

Memperkasakan

Pertanian Melangkaui Perbankan

Advancing Agriculture Beyond Banking

LAPORAN TAHUNAN 2019 ANNUAL REPORT



MEMPERKASAKAN PERTANIAN MELANGKAUI PERBANKAN

ADVANCING AGRICULTURE BEYOND BANKING

Sebagai sebuah Institusi Kewangan Pembangunan (IKP), kami komited memainkan peranan bagi memperkasa dan memajukan sektor pertanian dengan menyediakan penyelesaian kewangan yang lengkap kepada para pelanggan kami. Tumpuan kami adalah untuk membantu mereka meningkatkan kecekapan dan pengeluaran dalam ruang lingkup ekosistem pertanian pada masa yang sama menyumbang kepada kesejahteraan komuniti. Komitmen ini telah pun berterusan selama 50 tahun sejak Bank mula ditubuhkan.

Hari ini, dengan visi yang diperbaharui, Agrobank berada dalam kedudukan kukuh untuk membantu meningkatkan dan mentransformasikan sektor pertanian ke arah modenisasikan. Bank berpegang teguh pada matlamatnya untuk berkhidmat kepada para pelanggan di seluruh rantai nilai dan kitaran hayat perniagaan, serta terus memupuk dan mempersiapkan para usahawan dengan pengetahuan dan kemahiran yang betul untuk mereka berjaya dalam bidang perniagaan pertanian. Hakikat ini diterjemahkan secara tepat dalam visi kami yang diperbaharui iaitu '**Memperkasakan Pertanian Melangkaui Perbankan**' yang menjadi tema Laporan Tahunan 2019.

As a Developmental Financial Institution (DFI), we are committed to demonstrate our role in advancing and develop the agriculture sector by providing comprehensive financial solutions with a focus on helping our customers increase efficiency and productivity within the agricultural ecosystem while contributing to the betterment of communities. This commitment continues unabated after 50 years since the Bank's inception.

Today, with a renewed vision, Agrobank is in a strong position to help spur and transform the agriculture sector towards greater modernisation. The Bank is resolute in its aim to serve customers across the entire value chain and business life cycle and continue to nurture and equip entrepreneurs with the right financial knowledge and skills to be successful in the agricultural businesses. This is aptly reflected in our renewed vision, '**Advancing Agriculture Beyond Banking**' and serves as the theme of the 2019 Annual Report.

MENGENAI LAPORAN INI

ABOUT THIS REPORT

Laporan Tahunan ini mengandungi maklumat tentang prestasi kewangan dan bukan kewangan bagi tahun 2019, strategi, tadbir urus dan proses pengurusan risiko untuk menangani risiko dan peluang dalam persekitaran operasi kami dan menyampaikan nilai kepada pihak-pihak berkepentingan kami. Dalam menyediakan laporan ini, Agrobank berpandukan amalan-amalan terbaik serta mematuhi keperluan-keperluan berkanun Malaysia dan rangka kerja pelaporan termasuk:

- Dasar Tadbir Urus Korporat Bank Negara Malaysia
- Garis Panduan Pelaporan Kewangan bagi Institusi Kewangan Pembangunan (IKP)
- Dokumen Dasar dan Garis Panduan Bank Negara Malaysia
- Akta Institusi Kewangan Pembangunan 2002
- Akta Syarikat 2016
- Piawaian Pelaporan Kewangan Malaysia (MFRS)

Laporan Tadbir Urus

Bank mematuhi prinsip-prinsip tadbir urus yang baik. Butiran mengenai Lembaga Pengarah dan pengurusan kanan, dan pendekatan kami terhadap tadbir urus korporat yang termasuk tadbir urus Syariah terkandung dalam Laporan Tahunan ini.

Pernyataan Progresif

Laporan ini mengandungi pernyataan-pernyataan yang berbentuk memandang ke hadapan dari segi prestasi perniagaan dan kewangan Agrobank termasuk strategi, perancangan, matlamat, objektif dan pada kelazimannya, melibatkan risiko dan ketidaktentuan kerana ia berkait dengan kejadian dan bergantung pada keadaan yang mungkin atau mungkin tidak berlaku di masa hadapan. Antara lainnya, ini termasuklah faktor-faktor seperti keadaan ekonomi domestik dan global serta hal-hal berkaitan dasar dan kredit.

Tahun Asas KDNK

Angka-angka berkaitan KDNK laporan tahunan ini dinilai pada harga pasaran 2010 sebagai tahun asas.

Laporan Dalam Talian

Versi atas talian tersedia di <https://www.agrobank.com.my/home/corporate-info/annual-reports/>

Maklum Balas

Kami akan menambah baik pengumpulan dan pengukuran data sebagai sebahagian daripada usaha untuk membuat pendedahan yang lebih terperinci dalam laporan-laporan seterusnya. Kami akan berusaha menambah baik skop pelaporan dan mengalau-alukan maklum balas berhubung laporan ini. Sila hantar sebarang soalan, komen atau cadangan kepada: customer@agrobank.com.my

The Annual Report includes information on our financial and non-financial performance for 2019, our strategy, governance and risk management processes to address risks and opportunities in our operating environment and deliver value for our stakeholders. In the preparation of this report, Agrobank takes guidance and compliance from best practices and the requirements of the Malaysia statutory and reporting frameworks including:

- Bank Negara Malaysia Corporate Governance Policy
- Guidelines on Financial Reporting for Development Financial Institution (DFI)
- Bank Negara Malaysia Policy Documents and Guidelines
- Development Financial Institutions Act 2002
- Companies Act 2016
- Financial Reporting Standards (MFRS)

Governance Report

The Bank adheres to principles of good governance. Details of our Board of Directors and senior management, and our approach to corporate governance which include Shariah governance are included in this Annual Report.

Forward-looking Statements

This report contains forward-looking statements with respect to the business and financial performance of Agrobank including its strategies, plans, goals, objectives and by their nature, involves risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. These may include factors such as global and domestic economic conditions, policy matters, and credit matters, to name a few.

GDP Base Year

This annual report GDP related figures are evaluated at the market prices of 2010 as the base year.

Online Report

The report is available online at <https://www.agrobank.com.my/home/corporate-info/annual-reports/>

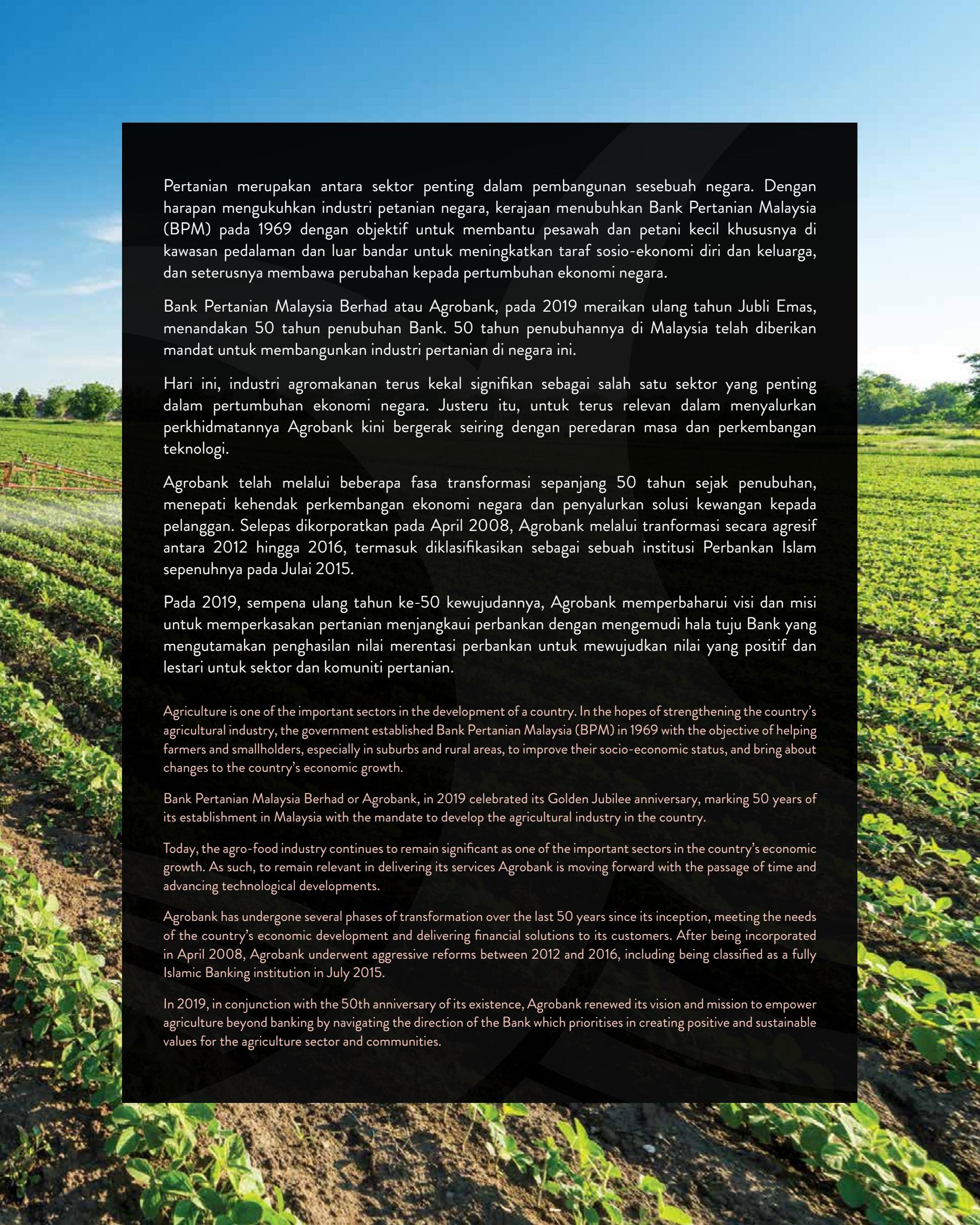
Feedback

We will continue to improve our data collection and measurement as part of our effort to produce more detailed disclosures in the subsequent reports. We continually seek to improve our reporting areas and welcome feedback on this report. Please address any questions, comments or suggestions to: customer@agrobank.com.my

Mandat Membangunkan Sektor Pertanian Negara

MANDATED TO SUPPORT THE NATION'S
AGRICULTURE SECTOR





Pertanian merupakan antara sektor penting dalam pembangunan sesebuah negara. Dengan harapan mengukuhkan industri petanian negara, kerajaan menubuhkan Bank Pertanian Malaysia (BPM) pada 1969 dengan objektif untuk membantu pesawah dan petani kecil khususnya di kawasan pedalaman dan luar bandar untuk meningkatkan taraf sosio-ekonomi diri dan keluarga, dan seterusnya membawa perubahan kepada pertumbuhan ekonomi negara.

Bank Pertanian Malaysia Berhad atau Agrobank, pada 2019 meraikan ulang tahun Jubli Emas, menandakan 50 tahun penubuhan Bank. 50 tahun penubuhannya di Malaysia telah diberikan mandat untuk membangunkan industri pertanian di negara ini.

Hari ini, industri agromakanan terus kekal signifikan sebagai salah satu sektor yang penting dalam pertumbuhan ekonomi negara. Justeru itu, untuk terus relevan dalam menyalurkan perkhidmatannya Agrobank kini bergerak seiring dengan peredaran masa dan perkembangan teknologi.

Agrobank telah melalui beberapa fasa transformasi sepanjang 50 tahun sejak penubuhan, menepati kehendak perkembangan ekonomi negara dan menyalurkan solusi kewangan kepada pelanggan. Selepas dikorporatkan pada April 2008, Agrobank melalui transformasi secara agresif antara 2012 hingga 2016, termasuk diklasifikasikan sebagai sebuah institusi Perbankan Islam sepenuhnya pada Julai 2015.

Pada 2019, sempena ulang tahun ke-50 kewujudannya, Agrobank memperbaharui visi dan misi untuk memperkasakan pertanian menjangkaui perbankan dengan mengemudi hala tuju Bank yang mengutamakan penghasilan nilai merentasi perbankan untuk mewujudkan nilai yang positif dan lestari untuk sektor dan komuniti pertanian.

Agriculture is one of the important sectors in the development of a country. In the hopes of strengthening the country's agricultural industry, the government established Bank Pertanian Malaysia (BPM) in 1969 with the objective of helping farmers and smallholders, especially in suburbs and rural areas, to improve their socio-economic status, and bring about changes to the country's economic growth.

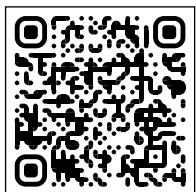
Bank Pertanian Malaysia Berhad or Agrobank, in 2019 celebrated its Golden Jubilee anniversary, marking 50 years of its establishment in Malaysia with the mandate to develop the agricultural industry in the country.

Today, the agro-food industry continues to remain significant as one of the important sectors in the country's economic growth. As such, to remain relevant in delivering its services Agrobank is moving forward with the passage of time and advancing technological developments.

Agrobank has undergone several phases of transformation over the last 50 years since its inception, meeting the needs of the country's economic development and delivering financial solutions to its customers. After being incorporated in April 2008, Agrobank underwent aggressive reforms between 2012 and 2016, including being classified as a fully Islamic Banking institution in July 2015.

In 2019, in conjunction with the 50th anniversary of its existence, Agrobank renewed its vision and mission to empower agriculture beyond banking by navigating the direction of the Bank which prioritises in creating positive and sustainable values for the agriculture sector and communities.

