatankuasa Lembaga Pengarah. Di samping itu, Lembaga Pengarah juga boleh mendapatkan atau mengarahkan Bank untuk mengambil pakar bebas bagi memberi khidmat nasihat kepada Lembaga Pengarah.

Jawatankuasa Lembaga Pengarah

Bagi memastikan terlaksananya fungsi pengawasan yang teguh serta perbincangan yang mendalam berkenaan fungsi kritikal seperti kawalan dalaman, pengurusan risiko, prestasi dan pencalonan jawatan penting, Lembaga Pengarah dibantu oleh enam Jawatankuasa Lembaga Pengarah. Sungguhpun ia mewakilkan fungsinya kepada jawatankuasa ini, namun, Lembaga Pengarah tetap bertanggungjawab sepenuhnya terhadap keputusan yang dibuat oleh jawatankuasa tersebut

Board Diversity

Agrobank believes that diversity in terms of gender, age, cultural and educational as well as professional background would have a positive impact on the Board's deliberations, bringing varying perspectives to the table. The Board is, therefore, committed to ensure diversity in its composition, as reflected by the wide-ranging skills and knowledge represented by its members.

It is the responsibility of the Nominating Committee to ensure the Board members bring the required mix of skills and experience to the Board. The Nominating Committee establishes the minimum requirements on the skills set and core competencies of a director and undertakes an annual review of the required mix of skills, experience and core competencies within the Board as well as to ascertain the 'fit and proper' criteria of each director.

Supply of Information

The Management and Company Secretary are responsible for ensuring the Board is continuously presented with complete, accurate and adequate information to facilitate its functions effectively. The Management provides the Board members with the meeting packs containing all pertinent and relevant information pertaining to the agenda of meetings at least five days prior to every Board Meeting. Other additional information that may have material impact on the Bank, either directly or indirectly, is provided in a timely manner as and when necessary or when requested by the Board.

Each director has access to all information and records of the Bank as well as the advice and services of the Company Secretary who also serves as secretary to the Board Committees. In addition, the Board may also engage or direct the Bank to engage independent experts to provide advisory services to the Board.

Board Committees

In ensuring strong oversight function and in-depth deliberation of critical functions of internal controls, risk management, performance and nomination of key positions, the Board is assisted by six Board Committees. Despite delegating its functions to these committees, the Board remains ultimately responsible for the decisions of the committees.

Enam Jawatankuasa Lembaga Pengarah tersebut adalah/The six Board Committees are the:-

- **Jawatankuasa Lembaga Kredit dan Pelaburan/Board Credit and Investment Committee**
- **Jawatankuasa Lembaga Pengurusan Risiko/Board Risk Management Committee**
- **Jawatankuasa Lembaga Audit/Board Audit Committee**
- **Jawatankuasa Pencalonan/Nominating Committee**
- **Jawatankuasa Ganjaran/Remuneration Committee**
- **Jawatankuasa Lembaga Teknologi Maklumat/Board Information Technology Committee**

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Setiap jawatankuasa beroperasi dalam ruang lingkup bidang tugas (ToR) yang telah ditakrifkan bagi membantu Lembaga Pengarah menjalankan tugas dan tanggungjawabnya. Selepas setiap mesyuarat, para Pengerusi Jawatankuasa Lembaga Pengarah akan memberi laporan kepada Lembaga Pengarah tentang aktiviti jawatankuasa masing-masing dan memberi saranan yang dianggap sesuai mengikut keadaan. Pengerusi Jawatankuasa Lembaga Pengarah akan membawa pertimbangan dan keputusan penting yang dibuat oleh Jawatankuasa ke peringkat lebih tinggi, iaitu semasa berlangsungnya mesyuarat bulanan Lembaga Pengarah. Minit mesyuarat Jawatankuasa Lembaga Pengarah turut dibentangkan kepada Lembaga Pengarah sebagai makluman.

Mesyuarat Lembaga Pengarah

Lembaga Pengarah bermesyuarat setiap bulan, dan mesyuarat tambahan diadakan apabila terdapat isu yang timbul dan/atau keputusan yang perlu dipertimbangkan dalam jarak antara mesyuarat bulanan. Pada tahun kewangan berakhir 31 Disember 2016, Lembaga Pengarah telah mengadakan 14 mesyuarat. Ini termasuk dua mesyuarat khas Lembaga Pengarah yang diadakan untuk membincangkan cadangan inisiatif berkenaan Penarafan Risiko Komposit (CRR) Agrobank 2015, penarafan penilaian serta bonus prestasi bagi tahun kewangan berakhir 2015.

Para pengarah diharap untuk melunaskan tugas mereka dengan mengambil bahagian secara aktif dalam mesyuarat Lembaga. Dalam hal ini, kesemua pengarah telah memenuhi keperluan untuk menghadiri sekurang-kurangnya 75 peratus daripada semua mesyuarat Lembaga Pengarah yang diadakan pada tahun kewangan berkenaan, seperti yang ditetapkan dalam garis panduan BNM.

Each committee operates within clearly defined terms of reference (ToR) to assist the Board in carrying out its duties and responsibilities. Following each meeting, the Chairman of the Board Committees reports to the Board on the activities of the respective committees and makes such recommendations as are deemed appropriate in the circumstances. The Chairman of the Board Committee will escalate pertinent discussions and decisions of the Committees during the monthly Board meetings. Minutes of the Board Committees' meetings are also tabled to the Board for notification.

Board Meetings

The Board meets on a monthly basis, with additional meetings convened as and when there are imminent issues and/or decisions to be deliberated in between the monthly meetings. During the financial year ended 31 December 2016, the Board held 14 meetings. This included two special Board meetings to discuss proposed initiatives on Agrobank's Composite Risk Rating (CRR) 2015, appraisal rating and performance bonus for the financial year ended 2015.

The directors are expected to discharge their duties by participating actively in the Board meetings. In this regard, all directors met the requirement of attending at least 75 per cent of all Board meetings held in a financial year, as prescribed in BNM's guidelines.

Butiran kehadiran setiap ahli Lembaga Pengarah sepanjang tahun kewangan berakhir 31 Disember 2016 dikemukakan di bawah./ Details of attendance of each director on the Board during the financial year ended 31 December 2016 are highlighted below:

Ahli Lembaga Pengarah Board Member	Jawatan Designation	Bilangan mesyuarat yang dihadiri Number of meetings attended	Peratus %
Tan Sri Mohamad Zabidi Zainal (Dilantik berkuatkuasa mulai 29.07.2016) (Appointed w.e.f. 29.07.2016)	Pengerusi / Chairman	5/5	100
Datuk Seri Dr. Ismail Haji Bakar (Dilantik berkuatkuasa mulai 01.07.2016) (Appointed w.e.f. 01.07.2016)	Ahli / Member	3/6	50
Dato' Dr. Yusof Ismail (Dilantik berkuatkuasa mulai 14.12.2016) (Appointed w.e.f. 14.12.2016)	Ahli / Member	1/1	100
Datuk Johar Che Mat (Bersara berkuatkuasa mulai 01.07.2016) (Retired w.e.f 01.07.2016)	Ahli / Member	4/8	50
Azizah Abdul Rahman (Dilantik berkuatkuasa mulai 01.07.2016) (Appointed w.e.f. 01.07.2016)	Ahli / Member	6/6	100
Datin Setia Shahariah Hashim (Dilantik berkuatkuasa mulai 01.07.2016) (Appointed w.e.f. 01.07.2016)	Ahli / Member	6/6	100
Dato' Dr. Mohamad Hashim Ahmad Tajudin	Ahli / Member	14/14	100
Ng Chih Kaye	Ahli / Member	12/14	86
Dato' Mohd Arif Ab Rahman (Meletak jawatan berkuat kuasa mulai 01.07.2016) (Resigned w.e.f 01.07.2016)	Ahli / Member	5/8	63
Datin Seri Hajah Ruzaina Wan Haniff (Meletak jawatan berkuat kuasa mulai 31.08.2016) (Resigned w.e.f 31.08.2016)	Ahli / Member	8/10	80
Datin Rashidah Mohd Sies (Meletak jawatan berkuat kuasa mulai 01.07.2016) (Resigned w.e.f 01.07.2016)	Ahli / Member	8/8	100
Dato' Wan Mohd Fadzmi Che Wan Othman Fadzilah	Ahli / Member	14/14	100

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Jawatankuasa Lembaga Kredit dan Pelaburan

Jawatankuasa Lembaga Kredit dan Pelaburan (BCIVC) membuat keputusan berkenaan isu yang berkaitan dengan transaksi melangkaui autoriti wakilan yang diberikan kepada Jawatankuasa Pengurusan Kredit (MCC). Jawatankuasa ini juga bertanggungjawab memastikan kawalan kualiti dalam pelaporan kewangan dan proses pematuan oleh Bank. Peranan dan tanggungjawab lain jawatankuasa ini mencakupi:

Board Credit and Investment Committee

The Board Credit and Investment Committee (BCIVC) takes decisions on issues pertaining to transactions that exceeds the delegated authority given to the Management Credit Committee (MCC). The Committee is also responsible for ensuring quality control in the Bank's financial reporting and compliance process. Other roles and responsibilities of the committee include:

- Berbekalkan kuasa veto, BCIVC mempertimbangkan dan mengkaji semula kesemua pembiayaan yang telah diluluskan oleh MCC yang melebihi had berikut:
- Deliberate and review, with the power to veto, all financing approved by the MCC in excess of the following limits:
 - Lebih daripada RM3.0 juta pembiayaan tidak bercagar
 - More than RM3.0 million of unsecured financing
 - Lebih daripada RM20.0 juta pembiayaan bercagar
 - More than RM20.0 million of secured financing
 - Lebih daripada RM20.0 juta pembiayaan gabungan
 - More than RM20.0 million of combined financing
- Mengkaji semula semua cadangan pembiayaan yang melebihi kuasa MCC untuk memberi kelulusan serta mengemukakan cadangan kepada Lembaga Pengarah
- Review all financing proposals that exceed the MCC's approving authority and make recommendations to the Board
- Mempertimbangkan hal yang melibatkan pembiayaan dan pelaburan, termasuk tetapi tidak terhad kepada pemantauan dan isu lain berkaitan kredit yang akan dilaksanakan oleh Bank, yang memerlukan pengesahan Lembaga Pengarah
- Deliberate matters concerning financing and investment, including but not restricted to monitoring and other credit-related issues to be implemented by the Bank, which may require endorsement by the Board
- Mengkaji dan menyemak semula cadangan pembiayaan strategik dan langkah bagi meraih keuntungan mampan untuk sokongan Lembaga Pengarah
- Review and revise strategic financing proposals and measures for sustained profitability for endorsement by the Board
- Menilai pelaburan dalam ekuiti yang memerlukan kelulusan Lembaga Pengarah dan mengemukakan cadangan kepada Lembaga Pengarah
- Evaluate investments in equity that require the Board's approval and make recommendations to the Board
- Mengenal pasti, menilai, memantau dan mengkaji semula prestasi portfolio pelaburan Bank secara berkala dan mencadangkan tindakan yang perlu diambil oleh Bank
- Identify, evaluate, monitor and review the performance of the Bank's investment portfolio on a periodic basis and propose necessary actions to be taken by the Bank

BCIVC terdiri daripada empat pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas yang dilantik oleh Lembaga Pengarah. Jawatankuasa ini bermesyuarat sekurang-kurangnya sebulan sekali atau pada bila-bila masa Pengerusi memikirkan perlu untuk mengadakan mesyuarat. Mesyuarat dihadiri oleh ahli Jawatankuasa serta Presiden/Ketua Pegawai Eksekutif dan pihak pengurusan kanan yang berkaitan. Jawatankuasa boleh mengundang pakar bebas untuk memberi nasihat tentang perkara teknikal sekiranya perlu. Pada 2016, Jawatankuasa telah mengadakan 13 mesyuarat.

The BCIVC comprises four non-executive directors and is chaired by an independent director appointed by the Board. The Committee meets at least once a month or whenever the Chairman deems it is necessary to do so. The meetings are attended by the Committee members as well as the President/Chief Executive Officer and relevant senior management. The Committee may invite independent experts for advice on technical matters as and when required. In 2016, the Committee held 13 meetings.

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Ahli BCIVC dan rekod kehadiran masing-masing bagi tahun di bawah kajian adalah seperti berikut:/Members of the BCIVC, and their respective attendance record for the year under review are as follows:

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Ng Chih Kaye (Pengerusi/Chairman)	13/13	100
Dato' Dr. Mohamad Hashim Ahmad Tajudin	13/13	100
Datuk Johar Che Mat (Bersara berkuat kuasa mulai 01.07.2016) (Retired w.e.f 01.07.2016)	8/8	100
Datin Rashidah Mohd Sies (Meletak jawatan berkuat kuasa mulai 01.07.2016) (Resigned w.e.f 01.07.2016)	7/8	88
Azizah Abdul Rahman	5/5	100
Datin Setia Shahariah Hashim	5/5	100

Jawatankuasa Lembaga Pengurusan Risiko

Sebahagian penting strategi perniagaan Bank adalah untuk memiliki amalan dan proses pengurusan risiko yang teguh, sejajar dengan piawaian antarabangsa, di samping menyokong pertumbuhan Bank. Keupayaan serta proses pengurusan risiko yang kukuh menyumbang selanjutnya kepada kemantapan kewangan Bank. Di bawah Rangka Kerja Pengurusan Risiko Agrobank, Jawatankuasa Lembaga Pengurusan Risiko (BRMC) menyelia kewujudan sebuah rangka kerja pengurusan risiko yang teguh di seluruh perusahaan dan menetapkan kesanggupan Bank dalam menanggung risiko serta hadnya sebagai panduan dalam aktiviti mengambil risiko oleh Bank.

Justeru itu, Jawatankuasa ini bertanggungjawab terhadap semua aspek pengurusan risiko perusahaan, termasuk, tetapi tidak terbatas kepada risiko kredit, risiko pasaran, risiko mudah tunai, risiko pematuhan dan risiko operasi. BRMC turut mengkaji semula dasar berkenaan semua isu risiko dan mengekalkan pengawasan terhadap semua risiko. Dalam hal ini, ruang lingkup tanggungjawab BRMC meliputi:

- Mencadangkan visi dan objektif pengurusan risiko, strategi dan toleransi risiko untuk kelulusan Lembaga Pengarah; dan mengkaji semula rangka kerja risiko, dasar, prosedur dan proses pengurusan risiko Bank.
- Meluluskan strategi pengurusan risiko yang dicadangkan oleh Jawatankuasa Pengurusan Risiko (MRC), termasuk toleransi risiko serta had kesanggupan menanggung risiko dan dasar yang berkaitan dengan autoriti serta tanggungjawab terhadap pengurusan risiko.
- Mengkaji semula dan mempertimbangkan laporan berkala tentang risiko yang dibawa ke peringkat lebih tinggi oleh pihak Pengurusan berkaitan dengan kedudukan risiko dan portfolio, aktiviti pengurusan risiko dan tindakan yang diambil oleh pihak pengurusan bagi mengenal pasti, mengukur, memantau dan mengawal risiko.
- Mengkaji semula kecukupan tahap modal dalaman dan kawal selia Bank serta faktor risiko utama yang boleh memberi kesan terhadap kecukupan modal menurut rangka kerja Proses Penilaian Kecukupan Modal Dalaman (ICAAP).
- Meluluskan pelantikan perunding dan penasihat luar untuk memberi nasihat mengenai infrastruktur sistem dan hal teknikal dalam pengurusan risiko sekiranya perlu.
- Mengkaji semula dan mencadangkan tindakan strategik agar dapat mematuhi keperluan yang ditetapkan oleh BNM dan badan pengawalseliaan yang lain.
- Meluluskan semua perkara berkaitan risiko Syariah, termasuk tindakan untuk memperbetulkan sebarang ketidakpatuhan Syariah selepas pengesahan oleh Jawatankuasa Syariah, sebelum dikemukakan kepada BNM, di samping memaklumkan Lembaga Pengarah mengenai pelan pembedaan yang diluluskan.

Board Risk Management Committee

An integral part of the Bank's business strategy is to have robust risk management practices and processes, which are aligned to international standards as well as support the growth of the Bank. Strong risk management capabilities and processes further contribute to the financial soundness of the Bank. Under Agrobank's Risk Management Framework, the Board Risk Management Committee (BRMC) oversees the establishment of a robust enterprise-wide risk management framework and sets the Bank's risk appetite as well as limits to guide the risk-taking activities within the Bank.

Hence, the Committee is responsible for all aspects of enterprise risk management including, but not restricted to credit risk, market risk, liquidity risk, compliance risk and operational risk. The BRMC also reviews the policy on all risk issues and maintains oversight of all risks. In this regard, the BRMC's scope of responsibilities include to:

- Recommend risk management vision and objectives, strategies and risk tolerance for the Board's approval; and review the Bank's risk frameworks, risk management policies, procedures and processes.
- Approve risk management strategies recommended by the Management Risk Committee (MRC), including risk tolerance and risk appetite limits as well as policies pertaining to authority and responsibility for the management of risks.
- Review and deliberate on periodic risk reports escalated by the Management pertaining to risk and portfolio positions, risk management activities and actions undertaken by the Management to identify, measure, monitor and control the risks.
- Review adequacy of the Bank's internal and regulatory capital level as well as key risk factors that may impact its capital adequacy in accordance with the Internal Capital Adequacy Process Assessment (ICAAP) framework.
- Approve the appointment of external consultants and advisors to advise on risk management system infrastructure and technical matters as and when required.
- Review and recommend strategic actions in order to comply with the requirements set by BNM and other regulatory bodies.
- Approve all Shariah risk-related matters including actions to rectify any Shariah non-compliance upon confirmation by the Shariah Committee prior to submission to BNM, as well as notify the Board of the approved rectification plans.

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Jawatankuasa ini bermesyuarat sekurang-kurangnya sebulan sekali dan pada bila-bila masa Pengerusi memikirkan perlu untuk mengadakan mesyuarat. Selain daripada mesyuarat tetap, Pengerusi atau mana-mana ahli jawatankuasa yang lain boleh memanggil untuk mengadakan mesyuarat khas. Sepanjang tahun di bawah ulasan, Jawatankuasa ini telah mengadakan 12 mesyuarat. BRMC terdiri daripada sekurang-kurangnya tiga orang pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas bukan eksekutif yang dilantik oleh Lembaga Pengarah.

The Committee meets at least once a month and whenever the Chairman deems necessary. In addition to the regular meetings, the Chairman or any other committee member may call for a special meeting. During the year under review, the Committee held 12 meetings. The BRMC comprises at least three non-executive directors and is chaired by an independent non-executive director appointed by the Board.

Ahli BRMC dan rekod kehadiran mereka bagi tahun berkenaan adalah seperti berikut:/Members of the BRMC and their attendance record for the year are as follows:-

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Dato' Dr. Mohamad Hashim Ahmad Tajudin (Pengerusi/Chairman)	12/12	100
Datuk Johar Che Mat (Bersara berkuat kuasa mulai 01.07.2016) (Retired w.e.f 01.07.2016)	6/7	86
Ng Chih Kaye	11/12	92
Datin Seri Hajah Ruzaina Wan Haniff (Meletak jawatan berkuat kuasa mulai 31.08.2016) (Resigned w.e.f 31.08.2016)	6/8	75
Azizah Abdul Rahman	5/5	100
Datin Setia Shahariah Hashim	2/2	100

Jawatankuasa Lembaga Audit

Jawatankuasa Lembaga Audit (BAC) menyelia pelaporan kewangan dan juga pematuhan Bank terhadap kawalan dalaman dan keperluan pengurusan risiko. Demi mencapai matlamat ini, Jawatankuasa bertanggungjawab membantu Lembaga Pengarah memenuhi tanggungjawabnya berhubung dengan penyediaan kualiti serta integriti perakaunan, pengauditan, kawalan dalaman, rangka kerja pengurusan risiko serta amalan pelaporan kewangan Agrobank di samping memastikan dasar pemberi maklumat serta fungsi audit dalaman dan luaran adalah berkesan.

Jawatankuasa ini turut memastikan integriti dan ketepatan masa dalam menyediakan penyata kewangan Bank, termasuk laporan tahunan dan interim, penyiaran keputusan awal dan sebarang siaran rasmi lain yang berkaitan dengan prestasi kewangannya. Ia dilakukan menerusi pertimbangan yang mendalam tentang kedudukan dan prestasi kewangan, terutamanya berkenaan kecukupan peruntukan rosot nilai, kunci kira-kira dan keuntungan Bank sebelum dibawa ke peringkat lebih tinggi, iaitu kepada Lembaga Pengarah.

Jawatankuasa ini turut mengkaji semula keberkesanan fungsi audit dalaman Bank dalam menyediakan jaminan korporat bebas berhubung dengan pematuhan terhadap keperluan dalaman dan luaran. Ini termasuk meluluskan pelantikan dan seterusnya menilai prestasi Ketua Juruaudit Dalaman. Berhubung dengan perkara ini, Jawatankuasa memastikan bahawa audit dalaman mempunyai sumber yang mencukupi dan akses yang sesuai kepada maklumat bagi membolehkannya melaksanakan fungsinya dengan berkesan dan menurut piawaian profesional yang berkaitan. BAC juga mengkaji semula aktiviti, penemuan dan cadangan audit dalaman, di samping memastikan tindakan yang sewajarnya diambil oleh Bank dalam mengendalikan penemuan dan cadangan audit.

Board Audit Committee

The Board Audit Committee (BAC) oversees the Bank's financial reporting as well as adherence to internal controls and risk management requirements. Towards this end, the Committee is responsible to assist the Board in fulfilling its responsibilities relating to overseeing the quality and integrity of the accounting, auditing, internal control, risk management framework and financial reporting practices of Agrobank as well as ensuring effective whistleblowing policies and internal and external audit functions.

The Committee also ensures the integrity and timeliness of the financial statements of the Bank, including its annual and interim reports, preliminary results release and any other formal release relating to its financial performance. This is done through in-depth deliberations of the Bank's financial position and performance, particularly on the adequacy of impairment provisions, balance sheet and profitability of the Bank prior to escalation to the Board.

The Committee also reviews the effectiveness of the Bank's internal audit function in providing independent corporate assurance with regards to compliance with internal and external requirements. This includes approving the appointment and subsequently evaluating the performance of the Chief Internal Auditor. In this respect, the Committee ensures that the internal audit has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The BAC also reviews the internal audit activities, findings and recommendations, as well as ascertains appropriate actions are taken by the Bank in addressing the audit findings and recommendations.

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Ruang lingkup peranan dan tanggungjawab Jawatankuasa adalah selaras dengan yang berikut:/ The Committee's scope of roles and responsibilities is consistent with the following:

- Mengkaji semula semua transaksi pihak ketiga/pihak berkaitan dan memastikan Lembaga Pengarah sentiasa dimaklumkan mengenai transaksi sedemikian
- Review all third/related party transactions and keep the Board informed of such transactions
- Mengkaji semula prosedur Bank untuk kakitangan dalam menyetujui kemusykilan, secara sulit, mengenai kemungkinan berlakunya kesalahan dalam pelaporan kewangan atau hal lain, di samping memastikan siasatan yang seimbang dan bebas terhadap perkara sedemikian serta tindakan susulan yang bersesuaian diambil
- Review the Bank's procedures for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, as well as ensure proportionate and independent investigation of such matters and the appropriate follow-up actions
- Mengemukakan cadangan berhubung dengan pelantikan, pelantikan semula dan penyingkiran juruaudit luar Bank
- Make recommendations in relation to the appointment, re-appointment and removal of the Bank's external auditor
- Menyelia hubungan dengan juruaudit luar – meluluskan ganjaran mereka, syarat pelantikan, dan memastikan tiada pertalian (seperti kekeluargaan, pekerjaan, pelaburan, kewangan atau perniagaan) antara juruaudit tersebut dan Bank (selain daripada urusan perniagaan biasa)
- Oversee the relationship with external auditors – approve their remunerations, terms of engagement, and ensure there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business)
- Meluluskan peruntukan sebarang perkhidmatan bukan audit oleh juruaudit luar
- Approve the provision of any non-audit service by external auditors
- Meluluskan pelan audit tahunan, dan mengkaji penemuan juruaudit luar
- Approve the annual audit plan and review the findings of external auditors

BAC terdiri daripada empat orang pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas yang dilantik oleh Lembaga Pengarah. Sekurang-kurangnya seorang daripada ahli jawatankuasa mempunyai latar belakang dan pengalaman yang luas dalam bidang perakaunan. Jawatankuasa ini bermesyuarat sekurang-kurangnya sekali setiap dua bulan. Mesyuarat BAC turut dihadiri oleh Presiden/Ketua Pegawai Eksekutif, Ketua Juruaudit Dalaman dan Ketua Pegawai Operasi serta mana-mana pihak lain yang diundang oleh Pengerusi bagi mendapatkan khidmat nasihat dan input profesional mereka.

Sepanjang tahun kewangan ini, sebanyak sembilan mesyuarat, dengan satu mesyuarat khas telah diadakan bagi membincangkan laporan audit dan Penyata Kewangan yang Diaudit bagi tahun kewangan berakhir 31 Disember 2016. Butiran ahli dan rekod kehadiran mereka adalah seperti berikut:

The BAC comprises four non-executive directors and is chaired by an independent director appointed by the Board. At least one member of the committee possesses an extensive accounting background and experience. The Committee meets at least once every two months. The meeting of the BAC is also attended by the President/Chief Executive Officer, Chief Internal Auditor and Chief Operations Officer and any other party invited by the Chairman, for their professional advice and input.

Nine meetings were held during the financial year, with one special meeting to discuss audit reports and the Audited Financial Statements for the financial year ended 31 December 2016. Details of BAC members and their attendance records are as follow:

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Azizah Abdul Rahman (Pengerusi/Chairman) (Dilantik berkuat kuasa mulai 01.07.2016) (Appointed w.e.f. 01.07.2016)	4/4	100
Ng Chih Kaye	9/9	100
Datuk Johar Che Mat (Bersara berkuat kuasa mulai 01.07.2016) (Retired w.e.f 01.07.2016)	3/4	75
Datin Rashidah Mohd Sies (Meletak jawatan berkuat kuasa mulai 01.07.2016) (Resigned w.e.f 01.07.2016)	4/4	100
Dato' Dr. Mohamad Hashim Ahmad Tajudin	9/9	100
Datin Setia Shahariah Hashim	2/2	100

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Jawatankuasa Pencalonan

Jawatankuasa Pencalonan bertanggungjawab dalam mencadangkan pelantikan calon bagi jawatan pengarah serta jawatan pengurusan kanan utama, di samping menilai keberkesanan pengarah secara individu, keberkesanan Lembaga Pengarah secara keseluruhan dan prestasi Presiden/Ketua Pegawai Eksekutif serta kakitangan pengurusan kanan yang utama. Sebagai lanjutan kepada matlamat ini, peranan dan tanggungjawab Jawatankuasa Pencalonan adalah seperti berikut:

- Menubuhkan dan mencadangkan kepada Lembaga Pengarah suatu kemahiran, pengalaman, kelayakan dan kecekapan teras lain yang diperlukan bagi ahli Lembaga Pengarah dan Presiden/Ketua Pegawai Eksekutif.
- Menilai dan mencadangkan para calon kepada Lembaga Pengarah untuk jawatan pengarah, ahli Jawatankuasa Lembaga Pengarah, ahli Jawatankuasa Syariah dan Presiden/Ketua Pegawai Eksekutif.
- Menyelia keanggotaan keseluruhan Lembaga Pengarah, iaitu dari segi kesesuaian saiz dan kemahiran, serta keseimbangan antara pengarah eksekutif, pengarah bukan eksekutif dan pengarah bebas melalui kajian semula tahunan.
- Mencadangkan kepada Lembaga Pengarah tentang penyingkiran mana-mana pengarah, Presiden/Ketua Pegawai Eksekutif atau kakitangan pengurusan kanan utama sekiranya mereka didapati tidak efektif, menyeleweng atau cuai dalam melaksanakan tanggungjawab mereka.
- Mewujudkan dan mencadangkan kepada Lembaga Pengarah suatu mekanisme dalam melakukan penilaian rasmi serta menetapkan kriteria prestasi berkenaan keberkesanan Lembaga Pengarah secara keseluruhan dan sumbangan setiap pengarah kepada keberkesanan Lembaga Pengarah, sumbangan pelbagai jawatankuasa Lembaga Pengarah dan prestasi Presiden/Ketua Pegawai Eksekutif serta pegawai kanan utama yang lain.
- Memastikan semua pengarah menerima latihan berterusan agar dapat mengikuti perkembangan mutakhir dalam industri.
- Menyelia pelantikan, pengurusan, pelan penggantian dan penilaian prestasi pegawai kanan utama.
- Memastikan para pengarah dan Presiden/Ketua Pegawai Eksekutif tidak hilang kelayakan untuk jawatan mereka di bawah Seksyen 7 Akta Industri Kewangan Pembangunan (AIKP) 2015 pada setiap tahun.
- Menyelia inisiatif-inisiatif utama Bank dalam bidang sumber manusia.
- Mendapatkan khidmat daripada pakar bebas untuk menasihati pihak Pengurusan atau Jawatankuasa mengenai hal teknikal sekiranya perlu.

Jawatankuasa Pencalonan terdiri daripada lima (5) pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas yang dilantik oleh Lembaga Pengarah. Keanggotaan ini mematuhi garis panduan BNM yang menyatakan bahawa Jawatankuasa Pencalonan hendaklah terdiri daripada lima (5) ahli, dengan empat (4) daripadanya mestilah pengarah bukan eksekutif. Jawatankuasa bermesyuarat sekurang-kurangnya setiap suku tahun. Jawatankuasa telah bermesyuarat sebanyak tujuh (7) kali sepanjang tahun ini. Butiran ahli dan rekod kehadiran mereka adalah seperti berikut:

Nominating Committee

The Nominating Committee is responsible for recommending the appointment of directors and key senior management as well as assessment of the effectiveness of individual directors, the Board as a whole and the performance of the President/Chief Executive Officer and key senior management personnel. In furtherance of this purpose, the Committee has the following roles and responsibilities:

- Establish and recommend to the Board the skills set, experience, qualifications and other core competencies required for Board members and the President/Chief Executive Officer.
- Assess and recommend to the Board nominees for directorship, Board Committee members, Shariah Committee members and the President/Chief Executive Officer.
- Oversee the overall composition of the Board, in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors through annual reviews.
- Recommend to the Board the removal of any director, the President/Chief Executive Officer or key senior management personnel if they are found to be ineffective, errant or negligent in discharging their responsibilities.
- Establish and recommend to the Board a mechanism for the formal assessment and performance criteria on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the President/Chief Executive Officer and other key senior officers.
- Ensure all directors receive continuous training to keep abreast with the latest developments in the industry.
- Oversee the appointment, management, succession planning and performance evaluation of key senior officers.
- Ensure on an annual basis that the directors and President/Chief Executive Officer are not disqualified under Section 7 of the DFIA 2015.
- Oversee the Bank's key human resource initiatives.
- Engage independent experts to advise the Management or Committee on technical matters as and when required.

The Nominating Committee consists of five non-executive directors and is chaired by an independent director appointed by the Board. This is in compliance with BNM's guidelines which states that the Nominating Committee shall consist of a minimum of five (5) members, of which four (4) must be non-executive directors. The Committee meets at least once every quarter. During the year, the Committee met seven (7) times. Details of members and their attendance record are as follow:

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Datin Setia Shahariah Hashim (Pengerusi/Chairman)	3/3	100
Tan Sri Mohamad Zabidi Zainal	2/3	67
Datuk Seri Dr. Ismail Haji Bakar	0/2	0
Dato' Dr. Mohamad Hashim Ahmad Tajudin	7/7	100
Ng Chih Kaye	7/7	100
Azizah Abdul Rahman	3/3	100
Datuk Johar Che Mat (Bersara berkuat kuasa mulai 01.07.2016) (Retired w.e.f. 01.07.2016)	1/4	25
Datin Seri Hajah Ruzaina Wan Haniff (Meletak jawatan berkuat kuasa mulai 31.08.2016) (Resigned w.e.f. 31.08.2016)	4/4	100

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Jawatankuasa Ganjaran

Jawatankuasa Ganjaran menyediakan suatu prosedur rasmi dan telus dalam merangka dasar ganjaran untuk para pengarah, Presiden/Ketua Pegawai Eksekutif dan pegawai kanan utama, di samping memastikan pakej pampasan Bank adalah kompetitif dan selaras dengan budaya, objektif serta strategi Bank. Peranan dan tanggungjawab Jawatankuasa Ganjaran mencakupi:

- Mencadangkan kepada Lembaga Pengarah rangka kerja ganjaran untuk para pengarah, Presiden/Ketua Pegawai Eksekutif dan pegawai kanan utama, seperti berikut:
- Recommend to the Board the remuneration framework for the directors, President/Chief Executive Officer and key senior officers as follows:
 - Rangka kerja ganjaran Bank mencerminkan tahap tanggungjawab yang digalas serta iltizam yang diperlukan berdasarkan kepakaran, pengetahuan dan pengalaman.
 - The Bank's remuneration framework reflects the level of responsibility undertaken and commitment required based on expertise, knowledge and experience.
 - Tahap ganjaran perlu seimbang untuk menarik dan mengekalkan bakat yang diperlukan tanpa menjejaskan daya maju, kemampuan bayar dan reputasi DFI.
 - The levels of remuneration should be balanced to attract and sustain the required talent but not to compromise the viability, solvency and reputation of the DFI.
- Mandapatkan khidmat pakar bebas untuk menasihati pihak Pengurusan atau Jawatankuasa mengenai hal teknikal sekiranya perlu.
- Engage independent experts to advise Management or the Committee on technical matters as and when required.

Jawatankuasa Ganjaran terdiri daripada empat (4) pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas yang dilantik oleh Lembaga Pengarah. Jawatankuasa telah bermesyuarat sebanyak enam (6) kali sepanjang tahun ini. Butiran ahli Jawatankuasa Ganjaran dan rekod kehadiran mereka bagi tahun ini adalah seperti berikut:

Remuneration Committee

The Remuneration Committee provides a formal and transparent procedure for developing remuneration policy for directors, President/Chief Executive Officer and key senior officers as well as to ensure that the Bank's compensation packages are competitive and consistent with the Bank's culture, objectives and strategies. The roles and responsibilities of the Remuneration Committee include to:

The Remuneration Committee comprises four (4) non-executive directors and is chaired by an independent director appointed by the Board. The Committee met six (6) times during the year. Details of members of the Remuneration Committee and their attendance for the year are as follow:

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Dato' Dr. Mohamad Hashim Ahmad Tajudin (Pengerusi/Chairman)	6/6	100
Datin Setia Shahariah Hashim	2/2	100
Azizah Abdul Rahman (Pengerusi/Chairman)	2/2	100
Datin Seri Hajah Ruzaina Wan Haniff (Meletak jawatan berkuat kuasa mulai 31.08.2016) (Resigned w.e.f 31.08.2016)	4/4	100
Datin Rashidah Mohd Sies (Meletak jawatan berkuat kuasa mulai 01.07.2016) (Resigned w.e.f 01.07.2016)	3/3	100

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Jawatankuasa Lembaga Teknologi Maklumat

Jawatankuasa Lembaga Teknologi Maklumat (BITC) telah ditubuhkan pada Oktober 2016 dan berperanan menyelia serta menetapkan hala tuju ke arah pendekatan holistik Bank terhadap Teknologi Maklumat (IT). Jawatankuasa ini menasihati Bank mengenai keutamaan dalam IT, membuat keputusan berkenaan isu strategik dan menggalakkan pematuhan dengan tindakan yang telah dipersetujui. Berikut adalah peranan dan tanggungjawab utama Jawatankuasa:

Board Information Technology Committee

The Board Information Technology Committee (BITC) was established in October 2016 and provides oversight and direction for the Bank's holistic approach to Information Technology ("IT"). The Committee advises the Bank on IT priorities, makes decisions on strategic issues and drives compliance with agreed actions. The following are the roles and principal responsibilities of the Committee:

- Menetapkan hala tuju strategik berhubung dengan Pengurusan IT dan memastikan rancangan strategik IT menyokong rancangan strategik perniagaan Bank.
- Provide strategic direction with regards to IT Management and ensure the IT strategic plan supports the Bank's strategic business plan.
- Mengkaji semula dan meluluskan hala tuju serta dasar Bank dalam pelaburan strategik utama berkaitan IT demi memastikan keberkesanan sistem kawalan dalaman dan keandalan pengurusan sistem maklumat.
- Review and approve the Bank's key IT strategic investment direction and policies to ensure the effectiveness of internal control systems and the reliability of the management information system.
- Memastikan pihak Pengurusan Bank menerima pakai dasar dan prosedur yang berhemat serta berkesan bagi mengenal pasti, mengukur, memantau dan mengawal atau mengurangkan risiko berkaitan IT.
- Ensure the Bank's Management adopts prudent and effective policies and procedures to identify, measure, monitor and control or mitigate IT risks.
- Menerima pakai pematuhan dengan dasar dan prosedur IT yang mantap, serta garis panduan dan pekeliling yang dikeluarkan oleh BNM.
- Adopt compliance with established IT policies and procedures, and guidelines and circulars issued by BNM.
- Meluluskan pelantikan perunding luar dan penasihat bagi menasihati Jawatankuasa mengenai infrastruktur sistem pengurusan risiko dan hal teknikal sekiranya perlu.
- Approve the appointment of external consultants and advisors to advise the Committee on risk management system infrastructure and technical matters as and when required.

BITC terdiri daripada empat (4) orang pengarah bukan eksekutif dan dipengerusikan oleh seorang pengarah bebas yang dilantik oleh Lembaga Pengarah. Bukan ahli lembaga Pengarah yang menghadiri mesyuarat ini adalah wakil pihak pengurusan, Ketua Pegawai Operasi, Ketua Pegawai Transformasi, Ketua Jabatan Pengurusan Sistem Maklumat serta individu lain sekiranya diperlukan oleh Pengerusi.

Jawatankuasa ini bermesyuarat sekurang-kurangnya sekali setiap suku tahun atau pada bila-bila masa yang lain yang difikirkan perlu. Selain daripada mesyuarat tetap yang telah dijadualkan, Pengerusi atau mana-mana ahli Jawatankuasa boleh memanggil untuk mengadakan mesyuarat khas sekiranya perlu. Sepanjang tahun kewangan ini, satu mesyuarat telah diadakan pada suku terakhir 2016. Butiran ahli dan rekod kehadiran mereka adalah seperti berikut:

The BITC is composed of four (4) non-executive directors and is chaired by an independent director appointed by the Board. Non-board members in attendance are management representatives, the Chief Operations Officer, Chief Transformation Officer, Head of Information Systems Management Department and other individuals as and when required by the Chairman.

The Committee shall meet at least once in every quarter or at such other times as deemed necessary. In addition to the scheduled regular meetings, the Chairman or any of the Committee members may call for special meetings as and when required. During the financial year, one meeting was held in the last quarter of 2016. Details of members and their attendance record are as follow:

Nama/Name	Kehadiran/ Attendance	Peratus/ %
Ng Chih Kaye (Pengerusi/Chairman)	1/1	100
Dato' Dr. Mohamad Hashim Ahmad Tajudin	1/1	100
Datin Setia Shahariah Hashim	1/1	100
Azizah Abdul Rahman	1/1	100

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Pelantikan Lembaga Pengarah

Proses melantik pengarah eksekutif dan bukan eksekutif untuk menganggotai Lembaga Pengarah Agrobank dilakukan secara telus dan selaras dengan undang-undang serta peraturan pentabdiran Bank. Justeru itu, pelantikan setiap pengarah adalah tertakluk kepada Akta Bank Pertanian Malaysia 2008 di samping pengesahan oleh BNM dan kelulusan oleh Menteri Kewangan Diperbadankan (MoF Inc.), sepertimana yang ditetapkan di bawah subseksyen 6(1) Akta Institusi Kewangan Pembangunan (Pindaan) 2015.

Jawatankuasa Pencalonan menggalas tanggungjawab keseluruhan dalam proses pelantikan. Seperti yang digambarkan dalam rajah di bawah, proses pelantikan merangkumi usaha mengenal pasti calon yang berpotensi, termasuk menilai keupayaan calon untuk menjalankan tugas dengan berkesan dan cekap. Ini kemudiannya akan diikuti dengan membuat cadangan akhir kepada Lembaga Pengarah untuk kelulusan. Jawatankuasa Pencalonan turut memastikan calon memiliki kemahiran, kecekapan teras dan pengalaman yang bersesuaian, serta integriti dan masa untuk melaksanakan peranan mereka sebagai pengarah dengan berkesan.

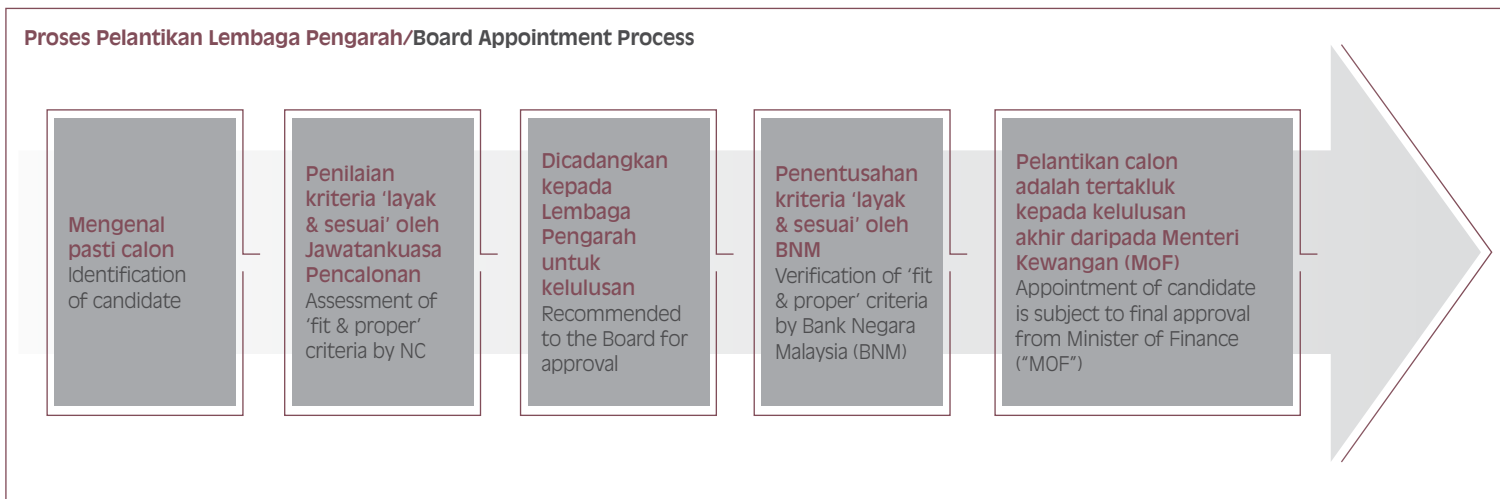
Dengan tertakluk kepada kelulusan dan sokongan Lembaga Pengarah, permohonan untuk pelantikan calon diserahkan kepada BNM untuk penentusahan bahawa penama tersebut memenuhi kriteria 'layak dan sesuai' seperti yang dinyatakan dalam Jadual Pertama Akta DFI 2015. Setelah penentusahan diperolehi, Bank akan mengemukakan permohonan bagi pelantikan calon kepada MoF Inc. Pelantikan baharu secara amnya adalah untuk tempoh dua (2) tahun, dengan pelanjutan tempoh perkhidmatan sehingga enam (6) tahun, berdasarkan kelulusan oleh MoF Inc.

Board Appointment

The process for appointing executive and non-executive directors to the Board of Agrobank is transparent and in accordance with laws and regulations governing the Bank. Hence, the appointment of each director is subject to the Bank Pertanian Malaysia Act 2008 as well as verification by BNM and approval by the Minister of Finance Incorporated (MoF Inc.), as prescribed under subsection 6(1) of the Development Financial Institutions (Amendment) Act 2015.

The Nominating Committee has the overall responsibility for the appointment process. As depicted in the diagram below, the appointment process includes the identification of potential candidates, including the evaluation of the candidates' ability to discharge their duties effectively and efficiently. This is subsequently followed by the final recommendation to the Board for endorsement. The Nominating Committee also ensures candidates possess the appropriate skills, core competencies, experience, integrity and time to be able to discharge their roles as directors effectively.

Subject to the approval and endorsement of the Board, the application for the appointment of the candidate is submitted to BNM for verification that the nominee satisfies the 'fit and proper' criteria as set out in the First Schedule of DFIA 2015. Once the verification is obtained, the Bank submits the application for the appointment of the candidate to MoF Inc. New appointments are generally for a two-year term, for extension of up to six (6) years, based on the approval by MoF Inc.



Kriteria Layak Dan Sesuai

Kriteria 'Layak dan Sesuai' menetapkan bahawa para pengarah dan Presiden/Ketua Pegawai Eksekutif mestilah merupakan individu yang berkualiti tinggi kerana mereka diamanahkan oleh para pemegang saham Bank dan pihak berkepentingan yang lain untuk menguruskan Bank dan memastikan kemantapan operasinya. Lembaga Pengarah mengikuti Garis Panduan Tadbir Urus Korporat bagi DFI oleh BNM untuk piawaian 'layak dan sesuai' bagi Lembaga Pengarah.

Fit and Proper Criteria

The 'Fit and Proper' Criteria stipulates that directors and the President/Chief Executive Officer have to be persons of high calibre as they are entrusted by the Bank's shareholders and other stakeholders with managing the Bank and ensuring its sound operations. The Board follows the Guidelines on Corporate Governance for DFIs by BNM on its 'fit and proper' standards for Board of Directors.

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Dalam menentukan sekiranya seseorang itu 'layak dan sesuai' untuk memegang jawatan pengarah atau Presiden/Ketua Pegawai Eksekutif, faktor-faktor berikut diambil kira:

- kejujuran yang tidak diragui, ketekunan, kecekapan dan kebijaksanaan dalam membuat pertimbangan.
- reputasi, kelakuan, integriti (termasuk integriti kewangan) dan kejujuran.
- rekod kesalahan yang melibatkan penipuan, ketidakjujuran dan keganasan.
- sama ada beliau pernah terlibat dalam apa-apa perniagaan yang menipu, menindas atau tidak wajar atau amalan lain yang boleh mencemarkan nama baiknya.
- sama ada beliau pernah terlibat dalam apa-apa cara yang boleh menimbulkan keraguan terhadap kecekapan dan kebijaksanaannya dalam membuat pertimbangannya.
- sama ada beliau pernah melanggar mana-mana peruntukan yang dibuat oleh atau di bawah mana-mana undang-undang bertulis yang bermatlamat untuk melindungi orang awam daripada kerugian kewangan yang disebabkan oleh ketidakjujuran, ketidakcekapan atau penyelewengan.
- sama ada beliau telah diisytiharkan mufliis.

Penilaian Lembaga Pengarah

Penambahbaikan dan pembangunan yang berterusan terhadap proses dan prosedur Lembaga Pengarah serta jawatankuasanya merupakan kunci dalam memastikan struktur tadbir urus Agrobank kekal sejajar dengan amalan terbaik. Ia dapat dicapai menerusi penilaian Lembaga Pengarah yang menjadi mekanisme maklum balas yang berkesan dan bernilai bagi menambah baik keberkesanan Lembaga Pengarah, memaksimumkan kekuatan dan mengetengahkan bidang untuk pembangunan selanjutnya. Agrobank menyedari bahawa usaha penilaian lembaga pengarah yang berkesan dapat membantu Lembaga Pengarah, jawatankuasa serta para pengarah secara individu menjalankan tugas di tahap keupayaan yang optimum.

Di Agrobank, Jawatankuasa Pencalonan bertanggungjawab memastikan pengarah memenuhi kriteria 'layak dan sesuai' setelah beliau dilantik. Matlamat ini dicapai melalui penilaian tahunan ke atas semua pengarah yang dijalankan pada penghujung tahun. Penilaian tersebut terdiri daripada soal selidik terperinci yang memerlukan para pengarah menilai diri mereka dan rakan-rakan mereka. Penilaian ini dianalisis oleh Setiausaha Syarikat dan keputusan yang terperinci dikemukakan kepada Pengerusi.

Soal selidik semasa telah diluluskan oleh Lembaga Pengarah pada 2012 dan ia adalah selaras dengan cadangan Suruhanjaya Sekuriti. Berdasarkan keputusan penilaian tersebut, Setiausaha Syarikat mencadangkan tindakan yang perlu diambil untuk mengisi sebarang kekurangan yang wujud dalam Lembaga Pengarah dan mengukuhkan keupayaannya.

Latihan untuk Pengarah

Lembaga Pengarah memperakui bahawa pentingnya pendidikan berterusan untuk para pengarahnya bagi memastikan mereka dilengkapi dengan kemahiran dan ilmu pengetahuan yang diperlukan untuk melaksanakan fungsi mereka dengan berkesan. Semua pengarah baharu akan diberikan sesi pengenalan kepada organisasi atau *onboarding* oleh pihak pengurusan kanan agar para pengarah berupaya meraih lebih pemahaman tentang pengurusan dan operasi Bank, serta isu semasa dan cabaran yang dihadapi. Pengarah baharu juga dikehendaki menghadiri program Pendidikan Pengarah Institusi Kewangan (FIDE) yang dianjurkan oleh BNM.

In determining if an individual is 'fit and proper' to hold positions as director or President/Chief Executive Officer, the following factors are taken into considerations:

- probity, diligence, competence and soundness of judgement
- reputation, character, integrity (including financial integrity) and honesty
- history of offence(s) involving fraud, dishonesty and violence
- whether he/she has been engaged in any deceitful, oppressive or improper business or other practice, which would discredit him/her
- whether he/she has behaved in any manner which may cast doubt on his/her competence and soundness of judgement
- whether he/she has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice
- whether he/she has been declared a bankrupt.

Board Evaluation

Continuous improvement and development of the Board and its committee processes and procedures is key to ensuring that Agrobank's governance structure remains in line with best practices. This is achieved through Board evaluation, which provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths and highlighting areas for further development. Agrobank is mindful that an effective board evaluation exercise helps the Board, committees and individual directors perform to their optimum capabilities.

At Agrobank, the Nominating Committee is responsible for ensuring that the director continues to satisfy the 'fit and proper' criteria once he/she has been appointed. This is achieved via an annual evaluation of all directors, which is conducted at the end of the year. The evaluation comprises an elaborate questionnaire that requires the directors to assess themselves as well as their peers. These assessments are analysed by the Company Secretary and detailed results are presented to the Chairman.

The current questionnaire was approved by the Board in 2012 and is in line with the Securities Commission's recommendations. Based on the results of the evaluation, the Company Secretary recommends actions to be taken to fill in any gap that exists in the Board and strengthen its capabilities.

Directors' Training

The Board acknowledges the importance of continuing education for its directors to ensure they are equipped with the necessary skills and knowledge to perform their functions effectively. All new directors receive an onboarding session by the senior management to enable the directors to gain a better understanding of the Bank's management and operations, as well as current issues and challenges faced. New directors are also required to attend the Financial Institutions Directors' Education (FIDE) programme organised by BNM.

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Selain itu, para pengarah digalakkan untuk menghadiri program latihan dan bengkel mengenai bidang yang berkaitan dengan Bank dan mengikut keperluan latihan yang telah ditentukan melalui penilaian tahunan. Sekurang-kurangnya dua (2) program dalaman dianjurkan setiap tahun untuk mengisi sebarang kekurangan yang telah dikenal pasti daripada penilaian Lembaga Pengarah. Suatu analisis tentang penilaian tersebut dibentangkan kepada Jawatankuasa Pencalonan menjelang Februari setiap tahun. Setelah diluluskan oleh Lembaga Pengarah, perbincangan diadakan dengan penyedia latihan bagi merangka latihan yang disesuaikan secara khusus untuk para pengarah. Setiausaha Syarikat turut memaklumkan tentang program luar yang mungkin diminati untuk diikuti oleh para pengarah.

In addition, directors are encouraged to attend training programmes and workshops on areas relevant to the Bank and in accordance with the training needs as determined through the annual evaluation. At least two in-house programmes are organised every year, to fill in any gaps that have been identified from the Board evaluation. An analysis of the evaluation is tabled to the Nominating Committee by February each year. Once approved by the Board, a discussion is held with training providers to customise suitable training for the directors. The Company Secretary also makes known external programmes which may be of interest to the directors.

Program latihan, persidangan dan forum yang telah dihadiri oleh para pengarah di sepanjang tahun adalah seperti berikut:
Training programmes, conferences and forums attended by the directors during the year were as follow: (Refer to Appendix 1)

Pengarah/Director	Latihan/Bengkel yang Dihadiri/Training/Workshop Attended	Tarikh/Date
Tan Sri Mohamad Zabidi Zainal	T/B N/A	
Datuk Seri Dr. Ismail Haji Bakar	T/B N/A	
Dato' Dr. Yusof Ismail	T/B N/A	
Dato' Dr. Mohamad Hashim Ahmad Tajuddin	1. Program FIDE mengenai Tadbir Urus Korporat untuk Institusi Kewangan Pembangunan FIDE Programme on Corporate Governance for Development Financial Institutions	18-19 Januari/January 2016
	2. Program FIDE mengenai Piawaian Audit Baharu dan Semakan: Implikasi terhadap Institusi Kewangan FIDE Programme on New and Revised Audit Standards: Implications to Financial Institutions	20 Januari/January 2016
	3. Seminar ISP mengenai "Pengurusan Tanah dan Perladangan: Membuka Kunci Ilmu untuk Memaksimumkan Produktiviti" ISP Seminar on "Soil and Plantation Management: Unlocking Knowledge to Maximise Productivity"	16 Februari/February 2016
	4. Bual Bicara Eksekutif MOF mengenai "Peranan Jawatankuasa Audit Syarikat Dalam Memastikan Amalan Tadbir Urus Korporat" MOF Executive Talk on "Peranan Jawatankuasa Audit Syarikat Dalam Memastikan Amalan Tadbir Urus Korporat"	8 Mac/March 2016
	5. Forum FIDE: "Pelancaran Daftar Pengarah" FIDE Forum: "Launch of Directors Register"	1 April/April 2016
	6. Bahasa Kewangan dalam Mesyuarat Lembaga Pengarah berserta Pelaporan Bersepadu: "Apa yang perlu diketahui oleh para Pengarah & bersedia untuknya" Financial Language in the Boardroom with Integrated Reporting: "What Directors need to know & prepare for"	28 April/April 2016
	7. Bual Bicara IIPM & Lembaga Getah Malaysia mengenai "Usaha Meningkatkan Pendapatan Isi Rumah B40" IIPM & Lembaga Getah Malaysia Talk on "Usaha Meningkatkan Pendapatan Isi Rumah B40"	31 Mei/May 2016
	8. Seminar Kebangsaan ISP: "Faktor yang Memberi Kesan Terhadap Daya Saing Industri Minyak Sawit" - Pergabungan Persatuan Peladang ("ISP") ISP National Seminar: "Factors Impacting The Competitiveness of The Palm Oil Industry" - The Incorporated Society of Planters ("ISP")	18-20 Julai/July 2016
	9. BNM/Bank Dunia: Simposium Global mengenai Keterangkuman Kewangan Inovatif BNM/World Bank: Global Symposium on Innovative Financial Inclusion	21-22 September/September 2016
	10. Persidangan Industri Perladangan Antarabangsa: "Membentuk Masa Depan Industri Perladangan - Perubahan Trend, Peluang dan Kemampanan" - Institut Antarabangsa Pengurusan Perladangan ("IIPM") International Plantation Industry Conference: "Shaping The Future of Plantation Industry - Changing Trends, Opportunity and Sustainability" - International Institute of Plantation Management ("IIPM")	2-4 November/November 2016
	11. Latihan untuk Para Pengarah mengenai Strategi Organisasi Agrobank dan Natijah Pembelajaran Risiko Training For Directors on Agrobank Organisational Strategy and Risk Learning Outcome	18 November/November 2016

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Pengarah/Director	Latihan/Bengkel yang Dihadiri/Training/Workshop Attended	Tarikh/Date
Ng Chih Kaye	1. EMTech Asia – Persidangan Teknologi Singapura Yang Sedang Membangun (MIT Technology) EMTech Asia – Emerging Technology Singapore Conference (MIT Technology)	26 Januari/January 2016
	2. Forum FIDE mengenai Ganjaran Pengarah (FIDE, BNM) FIDE Forum on Directors' Remuneration (FIDE, BNM)	25 Februari/February 2016
	3. Menambah Baik Keberkesanan Pengawasan Lembaga Pengarah – Robert Hirth, Pengerusi COSO (Seminar) (Bursa) Improving Board Oversight Effectiveness – Robert Hirth Chairman of COSO (Seminar) (Bursa)	26 Februari/February 2016
	4. Forum FIDE mengenai Pengawasan Risiko Siber – David Leach daripada JP Morgan (FIDE, BNM) FIDE Forum on Cyber Risk Oversight – David Leach of JP Morgan (FIDE, BNM)	16 Mac/March 2016
	5. Sidang Kemuncak Tadbir Urus Korporat Tahunan ke-8 – Merungkai Ketidakpastian, Menzahirkan Nilai (Sidang Kemuncak Sedunia Asia) 8th Annual Corporate Governance Summit – Decoding Uncertainties, Delivering Value (Asian World Summit)	21 to 22 Mac/March 2016
	6. Forum FIDE mengenai Insurans Liabiliti Para Pengarah dan Pegawai – Jardine Lloyd Thomson (FIDE, BNM) FIDE Forum on Directors and Officers Liabilities Insurance – Jardine Lloyd Thomson (FIDE, BNM)	5 April/April 2016
	7. Menguruskan Nilai Aset di bawah IFRS/ MFRS (Seminar) (MIA) Managing the Value of Assets under IFRS/MFRS (Seminar) (MIA)	11 to 12 April/April 2016
	8. Forum FIDE mengenai Mengelakkan Kerabunan Kewangan – Professor Jeffrey Sampler (FIDE, BNM) FIDE Forum on Avoiding Financial Myopia – Professor Jeffrey Sampler (FIDE, BNM)	19 April/April 2016
	9. Litigasi GLC (Seminar) (Lee Hishammuddin Allen Gledhill) GLC Litigation (Seminar) (Lee Hishammuddin Allen Gledhill)	25 April/April 2016
	10. Program Pengarah Syarikat yang Dirangka Khusus untuk Agrobank: Bahasa Kewangan dalam Mesyuarat Lembaga Pengarah berserta Pelaporan Bersepadu “Apa yang perlu diketahui oleh para Pengarah & bersedia untuknya” Customised Company Directors Programme For Agrobank: Financial Language in the Boardroom with Integrated Reporting - “What directors need to know & prepare for”	28 April/April 2016
	11. Persidangan FST mengenai Masa Depan Perbankan dan Perkhidmatan Kewangan (FST Media) FST's Future of Banking and Financial Services Conference (FST Media)	10 Mei/May 2016
	12. Siri Penglibatan Kemampanan – Philip Anderson (Seminar) – BURSA Sustainability Engagement Series – Philip Anderson (Seminar) – BURSA	1 Jun/June 2016
	13. Strategi & Ketidakpastian Menguruskan Risiko (Seminar) – MINDA Strategy & Risks Managing Uncertainties (Seminar) – MINDA	2 – 3 Ogos/August 2016
	14. Forum FIDE: Perniagaan Teknologi Kewangan (FinTech): Peluang atau Pengganggu (Seminar) FIDE Forum - Fin Tech Business: Opportunity or Disrupter (Seminar)	4 Ogos/August 2016
	15. Masa Depan Kewangan Digital (Persidangan) – Thomvell International SB The Future of Digital Finance (Conference) – Thomvell International SB	8 Ogos/August 2016
	16. Bakat, Teknologi dan Tempat Kerja Hari Esok (Persidangan) - Simposium Antarabangsa AIF – Big Bash Sdn Bhd Talent, Technology and Tomorrow's Workplace (Conference) - AIF International Symposium – Big Bash Sdn Bhd	17 Ogos/August 2016
	17. BNM/Bank Dunia: Simposium Global mengenai Keterangkuman Kewangan Inovatif BNM/World Bank: Global Symposium on Innovative Financial Inclusion	21-22 September/September 2016
	18. Program Pasaran Modal untuk Pengarah (Seminar) – Suruhanjaya Sekuriti Capital Market Directors' Programme (Seminar) – Securities Commission	26-30 September/September 016

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Pengarah/Director	Latihan/Bengkel yang Dihadiri/Training/Workshop Attended	Tarikh/Date
	17. BNM/Bank Dunia: Simposium Global mengenai Keterangkuman Kewangan Inovatif BNM/World Bank: Global Symposium on Innovative Financial Inclusion	21-22 September/September 2016
	18. Program Pasaran Modal untuk Pengarah (Seminar) – Suruhanjaya Sekuriti Capital Market Directors' Programme (Seminar) – Securities Commission	26-30 September/September 016
	19. Seminar Pemeriksa mengenai "Bloom's Taxonomy" – Institut Jurubank Berkanun Asia Examiners Seminar on Bloom's Taxonomy – Asian Institute of Chartered Bankers	1 Oktober/October 2016
	20. Forum FIDE: Strategi bagi Memanfaatkan Teknologi sebagai Penyelesaian kepada Perniagaan (Seminar) FIDE Forum: Strategy to Leverage Technology for Business Solutions (Seminar)	14 November/November 2016
	21. Ancaman Keselamatan Siber dan Bagaimana Lembaga Pengarah Harus Mengurangkan Risiko (Seminar) - BURSA Cyber Security Threats and How Boards Should Mitigate the Risks (Seminar) - BURSA	18 November/November 2016
Datin Setia Shahariah Hashim	1. Forum FIDE: Perniagaan Teknologi Kewangan (Fintech): Peluang atau Pengganggu (Seminar) FIDE Forum _ Fin Tech Business: Opportunity or Disrupter	4 Ogos /August 2016
	2. BNM/Bank Dunia: Simposium Global mengenai Keterangkuman Kewangan Inovatif BNM/World Bank: Global Symposium on Innovative Financial Inclusion	21-22 September/September 2016
	3. Forum FIDE: Inovasi Berasaskan Teknologi yang Perlu Diambil Kira FIDE Forum: Tech Based Innovations that Count	2 November/November 2016
	4. Latihan untuk Para Pengarah mengenai Strategi Organisasi Agrobank dan Natijah Pembelajaran Risiko Training For Directors on Agrobank Organisational Strategy and Risk Learning Outcome	18 November/November 2016
Azizah Abdul Rahman	1. Mengetahui Pasti Bakat yang Tepat untuk Menganggotai Lembaga Pengarah Identify the Right Board Talent	14 September/September 2016
	2. Latihan untuk Para Pengarah mengenai Strategi Organisasi Agrobank dan Natijah Pembelajaran Risiko Training For Directors on Agrobank Organisational Strategy and Risk Learning Outcome	18 November/November 2016
	3. BNM/Bank Dunia: Simposium Global mengenai Keterangkuman Kewangan Inovatif BNM/World Bank: Global Symposium on Innovative Financial Inclusion	21-22 September/September 2016
Dato' Wan Mohd Fadzmi Wan Othman	1. Program mengenai Akses kepada Perkhidmatan Kewangan untuk Perusahaan Mikro, Kecil dan Sederhana (MSME) Access to Financial Services for Micro, Small and Medium Enterprises Programme (MSME)	21 Januari/January 2016
	2. WHARTON: Forum Global Kuala Lumpur 2016 WHARTON: Global Forum Kuala Lumpur 2016	12 Mac/March 2016
	3. Program Pengarah Syarikat yang Dirangka Khusus untuk Agrobank: Bahasa Kewangan dalam Mesyuarat Lembaga Pengarah berserta Pelaporan Bersepadu - "Apa yang perlu diketahui oleh para pengarah & bersedia untuknya" Customised Company Directors Programme For Agrobank: Financial Language in the Boardroom with Integrated Reporting - "What directors need to know & prepare for"	28 April/April 2016
	4. Latihan untuk Para Pengarah mengenai Strategi Organisasi Agrobank dan Natijah Pembelajaran Risiko Training For Directors on Agrobank Organisational Strategy and Risk Learning Outcome	18 November/November 2016
Dato' Mohd Arif Ab Rahman	T/B N/A	

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Pengarah/Director	Latihan/Bengkel yang Dihadiri/Training/Workshop Attended	Tarikh/Date
Datin Rashidah Mohd Sies	1. Program FIDE mengenai Tadbir Urus Korporat untuk Institusi Kewangan Pembangunan FIDE Programme on Corporate Governance for Development Financial Institutions	18-19 Januari/January 2016
	2. Program Pengarah Syarikat yang Dirangka Khusus untuk Agrobank: Bahasa Kewangan dalam Mesyuarat Lembaga Pengarah berserta Pelaporan Bersepadu - "Apa yang perlu diketahui oleh para Pengarah & bersedia untuknya" Customised Company Directors Programme For Agrobank: Financial Language in the Boardroom with Integrated Reporting - "What directors need to know & prepare for"	28 April/April 2016
Datuk Johar Che Mat	1. Program Pasaran Modal untuk Pengarah: Para Pengarah sebagai pengampang maklumat peserta pasaran (Modul 1) Capital Market Directors Programme: Directors as gatekeepers of market participants (Module 1)	21 Mac/March 2016
	2. Program Pasaran Modal untuk Pengarah: Cabaran perniagaan dan jangkaan dalam pengawalseliaan - Apa yang perlu diketahui oleh pengarah (Pembrokeran Ekuiti & Niaga Hadapan) (Modul 2A) Capital Market Directors Programme: Business challenges and regulatory expectations - What directors need to know (Equities & Futures Broking) (Module 2A)	22 Mac/March 2016
Datin Seri Hajah Ruzaina Wan Haniff	T/B N/A	

Setiausaha Syarikat

Tanggungjawab Setiausaha Syarikat terhadap Lembaga Pengarah, antara lain adalah untuk memastikan bahawa prosedur dan semua peraturan serta kod tadbir urus dipatuhi. Setiausaha Syarikat juga memberi panduan kepada para pengarah mengenai tadbir urus, pematuhan dan tanggungjawab fidusiar mereka. Oleh itu para pengarah mempunyai akses yang tidak terbatas kepada khidmat nasihat Setiausaha Syarikat di samping akses yang sepenuhnya dan bertepatan masanya kepada maklumat yang relevan agar para pengarah dapat menjalankan tugas mereka dengan sewajarnya.

Antara fungsi dan peranan utama Setiausaha Syarikat adalah:

- Menyokong Lembaga Pengarah dan Pengerusi**
 Setiausaha Syarikat menyokong Lembaga Pengarah dan Pengerusi untuk mendukung piawaian tertinggi dalam tadbir urus korporat, dan sekiranya sesuai, memudahcara keberkesanan fungsi Lembaga Pengarah serta jawatankuasanya. Bagi memenuhi tujuan ini, Setiausaha Syarikat:
 - menasihati Pengerusi dan para pengarah berkenaan tugas dan tanggungjawab mereka.
 - memastikan mesyuarat berlangsung dengan berkesan.
 - merekodkan keputusan Lembaga Pengarah, memastikan keputusan disampaikan kepada pihak Pengurusan untuk diambil tindakan.
 - memberi akses dan perkhidmatan yang sepenuhnya kepada Lembaga Pengarah.
- Pelantikan Pengarah Baharu**
 Setiausaha Syarikat memastikan pelantikan semua pengarah baharu dikuatkuasakan dengan betul. Ini termasuklah membantu Lembaga Pengarah memastikan pengendalian yang lancar dalam pelantikan pengarah baharu, memberi taklimat kepada pengarah baharu tentang struktur organisasi Bank dan prosedur yang mengawal selia operasi Lembaga Pengarah. Setiausaha Syarikat turut bertanggungjawab memastikan pengarah baharu menjalani proses induksi yang bersesuaian sempena penyertaan mereka ke dalam organisasi serta mendapat semua maklumat yang relevan agar dapat menjalankan tugas mereka dengan sewajarnya.
- Pematuhan Keperluan Pemfailan dan Urus Tadbir**
 Setiausaha Syarikat bertanggungjawab memastikan Bank mematuhi keperluan pemfailan di bawah undang-undang, peraturan dan pengawalseliaan yang berkaitan. Lantaran itu, Setiausaha Syarikat memainkan peranan penting dalam membimbing dan menasihati Lembaga Pengarah berkenaan pematuhan di sisi undang-undang dengan cara memastikan pematuhan terhadap prosedur dalam mengendali mesyuarat dan penyimpanan dokumen korporat secara

Company Secretary

The Company Secretary is responsible to the Board for inter alia, ensuring that procedures and all regulations and governance codes are observed. The Company Secretary also provides guidance to the directors on governance, compliance and their fiduciary responsibilities. As such, directors have unrestricted access to the advice and services of the Company Secretary as well as full and timely access to information that is relevant to the proper discharge of their duties.

Some of the key functions and roles of the Company Secretary are to:

- Support the Board and the Chairman**
 The Company Secretary supports the Board and the Chairman in promoting the highest standards of corporate governance, and facilitating the effective functioning of the Board and its committees, where appropriate. To this effect, the Company Secretary:
 - provides advice to the Chairman and directors as to their duties and responsibilities.
 - ensures the meeting flows effectively.
 - records the decisions of the Board, ensuring decisions are relayed to Management to act upon.
 - provides full access and services to the Board.
- Appointment of New Directors**
 The Company Secretary ensures all appointments of new directors are properly effected. This includes assisting the Board in ensuring a smooth administration of the appointment of new directors, briefing new directors on the organisational structure of the Bank and procedures that regulate the operations of the Board. The Company Secretary is also responsible for ensuring that new directors receive appropriate induction into the Bank and receive all relevant information for the proper discharge of their duties.
- Compliance with Filing and Administrative Requirements**
 The Company Secretary is responsible for ensuring that the Bank is in compliance with filing requirements under relevant statutes, rules and regulations. Hence, the Company Secretary plays an important role in guiding and advising the Board on legal compliance by way of ensuring compliance with the procedure for conducting meetings and safekeeping of corporate documentation, notifying the Chairman of any possible violations of legal and regulatory acts, and advising the Board on its obligatory requirements to disclose material information.

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selamat, memberitahu Pengerusi tentang sebarang kemungkinan berlakunya tindakan yang melanggar undang-undang dan pengawalseliaan, serta menasihati Lembaga Pengarah mengenai keperluan yang mewajibkannya untuk mendedahkan maklumat penting.

• Pelaksanaan Tadbir Urus Korporat

Setiasaha Syarikat bertanggungjawab memastikan piawaian yang tinggi dalam tadbir urus korporat dengan sentiasa mengikuti perkembangan terbaru dalam tadbir urus korporat, perubahan dalam rangka kerja perundangan dan pengawalseliaan serta amalan terbaik di peringkat antarabangsa.

Jawatankuasa Pengurusan

Lembaga Pengarah dan jawatankuasanya disokong oleh pelbagai jawatankuasa pengurusan, masing-masing terdiri daripada anggota pengurusan kanan dengan pengetahuan dan pengalaman yang diperlukan dalam bidang tumpuan jawatankuasa tersebut. Presiden/Ketua Pegawai Eksekutif mempunyai hak untuk melantik seorang ahli sebagai pengerusi mesyuarat semasa ketiadaan beliau. Sepanjang tahun ini, jawatankuasa pengurusan telah mengadakan 25 mesyuarat, termasuk satu (1) mesyuarat khas.

Ketika ini terdapat tujuh (7) jawatankuasa pengurusan, iaitu:

- Jawatankuasa Pengurusan
- Jawatankuasa Pengurusan Kredit
- Jawatankuasa Pengurusan Audit
- Jawatankuasa Aset dan Liabiliti
- Jawatankuasa Pengurusan Teknologi Maklumat dan Transformasi
- Jawatankuasa Pengurusan Sumber Manusia
- Jawatankuasa Pengurusan Risiko

Penglibatan Pihak Berkepentingan

Agrobank amat menyedari bahawa kemampunan perniagaan hanya boleh dicapai menerusi interaksi dengan pihak berkepentingan dan memahami kesan perniagaan terhadap persekitarannya. Penyertaan dalam dialog strategik dan proaktif dengan pihak berkepentingan utama membantu Bank meraih pemahaman yang lebih mendalam mengenai pemacu perniagaan di samping dapat mengenal pasti peluang, lantas berupaya mendahului pesaing dalam melakukan penyesuaian terhadap perubahan dalam permintaan. Bank sedar bahawa usaha menjalin kerjasama adalah teramat penting dalam melaksanakan visinya.

Walaupun tiada dasar rasmi berkenaan penglibatan pihak berkepentingan, Bank kerap mengundang penglibatan para pemegang saham utama, MoF Inc., dan pihak berkepentingan utama yang lain, seperti Kementerian Pertanian dan Industri Asas Tani, Kementerian Perusahaan Perladangan dan Komoditi, Kementerian Kemajuan Luar Bandar dan Wilayah, serta pengawal selia iaitu BNM.

Setiap tahun, suatu mesyuarat peringkat tinggi diadakan dengan para menteri yang berkaitan dan/atau timbalan mereka bagi membincangkan prestasi industri pertanian, sumbangan Bank serta cara bagaimana Bank dapat memberi bantuan selanjutnya bagi membangunkan industri ini. Mesyuarat ini disokong pula oleh mesyuarat berkala di peringkat pengurusan kanan antara Bank dan wakil kementerian serta badan pengawalseliaan.

Bank memberi maklum balas yang berterusan berkenaan pengurusan dan pengagihan dana konsesi daripada kementerian, memberi jaminan kepada agensi kerajaan bahawa dana tersebut ditadbir selaras dengan objektif yang telah ditetapkan yang menyokong keseluruhan agenda Kerajaan dalam pembangunan negara. Perlu dimaklumi bahawa dana tersebut disalurkan dengan cara yang sewajarnya demi mendorong pembangunan dalam segmen yang disasarkan. Penglibatan sedemikian telah tersirat dalam DFIA yang mentadbir Bank dan DFIA lain.

Bank mempunyai pelbagai jabatan dan seksyen yang dikhususkan untuk membentuk hubungan dengan kerajaan, industri dan kakitangan. Setiap pasukan mempunyai rangka kerja penglibatan dengan pihak berkepentingan masing-masing.

• Implementation of Corporate Governance

The Company Secretary is responsible for ensuring high standards of governance by keeping abreast with the latest developments in corporate governance, changes in the legal and regulatory framework and international best practices.

Management Committees

The Board and its committees are supported by various management committees, each comprising senior members of management with the requisite knowledge and experience in the focus area of the committee. The President/Chief Executive Officer has the right to appoint a member to be the chairman of the meeting in his absence. During the year, the Management Committee held 25 meetings inclusive of (1) special meeting.

There are currently seven (7) management committees, namely:

- Management Committee
- Management Credit Committee
- Management Audit Committee
- Asset and Liability Committee
- Management Information Technology and Transformation Committee
- Human Resource Management Committee
- Management Risk Committee

Stakeholder Engagement

Agrobank is fully aware that sustainable business can only be achieved by interacting with its stakeholders and understanding the impact the business has on its environment. Taking part in strategic and proactive dialogue with key stakeholders helps the Bank to deepen its insights into business drivers and identify opportunities, and thus be ahead of competition in adjusting to changing demands. The Bank realises that working in partnerships is crucial in delivering its vision.

Although there is no formal policy on stakeholder engagement, the Bank engages regularly with its major shareholders, MoF Inc., and other key stakeholders, namely the Minister of Agriculture and Agro-Based Industry, Ministry of Plantation Industries and Commodities, Ministry of Rural and Regional Development, as well as the regulator i.e. BNM.

A high-level meeting is held with the relevant ministers and/or their deputies annually to discuss the performance of the agriculture industry, the Bank's contributions as well as ways in which the Bank could lend further support to the development of the industry. This is supported by regular meetings at the senior management level between the Bank and representatives of the ministries and regulatory bodies.

The Bank provides constant feedback on the management and distribution of concessionary funds from the ministries, providing assurance to the government agencies that the funds are being administered in line with set objectives that support the Government's overall national development agenda. Of particular note is that the funds are being channelled appropriately in a manner that promotes the development of the targeted segments. Such engagement is implicit in the DFIA governing the Bank and other DFIs.

The Bank has various departments and sections dedicated to government relations, industry relations and employee relations. Each team has a framework of engagement with its respective stakeholders.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Kebertanggungjawaban dan Audit

Penyata Tanggungjawab Pengarah

Para pengarah bertanggungjawab memastikan bahawa penyata kewangan Bank memberikan pandangan yang benar dan saksama mengenai keadaan Bank, di samping prestasi dan kedudukan aliran tunai bagi tahun kewangan yang berakhir. Penyataan ini disediakan menurut piawaian perakaunan yang diluluskan oleh Lembaga Pengarah, iaitu Piawaian Pelaporan Kewangan Malaysia (MFRS) dan Piawaian Pelaporan Kewangan Antarabangsa (IFRS), dan ia mematuhi keperluan Akta Syarikat, 1965 di Malaysia. Penyata kewangan ini dibentangkan kepada para pemegang saham melalui surat dan kemudiannya disiarkan dalam laporan tahunan Bank, yang diedarkan kepada semua pihak kepentingan dan turut terdapat dalam talian di laman sesawang Agrobank di www.agrobank.com.my.

Kawalan Dalaman

Agrobank mengendali dan membangunkan sistem kawalan dalamannya dengan matlamat utamanya untuk meningkatkan prestasi perniagaannya dan, pada masa yang sama, mematuhi undang-undang serta peraturan. Kawalan dalaman meliputi semua dasar, proses, prosedur dan struktur organisasi dalam Bank yang membantu pihak pengurusan, dan terutamanya pihak Lembaga Pengarah, dalam memastikan Bank mencapai matlamatnya, serta pengendalian perniagaan mematuhi semua undang-undang dan peraturan yang boleh diguna pakai.

Lembaga Pengarah bertanggungjawab mengendali dan mengkaji semula keberkesanan pengurusan risiko serta kawalan dalaman bagi mengurus dan memantau risiko yang material, dan memastikan bahawa pelaburan para pemegang saham, kepentingan pelanggan serta aset Bank dilindungi. Lembaga Pengarah sentiasa mengkaji semula rangka kerja pengurusan risiko Bank dengan matlamat untuk memastikan prosedur operasi dan kawalan dalaman adalah memuaskan dan berkesan untuk mengukur, mengawal, memantau dan melaporkan risiko; dan sentiasa dikemas kini selaras dengan perubahan yang berlaku dalam persekitaran perniagaan dan keadaan operasi dalaman.

BAC sentiasa menilai kemampuan dan keberkesanan sistem kawalan dalaman Bank dengan mengkaji keberkesanan tindakan yang diambil terhadap kelemahan/kekurangan yang telah dikenal pasti dalam laporan yang disediakan oleh juruaudit dalaman dan luar semasa berlangsungnya mesyuarat yang dijadualkan. BAC turut mengkaji semula cadangan juruaudit, serta maklum balas pihak pengurusan berkenaan hal ini, bagi memastikan apa-apa kelemahan atau kekurangan yang dikenal pasti ditangani dengan cara yang memuaskan dan segera.

Dasar Pemberian Maklumat

Agrobank beriltizam mendukung setinggi mungkin piawaian integriti dan kebertanggungjawaban. Bank mencuba untuk mengelakkan sebarang perbuatan tidak sopan yang boleh mendatangkan akibat yang serius kepada Bank atau kakitangannya. Ia turut memandang serius terhadap sebarang penyelewengan atau kesalahan yang dilakukan oleh mana-mana kakitangan, anggota pengurusan atau Lembaga Pengarah, khususnya yang berkaitan dengan kewajipan mereka demi kepentingan Bank.

Dalam usaha untuk membendung sebarang penyelewengan, Bank telah menyediakan saluran komunikasi serta saluran lain untuk kakitangan menyuarakan kemusykilan secara sulit tentang kemungkinan berlakunya kesalahan, penyelewengan atau sebarang salah laku yang disedari oleh mereka. Dasar pemberian maklumat Bank menyediakan akses kepada saluran yang telah ditetapkan dengan jelas bagi mana-mana individu untuk membuat laporan dengan suci hati, tanpa berasa takut terhadap tindakan balas, bimbang tentang kemungkinan berlakunya kesalahan dalam pelaporan kewangan atau apa-apa kesalahan yang disyaki sama ada yang sedang berlaku atau tindakan masa lalu yang boleh memudaratkan Bank. Ini termasuk tetapi tidak terhad kepada kejadian tidak beretika seperti aktiviti jenayah atau melanggar undang-undang/peraturan yang dilakukan oleh kakitangan lain atau mana-mana individu yang berurusan dengan Bank.

Ikrar Integriti Korporat

Etika dan integriti merupakan komponen yang wujud dalam semua aspek tadbir urus korporat dan dalam setiap keputusan serta tindakan yang diambil oleh lembaga pengarah. Dalam menegaskan iltizamnya untuk mengekalkan tahap integriti, tadbir urus korporat dan ketelusan yang tinggi, Agrobank menjadi DFI pertama menandatangani Ikrar Integriti pada 6 September 2014. Dengan ikrar ini, Bank beriltizam untuk bekerjasama dengan Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) bagi mewujudkan budaya integriti dan sifar toleransi terhadap penipuan atau rasuah. Ikrar ini merupakan penyataan terhadap iltizam untuk mematuhi amalan perniagaan secara beretika dan menunjukkan "Teladan di Peringkat Atasan" bagi memacu agenda integriti di Agrobank.

Accountability and Audit

Directors' Responsibility Statement

The directors are responsible for ensuring the financial statements of the Bank provide a true and fair view of the state of affairs of the Bank, as well as its performance and cash flow position for the financial year end. These statements are prepared in accordance with accounting standards approved by the Board, namely the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS), and comply with the requirements of the Companies Act, 1965 in Malaysia. The financial statements are presented to the shareholders via letters and subsequently published in the Bank's annual report, which is distributed to all stakeholders and also made available online on Agrobank's website at www.agrobank.com.my.

Internal Controls

Agrobank maintains and develops its internal control system with the ultimate aim of improving its business performance and, at the same time, complying with laws and regulations. Internal controls cover all the policies, processes, procedures and organisational structures within the Bank that help management, and ultimately the Board, to ensure that the Bank is achieving its objectives and that its business conduct is in compliance with all applicable laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of risk management and internal controls to manage and monitor material risks, thus ensuring that shareholders' investments, customers' interests and the Bank's assets are safeguarded. The Board continuously reviews the Bank's risk management framework with a view to ensure adequate and effective operational procedures and internal controls to measure, control, monitor, and report risks are in place; and are updated in line with changes arising within the business environment and internal operating conditions.

The BAC regularly evaluates the adequacy and effectiveness of the Bank's internal control systems by reviewing the effectiveness of remedial actions taken on lapses/deficiencies identified in reports prepared by the internal and external auditors during its scheduled meetings. The BAC also reviews the auditors' recommendations, and management's response to these, to ensure any lapse of deficiency identified is dealt with adequately and promptly.

Whistleblowing Policy

Agrobank is committed to the highest possible standards of integrity and accountability. The Bank takes every effort to avoid any improprieties that may result in serious consequences for the Bank or its employees. It also takes a serious view of any malpractice or wrongdoing on the part of any employee, member of management or Board, in particular with respect to their obligations to the Bank's interest.

In order to curb any malpractice, the Bank has in place communication channels and other channels for employees to raise concerns in confidence about possible wrongdoing, malpractice or any misconduct of which they become aware. The Bank's whistleblowing policy provides for access to well-defined channels for any individual to report in good faith, without fear of reprisal, concerns about possible improprieties in financial reporting or any suspected wrongdoings either ongoing or past that could be detrimental to the Bank. These include but are not limited to unethical incidents such as criminal activities or contravention of laws/regulations committed by another employee or any person who has dealings with the Bank.

Corporate Integrity Pledge

Ethics and integrity are inherent components in all aspects of corporate governance and in every board decision and action. Underlining its commitment to maintaining high standards of integrity, corporate governance and transparency, Agrobank became the first DFI to sign the Integrity Pledge on 6 September 2014. With this pledge, the Bank is committed to working with the Malaysian Anti-Corruption Commission (MACC) to create a culture of integrity and zero tolerance to fraud or corruption. This pledge is a sign of manifestation of commitment to observe ethical business practices and sets the "Tone at the Top" in driving the integrity agenda within Agrobank.

PENYATA TADBIR URUS SYARIAH

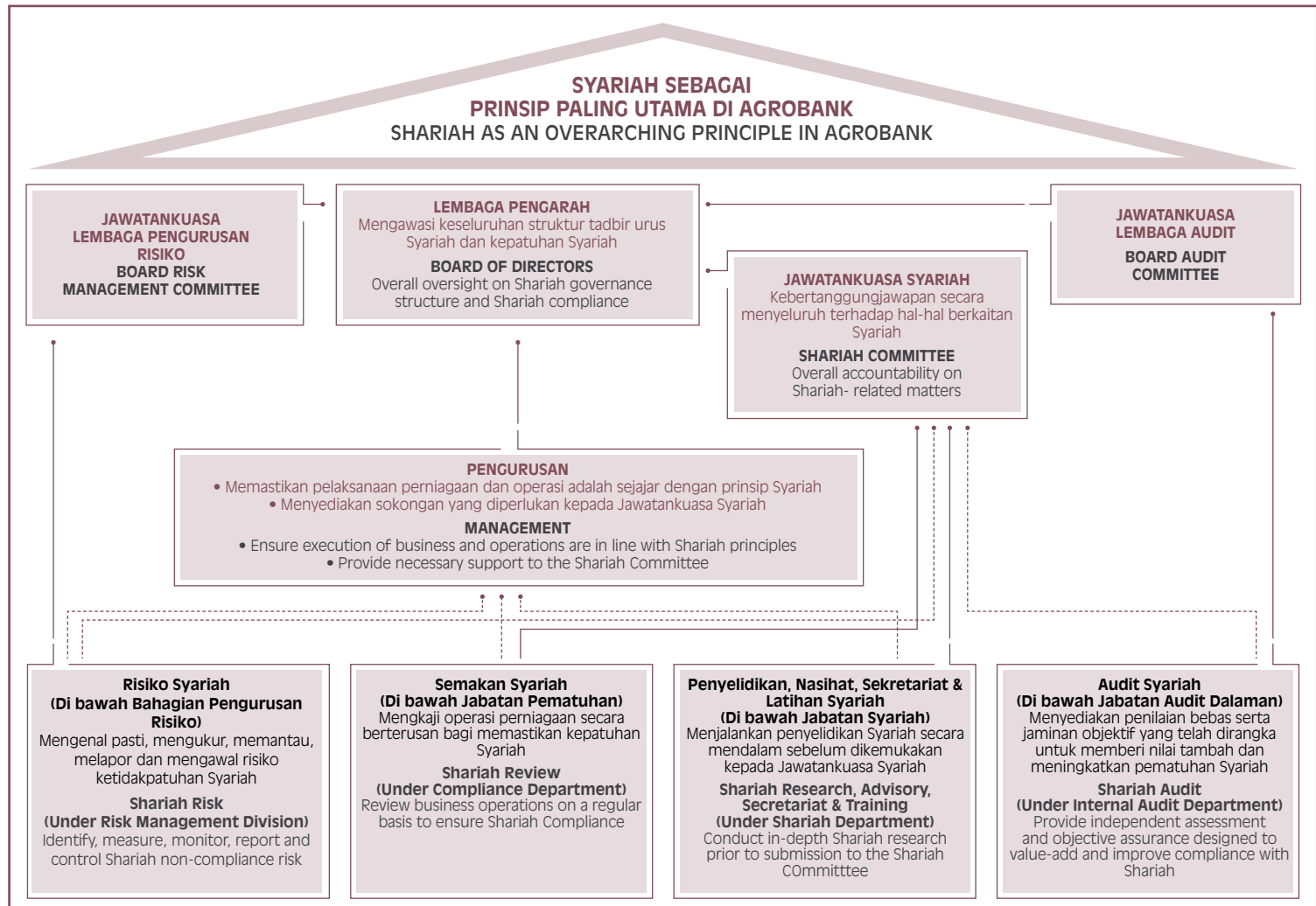
STATEMENT ON SHARIAH GOVERNANCE

Perjalanan transformasi Agrobank ke arah sebuah bank Islam sepenuhnya telah mencetuskan keperluan terhadap pembentukan sebuah rangka kerja tadbir urus Syariah yang komprehensif serta teguh bagi memastikan Bank berupaya memenuhi semua kewajipannya berhubung dengan mendukung rukun, prinsip serta syarat Syariah dalam setiap aspek operasi perniagaannya. Sehubungan dengan itu, sebuah Manual Pematuhan Syariah telah dirangka serta dilaksanakan sejajar dengan keperluan yang telah ditetapkan di bawah Akta Perkhidmatan Kewangan Islam 2013 serta Garis Panduan Rangka Kerja Tadbir Urus Syariah (SGF) bagi Institusi Kewangan Islam yang dikeluarkan oleh Bank Negara Malaysia (BNM).