Imbas Kod QR dengan mengikuti langkah-langkah berikut:
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Laporan Tahunan Agrobank 2019
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Agrobank Annual Report 2019

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Akses/Access it

Dapatkan akses Laporan Tahunan Agrobank 2019 secara atas talian

Get access to Agrobank Annual Report 2019 online



DALAM LAPORAN INI INSIDE THIS REPORT

PEMANGKIN PERTUMBUHAN CATALYSING GROWTH



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50 Tahun Perjalanan Agrobank 50 Years Milestones on Our Journey

Seimbas Lalu At a Glance

Pemangkin bagi Transformasi Pertanian

- Visi & Misi
 - Nilai Teras
 - Objektif
- Catalyst for Agriculture Transformation
- Vision & Mission
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MAKLUMAT KORPORAT

CORPORATE INFORMATION

LEMBAGA PENGARAH BOARD OF DIRECTORS

**DATO' DR. MOHAMAD HASHIM AHMAD
TAJUDIN**

(Dilantik/Appointed: 3 Julai/July 2014)
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

IBRAHIM HASSAN

(Dilantik/Appointed: 1 Mac/March 2017)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

ABDUL RAHIM ABD HADI

(Dilantik/Appointed: 9 Januari/January 2018)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

FAIZAH ABDULLAH

(Dilantik/Appointed: 18 April/April 2017)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

JIT SINGH A/L SANTOK SINGH

(Dilantik/Appointed: 12 Oktober/
October 2018)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DATO' MOHD SALLEHHUDDIN HASSAN

(Dilantik/Appointed: 15 Mac/March 2019)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

TAN SRI MOHAMAD ZABIDI ZAINAL

Pengerusi/Chairman
(Tamat Tempoh/Ceased: 29 Julai/July 2019)
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

DR. YUSOF ISMAIL

(Meletak Jawatan/Resigned: 3 Jun/June 2019)
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

JAWATANKUASA LEMBAGA KREDIT & PELABURAN/BOARD CREDIT & INVESTMENT COMMITTEE

Pengerusi/Chairman
Faizah Abdullah

Ahli/Members
Dato' Dr. Mohamad Hashim Tajudin
Haji Ibrahim Hassan
Abdul Rahim Abd Hadi

JAWATANKUASA LEMBAGA AUDIT/ BOARD AUDIT COMMITTEE

Pengerusi/Chairman
Azizah Abdul Rahman

Ahli/Members
Datin Setia Shahariah Hashim
Jit Singh A/L Santok Singh
Dato' Dr. Yusof Ismail
(Meletak Jawatan/Resigned: 3 Jun/June 2019)
Ibrahim Hassan
(Dilantik/Appointed: 29 Ogos/August 2019)
Abdul Rahim Abd Hadi
(Meletak Jawatan/Resigned: 29 Ogos/
August 2019)

JAWATANKUASA LEMBAGA PENGURUSAN RISIKO/BOARD RISK MANAGEMENT COMMITTEE

Pengerusi/Chairman
Ibrahim Hassan

Ahli/Members
Datin Setia Shahariah Hashim
Faizah Abdullah
Jit Singh A/L Santok Singh

JAWATANKUASA PENCALONAN DAN IMBUHAN/NOMINATION AND REMUNERATION COMMITTEE

Jawatankuasa Pencalonan dan Imbuhan disatukan pada 1 Januari 2019/The Nomination and Remuneration Committees were merged on 1 January 2019

Pengerusi/Chairman
Datin Setia Shahariah Hashim

Ahli/Members
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Dato' Mohd Sallehuddin Hassan
(Dilantik/Appointed: 29 Ogos/August 2019)
Azizah Abdul Rahman
Faizah Abdullah
Ibrahim Hassan
Abdul Rahim Abd Hadi
(Meletak Jawatan/Resigned: 29 Ogos/
August 2019)

JAWATANKUASA LEMBAGA TEKNOLOGI MAKLUMAT/BOARD INFORMATION TECHNOLOGY COMMITTEE

Pengerusi/Chairman
Abdul Rahim Abd Hadi
(Dilantik/Appointed: 1 Mac/March 2018)
Ahli/Members
Dato' Dr. Mohamad Hashim Ahmad Tajudin
Azizah Abdul Rahman
Jit Singh A/L Santok Singh

**JAWATANKUASA STRATEGI/
BOARD STRATEGIC COMMITTEE**
Jawatankuasa ini ditubuhkan pada 1 Januari 2019/
The Committee was established on 1 January 2019

Pengerusi/Chairman
Dato' Dr. Mohamad Hashim Ahmad Tajudin

Ahli/Members
Datin Setia Shahariah Hashim
Ibrahim Hassan
Azizah Abdul Rahman
Dato' Dr. Yusof Ismail
(Meletak Jawatan/Resigned: 3 Jun/June 2019)
Faizah Abdullah
(Meletak Jawatan/Resigned: 23 Oktober/
October 2019)

KUMPULAN PENGURUSAN KANAN/ SENIOR MANAGEMENT TEAM

Khadijah Iskandar*
(Dilantik/Appointed: 27 Jun/June 2019)
Penanggung Presiden/Ketua Pegawai Eksekutif
Covering President/Chief Executive Officer

Kamarul Azman Kamarozaman
(Dilantik/Appointed: 1 Januari/January 2019)
Ketua Pegawai Kewangan
Chief Finance Officer

Zahid Ahmad Zawawi
Ketua Pegawai Operasi
Chief Operations Officer

Ahmad Shahril Mohd Shariff
Ketua Pegawai Bisnes
Chief Business Officer

Mohamad Taufik Mahamad Zakaria
Ketua Pegawai Strategi
Chief Strategy Officer

Mohamad Yusri Abdullah
(Dilantik/Appointed: 10 Jun/June 2019)
Ketua Audit Dalaman
Chief Internal Auditor

Siti Aishah Md Lassim
(Dilantik/Appointed: 1 Oktober/October 2019)
Ketua Pegawai Sumber Manusia
Chief Human Resource Officer

Elina Ahmad
(Dilantik/Appointed: 20 Julai/July 2019)
Pemangku Ketua Pegawai Pematuhan
Acting Chief Compliance Officer

Ah Yong Mun Hoe
(Dilantik/Appointed: 3 Julai/July 2019)
Penanggung Ketua Pegawai Risiko
Covering Chief Risk Officer

Jasni Mohamed Yusoff
(Tamat Perkhidmatan/End of Employment:
19 Februari/February 2019)
Ketua Pegawai Kredit
Chief Credit Officer

Norhana Othman
Setiausaha Syarikat
Company Secretary

Hasrul Farid Hasnan
(Tamat Perkhidmatan/End of Employment:
9 Jun/June 2019)
Ketua Audit Dalaman
Chief Internal Auditor

Tuan Syed Alwi Mohamed Sultan
(Tamat Perkhidmatan/End of Employment:
27 Jun/June 2019)
Presiden/Ketua Pegawai Eksekutif
President/Chief Executive Officer

Mad Yusof Yazid
(Tamat Perkhidmatan/End of Employment:
19 Julai/July 2019)
Ketua Pegawai Pematuhan
Chief Compliance Officer

Mohamed Parrish Ersalle Abdul Hameed
(Tamat Perkhidmatan/End of Employment:
2 Ogos/August 2019)
Ketua Pegawai Sumber Manusia
Chief Human Resource Officer

JAWATANKUASA SYARIAH/ SHARIAH COMMITTEE

Pengerusi/Chairman
Prof. Madya Dr. Mohamed Fairooz Abdul Khir

Ahli/Members
Dr. Mohamad Sabri Zakaria
Tuan Haji Jahaidi @ Jahoidi Harun
Tuan Haji Azizi Che Seman
Y.M. Engku Ahmad Fadzil Engku Ali
Dr. Ahmad Dahlan Salleh

* Pada 1 Mei 2017, Khadijah Iskandar dilantik sebagai Ketua Pegawai Risiko. Setelah pelantikan Khadijah Iskandar sebagai Penanggung Presiden/Ketua Pegawai Eksekutif pada 27 Jun 2019, Ah Yong Mun Hoe telah dilantik sebagai Penanggung Ketua Pegawai Risiko pada 3 Julai 2020./On 1 May 2017, Khadijah Iskandar was appointed as Chief Risk Officer (CRO). Upon appointment of Khadijah Iskandar as Covering P/CEO on 27 June 2019, Ah Yong Mun Hoe has been appointed as Covering CRO on 3 July 2020.

50 TAHUN PERJALANAN AGROBANK

50 YEARS MILESTONES ON OUR JOURNEY

Dalam 50 tahun menerajui perkhidmatan perbankan dalam industri pertanian, Agrobank telah melalui pelbagai fasa transisi seiring dengan perkembangan semasa, memikul mandat kerajaan untuk terus memperkasakan sektor pertanian negara.

Penubuhan Agrobank merupakan asas kepada inisiatif strategik kepada pembangunan ekonomi negara. Melihat kepada fasa-fasa pertumbuhan dan transformasi yang telah dilalui sepanjang 50 tahun ini, perjalanan Agrobank bergerak seiring dengan pembangunan lima dekad Malaysia.

Pada 2019, visi dan misi Agrobank diperbaharui agar terus kekal relevan untuk 50 tahun akan datang dan seterusnya.

In its 50 years of leading banking services in the agricultural industry, Agrobank has gone through various phases of transition in line with current developments, serving the government's mandate to further empower the country's agricultural sector.

The establishment of Agrobank is a fundamental strategic initiative towards the economic development of the country. Looking at the phases of growth and transformation through these 50 years, Agrobank's journey mirrored Malaysia's five decades of development.

In 2019, Agrobank's vision and mission were renewed to remain relevant for the next 50 years and beyond.



Imbas Kod QR untuk maklumat lanjut mengenai 50 Tahun Perjalanan Agrobank
Scan QR Code to find out more about 50 Years Milestones of Agrobank

1969 ➤ 1980

1969



- Bank Pertanian Malaysia ditubuhkan
The establishment of Bank Pertanian Malaysia
- Projek awal untuk pembiayaan projek pengairan di Kedah dan Perlis di bawah MADA
BPM introduced the Short-term Paddy Production Credit Scheme in Kedah and Perlis, under the administration of MADA

1976

- Bangunan ibu pejabat di Lebuh Pasar Besar, Kuala Lumpur mula dibina
The construction of the Bank's head office in Lebuh Pasar Besar had begun



2003

- Pelancaran laman sesawang <http://www.bpm.com.my> dibuka untuk kegunaan umum
BPM's website, <http://www.bpm.com.my> was officially launched for public engagement
- Pelancaran Skim Kredit Mikro
Launch of Micro Credit Scheme

2005

- Penggunaan kad ATM BPM diperluaskan ke rangkaian MEPS ATM di seluruh negara
The use of BPM's ATM Card was broadened to the entire country via the MEPS ATM network

2006 ➤ 2011

2007

- Proses pengkorporatan bermula selepas draf Akta Bank Pertanian Malaysia Berhad diluluskan pada 12 September 2007
Corporatisation exercise began to take shape after the drafting of the Bank Pertanian Malaysia Berhad (BPMB) Act was approved on 12 September 2007
- Pelancaran surat wasiat, kerjasama antara Bank Pertanian Malaysia dan Amanah Raya Berhad
Launch of the collaboration between BPM and Amanah Raya Berhad on will writing

2016

- Pembiayaan pertama khusus untuk Orang Kurang Upaya (OKU) – Agro Bakti
Agro Bakti, the first financing programme dedicated to persons with disabilities (PWDs) was launched
- Pelancaran Pusat Pembiayaan Komersial Agrobank yang pertama di Cameron Highlands
Agrobank's first Commercial Financing Centre was launched in Cameron Highlands

- Pelancaran kajian kes Agrobank sebagai FFIB di Forum Ekonomi Islam Dunia (WIEF) ke-12 di Jakarta, Indonesia
A case study on Agrobank as an FFIB was launched at the 12th World Islamic Economic Forum (WIEF) in Jakarta, Indonesia



1978

- Bangunan ibu pejabat Bank Pertanian Malaysia siap dibina dan menempatkan semua warga kerja bank (kecuali cawangan) BPM's headquarters building was completed and ready to be occupied by its entire workforce (except branch staff)

1980

- Bank Pertanian Malaysia menjadi institusi kewangan terbesar di Malaysia yang memberi pembiayaan kepada sektor pertanian BPM emerged as the biggest financial institution providing financing to the agricultural sector in Malaysia



2008



- 1 April 2008, Bank Pertanian Malaysia dikorporatkan dan dikenali secara komersial sebagai Agrobank
1 April 2008, BPM was corporatised and commercially known as Agrobank
- Anugerah Pohon Pengidup-Top DFI 2008 daripada Credit Guarantee Corporation Malaysia Berhad (CGC)
Garnered the Top DFI 2008 Award from Credit Guarantee Corporation Malaysia Berhad (CGC)

2010

- Agrobank menerima anugerah "Emerging Bank of the Year" di Malaysia Business Leadership Awards 2010
Agrobank received the 'Emerging Bank of the Year' Award at the Malaysian Business Leadership Awards 2010



1993 ➤ 2005

2012 ➤ 2016

2017 ➤ 2019

2017

- Pelancaran Agro Nurani – produk takaful pertama untuk OKU
The first takaful scheme for PWDs known as Agro Nurani was launched
- Pelancaran Program Pembiayaan Berkelompok Cili Fertigasi-i, PPK Kuala Langat Chilli Fertigation Group Financing-i was introduced to members of PPK Kuala Langat
- Perasmian Pembiayaan Korporat Agrobank yang pertama di Kuching, Sarawak
The inauguration of Agrobank's first Corporate Banking Centre in Kuching, Sarawak
- Perasmian Pusat Pembiayaan Komersial Agrobank di Hutan Melintang, Perak
The inauguration of Agrobank's Commercial Financing Centre in Hutan Melintang, Perak



1993

- PATRIOT menjadi trademark Skim Perkhidmatan dan Skim Simpanan Bank Pertanian Malaysia
- PATRIOT became the trademark for BPM's Savings and Deposit Scheme



1994

- Pembukaan bersejarah PATRIOT Rejang di Sarawak, sebuah bank terapung pertama di Malaysia
- PATRIOT Rejang was launched in Sarawak, making history as the first floating bank in Malaysia*



2000

- Pengenalan PATRIOT Al-Wadiah dan Al-Mudharabah
- Introduction of the PATRIOT Al-Wadiah and Al-Mudharabah*



2012

- Pelancaran produk Agrobank Paddy-i dan Paddy Cash-i
- Launch of Agrobank's Paddy-i and Paddy Cash-i*
- Pengenalan khidmat atas talian Agronet
- Introduction of the Agronet online service*



2014

- Pelancaran Trade Finance (Pembiayaan Perdagangan)
- Launch of Trade Finance*
- FDI pertama yang melafazkan Ikrar Integriti Korporat (CIP)
- The first FDI to undertake the Corporate Integrity Pledge (CIP)*

2015

- Diiktiraf sebagai "The Upcoming Islamic Bank" oleh Global Financial Awards (GIFA) di Manama, Bahrain
- Acknowledged as the Upcoming Islamic Bank 2015 at the Global Islamic Finance Award (GIFA) ceremony held in Manama, Bahrain*
- Pelancaran Agro Debit Visa-i, kad debit patuh syariah yang pertama di Asia Pasifik
- Launch of the first Shariah compliant debit card in Asia-Pacific, the AGRO Visa Debit-i*
- Agrobank menjadi sebuah Institusi Perbankan Islam sepenuhnya (FFIB)
- Agrobank became a Full-Fledged Islamic Bank (FFIB) on 1 July 2015*

2018

- Agro Nisa'-i Pembiayaan Mikro untuk wanita secara berkumpulan
- The Agro Nisaa'-i Micro Financing Programme specifically for women agropreneurs was launched*



2019

- Program Agro Nisa'-i Pembiayaan Mikro dengan kerjasama strategic bersama Persatuan Nelayan Kebangsaan (NEKMAT)
- Agrobank inked a strategic partnership agreement with the National Fishermen's Association (NEKMAT) in providing the Agro Nisaa'-i Microfinancing Programme*



- Larian Agrobank 50 Tahun di Kedah, sempena ulang tahun ke-50
- Held the Agrobank 50-Year Run in Kedah, in honor of its 50th anniversary*

- Pelancaran Visi dan Misi baharu Agrobank pada Majlis Makan Malam Sempena Ulang Tahun ke-50
- Launch of Agrobank's new Vision and Mission during the 50th Anniversary Dinner celebrations*

- Program Keusahawanan Asnaf, kerjasama bersama rakan strategic untuk memperkasakan kumpulan B40
- Established the Asnaf Entrepreneurship Programme, in cooperation with strategic partners, to empower the B40 group*

SEIMBAS LALU AT A GLANCE

AGROBANK DI SELURUH NEGARA

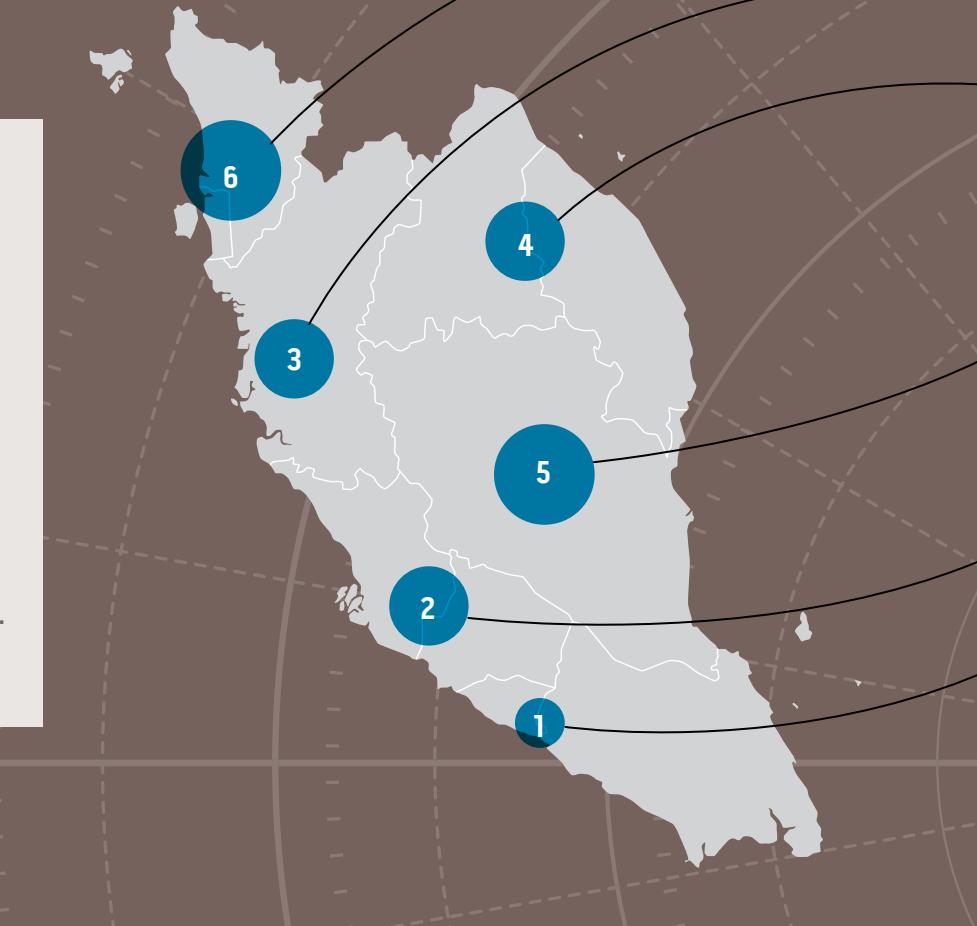
Komitmen berterusan bagi mengukuhkan kehadiran kami

65% cawangan Agrobank terletak di kawasan luar bandar demi memastikan komuniti pertanian dan golongan yang kurang mendapat liputan mempunyai **akses perkhidmatan kewangan yang meluas**.

OUR NATIONWIDE FOOTPRINT

Continuous commitment to strengthen geographical presence

65% of Agrobank's branches are located in rural areas for marginalised and agriculture communities' convenient accessibility.



1969



Ditubuhkan sebagai **Bank Pertanian Malaysia Berhad (BPM)**

Established as **Bank Pertanian Malaysia Berhad (BPM)**

2008



- Dikorporatkan dan dikenali secara komersial sebagai **Agrobank**
- Milik penuh Kementerian Kewangan (MOF)
- Corporatisation as **Agrobank**
- Wholly owned by Ministry of Finance (MOF)

2015



Menjadi Perbankan Islam **sepenuhnya**
Full-fledged Islamic Bank

WILAYAH/REGION 6 Penang/Kedah/Perlis

24 Cawangan/Branches
1 Pusat Komersial/Commercial Centre
134 Ejen Perbankan/AGROAgents

WILAYAH/REGION 1 Melaka/Johor

21 Cawangan/Branches/Kiosks
1 Pusat Komersial/Commercial Centre
160 Ejen Perbankan/AGROAgents

WILAYAH/REGION 3 Perak

23 Cawangan/Branches/Kiosks
3 Pusat Komersial/Commercial Centre
167 Ejen Perbankan/AGROAgents

WILAYAH/REGION 4 Kelantan/Terengganu

24 Cawangan/Branches
1 Pusat Komersial/Commercial Centre
231 Ejen Perbankan/AGROAgents

WILAYAH/REGION 2 KL/Selangor/Negeri Sembilan

31 Cawangan/Branches/Kiosks
1 Pusat Komersial/Commercial Centre
107 Ejen Perbankan/AGROAgents

WILAYAH/REGION 5 Pahang

19 Cawangan/Branches
1 Pusat Komersial/Commercial Centre
104 Ejen Perbankan/AGROAgents

MALAYSIA

192 ➔ Cawangan
Branches/Kiosks

1,197 ➔ Ejen Perbankan
AGROAgents

8

7

WILAYAH/REGION 7 Sarawak

22 Cawangan/Branches
1 Pusat Komersial/Commercial Centre
128 Ejen Perbankan/AGROAgents

WILAYAH/REGION 8 Sabah

18 Cawangan/Branches
1 Pusat Komersial/Commercial Centre
166 Ejen Perbankan/AGROAgents

PEMERKASAAN SOSIAL

Mempertingkatkan taraf sosial dengan memenuhi keperluan sosioekonomi bagi komuniti pertanian, dan mempertingkatkan taraf kehidupan golongan terbiasa terutamanya komuniti luar bandar dan terpinggir, dengan menjalankan aktiviti tanggungjawab sosial korporat dan aktiviti sosioekonomi lain yang berkaitan

SOCIAL EMPOWERMENT

Enrich social well-being by addressing the socio-economic needs of the agriculture community and uplift the lives of the marginalised community especially in rural communities through our brand of corporate social responsibility activities and socio-economic related activities

PEMBANGUNAN EKONOMI

Mendorong pertumbuhan industri pertanian yang berdaya maju dengan memanfaatkan peranan Bank sebagai pengantara kredit dan pelaburan, untuk menyediakan penyelesaian kewangan yang disesuaikan kepada kumpulan pelanggan yang disasarkan termasuk peladang kecil-kecilan, orang asli dan usahawan wanita

ECONOMIC DEVELOPMENT

Supports viable growth of the agriculture industry through its role as a credit and investment intermediary by offering financial solutions tailored to its target group of customers including smallholder farmers, indigenous people and women agropreneurs

KELESTARIAN ALAM SEKITAR

Menggalakkan penerapan amalan-amalan terbaik dalam aktiviti pertanian, yang bertujuan mencapai sasaran jaminan makanan, sambil memastikan kesimbangan dalam amalan-amalan pertanian mapan untuk menghasilkan makanan menerusi sistem pengeluaran yang selamat, bersih, dan cepat

ENVIRONMENTAL SUSTAINABILITY

Promote best-practice agriculture activities that is geared towards achieving food security targets while balancing against sustainable agriculture practices to produce food in a safe, clean and efficient production system

Prinsip VBI Agrobank

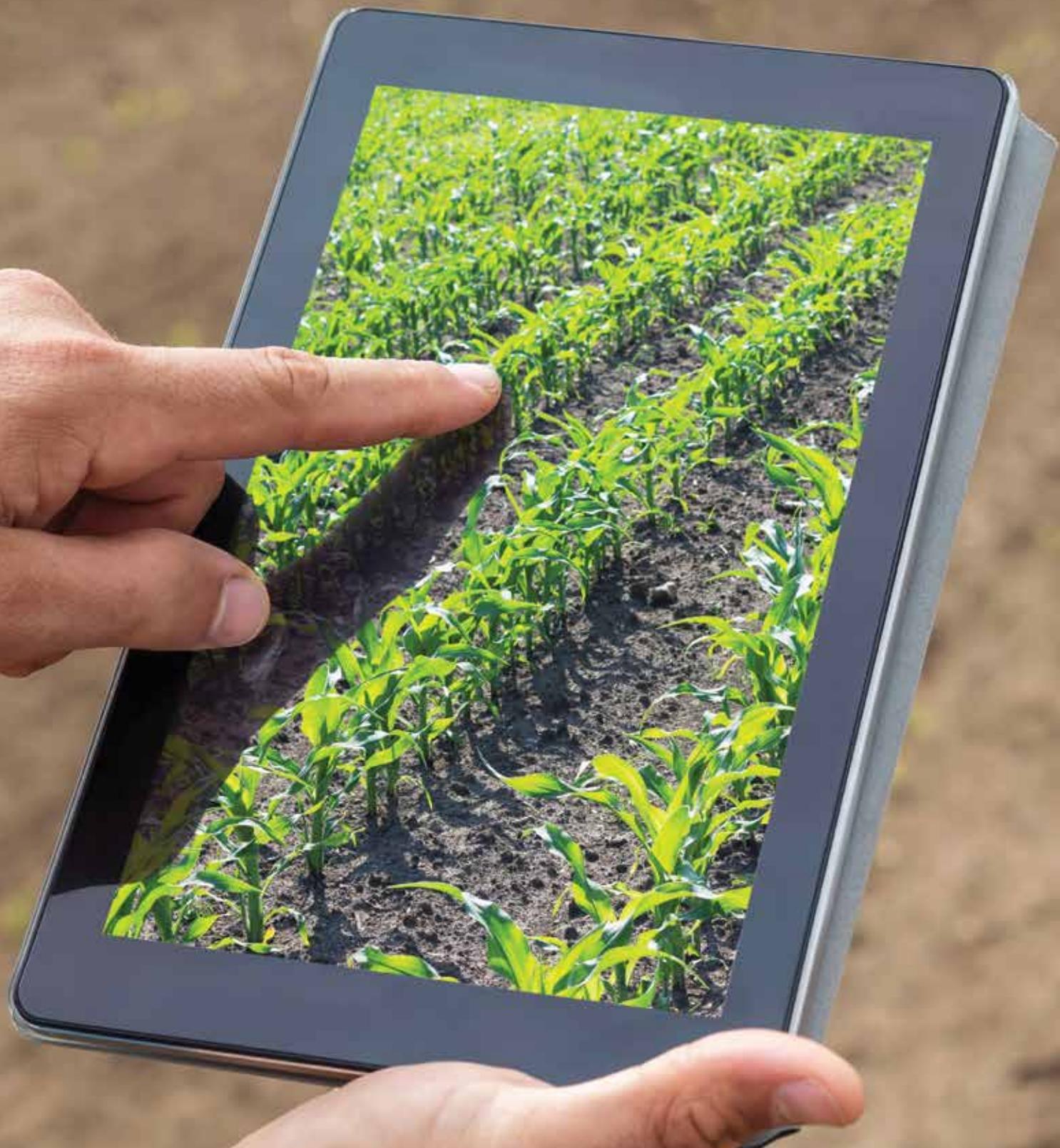
Prinsip bersepadu sebagai panduan kepada Agrobank bagi menghasilkan nilai yang positif dan kesan lestari untuk sektor dan komuniti pertanian

Agrobank's VBI Principles

Overarching principle on how Agrobank drives positive value and sustainable impact for the agriculture sector and its communities

Revolusi Pertanian

THE AGRICULTURE REVOLUTION



Apabila Malaysia mencapai Kemerdekaan pada tahun 1957, Allahyarham Tun Abdul Razak Bin Dato' Hussein yang ketika itu adalah Timbalan Perdana Menteri (1957-1970), mengharapkan agar kawasan bandar dan luar bandar dibangunkan secara serentak untuk menjana pertumbuhan sosio-ekonomi negara. Beliau yakin pertanian adalah penyelesaian kepada masalah kemiskinan di luar bandar.

Umumnya beliau terkenal dengan gelaran “Bapa Pembangunan” negara, namun, di dunia pertanian, beliaulah pencetus kepada Revolusi Pertanian. Tun Abdul Razak menekankan pentingnya hasil sumber pertanian, sama seperti hasil galian negara lain seperti timah dan petroleum. Justeru itu, beliau mewujudkan beberapa agensi berkaitan pertanian bagi merealisasikan visi beliau untuk membangunkan industri pertanian negara.

BPM merupakan antara agensi penting yang telah ditubuhkan pada era kepimpinan Tun Abdul Razak yang bertujuan untuk memastikan pembangunan sektor pertanian dapat dilaksanakan khususnya dalam menyalurkan solusi kewangan kepada golongan pesawah padi. Mandat yang diberikan itu terus menjadi pegangan Agrobank sehingga kini.

When Malaysia achieved its independence in 1957, the late Tun Abdul Razak Bin Dato' Hussein, the then Prime Minister (1957-1970), emphasised that urban and rural areas should be developed simultaneously to enable the country's socio-economic growth. He believed agriculture was the solution to the problem of rural poverty.

He is generally known as the country's "Father of Development," but, in the agricultural world, he was the catalyst for the Agricultural Revolution. Tun Abdul Razak prioritised the importance of agricultural produce, and other minerals such as tin and petroleum. As a result, he set up several agriculture-related agencies to rationalise his vision for developing the country's agricultural industry.

BPM was one of the key agencies established in the era of Tun Abdul Razak's leadership aimed at ensuring the development of the agricultural sector, especially in providing financial solutions to rice farmers. This mandate continues to be held by Agrobank to this day.