Manual ini menggariskan mekanisme kawalan patuh Syariah yang lengkap, yang antara lain merangkumi pengawasan yang berkesan oleh Lembaga Pengarah dan pihak pengurusan, di samping peranan dan tanggungjawab bebas yang dimainkan oleh Jawatankuasa Syariah (SC). Jawatankuasa pentadbir ini disokong oleh fungsi khusus yang bertindak sebagai organ Syariah dalaman bagi Bank, iaitu jabatan Syariah, semakan Syariah, pengurusan risiko Syariah serta audit Syariah, dengan peranan dan tanggungjawab serta bidang tugas dan kuasanya diterapkan dalam SGF serta secara dalaman oleh Bank sendiri menerusi dasar dan garis panduan Syariah. Di peringkat institusi, Jabatan Syariah bertindak sebagai perantara di antara SC dan pihak Pengurusan Bank, manakala fungsi Semakan Syariah, Audit Syariah dan Pengurusan Risiko Syariah dilaksanakan masing-masing oleh Jabatan/Bahagian Pematuhan, Audit Dalaman dan Pengurusan Risiko.

Agrobank's transformation journey towards a full-fledged Islamic bank has necessitated the development of a comprehensive and robust Shariah governance framework to ensure the Bank meets all its obligations in relation to upholding Shariah tenets, principles and conditions in every aspect of its business operations. Accordingly, a Shariah Compliance Manual has been developed and implemented in line with the requirements prescribed under the Islamic Financial Services Act 2013 and the Guidelines on Shariah Governance Framework (SGF) for Islamic Financial Institutions issued by Bank Negara Malaysia (BNM).

The manual outlines the end-to-end Shariah-compliant control mechanism which includes, among others, effective oversight by the Board and management as well as the independent roles and responsibilities of the Shariah Committee (SC). These governing committees are supported by dedicated functions acting as internal Shariah organs of the Bank, namely the Shariah department, Shariah review, Shariah risk management and Shariah audit, whose roles and responsibilities as well as scope of duties and authorities are embedded in the SGF and the Bank's own internal Shariah policies and guidelines. At the institutional level, the Shariah Department acts as an intermediary between the SC and the Management of the Bank, whilst Shariah Review, Shariah Audit and Shariah Risk Management are performed by the Compliance, Internal Audit and Risk Management Department/Division respectively.



PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Peranan dan Tanggungjawab

Lembaga Pengarah

Pada dasarnya, Lembaga Pengarah dipertanggungjawabkan dan bertanggungjawab terhadap keseluruhan rangka kerja tadbir urus Syariah serta keadaan pematuhan Syariah. Lembaga Pengarah memastikan bahawa rangka kerja tadbir urus adalah sepadan dengan saiz, kerumitan serta sifat operasi perniagaan Bank, dan bertanggungjawab terhadap keberkesanan pelaksanaannya. Dalam melaksanakan fungsi pengawasannya, Lembaga Pengarah terbabit secara aktif dengan SC bagi mendapatkan nasihat dan penjelasan berhubung dengan prinsip dan keperluan Syariah. Lembaga Pengarah melantik ahli SC berdasarkan saranan yang dibuat oleh Jawatankuasa Pencalonan Lembaga Pengarah. Segala dasar berkaitan Syariah diluluskan oleh SC sebelum dipertimbang dan diluluskan oleh Lembaga Pengarah.

Jawatankuasa Syariah

Jawatankuasa Syariah (SC) telah dibentuk bagi memastikan perniagaan perbankan Islam serta hal-ehwal operasi serta aktiviti Bank mematuhi peraturan dan prinsip Syariah. Peranan dan tanggungjawab SC adalah seperti yang telah ditetapkan dalam SGF yang dikeluarkan oleh BNM. Justeru itu, SC bertanggungjawab terhadap semua keputusan, pandangan dan pendapat yang diberikan oleh Bank berkaitan urusan Syariah. Jawatankuasa ini mengesahkan polisi dan prosedur Syariah, serta menyemak laporan yang dikemukakan kepada pihak atasan oleh fungsi Syariah yang khusus. Ahli jawatankuasa melakukan pertimbangan yang rapi berkenaan isu dan cadangan demi mengurangkan kelemahan dalam kawalan Syariah serta potensi berlakunya ketidakpatuhan Syariah.

Roles and Responsibilities

Board of Directors

The Board is ultimately accountable and responsible for the overall Shariah governance framework and state of compliance with Shariah. The Board ensures that the governance framework is commensurate with the size, complexity and nature of the Bank's business operations, and is responsible for its effective implementation. In performing its oversight functions, the Board actively engages with the SC for advisory and clarification relating to Shariah principles and requirements. The Board appoints members of the SC based on recommendations of the Board Nominating Committee. All Shariah-related policies are approved by the SC prior to deliberation and approval of the Board.

Shariah Committee

The Shariah Committee (SC) was established to ensure that the Bank's Islamic banking business and operational affairs as well as activities are in compliance with Shariah rules and principles. The roles and responsibilities of the SC are as prescribed in the SGF issued by BNM. As such, the SC is responsible for all Bank's decisions, views and opinions relating to Shariah matters. The committee endorses Shariah policies and procedures, and reviews reports escalated by the dedicated Shariah functions. The committee members rigorously deliberate on issues and recommendations to mitigate Shariah control weaknesses and potential Shariah non-compliances.

Peranan dan tanggungjawab SC yang lain adalah seperti berikut: / Other roles and responsibilities of the SC are as follow:

- Menyemak terma dan syarat dokumen, kontrak dan perjanjian rasmi yang berkaitan dengan urus niaga dan perkhidmatan Bank, di samping menyemak iklan, ilustrasi jualan dan risalah pemasaran.
Review the terms and conditions of the official documents, contracts and agreements associated with the Bank's transactions and services, as well as the advertisements, sales illustrations and marketing brochures.
- Menilai keberkesanan fungsi Semakan Syariah serta Audit Syariah.
Assess the effectiveness of the Shariah Review and Shariah Audit functions.
- Memainkan peranan sebagai penasihat kepada penasihat undang-undang Bank, juruaudit, perunding atau mana-mana pihak lain yang bertindak bagi pihak Bank berkenaan urusan yang berkaitan dengan Syariah.
Undertake an advisory role to the Bank's legal counsel, auditor, consultant or any other party acting for the Bank on matters related to Shariah.
- Mendapatkan nasihat Majlis Penasihat Syariah (SAC) BNM, bagi pihak Bank demi menyelesaikan isu dan kemusykilan.
Consult the Shariah Advisory Council (SAC) of BNM, on behalf of the Bank for the resolution of issues and concerns.

SC terdiri daripada enam orang ahli, dengan lima daripadanya memiliki pengalaman dan pengetahuan yang luas berkenaan aspek Syariah yang berbeza, yang merangkumi undang-undang Syariah sehinggalah kepada kewangan Islam, manakala ahli yang keenam merupakan seorang ahli perbankan berpengalaman yang dapat menyalurkan pemahamannya yang mendalam tentang amalan serta operasi perbankan kepada jawatankuasa.

The SC comprises six members, five of whom have extensive experience and knowledge of different aspects of Shariah, ranging from Shariah law to Islamic finance, while the sixth member is an experienced banker who provides insights on banking practices and operations to the committee.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Pada 2016, SC telah mengadakan 15 mesyuarat yang menyaksikan cadangan, semakan dan laporan dibenteng serta dibincang dengan teliti, terutamanya mengenai produk dan perkhidmatan, hasil penemuan audit Syariah serta dasar baharu yang berkaitan dengan Syariah, termasuk isu yang timbul daripada penukaran Bank kepada sebuah bank Islam sepenuhnya. Ahli SC dan rekod kehadiran mereka adalah seperti berikut:

In 2016, the SC held 15 meetings at which proposals, reviews and reports were presented and thoroughly discussed mainly on products and services, findings of Shariah audits and new policies in relation to Shariah including issues arising from the Bank's conversion into a full-fledged Islamic bank. The members of the SC and their record of attendance are as follow:-

Ahli Jawatankuasa Committee Member	Jawatan Designation	Bilangan mesyuarat yang dihadiri Number of meetings attended
Dr. Mohamed Fairouz Abdul Khir	Pengerusi / Chairman	15/15
Profesor Madya Dr. Atikullah Haji Abdullah	Ahli / Member	13/15
Dr. Mohamad Sabri Zakaria	Ahli / Member	13/15
Engku Ahmad Fadzil bin Engku Ali	Ahli / Member	11/15
Tuan Haji Azizi bin Che Seman	Ahli / Member	15/15
Tuan Haji Jahaidi bin Harun	Ahli / Member	14/15

Jabatan Syariah: Fungsi, Aktiviti Utama pada 2016 dan Keutamaan Strategik pada 2017

Agrobank mengikuti mekanisme tadbir urus Syariah yang teguh bagi memastikan semua produk dan perkhidmatan mendapat akreditasi yang sewajarnya dan sejajar dengan prinsip Syariah. Proses tadbir urus Syariah di Agrobank dikendalikan oleh Jabatan Syariah. Dengan menyediakan sokongan bersilang fungsi untuk semua aktiviti perbankan Syariah, Jabatan Syariah memastikan pelaksanaan SGF yang menyeluruh, termasuk perumusan dan pengurusan SC serta berhubung dengan mereka bagi mendapatkan kelulusan untuk produk dan urus niaga. Jabatan Syariah turut menyelaras dengan pelbagai jabatan serta jawatankuasa Bank mengenai isu Syariah dan memberi sokongan semasa berjalannya Audit Syariah.

Shariah Department: Functions, Key Activities in 2016 and Strategic Priorities in 2017

Agrobank follows a robust Shariah governance mechanism to ensure that all the products and services are duly accredited and in line with Shariah principles. The Shariah governance process at Agrobank is managed by the Shariah Department. Providing cross-functional support for all Shariah banking activities, the Shariah Department ensures the implementation of a comprehensive SGF, including the formulation and management of the SC and liaising with them for product and transaction approvals. The Shariah Department also coordinates with the Bank's various departments and committees on Shariah issues, and provides support during Shariah Audits.

Peranan dan fungsi lain mencakupi: / Other roles and functions include:

- Mengendalikan pra-kelulusan produk, menilai isu dan menggalas urusan pentadbiran serta kesetiausahaan yang berkaitan dengan SC.
- Conduct pre-product approvals, appraise issues and undertake administrative as well as secretarial matters relating to the SC.
- Melakukan penyelidikan Syariah yang mendalam serta memberikan khidmat nasihat dan rundingan harian berkenaan Syariah kepada pihak berkaitan, termasuk mereka yang terlibat dalam proses pembangunan produk serta fungsi sokongan yang lain.
- Perform in-depth Shariah research and provide day-to-day Shariah advice and consultancy to relevant parties including those involved in the product development process as well as other supporting functions.
- Bertindak sebagai penyelar pusat untuk mesyuarat, mengumpulkan kertas cadangan, memaklumkan keputusan Syariah kepada pihak berkepentingan yang relevan dan bekerjasama dengan SC untuk perbincangan lanjut mengenai isu tertentu.
- Act as a central coordinator for meetings, compiling proposed papers, disseminating Shariah decisions to relevant stakeholders and engaging with the SC who seek further deliberation on issues.
- Meningkatkan pemahaman dan kesedaran tentang prinsip Syariah serta guna pakainya dalam kalangan kakitangan Bank melalui program latihan dan kesedaran serta perkongsian ilmu.
- Elevate understanding and awareness of Shariah principles and its applications among Bank staff through training and awareness programmes and knowledge sharing.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Agrobank sedar bahawa untuk menzahirkan budaya tadbir urus Syariah yang kukuh di Bank, maka pemahaman yang lebih baik tentang risiko Syariah dan pematuhan Syariah adalah amat penting. Untuk menginstitusikan budaya Sifar Ketidapatuhan Syariah, Jabatan Syariah telah menganjurkan beberapa program latihan dan kesedaran pada tahun ini dalam bentuk Jerayawara Kesedaran Perbankan Islam. Justeru, Jerayawara Kesedaran Perbankan Islam di seluruh negara telah dilancarkan di semua kawasan dengan mendedahkan kakitangan kepada pemahaman asas mengenai risiko dan isu ketidakpatuhan Syariah. Agar latihan yang diadakan tampil lebih relevan dan praktikal dengan operasi harian Bank bagi memastikan kakitangan terus terlibat sepenuhnya dan berupaya mengguna pakai pembelajaran tersebut, maka modul latihan telah dirangka secara dalaman berdasarkan isu yang timbul daripada pelaksanaan semakan dan audit Syariah. Sejumlah 25 sesi yang dihadiri oleh lebih kurang 2,084 peserta telah diadakan sepanjang tempoh tersebut.

Peranan Jabatan Syariah di Agrobank lebih daripada sekadar memastikan tadbir urus Syariah dipatuhi, bahkan ia telah diperluas mencakupi penawaran sokongan kepada pelbagai jabatan dan jawatankuasa berkenaan isu Syariah. Untuk tujuan ini, Jabatan Syariah memainkan peranan sebagai rakan niaga. Sebagai rakan niaga, para pegawai Syariah menggalas peranan penting dalam menghubungkan Syariah kepada perniagaan dan memudahkan carakan pelbagai jabatan dalam mengendalikan perniagaan dan operasi harian mereka, di samping turut menyokong perniagaan dalam mengurangkan risiko serta mengembangkan perniagaan.

Sehubungan dengan itu, Jabatan Syariah telah mengendalikan beberapa inisiatif bagi memberi khidmat sokongan yang diperlukan kepada kakitangan Bank, termasuk menghimpunkan isu-isu melalui Agrofiqh dan memperkenalkan saluran khidmat nasihat. Saluran ini membuka ruang kepada kakitangan untuk mengemukakan sebarang persoalan berkaitan Syariah pada portal tersebut dan ia akan disemak serta diberi maklum balas oleh Jabatan Syariah. Portal ini boleh diakses oleh semua kakitangan dan merupakan gerbang pembelajaran untuk menarik lebih pembabit dalam kalangan kakitangan dan menggalakkan mereka melakukan pembelajaran berterusan dalam semua perkara berkaitan Syariah (bagi isu berkaitan bank dan bukan bank).

Sepanjang tahun ini, Jabatan Syariah juga terus mengendalikan program kejurulatihan mengenai Syariah di samping mengelola sesi halaqah selama sejam pada setiap hari Jumaat bagi mengkaji fatwa dan piawaian yang dikeluarkan oleh Pertubuhan Perakaunan dan Pengauditan bagi Institusi Kewangan Islam (AAOIFI). Pemahaman yang lebih mendalam dan menyeluruh tentang piawaian AAOIFI dalam kalangan pegawai Syariah akan mengetengahkan amalan terbaik di peringkat antarabangsa yang berkait dengan tadbir urus serta pematuhan Syariah. Berlatarkan matlamat ini, keberkesanan aktiviti Jabatan Syariah diukur menerusi pengurangan bilangan isu atau penemuan ketidakpatuhan Syariah. Ia dilakukan dengan menganalisis data yang dikumpul melalui tindakan semakan Syariah yang dilakukan sepanjang tahun.

Dalam ruang lingkup fungsinya, Jabatan Syariah telah mengenal pasti beberapa keutamaan strategik yang mewakili bidang tumpuan untuk 2017. Keutamaan ini bukan sekadar tertumpu kepada inisiatif baharu, namun ia turut menangani cabaran dan memanfaatkan peluang. Keutamaan strategik yang telah dikenal pasti termasuklah pelaksanaan program sedia ada dan program baharu seperti program kesedaran perbankan Islam, program latihan kesedaran Syariah dan program berkaitan Syariah di cawangan. Jabatan Syariah akan terus melakukan penyelidikan dan membangunkan konsep Syariah yang baharu untuk produk dan perkhidmatan perbankan.

Pengurusan Risiko Syariah: Fungsi, Aktiviti Utama pada 2016 dan Keutamaan Strategik pada 2017

Tadbir urus Syariah yang mantap perlu diperkukuh dengan menerima pakai rangka kerja pengurusan risiko bagi ketidakpatuhan Syariah. Justeru, pengurusan risiko Syariah membentuk sebahagian daripada rangka kerja pengurusan risiko Bank yang bersepadu. Fungsi utama risiko Syariah adalah untuk mengenal pasti, mengukur, memantau, mengawal, mengurung serta melaporkan risiko ketidakpatuhan Syariah yang berkaitan dengan perniagaan dan operasi Bank secara berstruktur dan sistematik. Dengan terus-menerus memantau profil

Agrobank is mindful that in order to have a strong Shariah governance culture within the Bank, greater understanding of Shariah risk and Shariah compliance are of paramount importance. In order to institutionalise a Zero Shariah Non-Compliance culture, the Shariah Department organised a number of training and awareness programmes during the year in the form of The Islamic Banking Awareness Roadshow. A nationwide Islamic Banking Awareness Roadshow was rolled out in all regions where staff were exposed to basic understanding of Shariah non-compliance risks and issues. In order to make training more relevant and practical to the day-to-day Bank's operations so as to ensure staff remain fully involved and are able to use their learning events, training modules were developed in-house based on issues arising from Shariah review and audit exercises. A total of 25 sessions attended by some 2,084 participants were held during the period.

The role of the Shariah Department at Agrobank goes beyond simply ticking the Shariah governance boxes, but has extended to include offering support to various departments and committees on Shariah issues. To this effect, the Shariah Department takes on the role of a business partner. In their role as a business partner, Shariah officers become crucial in linking Shariah to the business and facilitating various departments in conducting their day-to-day business and operations as well as supporting business in risk mitigation and business development.

In light of this, the Shariah Department conducted a number of initiatives to provide the necessary support service to the Bank's staff including the compilation of Agrofiqh issues and the introduction of an advisory channel. The latter allows staff to pose any Shariah-related questions on the portal, which will be reviewed and responded to by the Shariah Department. The portal is accessible by all staff and is a learning gateway to better engage the staff and encourage them to perform continuous learning in all matters related to Shariah (both bank and non-bank issues).

Throughout the year, the Shariah Department also continued to conduct coaching programmes on Shariah as well as a one-hour halaqah session every Friday to review fatwas and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). A deeper and more comprehensive understanding of AAOIFI's standards amongst Shariah officers would provide international best practice issues related to Shariah governance and compliance. To this effect, the effectiveness of the Shariah Department activities is measured through the reduction in the number of Shariah non-compliance issues or findings. This is done by analysing data collected through Shariah review exercises throughout the year.

Within its function, the Shariah Department has identified several strategic priorities that represent areas of focus for 2017. These priorities will not only focus on new initiatives but address challenges and build upon opportunities. Strategic priorities that have been identified include the implementation of existing and new awareness programmes such as the Islamic banking awareness programme, Shariah awareness training programme and Shariah branch engagement programme. The Shariah Department will continue to conduct research and development for new Shariah concepts for banking products and services.

Shariah Risk Management: Functions, Key Activities in 2016 and Strategic Priorities in 2017

Sound Shariah governance should be reinforced with the adoption of a risk management framework for Shariah non-compliance. Hence, Shariah risk management forms part of the Bank's integrated risk management framework. The main function of Shariah risk is to identify, measure, monitor, control, mitigate and report Shariah non-compliance risks associated with the Bank's business and operations, in a structured and systematic manner. By continuously monitoring risk profiles and the effectiveness of existing controls, Shariah risk facilitates the efficient and effective management of Shariah non-compliance risks.

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risiko serta keberkesanan kawalan sedia ada, risiko Syariah memudahkan risiko ketidakpatuhan Syariah diurus dengan cekap dan berkesan.

Pengurusan risiko Syariah juga bertanggungjawab terhadap perkembangan dan pemantapan rangka kerja, dasar dan prosedur pengurusan risiko Syariah yang bersesuaian. Mandat yang lain merangkumi pembangunan dan pelaksanaan langkah untuk meningkatkan kesedaran risiko Syariah di Bank, memantau penyucian pendapatan tidak halal disebabkan ketidakpatuhan terhadap keperluan Syariah sebagaimana panduan yang diberikan oleh SC Bank dan menyediakan langkah pengurangan, di samping pelan tindakan bagi mengelak berulangnya kejadian-kejadian yang berpotensi menghasilkan pendapatan tidak halal.

Pada tahun ini, tiga garis panduan pengurusan risiko Syariah telah disemak agar sejajar dengan keperluan pengawalseliaan serta amalan terbaik industri. Garis panduan tersebut adalah Garis Panduan Menguruskan Perihal Ketidakpatuhan Syariah (MO-173), Rangka Kerja Pengurusan Risiko Syariah (MO-173/4) dan Garis Panduan Menyucikan Pendapatan Tidak Halal (MO-190). Untuk memudahkan rujukan, suatu garis panduan risiko Syariah yang mesra pengguna dan mudah difahami telah dirangka. Pengurusan risiko Syariah juga telah menyediakan suatu paparan maklumat (dashboard) komprehensif mengenai pengurusan risiko Syariah secara bulanan untuk kegunaan Jawatankuasa Pengurusan Risiko (MRC) dan untuk Jawatankuasa Lembaga Pengurusan Risiko (BRMC) melaporkan perihal ketidakpatuhan Syariah.

Memandangkan risiko ketidakpatuhan Syariah adalah dengan sendirinya merupakan risiko operasi, maka pengurusan risiko Syariah membentuk sebahagian daripada Rangka Kerja Pengurusan Risiko Operasi (ORM) Bank. Oleh kerana itu, Bank telah merangka sebuah rangka kerja ORM yang komprehensif, merangkumi Kesedaran Kendiri Kawalan Risiko Syariah (SRCSA) serta Penunjuk Utama Risiko (KRI). KRI bagi risiko ketidakpatuhan Syariah telah diterapkan ke dalam proses perniagaan supaya kelak, setelah beberapa lama ia dapat memudahkan proses pemantauan dan menjejaki risiko utama. Sementara itu, beberapa ujian rintis terhadap SRCSA telah dikendalikan sepanjang tahun di wilayah terpilih di serata negara, yang menyaksikan risiko ketidakpatuhan Syariah dan kemampuan kawalan yang telah tersedia bagi mengurangkan risiko tersebut dikenal pasti dan diukur oleh para pemilik proses.

Pada 2017, Bank menjangka untuk memperluaskan SRCSA ke serata cawangannya di seluruh negara. Keutamaan strategik yang lain pada 2017 termasuk meneruskan program pembabitan, kesedaran, kewaspadaan serta pemberitahuan dengan unit perniagaan dengan hasrat untuk meningkatkan pemahaman mengenai Syariah, perbankan Islam serta pengurusan risiko. Fungsi pengurusan risiko Syariah akan memantapkan kemampuan serta keupayaannya dalam memberi maklum balas terhadap dokumen dasar yang dikeluarkan oleh BNM berhubung dengan keperluan pengurusan risiko.

Semakan Syariah: Fungsi, Aktiviti Utama pada 2016 dan Keutamaan Strategik pada 2017

Fungsi semakan Syariah memastikan aktiviti dan operasi yang dijalankan oleh Agrobank tidak melanggar Syariah. Ringkasnya, semakan Syariah merupakan semakan menyeluruh yang bukan sahaja menyemak penyata kewangan, tetapi turut menyemak kontrak, perjanjian, urusan niaga serta proses pembangunan produk dari peringkat awal ke peringkat akhir bagi memastikan kepatuhan terhadap Syariah dan untuk menambah kebolehpercayaan terhadap aktiviti Bank. Oleh kerana itu, semakan Syariah melibatkan pemeriksaan di dalam dan di luar tempat/kawasan kerja serta penilaian bebas terhadap keseluruhan aktiviti dan operasi unit perniagaan serta unit sokongan Bank dari mula hingga akhir, iaitu berkenaan tahap pematuhan mereka terhadap peraturan dan prinsip Syariah.

Semua penelitian yang terbit daripada tindakan semakan Syariah, termasuk kejadian ketidakpatuhan Syariah didokumenkan serta diketengahkan dalam Laporan Semakan Syariah, dan setelah itu dibentangkan kepada pihak pengurusan, SC dan kemudiannya kepada Lembaga Pengarah untuk pertimbangan dan makluman. Laporan ini juga mengandungi langkah dan

The Shariah risk management is also responsible for the development and enhancement of the appropriate Shariah risk management framework, policies and procedures. Other mandates include the development and implementation of measures to elevate Shariah risk awareness within the Bank, monitor the purification of non-halal income due to non-compliance with Shariah requirements as guided by the Bank's SC and provide mitigating measures as well as action plans to avoid the recurrence of event(s) that could potentially result in non-halal income.

During the year, three Shariah risk management guidelines were revised in line with regulatory requirements and industry best practices. These guidelines were Managing Shariah Non-Compliance Events Guidelines (MO-173), Shariah Risk Management Framework (MO-173/4) and Purification of Non-Halal Income Guideline (MO-190). For easy reference, user-friendly guidelines of Shariah risks that are easy to understand were developed. The Shariah risk management also prepares a comprehensive, monthly Shariah risk management dashboard for the consumption of the Management Risk Committee (MRC) and for Board Risk Management Committee (BRMC) reporting Shariah non-compliance events.

In view that Shariah non-compliance risk is in itself an operational risk, Shariah risk management forms part of the Bank's Operational Risk Management (ORM) Framework. Towards this end, the Bank has developed a comprehensive ORM framework comprising Shariah Risk Control Self-Awareness (SRCSA) and Key Risk Indicator (KRI). The KRIs of Shariah non-compliance risk are built into the business processes to facilitate the monitoring and tracking of key risks over time. Meanwhile, several pilot tests on SRCSA were conducted throughout the year in selected regions throughout the country, whereby Shariah non-compliance risks and the adequacy of controls in place to mitigate those risks were being identified and measured by the process owners.

In 2017, the Bank expects to expand the SRCSA throughout its branches nationwide. Other strategic priorities for 2017 include continuing the engagement, awareness, alerts and notification programmes with business units with a view to enhance the understanding of Shariah, Islamic banking and risk management. The Shariah risk management function will build up its capability and capacity to respond to policy documents issued by BNM pertaining to risk management requirements.

Shariah Review: Functions, Key Activities in 2016 and Strategic Priorities in 2017

The Shariah review function ensures that the activities and operations carried out by Agrobank do not contravene the Shariah. In short, the Shariah review is a comprehensive review of not only the financial statements but also of the contracts, agreements, transactions and end-to-end product development process, to ensure Shariah compliance and to add credibility to the Bank's activities. To this effect, Shariah review involves the off-site and on-site examinations and independent evaluations of the end-to-end activities and operations of the business and support units within the Bank with regard to their level of compliance with Shariah rules and principles.

All observations arising from Shariah review exercises including incidences of Shariah non-compliance are documented and highlighted in the Shariah Review Report, which are then tabled to the management, SC and subsequently to the Board for deliberation and notification. The report also contains recommended rectification measures and actions that need to be taken to resolve Shariah non-compliance as well as control mechanisms to avoid any recurrence.

With the strengthening of Shariah review capabilities, Agrobank successfully conducted Shariah review exercises across 32 branches and six departments/areas whilst 25 Shariah spot checks were carried out at various branches. The objective was to consciously identify any lapses in controls or processes that could lead to Shariah non-compliance

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tindakan pembetulan yang dicadangkan dan perlu diambil untuk menyelesaikan ketidakpatuhan Syariah di samping mekanisme kawalan bagi mengelakkan sebarang pengulangan.

Dengan pengukuhan keupayaan semakan Syariah, Agrobank berjaya melaksanakan semakan Syariah merentasi 32 cawangan serta enam jabatan/kawasan, manakala 25 pemeriksaan Syariah secara mengejut dijalankan di beberapa cawangan. Matlamatnya adalah untuk mengenal pasti secara sedar sebarang kekurangan dalam kawalan atau proses yang boleh membawa kepada kejadian ketidakpatuhan Syariah. Hasil daripada tindakan ini, Bank berupaya membetulkan 95 peratus daripada akaun ketidakpatuhan Syariah yang terjejas serta mengekalkan tahap pematuhan Syariah kepada lebih 95 peratus bagi tempoh 2014, 2015 dan 2016.

Akibat langsung daripada dasar toleransi sifar Bank terhadap ketidakpatuhan Syariah, bilangan cawangan yang mencatatkan jumlah penemuan yang tinggi telah berkurangan dengan ketara, iaitu daripada 4 cawangan pada 2015 kepada tiada langsung semasa tempoh di bawah kajian. Jerayawara Kesedaran Perbankan Islam, yang menyaksikan unit semakan Syariah bekerjasama dengannya, telah memberi impak yang amat diingini dalam meningkatkan kesedaran Syariah dalam kalangan kakitangan dan telah menyumbang kepada perihai tahap ketidakpatuhan Syariah yang rendah di Bank. Dalam melangkah ke hadapan, Bank akan mengambil iktibar daripada tindakannya melakukan kajian semula untuk terus mengukuhkan prosesnya demi meminimumkan berulangnya perihai ketidakpatuhan Syariah, termasuk usaha memantap dan meluaskan liputan lawatan ke cawangan menerusi pengendalian semakan penuh, semakan *desktop* dan pemeriksaan mengejut ke cawangan atau jabatan keutamaan berdasarkan Pemetaan Kepanasan Risiko Semakan Syariah.

Audit Syariah: Fungsi, Aktiviti Utama pada 2016 dan Keutamaan Strategik pada 2017

Audit Syariah (yang membentuk sebahagian daripada Jabatan Audit Dalam Bank) melaksanakan perkhidmatan nilai tambah yang meneliti aktiviti operasi, pencatatan dan pelaporan kewangan, serta kemampuan dasar dan prosedur Bank secara berkala, dengan tumpuan utama terhadap objektif untuk memastikan sistem kawalan dalaman yang mantap dan berkesan agar mematuhi Syariah secara keseluruhan. Skop audit Syariah ditentukan sejajar dengan bidang yang ditetapkan dalam SGF serta piawaian pengauditan yang telah diterima pakai. Semua hasil penilaian atau penemuan yang timbul daripada audit Syariah akan dimaklumkan kepada Jawatankuasa Lembaga Audit (BAC) dan SC. Audit Syariah turut menyediakan saranan mengenai langkah pembetulan yang perlu diambil, di samping melakukan susulan terhadap pelaksanaannya oleh pihak pengurusan Bank.

Pada tahun di bawah kajian, sepertimana yang telah dirancang, audit Syariah telah menjalankan tugas dan penilaian audit Syariah berkenaan tadbir urus, pengurusan risiko, kawalan, serta pematuhan terhadap peraturan dan prinsip Syariah. Cadangan untuk penambahbaikan dan peningkatan akan dilaporkan kemudiannya kepada BAC dan SC. Menerusi rangkuman usaha untuk memupuk budaya sifar ketidakpatuhan Syariah, Audit Syariah menjalin kerjasama dengan pasukan Tadbir Urus Syariah bagi melaksana dan menyokong Jerayawara Kesedaran Perbankan Islam. Keutamaan strategik bagi fungsi audit Syariah pada 2017 adalah untuk menambah baik instrumen penilaian bagi semakan bertema serta semakan terhad dengan mengguna pakai metodologi berasaskan risiko Syariah dan menerapkan dengan lebih mendalam budaya pematuhan Syariah yang teguh, dengan bergerak daripada "sekadar mematuhi" kepada "pematuhan yang berkesan".

incidents. As a result of the exercise, the Bank was able to rectify 95 per cent of the affected Shariah non-compliance accounts and sustained the level of Shariah compliance to more than 95 per cent for the period 2014, 2015 and 2016.

As a direct result of the Bank's policy of zero tolerance for Shariah non-compliance, the number of branches recording a high rating on number of findings significantly improved from 4 branches in 2015 to none during the period under review. The Islamic Banking Awareness Roadshow, on which the Shariah review unit had collaborated, had the much-desired impact of enhancing Shariah awareness amongst the staff and had contributed to the low level of Shariah non-compliance incidents within the Bank. Moving forward, the Bank will draw from the lessons learnt from the review exercise to continue strengthening its processes to minimise the recurrences of Shariah non-compliance incidents, including to enhance and broaden the coverage of branch visitation through conducting full review, desktop review and spot checks on priority branches or departments based on a Shariah Review Risk Heat Map.

Shariah Audit: Functions, Key Activities in 2016 and Strategic Priorities in 2017

Shariah audit (which forms part of the Bank's Internal Audit Department) performs value-added services that examine operational activities, financial recording and reporting, and the adequacy of policies and procedures of the Bank on a periodic basis; mainly focusing on the objective of ensuring a sound and effective internal control system for overall Shariah compliance. The scope of Shariah audit is established in line with the areas stipulated in the SGF as well as accepted auditing standards. All results of assessments or findings arising from the Shariah audit will be communicated to the Board Audit Committee (BAC) and SC. The Shariah audit also provides recommendations on rectification measures taken as well as following up on the implementation by the management of the Bank.

During the year under review, Shariah audit conducted planned Shariah audit assignments and evaluations on the governance, risk management, controls and compliance with Shariah rules and principles. Recommendations for improvements and enhancements are thereafter reported to the BAC and SC. In a combined effort to inculcate zero Shariah non-compliance culture, Shariah Audit worked hand-in-hand with the Shariah Governance team to implement and support the Islamic Banking Awareness Roadshow. The strategic priorities for Shariah audit functions in 2017 are to enhance the assessment tools for thematic and limited review by utilising Shariah risk-based methodology and to further embed a strong Shariah compliance culture, moving from "mere compliance" to "effective compliance".

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Agrobank amat mementingkan sistem pengawasan serta pengurusan risiko yang mantap dan kukuh berhubung dengan aktiviti perniagaannya. Pengurusan risiko adalah penting kepada perniagaan, operasi dan tindakan Bank dalam membuat keputusan, dengan matlamat akhir untuk mencapai keseimbangan yang sesuai antara risiko yang digalas dengan tahap ganjaran yang diinginkan. Dengan pernyataan yang jelas mengenai keutamaan dan keseimbangan risiko dalam usaha mencapai pertumbuhan perniagaan, Bank sentiasa memastikan ketelusan dalam aktiviti pengambilan risikonya dan menyokong keputusan strategik yang dibuat oleh Lembaga Pengarah serta pihak pengurusan.

Tadbir Urus Risiko

Keadaan pasaran yang tidak menentu serta faktor risiko dinamik yang berkait dengan sektor pertanian meningkatkan kepentingan memastikan bahawa Bank melaksanakan amalan pengurusan risiko yang kukuh dan piawaian pembiayaan berhemat. Dalam usaha Bank untuk mencapai keseimbangan antara risiko dan pulangan yang diinginkan, Lembaga Pengarah dan pihak pengurusan memainkan peranan penting dalam mewujudkan persekitaran perniagaan yang mantap dan melindungi keteguhan kewangan Bank sebagai sebuah institusi kewangan pembangunan (DFI) yang berwibawa.

Tanggungjawab tertinggi pengurusan risiko di Agrobank terletak pada Lembaga Pengarah. Dalam memenuhi tanggungjawab ini, Lembaga Pengarah dibantu oleh Jawatankuasa Lembaga Pengurusan Risiko (BRMC) yang meluluskan kesanggupan menanggung risiko oleh Bank dan polisi sokongan. Di peringkat pengurusan, BRMC dibantu oleh Jawatankuasa Pengurusan Risiko (MRC) serta Jawatankuasa Aset dan Liabiliti (ALCO). Kedua-dua MRC dan ALCO dipengerusikan oleh Presiden/Ketua Pegawai Eksekutif.

Agrobank places great importance on having a sound and robust system of oversight and management of risks related to its business activities. The management of risk is integral to the Bank's business, operations and decision-making, with the ultimate aim of achieving appropriate balance between risks undertaken and the desired level of rewards. With clear articulation of risk preferences and trade-offs in the pursuit of business growth, the Bank ensures transparency in its risk-taking activities and supports the strategic decisions made by the Board and management.

Risk Governance

The volatile market conditions and dynamic risk factors associated with the agriculture sector raise the importance of ensuring that the Bank implements robust risk management practices and prudent financing standards. As the Bank aims to achieve balance between risks and desired returns, the role played by the Board and Management is vital to create a sound business environment and protect the Bank's financial soundness as a reputable development financial institution (DFI).

The ultimate responsibility of risk management in Agrobank lies with the Board. In fulfilling this responsibility, the Board is assisted by the Board Risk Management Committee (BRMC), which approves the Bank's risk appetite and supporting policies. At the management level, the BRMC is assisted by the Management Risk Committee (MRC) and Asset and Liability Committee (ALCO). Both the MRC and ALCO are chaired by the President/Chief Executive Officer.



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Tanggungjawab Lembaga Pengarah

Lembaga Pengarah dan jawatankuasa risikonya bertanggungjawab menjalankan pengawasan secara bebas bagi memastikan pihak pengurusan kanan melaksanakan dasar dan proses pengurusan risiko yang kukuh dan berkesan dalam mentadbir aktiviti pengambilan risiko. Bagi membolehkan pengawasan risiko yang berkesan dalam merangka strategi perniagaan dan aktiviti pengambilan risiko, Lembaga Pengarah telah mewujudkan struktur tadbir urus yang jelas dan berkesan dengan peranan dan tanggungjawab yang jelas tertakrif bagi semua jawatankuasanya.

Sebagaimana yang ditakrifkan dalam rangka kerja pengurusan risiko Bank, BRMC mengawasi pelaksanaan proses pengurusan risiko, yakni dalam mengenal pasti, menilai, mengawal dan memantau risiko penting yang sedia ada dalam operasi perniagaan Bank. Keberkesanan proses ini dipantau rapi dan dilaporkan kepada Lembaga Pengarah untuk dibincangkan. Secara khususnya, BRMC bertanggungjawab:

- Menimbang dan meluluskan strategi pengurusan risiko, dasar dan toleransi risiko yang dicadangkan oleh ALCO dan MRC;
- Mengkaji semula dan menilai kemampuan rangka kerja pengurusan risiko serta dasar risiko sokongan;
- Memastikan struktur, sumber serta sistem telah tersedia untuk menyokong fungsi pengurusan risiko yang berkesan; dan
- Mengkaji semula laporan risiko berkala Bank mengenai pendedahan risiko, komposisi portfolio risiko, pematuhan had risiko, risiko baru muncul dan tindakan yang diambil untuk mencegah timbunan risiko yang berlebihan.

Tanggungjawab Pihak Pengurusan

Pihak Pengurusan bertanggungjawab terhadap pembentukan dan pelaksanaan rangka kerja pengurusan risiko serta dasar risiko sokongan. Berdasarkan pemahaman dan penghayatan mereka terhadap profil risiko Bank, pihak Pengurusan diharapkan untuk membuat pertimbangan yang wajar dalam membuat keputusan perniagaan dengan mengambil kira risiko yang berkaitan dan memastikan Bank beroperasi dalam lingkungan kesanggupan menanggung risiko yang telah tertakrif pada setiap masa. MRC diamanahkan untuk menjalankan pengawasan dan pengurusan yang berkesan terhadap profil risiko Bank dan risiko baru muncul serta faktor asas yang boleh menyumbang kepada perubahan negatif dalam profil risiko dan peningkatan risiko yang berlebihan.

Semua dasar dan rangka kerja risiko yang dirumus untuk mengenal pasti, mengukur dan memantau pelbagai komponen risiko akan disahkan dan dikaji semula oleh ALCO/MRC sebelum dikemukakan kepada pihak atasan, iaitu BRMC/Lembaga Pengarah untuk kelulusan akhir. ALCO/MRC turut bertanggungjawab menilai keberkesanan tindakan pemuliharaan yang diambil oleh Bank bagi menangani isu berkaitan risiko. Kemajuan langkah tertentu yang diambil dipantau rapi dan dilaporkan kepada BRMC/Lembaga Pengarah untuk perbincangan lanjut.

Board Responsibilities

The Board and its risk committees are responsible for providing independent oversight in ensuring that senior management implements robust and effective risk management policies and processes in governing risk-taking activities. To enable effective risk oversight in the development of business strategies and risk-taking activities, the Board has established a clear and effective governance structure with well-defined roles and responsibilities of its committees.

As defined in the Bank's risk management framework, the BRMC oversees the implementation of risk management processes in identifying, evaluating, controlling and monitoring of significant risks that are inherent to the Bank's business operations. The effectiveness of these processes is closely monitored and reported to the Board for deliberation. Specifically, the BRMC is responsible for:

- Considering and approving risk management strategies, policies and risk tolerance recommended by ALCO and MRC;
- Reviewing and assessing the adequacy of the risk management framework and the supporting risk policies;
- Ensuring that structures, resources and systems are in place to support an effective risk management function; and
- Reviewing the Bank's periodic risk reports on risk exposures, risk portfolio composition, risk limits compliance, emerging risks and actions taken to prevent excessive risk accumulation.

Management Responsibilities

The Management is responsible for the design and implementation of the risk management framework and the supporting risk policies. By virtue of their understanding and appreciation of the Bank's risk profile, the Management is expected to exercise sound judgement in business decision-making giving due consideration on the associated risks and ensuring that the Bank operates within its defined risk appetite at all times. The MRC is entrusted to provide effective oversight and management of the Bank's risk profile and emerging risks as well as the underlying factors that could contribute to adverse change in risk profile and excessive risk build-up.

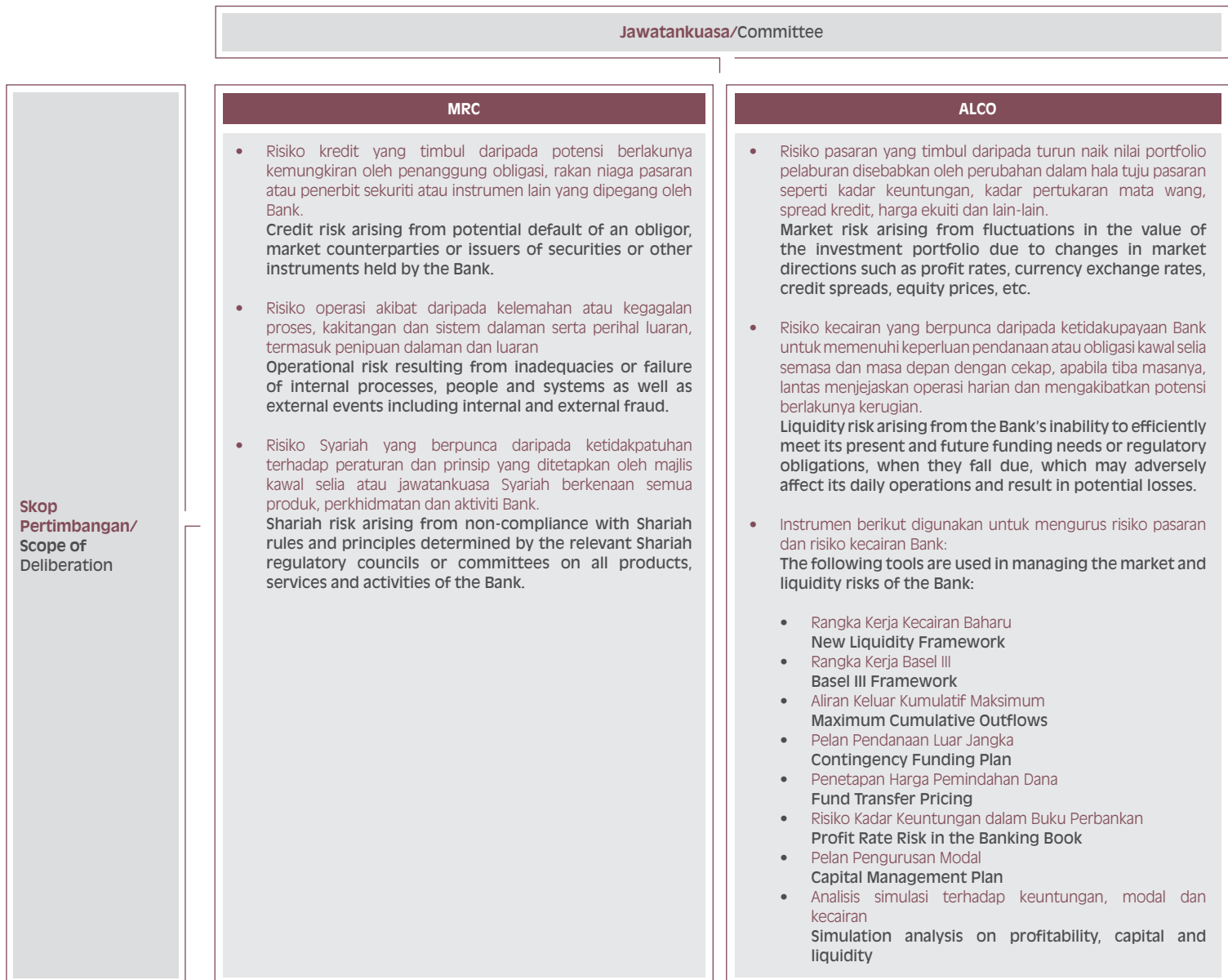
All risk policies and frameworks formulated to identify, measure and monitor various risk components would be endorsed and reviewed by the ALCO/MRC before being escalated to the BRMC/Board for final approval. The ALCO/MRC are also responsible for evaluating the effectiveness of remedial actions taken by the Bank to address risk-related issues. The progress of specific measures undertaken is closely monitored and reported to the BRMC/Board for further deliberations.

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Secara kolektif, ALCO dan MRC melaksanakan fungsi pengawasan bagi keseluruhan profil risiko Bank. Skop pertimbangan oleh jawatankuasa masing-masing adalah seperti berikut:

Collectively, the ALCO and MRC undertake the oversight function for the overall risk profile of the Bank. The scope of deliberation by the respective committees is as follows:



Bahagian Pengurusan Risiko

Bahagian Pengurusan Risiko (RMD) mewakili barisan pertahanan kedua dalam rangka kerja pengurusan risiko dan merupakan bahagian yang bebas, dipisahkan daripada unit perniagaan serta fungsi penajajaminan risiko, tanpa penglibatan langsung dalam proses membuat keputusan perniagaan. Ia menjalankan empat fungsi teras pengurusan risiko, iaitu Pengurusan Risiko Kredit, Pengurusan Risiko Pasaran, Pengurusan Risiko Operasi dan Pengurusan Risiko Syariah. Jabatan Penilaian dan Semakan Kredit di ibu pejabat dan unit Penilaian dan Semakan Kredit di pejabat wilayah juga adalah di bawah bidang kuasa RMD, dengan tanggungjawab utamanya untuk mengendali penilaian bebas terhadap kertas cadangan kredit oleh unit perniagaan.

Risk Management Division

The Risk Management Division (RMD) represents the second line of defence in the risk management framework and is an independent division, separated from the business units and risk underwriting function, with no direct involvement in the business decision-making process. It undertakes four core risk management functions, namely Credit Risk Management, Market Risk Management, Operational Risk Management and Shariah Risk Management. The Credit Evaluation and Review department at the head office and the Credit Evaluation and Review unit at the regional offices are also under the purview of the RMD, and are primarily responsible to conduct independent assessment of credit proposals by business units.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

RMD diketuai oleh Ketua Pegawai Risiko (CRO) yang dilantik oleh Lembaga Pengarah untuk menerajui bahagian pengurusan risiko. CRO yang membuat laporan terus kepada Presiden/Ketua Pegawai Eksekutif dengan akses kepada Lembaga Pengarah dan Jawatankuasa Lembaga, aktif menarik penglibatan Lembaga Pengarah serta pihak pengurusan kanan dalam isu dan inisiatif pengurusan risiko.

The RMD is headed by the Chief Risk Officer (CRO), who is appointed by the Board to spearhead the risk management division. The CRO, who reports directly to the President/Chief Executive Officer with access to the Board and Board Committees, actively engages the Board and senior management on risk management issues and initiatives.

Antara lain, peranan RMD merangkumi yang berikut:/Among others, the role of the RMD includes the following:

- | | |
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| <ul style="list-style-type: none"> • Memantau aktiviti pengambilan risiko • Memulakan, mencadang dan mengkaji semula dasar risiko, metodologi pengukuran risiko serta had risiko Bank • Menjalankan kajian bebas terhadap kualiti portfolio pembiayaan dan pelan pemulihan • Menyelaras produk pasaran modal dan pengaturannya • Memastikan ketersediaan pelan kesinambungan perniagaan dan pelan luar jangka • Menilai produk baharu, manual operasi dan pelan pengurusan modal • Mengkaji semula sinergi perdagangan perbendaharaan dan menganalisis kedudukan serta aktiviti berhubung dengan perubahan dalam pasaran kewangan demi menggalakkan dan memastikan pematuhan terhadap rangka kerja risiko pasaran | <ul style="list-style-type: none"> • Monitor risk-taking activities • Initiate, propose and review the risk policies, risk measurement methodologies and risk limits of the Bank • Undertake independent review on the quality of the financing portfolio and recovery plan • Coordinate capital market products and their deployment • Ensure business continuity and contingency plans are in place • Assess new products, operational manuals and the capital management plan • Review treasury trading synergies and analyse positions and activities vis-à-vis changes in the financial market in propagating and ensuring compliance with the market risk framework |
|--|--|

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT



PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

Pengasalan Risiko oleh Unit Perniagaan Risk Origination by Business Units	Kawalan dan Pengurangan Risiko Risk Control and Mitigation	Pemantauan dan Pelaporan Risiko Risk Monitoring and Reporting
Jenis risiko Type of risk	Mencadangkan langkah untuk mengawal dan mengurangkan risiko Recommend measures to control and mitigate risk	Memantau dan melaporkan tentang pematuhan risiko Monitor and report on risk compliance
RISIKO KREDIT CREDIT RISK	Dasar dan prosedur, pemilihan pegawai kredit, semakan kredit secara bebas, semakan pascapenilaian dan had kredit Policies and procedures, selection of credit personnel, independent credit review, post-appraisal review and credit limits	Analisis portfolio, pemulihan dan pemantauan akaun terjejas dan penilaian kredit secara bebas Portfolio analysis, rehabilitation and monitoring of impaired accounts and independent credit review
RISIKO PASARAN MARKET RISK	Dasar dan prosedur tentang pasaran dan Pengurusan Aset Liabiliti (ALM), modal berwajaran risiko, had pendedahan / pelanggan tunggal / rakan niaga, pengasingan tugas bagi fungsi Perbendaharaan, strategi kepelbagaian dan Pelan Pendanaan Luar Jangka (CFP), had RORBB (EVE & EAR), Pelan Pengurusan Modal (CMP) Policies and procedures on market and Asset Liability Management (ALM), risk weighted capital, exposure / single customer / counterparty limits, segregation of duties on Treasury function, diversification strategy and Contingency Funding Plan (CFP), RORBB limits (EVE & EAR), Capital Management Plan (CMP)	Kajian semula secara berkala terhadap dasar/ had/prosedur/penetapan harga secara meluas, pemantauan harian terhadap komponen teras ALM/had portfolio perbendaharaan, pelaporan bulanan berkenaan kedudukan dan prestasi ALM serta pematuhan dalaman/kawal selia Periodic review of policies/limits/procedures/ broad pricing, daily monitoring on core ALM components/treasury portfolio limits, monthly reporting on ALM positions and performance and internal/regulatory compliance
RISIKO OPERASI OPERATIONAL RISK	Dasar dan prosedur berkenaan instrumen dan pengurusan risiko operasi, kawalan dalaman yang menyeluruh, ujian secara tetap terhadap Pengurusan Kesenambungan Perniagaan (BCM) dan Pelan Pemulihan Bencana (DRP) Policies and procedures on operational risk management and tools, comprehensive internal control, regular testing of Business Continuity Management (BCM) and Disaster Recovery Plan (DRP)	Pemantauan Penunjuk Utama Risiko dan laporan prestasi mengenai kakitangan, proses, sistem dan peristiwa luaran Monitoring of Key Risk Indicators and performance reports on people, processes, systems and external events
RISIKO SYARIAH SHARIAH RISK	Dasar dan prosedur, kesedaran tentang konsep dan prinsip Syariah serta perkongsian pengetahuan secara berterusan Policies and procedures, awareness of Shariah concepts and principles and continuous knowledge sharing	Pemantauan sendiri secara berkala tentang risiko ketidakpatuhan Syariah Periodic self-monitoring of Shariah non-compliance risk

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

PRINSIP

Principles

Rangka Kerja Pengurusan Risiko

Pendekatan Bank berkenaan pengurusan risiko melibatkan pembentukan prinsip dan strategi risiko sebagai asas teras dalam memacu budaya dan amalan pengurusan risiko yang kukuh. Bank menguruskan risiko secara aktif, dengan tujuh prinsip utama yang menyokong rangka kerja pengurusan risikonya.

Risk Management Framework

The Bank's approach to the management of risk involves the establishment of risk principles and strategies as the core foundation in driving strong risk management culture and practices. The Bank manages its risk actively, with seven key principles underpinning its risk management framework.

1

Pendekatan pengurusan risiko di Agrobank adalah berdasarkan tiga barisan pertahanan, iaitu unit pengambilan risiko, unit kawalan risiko dan audit dalaman.

The risk management approach in Agrobank is based on three lines of defence namely risk-taking units, risk control units and internal audit.

2

Unit pengambilan risiko (jabatan dan cawangan) membentuk barisan pertahanan pertama menentang risiko sedia ada dengan mengurus keseimbangan antara risiko dan ganjaran yang terkandung dalam dasar serta garis panduan yang ditetapkan oleh Bank. Tanggungjawab utama mereka adalah untuk memastikan bahawa persekitaran kawalan risiko telahpun tersedia dan beroperasi secara berkesan sebagai sebahagian daripada operasi harian.

Risk-taking units (departments and branches) form the first line of defence against inherent risk by managing the risk reward trade-off contained within the policies and guidelines laid down by the Bank. Principally, they are responsible for ensuring that a risk control environment is put in place and operating effectively as part of day-to-day operations.

3

Barisan pertahanan kedua merupakan unit kawalan risiko yang membentuk rangka kerja pengurusan risiko dan merangka dasar, metodologi serta instrumen bagi mengendalikan risiko utama di Bank. Menerusi kajian semula, unit kawalan risiko memastikan bahawa rangka kerja, dasar, metodologi dan instrumen memenuhi keperluan unit pengambilan risiko.

The second line of defence is the risk control units, which establish the risk management framework and develop policy, methodologies and tools for the management of key risks in the Bank. Through reviews, risk control units ensure that the framework, policies, methodologies and tools meet the requirements of risk-taking units.

4

Bahagian Pengurusan Risiko bertanggungjawab terhadap pelaksanaan pelbagai dasar risiko dan keputusan yang berkaitan dengannya yang dibuat oleh Lembaga Pengarah. Dari aspek fungsian dan organisasi, bahagian ini adalah bebas daripada unit perniagaan dan unit pengambilan risiko lain di Bank.

The Risk Management Division is responsible for the execution of various risk policies and related decisions by the Board. It is functionally and organisationally independent of business units and other risk-taking units within the Bank.

5

Pengurusan risiko memastikan bahawa polisi-polisi risiko utama Bank adalah konsisten dengan tahap toleransi risiko dan kesanggupan menanggung risiko bagi memudahcarakan pelaksanaan rangka kerja pengukuran terlaras risiko yang bersepadu.

Risk management ensures that the core risk policies of the Bank are consistent with risk tolerance levels and risk appetite to facilitate the implementation of an integrated risk-adjusted measurement framework.

6

Pengurusan risiko juga menjalankan fungsi pengawasan terhadap risiko utama, termasuk risiko kredit, risiko pasaran, risiko kecairan, risiko operasi, risiko Syariah serta risiko lain yang khusus kepada industri. Menerusi BRMC, Lembaga Pengarah bertanggungjawab terhadap pengawasan keseluruhan risiko, yang menyaksikan Bank terdedah kepadanya.

Risk management also provides oversight of major risks including credit risk, market risk, liquidity risk, operational risk, Shariah risk and other industry-specific risks. The Board, through the BRMC, is responsible for the oversight of overall risks to which the Bank is exposed.

7

Audit dalaman, yang merupakan barisan pertahanan ketiga melakukan penilaian bebas terhadap proses dan infrastruktur pengurusan risiko serta kemampuan dan keberkesanan dasar risiko serta kawalan dalaman. Menerusi penilaiannya, audit dalaman memastikan bahawa barisan pertahanan pertama dan kedua melaksanakan tanggungjawab mereka secara berkesan dan konsisten.

The internal audit, being the third line of defence, provides an independent assessment of risk management processes and infrastructure as well as the adequacy and effectiveness of risk policies and internal controls. Through its assessment, the internal audit ensures that the first and second line of defence executes their responsibilities in an effective and consistent manner.

PENYATA PENGURUSAN RISIKO STATEMENT ON RISK MANAGEMENT



Rangka kerja pengurusan risiko dibentuk untuk mengawal risiko Bank dalam lingkungan kesanggupan menanggung risiko, dan bukannya menghapuskan sepenuhnya risiko kegagalan dalam mencapai matlamat perniagaan dan objektif korporatnya. Oleh itu, ia hanya boleh memberi jaminan yang munasabah dan bukannya jaminan mutlak terhadap salah nyata, penipuan atau kerugian kewangan yang material.

Prinsip ini diterapkan dalam Rangka Kerja Pengurusan Risiko dan rangka kerja sokongan yang mengawal pengurusan risiko di bawah skop RMD adalah seperti berikut:

The risk management framework is designed to keep the Bank's risks within an acceptable risk appetite, rather than completely eliminating the risk of failure in achieving its business goals and corporate objectives. It can therefore only provide reasonable, rather than absolute, assurance against material financial misstatement, fraud or loss.

These principles are embedded in the Risk Management Framework and the supporting framework that governs the management of risks under the purview of the RMD is as follows:

Rangka Kerja Pengurusan Risiko Kredit, menyentuh tentang: / Credit Risk Management Framework, which addresses:

- Pengurusan profil risiko kredit dan kualiti aset menerusi pelaksanaan strategi, polisi dan garis panduan kredit. Had pendedahan, pencetus keadaan makroekonomi serta perangkap kualiti aset adalah antara parameter yang telah ditetapkan bagi setiap produk atau program kredit.
The management of credit risk profile and asset quality through implementation of credit strategies, policies and guidelines. Exposure limits, macroeconomic condition triggers and asset quality tripwires are amongst the parameters set within each product or credit programme.
- Memelihara kualiti kredit yang meliputi proses kajian semula kredit, pengesanan awal dan pengurusan kredit rentan.
Credit quality preservation which covers the credit review process, early detection and management of vulnerable credits.
- Dasar penumpuan kredit bagi pengurusan portfolio yang berkesan demi mencegah peningkatan risiko secara berlebihan.
Credit concentration policy for effective portfolio management to prevent excessive risk build-ups.

Rangka Kerja Risiko Pasaran dan Kecairan merangkumi; / The Market and Liquidity Risk Framework encompasses:

- Pengurusan pendedahan risiko pasaran dan kecairan Bank, termasuk penerbitan dan kajian semula garis panduan, polisi dan manual secara tetap.
Management of the Bank's market and liquidity risk exposures including the issuance and regular review of guidelines, policies and manuals.
- Pengawasan bebas atau fungsi pejabat pertengahan operasi perbendaharaan Bank, termasuk penilaian praperolehan sekuriti hutang swasta (PDS).
Independent oversight or middle office function of the Bank's treasury operations, including the pre-acquisitions assessment of private debt security (PDS).
- Proses dan metodologi tadbir urus dalam mengurangkan risiko pasaran dan kecairan.
Governance process and methodologies in mitigating market and liquidity risks.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

Rangka Kerja Pengurusan Risiko Operasi mencakupi: / The Operational Risk Management Framework encompasses:

- Pengurusan risiko yang berkaitan dengan operasi perniagaan Bank, iaitu risiko daripada kakitangan, proses, sistem dan kerentanan daripada peristiwa luaran.
Management of risks associated with the Bank's business operations, namely risks from people, processes, systems and vulnerabilities from external events.
- Proses utama seperti berikut: / Key processes as follow:
 - Pengurusan Insiden dan Pengumpulan Data (IMDC).** Data yang dikumpul digunakan untuk meramal dan mengukur potensi pendedahan risiko operasi Bank.
Incident Management and Data Collection (IMDC). Data collected is used to forecast and measure potential operational risk exposure in the Bank.
 - Penilaian Kendiri Risiko dan Kawalan (RCSA).** Membolehkan penilaian berterusan terhadap risiko dan kawalan operasi yang sedia ada.
Risk and Control Self-Assessment (RCSA). Enables the continuous assessment of inherent operational risks and controls.
 - Petunjuk Utama Risiko (KRI).** KRI digunakan untuk mengenal pasti, menilai dan mengurangkan potensi risiko utama dalam operasi Bank. Oleh yang demikian, KRI bertindak sebagai sistem amaran awal bagi membolehkan Bank memantau potensi risiko sebelum ia melarat menjadi kebimbangan yang serius.
Key Risk Indicators (KRIs). KRIs are used to identify, assess and mitigate potential key risks in the Bank's operations. Hence, KRIs act as an early warning system, enabling the Bank to monitor potential risks before they escalate into serious concerns.
- Pengurusan Kesenambungan Perniagaan (BCM) tertumpu kepada tindak balas kecemasan, pemulihan dan penyambungan semula operasi perniagaannya sewaktu berlaku bencana.
Business Continuity Management (BCM) focuses on emergency response, recovery and resumption of its business operations during adverse situations.

Rangka Kerja Pengurusan Risiko Syariah, yang berfungsi: / The Shariah Risk Management Framework, which serves to:

- Menilai sumber risiko Syariah bagi memastikan semua produk, perkhidmatan dan aktiviti mematuhi prinsip Syariah seperti yang ditetapkan oleh Jawatankuasa Syariah (SC) dan Majlis Penasihat Syariah (SAC) BNM.
Evaluate the sources of Shariah risks to ensure that all products, services and activities comply with the Shariah principles as determined by the Shariah Committee (SC) and BNM's Shariah Advisory Council (SAC).

Penyataan Kesanggupan Menanggung Risiko

Kesanggupan menanggung risiko oleh Bank menjelaskan tentang keupayaan risiko atau batas risiko yang sanggup digalas oleh Agrobank demi mencapai objektif strategik dalam perniagaannya, yang ditetapkan dan dipantau dengan sewajarnya oleh Lembaga Pengarah dan pihak pengurusan. Kesanggupan menanggung risiko ini disepadukan dengan strategi serta pelan perniagaan tahunan Agrobank, dan bertindak sebagai penggerak dalam membuat keputusan strategik dan taktikal yang lebih baik. Kesanggupan menanggung risiko oleh Bank dikaji semula setiap tahun untuk disesuaikan dengan perubahan dalam persekitaran perniagaan dan keadaan pasaran, bagi memastikan ia konsisten dengan strategi, persekitaran perniagaan dan kawal selia Bank serta keperluan para pemegang kepentingan.

Bank mengguna pakai serangkaian petunjuk kuantitatif dan kualitatif bagi memantau profil risiko yang dengannya had tertentu ditetapkan selaras dengan kesanggupan Bank menanggung risiko. Ujian tekanan dan analisis senario turut dikendalikan untuk menilai prestasi portfolio Bank dalam keadaan berhadapan potensi risiko yang boleh memberi kesan buruk terhadap profil risiko dan hala tuju perniagaan Bank.

Risk Appetite Statement

The Bank's risk appetite articulates the risk capacity or risk boundaries that Agrobank is willing to undertake in achieving its strategic business objectives, duly set and monitored by the Board and Management. This risk appetite is integrated into Agrobank's annual strategy and business plan and acts as a lever for better strategic and tactical decisions. The risk appetite of the Bank is reviewed yearly to adapt to changes in the business environment and market conditions, while ensuring that it is consistent with the Bank's strategy, business and regulatory environment and stakeholders' requirements.

The Bank employs a range of quantitative and qualitative indicators to monitor the risk profile whereby specific limits are set in line with the Bank's risk appetite. Stress testing and scenario analyses are also conducted to assess the performance of the Bank's portfolios in potential risk events that may adversely impact the Bank's risk profile and business direction.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

Inisiatif Utama dalam Mengukuhkan Keupayaan Pengurusan Risiko pada 2016

Pengurusan risiko di Agrobank merupakan suatu proses dinamik yang dengannya pemantauan terhadap persekitaran risiko dan semakan semula dasar serta prosedur dilakukan secara berterusan bagi memastikan ia adalah relevan dengan persekitaran perniagaan semasa. Berlatarkan persekitaran operasi yang mencabar pada 2016 akibat perubahan dalam landskap ekonomi, kewangan dan risiko; Bank mengekalkan tumpuannya ke arah penciptaan nilai dan mengukuhkan pendekatan pengurusan risikonya berlandaskan realiti baharu pasaran.

Pada tahun kewangan ini, RMD meneruskan mandatnya untuk meneguhkan infrastruktur pengurusan risiko Bank demi memenuhi keperluan perniagaan. Ia merangkumi usaha berikut:

- Berterusan membangunkan piawaian penajajaminan kredit untuk produk dan program yang berbeza, menterjemah toleransi risiko menjadi had risiko baharu dan melaksana petunjuk risiko utama yang memandang ke hadapan serta memantau nilai ambang. Pemantapan turut dilakukan terhadap pencetus tindakan pengurusan bagi memupuk kesedaran risiko yang lebih hebat di serata Bank.
- Pada tahun kewangan ini, Bank telah menambah baik instrumen serta metodologi pengurusan risikonya dalam menentukan dan mengurus risiko kadar keuntungan dalam buku perbankan dengan menerima pakai garis panduan BNM yang dikeluarkan untuk bank komersial. Dasar Bank berkenaan pengurusan risiko kadar keuntungan bertujuan membolehkan pengenapastian, pengukuran, pemantauan, pengawalan dan pelaporan risiko kadar keuntungan dilakukan tepat pada masanya. Risiko kadar keuntungan diurus terutamanya melalui pemantauan jurang kadar keuntungan serta meletakkan had yang telah diluluskan terlebih dahulu untuk perolehan dan modal.
- Oleh kerana kos dana dalam sistem perbankan semakin meningkat, Agrobank telah mengambil langkah untuk menambah baik fungsi perantara dengan mengurangkan ketidakpadanan pendanaan serta mengukuhkan pengurusan profil kematangan dan kadar keuntungan.
- Menjelang pelaksanaan Basel III, Agrobank telah mengambil langkah awal bagi memastikan pematuhan terhadap keperluan pengawalseliaan ini. Bank telah menerima pakai keperluan Basel III berhubung dengan Nisbah Liputan Kecairan (LCR) serta Nisbah Pendanaan Stabil Bersih (NSFR) yang dikeluarkan oleh BNM dan menumpukan perhatian khusus kepada keupayaannya untuk meliputi kekurangan dalam kecairan sehingga tempoh 30 hari.
- Keperluan dasar Risiko Operasi yang dikeluarkan oleh BNM berhubung dengan pengurusan risiko operasi telah diterima pakai di seluruh Bank; bertujuan mengukuhkan tadbir urus, rangka kerja serta proses bagi mengurus risiko operasi Bank. Penekanan turut diberi ke arah memastikan keberkesanan penyelarasan dalam pengurusan risiko operasi dengan risiko lain (contohnya, risiko kredit dan pasaran) bagi menyediakan pendekatan yang holistik dan bersepadu terhadap keseluruhan strategi pengurusan risiko Bank.
- Bank telah mengambil langkah untuk mengurus kualiti aset secara proaktif dengan meningkatkan keteguhan pengujian tekanannya, terutamanya dalam portfolio risiko kredit dan liabiliti luar jangka, bagi menilai peristiwa yang mungkin berlaku atau perubahan dalam landskap kewangan dan ekonomi pada masa hadapan yang boleh memberi kesan negatif terhadap kestabilan kewangan Bank. Sebagai sebahagian daripada ujian tekanan, Bank telah mengenal pasti tindakan yang boleh diambil bagi mengurangkan risiko yang mungkin timbul sekiranya berlaku perubahan buruk yang material dalam tinjauan ekonomi dan perniagaan semasa.

Key Initiatives in Strengthening Risk Management Capabilities in 2016

Risk management at Agrobank is a dynamic process under which continuous monitoring of risk environment and revision of policies and procedures is undertaken to ensure its relevance to the current business environment. Amidst a challenging operating environment in 2016 as a result of the changing economic, financial and risk landscape; the Bank's focus remained on value creation and enhancing its risk management approaches within these new market realities.

During the financial year, the RMD continued its mandate to strengthen the Bank's risk management infrastructure to meet the requirements of the business. These included the following:

- Continuously developing credit underwriting standards for different products and programmes, translating risk tolerance into new granular risk limits and implementing new forward-looking key risk indicators and monitoring thresholds. Enhancements were also made to the management action triggers to inculcate greater risk awareness across the Bank.
- During the financial year, the Bank enhanced its risk management tools and methodologies in determining and managing profit rate risk in the banking book by adopting BNM's guidelines issued for commercial banks. The Bank's policy on profit rate risk management aims to enable identification, measurement, monitoring, control and reporting of profit rate risks in a timely manner. Profit rate risk is managed principally through monitoring profit rate gaps and by setting pre-approved limits for earning and capital.
- In light of rising cost of funds in the banking system, Agrobank took steps to improve the intermediary function by reducing funding mismatches and strengthening better management of maturity profile and profit rates.
- In the run-up to the Basel III implementation, Agrobank had taken early steps to ensure compliance to these regulatory requirements. The Bank adopted Basel III requirements in relation to Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) issued by BNM, with particular attention to focus on its ability to cover any shortfall in liquidity for up to a 30-day period.
- The Operational Risk policy requirement issued by BNM governing the operational risk management was adopted across the Bank; aimed at strengthening governance, framework and processes for managing the Bank's operational risk. Emphasis was also placed on ensuring effective coordination in the management of operational risk with that of other risks (e.g. credit and market risks) to provide a holistic and integrated approach to the Bank's overall risk management strategy.
- The Bank undertook measures to proactively manage asset quality by enhancing the robustness of its stress testing, particularly in the credit risk portfolio and contingent liabilities, to quantify possible events or future changes in the financial and economic landscape that could have an unfavourable impact on the Bank's financial soundness. As part of the stress tests, the Bank identified actions that can be taken to mitigate the risks that may arise in the event of material adverse changes in the current economic and business outlook.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

- Agrobank terus memacu penambahbaikan terhadap proses pengurusan risiko serta kualiti maklumat risiko yang dihasilkan. Ia dicapai menerusi pemantapan pelaporan risiko, dengan penekanan kepada kualiti maklumat risiko yang dikemukakan kepada Lembaga Pengarah dan pihak pengurusan agar meningkatkan pengawasan risiko terhadap risiko baru muncul dan peningkatan risiko.
- Membina budaya risiko dan pematuhan yang teguh serta menyemai kebertanggungjawapan dan pemilikan risiko di semua peringkat adalah asas yang penting bagi tadbir urus risiko yang berkesan. Dalam budaya risiko yang teguh, setiap kakitangan memahami dan menyelami kesanggupan menanggung risiko dan rangka kerja pengurusan risiko organisasi tersebut, dan mereka jelas tentang risiko yang sedia ada dalam keputusan strategik dan harian mereka. Agrobank terus memupuk dan menyerap pendekatan positif serta proaktif dalam berhadapan dengan budaya dan pematuhan risiko menerusi proses latihan pengurusan risiko dan program kesedaran yang berterusan untuk kakitangan di semua peringkat.

Program ini bertujuan menggalakkan penyebaran dan terima pakai budaya pengurusan risiko yang berkesan, terutamanya dengan mendorong kakitangan mengikuti perkembangan ilmu pengetahuan dan kemahiran yang relevan dengan pematuhan Basel, lantas memastikan kepatuhan terhadap amalan pengurusan risiko yang terbaik. Beberapa siri sesi pembabitan telah dikendalikan di seluruh negara sebagai wahana komunikasi terbuka buat semua unit perniagaan bagi menyediakan maklum balas yang kemudiannya akan membolehkan RMD mengambil pendekatan yang lebih konsisten terhadap risiko.

Itizam dan Keutamaan Strategik pada 2017

Sejak krisis kewangan pada 2008, landskap risiko semakin kompleks. Persekitaran perniagaan yang mencabar, inovasi kewangan, sifat risiko yang semakin sistemik, perubahan dalam pengawalseliaan serta risiko teknologi telah menjadikan pengurusan risiko lebih mencabar. Ketidakpastian dalam persekitaran ekonomi dijangka memuncak pada 2017, lantas berpotensi memberi tekanan kemerosotan terhadap kualiti aset dan keuntungan Bank. Industri perbankan di Malaysia dijangka akan berhadapan dengan persekitaran perniagaan yang mencabar pada tahap yang berbeza pada tahun hadapan, meskipun kunci kira-kira dan kekuatan modal adalah kukuh. Justeru, langkah untuk menambah baik dan mengukuhkan pengurusan risiko serta kawalan dalaman Bank agar bersesuaian dengan persekitaran perniagaan yang semakin mencabar dan dinamik menjadi kepentingan utama.

Selain daripada dinamik pasaran, perubahan dalam undang-undang turut menempatkan jangkaan yang lebih hebat bagi pengurusan risiko sebagai barisan hadapan dalam memastikan keselamatan dan kemantapan kewangan. Setakat ini, perubahan dalam pengawalseliaan bersifat terbatas dan menyokong, lantas memerlukan pengurusan risiko yang lebih ketat dan berhati-hati dalam mengenal pasti serta menguruskan risiko baru muncul dan kemungkinan ketidakpatuhan.

Dalam era teknologi kewangan (fintech) masa kini, automasi sistem dan platform penyampaian yang lebih hebat bagi meningkatkan kecekapan dan pengalaman pelanggan akan menyebabkan meningkatnya risiko teknologi dan ancaman keselamatan siber. Risiko baru muncul yang terbit daripada ruang teknologi akan mengakibatkan perubahan yang ketara dalam fungsi dan polisi pengurusan risiko serta kepakaran yang diperlukan dalam fungsi ini.

- Agrobank continued to drive improvements to its risk management process and the quality of risk information generated. This was achieved through the enhancement of risk reporting, with an emphasis on the quality of risk information presented to the Board and Management to enable greater risk oversight on emerging risks and the build-up of risks.
- Building a strong risk and compliance culture, and instilling risk accountability and ownership at all levels are essential blocks for effective risk governance. In a strong risk culture, every employee understands and embraces the organisation's risk appetite and risk management framework, and is clear about the risks inherent in their strategic and day-to-day decisions. Agrobank continued to cultivate and internalise a positive and proactive approach towards addressing risk culture and compliance through an ongoing process of risk management training and awareness programmes involving staff at all levels.

These programmes were aimed at promoting the dissemination and adoption of an effective risk management culture, by notably keeping the personnel abreast of the knowledge and skills relevant to Basel compliance, thus ensuring adherence to best risk management practices. A series of engagement sessions were conducted nationwide as an open communication platform to all business units to provide feedback that would subsequently allow the RMD to approach risk in a more consistent manner.

Commitment and Strategic Priorities in 2017

Since the financial crisis in 2008, the risk landscape has continuously become increasingly complex. The challenging business environment, financial innovation, the increasingly systemic nature of risk, regulatory changes and technology risks have made risk management more challenging. Uncertainties in the economic environment are expected to heighten in 2017, placing potential downward pressure on the Bank's asset quality and profitability. The Malaysian banking industry is expected to face a challenging business environment of varying degrees in the year ahead despite the strong balance sheets and capital strengths. Hence, measures to improve and strengthen the Bank's risk management and internal controls to adapt to the increasingly challenging and dynamic business environment become of paramount importance.

Other than market dynamics, changes in regulations also place greater expectations for risk management to be at the forefront in ensuring financial safety and soundness. Regulatory changes have so far been both restrictive and supportive in nature, which requires risk management to be more stringent and vigilant in identifying and managing emerging risks and potential non-compliance.

In the financial technology (fintech) era, greater system automation and delivery platforms that are all geared for efficiency and enhancing customers' experience inevitably give rise to heightened technology risk and cyber security threats. Emerging risks emanating from the technology space would result in a significant change to risk management functions, policies and expertise required within this function.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

Melihat kepada konteks operasi pada 2017 seperti yang diketengahkan di atas, Bank mengambil pendekatan untuk terus mengukuhkan dimensi pengurusan risiko berikut:

- **Pengurusan risiko kecairan secara proaktif**

Sejajar dengan keperluan bagi bank-bank untuk mematuhi piawaian Basel III menjelang 2019, Lembaga Pengarah memberi lebih penekanan dalam memenuhi pelbagai aspek garis panduan pengawalseliaan baharu. Pada 2017, dari segi pematuhan terhadap piawaian dan keperluan Basel III, RMD akan menumpukan perhatian kepada pengurusan risiko kecairan yang proaktif seperti yang digariskan di bawah Basel III bagi nisbah liputan kecairan (LCR) serta nisbah pendanaan stabil bersih (NSFR). Pendekatan serampang dua mata ini menyedari bahawa situasi kecairan bank tidak dapat disifatkan secara berkesan oleh suatu nisbah kewangan tunggal. Pada tahun kewangan ini, Bank telah mematuhi keperluan minimum LCR yang memerlukan bank memegang aset mudah tunai berkualiti tinggi (HQLA) yang mencukupi, agar dapat bertahan selama 30 hari ketika berlakunya krisis ketirisan deposit.

Bank akan terus menambah baik kestabilan profil pendanaannya mendahului pengenalan keperluan nisbah pendanaan stabil bersih (NSFR) pada 2018, di mana semua bank dikehendaki membiayai pembiayaan jangka sederhana dan jangka panjang mereka dengan dana yang stabil dan tidak berkemungkinan tiris semasa krisis. Antara lain, ini akan melibatkan tindakan mengkaji semula komposisi asetnya serta aktiviti di luar kunci kira-kira untuk tempoh sehingga setahun di samping bekerjasama dengan pihak berkuasa kerajaan atau Perbadanan Insurans Deposit Malaysia (PIDM) dalam memberi jaminan atau perlindungan insurans deposit sekiranya terdapat kemungkinan berlakunya ketirisan deposit.

- **Mengenal pasti risiko secara proaktif**

Melihat kepada kerumitan dalam persekitaran hari ini serta realiti baharu pasaran, Agrobank sedar bahawa keupayaannya dalam pengurusan risiko perlu berkembang bagi mencakupi penerimaan proses mengenal pasti risiko secara proaktif. Proses ini memerlukan penelitian terhadap semua risiko semasa dan baru muncul yang mungkin timbul daripada ketidakpastian di peringkat global dan domestik berdasarkan sudut pandangan 'luar-dalam', iaitu dari risiko makroekonomi (luaran) sehingga kepada risiko industri dan risiko dalaman.

Tumpuan khusus akan diberikan kepada kesan Ringgit yang semakin lemah terhadap kesihatan kredit portfolio pembiayaannya, impak kemerosotan harga komoditi terhadap ekonomi, ancaman siber yang baru muncul serta pengurusan sekuriti maklumat, kepesatan revolusi ICT yang sedang merubah operasi industri perbankan serta pengawasan dan pematuhan terhadap AML/CMT.

- **Mengukuhkan pengurusan risiko**

Bank telah mula melaksanakan Projek Basel III yang akan diterapkan ke dalam struktur pengurusan risiko rasmi Bank, serta pengawasan, proses dan sistem tadbir urus. Tambahan pula, dalam usaha memantapkan kawalan, Bank memahami bahawa ia perlu menerapkan pembentukan minda terhadap pengurusan dan kawalan risiko dalam membuat keputusan, mengendali proses dan prosedur perniagaannya setiap hari. Ini termasuklah melatih barisan hadapan tentang risiko dan memindahkan kesanggupan menanggung risiko selanjutnya ke dalam barisan perniagaan.

- **Mewujudkan metodologi dan mengguna pakai penarafan risiko kredit**

Bank berusaha untuk terus-menerus menambah baik metodologi penarafan risiko kredit dalaman serta polisi dan amalan pengurusan risiko kredit. Pendekatan ini bertujuan mencipta nilai menerusi penerapan metodologi risiko kredit yang sesuai serta polisi dan proses kredit yang konsisten di seluruh Bank.

In view of the operating context for 2017 as highlighted above, the Bank continues to strengthen its approach towards risk management along the following dimensions:

- **Proactive management of liquidity risks**

In line with the requirement for banks to comply with Basel III standards by 2019, the Board places greater emphasis on meeting various aspects of the new regulatory guidelines. In 2017, the primary focus of RMD with regards to compliance with Basel III standards and requirements will be on the proactive management of liquidity risks as outlined under Basel III for liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). This two-pronged approach recognises that a bank's liquidity situation cannot be effectively characterised by a single financial ratio. During the financial year, the Bank complied with the minimum requirement of LCR, which required banks to hold sufficient high-quality liquid assets (HQLA) to withstand a 30-day deposit runoff during a crisis.

The Bank will continue to improve the stability of its funding profiles ahead of the introduction of the Net stable funding ratio (NSFR) requirement in 2018, whereby all banks are required to finance their medium- and long-term financing with stable funds that are unlikely to run during a crisis. This will involve, amongst others, reviewing the composition of its assets and off-balance sheet activities for a period of up to one year as well as working with government authorities or Perbadanan Insurans Deposit Malaysia (PIDM) in providing guarantee or deposit insurance protection in the unlikely event of a deposit runoff by the Bank.

- **Proactive risk identification**

In view of the complexity of today's environment and new market realities, Agrobank is conscious that its risk management capabilities need to evolve to include adopting a proactive risk identification process. This process entails scanning all current and emerging risks that may arise from global and domestic uncertainties from an 'outside-in' perspective, i.e. from macroeconomic (external) risks to industry and internal risks.

Particular focus will be placed on the impact of the weakening Ringgit to the credit health of its financing portfolio, the economic impact of declining commodities prices, the emerging cyber threats and management of information security, the rapid ICT revolution that is changing banking industry operations, and the oversight and compliance of AML/CMT.

- **Strengthen the management of risk**

The Bank has embarked on implementation of the Basel II Project to be embedded into the Bank's formal risk management structure, as well as the governance oversight, processes and systems. Furthermore, in enhancing control, the Bank understands that it must embed a risk management and control mindset in the day-to-day business decisions, processes and procedures. This includes training the front line on risk and devolving risk appetite further down into business lines.

- **Establishment of credit risk rating methodologies and applications**

The Bank endeavours to continuously improve on internal credit risk rating methodologies and credit risk management policies and practices, aimed at achieving value creation through congruent credit risk methodologies and consistent credit policies and processes across the Bank.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

- **Pemantapan sistem pengurusan risiko untuk perincian dan integriti yang lebih hebat dalam penilaian dan pemantauan risiko**

Oleh kerana pematuan dan pengurusan risiko kekal sebagai suatu keutamaan, Bank beriltizam untuk memantapkan pemakaian tiga barisan pertahanannya menggunakan kawalan risiko yang proaktif. Ini dapat dicapai dengan mengukuhkan sumber analitis Bank menerusi pemantapan sistem pengurusan risiko. Sistem ini akan meneguhkan keupayaan Bank untuk memantau dan mengawal risiko memandangkan ia telah dipersiap untuk mengesan dan mengenal pasti risiko di peringkat awal dan melaksanakan langkah pencegahan yang bersesuaian tepat pada masanya.

- **Lebih berhemat dalam disiplin pengurusan portfolio**

Bagi memastikan pengurusan portfolio berhemat, RMD akan terus mengkaji had pendedahan serta pencetus tindakan pengurusan untuk campur tangan yang tepat pada masanya bagi menyekat sebarang peningkatan risiko sementara Bank terus mempelbagaikan portfolionya. Bank juga akan terus mengamalkan pandangan yang holistik terhadap keberhutangan para pelanggannya menerusi pengenalanpastian awal pelanggan rentan dan pelaksanaan tindak balas pembetulan yang segera bagi memperbaiki keupayaan mereka untuk mengurus dan bertahan di bawah keadaan yang tertekan.

Bank menyedari bahawa memiliki sistem klasifikasi pembiayaan yang berkesan merupakan instrumen penting untuk mencapai matlamat berkembar, iaitu pemantauan yang berterusan terhadap kualiti aset Bank dan memastikan peruntukan yang mencukupi sepanjang masa. Justeru, Bank beriltizam mengetatkan klasifikasi pembiayaan berdasarkan pencetus pertimbangan bagi membolehkan tindakan pemulihan diambil sebelum berlakunya kemungkiran.

- **Memastikan bahawa bidang risiko utama berada dalam tahap kesanggupan menanggung risiko serta toleransi yang ditetapkan oleh Lembaga Pengarah**

Salah satu iktibar penting yang dipelajari daripada krisis kewangan global baru-baru ini adalah bahawa institusi kewangan perlu mempunyai rangka kerja kesanggupan menanggung risiko yang komprehensif dan telahpun tersedia bagi membantu mereka memahami dan mengurus risiko dengan lebih baik, serta menterjemah metrik dan kaedah risiko kepada keputusan, pelaporan dan keputusan harian perniagaan yang strategik. Sehubungan dengan itu, Agrobank komited bagi memastikan bidang risiko utama berada dalam tahap kesanggupan menanggung risiko dan toleransi yang telah ditetapkan oleh Lembaga Pengarah. Secara hakikinya, tahap kesanggupan menanggung risiko dan toleransi perlu diterap secara konsisten ke dalam polisi dan garis panduan yang berkait dengan risiko. Tambahan pula, usaha untuk mengurus kesanggupan menanggung risiko dan toleransi risiko akan seharusnya tertumpu kepada kategori risiko yang diperuntukkan jumlah peratusan modal ekonomi tertinggi.

- **Perkembangan keupayaan**

Agrobank menyedari bahawa kawalan dalaman berkesan bergantung kepada kakitangannya yang memiliki kecekapan yang tepat dan berupaya melaksana pertimbangan yang betul semasa menjalankan tanggungjawab mereka. Sebagai sebahagian daripada kajian berterusan untuk memastikan kecekapan tersebut adalah relevan dalam landskap risiko yang berubah-ubah, tumpuan bagi 2017 adalah untuk terus menutup sebarang jurang dalam kecekapan dan membangunkan kakitangan dalam bidang operasi yang relevan agar dapat memenuhi keperluan Basel III dan keperluan pengawalseliaan yang lain yang dikeluarkan oleh BNM.

- **Enhancement of risk management system for greater granularity and integrity in risk assessment and monitoring**

As compliance and risk management remain a priority, the Bank is committed to enhance its application of the three lines of defence by employing proactive risk control. This will be achieved by strengthening the Bank's analytical resources through an enhanced risk management system. This system will reinforce the Bank's ability to monitor and control risks as it is geared to early risk detection and the identification and timely implementation of appropriate countermeasures.

- **Greater prudence in portfolio management discipline**

Ensuring prudent portfolio management, the RMD will continue revising the exposure limits and management action triggers for timely intervention to curtail any build-up of risk as the Bank continues to diversify its portfolio. The Bank will also continue to take a holistic view of its customers' indebtedness through early identification of vulnerable customers and the implementation of immediate remedial responses to improve their ability to manage and survive under stressful conditions.

The Bank is heedful that having an effective financing classification system is an essential tool to achieve the twin objectives of continuous monitoring of the Bank's asset quality and ensuring that it maintains adequate provisions at all time. Hence, the Bank is committed to tighten the classification of financing based on judgmental triggers to enable early remedial actions to be taken prior to default.

- **Ensuring that key risk areas are within the appetite and tolerance levels set by the Board**

One of the key lessons learned from the recent global financial crisis is that financial institutions need to have a comprehensive risk appetite framework in place that helps them better understand and manage their risks, and translates risk metrics and methods into strategic decisions, reporting, and day-to-day business decisions. In this regard, Agrobank remains committed to ensuring that key risk areas are within the appetite and tolerance levels set by the Board. Intrinsically, risk appetite and tolerance levels are to be consistently embedded in all risk-related policies and guidelines. Furthermore, efforts to manage risk appetite and risk tolerance will necessarily focus on those risk categories that have the highest percentage of total economic capital allocated to them.