PEMANGKIN BAGI TRANSFORMASI PERTANIAN

CATALYST FOR AGRICULTURE TRANSFORMATION

**MEMPERKASAKAN
PERTANIAN MELANGKAUI
PERBANKAN**

**ADVANCING
AGRICULTURE BEYOND
BANKING**

**VISI
VISION**

Meningkatkan taraf pertanian dan menyediakan sokongan berterusan untuk manfaat komuniti, ekonomi dan pemegang taruh

Elevating the standards of agriculture and providing sustained supports that create values to communities, economy, environment and stakeholders

MISI MISSION

**OBJEKTIF
OBJECTIVES**

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

NILAI TERAS CORE VALUES



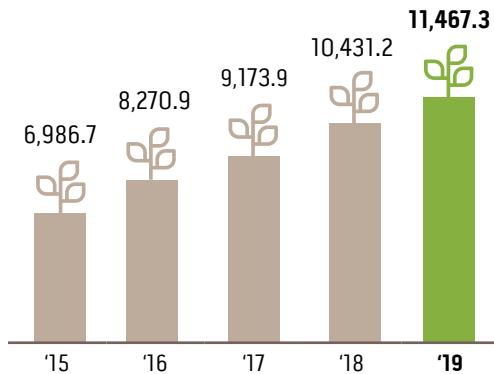
RINGKASAN KEWANGAN LIMA TAHUN

FIVE-YEAR FINANCIAL SUMMARY

Tahun berakhir 31 Disember/Year ended 31 December	2019	2018	2017	2016	2015
KEUNTUNGAN (RM juta)/PROFITABILITY (RM million)					
Keuntungan operasi/Operating profit	230.0	211.3	157.7	177.8	201.9
Keuntungan sebelum cukai dan zakat/Profit before tax and zakat	205.4	190.3	230.6	197.9	165.0
DATA PENTING KEDUDUKAN KEWANGAN (RM juta)/ KEY FINANCIAL POSITION DATA (RM million)					
Jumlah aset/Total assets	16,887.2	16,244.9	15,208.4	13,937.6	12,292.7
Pembiayaan dan pendahuluan (bersih)/Financing and advances (net)	11,467.3	10,431.2	9,173.9	8,270.9	6,986.7
Jumlah liabiliti/Total liabilities	13,747.1	13,322.5	12,411.5	11,315.5	9,808.3
Deposit dan simpanan pelanggan/Deposits from customers	7,557.6	7,620.3	7,589.4	7,044.9	5,905.0
Deposit dan simpanan bank dan institusi kewangan lain/Deposit and placement of banks and other financial institutions	3,280.2	2,990.2	2,180.1	1,623.3	1,135.7
Modal berbayar/Paid-up capital	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Ekuiti/Equity	3,140.1	2,922.4	2,796.9	2,622.0	2,484.4
Komitmen dan luar jangka/Commitments and contingencies	1,057.7	1,059.5	6,712.1	6,732.5	6,646.9
NISBAH KEWANGAN (%)/FINANCIAL RATIOS (%)					
Nisbah Keuntungan/Profitability Ratios					
Pulangan atas ekuiti (sebelum cukai)/Return on equity (before tax)	6.5	6.5	8.2	7.5	6.6
Pulangan atas aset purata (sebelum cukai)/Return on average assets (before tax)	1.2	1.2	1.5	1.4	1.3
Nisbah kos pendapatan/Cost to income ratio	62.7	64.2	69.6	58.3	62.2
Nisbah Kualiti Aset/Asset Quality Ratios					
Nisbah pembiayaan kepada deposit/Financing to deposit ratio	87.6	81.9	78.5	78.8	78.9
Nisbah pembiayaan terjejas kasar/Gross impaired financing ratio	4.3	4.1	4.5	5.2	6.6
Perlindungan kerugian pembiayaan/Financing loss coverage	78.5	86.4	100.2	100.6	100.8
Nisbah Kecukupan Modal/Capital Adequacy Ratios					
Sebelum menolak dividen yang dicadangkan/Before deducting proposed dividends					
Nisbah modal teras/Core capital ratio	22.7	23.1	24.9	24.9	27.3
Nisbah modal berwajaran risiko/Risk-weighted capital ratio	26.1	26.5	29.0	29.4	32.5
Asas modal (RM juta)/Capital base (RM million)	3,478.3	3,294.2	3,265.8	3,104.7	2,964.8
Modal kumpulan 1 (RM juta)/Tier 1 capital (RM million)	3,020.0	2,880.1	2,810.2	2,630.4	2,486.8
Modal kumpulan 2 (RM juta)/Tier 2 capital (RM million)	458.3	414.1	455.6	474.3	478.0
NISBAH PRODUKTIVITI/PRODUCTIVITY RATIOS					
Bilangan kakitangan/No. of employees	3,552	3,430	3,454	3,381	3,102
Pembiayaan kasar bagi setiap kakitangan (RM juta)/Gross financing per employee (RM million)	3.3	3.1	2.8	2.6	2.4
Deposit bagi setiap kakitangan (RM juta)/Deposits per employee (RM million)	3.1	3.1	2.8	2.6	2.3
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

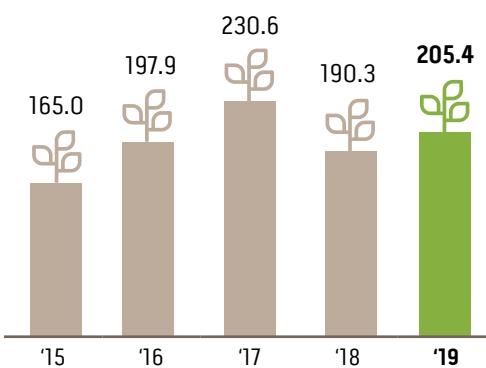
PEMBIAYAAN DAN PENDAHULUAN (BERSIH)
 FINANCING AND ADVANCES (NET)
 (RM JUTA/MILLION)

9.9% 



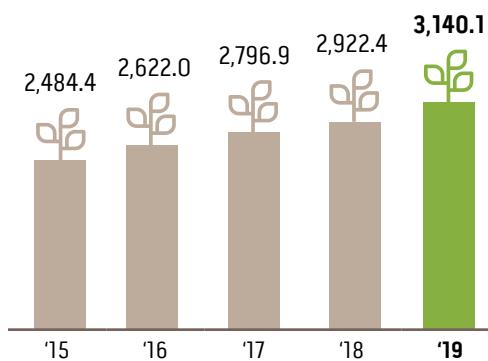
KEUNTUNGAN SEBELUM CUKAI DAN ZAKAT
 PROFIT BEFORE TAX AND ZAKAT
 (RM JUTA/MILLION)

7.9% 



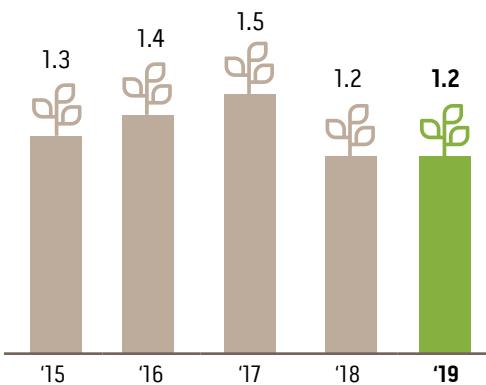
EKUITI PEMEGANG SAHAM
 SHAREHOLDER'S EQUITY
 (RM JUTA/MILLION)

7.4% 



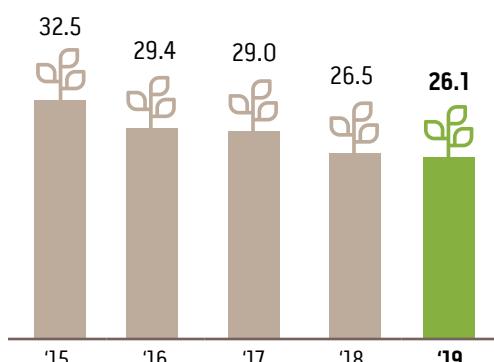
PULANGAN ATAS ASET PURATA (SEBELUM CUKAI)
 RETURN ON AVERAGE ASSETS (BEFORE TAX)
 (%)

Tidak Berubah
 Unchanged



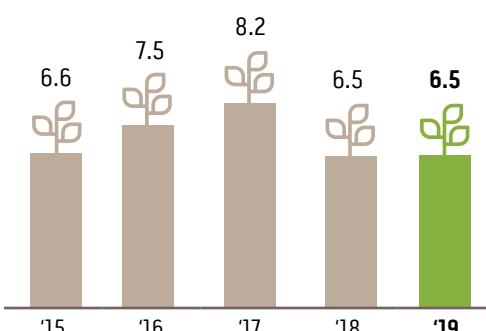
NISBAH MODAL BERWAJARAN RISIKO
 RISK-WEIGHTED CAPITAL RATIO
 (%)

1.5% 



PULANGAN ATAS EKUITI (SEBELUM CUKAI)
 RETURN ON EQUITY (BEFORE TAX)
 (%)

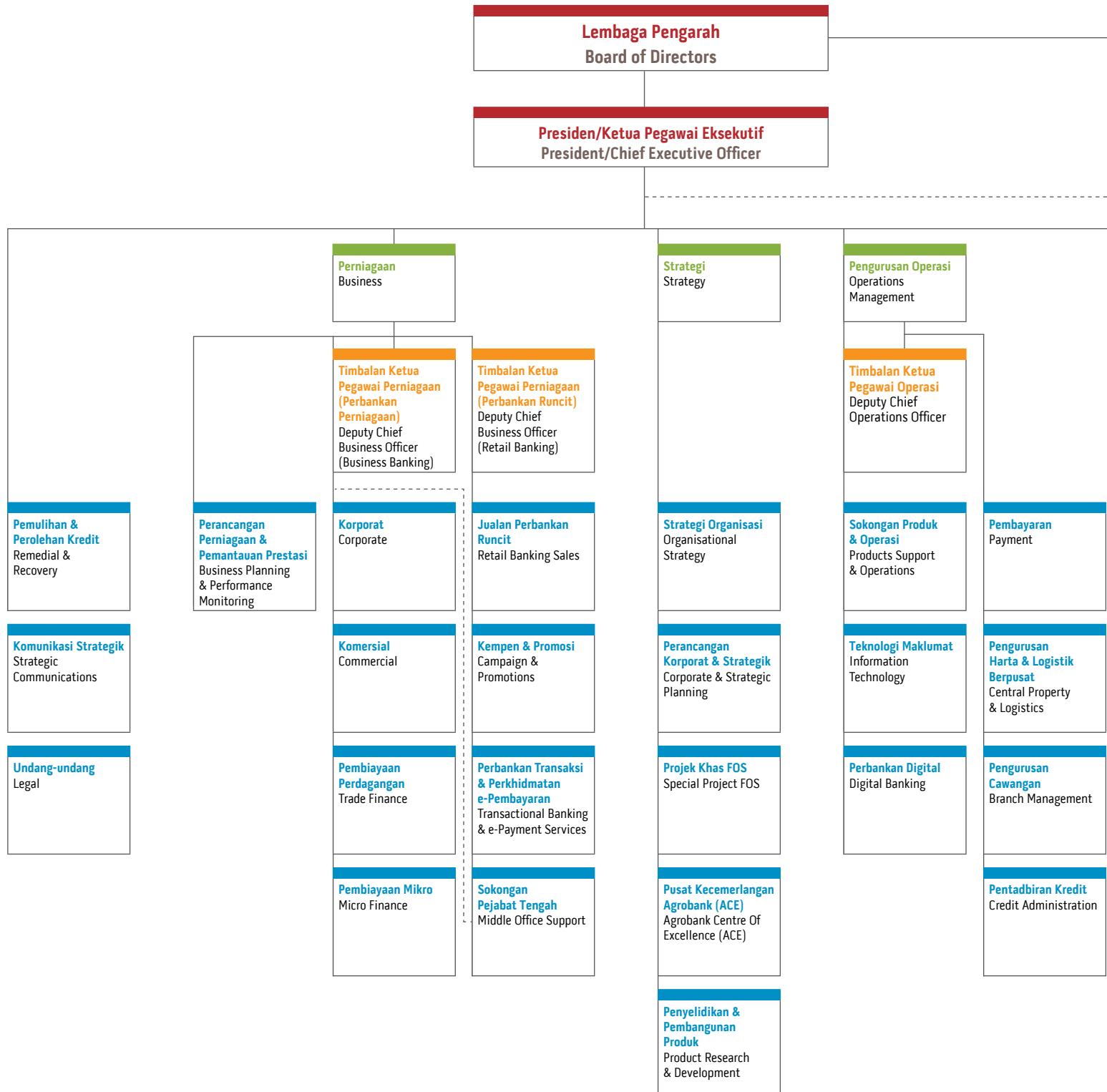
Tidak Berubah
 Unchanged

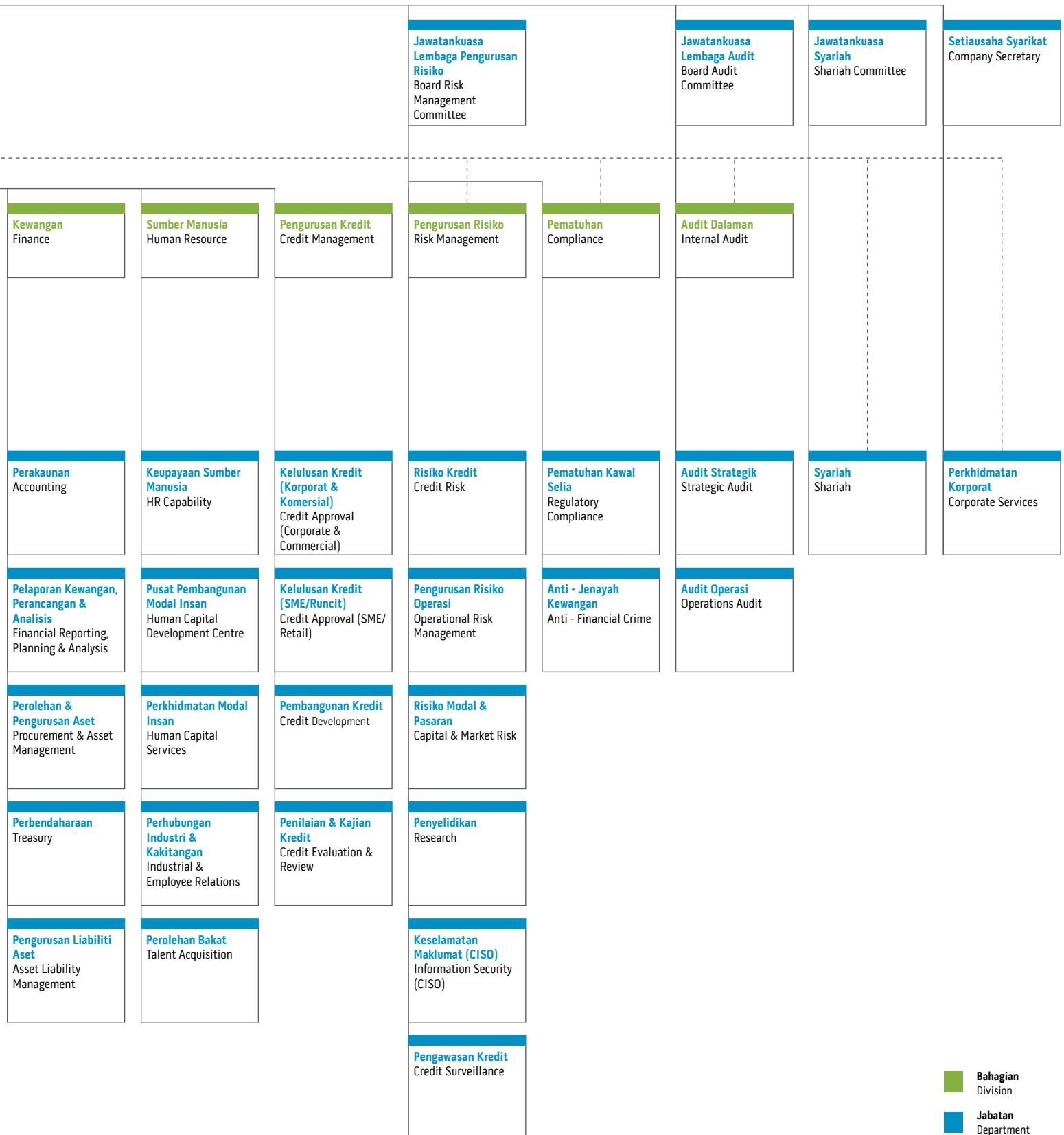


STRUKTUR ORGANISASI

ORGANISATIONAL STRUCTURE

AS OF FEBRUARY 2020





ACARA KORPORAT

CORPORATE EVENTS

JANUARI
JANUARY



24 JANUARI/JANUARY 2019

PROGRAM KONVOI JELAJAH 50 TAHUN AGROBANK

Konvoi Jelajah 50 Tahun Agrobank merupakan program pertama yang dianjurkan sempena sambutan 50 tahun Agrobank. Konvoi bermotosikal yang bermula dari ibu pejabat Agrobank Kuala Lumpur, merentasi tujuh (7) buah negeri di utara dan pantai timur Semenanjung Malaysia melibatkan jarak perjalanan sejauh 1,555km. Tujuh buah negeri terbabit ialah Perak, Pulau Pinang, Kedah, Perlis, Kelantan, Terengganu dan Pahang. Perjalanan telah bermula pada 24 Januari dan berakhir pada 30 Januari 2019 melibatkan 14 orang kakitangan Bank yang turut menyertai program-program Bank bersama komuniti setempat di destinasi-destinasi persinggahan konvoi anjuran cawangan-cawangan Bank.

Agrobank's 'Jelajah 50 Tahun' is the first programme organised in conjunction with Agrobank's 50th anniversary. The motorcycle convoy, kicked off from Bank's headquarters in Kuala Lumpur, travelled across seven (7) states north and east coast of Peninsular Malaysia covering a distance of 1,555km. The seven states are Perak, Penang, Kedah, Perlis, Kelantan, Terengganu and Pahang. Fourteen (14) bikers consisting of the Bank's employees participated in the journey which began on 24 January and ended on 30 January 2019. The convoy made pit stops at scheduled destinations at each state to take part in the local communities programmes arranged by the Bank's branches.



27 JANUARI/JANUARY 2019

PROGRAM KOMUNITI AGROBANK DI GUAR CHEMPEDAK

Program Komuniti Agrobank dianjurkan untuk penduduk tempatan di Guar Chempedak, Kedah sempena sambutan ulang tahun ke-50 Agrobank. Kedah dipilih sebagai lokasi pertama program tersebut sebagai simbolik titik permulaan Agrobank sebagai institusi kewangan pertama khusus untuk industri pertanian. Kira-kira 500 penduduk sekitar Guar Chempedak hadir meraikan program yang dirasmikan oleh YB Azman Nasrudin, Exco Pertanian dan Industri Asas Tani Negeri Kedah.

Agrobank Community Programme was organised for local residents in Guar Chempedak, Kedah in celebration of Agrobank's 50th anniversary. Kedah was selected as the first location to organise the community programme as the state marks Agrobank's starting point as a financial institution for the agricultural industry. About 500 guest consisting residents from Guar Chempedak witnessed the event which was officiated by Kedah state's Agriculture and Agro-Based Industry Exco Member, YB Azman Nasrudin.



MAC
MARCH



14 MAC/MARCH 2019

DIALOG NIAGA AGROBANK (DNA)

DNA 2019 dengan topik perbincangan "Memperkuatkan Ekonomi Dan Mencipta Kekayaan Melalui Bisnes Agro" mendapat sambutan memberangsangkan daripada lebih 300 orang tetamu daripada pelbagai latar belakang termasuk industri pertanian hadir untuk berkongsi idea, pendapat dan

membincangkan hala tuju pertanian negara. Forum tersebut dikendalikan oleh Nazri Kahar, Penerbit Eksekutif Astro Awani; dengan barisan panel terdiri daripada Dato' Mohd Sallehuddin Hassan, Ketua Setiausaha Kementerian Pertanian dan Industri Asas Tani; Syed Alwi Mohamed Sultan, Presiden/ Ketua Pegawai Eksekutif Agrobank; Mazlina Kamaruddin, Ketua Pegawai Eksekutif Bismi Empire Sdn. Bhd.; Rubiah Mohamed, Pengarah Urusan Doana Frozen Food dan Munir Ashim Abdullah, Pengasas GrasiCili.

2019 DNA with the topic "Strengthening The Economy And Creating Wealth Through Agro Business" was attended by 300 guests of various backgrounds from the agriculture industry sharing ideas, opinions and discussing the way forward for the nation's agricultural industry and food sector. The business forum was hosted by Nazri Kahar, Executive Producer of Astro Awani and among the panel line-up of the forum were, Dato' Mohd Sallehuddin Hassan, Secretary General of Ministry of Agriculture and Agro-Based Industry; Syed Alwi Mohamed Sultan, President/Chief Executive Officer of Agrobank; Mazlina Kamaruddin, Chief Executive Officer of Bismi Empire Sdn. Bhd.; Rubiah Mohamed, Managing Director of Doana Frozen Food and Munir Ashim Abdullah, Founder of GrasiCili.



APRIL
APRIL

4 APRIL/APRIL 2019

KARNIVAL KEWANGAN TERENGGANU

Karnival Kewangan Terengganu anjuran Bank Negara Malaysia (BNM) yang berlangsung pada 4 - 6 April bertempat di TH Convention Center, Kuala Terengganu ini disertai oleh 45 buah institusi kewangan dan agensi kerajaan termasuk Agrobank. Karnival dengan tema 'Utamakan Keperluan Kewangan Anda' ini bertujuan untuk meningkatkan kesedaran kewangan dan menyediakan perkhidmatan kewangan kepada penduduk pantai timur. Agrobank juga terlibat dengan siri jelajah karnival kewangan di 11 lokasi di Pahang, Terengganu dan Kelantan sebagai sebahagian daripada aktiviti promosi sebelum karnival berlangsung.



The carnival which was organised by Bank Negara Malaysia (BNM) was held from 4 - 6 April 2019 at the TH Convention Center in Kuala Terengganu and was attended by 45 financial institutions and government agencies including Agrobank. The carnival with the theme 'Prioritising Your Financial Needs' aimed to raise financial awareness and provide financial services to the east coast people. Agrobank was also involved in a series of financial carnival tours at 11 locations in Pahang, Terengganu and Kelantan as part of promotional activities before the carnival kicked off.

ACARA KORPORAT CORPORATE EVENTS



7 APRIL/APRIL 2019

AGENDA AGRO DI TERENGGANU

'Agenda Agro: Prospek dan Peluang dalam Sektor Pertanian' diadakan di Kuala Terengganu, Terengganu. Program ini dihadiri lebih 170 tetamu terdiri daripada pelanggan Agrobank dan usahawan. Program ini merupakan inisiatif Agrobank untuk berkongsi peluang dan maklumat terkini mengenai sektor pertanian dan industri asas tani negara.

'Agro Agenda: Prospects and Opportunities in the Agricultural Sector' was held in Kuala Terengganu, Terengganu. The programme was attended by over 170 guests comprising Agrobank customers and entrepreneurs. This programme is an initiative to share opportunities and updates on the agricultural sector and agro-based industries in the country.



16 MEI/MAY 2019

PROGRAM KASIH RAMADAN

Agrobank berkongsi rezeki dengan 72 orang anak-anak asnaf dari Pertubuhan Baitul Ehsan Al-Khairi. Selain membantu memilih baju raya pilihan, anak-anak ini turut diberikan pendekaran mengenai pentingnya pengurusan kewangan secara berhemah menerusi Program Celik Wang Agrobank. Kesemua mereka turut dibawa melawat Muzium dan Galeri Seni Bank Negara Malaysia sebelum berbuka puasa di Sunway Putra Hotel, Kuala Lumpur. Mereka turut menerima sumbangan duit raya yang disampaikan oleh Presiden/Ketua Pegawai Eksekutif, Tuan Syed Alwi Mohamed Sultan. Kasih Ramadan merupakan program CSR tahunan Agrobank di bulan Ramadan.



Agrobank shared its prosperity with 72 underprivileged children of asnf families from the Baitul Ehsan Al-Khairi organisation. Besides helping them choose their Raya outfits, the Bank provided these kids knowledge on the importance of sound financial management through the Programme Celik Wang Agrobank. They were also brought to visit the Bank Negara Malaysia Museum and Art Gallery before breaking their fast at Sunway Putra Hotel, Kuala Lumpur. In addition, they received cash donations from the Bank's President/Chief Executive Officer, Syed Alwi Mohamed Sultan. Ramadan Care is Agrobank's annual CSR programme held during the month of Ramadan.



29 MEI/MAY 2019

ZAKAT KEPADA LEMBAGA ZAKAT SELANGOR

Agrobank telah menyampaikan sumbangan zakat berjumlah RM354,250 pada majlis 'Ihya Ramadhan' DYMM Sultan Selangor bersama rakyat. DYMM Sultan Sharafuddin Idris Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj berkenan menerima bayaran zakat perniagaan daripada Agrobank yang disampaikan oleh Tan Sri Mohamad Zabidi Zainal, Pengurus Lembaga Pengarah Agrobank. Turut berangkat ke majlis berkenaan adalah Tengku Amir Shah ibni Sultan Sharafuddin Idris Shah, Raja Muda Selangor; YB Mohamad Sabu, Menteri Pertahanan dan Datuk Seri Amirudin Shari, Menteri Besar Selangor.

Agrobank contributed zakat amounting to RM354,250 during the Sultan of Selangor's 'Ihya Ramadhan' ceremony with state citizens. DYMM Sultan Sharafuddin Idris Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj accepted Agrobank's business zakat payment presented by Tan Sri Mohamad Zabidi Zainal, Chairman of Agrobank's Board. Also present at the function were Tengku Amir Shah ibni Sultan Sharafuddin Idris Shah, Raja Muda of Selangor; YB Mohamad Sabu, Defense Minister and Datuk Seri Amirudin Shari, Selangor Chief Minister.



30 MEI/MAY 2019

ZAKAT KEPADA PERBADANAN BAITULMAL NEGERI SEMBILAN

Agrobank telah menyampaikan sumbangan zakat sebanyak RM71,055 kepada Perbadanan Baitulmal Negeri Sembilan. DYMM Yang Di-Pertuan Besar Negeri Sembilan Tuanku Muhriz Ibni Almarhum Tuanku Munawir berkenan menerima sumbangan zakat yang disampaikan oleh Kamarul Azman Kamarozaman, Ketua Pegawai Kewangan Agrobank.

Agrobank contributed zakat amounting to RM71,055 to the Baitulmal Corporation of Negeri Sembilan. His Majesty, the Sultan of Negeri Sembilan, Tuanku Muhriz Ibni Almarhum Tuanku Munawir accepted the zakat contribution presented by Kamarul Azman Kamarozaman, Chief Financial Officer of Agrobank.

ACARA KORPORAT CORPORATE EVENTS



20 JUN/JUNE 2019

MAJLIS KORPORAT RAYA AGROBANK

Agrobank meraikan kira-kira 1,200 tetamu daripada pelbagai agensi dan latar belakang sempena sambutan rumah terbuka Aidilfitri yang diadakan di MAEPS Serdang. Antara yang hadir adalah jemputan dari Kementerian Kewangan, Kementerian Pertanian & Industri Asas Tani, Bank Negara Malaysia, agensi-agensi kerajaan dan swasta, pihak berkepentingan Bank, para pelanggan dan rakan-rakan media. Agrobank turut menyampaikan sumbangan zakat berjumlah RM104,500 kepada golongan asnaf dan anak-anak yatim daripada lima (5) buah pertubuhan. Anak-anak yatim yang hadir menerima sumbangan duit raya oleh YB Sim Tze Tzin, Timbalan Menteri Pertanian & Industri Asas Tani, Tan Sri Mohamad Zabidi Zainal, Penggerusi Agrobank dan Syed Alwi Mohamed Sultan, Presiden/Ketua Pegawai Eksekutif Agrobank.

Agrobank welcomed about 1,200 guests from diverse agencies and backgrounds to our Aidilfitri open house celebrations held at MAEPS Serdang. Among those in attendance were representatives from the Ministry of Finance, Ministry of Agriculture & Agro-based Industry, Bank Negara Malaysia, other government and private agencies, the Bank's various stakeholders, customers and media partners. Agrobank presented zakat contribution of RM104,500 to underprivileged children and orphans from five (5) establishments. The orphans were presented with duit raya by YB Sim Tze Tzin, Deputy Minister of Agriculture & Agro-based Industry, Tan Sri Mohamad Zabidi Zainal, Chairman of Agrobank's Board and Syed Alwi Mohamed Sultan, President/Chief Executive Officer of Agrobank.



20 JUN/JUNE 2019

MAJLIS PENYAMPAIAN HADIAH UTAMA KEMPEN 'KITA -KITA AJE'

Agrobank menyampaikan hadiah kepada tujuh (7) orang pemenang kempen 'Kita-kita Aje'. Dua (2) pemenang utama membawa pulang hadiah berupa jongkong emas 999.9 seberat 1kg dan sebuah Honda HRV 1.8L. Kempen Kita-Kita Aje' yang telah berlangsung antara 1 Jun 2018 sehingga 31 Mac 2019, merupakan salah satu inisiatif bank untuk mempromosikan produk berasaskan fi seperti AgroCash-i, Hartani-i, Ar-Rahnu, Takaful Kasih Plus, Agro Mabrus-i, Agro Nurani, Agro Madani dan penulisan Wasiat.

Agrobank presented prizes to seven (7) winners of the 'Kita-kita Aje' campaign. The top two (2) winners brought home gifts of 999.9 gold bars weighing 1kg and a Honda HRV 1.8L. The 'Kita-kita Aje' campaign, held between 1 June 2018 until 31 March 2019, was one of the Bank's initiatives to promote fee-based products like AgroCash-i, Hartani-i, Ar-Rahnu, Takaful Kasih Plus, Agro Mabrus-i, Agro Nurani, Agro Madani and will writing services.

JULAI
JULY



27 JULAI/JULY 2019

LARIAN 50 TAHUN AGROBANK

Larian 50 Tahun Agrobank sejauh 5km diadakan sempena sambutan 50 tahun penubuhan Bank. Seramai 1,000 peserta dari seluruh negara mengambil bahagian dalam larian ini yang merentasi kawasan sawah padi. Pertubuhan Peladang Kawasan (PPK) Pengkalan Kundur, Alor Setar, Kedah menjadi lokasi permulaan dan tamat larian.

'Agrobank 5km 50th Anniversary Fun Run' was held in conjunction with the Bank's 50 years celebration. About 1,000 participants from around the country took part in the run across paddy fields. The run was kicked off from Pertubuhan Peladang Kawasan (PPK) Pengkalan Kundur, Alor Setar, Kedah.

9 JULAI/JULY 2019

AGENDA AGRO DI SARAWAK

'Agro Agenda: Prospek dan Peluang Dalam Sektor Pertanian' seterusnya diadakan di Kuching. Program ini telah dihadiri lebih 160 orang tetamu yang terdiri daripada pelanggan Agrobank dan usahawan tani dari seluruh negeri Sarawak.

'Agro Agenda: Prospects and Opportunities in the Agricultural Sector' was held in Kuching. The programme attracted over 160 guests comprising Agrobank's customers and agripreneurs from all over Sarawak.



28 JULAI/JULY 2019

PROGRAM PEMBIAYAAN MIKRO AGRO NISAA-I BERSAMA NEKMAT

Agrobank dan Persatuan Nelayan Kebangsaan (NEKMAT) memeterai kerjasama strategik menerusi Program Pembiayaan Agro Nisaa-i sebagai usahasama untuk membantu dan membimbing isteri-isteri nelayan yang memajukan perniagaan mereka. Majlis perasmian kerjasama ini diadakan di Kompleks LKIM, Kuala Kedah dan dihadiri kira-kira 700 tetamu daripada komuniti nelayan.

Agrobank and the National Fishermen's Association (NEKMAT) entered into a strategic partnership through the Agro Nisaa-i Financing Programme as a joint venture to assist and guide the wives of fishermen to successfully grow their own businesses. The inauguration ceremony was held at the LKIM Complex, Kuala Kedah and was attended by about 700 guests from the fishing community.