- **Development of capabilities**

Agrobank acknowledges that effective internal controls depend on its people having the right competencies and being able to exercise correct judgments when performing their responsibilities. As part of the ongoing review to ensure these competencies are relevant in today's changing risk landscape, the focus for 2017 will be to continue to close any competency gaps and to develop staff in the relevant areas of operations in order to meet Basel III and other regulatory requirements issued by BNM.

PENYATA KAWALAN DALAMAN

STATEMENT ON INTERNAL CONTROL

TANGGUNGJAWAB

Lembaga Pengarah memperakui bahawa Bank adalah bertanggungjawab untuk mengadakan sistem kawalan dalaman yang cekap, berkesan, kompeten dan menyeluruh.

Elemen pengurusan risiko yang dimasukkan dalam kerangka kawalan dalaman memberi jaminan yang wajar kepada Bank dari kesilapan ketara berkaitan pengurusan, maklumat kewangan dan rekod, kerugian kewangan atau penyelewengan.

Risiko-risiko yang menjejaskan Bank dikenalpasti, dinilai dan ditangani melalui struktur kawalan dan proses yang bersesuaian. Semakan berkala dan pengemaskinian struktur kawalan dan proses dilakukan seiring dengan perubahan persekitaran urusan niaga dan situasi operasi dalaman. Proses ini telah dilaksanakan secara berterusan sepanjang tahun kewangan.

Pihak pengurusan membantu Lembaga Pengarah dalam melaksanakan polisi dan prosedur ke atas risiko dan kawalan dengan mengenalpasti dan menilai risiko yang dihadapi, di dalam merangka operasi dan memantau kawalan dalaman yang bersesuaian bagi menangani dan mengawal risiko berkenaan.

PROSES KAWALAN DALAMAN UTAMA

Proses-proses utama yang berkaitan telah diwujudkan bagi menilai kemantapan dan integriti sistem kawalan dalaman termasuk perkara-perkara berikut:

- a. Kerangka kerja yang jelas dengan pemberian kuasa dan had kuasa yang sesuai ditetapkan berkaitan dengan operasi perbankan harian, pembiayaan, pelaburan, perolehan dan pelupusan aset.
- b. Pematuhan pada kawalan dalaman, undang-undang dan peraturan yang berkaitan telah ditetapkan di dalam manual operasi, garis panduan dan arahan yang dikeluarkan oleh Bank. Semua ini dikemaskini dari semasa ke semasa seiring dengan perubahan persekitaran perniagaan atau keperluan undang-undang.
- c. Pengurusan dan pemantauan ke atas dasar-dasar teras Bank telah diperkukuhkan lagi melalui penubuhan jawatankuasa operasi termasuk Jawatankuasa Pengurusan, Jawatankuasa Pengurusan Teknologi Maklumat dan Transformasi, Jawatankuasa Aset Liabiliti, Jawatankuasa Pengurusan Kredit, Jawatankuasa Pengurusan Sumber Manusia, Jawatankuasa Pengurusan Risiko, Jawatankuasa Pengurusan Audit dan Jawatankuasa Pengurusan Perolehan.
- d. Jawatankuasa Pengurusan Risiko (MRC)
Jawatankuasa Pengurusan Risiko ditubuhkan bagi membantu Lembaga Pengarah memantau keseluruhan pengurusan aspek-aspek risiko teras secara menyeluruh. Pengurusan risiko diperkukuhkan lagi dengan penubuhan Jawatankuasa Aset Liabiliti yang mengawalselia risiko pasaran dan kecairan.
- e. Jawatankuasa Syariah (SC)
Sebagai sebuah Institusi Kewangan Perbankan Islam, satu rangka kerja Tadbir Urus Syariah telah diwujudkan di dalam struktur organisasi Bank bagi memastikan operasi dan aktiviti Bank adalah berlandaskan kepada prinsip dan pematuhan Syariah. Jawatankuasa Syariah ini bertanggungjawab ke atas semua keputusan dan pandangan yang berkaitan dengan isu-isu Syariah. Jawatankuasa Syariah ini juga memberi nasihat kepada Pengurusan dan Lembaga Pengarah mengenai isu-isu Syariah untuk memastikan segala operasi dan aktiviti adalah mematuhi prinsip Syariah pada setiap masa.
- f. Audit Dalaman
Audit Dalaman berfungsi untuk memberi pandangan yang objektif, bebas dan khidmat rundingan bagi menambah nilai dan menambahbaik operasi Bank. Matlamat Bank dicapai melalui pendekatan audit yang sistematik dan berdisiplin. Daripada keseluruhan skop pengauditan, bersandarkan pendekatan berasaskan risiko, keutamaan semakan audit ditumpukan kepada risiko dan kawalan yang terdapat pada entiti-entiti yang diaudit.

RESPONSIBILITY

The Board of Directors (Board) acknowledges that the Bank is responsible for implementing a sound and effective internal control system which is competent, adequate and holistic.

The risk management elements underpinning the Bank's internal control framework provide reasonable assurance of protecting the Bank against material misstatement of financial information and records, financial losses or fraud and mismanagement.

Risks affecting the Bank are identified, assessed and addressed by the appropriate control structures and processes. A regular review and update on the structures and processes was carried out in line with the changes arising within the business environment and internal operating conditions. This ongoing process has been in place for the whole financial year under review.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of appropriate internal controls to mitigate and control these risks.

KEY INTERNAL CONTROL PROCESSES

Pertinent key processes have been established to review the adequacy and integrity of the system of internal controls which include the following:

- a. A clearly defined framework with appropriate empowerment and authority limits are in place with respect to the day-to-day banking operations, financing, investment, acquisition and disposal of assets.
- b. Compliance with internal controls and the relevant laws and regulations are set out in operation manuals, guidelines and directives issued by the Bank. These are updated from time to time in tandem with changes in the business environment or regulatory requirements.
- c. Management and oversight of the Bank's core areas have been enhanced with the establishment of operational committees which include the Management Committee, Management Information Technology and Transformation Committee, Asset Liability Committee, Management Credit Committee, Human Resource Management Committee, Management Risk Committee, Management Audit Committee and Management Procurement Committee.
- d. Management Risk Committee (MRC)
The MRC had been established to assist the Board to oversee the overall management of principal areas of risk. Risk management is further strengthened with the establishment of the Asset Liability Committee which manages market and liquidity risks.
- e. Shariah Committee (SC)
As a Full Fledged Islamic Bank, a Shariah governance framework has been put in place in the organizational structure of the Bank to ensure all operations and business activities are in accordance with Shariah principles and Shariah ruling. The SC is responsible and accountable for all its decisions, views and opinions related to Shariah matters. SC serves to provide advice to the Management and Board on Shariah matters to ensure that the Bank's operations and activities adhere to Shariah principles at all times.
- f. Internal Audit
The internal audit function provides independent, objective assurance and consulting services designed to add value and improve the Bank's operations. Accomplishment of the Bank's objectives is facilitated through a systematic and disciplined audit approach. Premised on

PENYATA KAWALAN DALAMAN

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Keberkesanan tadbir urus, pengurusan risiko dan proses-proses kawalan dinilai menerusi pandangan diberikan sama ada risiko yang dikenalpasti boleh menghalang pencapaian matlamat tertentu. Seiring dengan proses yang dilaksanakan, penambahbaikan dicadangkan bagi meningkatkan struktur tadbir urus dan amalan.

Pembetulan isu-isu yang dibangkitkan adalah dipantau oleh pihak pengurusan dan dibincangkan di peringkat Jawatankuasa Pengurusan Audit dan Jawatankuasa Lembaga Audit.

- g. **Jawatankuasa Pengurusan Audit (MAC)**
Jawatankuasa Pengurusan Audit bersidang pada setiap bulan untuk membincangkan penemuan-penemuan audit dan laporan-laporan siasatan. Mesyuarat juga membincangkan tindakan-tindakan yang wajar bagi menyelesaikan isu-isu berbangkit dan menambahbaik proses perniagaan dan operasi. Di mana perlu, wakil-wakil pihak yang diaudit adalah dikehendaki menghadiri mesyuarat untuk membincangkan butiran yang lebih terperinci untuk menyelesaikan isu dengan kadar segera. Minit mesyuarat Jawatankuasa Pengurusan Audit berserta laporan audit ini dibentangkan kepada Jawatankuasa Lembaga Audit. Tindakan yang diputuskan oleh Jawatankuasa Lembaga Audit dipantau oleh Jawatankuasa Pengurusan Audit.
- h. **Jawatankuasa Lembaga Audit (BAC)**
Jawatankuasa Lembaga Audit telah bersidang sebanyak sembilan kali dalam tahun 2016 untuk menyemak penemuan-penemuan yang dibangkitkan oleh Jabatan Audit Dalam, juruaudit luar, pihak berkuasa pengawalselia dan pengurusan. Jawatankuasa ini juga bersidang untuk menilai kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Bank. Jawatankuasa ini juga menilai semula fungsi Audit Dalam dengan memberi penekanan kepada skop pengauditan, kualiti audit dalaman dan kebebasan fungsi audit yang berhubungkait dengan fungsi-fungsi lain di dalam Bank. Minit mesyuarat Jawatankuasa Lembaga Audit dibentangkan kepada Lembaga Pengarah sebagai makluman.
- i. Pelan perniagaan tahunan disediakan oleh unit-unit perniagaan dan diluluskan oleh Lembaga Pengarah. Belanjawan tahunan juga diluluskan oleh Lembaga Pengarah. Prestasi sebenar dinilai berasaskan belanjawan yang diluluskan di mana penjelasan diberi bagi perbezaan yang ketara melalui laporan berkala kepada Jawatankuasa Lembaga Pengarah yang berkenaan.
- j. Garis panduan yang teratur bagi urusan pelantikan dan penamatan khidmat, latihan, penilaian prestasi tahunan, setengah tahun dan lain-lain peraturan yang relevan berkaitan kebolehpasaran dan latihan kakitangan disediakan. Ini membolehkan kakitangan melaksanakan tugas dan tanggungjawab dengan berkesan.
- k. Fungsi pemantauan Lembaga Pengarah diperkukuhkan lagi melalui tanggungjawab yang diwakilkan kepada beberapa jawatankuasa Lembaga iaitu Jawatankuasa Lembaga Pengurusan Risiko, Jawatankuasa Lembaga Audit, Jawatankuasa Lembaga Kredit & Pelaburan, Jawatankuasa Lembaga Informasi Teknologi, Jawatankuasa Pencalonan dan Jawatankuasa Ganjaran, di mana kesemuanya mempunyai terma rujukan rasmi. Jawatankuasa ini diberi kuasa untuk memeriksa semua bidang di dalam skop masing-masing dan melaporkan kepada Lembaga Pengarah beserta cadangan masing-masing.
- l. Pengurusan Penyelewengan dan Polisi Pemberitahuan Maklumat yang diluluskan oleh Lembaga Pengarah menyediakan saluran bagi kakitangan untuk melaporkan penyelewengan, salah laku atau pelanggaran polisi dan peraturan Bank tanpa melalui proses laporan yang rumit. Hasil siasatan dibentangkan oleh Ketua Audit Dalam kepada Jawatankuasa Lembaga Audit bagi tindakan lanjut.

the risk-based approach, prioritisation of the audit review lies in the risk and control associated with the auditable entities within the established audit universe.

The effectiveness of the governance, risk management and control processes is assessed by forming opinions on whether the identified risks may hinder the fulfillment of particular objectives. In tandem with the process, improvements are advocated to enhance the governance structure and practices.

Rectification of the issues is followed up by the management and deliberated at the Management Audit Committee (MAC) and Board Audit Committee (BAC) meetings.

- g. **Management Audit Committee (MAC)**
The MAC meets monthly to deliberate the findings of the audit and investigation reports. The meeting also discusses the necessary actions to resolve arising issues and enhancement of pertinent business processes and operations. Where required, representatives from the parties being audited are requested to attend the meeting to enable more detailed deliberation and expeditious resolution of the matter at hand. Minutes of the MAC meeting are tabled to the BAC together with the audit reports. The actions required by the BAC are followed up by the MAC.
- h. **Board Audit Committee (BAC)**
The BAC meetings were held nine times in the year 2016 to review the findings highlighted by the Internal Audit Department, the external auditors, regulatory authorities and management, and to evaluate the adequacy and effectiveness of the Bank's risk management and internal control systems. The committee also conducts a review of the internal audit functions with particular emphasis on the scope of audit, quality of internal audit and independence of the audit function relative to other functions within the Bank. The minutes of the BAC meetings are tabled to the Board for notification.
- i. An annual business plan is prepared by the Bank's business units and approved by the Board. Annual budgets are also approved by the Board. Actual performances are assessed against the approved budget by which explanations are provided on significant variances by periodic reporting to the respective Board committees.
- j. Proper guidelines for hiring and termination of staff, formal training programs, annual and semi-annual performance appraisals and other relevant procedures are in place for the staff competency development and training to enable their effective discharge of duties and responsibilities.
- k. The Board's oversight function is further enhanced through delegated responsibilities in several Board Committees, namely the Board Risk Management Committee, Board Audit Committee, Board Credit and Investment Committee, Board Information Technology Committee, Nominating Committee and Remuneration Committee, all of which have formalised terms of reference. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.
- l. The Fraud Management and Whistle-blowing Policy which had been approved by the Board provides an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Bank's policies and regulations in lieu of an elaborate reporting process. The outcome of the investigation is presented by the Chief Internal Auditor to the BAC for subsequent actions.

PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE

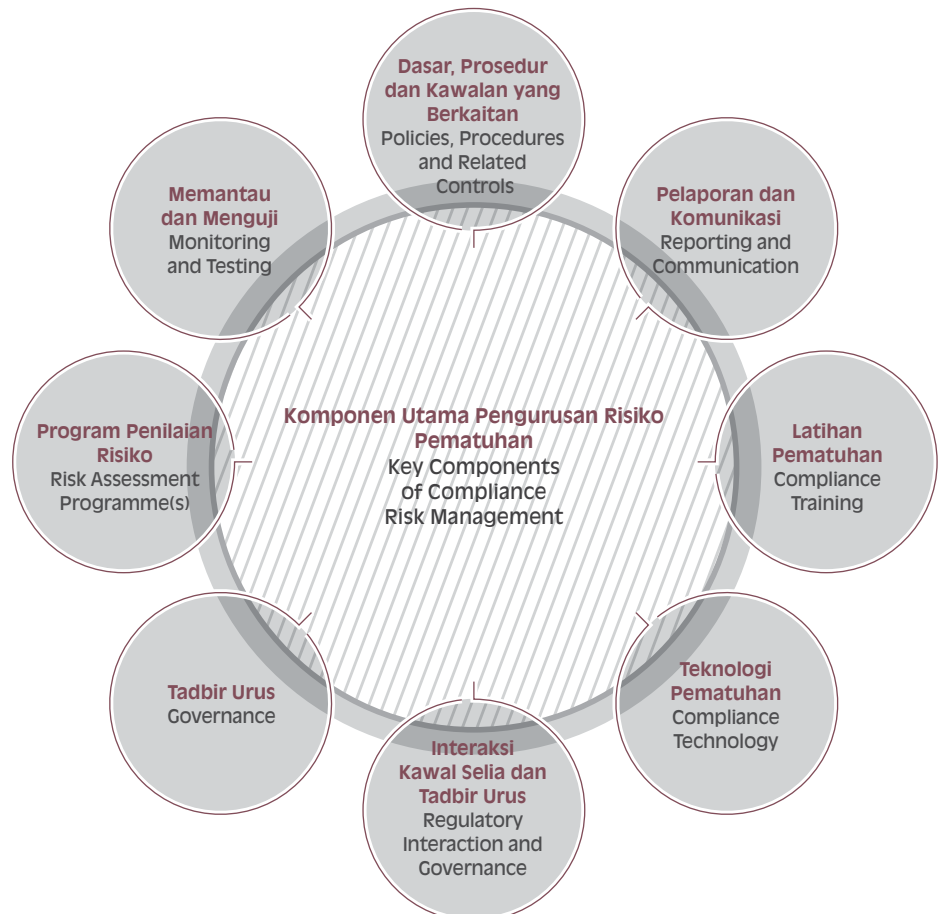
Agrobank beriltizam mengekalkan standard pematuhan yang tinggi seperti yang digambarkan dalam nilai teras, integriti dan standard etikanya di setiap peringkat organisasi. Bank mendukung standard yang tinggi dalam memastikan keselamatan dan kekukuhan operasinya bagi meminimalkan risiko kewangan, reputasi dan operasi yang mungkin timbul akibat ketidakpatuhan terhadap undang-undang dan pengawalseliaan. Standard ini mematuhi garis panduan yang dikeluarkan oleh Bank Negara Malaysia (BNM), yang merupakan badan berkuasa yang mengawal selia dan mengawasi perkembangan institusi kewangan di negara ini.

Agrobank memperakui bahawa kegagalan untuk mematuhi peraturan dan prosedur yang berkaitan akan memberi kesan buruk terhadap reputasinya dalam kalangan pelanggan, kakitangan dan pihak berkepentingannya. Rangka kerja tadbir urus, pengurusan risiko dan kawalan dalaman Bank disepadukan dengan baik dan disokong oleh proses yang berkemampuan mencegah, mengesan dan bertindak balas terhadap sebarang potensi berlakunya aktiviti ketidakpatuhan atau penipuan. Prinsip yang digariskan dalam Rangka Kerja Pematuhan bertindak sebagai panduan penting bagi Bank seiring dengan perkembangan berterusannya untuk memenuhi keperluan kawal selia yang semakin ketat dan amalan terbaik industri.

Agrobank is committed to maintaining high standards of compliance as reflected in its core values, integrity and ethical standards at every level of the organisation. The Bank upholds high standards in ensuring the safety and soundness of its operation to minimise financial, reputational and operational risks that may arise from legal and regulatory non-compliance. These standards conform to the guidelines issued by Bank Negara Malaysia (BNM), which is the authority that regulates and supervises development financial institutions in the country.

Agrobank recognises that failure to comply with the relevant rules and procedures would negatively impact its reputation among customers, staff and stakeholders. The Bank's governance, risk management and internal control frameworks are well integrated and supported with adequate processes to prevent, detect and respond to potential non-compliance or fraudulent activities. The principles outlined in the Compliance Framework serve as an important guide for the Bank as it continuously evolves to meet increasingly stringent regulatory requirements and industry best practices.

Rangka kerja tersebut menyediakan asas bagi aspirasi ini, yang menjadi kerangka untuk membentuk fungsi pematuhan. The framework provides the foundation for this aspiration, from which the building blocks of the compliance functions are shaped.



PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE

Tadbir Urus Pematuhan

Oleh kerana pentingnya budaya pematuhan, Bank telah menjadikannya sebagai tanggungjawab semua kakitangan. Lembaga Pengarah menerajui dengan menunjukkan "teladan daripada pihak atasan" dan mendukung standard tingkah laku, amalan organisasi dan nilai korporat yang konsisten dengan keseluruhan tahap kesanggupan menanggung risiko. Jawatankuasa Lembaga Pengurusan Risiko (BRMC) bertanggungjawab mengawasi pengurusan risiko pematuhan dengan melaporkan tahap pematuhan undang-undang, peraturan, dasar dan prosedur dalaman. BRMC menyediakan hala tuju strategik bagi pengurusan risiko pematuhan, termasuk tindakan pengurangan risiko yang diperlukan sebelum dimaklumkan kepada Lembaga Pengarah pada setiap bulan.

Pihak pengurusan secara keseluruhannya bertanggungjawab terhadap keberkesanan pengurusan risiko pematuhan dengan menguatkuasakan budaya pematuhan yang kukuh di serata Bank. Ini dilakukan melalui pelaksanaan Rangka Kerja Pematuhan yang berkesan dengan disokong oleh program pematuhan yang ketat serta semakan pematuhan yang meluas secara berkala merentasi seluruh operasi.

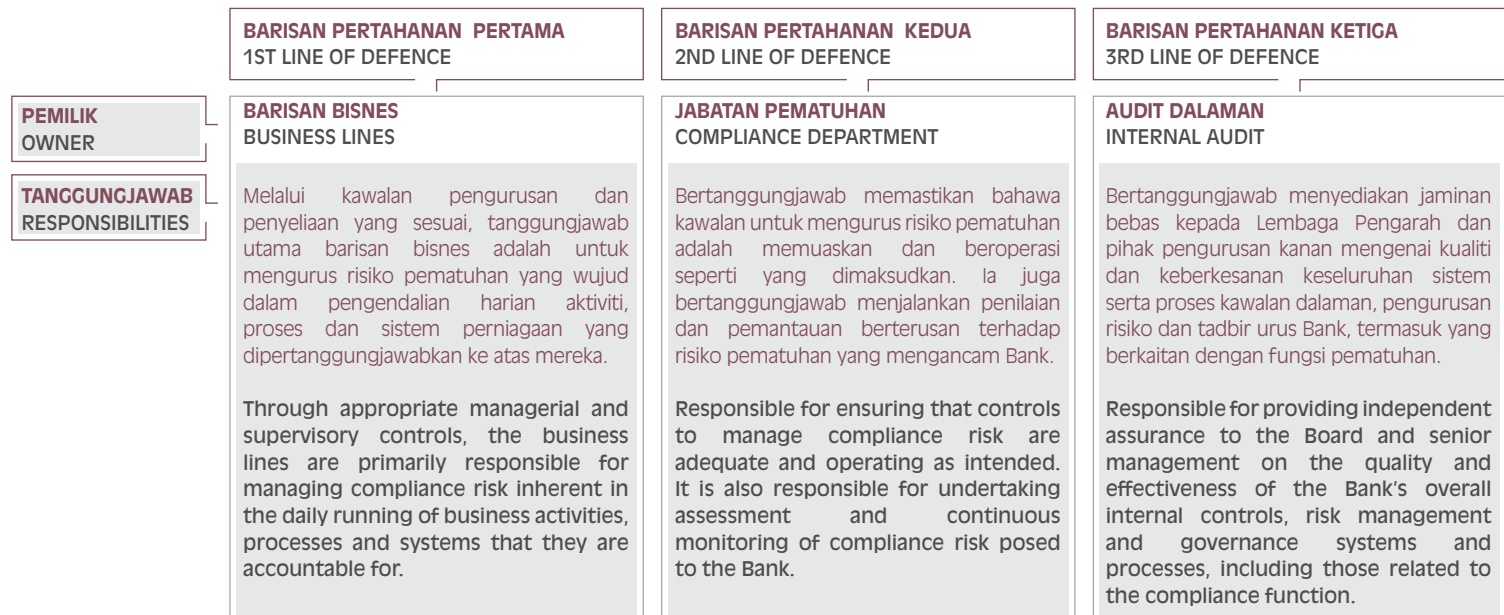
Bank maklum bahawa membina sebuah budaya pematuhan yang cemerlang bererti setiap seorang kakitangan dan individu yang mewakili Bank bertanggungjawab terhadap aktiviti beliau sendiri, termasuklah usaha untuk memahami keperluan pematuhan dalam skop tugasnya, mengawal selia sendiri aktiviti bagi memastikan pematuhan dan mengekalkan prinsip serta tingkah laku beretika dalam melaksanakan urusan perniagaan. Ini merupakan prinsip tiga barisan pertahanan yang diterapkan dalam Rangka Kerja Pematuhan. Hanya melalui kecemerlangan dalam pematuhan sahaja Bank dapat mewujudkan masa depan perbankan yang mampan dan terjamin, serta pada yang sama melahirkan perubahan yang positif serta berkekalan; menempatkan nilai pada insan serta keuntungan bagi pertumbuhan perniagaan dan kemampuan jangka panjang.

Compliance Governance

Due to its importance, the Bank inculcates compliance as the responsibility of all staff within the Bank. The Board takes the lead by setting the "tone from the top" and upholding standards of conduct, organisational practices and corporate values that are consistent with the overall risk appetite. The Board Risk Management Committee (BRMC) is responsible for overseeing the management of compliance risk where the state of compliance with laws, regulations, internal policies and procedures gets reported. The BRMC provides the strategic direction for compliance risk management including necessary mitigation actions prior to notation by the Board on a monthly basis.

The management is collectively responsible for the effective management of compliance risk by enforcing a strong compliance culture throughout the Bank. This is undertaken through the effective implementation of a Compliance Framework, which is supported by a rigorous compliance programme and extensive periodic compliance reviews across all operations.

The Bank acknowledges that building a culture of compliance excellence means that each and every individual staff and representative of the Bank is accountable for his/her own activities, including seeking to understand the compliance requirements within his/her job scope, self-regulating his/her activities to ensure compliance and maintaining ethical principles and behavior in the course of the business. These are the principles of the three lines of defence, which are embedded in the Compliance Framework of the Bank. Only through compliance excellence can the Bank create a sustainable and secure banking future that brings about positive and lasting change; placing value on people as well as profit for business growth and its long-term sustainability.



PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE

Jabatan Pematuhan

Jabatan Pematuhan membantu Bank mencapai objektifnya dengan membawakan pendekatan yang sistematik dan berdisiplin bagi menilai dan menambah baik integriti serta keberkesanan terhadap sistem pengurusan risiko dan kawalan bagi fungsi tadbir urus, pengurusan dan operasi. Justeru, Jabatan Pematuhan bertanggungjawab menyelaras proses mengenal pasti, menilai dan memantau risiko pematuhan di peringkat Bank serta memastikan bahawa ujian pematuhan dijalankan secara konsisten di seluruh Bank. Jabatan ini, yang diketuai oleh Ketua Pematuhan yang dilantik oleh Lembaga Pengarah, menasihati Lembaga Pengarah, pihak pengurusan kanan dan para pegawai Bank mengenai keperluan perundangan dan kawal selia.

Sebagai sebahagian daripada pengurusan risiko pematuhan, Jabatan Pematuhan juga bertanggungjawab melaporkan secara tetap penilaiannya kepada Lembaga Pengarah dan pihak pengurusan kanan. Bagi meningkatkan kesedaran mengenai keperluan kawal selia dan perundangan, jabatan ini menyediakan program latihan berstruktur serta program lain yang dapat membangkitkan kesedaran dengan tumpuannya merangkumi ibu pejabat dan cawangan.

Sebagai sebuah institusi perbankan Islam sepenuhnya, pematuhan terhadap prinsip Syariah merupakan sebahagian penting fungsi pematuhan di Bank. Mekanisme kawalan dalaman yang berkait dengan keperluan Syariah telah tersedia untuk memastikan Bank mematuhi prinsip Syariah pada setiap masa. Pelaksanaan kawalan Syariah yang berkesan akan mendorong keyakinan orang ramai dan meningkatkan reputasi Bank sebagai penyedia perkhidmatan kewangan Islam yang terkemuka.

Jabatan Pematuhan adalah bebas dan tidak termasuk dalam barisan bisnes. Ketua Pematuhan membuat laporan terus kepada Lembaga Pengarah serta Jawatankuasa Syariah mengenai perkara yang berkait dengan Syariah. Para pegawai yang menggalas fungsi pematuhan memiliki kelayakan serta pengalaman yang diperlukan, terutamanya berkenaan keperluan perundangan dan kawal selia yang relevan.

Jabatan Pematuhan disusun kepada empat fungsi bersilang disiplin seperti berikut:

Pengawalseliaan dan Tadbir Urus

Sebagai penghubung antara Bank dan agensi pengawalseliaan, seksyen ini menasihati Bank mengenai perkembangan terkini yang memberi kesan kepada keperluan perundangan dan kawal selia serta implikasinya terhadap profil risiko pematuhan dan keupayaan untuk mengurus risiko pematuhan dalam mengatur langkah seterusnya.

Pencegahan Pengubahan Wang Haram/Memerangi Pembiayaan Keganasan

Bank menyedari bahawa ia memainkan peranan yang kritikal dalam melindungi integriti sistem kewangan demi mencegah Bank daripada digunakan oleh penjenayah, atau menyebabkan individu ataupun entiti yang tidak bermoral melakukan mudarat atau menyebabkan kerugian kepada para pelanggannya, kerajaan, masyarakat dan dunia secara amnya. Sehubungan dengan itu, seksyen ini bertanggungjawab melaksana dan memantau langkah bagi mencegah pengubahan wang haram serta pembiayaan keganasan menurut Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Hasil daripada Aktiviti Haram 2001 serta garis panduan lain yang dikeluarkan oleh BNM.

Compliance Department

The Compliance Department assists the Bank to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the integrity and effectiveness of the Bank's systems of risk management and control for governance, management and operational functions. Hence, the Compliance Department is responsible for coordinating the process of identifying, assessing and monitoring of compliance risk at the Bank level and ensuring that compliance testing is carried out consistently across the Bank. The department, which is headed by the Head of Compliance appointed by the Board, advises the Board, senior management and officers of the Bank on legal and regulatory requirements.

As part of managing compliance risk, the Compliance Department is also responsible for reporting its assessment to the Board and senior management on a regular basis. To elevate awareness on regulatory and legal requirements, the department provides structured training programmes and other awareness raising programmes encompassing headquarters and branches.

Being a full-fledged Islamic bank, compliance with Shariah principles is an integral part of the compliance function in the Bank. Internal control mechanisms pertinent to Shariah requirements are in place to ensure that the Bank is in compliance with Shariah principles at all times. The effective implementation of Shariah controls promotes public confidence and enhances the Bank's reputation as a prominent Islamic financial services provider.

The Compliance Department is independent of business lines. The Head of Compliance reports directly to the Board, as well as to the Shariah Committee on matters that are related to Shariah. Officers undertaking the compliance function are equipped with the necessary qualifications and experience, particularly on relevant legal and regulatory requirements.

The Compliance Department is organised into four cross-disciplinary functions as follows:

Regulatory and Governance

As a liaison between the Bank and regulatory agencies, the section advises the Bank on new developments affecting legal and regulatory requirements as well as their implication on its compliance risk profile and capacity to manage compliance risk moving forward.

Anti-Money Laundering/Combating the Financing of Terrorism

The Bank recognises that it plays a critical role in protecting the integrity of the financial system to prevent the Bank from being used by criminals or unscrupulous individuals or entities to commit harm or losses to its customers, the government, society and the world at large. In this regard, this section is responsible for implementing and monitoring measures to prevent money laundering and financing of terrorism in accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, and other guidelines issued by BNM.

PENYATA PEMATUHAN STATEMENT ON COMPLIANCE

Semakan Syariah

Semakan Syariah melaksanakan penilaian secara tetap terhadap pematuhan Syariah merentasi semua aktiviti dan operasi Bank dengan objektif untuk memastikan bahawa aktiviti tersebut tidak melanggar Syariah. Fungsi ini melibatkan pemeriksaan dan penilaian tahap pematuhan Bank terhadap keperluan Syariah, langkah pemulihan dan pembetulan bagi menyelesaikan ketidakpatuhan serta mekanisme kawalan untuk mengelakkan berulangnya perkara tersebut.

Pengawasan Kawal Selia

Seksyen ini mengendali semakan secara bebas berhubung dengan pematuhan terhadap undang-undang, peraturan dan garis panduan, menyediakan khidmat nasihat berkenaan pelaksanaan garis panduan, undang-undang dan peraturan, di samping mengelola aktiviti yang bertujuan mengukuhkan budaya pematuhan serta keberkesannya bersandarkan program kesedaran, kempen, demonstrasi tugas serta kaji selidik.

Shariah Review

The Shariah Review performs regular assessment on Shariah compliance across all activities and operations of the Bank with the objective of ensuring that the activities do not contravene Shariah. The function involves the examination and evaluation of the Bank's level of compliance with Shariah requirements, remedial and rectification measures to resolve non-compliance and control mechanisms to avoid recurrences.

Regulatory Supervision

This section conducts independent reviews on compliance with the relevant laws, regulations and guidelines, provides advisory on the implementation of guidelines, law and regulations as well as conducts activities that are aimed at strengthening compliance culture and effectiveness by way of awareness, campaign, walkthrough and survey programmes.



PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE

Inisiatif Utama pada 2016/Key Initiatives in 2016

Fungsi pematuhan terus berevolusi pada 2016 dengan perkembangan dari segi skop dan keluasan tanggungjawab serta aktiviti yang selaras dengan penguatkuasaan Garis Panduan Pematuhan oleh BNM, khususnya dalam bidang pengawasan dan keperluan terhadap Pencegahan Pengubahan Wang Haram/Memerangi Pembiayaan Keganasan (AML/CFT). Fungsi pematuhan telah diperluaskan bagi mencakupi skop pematuhan yang baharu melibatkan pengawasan berkanun sebagai tambahan kepada pengawasan kawal selia.

Dengan bertambahnya kecanggihan dan keluasan jangkauan serta rangkaian dalam pengubahan wang haram dan pembiayaan keganasan (ML/TF) di peringkat global, maka ancaman ML/TF turut meningkat ke peringkat seterusnya. Sebagai tindak balas kepada keadaan ini, fungsi pematuhan telah diperkukuh menerusi pemantapan kawalan dan amalan AML/CFT agar aktiviti ML/TF yang diketahui dan baru muncul dapat ditangani secara proaktif dalam lingkungan Bank.

Menerusi rangka kerja pematuhan yang teguh dan penilaian risiko secara berterusan bagi mengenal pasti isu berisiko tinggi, konflik kepentingan yang berpotensi berlaku serta bidang untuk ditambah baik, Agrobank secara keseluruhannya berjaya mengekalkan tahap pematuhan yang memuaskan merentasi semua fungsi dan operasi.

Latihan dan kesedaran merupakan teras penting dalam membentuk budaya pematuhan di Bank. Demi menggapai matlamat ini, para pegawai pematuhan terus terlibat dalam latihan dan pensijilan pematuhan yang khusus agar mereka sentiasa mengikuti arus perkembangan semasa dan kekal teguh. Pada tahun ini, 20 peratus daripada kakitangan Bank berjaya menyempurnakan Pensijilan Lanjutan AML/CFT serta Pensijilan Pematuhan Kawal Selia yang ditawarkan oleh Institut Jurubank Berkanun Asia (AICB). Selain itu, para pegawai pematuhan turut terbabit dalam pelbagai program kesedaran yang diadakan sepanjang tahun bagi menggalak dan memupuk budaya pematuhan yang kukuh di Bank, termasuk mengambil bahagian dalam Jerayawara Kesedaran Perbankan Islam serta Jerayawara Tadbir Urus di Seluruh Negara.

The compliance functions continued to evolve in 2016 with expansion in terms of scope and breadth of responsibilities and activities in accordance with the enforcement of the Compliance Guidelines by BNM, particularly in the areas of supervision and on Anti-money Laundering/Combating of Financial Terrorism (AML/CFT) requirements. The compliance functions expanded to include the new scope of compliance involving statutory supervision in addition to regulatory supervision.

Increased sophistication and broader reach and networks in money laundering and terrorism financing (ML/TF) globally have elevated the ML/TF threat to the next level. In response to this, the compliance functions have been strengthened through the enhancement of AML/CFT controls and practices to proactively manage known and emerging ML/TF activities within the Bank.

Through a robust compliance framework and ongoing risk assessments to identify high-risk issues, potential conflicts of interest and areas for improvement, Agrobank successfully maintained a satisfactory overall compliance level across all functions and operations.

Training and awareness is a core part of setting the Bank's compliance culture. Towards this end, compliance officers are continuously involved in specific compliance training and certifications to remain current and robust. During the year, 20 per cent of the Bank's staff had successfully completed the Advanced Certification in AML/CFT and Certification in Regulatory Compliance offered by the Asian Institute of Chartered Bankers (AICB). In addition, compliance officers were also involved in various awareness programmes throughout the year to promote and instill a strong compliance culture within the Bank, including taking part in the Islamic Banking Awareness Roadshow and the Nationwide Governance Roadshow.

PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE

Keutamaan Strategik pada 2017/Strategic Priorities in 2017

Bagi 2017, fungsi pematuhan Bank akan terus menjajarkan aktiviti dengan keutamaan pelan perniagaan Bank, khususnya keutamaan untuk memantapkan dan menambah baik tanggungjawab serta tadbir urus korporat. Keutamaan tertinggi bagi fungsi pematuhan secara keseluruhannya pada 2017 adalah untuk mengukuh dan menerapkan dasar serta prosedur pematuhan demi meningkatkan integriti serta iltizam agar dapat mendukung budaya pematuhan yang utuh sepertimana yang ditekankan dalam Garis Panduan Pematuhan BNM.

For 2017, the Bank's compliance function will continue to align its activities with the priorities of the Bank's business plan, in particular the priority to enhance and improve corporate responsibility and governance. The overall top priority for compliance functions in 2017 is to enhance and embed compliance policies and procedures so as to elevate integrity and commitment, in order to uphold a strong compliance culture as underlined in BNM's Compliance Guidelines.

Antara keutamaan strategik yang telah dirancang pada 2017 adalah penambahbaikan proses, garis panduan dan sistem, terutamanya berkenaan AML/CFT serta pengenalan polisi atau prosedur pematuhan baharu bagi meneguhkan lagi penyelenggaraan dan pemeliharaan maklumat secara wajar agar data boleh diperoleh semula dengan mudah dan pantas pada bila-bila masa diperlukan atau apabila diminta oleh pihak berkuasa yang bertanggungjawab. Perkara ini seterusnya berpotensi mengurangkan kos pematuhan secara keseluruhan manakala meningkatkan keberkesanan.

Agrobank juga menyedari perlunya mengubah peranan jabatan pematuhan daripada sekadar menyediakan fungsi khidmat nasihat kepada memiliki pengaruh secara langsung terhadap pengurusan dan pemantauan risiko pematuhan. Oleh yang demikian, agar dapat memudahkan, menyokong dan mengurus risiko pematuhan dalam perniagaan dan operasi, suatu rangka kerja pematuhan yang baharu akan diperkenalkan bagi memasukkan Pegawai Pematuhan Diterapkan (ECO) serta Wakil Pematuhan (CR) di setiap bahagian. Kerjasama yang lebih erat diperlukan bagi memantap dan membangunkan selanjutnya struktur serta sistem pematuhan Bank.

Memandangkan fungsi pematuhan terus berkembang dari segi skop dan kerumitannya, maka keperluan serta permintaan terhadap para profesional bertauliah berkemungkinan akan bertambah. Ini juga merupakan tindak balas kepada perubahan peranan pegawai pematuhan daripada sekadar melaksanakan pematuhan dan bertindak terhadap keperluan pengawalseliaan kepada usaha memacu kemampunan kejayaan sebagai rakan niaga. Berpaksikan keadaan ini, Bank akan terus memantapkan kecekapan bakat di Jabatan Pematuhan dengan matlamat untuk terus memperluaskan sudut pandangan manakala meningkatkan pengetahuan serta kecekapan para pegawai pematuhan.

Suatu budaya integriti yang dipupuk menerusi program pendidikan dan kesedaran berpotensi mendorong keberkesanan pematuhan. Bersandarkan tujuan ini, inisiatif dan aktiviti pematuhan akan terus tertumpu kepada menggalak dan memelihara budaya pematuhan yang utuh menerusi pelbagai bentuk penglibatan dengan kakitangan Bank, termasuk menganjurkan program atau sesi pematuhan yang dikhususkan, jerayawara, dan juga pelaksanaan platform e-pembelajaran serta khidmat sokongan.

Amongst the strategic priorities set out in 2017 are the enhancement of processes, guidelines and systems particularly in AML/CFT and the introduction of new compliance policies or procedures to further strengthen the proper maintenance and preservation of information in a manner that allows data to be retrieved easily and quickly whenever required or as and when requested by the competent authorities. The latter can potentially reduce compliance's overall cost while increasing effectiveness.

Agrobank also recognises the need to transform the role of the compliance department from serving merely as an advisory function to having direct influence on compliance risk management and monitoring. Hence, in order to facilitate, support and manage compliance risk of business and operations, a new compliance framework will be introduced to include an Embedded Compliance Officer (ECO) and Compliance Representative (CR) in each division. Greater collaborative work is required to establish and further develop the Bank's compliance structure and systems.

As compliance functions continue to grow in scope and complexity, the need and demand for certified professionals is likely to increase. This is also in response to the changing role of compliance officer from the 'tick the box' exercise and responding to regulatory requirements to driving sustainable success as business partners. Premised on the above, the Bank will continue to enhance talent competency in the Compliance Department aimed at further broadening perspectives while enhancing the knowledge and competency of compliance officers.

A culture of integrity nurtured through education and awareness programmes can potentially drive compliance effectiveness. Towards this end, Compliance initiatives and activities will continue to focus on promoting and maintaining a strong compliance culture through various engagements with the Bank's staff including organising dedicated compliance programmes or sessions, roadshows as well as e-learning platform implementation and support services.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Bank for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are banking, financing, investment and servicing as provided under the Bank Pertanian Malaysia Berhad Act, 2008.

On 1 July 2015, the Bank became a Full Fledged Islamic Bank whereby all its activities are now conducted in compliance with Shariah principles.

RESULTS

	RM'000
Profit before tax and zakat	197,891
Tax	(59,633)
Zakat	(2,223)
Net profit for the year	136,035

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Bank are as follows:

	RM'000
In respect of the financial year ended 31 December 2015, a final dividend of 1.19 sen on 1,000,000,000 ordinary shares declared on 30 June 2016 and paid on 20 July 2016.	11,900

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year ended 31 December 2016 of 2.00 sen on 1,000,000,000 ordinary shares of RM1.00 each, amounting to dividend payable of RM20,000,000 will be proposed for shareholder's approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

ISSUE OF SHARES AND DEBENTURES

The Bank has not issued any new shares or debentures during the financial year.

DIRECTORS' REPORT

SHARE OPTIONS

No options have been granted by the Bank to any party during the financial year to take up unissued shares of the Bank.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year, there were no unissued shares of the Bank under options.

DIRECTORS

The following directors served on the Board of the Bank since the end of the previous financial year and at the date of this report:

YBhg Tan Sri Mohamad Zabidi bin Zainal (Chairman)
(appointed on 29 July 2016)

Encik Ng Chih Kaye

YBhg Dato' Dr Mohamad Hashim bin Ahmad Tajudin

YBhg Datin Setia Shahariah binti Hashim
(appointed on 1 July 2016)

Puan Azizah binti Abdul Rahman
(appointed on 1 July 2016)

YBhg Datuk Seri Dr. Ismail bin Haji Bakar
(appointed on 1 July 2016)

YBhg Dato' Dr. Yusof bin Ismail
(appointed on 14 December 2016)

Tuan Haji Ibrahim bin Hassan
(appointed on 1 March 2017)

YBhg Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah
(President/Chief Executive Officer)

YBhg Datuk Johar bin Che Mat
(retired on 1 July 2016)

YBhg Datin Rashidah binti Mohd Sies
(retired on 1 July 2016)

YBhg Dato' Mohd Arif bin Ab Rahman
(resigned on 1 July 2016)

YBhg Datin Seri Hajah Ruzaina binti Wan Haniff
(resigned on 31 August 2016)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Bank during and at the end of the financial year.

There were no arrangements during and at the end of the financial year which had the objective of enabling directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other corporate body.

Since the end of the previous financial year, no director has received or to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors from the Bank and related corporations, or the fixed salary of a full time employee of the Bank as disclosed in Note 34 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

OTHER STATUTORY INFORMATION

- (a) Before the statement of financial position and statement of comprehensive income of the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to so realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Bank which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Bank misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Bank which has arisen since the end of the financial year other than those arising from the normal course of business of the Bank.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the directors:

- (i) no contingent liability 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 will or may affect the ability of the Bank to meet their obligations as and when they fall due other than the claim made by borrowers as disclosed in Notes 25(a)(iv) and 33 to the financial statements. Risk on contingent liability disclosed in Note 33 is not to be borne by the Bank; and
- (ii) no item or 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 the operations of the Bank for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 12 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 38 to the financial statements.

HOLDING COMPANY

Bank Pertanian Malaysia Berhad (the "Bank") is wholly-owned by the Minister of Finance (Incorporated) on behalf of the Government of Malaysia.

AUDITORS

The auditors, Messrs. Ernst and Young, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2017.



TAN SRI MOHAMAD ZABIDI BIN ZAINAL



DATO' WAN MOHD FADZMI
BIN CHE WAN OTHMAN FADZILAH

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **TAN SRI MOHAMAD ZABIDI BIN ZAINAL** and **DATO' WAN MOHD FADZMI BIN CHE WAN OTHMAN FADZILAH** being two of the directors of **BANK PERTANIAN MALAYSIA BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 165 to 263 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2016 and of the results and cash flows of the Bank for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2017.