ACARA KORPORAT CORPORATE EVENTS



14 OGOS/AUGUST 2019

PROGRAM IBADAH KORBAN AGROBANK

Program Ibadah Korban Agrobank 2019 sempena sambutan Hari Raya Aidiladha 1440H disempurnakan daripada hasil sumbangan semua kakitangan Bank. Sebanyak 21 ekor lembu disembelih dan diagihkan dagingnya kepada masyarakat setempat di beberapa kawasan di seluruh negara dengan kerjasama dan komitmen kakitangan Bank. Simbolik program ini diadakan di Masjid Al-Syakirin, Gombak yang melibatkan 11 ekor lembu.

The Agrobank Ibadah Korban Programme 2019 which was held in conjunction with Hari Raya Aidiladha 1440H was fulfilled via the contributions of all Bank employees. A total of 21 cows were slaughtered and the meat was distributed to local communities in several areas nationwide with the cooperation and commitment of the Bank's employees. A symbolic programme was held at Al-Syakirin Mosque, Gombak involving 11 cows.



1 SEPTEMBER/SEPTEMBER 2019

EKSPEDISI KINABALU SEMPENA 50 TAHUN AGROBANK

Seramai 25 kakitangan Agrobank menyertai misi mengibarkan bendera Agrobank di puncak Gunung Kinabalu bersempena dengan ulang tahun ke 50 bank. Kelab Sukan Agrobank yang menganjurkan ekspedisi ini menerima 100 penyertaan, namun hanya yang lulus ujian fizikal (melengkapkan 20km larian dan 20 jam masa aktif) sahaja yang dipilih untuk mengikuti cabaran ini. Pada 1 September 2019, pasukan Agrobank tiba di puncak Kinabalu dan berjaya mengibarkan bendera Agrobank pada ketinggian 4,095.2 m, pada gunung tertinggi di Asia Tenggara itu. Ekspedisi ini diketuai oleh Zahid Ahmad Zawawi Ketua Pegawai Operasi Agrobank, manakala En. Azman Mohamed, Ketua Jabatan Pusat Hartanah & Logistik Agrobank bertindak sebagai Chef-De-Mission.

A total of 25 Agrobank employees participated in the mission to unfurl Agrobank's flag at the top of Mount Kinabalu in conjunction with the Bank's 50th anniversary. Agrobank Sports Club, the organiser of this expedition, accepted 100 participation entries, however only those who passed the physical test (a 20 km run and 20 hours of active time) were selected for this challenge. On 1 September 2019, the Agrobank team reached the top of Mount Kinabalu and successfully raised the Agrobank flag at 4,095.2 m high, on the highest mountain in Southeast Asia. The expedition was led by Zahid Ahmad Zawawi, Chief Operating Officer of Agrobank, while Mr. Azman Mohamed, Agrobank's Head of Department of Real Estate & Logistics acted as Chef-De-Mission.



6 SEPTEMBER/SEPTEMBER 2019

FESTIVAL DURIAN AGROBANK

Festival Durian yang julung kali dianjurkan Agrobank mendapat sambutan hangat luar jangkaan. Kira-kira 5,000 orang pengunjung daripada pelbagai latar belakang termasuk para jemputan Bank, rakan strategik, agroprenuer

dan rakan-rakan media hadir. Pelbagai aktiviti menarik disusun sempena program ini, antaranya, jualan murah durian, demo masakan, ruang pameran dan persembahan nyanyian oleh Datuk Ramli Sarip. Festival Durian Agrobank merupakan inisiatif Bank untuk membuka ruang dan mempromosikan durian dan produk-produk berdasarkan durian. Lebih dua tan durian pelbagai jenis disediakan pada festival ini yang diadakan di perkarangan bangunan ibu pejabat Agrobank di Kuala Lumpur.

The first ever Durian Festival organised by Agrobank achieved a response beyond expectations. About 5,000 visitors from a variety of backgrounds including Bank invitees, strategic partners, agropreneurs and media partners were present. Various interesting activities were organised in conjunction with this programme, including for example, durian sales, cooking demos, exhibitions and a concert by Datuk Ramli Sarip. The Agrobank Durian Festival was an initiative by the Banks to showcase and promote durian and durian-based products. Over two tons of durians of various varieties were made available at this festival which was held at the Agrobank headquarters building in Kuala Lumpur.



8 OKTOBER/OCTOBER 2019

AGENDA AGRO DI MELAKA

Siri ketiga bicara bisnes iaitu 'Agro Agenda: Prospek dan Peluang dalam Sektor Pertanian' yang diadakan di Melaka. Program ini telah dihadiri 150 orang tetamu yang terdiri daripada pelanggan Agrobank dan usahawan di negeri Melaka.

The third series of business talks pertaining to 'Agro Agenda: Prospects and Opportunities in the Agricultural Sector' was held in Malacca. The programme was attended by 150 guests comprising Agrobank customers and entrepreneurs from the state of Malacca.



22 OKTOBER/OCTOBER 2019

ANUGERAH AGROPRENEUR AGROBANK

Agrobank mengumumkan tujuh (7) pemenang daripada 7 kategori di Majlis Anugerah Agropreneur Agrobank (AAA) 2019 sebagai penghargaan kepada usahawan berjaya bagi sektor perniagaan berdasarkan pertanian dan industri asas tani.

Agrobank announced seven (7) winners of 7 categories at the Agrobank Agropreneur Awards (AAA) 2019 in honor of successful entrepreneurs from the agriculture and agro-based industries business sector.

ACARA KORPORAT CORPORATE EVENTS



11 NOVEMBER/NOVEMBER 2019

LARIAN BURSA BULLCHARGE

15 kakitangan Agrobank antaranya atlet Kelab Sukan Agrobank mewakili Bank ke Larian Bursa Bullcharge Run 2019, diketuai oleh Zahid Ahmad Zawawi, Ketua Pegawai Operasi Agrobank. Larian ini merupakan acara tahunan yang dianjurkan Bursa Malaysia dengan sasaran untuk mengumpul dana bagi mempromosikan budaya celik kewangan dan keusahawanan di kalangan komuniti kurang berkemampuan.

15 Agrobank employees and Agrobank Sports Club athletes represented the Bank at the 2019 Bursa Bullcharge Run, led by Zahid Ahmad Zawawi, Chief Operating Officer of Agrobank. The run is an annual event organised by Bursa Malaysia with the aim of raising funds for promoting a culture of financial literacy and entrepreneurship within poor communities.

7 NOVEMBER/NOVEMBER 2019

PELANCARAN VISI DAN MISI BAHRU

Visi dan misi baharu Agrobank sempena sambutan kemuncak 50 tahun Agrobank dilancarkan oleh YAB Tun Dr. Mahathir bin Mohamad, Perdana Menteri ke-7 pada Majlis Makan Malam Gala 50 Tahun Agrobank di Grand Hyatt Kuala Lumpur. Majlis dihadiri 500 tetamu daripada pelbagai latar belakang termasuk, agensi-agensi kerajaan, pelanggan korporat, rakan strategik Bank serta media.

Agrobank's new vision and mission was launched in conjunction with Agrobank's 50th anniversary celebrations, by YAB Tun Dr. Mahathir bin Mohamad, the 7th Prime Minister during the Agrobank 50th Anniversary Gala at Grand Hyatt Kuala Lumpur. The event was attended by 500 guests from all backgrounds including government agencies, corporate clients, the Bank's strategic partners and the media.



20 NOVEMBER/NOVEMBER 2019

PROGRAM CELIK WANG 'AGRO HUNT'

Program Celik Wang 'Agro Hunt' 2019 dianjurkan di MAEPS Serdang, dihadiri 71 pelajar Pusat Pengajian Tahfiz Ar-Raudhah, Beranang dan Maahad Tahfiz Al-Falahyyah, Shah Alam. Program ini diadakan bagi menyuntik kesedaran tentang kepentingan pengurusan wang secara berhemah.

The 'Agro Hunt' Financial Literacy Programme 2019 was hosted at MAEPS Serdang, and attended by 71 students of the Tahfiz Ar-Raudhah School of Medicine, Beranang and Maahad Tahfiz Al-Falahyyah, Shah Alam. The programme was held to inject awareness of the importance of prudent money management.



NOVEMBER
NOVEMBER



28 NOVEMBER/NOVEMBER 2019

FORUM PERDANA HAL EHWAL ISLAM DI HPPNK

Agrobank menganjurkan Forum Perdana Ehwal Islam bersempena dengan Hari Peladang, Penternak dan Nelayan Kebangsaan (HPPNK) 2019. Forum Perdana dengan topik "Mencari Yang Halal" yang bersiaran langsung menerusi RTM (TV1) itu dihadiri kira-kira 1,500 orang pengunjung program dan orang awam. Forum ini dikendalikan oleh Ustaz Mohd Hariri Daud dari JAKIM bersama dua ahli panel iaitu, Datuk Badlishah Alauddin, Imam Besar Masjid Negeri Pahang dan Ustaz Ghazali Ibrahim dari JAKIM.

Agrobank organised the Islamic Affairs Forum in conjunction with the National Farmers, Breeders and Fishermen Day (HPPNK) 2019. The Perdana Forum themed "Looking for Halal" was broadcast live via RTM (TV1) and was viewed by about 1,500 programme viewers and members of the public. The forum was hosted by Ustaz Mohd Hariri David of JAKIM with two panel members, Datuk Badlishah Alauddin, High Imam of Pahang State Mosque and Ustaz Ghazali Ibrahim of JAKIM.



28 NOVEMBER/NOVEMBER 2019

PAMERAN HPPNK 2019 DI JOHOR BAHRU

Ruang pameran Agrobank berkonsep 'Bank Mini' menjadi tumpuan agropreneur dan pengunjung di sambutan HPPNK 2019. Acara empat (4) hari yang berlangsung 28 November hingga 2 Disember 2019 itu diadakan di Angsana Johor Bahru Mall yang dirasmikan oleh Datuk Seri Wan Azizah Wan Ismail, Timbalan Perdana Menteri.

Agrobank's exhibition space, conceptualised as a 'Mini Bank' was the focus of agropreneurs and visitors at the HPPNK 2019. The four (4) day event that ran from 28 November to 2 December 2019, was held at the Angsana Johor Bahru Mall and was officiated by Datuk Seri Wan Azizah Wan Ismail, Deputy Prime Minister.



DISEMBER
DECEMBER



19 DISEMBER/DECEMBER 2019

PROGRAM KEUSAHAWANAN ASNAF

Kerjasama Strategik antara Agrobank, Alma Processing Trading Sdn Bhd (APT) dan Kolej Professional Baitulmal Kuala Lumpur merupakan inisiatif menarik antara rakan-rakan strategik Bank untuk memperbaiki kehidupan pelajar asnaf menerusi Program Keusahawanan Asnaf. Di bawah program

ini, tiga (3) finalis yang telah mengikuti kursus pengurusan kewangan perniagaan dan praktikal membuat burger diberikan dana zakat untuk mereka memulakan perniagaan 'Bomb Burger' di bawah seliaan syarikat APT. Objektif program adalah untuk membantu pelajar tahun akhir asnaf mempunyai wang pemula perniagaan, pengetahuan mengurus syarikat dan membuat 'Bomb Burger' selepas tamat pengajian.

This Strategic Cooperation between Agrobank, Alma Processing Trading Sdn Bhd (APT) and Baitulmal Professional College Kuala Lumpur was an exciting initiative among the Bank's strategic partners to improve the livelihood of underprivileged students through the Asnaf Entrepreneur Programme. Under this programme, three (3) finalists who had taken a course in financial management and practical burger-making business were provided charitable funding to start a 'Bomb Burger' business under the supervision of APT. The objective of the programme was to help the final year students gain business start-up capital, knowledge in managing a company and to make 'Bomb Burgers' post graduation.

SOROTAN MEDIA

MEDIA HIGHLIGHTS



Sekolah dan Mohamed Zahid pada Majlis Pelancaran Program Pembangunan Mikro Agro-Micro di Kuala Kubu, semalam

(Foto: Noraz Halim/SBN/M)

Agrobank bantu isteri nelayan jadi usahawan

Agrobank sokong agropreneur

Salur maklumat pembangunan serta perkhidmatan untuk membantu bisnes agro

ASMAIZA MANSOR

DINDI SAHARU

Agrobank menampilkan Mini Bank Concept sempena Hari Pedadang, Penteran dan Nelayan Kebangsaan (HPPNK) 2019 yang berlangsung di Angsua Jolok Bahru Mall sehingga Ahad ini.

Penanggung Tugas Presiden/Ketua Pegawai Eksekutif Agrobank, Khadijah Iskandar berkata, inisiatif ini nantinya untuk pengurusan bersama dengan pegawai Agrobank bagi mendapatkan maklumat tentang pembangunan dan perkhidmatan yang ditawarkan untuk membantu mewujudkan bisnes agro.

"Kami bawa bank kepada anda. Di HPPNK 2019 kami ibarat membuka cawangan mini di sini malah kami turut berada di Laman Mekanistik dan Automasi dengan membiuska satu pernara sebagai kawasan pertanyaan."

"Kami juga berada di pavilion Agrofesta dengan menawarkan pelbagai pekerjaan di Agrobank. Ia khusus untuk penanggung melalui produk-takrif, selain aktiviti memerlukan interaksi bersama pegawai kami," katanya berteriak juga Suan Harian di sini semalam.

Menurutnya, terdapat pelbagai perkhidmatan yang disediakan seperti membuat akta dan peluang melalui produk-takrif, selain aktiviti memerlukan interaksi bersama pegawai kami.

"Sebagai contoh, produk mikro Agrobank iaitu Agrobaki memberi tumpuan kepada usahawan tan yang tidak mendapat perhatian iaitu golongan orang kurang upaya (OKU)."

"Golongan ini sering dipinggirkan kerana kebiasaannya usahawan tan yang tidak mendapat perhatian iaitu golongan orang kurang upaya (OKU)."

"Selain itu, kita akan terus membantu agropreneur dalam membangunkan bisnes agro mereka menerusi pelbagai program latihan sebagai contoh



Khadijah (dua dari kiri) berbual secara langsung dengan pengunjung HPPNK 2019 yang ingin mengalihlabuh tentang pembangunan dan perkhidmatan diawam oleh Agrobank semalam.

menerusi program pembangunan mikro Agro-Nisa' khas untuk golongan wanita," katanya.

Katanya, Agrobank telah sebuah institusi kewangan (IKP) atau DFI yang diberikan mandat untuk membantu golongan unserved dan underserved.

Bantuan agropreneur

Khadijah berkata, Agrobank merupakan elemen lisan, Kestearian dan Kemalaman dalam aktiviti perkhidmatan bank antaranya terutama kepada pembangunan dan pemerintahan komuniti, pelaburan dan perbaungan usahawan serta peringkat dalam kelestarian alam sekitar.

"Sebagai DFI, produk yang dihasilkan Agrobank bukan berterasaskan keuntungan semata-mata kerana yang penting kami dapat membantu agropreneur mempelajari produk mereka."

"Selain itu, kita akan terus membantu agropreneur dalam membangunkan bisnes agro mereka menerusi pelbagai program latihan sebagai contoh



kadar keuntungan sebanyak 5.5 peratus setahun dengan tempoh pembangunan sehingga lima tahun," katanya.

Beliau berkata,

galasak Agrobank untuk mengatasi masalah ramai usahawan OKU mencabar dalam bidang pertanian juga ditonjolkan dengan

menghargai mereka menerusi Anugerah Agropreneur Agrobank kategori OKU yang berjaya dalam bidang masing-masing.