TAN SRI MOHAMAD ZABIDI BIN ZAINAL



**DATO' WAN MOHD FADZMI
BIN CHE WAN OTHMAN FADZILAH**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

We, **MASAAT BINTI AWADZ** and **DATO' WAN MOHD FADZMI BIN CHE WAN OTHMAN FADZILAH**, being the Chief Finance Officer and Chief Executive Officer, respectively, of the Bank who are primarily responsible for the financial management of **BANK PERTANIAN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 165 to 263 are in our opinion, correct and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



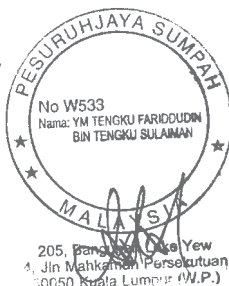
MASAAT BINTI AWADZ



**DATO' WAN MOHD FADZMI
BIN CHE WAN OTHMAN FADZILAH**

Subscribed and solemnly declared by the above named
MASAAT BINTI AWADZ and **DATO' WAN MOHD FADZMI BIN CHE WAN OTHMAN FADZILAH**
at **KUALA LUMPUR** in the Federal Territory on 29 March 2017.

Before me,



COMMISSIONER FOR OATHS

SHARIAH COMMITTEE'S REPORT

In the Name of Allah, The Compassionate, The Most Merciful

Assalamualaikum Warahmatullahi Wabarakatuh

To the shareholder, depositors and customers of Bank Pertanian Malaysia Berhad (the "Bank"):

In compliance with the letter of appointment, we are required to submit the following report in relation to the operations of the Bank.

We have reviewed the Shariah principles and the contracts relating to the transactions and applications introduced by the Bank during the financial year ended 31 December 2016. We have also conducted our review to form an opinion as to whether the operations of the Bank have complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and the Shariah Committee of the Bank.

With regard to the above, the management of the Bank is responsible for ensuring that the Bank conducts its operations in accordance with Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia and the Shariah Committee of the Bank. It is our responsibility to form an independent opinion in respect of the operations of the Bank, based on our review of the operations of the Bank and to report to you.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Bank.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles.

In our opinion:

- (a) The contracts, transactions and dealings entered by the Bank during the financial year ended 31 December 2016 that we have reviewed are in compliance with Shariah. For cases which have been identified as not fulfilling certain requirement under Shariah principles and rulings, remedial measures have been identified and ongoing rectification efforts on the affected accounts are currently being implemented. In the event the affected accounts cannot be rectified, the income will not be recognised as the Bank's income.
- (b) The main sources and investments of the Bank disclosed to us conform to the basis that had been approved by us in accordance with Shariah rules and principles.
- (c) The allocation of profit and charging of losses relating to the Bank's assets and liabilities conform to the basis that had been approved by us in accordance with Shariah principles.
- (d) All earnings that have been realised from sources or by means prohibited under Shariah will be channelled for charitable purposes.
- (e) The calculation of zakat is in compliance with Shariah principles.

We, **DR. MOHAMED FAIROOZ BIN ABDUL KHIR** and **DR. MOHAMAD SABRI BIN ZAKARIA**, being two of the members of the Shariah Committee of the Bank, to the best of our knowledge, do hereby confirm on behalf of the members of the Shariah Committee, that the operations of the Bank for the financial year ended 31 December 2016 have been conducted in conformity with Shariah.



DR. MOHAMED FAIROOZ BIN ABDUL KHIR
Chairman of the Committee



DR. MOHAMAD SABRI BIN ZAKARIA
Member of the Committee

Kuala Lumpur, Malaysia
29 March 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PERTANIAN MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Pertanian Malaysia Berhad, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 165 to 263.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 1965 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 33 to the financial statements which describes the uncertainty relating to the contingent liabilities arising from legal suits against the Bank. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Bank that give a true and fair view in accordance with MFRS, IFRS and the requirement of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Bank, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PERTANIAN MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Bank, 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 our 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.
- 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Bank, including the disclosures, and whether the financial statements of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
29 March 2017



MUHAMMAD SYARIZAL BIN ABDUL RAHIM
No. 03157/01/2019 J
Chartered Accountant

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Income derived from investment of depositors' funds and others	5(a)	593,550	563,930
Income derived from investment of shareholder's funds	5(b)	228,565	231,712
Allowance for impairment	6	(18,797)	(39,846)
Allowance for impairment on investment securities	7	-	(39)
Total distributable income		803,318	755,757
Income attributable to depositors	8	(158,532)	(168,903)
Total net income		644,786	586,854
Personnel expenses	9	(245,286)	(239,573)
Other overheads and expenditures	10	(147,708)	(139,821)
Finance cost	11	(9,848)	(9,704)
Compensation claim	12	(44,053)	(32,711)
Profit before tax and zakat		197,891	165,045
Tax expense	13	(59,633)	(43,559)
Zakat	14	(2,223)	(2,072)
Net profit for the year		136,035	119,414
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Financial investments available-for-sale			
Unrealised net gain on fair value changes		22,185	858
Transfer to profit or loss on disposal		(4,407)	(47,196)
Income tax relating to components of other comprehensive income		(4,255)	11,121
Other comprehensive income/(loss) for the year, net of tax		13,523	(35,217)
Total comprehensive income for the year		149,558	84,197

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
ASSETS				
Cash and short term funds	15	1,187,627	771,732	1,302,849
Deposits and placements with financial institutions	16	-	12,376	-
Investment securities	17	4,115,191	4,104,689	4,056,444
Financing and advances	18	8,270,863	6,986,692	6,129,653
Other advances	19	52,054	74,465	163,669
Other assets	20	97,439	97,436	89,926
Property, plant and equipment	21	152,596	163,382	179,287
Intangible assets	22	20,617	21,365	25,713
Deferred tax assets	23	41,187	60,602	60,280
TOTAL ASSETS		13,937,574	12,292,739	12,007,821
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	24 (a)	7,044,906	5,904,953	6,169,033
Deposit and placement of banks and other financial institutions	24 (b)	1,623,265	1,135,697	685,249
Other liabilities				
Other payables and accruals	25 (a)	203,409	280,333	338,658
Paddy credit gratuity scheme	25 (b)	2,275	2,330	2,262
Financing Scheme Funds	26	1,616,601	1,611,407	1,482,949
Government Grants				
Operating	27	26,044	27,584	29,948
Launching	28	6,046	8,471	11,967
Funds	29	792,997	837,591	837,579
Total Liabilities		11,315,543	9,808,366	9,557,645
Equity				
Share capital	30	1,000,000	1,000,000	1,000,000
Reserves	31	1,622,031	1,484,373	1,450,176
Total Equity		2,622,031	2,484,373	2,450,176
TOTAL LIABILITIES AND EQUITY		13,937,574	12,292,739	12,007,821
Commitments and Contingencies	33	6,732,481	6,646,904	572,718

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Non-distributable reserves			Distributable reserves	Total RM'000
	Share capital RM'000	Statutory reserves RM'000	Investment revaluation deficit RM'000	Retained earnings RM'000	
As at 1 January 2016	1,000,000	487,109	(63,059)	1,060,323	2,484,373
Net profit for the year	-	-	-	136,035	136,035
Other comprehensive income for the year	-	-	13,523	-	13,523
Total comprehensive income for the year	-	-	13,523	136,035	149,558
Dividends paid (Note 32)	-	-	-	(11,900)	(11,900)
At 31 December 2016	1,000,000	487,109	(49,536)	1,184,458	2,622,031
As at 1 January 2015	1,000,000	487,109	(27,842)	990,909	2,450,176
Net profit for the year	-	-	-	119,414	119,414
Other comprehensive loss for the year	-	-	(35,217)	-	(35,217)
Total comprehensive (loss)/income for the year	-	-	(35,217)	119,414	84,197
Dividends paid (Note 32)	-	-	-	(50,000)	(50,000)
At 31 December 2015	1,000,000	487,109	(63,059)	1,060,323	2,484,373

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat	197,891	165,045
Adjustments for:		
Net allowance for impairment on financing and advances	69,721	53,155
Net allowance for impairment on other advances	(1,402)	10,381
Allowance for impairment on investment securities	-	39
Depreciation of property, plant and equipment	22,796	23,694
Amortisation of prepaid lease payment	75	75
Amortisation of computer software	14,894	16,610
Finance cost	9,848	9,704
Write off of property, plant and equipment	664	268
Write off of intangible assets	520	228
Gain on disposal of investment securities	(12,275)	(46,520)
Dividends from investment securities	(37)	(307)
Government funds recovered	1,056	744
Amortisation of:		
Special Fund for Terengganu Fishery ("DKSP")	-	(160)
Government Grant - Operating	(1,540)	(2,364)
Government Grant - Launching	(1,705)	(1,736)
Operating profit before working capital changes	300,506	228,856
Change in financing and advances	(1,353,892)	(835,836)
Change in other assets	12,017	(7,510)
Change in deposits with financial institutions	12,376	(12,376)
Change in deposits from customers	1,139,953	(264,080)
Change in deposit and placement of banks and other financial institutions	487,568	450,448
Change in other payables and accruals	(79,147)	(58,325)
Change in paddy credit gratuity scheme	(55)	68
Cash generated from/(used in) operating activities	519,326	(498,755)
Tax paid	(32,680)	(43,396)
Zakat paid	-	(798)
Net cash generated from/(used in) operating activities	486,646	(542,949)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(1,301,120)	(83,875)
Purchase of property, plant and equipment	(12,749)	(8,132)
Purchase of computer software	(14,666)	(12,490)
Proceeds from disposal of investment securities	1,320,671	49,600
Dividends received from investment securities	37	307
Net cash used in investing activities	(7,827)	(54,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid on financing scheme funds	(9,682)	(9,773)
Additional fund received from financing scheme funds	32,619	201,011
Additional fund received from government grants funds	5,792	-
Repayments of financing scheme funds	(79,033)	(73,056)
Government grants- Launching utilised	(720)	(1,760)
Dividends paid	(11,900)	(50,000)
Net cash (used in)/generated from financing activities	(62,924)	66,422
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	415,895	(531,117)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	771,732	1,302,849
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,187,627	771,732
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds (Note 15)	1,187,627	771,732

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. CORPORATE INFORMATION

Bank Pertanian Malaysia Berhad ("the Bank") is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activities of the Bank are banking, financing, investment and related services as provided under the Bank Pertanian Malaysia Berhad Act, 2008.

On 1 July 2015, the Bank became a Full Fledged Islamic Bank whereby all its activities are now conducted in compliance with Shariah principles.

The registered office is at Level 3, Bangunan Agrobank, Leboh Pasar Besar, 50726 Kuala Lumpur, Malaysia.

The principal place of business of the Bank is at Bangunan Agrobank, Leboh Pasar Besar, 50726 Kuala Lumpur, Malaysia.

The immediate and ultimate holding company of the Bank is the Ministry of Finance (Incorporated) on behalf of the Government of Malaysia.

The financial statements have been approved and authorised for issuance by the Board of Directors in accordance with a resolution dated 29 March 2017.

2. BASIS OF PREPARATION

The financial statements of the Bank have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The Bank presents the statement of financial position in order of liquidity.

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM), which is the Bank's functional currency, and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.3 Change in presentation

From 1 July 2015, the Bank became a Full Fledged Islamic Bank. Hence, the presentation of the financial statements complies with the guideline from BNM on Financial Reporting for Islamic Banking institutions.

The remaining conventional loans and non-shariah compliant assets are now shown as a separate line item on the face of the statement of financial position and are referred to as Other advances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Summary of significant accounting policies

(a) Basis of accounting

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, except for the adoption of the MFRSs, amendments to MFRSs, Issues Committee ("IC") Interpretations and Technical Releases as disclosed in Note 3.2.

(b) Revenue recognition

(i) Profit income

Profit income is recognised in the statement of comprehensive income for all profit-bearing financial instruments classified as Held-to-Maturity ("HTM"), Available-for-Sale ("AFS") or Financing and Advances using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the profit income or profit expense over the relevant periods. The effective profit rate is the rate that is used to discount the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income receivable or expense payable on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating effective profit, the Bank estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective profit rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective profit is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

(ii) Murabahah and Tawarruq

Murabahah and Tawarruq income is recognised on an effective profit rate basis over the period of the contract based on the financing amounts disbursed.

(iii) Bai-Al Inah and Bai-Bithaman Ajil

Bai-Al Inah and Bai-Bithaman Ajil income is recognised on an effective profit rate basis over the contract term of the financing amount.

(iv) Ujrah

Ujrah income is recognised on an effective profit rate based on residual value and contract term.

(v) Fees and commissions

Unless included in the effective profit calculation, fees and commissions are recognised based on an accrual basis upon rendering of services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(b) Revenue recognition (cont'd)

(vi) Dividend income

Dividends are recognised when the right to receive payment is established, which is when the dividends are received or deemed received for unquoted shares and as for quoted shares, dividends are recognised once declared.

(vii) Rental income

Income from rental is recognised on an accrual basis in accordance with the terms of the agreement.

(c) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Grants from the Government of Malaysia consist of the following:

(i) Government grants - Operating (Note 27)

Unutilised operating grants are shown separately from the Bank's other sources of funds. Operating grants received for capital expenditure are recognised as deferred capital grants in the statement of financial position. The grants are amortised to profit or loss on a systematic basis over the useful life of the assets. Operating grants for development expenditure is deducted from the operating grants upon utilisation.

(ii) Government grants - Launching (Note 28)

Launching grants received for capital expenditure are recognised as deferred capital grant in the statement of financial position. The grants are amortised to profit or loss on a systematic basis over the useful life of the assets. Launching grants for development expenditure is deducted from the launching grants upon utilisation.

(iii) Government grants - Funds (Note 29 (a) - (i))

Government grant funds received to provide financing to eligible customers are recognised as deferred capital grant in the statement of financial position. The government grant is also utilised against credit losses and charges arising from these financing.

(iv) Government grants - financing scheme funds (Note 29 (j) - (n))

The benefit of financing scheme funds at a below-market rate of profit is treated as a Government grant. The financing scheme funds are recognised as a financial liability, and measured in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement". The Government grant for financing scheme funds are measured at inception as the difference between the initial carrying value of the Government financing determined in accordance with MFRS 139 and the proceeds received. Government grant for financing scheme funds are recognised in the statement of comprehensive income (Note 11) on a systematic basis over the periods in which the Bank recognise as expenses the related costs for which the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(d) Financial assets and liabilities

(1) Initial recognition and subsequent measurement

Financial instruments are classified into the following categories - financing and advances, financial investments HTM and financial investments AFS. Management determines the classification of financial instruments at initial recognition.

(i) Financing and advances

Financing and advances that consist of Murabahah, Qard, Bai-Al Inah, Bai-Bithaman Ajil and Tawarruq contracts are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified in this category include cash and balances with banks and financing and advances. These financial assets are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective yield method less accumulated impairment loss and unearned profit. Profit income on financing and advances is recognised as "Profit Income" in profit or loss. Impairment losses on financing and advances are recognised in profit or loss as "Allowance for impairment on financing and advances".

(ii) Held-to-maturity ("HTM")

Financial investments HTM are quoted non-derivative financial assets with fixed or determinable payments that management has the intention and ability to hold to maturity. These financial assets are initially recognised at fair value including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method. Profit on investments HTM is included in "Profit Income" in profit or loss. Impairment losses, if any, are recognised in profit or loss as "Allowance for impairment on investment securities". Regular way purchases and sales of financial investments HTM are recognised at settlement date. If the Bank was to sell or reclassify more than an insignificant amount of financial investments HTM before maturity, the entire category would be tainted and be reclassified to AFS. Furthermore, the Bank would be prohibited from classifying those financial assets as HTM for the following two years.

(iii) Available-for-sale ("AFS")

Financial investments AFS are non-derivative financial assets that are designated as AFS and are not categorised into any of the other categories above. Financial investments AFS include financial assets that are intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in market conditions. These financial assets are initially recognised at fair value including direct and incremental transaction costs, and subsequently measured at fair value.

Gains and losses arising from changes in fair value are recognised in the statement of comprehensive income under other comprehensive income, except for impairment losses, which are recognised in profit or loss. If a financial investment AFS is determined to be impaired, the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Likewise, upon disposal of financial investments AFS, the cumulative fair value gain or loss recognised in equity is also transferred to profit or loss. Profit income on financial investments AFS is included as profit income in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Bank's right to receive payment is established. Regular way purchases and sales of financial investments AFS are recognised at settlement date.

(iv) 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. Financial liabilities measured at amortised cost include deposits from customers and financing scheme funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(d) Financial assets and liabilities (cont'd)

(2) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or when the rights to receive future cash flows from the assets have been transferred to a third party and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they are redeemed or extinguished.

(3) Determination of fair value

The Bank measures financial investments AFS at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the assets or liabilities, or
- (ii) In the absence of a principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between fair value hierarchy levels by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(d) Financial assets and liabilities (cont'd)

(4) Impairment of financial assets

(i) Financing and advances

Financing and advances ("financing") of the Bank are classified as impaired when they fulfill either of the following criteria:

- (1) principal or profit or both are past due for three (3) months or more;
- (2) where a financing is in arrears for less than three (3) months, but exhibits indications of credit weaknesses; or
- (3) where an impaired financing has been rescheduled or restructured, the financing will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months for non-retail financing and three (3) months for retail financing.

For the determination of impairment on financing, the Bank conducts assessments at each reporting period whether there is any objective evidence that a financing or a group of financing is impaired. A financing or a group of financing is impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (i.e. an "incurred loss event") and that loss event has an impact on the estimated future cash flows of the financing or group of financing that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment includes:

- (1) any significant financial difficulty of the obligor;
- (2) a breach of contract, such as a default or delinquency in profit or principal payments;
- (3) a high probability of bankruptcy or other financial reorganisation of the obligor;
- (4) concerns over the viability of the obligor's business operations and its capacity to trade successfully out of financial difficulties and to generate sufficient cash flows to service its debt obligations; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(d) Financial assets and liabilities (cont'd)

(4) Impairment of financial assets (cont'd)

(i) Financing and advances (cont'd)

The Bank first assesses individually whether objective evidence of impairment exists for financing which are individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financing, the financing is then included as a part of collective assessment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the financing carrying amount and the present value of the estimated future cash flows. The carrying amount of the financing is impaired through the use of an allowance account and the impaired amount of loss is recognised in profit or loss. Where appropriate, the calculation of the present value of estimated future cash flows of a collateralised financing reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

For collective assessment, the non-impaired financing and impaired financing which are not individually significant are grouped on the basis of homogeneous risk characteristics that are indicative of the customers' ability to pay all amounts due according to the contractual terms. The collective impairment is computed by multiplying the exposure with the Probability of Default ("PD") and Loss Given Default ("LGD"). The PD is based on migration or regression analysis and the LGD is determined by using the collateral shortfall method. Where a financing is uncollectible, it is written off against the related allowance for financing impairment. Such financing are only written off after the necessary procedures have been completed and the amount of the loss has been determined.

In addition, the Bank has commenced time triggered write off for uncollectible financing. The collection process for all time triggered write off financing remains on going until all legal recourse are exhausted.

Subsequent recoveries of the amounts previously written off are recognised in profit or loss.

Where a financing shows evidence of credit weaknesses, 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 repayments are made promptly for a continuous period. Where an impaired financing is renegotiated, the customer must adhere to the revised and/or restructured repayment terms for a continuous period of six months for non-retail financing and three months for retail financing before the financing is classified as non-impaired. These financing continue to be subjected to individual or collective impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(d) Financial assets and liabilities (cont'd)

(4) Impairment of financial assets (cont'd)

(ii) Financial investments AFS

The Bank assesses at each reporting period whether there is objective evidence that a financial investment classified as AFS is impaired. In the case of quoted equity investments, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether objective evidence of impairment exists. Where such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised) is removed from equity and recognised in profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For AFS debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(iii) Financial investments HTM

The Bank assesses at each reporting period whether objective evidence of impairment of financial investments HTM exists as a result of one or more loss events and that loss event has an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated. Where there is objective evidence of impairment, an impairment loss is recognised as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognised.

(e) Foreign currency

In preparing the financial statements of the Bank, transactions in currencies other than the Bank's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(f) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(f) Income tax (cont'd)

(ii) Deferred tax

Deferred tax is provided for, using the "liability" method, on temporary differences as of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arising from goodwill or from the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intends to settle its current tax assets and liabilities on a net basis.

(g) Employees' benefit

(i) Short-term benefit

Wages, salaries, other fixed remuneration and bonuses are recognised as expenses in the year that services have been rendered by the employees. Short term accumulated compensated annual leave is limited to 120 days throughout the service tenure and is recognised when service have been rendered. With the approval of the head of department, the annual leave is allowed to be carried forward for a maximum period of two (2) years after which it will be forfeited and no compensation will be paid. Medical leave is recognised when the absences occur.

(ii) Defined contribution plan

The Bank is required by law to make monthly contributions to the Employees Provident Fund ("EPF") at certain prescribed rates based on the employees' salaries. Such contributions are recognised as an expense in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(g) Employees' benefit (cont'd)

(iii) Retirement benefit

Eligible staff are entitled for a lump sum gratuity payment upon attainment of normal retirement age of 60 years or early retirement age of 45 years for female employees and 50 years for male employees. The gratuity payment is equivalent to 0.75 of their last drawn salary multiplied by the number of years of service and a leave replacement benefit payment equivalent to 4 times their last drawn salary.

The retirement benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for actuarial gains or losses and unrecognised past service cost reflecting only the number of years of service completed up to the reporting date.

The defined benefit obligation, calculated using the projected unit credit method, by discounting the estimated future cash outflows using market yields at the end of the reporting period on Government Investment Issue which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. The actuarial gains or losses are not subsequently reclassified to profit or loss in subsequent periods.

(iv) Voluntary Separation Scheme

A Voluntary Separation Scheme ("VSS") for Bank staff was approved for implementation by the Board of Directors on 14 May 2015. Subsequent to the Board of Directors' approval, the Bank had sought the approval of Minister of Finance (Incorporated). The scheme was approved on 15 September 2015.

Through the implementation of the scheme, staff have been given the opportunity to consider voluntarily opting out from their contract of employment with the Bank in exchange for compensation package offered by the VSS.

(h) Impairment of non-financial assets

The carrying amount of property, plant and equipment and intangible assets are reviewed to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and work in progress are not depreciated.

Property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost less residual value of the assets over their estimated useful lives. The annual depreciation rates used are as follows:

Buildings	2%
Motor vehicles	20%
Furniture and fixtures	20%
Equipment and office machines	10%
Computer hardware	20%

Where parts of items of property, plant and equipment have different useful lives, the cost of the items is allocated on a reasonable basis and is depreciated separately.

Leasehold land is depreciated over the period of its respective leases.

At each reporting period, the residual values and useful lives of the property, plant and equipment are reviewed, and the effect of any changes is recognised prospectively. Gain or loss arising from the disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Costs of repair and maintenance are charged to profit or loss in the year in which the costs are incurred.

(j) Intangible assets

Intangible assets consist of computer software which are initially recorded at cost. Subsequent to the recognition, computer software are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives of 3 years. Gain or loss arising from the disposal of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense when it is incurred, unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably.

(k) Leases

Leases are classified as finance lease or operating lease. Leases are classified as finance leases where the Bank assumes substantially all the risks and rewards of ownership of the assets. Assets under operating leases are not recognised in the statement of financial position as the risks and rewards rest with the lessor.

Lease rental is charged to profit or loss on the straight-line basis over the lease term. Benefits received or receivable as an incentive to enter into an operating lease are recognised on the straight-line basis over the lease term. However, contingent rentals arising from operating leases are recognised as an expense in a manner consistent with the basis on which they are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Summary of significant accounting policies (cont'd)

(l) Foreclosed properties

Foreclosed properties are those acquired in order to settle the debts and are stated at the lower of cost and net realisable value.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

(n) Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

(o) Cash flows statement

The Bank adopts the indirect method in the preparation of cash flows statement.

(p) Cash and cash equivalents

For the purposes of the cash flows statement, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value.

3.2 Changes in accounting policies

On 1 January 2016, the Bank adopted the following amended MFRS and Interpretation of the Issues Committee ("IC Interpretations") mandatory for annual financial periods beginning on or after 1 January 2016:

Annual Improvements to MFRSs 2012–2014 Cycle
 Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
 Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
 MFRS 14 Regulatory Deferral Accounts
 Amendments to MFRS 101 Disclosure Initiative
 Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
 Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
 Amendments to MFRS 127 Equity Method in Separate Financial Statements

The adoption of the MFRS and amendments to MFRS above did not have any material impact on the financial statements of the Bank in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRS and amendments to MFRS have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Bank.

Effective for financial periods beginning on or after 1 January 2017

Annual Improvements to MFRS Standards 2014–2016 Cycle
Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Annual Improvements to MFRS Standards 2014–2016 Cycle
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions
Clarifications to MFRS 15
Amendments to MFRS 140 Transfers of Investment Property

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

Effective for financial periods to be determined by the Malaysian Accounting Standards Board ("MASB")

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Bank upon their initial application except as described below:

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Standards issued but not yet effective (cont'd)

MFRS 9 Financial Instruments: Classification and measurement

MFRS 9 has three measurement categories - amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments is required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest/profit. For financial liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch.

MFRS 9 Financial Instruments: Impairment

The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income and certain loan commitments as well as financial guarantee contracts. At initial recognition, allowance for impairment is required for expected credit losses ("ECL"). In the event of a significant increase in credit risk, allowance for impairment is required for ECL resulting from all possible default events over the expected life of the financial instrument. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

MFRS 9 Financial Instruments: Hedge accounting

The requirements per general hedge accounting have been simplified for hedge effectiveness testing and may result in more designation of hedged items for accounting purposes.

The Bank is in the process of assessing the financial implication for adopting the MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expense, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements made in the application of accounting policies

The following judgments are made by the management in the process of applying the Bank's accounting policies that have the most significant impact on the financial statements.

(a) Accounting for government assistance

In carrying out its mandated role, the Bank receives various assistance from the Malaysian government either in the form of grant or financing. There are also arrangements where the Bank acts as an agent for the government in managing funds, and this arrangement is treated off-balance sheet. Judgment has been applied by management to determine the classification of government assistance whether as grants, financing or off-balance sheet.

(b) Impairment allowance of financing and advances

The Bank reviews doubtful financing and advances at each reporting date to assess whether allowances for impairment should be recorded in the financial statements. In particular, judgement is required in the identification of impaired financing, and the estimation of realisable amount from impaired financing when determining the level of allowance required (Note 6).

Under MFRS 139, collective impairment assessment is performed on financing and advances which are not individually significant based on the incurred loss approach. Financing and advances which are individually assessed and where there is no objective evidence of impairment are also included in the group of financing and advances that are pooled into groups with similar credit risk characteristics. Probability of default is computed based on historical loss experience for such assets while the Loss Given Default is computed based on samples of cash recovery of historical financing written off and paid off. Management's judgement is applied in selecting samples of the financing written off and paid off.

(c) Impairment assessment of AFS financial investments

The Bank records impairment charges on AFS financial investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of AFS financial investments is less than its cost (Note 7).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Fair value estimation of AFS financial investments

The fair value of securities that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the reporting date, including reference to quoted market prices and independent dealer quotes for similar securities and discounted cash flow method (Note 35(B)).

(b) Provision for compensation claim

Provision for compensation claim is the amount that an entity would rationally pay to settle the obligation estimated at the end of the reporting period. The estimates of outcomes and financial effect are determined by the judgement of the management of the Bank and supplemented by opinions from legal counsels and reports from independent experts (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INCOME DERIVED FROM INVESTMENT OF:

(a) Depositors' funds and others

	2016 RM'000	2015 RM'000
(i) Term deposits	381,981	349,983
(ii) Other deposits	211,569	213,947
	593,550	563,930

(i) Income derived from investment of term deposits

	Note	2016 RM'000	2015 RM'000
Finance income and hibah			
Profit from financing		249,488	189,310
Profits from investment securities:			
Deposits with banks and other financial institutions		17,875	10,995
Financial investments - HTM		1,205	2,703
Financial investments - AFS		70,717	64,626
Accretion of discount less amortisation of premium		5,244	4,211
Gain on disposal of investment securities:			
Net gain on disposal of AFS		6,063	2,269
Dividend income		18	20
Fee Income			
Financing processing fees		1,366	1,208
Banking service fees		16,334	11,705
Ar Rahnun fees		13,671	9,254
Conventional Income	(i)	-	53,682
Total income derived from investment of term deposits		381,981	349,983
Of which:			
Profit income earned on impaired financing and advances		10,201	7,679

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INCOME DERIVED FROM INVESTMENT OF: (cont'd)

(a) Depositors' funds and others (cont'd)

(i) Income derived from investment of term deposits (cont'd)

(l) Conventional Income*

	2016 RM'000	2015 RM'000
Conventional income comprises of :		
Interest Income		
Loans	-	8,953
Fee Income		
Service charges and fees	-	191
Investment Income		
Net gain on disposal of AFS	-	44,251
Dividend income	-	287
Total Conventional Income	-	53,682

* Income from conventional banking activities from 1 January 2015 to 30 June 2015 is accounted for as conventional income and such recognition has been approved by the Bank's Shariah Committee on 10 February 2014. Effective from 1 July 2015, income derived from Non-Shariah Assets are not recognised in the statement of comprehensive income but recorded as a liability as disclosed in Note 25(a) to the financial statements and are to be channelled to charity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INCOME DERIVED FROM INVESTMENT OF: (cont'd)

(a) Depositors' funds and others (cont'd)

(ii) Income derived from investment of other deposits

	2016 RM'000	2015 RM'000
Finance income and hibah		
Profit from financing	138,185	136,693
Profits from investment securities:		
Deposits with banks and other financial institutions	9,901	7,939
Financial investments - HTM	667	1,952
Financial investments - AFS	39,169	46,664
Accretion of discount less amortisation of premium	2,904	3,041
Gain on disposal of investment securities:		
Net gain on disposal of AFS	3,358	1,638
Dividend income	10	14
Fee Income		
Financing processing fees	756	872
Banking service fees	9,047	8,452
Ar Rahnun fees	7,572	6,682
Total income derived from investment of other deposits	211,569	213,947
Of which:		
Profit income earned on impaired financing	5,649	5,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. INCOME DERIVED FROM INVESTMENT OF: (cont'd)

(b) Shareholder's funds

	2016 RM'000	2015 RM'000
Finance income and hibah		
Profit from financing	117,466	116,215
Profits from investment securities:		
Deposits with banks and other financial institutions	8,416	6,749
Financial investments - HTM	567	1,659
Financial investments - AFS	33,296	39,673
Accretion of discount less amortisation of premium	2,469	2,585
Gain on disposal of investment securities:		
Net gain on disposal of AFS	2,854	1,393
Dividend income	9	12
Fee Income		
Financing processing fees	643	742
Government Link Companies ("GLC") service fees	10,870	10,079
Banking service fees	7,690	7,186
Reimbursement of gapping cost	29,042	30,164
Ar Rahn fees	6,437	5,681
Other Operating Income		
Special Fund for Terengganu Fishery ("DKSP")	-	160
Reimbursement of Special Relief Grant for Flood ("SRGF")	-	31
Staff financing	1,388	1,615
Ladang Sg Tasan	883	985
Amortisation and utilisation of launching grant	2,425	3,497
Amortisation of operating grant	1,540	2,364
Collective impairment allowance for government grant:		
Entrepreneur Scheme for Graduates (Note 29(a))	16	56
Special Fund for Terengganu Fishery (Note 29(b))	(12)	(26)
Fund for Ministry of Youth and Sports (Note 29(d))	(518)	85
Bumiputera Commercial and Industrial Community Scheme HUB (Note 29(e))	1,718	1,107
National Key Economic Area (Note 29(f))	868	1,952
Micro Economic Stimulation Package (Note 29(g))	(3,128)	(3,918)
Other income	3,626	1,666
	228,565	231,712
Of which:		
Profit income earned on impaired financing and advances	4,796	4,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6. ALLOWANCE FOR IMPAIRMENT

	Note	2016 RM'000	2015 RM'000
Allowance for impaired financing and advances	(a)	(58,816)	(41,421)
Writeback of other advances	(b)	40,019	1,575
		(18,797)	(39,846)

(a) Allowance for impaired financing and advances

	2016 RM'000	2015 RM'000
Allowance for the year	(48,083)	(26,568)
Amount written back upon recoveries and reversal of allowance	18,692	44,829
Individual impairment allowance - net	(29,391)	18,261
Allowance for the year	(213,818)	(110,257)
Amount written back	173,488	39,585
Collective impairment allowance - net	(40,330)	(70,672)
Bad debts and financing recovered	10,905	10,990
	(58,816)	(41,421)

(b) Writeback of other advances

	2016 RM'000	2015 RM'000
Allowance for the year	(3,427)	(7,339)
Amount written back upon recoveries and reversal of allowance	2,531	2,899
Individual impairment allowance - net	(896)	(4,440)
Allowance for the year	(7,524)	(11,479)
Amount written back	9,822	5,538
Collective impairment allowance - net	2,298	(5,941)
Bad debts and financing recovered	38,617	11,956
	40,019	1,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. ALLOWANCE FOR IMPAIRMENT ON INVESTMENT SECURITIES

	2016 RM'000	2015 RM'000
Allowance for impairment:		
Quoted shares	-	(39)
	-	(39)

8. INCOME ATTRIBUTABLE TO DEPOSITORS

	2016 RM'000	2015 RM'000
Deposits from customers:		
Mudharabah Funds		
Mudharabah general deposit	-	49
Reversal of provision of undistributed profit	(54,952)	(6,287)
	(54,952)	(6,238)
Non-Mudharabah Funds		
FRIA	113,360	95,643
FRIA 45 Plus	12,583	13,638
Agro Perdana- <i>i</i>	10,132	10,042
Agro- <i>i</i> Deposits	12,673	11,849
Al-Wadiah	7,760	7,241
Agro Muda- <i>i</i>	3,055	3,218
Agro Tetangga- <i>i</i>	233	214
Agro Prima	15	16
	159,811	141,861
Deposits and placement of banks and other financial institutions:		
Non-Mudharabah Funds		
Pelaburan Khas- <i>i</i>	53,673	33,280
	158,532	168,903

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. PERSONNEL EXPENSES

	2016 RM'000	2015 RM'000
Salaries, allowances and bonuses	194,835	171,817
EPF contributions	26,360	22,950
SOCSO contributions	1,976	1,937
Medical insurances	7,941	6,179
Staff welfare	6,062	6,310
Directors allowances	1,271	1,057
Staff training	3,063	3,365
Recruitment fees	2,425	373
Voluntary Separation Scheme	-	23,275
Retirement benefits scheme	332	77
Others	1,021	2,233
	245,286	239,573

10. OTHER OVERHEADS AND EXPENDITURES

	2016 RM'000	2015 RM'000
Maintenance cost		
Depreciation of property, plant and equipment	22,796	23,694
Amortisation of computer software	14,894	16,610
Write off of property, plant and equipment	664	268
Write off of intangible assets	520	228
Computer maintenance	16,875	16,872
Rental of premises	9,175	9,023
Water and electricity	10,266	9,632
Printing, stationery and office supplies	8,481	7,409
Office maintenance	3,268	3,556
Takaful on property, plant and equipment	1,917	2,712
Building maintenance	3,651	3,011
Quit rent and assessment	1,087	1,074
Vehicle maintenance	424	953
Amortisation of prepaid lease payments	75	75
Computer supply	412	449
Others	(596)	425
	93,909	95,991

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. OTHER OVERHEADS AND EXPENDITURES (cont'd)

	2016 RM'000	2015 RM'000
Marketing expenses		
Advertising and promotions	5,150	2,733
Others	490	193
	5,640	2,926
General administrative expenses		
Communication expenses	13,231	12,774
Launching grants	720	1,760
Legal fees	17,867	11,303
Auditor's remuneration		
- Statutory audit	510	480
Goods and services tax	2,089	888
Security charges	10,780	10,078
Others	2,962	3,621
	48,159	40,904
	147,708	139,821

11. FINANCE COST

	2016 RM'000	2015 RM'000
Profit paid on financing scheme funds		
Fund For Food ("3F") (Note 26 (a))	570	593
Micro Enterprise Fund (Note 26 (c))	556	1,064
Commercial Agriculture Fund ("DPK-GLC") (Note 26 (d))	7,937	7,592
Agriculture Entrepreneur Financing Scheme Fund 1 ("DPUP 1") (Note 26 (e))	42,506	45,215
Agriculture Entrepreneur Financing Scheme Fund 2 ("DPUP 2") (Note 26 (f))	4,819	5,147
Agriculture Entrepreneur Financing Scheme Fund 3 ("DPUP 3") (Note 26 (g))	4,499	810
Special Relief Facility (Note 26 (h))	403	-
	61,290	60,421
Less: Income from fair value amortisation		
Amortisation of DPK-GLC Grant (Note 29 (j))	7,187	6,842
Amortisation of DPUP 1 Grant (Note 29 (k))	36,089	38,799
Amortisation of DPUP 2 Grant (Note 29 (l))	4,015	4,397
Amortisation of DPUP 3 Grant (Note 29 (m))	3,748	679
Amortisation of Special Relief Facility (Note 29 (n))	403	-
	9,848	9,704

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. COMPENSATION CLAIM

	2016 RM'000	2015 RM'000
Compensation claim	44,053	32,711

- (i) A borrower has filed a legal claim against the Bank seeking damages in 2009 by claiming that the Bank has breached its promise to grant a term loan of RM85.0 million. The borrower is claiming that a contract existed between the Bank based on the Letter of Offer dated 17 July 2008.

On 28 March 2016, the High Court has awarded damages to the borrower for the amount of RM25.5 million with interest. Based on the judgement, the Bank has made a provision of RM32.7 million in 2015.

Subsequently, the Bank has filed an appeal and stay on execution of judgement. On 19 October 2016, the Court of Appeal has allowed part of the Bank's appeal and awarded revised damages amounting to RM12.1 million with interest to the borrower.

The Bank has made a payment of RM15.9 million and accordingly, reversed the provision amounting to RM16.8 million in current year. The case was closed during the year.

- (ii) In 2010, a borrower filed a legal action against the Bank seeking compensation for damages suffered arising from the Bank rescinding the loan facility which had been previously approved. The Bank filed a counter claim against the borrower to recover the outstanding balance of approximately RM15.9 million.

On 26 September 2011, the High Court had granted judgment in favour of the borrower for a sum of RM81.1 million and dismissed the Bank's counterclaim. On 13 September 2012, the Court of Appeal dismissed the Bank's appeal and ordered the damages to be re-assessed by a Senior Assistant Registrar.

On 13 October 2016, the Senior Assistant Registrar of the High Court awarded the borrower damages for loss of profit of RM63.9 million with interest of 4% from 18 March 2010 until the date of realisation. The Senior Assistant Registrar of the High Court allowed the damages to be set off against RM15.9 million with interest. Accordingly, the Bank has made a provision amounting to RM60.8 million in the current year.

On 16 December 2016, the Bank has paid RM2.0 million as part of the damages. The appeals by both the Bank and the borrower have been fixed for hearing on 25 May 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. TAX EXPENSE

	2016 RM'000	2015 RM'000
Income tax:		
Malaysian income tax	43,612	29,547
Under provision in prior years	860	3,213
	44,472	32,760
Deferred tax:		
Relating to origination and reversal of temporary differences	12,363	10,799
Under provision in prior years	2,798	-
Tax expense for the year	59,633	43,559

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The reconciliation between tax expense and accounting profit of the Bank multiplied by the applicable corporate tax rate are as follows:

	2016 RM'000	2015 RM'000
Profit before tax and zakat	197,891	165,045
Tax at the applicable statutory tax rate of 24% (2015: 25%)	47,494	41,261
Tax effects of:		
Income not subject to tax	(797)	(6,099)
Expenses not deductible for tax purposes	9,278	5,184
Under provision in prior years:		
Income tax	860	3,213
Deferred tax	2,798	-
Tax expense	59,633	43,559

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. ZAKAT

	2016 RM'000	2015 RM'000
Zakat for the year	2,223	2,072

This represents the amount to be paid by the Bank in accordance with Shariah principles and approved by the Shariah Committee. The Bank uses the capital growth method based on the rate of 2.5% to compute zakat. This method applies the rate on owner's equity, long term liability, net of fixed assets and non-current assets, and subjected to allowable adjustments.