Menurutnya, ia adalah simbol komitmen berterasakan Agrobank untuk membantu pesawat mengatasi masalah pembangunan dan meningkatkan taraf pertanian dan menyediakan sokongan berterusan untuk manfaat komuniti, ekonomi dan perkebunan.

"Setakat ini anak muda iaitu mencuba perlunya menggunakan bahan dasar inovatif dan inovatif di sana.

"Setakat ini anak muda iaitu mencuba perlunya menggunakan bahan dasar inovatif dan inovatif di sana.

"Setakat ini anak muda iaitu mencuba perlunya menggunakan bahan dasar inovatif dan inovatif di sana.

"Contohnya, pembangunan untuk meningkatkan pertanian tradisional dan modern,"

Khadijah berkata, ia masih dalam pembangunan khas untuk meningkatkan pertanian tradisional dan modern.

"Kadarmen juga berupaya mengurangkan import makanan serta menyediakan pembangunan bagi projek-projek dalam sektor ini. Maka keuntungan yang diperoleh sebanyak 3.75 peratus setahun.

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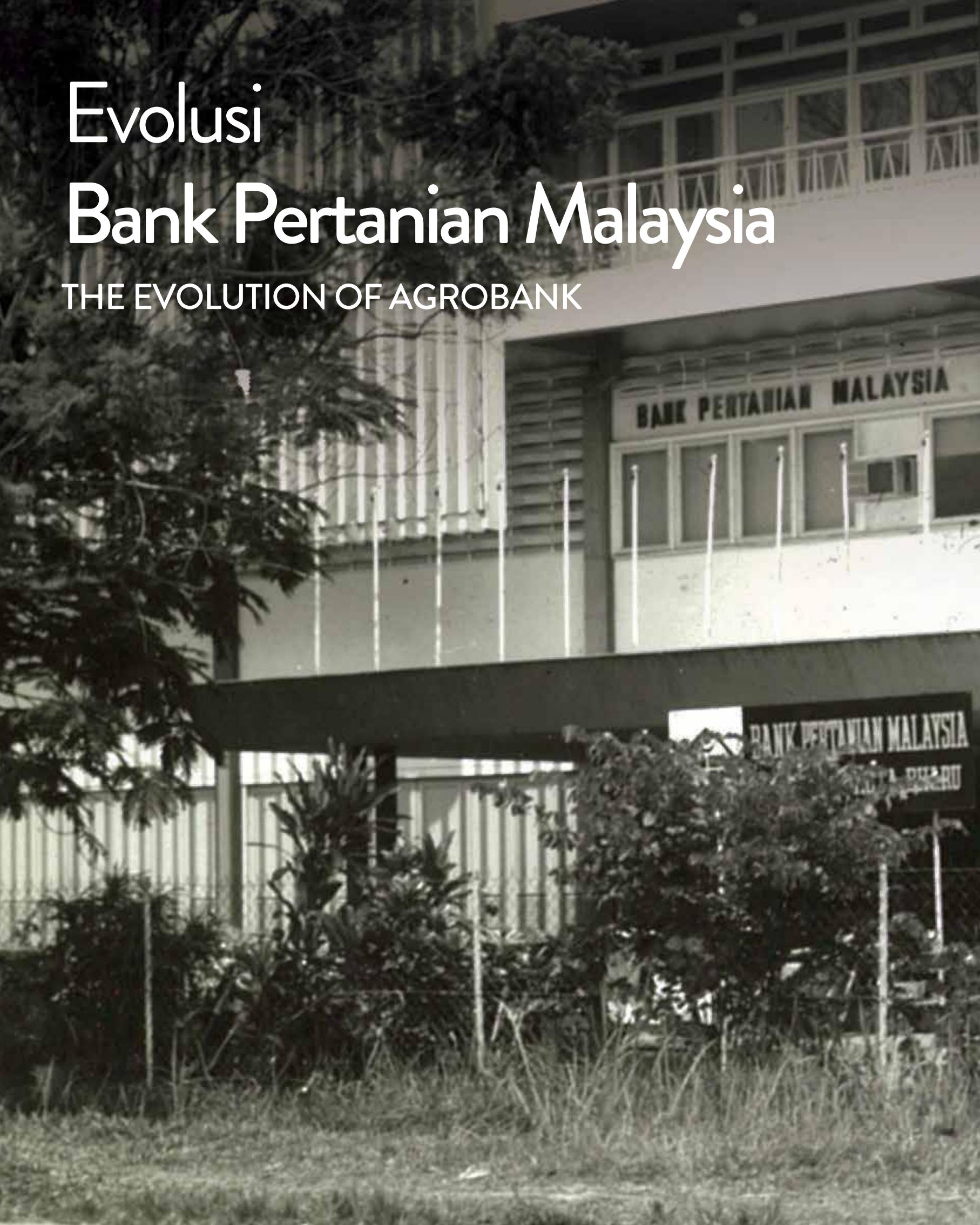
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Evolusi Bank Pertanian Malaysia

THE EVOLUTION OF AGROBANK





Keperluan untuk Malaysia memiliki sebuah bank khusus untuk pertanian menjadi semakin penting apabila negara melancarkan projek tanaman padi di Pengairan Muda di Kedah yang dibangunkan di bawah Rancangan Malaysia Pertama (1965-1970).

Kerajaan ketika itu memutuskan untuk meminta bantuan Bank Dunia bagi menampung kos pembinaan infrastruktur Pengairan Muda, bagaimanapun, Bank Dunia dalam perjanjian pinjamannya, mensyaratkan supaya Kerajaan Malaysia menubuhkan sebuah badan khas bagi mengendalikan kredit pusingan pengeluaran padi di kalangan penanam padi.

Berikutan daripada itu, kerajaan menubuhkan BPM dan membuka dua buah cawangan antara tahun 1969 dan 1970. Cawangan pertama BPM dibuka di Alor Setar, Kedah dan diikuti dengan cawangan kedua di Kota Bharu di Kelantan.

Tahun demi tahun, banyak perubahan dilalui oleh BPM di bawah beberapa individu yang di pertanggungjawabkan untuk menerajui Bank ini ke tahap lebih baik. Kejayaan ini dapat dilihat apabila BPM membina bangunan ibu pejabatnya sendiri pada tahun 1978. Bangunan setinggi 25 tingkat di Leboh Pasar Besar pada era itu telah mampu menempatkan semua tenaga kerjanya kecuali kakitangan cawangan, di bawah satu bumbung.

Sehingga akhir 1979, BPM mempunyai 28 rantaian cawangan dan lapan (8) unit bergerak di kawasan pedalaman. Menjelang 1980, BPM berjaya tampil sebagai penyedia perkhidmatan kredit terbesar kepada sektor pertanian luar bandar.

The need for Malaysia to have a dedicated agricultural bank became more important as the country launched a rice cultivation project within the Muda Irrigation area in Kedah which was developed under the First Malaysia Plan (1965-1970).

The government then decided to seek the help of the World Bank to cover the cost of building the Muda Irrigation infrastructure, however, the World Bank in its loan agreement, required the Malaysian Government to set up a special body to handle the revolving credit of rice growers.

Subsequently, the government established Bank of Agriculture Malaysia (BPM) and opened two branches between 1969 and 1970. BPM's first branch was opened in Alor Setar, Kedah followed by a second branch in Kota Bharu in Kelantan.

Year after year, BPM underwent various changes managed by individuals who were mandated the responsibility to lead the Bank to a better level. This success was evident when BPM built its own headquarters building in 1978. The 25-storey building at Leboh Pasar Besar in that era was able to house all its workforce except branch staff.

At the end of 1979, BPM had 28 branches and eight (8) mobile units in rural areas and by the year 1980, BPM had successfully emerged as the largest credit service provider to the rural agricultural sector.

KENYATAAN LEMBAGA PENGARAH

STATEMENT FROM THE BOARD



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

Para Pemegang Taruh,

Sepanjang 50 tahun lalu, Agrobank (Bank) telah mengimbangi dengan baik peranan pembangunan dan komersialnya sebagai institusi kewangan pembangunan (IKP) dalam memudahkan sektor pertanian mencapai matlamat negara terhadap kemampunan makanan dan dalam masa yang sama menyumbang kepada ekonomi. Setelah 50 tahun kewujudan kami, hari ini kami berada dalam kedudukan yang kukuh untuk membantu memajukan sektor ini dalam usaha-usaha transformatif memasuki era modenisasi baharu pertanian menerusi peningkatan kecekapan, kemampunan dan inovasi.

Dear Stakeholders,

Over the last 50 years, Agrobank (the Bank) has finely balanced its developmental and commercial roles as a developmental financial institution (DFI) in facilitating the agricultural sector towards achieving the nation's goal of food self-sustainability while contributing meaningfully to the economy. Today, 50 years on, we are in a position of strength to help elevate the sector in transformative efforts to enter a new age of agricultural modernisation through increased efficiency, sustainability and innovation.



Setelah 50 tahun kewujudan kami, hari ini kami berada dalam kedudukan yang kukuh untuk membantu memajukan sektor ini dalam usaha-usaha transformatif memasuki era modenisasi baharu pertanian menerusi peningkatan kecekapan, kemampanan dan inovasi.

Today, 50 years on, we are in a position of strength to help elevate the sector in transformative efforts to enter a new age of agricultural modernisation through increased efficiency, sustainability and innovation.

Lembaga Pengarah, Agrobank
The Board of Directors, Agrobank



8%

**KENAIKAN KEUNTUNGAN SEBELUM ZAKAT DAN CUKAI SEBANYAK
INCREASE IN PROFIT BEFORE ZAKAT AND TAX OF**

RM205.4 juta/million

Mengimbah kembali prestasi perniagaan dan kewangan 2019, kami menyedari bahawa pertumbuhan yang kami saksikan hari ini disokong oleh strategi kukuh yang telah kami laksanakan sepanjang lima dekad lalu. Apabila Agrobank ditubuhkan pada 1969, mandat kami adalah untuk menyediakan akses kewangan bagi sektor pertanian. Kini, mandat ini telah diperluaskan untuk mempergiat sektor kewangan Islam, menggalakkan keterangkuman kewangan, memberi akses kewangan dan perbankan kepada segmen komuniti yang tidak mendapat perhatian, membolehkan para petani, pekebun dan peladang serta usahawan industri yang berkaitan mendapat kemahiran perniagaan, dan membina nilai mapan yang dapat menyumbang kepada komuniti, ekonomi dan pembangunan negara.

Kami telah menempuh perjalanan yang jauh, memberi perkhidmatan kepada jutaan pelanggan di seluruh negara sepanjang lima dekad ini. Ia bagaimanapun tidak dicapai dengan mudah tanpa sebarang cabaran, namun kami tetap kekal bertahan berbekalkan semangat dan tumpuan yang jitu bagi menyokong usaha-usaha ke arah pembangunan sektor pertanian dan komunitinya di mana hasilnya dapat memberikan nilai dan impak yang diinginkan. Tumpuan inilah yang telah membolehkan kami untuk terus bergerak maju seiring dengan sektor pertanian, menyokong keperluan pertumbuhannya dan menyumbang kepada ekonomi.

As we reflect back on 2019's business and financial performance, we are cognisant that the growth that we see today is underpinned by the sound strategies that have been implemented over the past five decades. When Agrobank was first set up in 1969, our mandate was to provide financial access to the agriculture sector. Today, this mandate has grown to spur Islamic finance, foster financial inclusion, give financial and banking access to the unserved and underserved segments of our community, enable our agriculture farmers and related-industry entrepreneurs with business skills and acumen, and build sustainable value that contributes to our community, the economy and the development of our country.

We have come a long way, serving millions across the nation these past five decades. It has not been without its challenges but we have remained agile and resilient with our focus firmly on supporting the developmental efforts of the sector and the community where it delivers value and impact. It is this focus that has allowed us to progress together with the agricultural sector, supporting their growth needs and contribute to the economy.

KENYATAAN LEMBAGA PENGARAH STATEMENT FROM THE BOARD



Berdasarkan rekod keuntungan dan model perniagaan yang kukuh serta pelbagai program yang menyokong segala keperluan sektor ini, kami berada dalam posisi yang tepat untuk mencapai matlamat jangka panjang dan mencipta impak pembangunan dalam ekosistem sektor pertanian dan komunitinya untuk 50 tahun lagi. Kami melakukannya dengan iltizam dan komitmen yang diperbaharui dalam pernyataan Visi dan Misi kami. Maka itu, Agrobank akan berupaya memainkan peranannya sebagai pemangkin sektor ini demi mencapai keutamaan pembangunan negara, dipacu dengan pengawasan dan panduan yang mantap oleh Lembaga Pengarah bagi memastikan kami menyampaikan nilai yang mapan kepada semua pihak pemegang taruh kami.

Dengan penuh penghargaan kami kepada semua pihak pemegang taruh, Lembaga Pengarah dengan sukacita membentangkan prestasi kewangan dan perniagaan Agrobank pada tahun ke-50 operasinya dalam Laporan Tahunan bagi tahun kewangan berakhir 31 Disember 2019 (TK2019), yang mana merupakan satu lagi tahun yang mencatat pertumbuhan yang menguntungkan bagi Bank.

With a profitable track record base and a sound business model with various programmes that support the diversified needs of the sector, we are in a position of strength to meet the long-term aspirations and create developmental impact on the agricultural sector eco-system and its communities for the next 50 years ahead. We do this with a renewed sense of purpose and commitment that is reflected in our reinvigorated Vision and Mission statements. Against this backdrop, Agrobank is well-positioned to play its role in catalysing the sector to achieve national development priorities, driven by sound oversight and guidance by the Board to ensure that we deliver sustainable value to our stakeholders.

It is with deep gratitude to our stakeholders that the Directors of the Board present to you the financial and business performance of Agrobank in its 50th year of operations in this Annual Report for the financial year ending 31 December 2019 (FY2019), which was another year of profitable growth for the Bank.

“ Kami melakukannya dengan iltizam dan komitmen yang diperbaharui dalam pernyataan Visi dan Misi kami

We do this with a renewed sense of purpose and committed is reflected in our reinvigorated Vision and Mission statements.



VISI KAMI UNTUK MEMPERKASAKAN PERTANIAN MELANGKAUI PERBANKAN

Matlamat kami untuk menyokong sektor pertanian telah jelas ditetapkan dan ditunjukkan dalam semua program dan inisiatif yang dibangunkan bagi membantu pihak pemegang taruh dalam sektor ini. Prinsip yang dimajukan oleh Agrobank demi kesejahteraan sektor pertanian kini lebih bermakna apabila kami bersedia untuk melangkah masuk 50 tahun yang berikutnya.

Sehubungan dengan ini, Bank telah melancarkan Visi dan Misi baharu yang menetapkan kesediaan Agrobank untuk memajukan komuniti pertanian dengan penyelesaian kewangan dan perkhidmatan melangkaui perbankan yang menyeluruh. Ini sejajar dengan aspirasi yang lebih besar untuk memastikan keselamatan makanan negara dengan meningkatkan piawaian pertanian dan menyediakan sokongan berkekalan yang mencipta nilai kepada komuniti, ekonomi, alam sekitar dan pihak pemegang taruh. Apa yang dihasratkan adalah untuk menyediakan peluang bagi usahawan tani mengembangkan perniagaan mereka, menambah baik pengeluaran, kekal berdaya saing dan menambah sokongan kepada komuniti yang tidak mendapat perhatian dan terabai. Visi ini dirumuskan dalam ‘Memperkasakan Pertanian Melangkaui Perbankan’ dan turut digambarkan sebagai tema dalam Laporan Tahunan 2019.