15. CASH AND SHORT TERM FUNDS

	2016 RM'000	2015 RM'000
Cash in hand	107,441	111,781
Cash at banks	113,048	114,755
Short term deposits maturing within three months:		
Licensed banks	409,812	453,146
Other financial institutions	557,326	92,050
	1,187,627	771,732

The details on the short term deposits as below:

Average maturities	42 days	64 days
Average profit rates (per annum)	3.87%	4.21%

16. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2016 RM'000	2015 RM'000
Licensed bank	-	12,376
Maturity structure of deposits with financial institutions is as follows:		
Three months to six months	-	12,376

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. INVESTMENT SECURITIES

	2016 RM'000	2015 RM'000
Debt securities		
AFS - at fair value		
Corporate bonds	2,926,901	2,880,419
Government Investment Issues ("GII")	1,168,234	1,053,993
Commercial papers	19,884	-
	4,115,019	3,934,412
HTM - at amortised cost		
Corporate bonds	-	19,327
Government Investment Issues ("GII")	-	150,402
	-	169,729
Total debt securities	4,115,019	4,104,141
Equity securities		
AFS - at fair value		
Quoted shares in Malaysia	465	841
Total before allowances	4,115,484	4,104,982
Allowance for impairment		
Quoted shares in Malaysia	(293)	(293)
Net	4,115,191	4,104,689

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. INVESTMENT SECURITIES (cont'd)

	2016 RM'000	2015 RM'000
Maturity structure for HTM investments is as follows:		
Maturity within six months	-	-
Between six months to one year	-	119,715
Between one year to three years	-	50,014
	-	169,729

Market values of HTM investments are as follows:

	2016 RM'000	2015 RM'000
Market Value		
Corporate bonds	-	19,374
Commercial papers	-	-
Government Investment Issues ("GII")	-	151,167
	-	170,541

		Quoted shares RM'000
Movement in allowance for impairment on quoted shares		
	2016 RM'000	2015 RM'000
At beginning of the year	293	254
Allowance for impairment	-	39
At end of the year	293	293

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES

	2016 RM'000	2015 RM'000
By Product (at amortised cost)		
Agrocash	5,912,523	5,048,681
Project Financing	3,906,775	3,514,108
Fund For Food ("3F")	955,726	1,068,935
Ar Rahnū	222,827	157,578
Fishery Boat Financing Scheme ("SPBP")	78,021	68,641
MUST- <i>i</i>	220,492	266,845
Oil Palm Replanting Scheme ("TASKS")	7,687	10,250
MAP and MPPB Financing	100,020	117,828
Financing for Small and Medium Size Industries ("PKS")	66,826	48,800
Non-Food Production Credit Scheme ("SKPBM")	40,313	50,880
Food Production Credit Scheme ("SKPM")	72,038	28,824
Belia Tani Scheme	6,439	7,217
Fund For Small and Medium Size Industries ("TIKS")	2,391	2,391
Working Capital- <i>i</i>	128,695	127,774
Paddy Credit Scheme	73,266	75,412
Micro Economic Stimulus Package ("Micro-ESP- <i>i</i> ")	614	2,625
National Key Economic Area ("NKEA")	26,859	40,613
Murabahah Working Capital Financing	526,380	285,286
Insani	7,240	10,085
Bai Al-Dayn Working Capital Financing	27,468	27,837
MPPB Hub	1,076	1,227
Agro Cash Line- <i>i</i>	297,402	210,942
Hartani- <i>i</i>	795,677	516,710
Agro Flood Relief	1,165	1,413
Special Relief Facility	13,523	16,128
DPK3	45,601	3,252
Others	9,874	2,235
	13,546,918	11,712,515

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES (cont'd)

	2016 RM'000	2015 RM'000
Brought forward from previous page	13,546,918	11,712,515
Add: Staff financing and advances	76,625	77,777
	13,623,543	11,790,292
Less: Unearned profit	(4,892,602)	(4,306,532)
Gross financing and advances	8,730,941	7,483,760
Less: Individual impairment allowance	(155,055)	(154,118)
Collective impairment allowance	(305,023)	(342,950)
Net financing and advances at amortised cost	8,270,863	6,986,692

(i) By Maturity

	2016 RM'000	2015 RM'000
Maturity within six months	1,043,293	720,248
Between six months to one year	69,649	104,555
Between one year to three years	468,556	434,921
Between three years to five years	990,376	1,012,160
More than five years	6,159,067	5,211,876
	8,730,941	7,483,760

(ii) By Sectors

	2016 RM'000	2015 RM'000
Construction and Services	110,720	70,935
Fishery	434,659	428,488
Crops	3,442,570	2,898,498
Livestock	741,349	656,411
Manufacturing	706,675	527,291
Others-Primary Agriculture	53,365	36,772
Retail and Wholesale Trade	881,863	595,258
Household	2,150,127	1,442,714
Others	209,613	827,393
	8,730,941	7,483,760

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES (cont'd)

(iii) By States

	2016 RM'000	2015 RM'000
Kuala Lumpur	858,871	556,001
Selangor	994,686	837,722
Pahang	729,747	681,686
Perak	956,084	825,609
Negeri Sembilan	303,384	297,968
Melaka	340,071	283,084
Johor	801,067	679,945
Kelantan	478,712	417,962
Kedah	599,080	521,004
Perlis	154,962	144,287
Sarawak	1,021,559	861,159
Sabah	779,026	733,932
Pulau Pinang	319,399	277,847
Terengganu	394,293	365,554
	8,730,941	7,483,760

(iv) By profit rate sensitivity

	2016 RM'000	2015 RM'000
Fixed rate :		
Fund For Food ("3F")	713,035	816,114
Project Financing	247,115	369,431
MUST- <i>i</i>	184,891	195,308
Agrocash	87,432	147,930
Others	367,767	1,175,815
Variable rate :		
Agrocash	3,390,781	2,330,004
Project Financing	2,171,279	1,635,148
Murabahah Working Capital Financing	526,426	285,287
Hartani- <i>i</i>	390,592	247,637
Others	651,623	281,086
	8,730,941	7,483,760

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES (cont'd)

(v) Financing by type and Shariah Contract

	Term Financing RM'000	Revolving Financing RM'000	Total RM'000
2016			
Qard	222,827	-	222,827
Bai-Al Inah	2,391,440	6,544	2,397,984
Tawarruq	2,761,729	875,945	3,637,674
Bai-Bithaman Ajil	2,445,035	-	2,445,035
Murabahah	27,421	-	27,421
	7,848,452	882,489	8,730,941
2015			
Qard	157,578	-	157,578
Bai-Al Inah	2,856,067	9,108	2,865,175
Tawarruq	1,662,838	579,457	2,242,295
Bai-Bithaman Ajil	2,190,901	-	2,190,901
Murabahah	27,811	-	27,811
	6,895,195	588,565	7,483,760

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

	2016 RM'000	2015 RM'000
At beginning of the year	493,085	478,455
Additions during the year	256,192	245,660
Reclassified as non impaired during the year	(92,292)	(108,893)
Recoveries during the year	(89,970)	(93,676)
Amount written off	(109,593)	(28,461)
At end of the year	457,422	493,085
Excluding Non-Shariah Assets		
Gross impaired	457,422	493,085
Gross impaired ratio	5.24%	6.59%
Including Non-Shariah Assets		
Gross impaired	508,058	584,202
Gross impaired ratio	5.76%	7.69%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES (cont'd)

(vii) Impaired financing by sectors

	2016 RM'000	2015 RM'000
Sectors:		
Construction and Services	5,759	5,022
Fishery	44,832	79,725
Crops	187,748	191,435
Livestock	87,388	86,454
Manufacturing	44,034	22,784
Others-Primary Agriculture	1,067	1,011
Retail and Wholesale Trade	53,156	50,419
Others	33,438	56,235
	457,422	493,085

(viii) Impaired financing by states

	2016 RM'000	2015 RM'000
States:		
Kuala Lumpur	70,219	71,111
Selangor	45,830	52,460
Pahang	49,799	73,449
Perak	48,335	32,797
Negeri Sembilan	16,232	24,776
Melaka	9,914	10,760
Johor	32,813	34,862
Kelantan	33,900	32,132
Kedah	51,152	52,993
Perlis	8,274	9,307
Sarawak	19,547	23,612
Sabah	42,465	47,180
Pulau Pinang	13,394	12,093
Terengganu	15,548	15,553
	457,422	493,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. FINANCING AND ADVANCES (cont'd)

(ix) Individual and collective impairment allowance

Movement in impairment allowance are as follows:

	2016 RM'000	2015 RM'000
Individual impairment allowance		
At beginning of the year	154,118	180,354
Allowance for the year	48,083	26,568
Amount written back upon recoveries and reversal of allowance	(18,692)	(44,829)
Net allowance for the year	29,391	(18,261)
Amount written off	(28,454)	(7,975)
At end of the year	155,055	154,118
Collective impairment allowance		
At beginning of the year	342,950	292,513
Allowance for the year	213,818	110,257
Amount written back	(173,488)	(39,585)
Net allowance for the year	40,330	70,672
Amount written off	(78,257)	(20,235)
At end of the year	305,023	342,950
Collective impairment allowance as a percentage of gross financing and advances less individual impairment allowance	3.56%	4.68%

Included in net collective impairment allowance for the year is collective impairment allowance on financing and advances transferred from/(to) government grants which are as follows:

	Note	2016 RM'000	2015 RM'000
Entrepreneur Scheme for Graduates	29(a)	16	56
Special Fund for Terengganu Fishery	29(b)	(12)	(26)
Fund for Ministry of Youth and Sports	29(d)	(518)	85
Bumiputera Commercial and Industrial Community Scheme HUB	29(e)	1,718	1,107
National Key Economic Area	29(f)	868	1,952
Micro Economic Stimulation Package	29(g)	(3,128)	(3,918)
		(1,056)	(744)

The total amount of collective impairment allowance includes collective allowances for impaired financing of RM127,475,337 (2015: RM162,174,361) for which no individual allowances have been made due to sufficient present value of estimated future cash flow.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. OTHER ADVANCES

	2016 RM'000	2015 RM'000
(i) Non-Shariah Assets	84,934	116,269
Less: Individual impairment allowance	(23,919)	(23,023)
Collective impairment allowance	(8,961)	(18,781)
Non-Shariah Assets at amortised cost	52,054	74,465

Other advances relate to loans to customers that are not in compliance with Shariah principles. All income earned during the year from these loans amounting to RM2,186,177 (2015: RM437,930) has not been recognised in the statement of comprehensive income of the Bank and will be channelled to approved charities.

(ii) Movements in gross impaired Non-Shariah Assets are as follows:

	2016 RM'000	2015 RM'000
At beginning of the year	66,994	157,742
Additions during the year	10,840	27,465
Reclassified as non impaired during the year	(4,005)	(7,864)
Recoveries during the year	(14,328)	(33,037)
Amount written off	(8,865)	(77,312)
At end of the year	50,636	66,994
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	59.62%	57.62%

Ongoing efforts are made by Remedial and Recovery Department ("RRD") and Credit Recovery Centre ("CRC") to reduce the impaired Non-Shariah Assets ("NSA") accounts through rescheduling or restructuring and conversion to Islamic accounts for qualified cases. Where rehabilitative efforts failed, RRD and CRC will pursue recovery actions, including litigation, until all efforts are exhausted.

(iii) Individual and collective impairment allowance

Movement in individual impairment allowance are as follows:

	2016 RM'000	2015 RM'000
Individual impairment allowance		
At beginning of the year	23,023	61,383
Allowance for the year	3,427	7,339
Amount written back upon recoveries and reversal of allowance	(2,531)	(2,899)
Net allowance for the year	896	4,440
Amount written off	-	(42,800)
At end of the year	23,919	23,023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. OTHER ADVANCES (cont'd)

(iii) Individual and collective impairment allowance (cont'd)

Movement in collective impairment allowance are as follows:

	2016 RM'000	2015 RM'000
Collective impairment allowance		
At beginning of the year	18,781	45,796
Allowance for the year	7,524	11,479
Amount written back	(9,822)	(5,538)
Net allowance for the year	(2,298)	5,941
Amount written off	(7,522)	(32,956)
At end of the year	8,961	18,781
Collective impairment allowance as a percentage of gross Non-Shariah Assets less individual impairment allowance	14.69%	20.14%

20. OTHER ASSETS

	2016 RM'000	2015 RM'000
Other receivables	28,635	23,565
Profit and income receivable	57,795	48,103
Foreclosed properties	2,720	5,733
Tax recoverable	10,637	22,430
Project Ladang BPM - Sg Tasan	3,377	3,377
	103,164	103,208
Less: Impairment allowance	(5,725)	(5,772)
Other assets, net of impairment	97,439	97,436
Movement in impairment allowance		
At beginning of the year	(5,772)	(6,184)
Reversal during the year	47	412
At end of the year	(5,725)	(5,772)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
Cost									
At 1 January 2016	3,591	11,732	8,034	87,830	12,728	150,206	62,177	76,134	412,432
Additions	-	-	-	-	940	4,952	2,052	4,805	12,749
Write off	(52)	-	-	-	(2,848)	(894)	(479)	(941)	(5,214)
At 31 December 2016	3,539	11,732	8,034	87,830	10,820	154,264	63,750	79,998	419,967
Accumulated depreciation									
At 1 January 2016	-	4,301	1,938	25,601	9,196	102,970	36,493	68,551	249,050
Charge for the year	-	304	75	2,154	385	11,730	5,066	3,157	22,871
Write off	-	-	-	-	(2,848)	(537)	(231)	(934)	(4,550)
At 31 December 2016	-	4,605	2,013	27,755	6,733	114,163	41,328	70,774	267,371
Net book value									
At 31 December 2016	3,539	7,127	6,021	60,075	4,087	40,101	22,422	9,224	152,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
Cost									
At 1 January 2015	3,591	11,732	8,034	87,830	14,574	148,988	60,361	74,495	409,605
Additions	-	-	-	-	-	2,175	2,678	3,279	8,132
Write off/disposal	-	-	-	-	(1,846)	(957)	(862)	(1,640)	(5,305)
At 31 December 2015	3,591	11,732	8,034	87,830	12,728	150,206	62,177	76,134	412,432
Accumulated depreciation									
At 1 January 2015	-	3,997	1,863	23,469	10,672	91,356	32,008	66,953	230,318
Charge for the year	-	304	75	2,132	370	12,492	5,176	3,220	23,769
Write off/disposal	-	-	-	-	(1,846)	(878)	(691)	(1,622)	(5,037)
At 31 December 2015	-	4,301	1,938	25,601	9,196	102,970	36,493	68,551	249,050
Net book value									
At 31 December 2015	3,591	7,431	6,096	62,229	3,532	47,236	25,684	7,583	163,382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in leasehold land are as below :

	2016			2015		
	<99 years RM'000	>99 years RM'000	Total RM'000	<99 years RM'000	>99 years RM'000	Total RM'000
At beginning of the year	5,402	694	6,096	5,477	694	6,171
Amortisation during the year	(75)	-	(75)	(75)	-	(75)
At end of the year	5,327	694	6,021	5,402	694	6,096

- (i) The property, plant and equipment acquired from government grants- launching with net book value amounting to RM3,618,851 (2015: RM4,848,551) are as follows:

	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
At 31 December 2016					
Cost	696	14,891	1,858	1,547	18,992
Accumulated depreciation	(696)	(11,658)	(1,472)	(1,547)	(15,373)
Net book value	-	3,233	386	-	3,619
At 31 December 2015					
Cost	696	14,023	1,858	1,547	18,124
Accumulated depreciation	(696)	(9,761)	(1,271)	(1,547)	(13,275)
Net book value	-	4,262	587	-	4,849

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (ii) The property, plant and equipment acquired from government grants- operating under the 9th Malaysian Plan ("RMK 9") with net book value amounting to RM16,841,215 (2015: RM18,382,214) are as follows:

	Buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
At 31 December 2016						
Cost	19,100	1,709	28,188	4,000	23,975	76,972
Addition	-	-	-	-	-	-
Accumulated depreciation	(4,517)	(1,709)	(26,692)	(3,238)	(23,975)	(60,131)
Net book value	14,583	-	1,496	762	-	16,841
At 31 December 2015						
Cost	13,600	1,709	28,188	4,000	23,975	71,472
Addition	5,500	-	-	-	-	5,500
Accumulated depreciation	(4,265)	(1,709)	(25,803)	(2,838)	(23,975)	(58,590)
Net book value	14,835	-	2,385	1,162	-	18,382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. INTANGIBLE ASSETS

	Computer software RM'000
Cost	
At 1 January 2016	109,299
Additions	14,666
Write off	(536)
At 31 December 2016	123,429
Accumulated amortisation	
At 1 January 2016	87,934
Charge for the year	14,894
Write off	(16)
At 31 December 2016	102,812
Net book value	
At 31 December 2016	20,617
Cost	
At 1 January 2015	97,050
Additions	12,490
Write off	(241)
At 31 December 2015	109,299
Accumulated amortisation	
At 1 January 2015	71,337
Charge for the year	16,610
Write off	(13)
At 31 December 2015	87,934
Net book value	
At 31 December 2015	21,365

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. INTANGIBLE ASSETS (cont'd)

Included in the above is computer software acquired from the following government grants:

(a) Government Grant - Launching

	Cost RM'000	Accumulated amortisation RM'000	Net book value RM'000
2016	6,304	6,304	-
2015	6,304	6,304	-

(b) Government Grant- Operating under the 9th Malaysian Plan ("RMK 9")

	Cost RM'000	Accumulated amortisation RM'000	Net book value RM'000
2016	24,079	24,079	-
2015	24,079	24,079	-

23. DEFERRED TAX ASSETS

	2016 RM'000	2015 RM'000
At 1 January	60,602	60,280
Recognised in income statement	(15,160)	(10,799)
Recognised in equity	(4,255)	11,121
At 31 December	41,187	60,602
Presented after appropriate offsetting as follows:		
Deferred tax assets	49,824	66,297
Deferred tax liabilities	(8,637)	(5,695)
	41,187	60,602

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relates to the same fiscal authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. DEFERRED TAX ASSETS (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Property, plant, equipment and intangible assets RM'000
At 1 January 2016	(5,695)
Recognised in:	
- Income statement	(2,942)
At 31 December 2016	(8,637)
At 1 January 2015	(11,580)
Recognised in:	
- Income statement	5,885
At 31 December 2015	(5,695)

Deferred tax assets:

	Provision for undistributed profit RM'000	Investment revaluation deficit RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2016	23,186	19,914	23,197	66,297
Recognised in:				
- Income statement	(13,158)	-	940	(12,218)
- Other comprehensive income	-	(4,255)	-	(4,255)
At 31 December 2016	10,028	15,659	24,137	49,824
At 1 January 2015	55,622	8,793	7,445	71,860
Recognised in:				
- Income statement	(32,436)	-	15,752	(16,684)
- Other comprehensive income	-	11,121	-	11,121
At 31 December 2015	23,186	19,914	23,197	66,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. (a) DEPOSITS FROM CUSTOMERS

	2016 RM'000	2015 RM'000 (Restated)
Tawarruq		
Fixed Return Investment Account- <i>i</i> (FRIA- <i>i</i>)	3,948,260	2,951,474
AgroPrima	6,900	1,626
	3,955,160	2,953,100
Wadiah Yad Dhamanah		
Al-Wadiah savings	1,578,234	1,550,123
Agro Perdana- <i>i</i>	1,347,685	1,262,764
Deposit Securities	161,878	137,923
Basic Savings Accounts	1,949	1,043
	3,089,746	2,951,853
	7,044,906	5,904,953

Maturity structure for FRIA-*i* and AgroPrima are as follows:

	2016 RM'000	2015 RM'000
Within six months	2,822,874	1,564,554
Between six months to one year	1,032,084	1,302,867
Between one year to three years	83,578	29,803
Between three years to five years	16,624	55,876
	3,955,160	2,953,100

The deposits are sourced from the following types of customers:

	2016 RM'000	2015 RM'000
Government	2,274,378	1,262,812
Individuals	2,792,154	3,271,212
Domestic business enterprises	1,477,876	64,250
Domestic other entities	471,100	1,297,628
Domestic non-banking institutions	29,398	9,051
	7,044,906	5,904,953

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. (b) DEPOSIT AND PLACEMENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2016 RM'000	2015 RM'000 (Restated)
Tawarruq		
Pelaburan Khas- <i>i</i>	1,623,265	1,135,697

Maturity structure for Pelaburan Khas-*i* is as follows:

	2016 RM'000	2015 RM'000
Within six months	1,623,265	1,055,070
Between six months to one year	-	80,627
	1,623,265	1,135,697

The deposits are sourced from the following types of customers:

	2016 RM'000	2015 RM'000
Government	801,498	580,145
Domestic business enterprises	500,432	540,549
Domestic non-banking institutions	321,335	15,003
	1,623,265	1,135,697

25. OTHER LIABILITIES

(a) Other payables and accruals

	Note	2016 RM'000	2015 RM'000
Accrued expenses		61,859	56,138
Sundry creditors		29,292	63,833
Donation/charity		2,624	438
Zakat payable		4,275	3,068
Provision for undistributed profit	(i)	41,787	96,610
Retirement benefits scheme	(ii)	2,087	1,831
Voluntary separation scheme	(iii)	671	23,275
Compensation claim	(iv)	60,814	35,140
		203,409	280,333

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. OTHER LIABILITIES (cont'd)

(i) Provision for undistributed profit

	2016 RM'000	2015 RM'000
At 1 January	96,610	231,762
Addition for the year	-	7
Distribution	(12,528)	(116,215)
Transfer from/(to) trustee account	12,657	(12,657)
Writeback	(54,952)	(6,287)
At 31 December	41,787	96,610

Provision for undistributed profit relates to the under accrual of profit payable on Mudharabah deposits in prior years.

(ii) Retirement benefits scheme

(a) The provision for retirement benefits scheme is as follows:

	2016 RM'000	2015 RM'000
At 1 January	1,831	1,965
Current service cost ¹	256	(134)
At 31 December	2,087	1,831

¹ Current service cost in 2016 represents an increase in the retirement benefit resulting from an additional year of service rendered by the employees. While in 2015, the decrease in the retirement benefit resulting from retirement and resignation of eligible employees.

(b) The principal assumptions used to determine the estimated costs and obligations are as follows:

	2016	2015
Turnover and early retirement rate		
Age brackets:		
45 - 49 years	0.10%	0.12%
50 years and over	0.02%	0.32%
Salaries increase rate (per annum)	5.00%	5.00%
Average remaining years of service of employees	6 years	7 years
Discount rate	3.93%	3.93%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. OTHER LIABILITIES (cont'd)

(ii) Retirement benefits scheme (cont'd)

(c) Sensitivity analysis for discount rate risk

A one percentage (1%) point decrease or increase in the assumed discount rate would have the following effects:

- (i) Current service cost to increase by RM7,880 (2015: RM8,380) or decrease by RM7,313 (2015: RM7,710) respectively.
- (ii) Provision for a retirement benefit scheme to increase to RM2,208,761 (2015: RM1,959,207) or decrease to RM1,974,315 (2015: RM1,712,815) respectively.

(iii) Voluntary separation scheme

	2016 RM'000	2015 RM'000
At 1 January	23,275	-
(Payment)/addition	(22,604)	23,275
At 31 December	671	23,275

Provision for voluntary separation scheme was accrued in 2015 and was mostly paid in 2016.

(iv) Compensation claim

	2016 RM'000	2015 RM'000
At 1 January	35,140	2,429
Addition- net	44,053	32,711
Payment	(18,379)	-
At 31 December	60,814	35,140

Addition/(payment) during the year were made include those in relation to the legal suits disclosed in Note 12.

(b) Paddy credit gratuity scheme

	2016 RM'000	2015 RM'000
At beginning of the year	2,330	2,262
Additions	92	100
Payment	(147)	(32)
At the end of year	2,275	2,330

The Bank sets up this scheme to manage the gratuity to the paddy credit scheme customers. The fund under this scheme is contributed through the withholding of an amount from the financing disbursed to the customers for payment of future death benefits to the legal heir of the customers upon their demise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. FINANCING SCHEME FUNDS

Summary of financing scheme funds is as follows:

	Note	2016 RM'000	2015 RM'000
Fund for Food ("3F")	(a)	209,065	232,280
Oil Palm Replanting Scheme ("TASKS")	(b)	10,000	11,000
Micro Enterprise Fund	(c)	30,098	51,178
Commercial Agriculture Fund ("DPK-GLC")	(d)	178,227	170,290
Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")	(e)	961,609	925,519
Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")	(f)	111,676	107,607
Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")	(g)	105,331	101,713
Special Relief Facility	(h)	10,595	11,820
		1,616,601	1,611,407

(a) Fund For Food ("3F")

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	232,275	5	232,280
Additions	25,578	-	25,578
Profit charged	-	570	570
Repayments	(49,067)	(296)	(49,363)
At 31 December 2016	208,786	279	209,065
At 1 January 2015	234,470	287	234,757
Additions	33,685	-	33,685
Profit charged	-	593	593
Repayments	(35,880)	(875)	(36,755)
At 31 December 2015	232,275	5	232,280

Under the 9th Malaysian Plan ("RMK 9"), the Government agreed to channel RM300 million every year for a tenure of 15 years (3 years grace period) at a profit rate of 0.25% per annum. The purpose of this fund is to enhance the food production industry and to reduce dependency on imports. As at 15 May 2014, financing scheme funds channelled through the Ministry of Finance and Ministry of Agriculture was merged into DPUP 1. The balance of the above Fund for Food financing scheme is from BNM at a profit rate of 0.25% per annum. This fund has benefited 7,221 customers (2015: 7,201 customers) with accumulated disbursement amounting to RM1.34 billion (2015: RM1.25 billion).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. FINANCING SCHEME FUNDS (cont'd)

(b) Oil Palm Replanting Scheme ("TASKS")

	Principal RM'000
At 1 January 2016	11,000
Repayments	(1,000)
At 31 December 2016	10,000
At 1 January 2015	12,000
Repayments	(1,000)
At 31 December 2015	11,000

This fund is channelled through the Ministry of Plantation Industries and Commodities to finance the replanting of oil palm plantations. The financing tenure is 20 years (5 years grace period) without profit. This fund has benefited 199 customers (2015: 199 customers) with accumulated disbursement amounting to RM14.90 million (2015: RM14.90 million).

(c) Micro Enterprise Fund

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	51,144	34	51,178
Additions	6,521	-	6,521
Profit charged	-	556	556
Repayments	(27,818)	(339)	(28,157)
At 31 December 2016	29,847	251	30,098
At 1 January 2015	82,862	632	83,494
Additions	4,458	-	4,458
Profit charged	-	1,064	1,064
Repayments	(36,176)	(1,662)	(37,838)
At 31 December 2015	51,144	34	51,178

The fund amounting to RM200.0 million was launched by BNM to increase the access to micro financing to selected eligible micro entrepreneurs. The profit rate of this fund is 1.5% per annum for a tenure of 5 years. This fund has benefited 6,156 customers (2015: 5,731 customers) with accumulated disbursement amounting to RM145.13 million (2015: RM138.61 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. FINANCING SCHEME FUNDS (cont'd)

(d) Commercial Agriculture Fund ("DPK-GLC")

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	166,659	3,631	170,290
Profit charged	7,187	750	7,937
At 31 December 2016	173,846	4,381	178,227
At 1 January 2015	159,817	2,881	162,698
Profit charged	6,842	750	7,592
At 31 December 2015	166,659	3,631	170,290

The fund amounting RM300.0 million was channelled by the Government on 27 May 2014 with a bullet payment tenure of 15 years at a profit rate of 0.25% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 29(j). The purpose of this fund is to finance the commercial agro-based industry. This fund has benefited 5 customers (2015: 1 customer) with accumulated disbursement amounting to RM30.3 million (2015: RM5.1 million).

(e) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	908,942	16,577	925,519
Profit charged	36,090	6,416	42,506
Repayments	-	(6,416)	(6,416)
At 31 December 2016	945,032	16,577	961,609
At 1 January 2015	870,143	16,577	886,720
Profit charged	38,799	6,416	45,215
Repayments	-	(6,416)	(6,416)
At 31 December 2015	908,942	16,577	925,519

The financing scheme funds which was channelled by the Government through the Ministry of Finance and Ministry of Agriculture was merged into this scheme. The objective of the new scheme is as per previous schemes prior to the merger. The financing tenure is 15 years (5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 29(k). This fund has benefited 83,438 customers (2015: 83,283 customers) with accumulated disbursement amounting to RM2.93 billion (2015: RM2.78 billion).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. FINANCING SCHEME FUNDS (cont'd)

(f) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	107,577	30	107,607
Profit charged	4,015	804	4,819
Repayments	-	(750)	(750)
At 31 December 2016	111,592	84	111,676
At 1 January 2015	103,180	100	103,280
Profit charged	4,397	750	5,147
Repayments	-	(820)	(820)
At 31 December 2015	107,577	30	107,607

The fund amounting RM150.0 million was received from the Government on 23 December 2014. The tenure of this financing is 15 years (5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 29(l). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,623 customers (2015: 4,136 customers) with accumulated disbursement amounting to RM88.56 million (2015: RM57.06 million).

(g) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	101,582	131	101,713
Profit charged	3,749	750	4,499
Repayments	-	(881)	(881)
At 31 December 2016	105,331	-	105,331
At 1 January 2015	-	-	-
Fund received	100,903	-	100,903
Profit charged	679	131	810
At 31 December 2015	101,582	131	101,713

The fund amounting RM150.0 million was received from the Government on 28 October 2015. The tenure of this financing is 15 years (5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 29(m). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 3,131 customers (2015: nil) with accumulated disbursement amounting to RM70.5 million (2015: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. FINANCING SCHEME FUNDS (cont'd)

(h) Special Relief Facility

	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2016	11,820	-	11,820
Fund received	520	-	520
Profit charged	-	403	403
Repayment	(2,148)	-	(2,148)
At 31 December 2016	10,192	403	10,595
At 1 January 2015	-	-	-
Fund received	11,820	-	11,820
At 31 December 2015	11,820	-	11,820

The fund is channelled by BNM in order to minimise loss borne by the farmers who are affected by the flood catastrophe in December 2014. Financing is offered up to 5 years with 6 months moratorium at a profit rate 2.25% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 29(n). This fund has benefited 287 customers (2015: 287 customers) with accumulated disbursement amounting to RM12.87 million (2015: RM12.87 million).

27. GOVERNMENT GRANT - OPERATING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2016	27,507	77	27,584
Amortisation during the year	(1,540)	-	(1,540)
At 31 December 2016	25,967	77	26,044
At 1 January 2015	29,871	77	29,948
Amortisation during the year	(2,364)	-	(2,364)
At 31 December 2015	27,507	77	27,584

Since 2006, the Bank has received operating grant amounting to RM82.0 million from the Ministry of Finance (Incorporated). The purpose of the grant is for capital expenditure to finance the acquisition of property, plant and equipment and development expenditure to finance the training courses given to entrepreneurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. GOVERNMENT GRANT - LAUNCHING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2016	5,347	3,124	8,471
Utilisation during the year	-	(720)	(720)
Amortisation during the year	(1,705)	-	(1,705)
At 31 December 2016	3,642	2,404	6,046
At 1 January 2015	7,083	4,884	11,967
Utilisation during the year	-	(1,760)	(1,760)
Amortisation during the year	(1,736)	-	(1,736)
At 31 December 2015	5,347	3,124	8,471

In 2007, the Ministry of Finance (Incorporated) approved an allocation of RM100.0 million to the Bank for the purpose of the Bank's corporatisation. The grant is to be used for branding, product development and office expansion.

29. GOVERNMENT GRANTS - FUNDS

Summary of government grant funds is as follows:

	Note	2016 RM'000	2015 RM'000
Entrepreneur Scheme for Graduates	(a)	1,154	1,170
Special Fund For Terengganu Fishery	(b)	33	21
Development Programme for Hard-core Poor	(c)	2,560	2,560
Fund for Ministry of Youth and Sports	(d)	8,143	7,625
Bumiputera Commercial and Industrial Community Scheme HUB	(e)	36,132	37,850
National Key Economic Area	(f)	54,304	55,172
Micro Economic Stimulation Package	(g)	153,768	150,640
Micro ESP Flood Relief	(h)	3,000	3,000
Agriculture Mechanism and Automation Scheme	(i)	5,792	-
Commercial Agriculture Fund	(j)	122,973	130,160
Agriculture Entrepreneur Financing Fund 1	(k)	321,499	357,588
Agriculture Entrepreneur Financing Fund 2	(l)	38,324	42,339
Agriculture Entrepreneur Financing Fund 3	(m)	44,670	48,418
Special Relief Facility	(n)	645	1,048
		792,997	837,591

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. GOVERNMENT GRANTS - FUNDS (cont'd)

(a) Entrepreneur Scheme for Graduates ("SUTKS")

	2016 RM'000	2015 RM'000
At beginning of the year	1,170	1,226
Transfer to collective impairment allowance (Note 18 (ix))	(16)	(56)
At end of the year	1,154	1,170

The objective of this programme is to reduce the unemployment rate among graduates by creating career opportunities in the agricultural sector. Financing is offered under Al – Bai' Bithaman Ajil which imposes a profit rate of 3% per annum. The grant has benefited 203 customers (2015: 203 customers) with accumulated disbursement amounting to RM8.35 million (2015: RM8.35 million).

(b) Special Fund for Terengganu Fishery ("DKSP")

	2016 RM'000	2015 RM'000
At beginning of the year	21	155
Amortisation for the year	-	(160)
Transfer from collective impairment allowance (Note 18 (ix))	12	26
At end of the year	33	21

The objective of this fund is to raise the socioeconomic status of fishermen, fish breeders and aquaculture entrepreneurs. The financing is offered under Al – Bai' Bithaman Ajil up to 100% of the total project cost at a profit free-rate. The financing terms would depend on the project with repayment terms not exceeding 10 years. The grant has benefited 877 customers (2015: 877 customers) with accumulated disbursement amounting to RM29.90 million (2015: RM29.90 million).

(c) Development Programme for Hard-core Poor ("PPRT")

	RM'000
At 31 December 2015 and 31 December 2016	2,560

This program represents profit-free financing from the Government to the hard-core poor. The grant has benefited 86 customers (2015: 49 customers) with accumulated disbursement amounting to RM0.56 million (2015: RM0.30 million).

(d) Fund for Ministry of Youth and Sports ("DKBS")

	2016 RM'000	2015 RM'000
At beginning of the year	7,625	7,710
Transfer from/(to) collective impairment allowance (Note 18 (ix))	518	(85)
At end of the year	8,143	7,625

The purpose of this fund is to encourage youth to be involved in the agricultural industry under *Skim Belia Tani*. The grant has benefited 524 customers (2015: 524 customers) with accumulated disbursement amounting to RM15.73 million (2015: RM15.73 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. GOVERNMENT GRANTS - FUNDS (cont'd)

(e) Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")

	2016 RM'000	2015 RM'000
At beginning of the year	37,850	38,957
Transfer to collective impairment allowance (Note 18 (ix))	(1,718)	(1,107)
At end of the year	36,132	37,850

The objective of this fund is to finance Bumiputera agricultural ventures with maximum financing available up to RM200,000 per financing. The grant has benefited 510 customers (2015: 471 customers) with accumulated disbursement amounting to RM41.48 million (2015: RM37.83 million).

(f) National Key Economic Area ("NKEA")

	2016 RM'000	2015 RM'000
At beginning of the year	55,172	57,124
Transfer to collective impairment allowance (Note 18 (ix))	(868)	(1,952)
At end of the year	54,304	55,172

The purpose of this fund is to encourage entrepreneurs to participate in agro based industries by providing a maximum of RM300,000 per financing. The grant has benefited 978 customers (2015: 978 customers) with accumulated disbursement amounting to RM121.71 million (2015: RM121.71 million).

(g) Micro Economic Stimulation Package ("Micro - ESP")

	2016 RM'000	2015 RM'000
At beginning of the year	150,640	149,722
Transfer to Micro-ESP Flood Relief (Note (h))	-	(3,000)
Transfer from collective impairment allowance (Note 18 (ix))	3,128	3,918
At end of the year	153,768	150,640

The purpose of this fund is to encourage entrepreneurs to participate in agricultural production activities by providing a maximum of RM20,000 per financing. The grant has benefited 17,286 customers (2015: 17,286 customers) with accumulated disbursement amounting to RM334.73 million (2015: RM334.73 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. GOVERNMENT GRANTS - FUNDS (cont'd)

(h) Micro ESP Flood Relief

	2016 RM'000	2015 RM'000
At beginning of the year	3,000	-
Transfer from Micro- ESPI (Note g)	-	3,000
At end of the year	3,000	3,000

The objective of this program is to minimise loss borne by the farmers who are affected by the flood catastrophe in December 2014. Financing is offered up to 5 years with 6 months moratoriums at a profit rate 3.75% per annum.

(i) Agriculture Mechanism and Automation Scheme ("MAP")

	2016 RM'000	2015 RM'000
At beginning of the year	-	-
Funds received	5,792	-
At end of the year	5,792	-

(j) Commercial Agriculture Fund ("DPK-GLC")

	2016 RM'000	2015 RM'000
At beginning of the year	130,160	137,002
Amortisation (Note 11)	(7,187)	(6,842)
At end of the year	122,973	130,160

The benefit of this below market rate financing scheme fund amounting to RM300.0 million, channelled by the Government on 27 May 2014 at a profit rate of 0.25% per annum, is recognised as a Government Grant in Note 26 (d).

(k) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

	2016 RM'000	2015 RM'000
At beginning of the year	357,588	396,387
Amortisation (Note 11)	(36,089)	(38,799)
At end of the year	321,499	357,588

The financing scheme funds which were channelled by the Government through the Ministry of Finance and Ministry of Agriculture and Agro-Based Industries was merged into this scheme. The benefit of this below market rate financing scheme fund amounting to RM1,283.10 million at a profit rate of 0.5% per annum, is recognised as a Government Grant in Note 26 (e).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. GOVERNMENT GRANTS - FUNDS (cont'd)

(l) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

	2016 RM'000	2015 RM'000
At beginning of the year	42,339	46,736
Amortisation (Note 11)	(4,015)	(4,397)
At end of the year	38,324	42,339

The benefit of this below market rate financing scheme fund amounting to RM150.0 million, received from the Government on 23 December 2014 at a profit rate of 0.5% per annum, is recognised as a Government Grant in Note 26 (f).

(m) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

	2016 RM'000	2015 RM'000
At beginning of the year	48,418	49,097
Amortisation (Note 11)	(3,748)	(679)
At end of the year	44,670	48,418

The benefit of this below market rate financing scheme fund amounting to RM150.0 million, received from the Government on 28 October 2015 at a profit rate of 0.5% per annum, is recognised as a Government Grant in Note 26 (g).

(n) Special Relief Facility

	2016 RM'000	2015 RM'000
At beginning of the year	1,048	-
Funds received	-	1,048
Amortisation (Note 11)	(403)	-
At end of the year	645	1,048

The benefit of this below market rate financing scheme fund amounting to RM12.87 million, received from the BNM for year 2015, is recognised as a Government Grant in Note 26 (h).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. SHARE CAPITAL

	2016 RM'000	2015 RM'000
Authorised:		
Ordinary shares of RM1 each	2,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of RM1 each	1,000,000	1,000,000

31. RESERVES

	Note	2016 RM'000	2015 RM'000
Non-distributable reserve:			
Statutory reserves	(a)	487,109	487,109
Investment revaluation deficit	(b)	(49,536)	(63,059)
Distributable reserve:			
Retained earnings		1,184,458	1,060,323
		1,622,031	1,484,373

(a) Statutory reserves

Transfer of profit to reserve fund is only applicable when Risk Weighted Capital Ratio ("RWCR") of the Bank is below the threshold of 16% as approved by BNM via a letter to the Bank dated 22 February 2008.

(b) Investment revaluation deficit

The investment revaluation deficit is in respect of unrealised fair value loss on financial investments AFS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. DIVIDENDS

	2016 RM'000	2015 RM'000
Final dividend of 1.19 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2015	11,900	-
Final dividend of 5 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2014	-	50,000
	11,900	50,000

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year ended 31 December 2016 of 2.00 sen on 1,000,000,000 ordinary shares of RM1.00 each, amounting to dividend payable of RM20,000,000 will be proposed for shareholder's approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

33. COMMITMENTS AND CONTINGENCIES

	2016 RM'000	2015 RM'000
Guarantee:		
Guarantee letters issued to the customers of the Bank	33,589	26,796
Capital commitment		
Approved and contracted for:		
Capital expenditure	648	1,805
Commitment on financing and advances	382,392	445,054
	383,040	446,859
Approved but not contracted for:		
Commitment on financing and advances	528,217	448,388
	528,217	448,388
Contingent liabilities		
Certain legal actions taken against the Bank with compensation claims	5,787,635	5,724,861
Total Commitments and Contingencies	6,732,481	6,646,904

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. COMMITMENTS AND CONTINGENCIES (cont'd)

A summary of the status of material litigations against the Bank is as follows:

Case 1

The Bank filed a claim against a customer on 13 August 2015 to recover outstanding financing provided to the customer of approximately RM22.0 million. The customer then filed a counterclaim for approximately RM18.3 million alleging inadequate assistance from certain government agencies which affected its operations. However, the customer has not provided any evidence to support the claim. The case is fixed for full trial on 24 - 28 April 2017. The Bank's solicitors are of the view that the Bank has a good chance of succeeding in its claim and has a fair chance of successfully defending the counter claim by the customer.

Case 2

A customer had initiated legal action against the Bank for approximately RM24.0 million on 4 June 2015 for the Bank's alleged failure to make further disbursements. However, the customer has not provided any evidence in the Statement of Claim to support the claim. The Bank then counterclaimed for approximately RM4.0 million on 30 July 2015 for the outstanding financing following the termination of the financing agreement by the customer. The main contention was a change in the operations of the business which impacted disbursement conditions. The Court on 7 December 2016 has dismissed the customer's claim with cost and entered judgement for the sum of RM4.1 million with ta'widh. The customer has filed an appeal at the Court of Appeal and pending leave to appeal. The Bank's solicitors are of the view that the Bank has a fair chance of succeeding in the appeal and a good case against the damages claim.

Case 3

The Bank filed a claim against a customer on 2 September 2015 to recover outstanding financing of approximately RM12.0 million. The customer filed a counterclaim against the Bank on 23 November 2015 for approximately RM5.6 billion relating to loss of profits. However, the customer has not provided any evidence to support the claim. On 29 March 2017, the Court has dismissed the customer's claim. The customer has filed an appeal at the Court of Appeal on 19 April 2017 and pending a case management to be fixed by the Court of Appeal.

Case 4

A customer had initiated a legal action against the Bank for approximately RM92.0 million on 24 February 2017 for the Bank's alleged failure to sell assets under the Debenture at a reasonable price. The sale was initiated by a Receiver and Manager (R & M). The Court has fixed 27 March 2017 for the Bank to file its defence and on 5 April 2017 for the customer to file its reply. The Court has also fixed for case management on 6 April 2017 and hearing of the Bank's application for striking out of the Writ of Summons on 18 May 2017. The Bank's solicitors are of the view that the Bank has a fair chance of successfully defending the case.

The banking facilities granted in Cases 1 to 3 which are treated as off balance sheet items were disbursed from a fund managed by the Bank for which the Bank earned management fees. All risks including credit risk on unpaid financing are not to be borne by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. RELATED PARTY DISCLOSURES

(a) Parent entity

The Bank is a Government Linked Corporation, with all shares held by the Minister of Finance (Incorporated) on behalf of the Government of Malaysia. All entities controlled by the Government of Malaysia meet the definition of related parties of the Bank.

(b) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel of the Bank includes Executive Directors and Non-Executive Directors of the Bank and certain members of senior management of the Bank. Remuneration paid to key management personnel of the Bank includes the following :

- i) Salaries and bonuses.
- ii) Allowances paid to the Directors.
- ii) Other emoluments include Employee Provident Fund ("EPF") contributions and retirement compensation.

Remuneration of directors and other members of key management are as follows:

	Salaries and Bonuses RM'000	Allowances RM'000	Other Emoluments RM'000	Total RM'000
2016				
Executive Director				
YBhg Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	917	-	157	1,074
	917	-	157	1,074
Non Executive Director				
YBhg Tan Sri Mohamad Zabidi bin Zainal	-	142	-	142
YBhg Datin Rashidah binti Mohd Sies	-	89	-	89
YBhg Datuk Johar bin Che Mat	-	105	-	105
Encik Ng Chih Kaye	-	247	-	247
YBhg Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	-	269	-	269
YBhg Dato' Mohd Arif bin Ab Rahman	-	50	-	50
YBhg Datin Seri Hajah Ruzaina binti Wan Haniff	-	105	-	105
YBhg Datin Setia Shahariah binti Hashim	-	109	-	109
Puan Azizah binti Abdul Rahman	-	110	-	110
YBhg Datuk Seri Dr. Ismail bin Haji Bakar	-	41	-	41
YBhg Dato' Dr. Yusof bin Ismail	-	6	-	6
	-	1,273	-	1,273
Senior Management	2,972	-	996	3,968
	3,889	1,273	1,153	6,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. RELATED PARTY DISCLOSURES (cont'd)

Remuneration of directors and other members of key management are as follows: (cont'd)

	Salaries and Bonuses RM'000	Allowances RM'000	Other Emoluments RM'000	Total RM'000
2015				
Executive Director				
YBhg Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	820	-	139	959
	820	-	139	959
Non Executive Director				
YBhg Tan Sri Faizah binti Mohd Tahir	-	102	10	112
YBhg Datin Rashidah binti Mohd Sies	-	136	-	136
YBhg Datuk Johar bin Che Mat	-	156	-	156
Encik Ng Chih Kaye	-	162	5	167
YBhg Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	-	176	-	176
YBhg Dato' Mohd Arif bin Ab Rahman	-	65	-	65
YBhg Datin Seri Hajah Ruzaina binti Wan Haniff	-	95	-	95
Encik Md. Hilmi bin Datuk Haji Md. Noor	-	2	9	11
	-	894	24	918
Senior Management	2,230	-	1,133	3,363
	3,050	894	1,296	5,240

(c) Transactions with key management personnel

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year.

	2016 RM'000	2015 RM'000
Deposits	70	21
	70	21

No financing has been granted to the directors and senior management of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. RELATED PARTY DISCLOSURES (cont'd)

(d) Transactions with related parties

	Note	2016 RM'000	2015 RM'000
Income			
Gapping	(i)	29,042	30,164
Management fees	(ii)	10,870	10,079
Commission	(iii)	3,801	1,293
Profit income on deposits placed with government linked companies		12,974	2,339
Expense			
Profit expense on deposits placed by government linked entities		5,504	5,885
Profit expense on financing scheme funds paid and payable to the Ministry of Finance and BNM		8,682	9,773
Employee Provident Fund ("EPF")		26,360	22,950
Social Security Organisation ("SOCSO")		1,976	1,937

Description for income with related parties are as follows:

- (i) Income from Ministry of Finance for the profit differential between market rate and subsidised rate on financing disbursed by the Bank at subsidised rate.
- (ii) Fees earned for managing the government funds for financing disbursement paid by Ministry of Finance.
- (iii) Commission earned as bills collection agent from Government of Malaysia controlled entities.

(e) Outstanding balances arising from transactions with related parties

- (i) Included in Assets

	2016 RM'000	2015 RM'000
Financing to related parties	11,949	3,394
Deposit/placement with related parties	557,326	272,583

- (ii) Included in Liabilities

	2016 RM'000	2015 RM'000
Government Grant - Operating	26,044	27,584
Government Grant - Launching	6,046	8,471
Government Grant - Funds	792,997	837,591
Financing scheme funds	1,616,601	1,611,407
Deposit from related entities	3,075,876	1,842,957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. RELATED PARTY DISCLOSURES (cont'd)

(f) Terms and conditions

Transactions with related parties were made on terms equivalent to those that prevailed in negotiated transactions.

35. FINANCIAL INSTRUMENTS

A. FINANCIAL RISK MANAGEMENT

(a) General risk management

(i) Introduction and overview

The Bank embraces risk management as an integral component of its business, operations and decision making process to ensure that optimum returns are generated with high regard to uncertainties in the business and market environment. The Bank's business activities and operations involve the use of financial instruments that expose the Bank to a variety of financial and business risks as follows:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Shariah risk

(ii) Risk management framework

The Board of Directors ("The Board") is ultimately responsible for the establishment and oversight of the Bank's risk management associated with the Bank's operations and activities. The Board empowers and delegates its authority to various committees to ensure execution of business strategies and operations are adhered to the approved policies and limits set by the Board/Board Risk Management Committee ("BRMC"). At senior management level, the Board empowers the Management Risk Committee ("MRC") and Asset Liability Committee ("ALCO") to monitor, evaluate, strategise and deliberate risk management activities within the respective areas.

The Bank has the Broad Risk Management Framework ("BRMF") that encompasses credit, market, liquidity, operational and Shariah risks as part of its risk governance. The Bank's risk management policies are established to identify and analyse the risks exposed to the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's current strategies, products and services.

The Bank's risk management policies are established to identify and mitigate all risks faced by the Bank, to set appropriate risk appetite and risk limits as well as to control and monitor risk exposures and adherence to the approved limits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(a) General risk management (cont'd)

(iii) Risk governance framework

The Board may empower the following committees for the oversight function of risk management matters and activities;

- Board Risk Management Committee ("BRMC")
- Board Credit and Investment Committee ("BCIVC")
- Board Audit Committee ("BAC")

At senior management level the following committees had been established to oversight risk management activities and risk exposures.

- Management Risk Committee ("MRC")
- Asset Liability Committee ("ALCO")
- Management Audit Committee ("MAC")

(b) Credit risk

(i) Nature of credit risk

The Bank's exposure to credit risk is primarily from lending/financing activities to retail consumers, micro, small and medium-sized enterprises ("SMEs") and corporate customers. Investment in equities, bonds and other marketable securities as well as other financial/banking instruments, whether they are classified under banking book or trading book, may also expose the Bank to credit risk and counterparty credit risk.

(ii) Definition of credit risk

Credit risk is the risk of potential loss due to failure of or unwillingness of the customers or counterparties to fulfil their contractual financial obligations as and when they arise.

(iii) Objective of credit risk management

The goal of credit risk management is to keep credit risk exposure to an acceptable level and to ensure the returns are commensurate with risk.

(iv) Management of credit risk

The management of credit risk is governed by the credit risk management framework which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

Policies, procedures and guidelines for credit operations are properly documented and are made available through the Bank's intranet and Risk Management Division portal. These policies and procedures are subject to periodical review and enhancement to ensure its relevancy and in line with business directions and market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of credit risk

Collateral position in financing and advances

Credit facilities are granted on the basis of the customer's credit standing, project viability and repayment capacity as per the Bank's credit policy. However, due to the nature of its financing, the Bank generally requires collateral against financing and advances to customers in the form of charges over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of financing and is revalued once in two years or when a financing is impaired.

The main types of collateral held by the Bank to mitigate credit risk are as follows:

- (i) Project financing – charges over land, buildings, plant and machinery, fishing vessels, ownership claim over vehicles, term deposits and pledges over shares and marketable securities.
- (ii) Retail financing – charges over land and term deposits for certain types of financing.

	Secured RM'000	Unsecured RM'000	Total RM'000	Financial effect of collateral* %
2016				
Neither past due nor impaired	3,829,116	4,200,395	8,029,511	47.7
Past due but not impaired	181,787	62,221	244,008	74.5
Impaired	277,317	180,105	457,422	60.6
	4,288,220	4,442,721	8,730,941	49.1
2015				
Neither past due nor impaired	2,637,556	4,034,476	6,672,032	39.5
Past due but not impaired	214,083	104,560	318,643	67.2
Impaired	334,253	158,832	493,085	67.8
	3,185,892	4,297,868	7,483,760	42.6

* Based on quantification of the extent to which collateral and other credit enhancements mitigate credit risk in respect of the amount that best represents the maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Maximum exposure to credit risk

The following analysis represents the Bank'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 Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

	Maximum Exposure	
	2016	2015
Credit exposure for on-balance sheet assets		
Cash and short term funds	1,187,627	771,732
Deposits and placements with financial institutions	-	12,376
Investment securities	4,115,191	4,104,689
Financing and advances	8,270,863	6,986,692
	13,573,681	11,875,489
Credit exposure for off-balance sheet assets items		
Financial Guarantee	33,589	26,796
	33,589	26,796
Total maximum credit risk exposure	13,607,270	11,902,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Collateral position in financing and advances (cont'd)

Impaired financing

The breakdown of the gross financing and advances individually assessed as impaired, by sectors and the fair value of related collateral held by Bank as security are as follows:

	Gross individually impaired financing RM'000	Individual impairment allowance RM'000	Fair Value of Collaterals RM'000
Sectors:			
2016			
Construction and Services	5,759	-	5,759
Fishery	44,832	11,991	32,841
Crops	187,748	57,994	129,754
Livestock	87,388	51,648	35,740
Manufacturing	44,034	14,309	29,725
Retail and Wholesale Trade	53,156	6,426	46,730
Others	34,505	12,687	21,818
	457,422	155,055	302,367
2015			
Construction and Services	5,022	-	5,022
Fishery	79,725	39,585	40,140
Crops	191,435	46,591	144,844
Livestock	86,454	46,427	40,027
Manufacturing	22,784	6,095	16,689
Retail and Wholesale Trade	50,419	324	50,095
Others	57,246	15,096	42,150
	493,085	154,118	338,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Credit quality of gross financing and advances (cont'd)

The breakdown of collective impairment allowance for financing and advances by sectors are as follows:

	2016 RM'000	2015 RM'000
Sectors:		
Construction and Service Sectors	6,136	4,236
Fishery	27,709	18,219
Crops	91,955	56,482
Livestock	22,550	33,009
Manufacturing	36,212	29,106
Retail and Wholesale Trade	63,091	21,806
Others	57,370	180,092
Collective impairment allowance	305,023	342,950

Credit risk in investment activities

The credit risk management approach for investment activities is primarily deliberated at the Board Credit and Investment Committee ("BCIVC"). In the case of investment portfolio, the setting of credit limits is done and regularly reviewed by Market Risk Management Department ("MRMD"), as the middle office for treasury operations. Various credit limits on investment exposures are proposed to the Management Risk Committee ("MRC") for endorsement and escalated to BRMC or Board for approval. Report on compliance of various investment exposure limits are done by MRMD which is presented and deliberated at the Asset Liability Committee ("ALCO") on a monthly basis.

The Bank's investment policy stipulates the minimum investment grade for debt securities, types of permissible transactions, exposure limits for single customer/counterparty, credit rating, industry/sector and risk level (high, medium, low). In addition, the Bank has also set interbank limits for placements of money in various financial institutions which are reviewed on a regular basis to mitigate concentration limits in its investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Investment portfolio concentration

The portfolio profile is as follows:

	RM'000	Composition (%)
Deposits with financial institutions	-	-
Corporate bonds	2,926,901	71
GII	1,168,234	28
Commercial papers	19,884	1
Equity securities	172	-
Carrying amount at 31 December 2016	4,115,191	100
Deposits with financial institutions	12,376	1
Corporate bonds	2,899,746	70
GII	1,204,395	29
Equity securities	548	-
Carrying amount at 31 December 2015	4,117,065	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Credit risk in investment activities (cont'd)

Credit quality of investment securities

The following table presents the Bank's exposure to credit risk of financial instruments analysed by ratings from external credit rating agencies:

Ratings

	2016 RM'000	2015 RM'000
Corporate bonds		
AFS securities		
Government-Guaranteed ("GG")	1,283,580	1,231,591
Quasi-Govt/AAAbg	170,176	223,273
AAA/AAbg	742,793	792,747
AA/Abg	696,871	620,135
A	20,072	-
BBB	13,409	12,673
HTM securities		
GG	-	19,327
	2,926,901	2,899,746
Commercial papers		
P1/M1	19,884	-
TOTAL	2,946,785	2,899,746

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Credit quality of financial assets - financial investments portfolio and other financial assets.

	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000
2016				
Cash and short term funds	1,187,627	-	-	1,187,627
Deposits and placements with financial institutions	-	-	-	-
Investment securities	4,115,191	-	-	4,115,191
Financing and advances	8,029,511	244,008	457,422	8,730,941
	13,332,329	244,008	457,422	14,033,759
As a percentage of gross balance	95.00%	1.74%	3.26%	100%
2015				
Cash and short term funds	771,732	-	-	771,732
Deposits and placements with financial institutions	12,376	-	-	12,376
Investment securities	4,104,689	-	-	4,104,689
Financing and advances	6,672,032	318,643	493,085	7,483,760
	11,560,829	318,643	493,085	12,372,557
As a percentage of gross balance	93.44%	2.58%	3.98%	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

Analysis of aging of financing and advances for past due but not impaired.

	Past due but not impaired			Total RM'000
	Due within 30 days RM'000	Due within 31 to 60 days RM'000	Due within 61 to 90 days RM'000	
2016				
Term Financing	106,503	78,821	44,963	230,287
Revolving Financing	6,305	3,008	4,408	13,721
	112,808	81,829	49,371	244,008
2015				
Term Financing	149,019	94,547	65,997	309,563
Revolving Financing	1,782	5,099	2,199	9,080
	150,801	99,646	68,196	318,643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

(i) Nature of liquidity risk

Liquidity risk relates to the ability of the Bank to maintain sufficient liquid assets to meet current and future financial commitments and obligations (anticipated or unanticipated) when they fall due without incurring unacceptable losses. Liquidity risk may arise when there is a mismatch between funding against lending/financing within predetermined time buckets. The mismatches may lead to the inability for the Bank to fulfil its contractual obligations when they fall due. As such, the Bank has to maintain a portion of liquid assets in terms of cash, cash equivalents and marketable securities to match respective maturity buckets.

(ii) Definition of liquidity risk

Liquidity risk is defined as the inability of the Bank to meet timely payment on any of its financial obligations to customers or counterparties when they fall due or the Bank is unable or cannot easily unwind or offset a particular position at/or near the previous market price because of inadequate market depth or because of disruptions in the market place caused by the change in market sentiment or due to a specific event or series of events.

(iii) Management of liquidity risk

The management of liquidity risk is governed by the Market and Liquidity Risk Management Framework ("MLRF") which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

The Board through BRMC approves all policies in relation to liquidity risk management which are regularly reviewed by MRMD. BRMC also oversees the effectiveness and compliance of those policies on a regular basis.

Senior management is responsible to monitor and oversee liquidity risk exposures through the ALCO using primary tools such as maturity mismatch analysis, funding gaps, maximum cumulative outflows and funding concentration ratios using internal as well as market wide information to address possible liquidity issues. ALCO oversees the Bank's financial position structure with regard to liquidity risk exposures and executes controls, within prudent limits and bucketing to manage risks arising from mismatches of maturities across the financial position structure, as well as from undrawn commitments and other contingent obligations. The day-to-day liquidity requirements and position is managed by Treasury Department ("TD") while MRMD, under Risk Management Division ("RMD") acts as Middle Office in monitoring and reporting liquidity risks to ALCO.

(iv) Measurement of liquidity risk

The liquidity risk management of the Bank is aligned with the New Liquidity Framework ("NLF") issued by BNM, and is measured and managed based on projected cash flows. In addition to ensuring compliance with the NLF, the Bank maintains a liquidity compliance buffer to meet any unexpected cash outflows. The measurement of liquidity risk is done through financial position profiling using predetermined time buckets. The exposure limits for each bucket, in particular within a one year bond is closely monitored and analysed to ensure that the Bank has sufficient cash and liquefiable assets to meet contractual and behavioural maturities/commitments, and to determine the causes and ways to improve the gaps. The Bank maintains sufficient liquid assets (minimum 5% of total deposits) to meet contractual and behavioural maturities and commitments up to one week tenure. For up to one month bucket, the Bank maintains liquid assets of at least 7% of total deposits to meet contractual and behavioural maturities and commitments when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk (cont'd)

(v) Contingency funding plan ("CFP")

The Bank has a Contingency Funding Plan ("CFP") in place to deal with liquidity crisis situations. The CFP enables Management to make timely and well-informed decisions in managing any liquidity crisis caused by the Bank's specific risk adverse positions as well as unfavourable market developments. The Bank sets out early warning indicators through various triggers, crisis escalation processes, a crisis management team and funding strategies to mitigate liquidity crisis situations. The CFP is tested and reviewed regularly to update the latest position and matters in relation to liquidity risk profiles of the Bank.

(vi) Stress testing on liquidity risk

As part of liquidity risk management, liquidity risk exposures are also measured through funding concentration, financing deposit ratios, cash and liquid asset ratios. Stress testing is conducted to quantify the worst case scenario of the liquidity position of the Bank based on deposit run-off, market crisis shock, capital erosion and negative publicity. The Bank emphasises the importance of low cost stable and retail deposits as the primary source of funds to finance its lending activities in addition to corporate and other high cost deposits.

(vii) Basel III requirements on liquidity risk

The Bank has started to adopt and comply with certain liquidity risk requirements under the Basel III framework (Liquidity Coverage, Net Stable Funding) lending to the framework's targeted implementation by 2019.

Maturity analysis of assets and liabilities based on discounted contractual cash flows:

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2016							
Financial assets							
Cash and short term funds	1,187,627	-	-	-	-	-	1,187,627
Investment securities*	22,465	268,336	560,977	677,839	2,585,402	465	4,115,484
Financing and advances*	1,043,293	69,649	468,556	990,376	6,159,067	-	8,730,941
Other advances*	-	-	-	-	84,934	-	84,934
Non-Financial assets							
Other assets	-	-	-	-	-	97,439	97,439
Total assets	2,253,385	337,985	1,029,533	1,668,215	8,829,403	97,904	14,216,425

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2016							
Financial liabilities							
Deposit from customers							
Savings deposits	3,089,746	-	-	-	-	-	3,089,746
Term deposits	2,822,874	1,032,084	83,578	16,624	-	-	3,955,160
Deposit and placement of banks and other financial institutions	1,623,265	-	-	-	-	-	1,623,265
Financing scheme funds							
Government	-	-	-	-	1,366,843	-	1,366,843
BNM	-	-	-	-	249,758	-	249,758
Other liabilities							
Government grants	-	-	-	-	-	825,087	825,087
Paddy credit gratuity scheme	-	-	-	-	-	2,275	2,275
	7,535,885	1,032,084	83,578	16,624	1,616,601	827,362	11,112,134
Non-Financial liabilities							
Other payables	-	-	-	-	-	203,409	203,409
Total Liabilities	7,535,885	1,032,084	83,578	16,624	1,616,601	1,030,771	11,315,543
Net maturity mismatch	(5,282,500)	(694,099)	945,955	1,651,591	7,212,802	(932,867)	2,900,882

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2015							
Financial assets							
Cash and short term funds	771,732	-	-	-	-	-	771,732
Deposits with financial institutions	12,376	-	-	-	-	-	12,376
Investment securities*	10,015	119,715	648,672	1,096,874	2,228,865	841	4,104,982
Financing and advances*	720,248	104,555	434,921	1,012,160	5,211,876	-	7,483,760
Other advances*	-	-	-	-	116,269	-	116,269
Non-Financial assets							
Other assets	-	-	-	-	-	97,436	97,436
Total assets	1,514,371	224,270	1,083,593	2,109,034	7,557,010	98,277	12,586,555

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2015							
Financial liabilities							
Deposit from customers							
Savings deposits	2,951,853	-	-	-	-	-	2,951,853
Term deposits	1,564,554	1,302,867	29,803	55,876	-	-	2,953,100
Deposit and placement of banks and other financial institutions							
	1,055,070	80,627	-	-	-	-	1,135,697
Financing scheme funds							
Government	-	-	-	-	1,316,129	-	1,316,129
BNM	-	-	-	-	295,278	-	295,278
Other liabilities							
Government grants	-	-	-	-	-	873,646	873,646
Paddy credit gratuity scheme	-	-	-	-	-	2,330	2,330
	5,571,477	1,383,494	29,803	55,876	1,611,407	875,976	9,528,033
Non-Financial liabilities							
Other payables	-	-	-	-	-	280,333	280,333
Total Liabilities	5,571,477	1,383,494	29,803	55,876	1,611,407	1,156,309	9,808,366
Net maturity mismatch	(4,057,106)	(1,159,224)	1,053,790	2,053,158	5,945,603	(1,058,032)	2,778,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Maturity analysis of financial liabilities based on undiscounted contractual cash flows:

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2016							
Financial liabilities							
Deposit from customers							
Savings deposits	3,089,746	-	-	-	-	-	3,089,746
Term deposits	2,897,116	1,059,228	90,347	18,928	-	-	4,065,619
Deposit and placement of banks and other financial institutions	1,686,572	-	-	-	-	-	1,686,572
Financing scheme funds							
Government	-	-	-	-	1,398,844	-	1,398,844
BNM	-	-	-	-	255,957	-	255,957
Other liabilities							
Government grants	-	-	-	-	-	825,087	825,087
Paddy credit gratuity scheme	-	-	-	-	-	2,275	2,275
	7,673,434	1,059,228	90,347	18,928	1,654,801	827,362	11,324,100
Financial liabilities							
Other payables	-	-	-	-	-	203,409	203,409
Total Liabilities	7,673,434	1,059,228	90,347	18,928	1,654,801	1,030,771	11,527,509

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Maturity analysis of financial liabilities based on undiscounted contractual cash flows: (cont'd)

	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
2015							
Financial liabilities							
Deposit from customers							
Savings deposits	2,951,853	-	-	-	-	-	2,951,853
Term deposits	1,603,981	1,335,699	32,113	63,280	-	-	3,035,073
Deposit and placement of banks and other financial institutions							
	1,094,741	83,658	-	-	-	-	1,178,399
Financing scheme funds							
Government	-	-	-	-	1,592,823	-	1,592,823
BNM	-	-	-	-	358,623	-	358,623
Other liabilities							
Government grants	-	-	-	-	-	873,646	873,646
Paddy credit gratuity scheme	-	-	-	-	-	2,330	2,330
	5,650,575	1,419,357	32,113	63,280	1,951,446	875,976	9,992,747
Financial liabilities							
Other payables	-	-	-	-	-	280,333	280,333
Total Liabilities	5,650,575	1,419,357	32,113	63,280	1,951,446	1,156,309	10,273,080

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market risk

(i) Nature of market risk

Market risks arises from volatilities in profit rates, equity prices, commodity prices, credit spreads and foreign exchange rates which are inherent in the investment portfolio. The market risk exposure for the Bank relates to all financial assets and liabilities held for investment in the banking book as well as for trading purposes. As the Bank's investment portfolio focuses on profit rate bearing assets and liabilities, movements/changes in profit rates in the market may pose major and significant risk to the fair value of the investment portfolio of the Bank.

(ii) Definition of market risk

Market risk is defined as the risk of losses in On and Off Balance Sheet positions arising from unexpected movements in market prices due to volatility in profit rates, equity prices, commodity prices, foreign exchange rates etc.

(iii) Management of market risk

The management of market risks, in particular the profit rate risk is governed by the MLRF which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

The Board through BRMC approves all policies in relation to market rate risks, in particular the profit rate risk management which are reviewed on a regular basis. BRMC also oversees the effectiveness and compliance of those policies as well as approve new and revised existing policies.

At senior management level, ALCO deliberates market risk management by executing decisions, business strategies and action plans within the policies and guidelines approved by BRMC or the Board.

The daily management of the investment portfolio is executed by the TD. MRMD acts as the middle office for investment and treasury related activities by executing risk governance and risk assessments on a regular basis. MRMD also provides independent assessment on market risk in relation to investment activities, including recommendation for new acquisitions and evaluation on mark-to-market prices and yield curves on investment returns, in particular for the AFS portfolio. MRMD provides monthly report to ALCO and BRMC for investment portfolio governance including the compliance of limits approved by BRMC/Board.

For bank-wide market risk management, MRMD monitors the profit rate risk sensitivity through the Profit Rate Sensitivity Gap ("PRG"), Earnings at Risk ("EAR") and Duration Weighted Gap ("DWG") regularly and presents reports to ALCO every month. MRMD also signs off new product proposal papers and documents (together with other risk management units) for new products by incorporating relevant assessments and advice on market (and liquidity risks) prior to escalation to higher levels for BNM approval.

(iv) Measurement of profit rate risk

The measurement of the Bank's exposures to profit rate risk is done through the following:

- **Sensitivity analysis**

Sensitivity analysis is used to determine how different values of an independent variable will impact a particular dependent variable under a given set of assumptions. This technique is used within specific boundaries that will depend on one or more input variables, such as the effect of changes in profit rates on bonds prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market risk (cont'd)

(iv) Measurement of profit rate risk (cont'd)

- **Profit rate gap ("PRG") analysis**

Gap analysis is conducted to determine the gap between the Risk Sensitive Assets (RSAs) and Risk Sensitive Liabilities (RSLs) in relation to their sensitivity to profit rate movements in the market for any given period of time. The RSAs and RSLs are classified into predetermined buckets based on respective repricing modes which are either contractual or behavioural in nature and in particular to the movements of the Overnight Policy Rate (OPR) announced by BNM. The gap between RSAs and RSLs for each bucket represents the amounts and percentages of the PRG. For the measurement of PRG, the Bank takes the position of all buckets within one year bond and matches it against the predetermined limit to reflect sensitivity to the movement in the Net Profit Income (NPI) and capital. The Bank establishes a limit of +/-10% on the PRG to effectively mitigate profit rate risk. The non sensitive assets or liabilities which lack definite repricing intervals are assigned to buckets according to relevant judgment and past experience of the Bank.

- **Duration weighted gap ("DWG") analysis**

DWG analysis utilises the time-weighted average maturity of the present value of the cash flows from assets, liabilities and off-balance sheet items. It measures the relative sensitivity of the value of these instruments to changes in profit rates (the average term to repricing), and therefore reflects how changes in profit rates will affect the Bank's economic value, that is, the present value of equity. The Bank applies DWG to measure its capital and balance sheet sensitivity to the profit rate movements for all buckets as per PRG with the incorporation of predetermined weights.

- **Earnings at risk ("EaR") analysis**

EaR analysis aims to quantify the impact on the projection of net profit income ("NPI") in the event of an adverse change in prevailing profit rates for a period of 1 year, depending on profit rate sensitivity of the Bank (Asset Sensitive or Liability Sensitive). The Bank assumes a maximum 100 basis point rate movement as the worst case scenario.

- **Value at risk ("VaR") analysis**

The Bank has in place the Value at Risk ("VaR") model in measuring profit rate risk on its investment portfolio, despite not having a trading book portfolio. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The Bank adopted the Historical Simulation Approach for 250 days with 99% confidence level and predetermined VaR limit.

- **Stress test analysis/Scenario analysis**

Stress testing/simulation analyses are done based on macro economic variables, particularly yield rates on bond values ("Duration") and "beta ratio on equity" as well as possibility of bonds downgrading impact. The stress testing/simulation analysis employs a range of simulated scenarios on the Bank's investment portfolio to assess the impact on investment values, profitability and capital of the Bank.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market Risk (cont'd)

(v) Profit Rate Risk

The table below summarises the Bank's exposure to profit rate risk.

	<1 year RM '000	>1-2 years RM '000	>2-3 years RM '000	>3-5 years RM '000	>5 years RM '000	Non- profit sensitive RM '000	Total RM '000	Effective Profit Rate
2016								
Financial assets								
Cash and short term funds	1,187,627	-	-	-	-	-	1,187,627	3.44%
Investment securities	290,801	269,813	291,164	677,839	2,585,402	465	4,115,484	4.27%
Financing and advances	6,770,351	58,358	74,545	173,513	53,934	1,600,240	8,730,941	6.58%
Other advances	-	-	-	-	-	84,934	84,934	
Other assets	-	-	-	-	-	57,795	57,795	
Total assets	8,248,779	328,171	365,709	851,352	2,639,336	1,743,434	14,176,781	
Financial liabilities								
Deposits from customers	6,944,704	15,738	67,840	16,624	-	-	7,044,906	2.63%
Deposit and placement of banks and other financial institutions	1,623,265	-	-	-	-	-	1,623,265	3.90%
Financing scheme funds	-	-	-	-	-	1,616,601	1,616,601	0.45%
Other liabilities	-	-	-	-	-	827,362	827,362	
Total financial liabilities	8,567,969	15,738	67,840	16,624	-	2,443,963	11,112,134	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The table below summarises the Bank's exposure to profit rate risk. (cont'd)

	<1 year	>1-2 years	>2-3 years	>3-5 years	>5 years	Non- profit sensitive	Total	Effective Profit Rate
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
2015								
Financial assets								
Cash and short term funds	771,732	-	-	-	-	-	771,732	3.94%
Deposits and placements with financial institutions	12,376	-	-	-	-	-	12,376	4.30%
Investment securities	129,730	355,524	293,148	1,096,874	2,228,865	841	4,104,982	3.93%
Financing and advances	824,803	174,880	256,041	1,016,160	2,507,278	2,704,598	7,483,760	7.20%
Other advances	-	-	-	-	-	116,269	116,269	
Other assets	-	-	-	-	-	48,103	48,103	
Total assets	1,738,641	530,404	549,189	2,113,034	4,736,143	2,869,811	12,537,222	
Financial liabilities								
Deposits from customers	5,819,274	12,885	16,918	55,876	-	-	5,904,953	2.52%
Deposit and placement of banks and other financial institutions	1,135,697	-	-	-	-	-	1,135,697	3.76%
Financing scheme funds	-	-	-	-	-	1,611,407	1,611,407	3.98%
Other liabilities	-	-	-	-	-	875,976	875,976	
Total financial liabilities	6,954,971	12,885	16,918	55,876	-	2,487,383	9,528,033	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market Risk (cont'd)

Profit rate sensitivity

The table below shows the impact of the Bank's profit after tax and equity to an up and down 100 basis point parallel rate shock:

	2016		2015	
	+100bp RM '000	-100bp RM '000	+100bp RM '000	-100bp RM '000
Impact on profit before tax	84,556	(84,556)	82,708	(82,708)
Impact on equity	64,263	(64,263)	62,858	(62,858)
	148,819	(148,819)	145,566	(145,566)

(e) Operational risk

(i) Nature of operational risk

Operational risk is inherent in the Bank's business operations and associated with the Bank's involvement with financial instruments, other than credit, market and liquidity risks.

(ii) Definition of operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems and from external events. This definition includes legal risk but excludes strategic and reputational risk.

(iii) Management of operational risk

The management of operational risk is governed by the Operational Risk Management Framework (ORMF) which sets out the risk management governance and infrastructure, risk management processes and control responsibilities which is in line with the regulatory guidelines set by the Bank of International Settlements ("BIS"), Basel Accords and BNM.

The Board through BRMC approves all policies in relation to operational risk management which are reviewed on a regular basis. BRMC also oversees the effectiveness and compliance of those policies as well as approve new and revised policies.

Senior Management takes the responsibility of managing the business risks, the ultimate responsibility for establishing and maintaining appropriate risk management processes, making risk management an integral part of the Bank's operations, aligning risk management to internal policies and procedures as well as ensuring that all risk based-limits are adhered to by the business divisions, departments and units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Operational risk (cont'd)

(iv) Measurement of operational risk

- **Oversight structure and lines of defence**

The interplay between the risk owners at the business level, Risk Management Division ("RMD") and Internal Audit Department ("IAD") forms the framework for the Bank's "three lines of defence" in the managing of operational risks.

The first line of defence is the Business risk owners, who are responsible for the day-to-day operational risk management where Key Performance Indicators ("KPIs"), Key Risk Indicators ("KRIs") and Key Control Indicators ("KCIIs"), Risk Maps, Key Risk Control Self-Assessment ("RCSA") and Incident Management and Data Collection ("IMDC") are in place and aligned to the business objectives.

RMD as the second line of defence is responsible for operational risk management oversight while IAD as the third line of defence is entrusted to perform independent assurance over the effectiveness of the operational risk management initiatives by RMD and the Business Units.

- **Risk management process**

Operational Risk Management ("ORM") refers to the end-to-end process that ensures operational risks are effectively managed from the time they are identified to the time the risks are mitigated within the risk appetite of the Bank. It is the responsibility of everyone at the Bank. This generic process is used to manage operational risks at all levels from units to Head office. The operational risk management process comprises 4 steps namely:

- (i) Risk identification
- (ii) Risk assessment
- (iii) Managing and controlling risk
- (iv) Monitoring and reporting risk

- **Reporting and communication guidelines**

In establishing a sound ORM at the Bank, the reporting and communication lines are extremely important. As operational risk is pervasive across the organisation and the range and type of incidents is broad, from fraud to product and system failures and from errors in the front office to the back office, it is important to share information at all levels. Information sharing should be through both formal reporting lines and face-to-face communication.

- **Culture**

Operational risk culture encompasses general awareness, attitude, behaviour of employees to the key operational risk causes such as people, process, systems external events.

Adequate awareness and training in operational risk is to be given to the staff and their roles and responsibilities clearly defined. In addition, the performance management process encourages staff to perform and behave in a manner consistent with the Bank's operational risk management objectives. Adequate training is to be provided to the staff to ensure that they have acquired adequate level of knowledge and skill sets to perform their roles and responsibilities in operational risk management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Capital management

Regulatory capital

BNM sets and monitors capital requirements for the Bank as a whole.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, perpetual bonds (which are classified as innovative tier 1 securities), retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, government grants and collective impairment allowances for non-impaired financing.

Various limits are applied to elements of the capital base. The amount of innovative tier 1 securities cannot exceed 15 percent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated financing capital may not exceed 50 percent of tier 1 capital. There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and 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 advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. Management uses regulatory capital ratios in order to monitor its capital base, and these capital ratios remain the international standards for measuring capital adequacy. The Bank has developed a Capital Management Plan ("CMP") to facilitate effective management of capital and address potential impact from financing deterioration as well as to provide an adequate buffer to support business expansion.

Capital allocation

Capital allocation between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be varied to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is subject to review by the ALCO as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Capital management (cont'd)

Capital Adequacy

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:

	2016	2015
	%	%
Before deducting proposed dividend:		
Core capital ratio	24.88	27.25
Risk-weighted capital ratio	29.37	32.49
After deducting proposed dividend:		
Core capital ratio	24.69	27.12
Risk-weighted capital ratio	29.18	32.36

The capital adequacy ratio of the Bank as at 31 December 2016 has incorporated the market risk pursuant to the BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	2016	2015
	RM'000	RM'000
Components of Tier I and Tier II capital		
Tier I capital		
Share capital	1,000,000	1,000,000
Statutory reserves	487,109	487,109
Retained earnings	1,184,458	1,060,323
Less: Deferred tax assets	(41,187)	(60,602)
Total Tier I capital	2,630,380	2,486,830
Tier II capital		
Collective impairment allowance ¹	177,322	183,911
Government Grants - Operating	26,044	27,584
Government Grants - Launching	6,046	8,471
Government Grants - Funds ²	264,886	258,035
Total Tier II capital	474,298	478,001
Total capital base	3,104,678	2,964,831

¹ The eligible amount for Tier II capital is limited to only collective impairment allowance on non-impaired financing and advances.

² The Government Grants - Funds exclude those grants relating to the fair valuation of financing scheme funds at below market rate amounting to RM528.11 million (2015: RM579.55 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Capital management (cont'd)

The breakdown of risk-weighted assets in the various categories of risk-weights is as follows:

	Notional RM'000	Risk- weighted RM'000
0%	2,672,303	-
20%	1,425,701	285,140
50%	34,805	17,403
100%	9,805,295	9,805,295
Off balance sheet risk-weighted assets	-	462,941
Total risk-weighted assets at 31 December 2016	13,938,104	10,570,779
0%	2,681,850	-
20%	1,028,951	205,791
50%	36,506	18,253
100%	8,484,830	8,484,830
Off balance sheet risk-weighted assets	-	417,709
Total risk-weighted assets at 31 December 2015	12,232,137	9,126,583

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount at which the financial assets could be exchanged or financial liabilities 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 of the reporting period.

(i) Financial assets and financial liabilities carried at fair value

Set out below, is a comparison by the class of the fair value of the Bank's financial instruments:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Financial assets				
Investment securities-AFS	465	4,115,019	-	4,115,484
2015				
Financial assets				
Investment securities-AFS	841	3,934,412	-	3,935,253

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

(ii) Financial assets and financial liabilities at carrying amount

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investment securities-HTM	-	-	169,729	170,541
Financing and advances	8,270,863	5,369,742	6,986,692	6,802,680
	8,270,863	5,369,742	7,156,421	6,973,221
Financial liabilities				
Deposits from customers	7,044,906	6,858,655	5,904,953	5,753,230
Deposit and placement of banks and other financial institutions	1,623,265	1,562,334	1,135,697	1,094,543
	8,668,171	8,420,989	7,040,650	6,847,773

The fair value of investment securities-HTM, financing and advances, deposits from customers and deposit and placement of banks and other financial institutions are at Level 2 (2015: Level 2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Investment securities - HTM

The fair values of instrument of investments are estimated based on the market value at the end of the reporting period.

As for commercial papers which are generally short-term funds, the fair values approximate the respective carrying values.

(ii) Investment securities - AFS

AFS financial assets valued using valuation techniques or pricing models primarily consists of quoted equities and debt securities.

The fair values of private debt securities, Malaysian government investment issues are determined by reference to the market value of these instruments published by rating agency in Malaysia.

(iii) Financing and advances

For fixed-rate financing with maturities within a year, financing and advances at variable rates, the estimated fair values approximate their respective carrying values.

For fixed-rate financing with maturities more than a year, the fair values are estimated based on expected future cash flows of contractual instalments and discounted at prevailing rate at the end of the reporting period offered for similar financing to new customers with similar credit profiles, where applicable.

(iv) Deposits from customers

The fair values of deposits from customers 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 market rates for similar deposits from customers. The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested.

Fair value hierarchy

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets of identical assets or liabilities;

Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have significant effect on the fair value that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. FINANCIAL INSTRUMENTS (cont'd)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	AFS securities RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
2016			
Financial assets			
Cash and short term funds	-	1,187,627	1,187,627
Deposits with financial institutions	-	-	-
Investment securities	4,115,191	-	4,115,191
Financing and advances	-	8,270,863	8,270,863
	4,115,191	9,458,490	13,573,681
Financial liabilities			
Deposits from customers	-	7,044,906	7,044,906
Deposit and placement of banks and other financial institutions	-	1,623,265	1,623,265
Financing scheme funds	-	1,616,601	1,616,601
	-	10,284,772	10,284,772

	HTM securities RM'000	AFS securities RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
2015				
Financial assets				
Cash and short term funds	-	-	771,732	771,732
Deposits with financial institutions	-	-	12,376	12,376
Investment securities	169,729	3,934,960	-	4,104,689
Financing and advances	-	-	6,986,692	6,986,692
	169,729	3,934,960	7,770,800	11,875,489
Financial liabilities				
Deposits from customers	-	-	5,904,953	5,904,953
Deposit and placement of banks and other financial institutions	-	-	1,135,697	1,135,697
Financing scheme funds	-	-	1,611,407	1,611,407
	-	-	8,652,057	8,652,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. SHARIAH NON COMPLIANT EVENT

(1) Nature of Non-Compliant ("SNC") Events

The Bank has put in place a sound Shariah governance framework to ensure strict adherence to Shariah requirements in its processes. A dedicated Shariah Committee ("SC") provides Shariah oversight on all material Shariah non-compliant risks across the Bank.

SNC event is a result of the Bank's failure to comply with the Shariah rules and principles determined by the relevant Shariah regulatory councils. Any transactions that are suspected to be Shariah non-compliant are reported to the SC for their deliberation and conclusion as to whether any Shariah requirements have been breached.

For the financial year ended 31 December 2016, the nature of Shariah non-compliance deliberated by the SC were as follows:

Financing products

- (i) Element of interconditionality in Asset Purchase Agreement ("APA") and Assets Sale Agreement ("ASA") (Bai' Al-Inah and BBA).
- (ii) Incorrect sequence of akad executions (Bai' Al-Inah and BBA).
- (iii) Absence of akad in Bai' Al-Inah and BBA.

Deposit products

- (i) Improper execution of agreement for Tawarruq products (FRIA-*i* and FRIA-*i* 45Plus).

(2) Amount of Shariah non-compliant accounts and tainted income

Throughout the year 2016, there were 21 accounts (2015: 359 accounts) identified as SNC events reported to BNM. Nevertheless, the rectification processes are still in progress.

37. COMPARATIVE

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform with the current year's presentation. The reclassification is as follow:

	Previously stated	Re- classification	Restated
Statement of financial position			
1.1.2015			
Deposits from customers	6,854,282	(685,249)	6,169,033
Deposit and placement of banks and other financial institutions	-	685,249	685,249
31.12.2015			
Deposits from customers	7,040,650	(1,135,697)	5,904,953
Deposit and placement of banks and other financial institutions	-	1,135,697	1,135,697

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

38. SUBSEQUENT EVENT

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and will replace the Companies Act, 1965 in Malaysia with the New Act to be effective on 31 January 2017.

The New Act was enacted to replace the Companies Act, 1965 in Malaysia with the objective of creating a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except for Section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Bank upon the commencement of the New Act on 31 January 2017 are:

- i) the removal of the authorised share capital; and
- ii) the ordinary shares of the Bank will cease to have par or nominal value.

The adoption of the New Act is not expected to have any financial impact on the Bank for the current financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Bank in the next financial year ending 31 December 2017.

MAKLUMAT TAMBAHAN ADDITIONAL INFORMATION

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Status Korporat
Corporate Status

MAKLUMAT KORPORAT

CORPORATE INFORMATION

LEMBAGA PENGARAH

BOARD OF DIRECTORS

TAN SRI MOHAMAD ZABIDI ZAINAL
(Dilantik/appointed: 29 Julai/July 2016)
Pengerusi Bebas Bukan Eksekutif
Independent Non-Executive Chairman

DATO' MOHD ARIF AB RAHMAN
(Meletak jawatan/resigned: 1 Julai/July 2016)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

DATIN RASHIDAH MOHD SIES
(Meletak jawatan/resigned: 1 Julai/July 2016)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

DATUK SERI DR. ISMAIL HAJI BAKAR
(Dilantik/appointed : 1 Julai/July 2016)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

DATUK JOHAR CHE MAT
(Meletak jawatan/resigned: 1 Julai/July 2016)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DATO' DR. YUSOF ISMAIL
(Dilantik/appointed: 14 Disember/
December 2016)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

NG CHIH KAYE
(Dilantik/appointed: 8 Februari/February 2011)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DATO' DR. MOHAMAD HASHIM AHMAD TAJUDIN
(Dilantik/appointed: 3 Julai/July 2014)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DATO' WAN MOHD FADZMI WAN OTHMAN
(Dilantik/appointed: 1 Julai/July 2011)
Presiden/Ketua Pegawai Eksekutif
President/Chief Executive Officer

DATIN SERI HAJAH RUZAINA WAN HANIFF
(Meletak jawatan/resigned: 31 Ogos/
August 2016)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DATIN SETIA SHAHARIAH HASHIM
(Dilantik/appointed: 1 Julai/July 2016)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

AZIZAH ABDUL RAHMAN
(Dilantik/appointed: 1 Julai/July 2016)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

JAWATANKUASA PENCALONAN

NOMINATING COMMITTEE

Pengerusi/Chairman
Tan Sri Mohamad Zabidi Zainal

Ahli/Members
Datuk Johar Che Mat
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Ng Chih Kaye
Datin Seri Hajah Ruzaina Wan Haniff
Datuk Seri Dr. Ismail Haji Bakar
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

JAWATANKUASA IMBUHAN

REMUNERATION COMMITTEE

Pengerusi/Chairman
Datin Seri Hajah Ruzaina Wan Haniff

Ahli/Members
Datin Rashidah Mohd Sies
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

JAWATANKUASA LEMBAGA PENGURUSAN RISIKO

BOARD RISK MANAGEMENT COMMITTEE

Pengerusi/Chairman
Dato' Dr. Mohamad Hashim Ahmad Tajudin

Ahli/Members
Datuk Johar Che Mat
Ng Chih Kaye
Datin Seri Hajah Ruzaina Wan Haniff
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

JAWATANKUASA LEMBAGA AUDIT

BOARD AUDIT COMMITTEE

Pengerusi/Chairman
Ng Chih Kaye

Ahli/Members
Datuk Johar Che Mat
Datin Rashidah Mohd Sies
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

JAWATANKUASA LEMBAGA KREDIT DAN PELABURAN

BOARD CREDIT & INVESTMENT COMMITTEE

Pengerusi/Chairman
Datuk Johar Che Mat
(Meletak jawatan/resigned: 1 Julai/July 2016)

Ahli/Members
Ng Chih Kaye
Datin Rashidah Mohd Sies
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

JAWATANKUASA LEMBAGA TEKNOLOGI MAKLUMAT

BOARD INFORMATION TECHNOLOGY COMMITTEE

Pengerusi/Chairman
Ng Chih Kaye

Ahli/Members
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Datin Setia Shahariah Hashim
Azizah Abdul Rahman

KUMPULAN PENGURUSAN

MANAGEMENT TEAM

Pengerusi/Chairman
Dato' Wan Mohd Fadzmi Wan Othman

Ahli/Members
Azizan Ahmad
(Meletak jawatan/resigned: 21 Jun/June 2016)
Dato' Muslim Hussain
Dato' Asmuni Sudin
Jasni Mohamed Yusoff
(Dilantik/appointed: 11 Januari/January 2016)
Zahid Ahmad Zawawi
Abdul Khalif Mohammad Salleh
Mad Yusof Yazid
Ahmad Shahril Mohd Shariff
Masaat Awadz
Yasmin Mohamed
(Dilantik/appointed: 13 September 2016)

JAWATANKUASA SYARIAH

SHARIAH COMMITTEE

Pengerusi/Chairman
Prof. Madya Dr. Mohamed Fairouz
Abdul Khir

Ahli/Members
Prof. Madya Dr. Atikullah Hj. Abdullah
Dr. Mohamad Sabri Zakaria
Tuan Haji Jahaidi @ Jahoidi Harun
Tuan Haji Azizi Che Seman
Y.M. Engku Ahmad Fadzil Y.M. Engku Ali

Setiausaha/Secretary
Hishamuddin Ab Hamid

SETIAUSAHA SYARIKAT

COMPANY SECRETARY

Zarina Nadzimuddin
MAICSA 7060104

STATUS KORPORAT

CORPORATE STATUS

PEJABAT BERDAFTAR REGISTERED OFFICE

Aras 3, Bangunan Agrobank
Leboh Pasar Besar
50726 Kuala Lumpur

IBU PEJABAT HEADQUARTERS

Bank Pertanian Malaysia Berhad
Bangunan Agrobank
Leboh Pasar Besar
50726 Kuala Lumpur
Tel: (603)-2731 1600
Laman web/website: www.agrobank.com.my

JURUAUDIT AUDITORS

Tetuan (Messrs) Ernst & Young
Aras 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
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Faks/Fax : (603)-2095 5332

TARIKH DIPERBADANKAN DATE OF INCORPORATION

31 Mac 2008 di bawah Akta Syarikat 1965
31 March 2008 under the Companies Act 1965

Bank Pertanian Malaysia Berhad (BPMB) telah didaftarkan dan diperbadankan pada 31 Mac 2008 di bawah Akta Syarikat 1965. BPMB yang secara komersialnya dikenali sebagai Agrobank, ialah sebuah Syarikat Berkaitan Kerajaan (GLC) di bawah Menteri Kewangan Diperbadankan (MKD). Walaubagaimanapun, pembiayaan sektor pertanian dipandu oleh polisi-polisi yang ditetapkan oleh Kementerian Pertanian dan Industri Asas Tani.

Bank Pertanian Malaysia Berhad (BPMB) was registered and incorporated on 31 March 2008 under the Companies Act, 1965. BPMB which is also commercially known as Agrobank, is a Government-Linked Company (GLC) under the Minister of Finance Incorporated (MKD). However, funding for the agricultural sector is guided by policies set by the Ministry of Agriculture and Agro-Based Industry.

CAWANGAN/BRANCH



Untuk maklumat lanjut, sila hubungi:
For more information, please contact:

- Pusat Panggilan/Contact Centre: 1300 88 2476
- E-mel/E-mail: customer@agrobank.com.my



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maklumat lanjut
Scan for more
information

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