OUR VISION TO ADVANCE AGRICULTURE BEYOND BANKING

Our aim to support the agricultural sector has been well demonstrated through the programmes and initiatives that have been developed to support the stakeholders in this sector. Now, more than ever, what Agrobank stands for matters as we forge ahead into the next 50 years.

To that end, the Bank launched its new Vision and Mission that entrenches Agrobank's readiness to spur the agriculture community with holistic financial solutions and services beyond banking. This is in line with the bigger aspiration of ensuring the nation's food security by elevating the standards of agriculture and providing sustained support that creates value to communities, economy, environment and stakeholders. What it aspires is to provide more opportunities for agropreneurs to expand their businesses, improve productivity, remain competitive and boost support for the unserved and underserved communities. This Vision is encapsulated in ‘Advancing Agriculture Beyond Banking’ and is also reflected as the core theme in our 2019 Annual Report.

“ Prinsip yang dimajukan oleh Agrobank demi kesejahteraan sektor pertanian kini lebih bermakna apabila kami bersedia melangkah masuk 50 tahun yang berikutnya.

Now, more than ever, what Agrobank stands for matters as we forge ahead into the next 50 years.



KENYATAAN LEMBAGA PENGARAH STATEMENT FROM THE BOARD

“ Sebagai IKP, kami memainkan peranan penting dalam menggalakkan pertumbuhan ekonomi yang berkekalan, terangkum dan mapan dengan cara menyokong sektor pertanian untuk pertumbuhan jangka panjang, memupuk aktiviti pengganda ekonomi yang mewujudkan pekerjaan dan menggalakkan keterangkuman kewangan dengan menyediakan akses kepada komuniti yang tidak dan kurang mendapat perhatian.

As a DFI, we play an important role in promoting sustained, inclusive and sustainable economic growth through supporting the agriculture sector for long-term growth, fostering economic multiplier activities that create jobs and promoting financial inclusion by providing access to the unserved and underserved communities.

”

Visi yang diperbaharui ini merumuskan hasrat kami untuk bergerak ke hadapan bagi menyokong sektor ini ke arah yang lebih mapan. Sebagai IKP, kami memainkan peranan penting dalam menggalakkan pertumbuhan ekonomi yang berkekalan, terangkum dan mapan dengan cara menyokong sektor pertanian untuk pertumbuhan jangka panjang, memupuk aktiviti pengganda ekonomi yang mewujudkan pekerjaan dan menggalakkan keterangkuman kewangan dengan menyediakan akses kepada komuniti yang tidak dan kurang mendapat perhatian. Hasrat ini selaras dengan pendekatan Pengantaraan berdasarkan Nilai (VBI) yang disarankan oleh Bank Negara Malaysia serta Matlamat Pembangunan Mapan (SDG) Pertubuhan Bangsa-Bangsa Bersatu. Dengan matlamat yang diperbaharui ini juga, sepertimana dirumuskan dalam Visi baharu kami, kami menasarkan untuk terus mara sebagai IKP yang berjaya menyokong pertumbuhan terangkum dan mapan sektor pertanian dan komunitinya. Melalui panduan rangka kerja pengukuran prestasi oleh BNM, kami lebih berdaya untuk mengukuhkan keupayaan dan kebolehan sebagai IKP dan memastikan bahawa impak dan nilai daripada peranan pembangunan kami diteliti dan diukur secara berkesan.

Merangsang sektor ini agar lebih kukuh dan lebih produktif bagi memenuhi keperluan bekalan makanan negara merupakan satu tugas yang mencabar. Sektor ini berdepan dengan perubahan ketara dalam pelbagai aspek dan Bank ingin memastikan bahawa sektor ini bersedia sebaik mungkin untuk menanganinya. Peranan teknologi dan keperluan untuk mempergiatkan modenisasi sektor pertanian melalui kemajuan dalam automasi, kejenteraan, robotik, kecerdasan buatan dan penggunaan data adalah sangat mustahak. Semua ini adalah pemangkin penting yang akan membawa sektor pertanian ke tahap seterusnya. Hasrat ini dirumuskan dalam 'Memperkasakan Pertanian' dalam Visi kami. Visi ini juga menetapkan Agrobank untuk membangun dan membuat pembaharuan bagi produk penyelesaian kewangan dan perkhidmatan yang melangkaui perbankan lazim yang antara lainnya termasuk pelaburan, pengurusan aset, perlindungan takaful dan khidmat nasihat. Pendekatan menuju perbankan berasaskan nilai ini dipandukan oleh Visi 'Melangkaui Perbankan'.

This renewed Vision sums up the core intent needed moving forward as we support the sector towards building sustainability. As a DFI, we play an important role in promoting sustained, inclusive and sustainable economic growth through supporting the agriculture sector for long-term growth, fostering economic multiplier activities that create jobs and promoting financial inclusion by providing access to the unserved and underserved communities. This intent mirrors Bank Negara Malaysia's (BNM) Value-Based Intermediation (VBI) approach as well as the United Nations Sustainable Developments Goals (SDGs). With this renewed purpose as encapsulated in our new Vision, we aim to make further inroads as a DFI towards successfully supporting the sustainable and inclusive growth of the agriculture sector and the community. With the guidance of BNM's framework on performance measurement, we are better enabled to strengthen our capacity and capability as a DFI and ensure that developmental impact and value are articulated and measured effectively.

Stimulating a stronger and more productive sector to feed the nation is a challenging task in itself. Every aspect of the sector is facing significant change and the Bank wants to make sure that the sector is as ready as possible to handle them. The role of technology and the need to accelerate the modernisation of the agriculture sector through developments in automation, mechanisation, robotics, artificial intelligence and use of data cannot be stressed enough. These are crucial catalysts that will take the agricultural sector to the next level. This intent is encapsulated in 'Advancing Agriculture' in the Vision. The Vision also sets up Agrobank to develop and innovate comprehensive financial solutions products and services beyond traditional banking which includes investments, asset management, takaful protection and advisory, among others. This approach of moving towards value-based banking is guided by the 'Beyond Banking' Vision.

'Memperkasakan Pertanian Melangkaui Perbankan' dengan itu menyasarkan untuk membawa kami ke tahap seterusnya sebagai sebahagian daripada usaha kami ke arah membina ekonomi, masyarakat dan alam sekitar yang mapan. Akhirnya, kami mahu menggunakan perkhidmatan dan penawaran kami untuk memperkasa para pelanggan, komuniti dan kakitangan kami dengan memainkan peranan bermakna dan membuat sumbangan sebenar kepada masyarakat.

MENINJAU KEMBALI TAHUN KEJAYAAN

Persekutuan ekonomi global dan domestik kekal mencabar apabila landskap operasi terus berubah dan berinovasi pada kadar yang pantas. Walaupun risiko ke atas ekonomi global agak berkurang berikutan perjanjian dagangan Fasa-Satu AS-China dan keredaan ketegangan Brexit, risiko kelembapan pertumbuhan tetap akan wujud akibat kesan negatif daripada penularan wabak coronavirus (COVID-19), dan sektor komoditi yang lemah didahului oleh kejatuhan harga minyak. Ini menyebabkan potongan kadar dasar semalam (OPR) sebanyak 25 mata asas kepada tahap terendah dalam tempoh sembilan tahun sebanyak 3.0% dan potongan Keperluan Rizab Berkanun (SRR) sebanyak 50 mata asas kepada 3.0% untuk meningkatkan kecairan yang sangat diperlukan ke dalam sistem kewangan. Malaysia mencatat pertumbuhan Keluaran Dalam Negara Kasar (KDNK) sebanyak 4.3% pada 2019, iaitu yang terendah sejak krisis kewangan global 2009.

Together, 'Advancing Agriculture Beyond Banking' aims to take us to the next level as part of our efforts to contribute towards building a sustainable economy, society and environment. Ultimately, we want to use our services and offerings to empower our customers, our community and our people to play meaningful roles and make a real contribution to society.

A SUCCESSFUL YEAR IN RETROSPECT

The global and domestic economic environment remained ever challenging as the operating landscape continued to change and innovate at a rapid pace. While risks to the global economy diminished somewhat following the US-China Phase-One trade deal and abating Brexit tensions, the downside risk to growth persisted with the negative fallout from the novel coronavirus (COVID-19) outbreak, and the weak commodities sector led by the oil price crash. This resulted in the overnight policy rate (OPR) cut by 25 basis points to a nine-year low of 3.0% and the Statutory Reserve Requirement (SRR) cut by 50 basis points to 3.0% to spur much needed liquidity into the financial system. Malaysia charted its lowest Gross Domestic Product (GDP) growth at 4.3% in 2019, the lowest since the 2009 global financial crisis.

While the agriculture sector grew 1.8% in 2019 from a minimal 0.1% growth in 2018, its contribution to GDP decreased to 7.1% in 2019, from 7.3% in 2018. While its contribution to GDP may be relatively small, its significance towards achieving national food security and safety and uplifting the well-being of the rural community remain an important national agenda.



KENYATAAN LEMBAGA PENGARAH STATEMENT FROM THE BOARD

Walaupun sektor pertanian berkembang 1.8% pada 2019 daripada pertumbuhan kecil 0.1% pada 2018, sumbangannya kepada KDNK berkurang kepada 7.1% pada 2019, daripada 7.3% pada 2018. Sungguhpun sumbangannya kepada KDNK mungkin agak kecil, kepentingannya terhadap pencapaian keselamatan makanan negara dan peningkatan kesejahteraan komuniti luar bandar kekal sebagai agenda utama negara.

Dalam keadaan ini, Agrobank meneruskan peranannya untuk menawarkan pembiayaan dan sokongan khidmat nasihat untuk keperluan berkaitan pertanian sementara membangun dan melaksanakan program untuk komuniti yang tidak mendapat perhatian dan terabai bagi menggalakkan keterangkuman kewangan yang lebih meluas. Kami menganggap prestasi kukuh kami pada tahun ini adalah hasil daripada Rancangan Perniagaan Strategik 2016-2020 (SBP 2016-2020) yang memandang ke hadapan dan berbentuk serampang enam mata yang dilaksanakan untuk meningkatkan pendapatan dan menjana pertumbuhan, sementara mengukuhkan sokongan kepada sektor yang dimandatkan kepada kami iaitu sektor pertanian, termasuk agromakanan, pertanian utama dan komoditi.

Secara keseluruhan, kami telah mencapai keputusan cemerlang bagi TK2019. Bank mencatat prestasi kewangan kukuh dengan Keuntungan Sebelum Zakat dan Cukai (PBZT) sebanyak RM 205.4 juta, peningkatan sebanyak 8% berbanding RM190.3 juta pada 2018. Keuntungan bersih bertambah kepada RM148.48 juta pada 2019, peningkatan sebanyak 10.8% berbanding RM133.98 juta direkodkan pada 2018.

Kami juga telah mencatat lebih banyak pencapaian dalam sasaran kami untuk mengekalkan kedudukan sebagai pendahulu dalam pasaran dan membina penampilan yang lebih luas dalam sektor pertanian, pada masa yang sama memenuhi keperluan pembiayaan para pelanggan dan mengembangkan asas deposit kami. Ini termasuk mengukuhkan sokongan di seluruh rantaian nilai ekosistem pertanian yang terdiri daripada aktiviti hulu dan hilir bermula daripada rantaian input pertanian, pengeluaran pertanian, perdagangan dan logistik, pukal, pemprosesan dan pengilangan, sehingga kepada aktiviti pemasaran dan pengagihan.

Butiran lanjut mengenai hal-hal perniagaan dan operasi boleh didapati dalam bahagian Perbincangan dan Analisis Pengurusan Laporan Tahunan ini di halaman 72.

TADBIR URUS YANG DIPERKUKUHKAN

Di Agrobank, kami terus mendukung piawaian tertinggi dalam tadbir urus korporat dan pematuhan. Sebagai IKP, kami mematuhi prinsip-prinsip yang dinyatakan dalam Garis Panduan Pelaporan Kewangan bagi Institusi Kewangan Pembangunan (IKP) oleh BNM di bawah Akta Institusi Kewangan Pembangunan (Pindaan) 2015, serta berpandukan prinsip-prinsip yang dinyatakan dalam VBI.



Against this backdrop, Agrobank stayed steady on its course to lend financing and advisory support to agriculture-related requirements while developing and implementing programmes for the unserved and underserved communities to foster greater financial inclusivity. We attribute our steadfast performance for the year to the guidance driven by our forward-looking six-pronged Strategic Business Plan 2016-2020 (SBP 2016-2020) that was put in place to boost revenue and growth, while strengthening support for our mandated sector in agriculture, including agro-food, primary agriculture and commodities.

Overall, we delivered excellent results for FY2019. The Bank charted a strong financial performance with Profit Before Zakat and Tax (PBZT) of RM205.4 million, an increase of 8% compared to RM190.3 million in 2018. Our net profit for the year grew to RM148.48 million in 2019, an increase of 10.8% compared to RM133.98 million in 2018.

We made further inroads in our aim to retain market leadership and build greater presence in agriculture sector, while supporting the financing needs of our customers and expanding deposit base. This included strengthening the support throughout the agriculture eco-system value chain which comprises upstream and downstream activities from input supply chain, agriculture production, trading and logistics, wholesale, processing and manufacturing, right up to marketing and distribution.

More details of our business and operational matters are elaborated in the Management Discussion and Analysis section of this Annual Report on page 72.

STRENGTHENED GOVERNANCE

At Agrobank, we continue to uphold the highest standards of corporate governance and compliance. As a DFI, we abide by the principles set out in BNM's Guidelines on Corporate Governance under the Development Financial Institutions (Amended) Act 2015, as well as guided by the tenets set out in the VBI.

Di Bank ini, kami mempunyai dasar-dasar dan rangka kerja kukuh yang menjadi panduan kepada semua kakitangan Agrobank. Sasaran kami adalah untuk memupuk budaya pematuhan di kalangan pekerja kami dengan meningkatkan kesedaran mereka terhadap peraturan, risiko, kebertanggungjawaban dan tata laku profesional. Antara lainnya, ini termasuk Rangka Kerja Pengurusan Risiko, Dasar Memberi Maklumat dan Kod Tatalaku Perniagaan.

Lembaga Pengarah mengekalkan pengawasan rapi terhadap penggerak prestasi Bank melalui Petunjuk Prestasi Utama Korporat (CKPI) bagi memastikan penggunaan, ketelusan, kebertanggungjawaban dan pertumbuhan yang menyumbang kepada nilai dan impak pembangunan. Lembaga Pengarah terus komited untuk mengekalkan piawaian tinggi dalam tadbir urus korporat, integriti perniagaan, etika, dan memastikan nilai-nilai dan tatalaku ini konsisten dalam seluruh operasi perniagaan.

Kami terus beroperasi dalam landskap kewangan dan peraturan yang semakin berkembang dan berhubung kait di mana kami tidak terkecuali daripada kesan cabaran makroekonomi. Maka itu, memastikan tadbir urus terbaik, pematuhan dan etika adalah sesuatu keutamaan kepada kami bagi menguruskan risiko dan peluang dengan berkesan dan bertanggungjawab.

Kepelbagaiannya komposisi Lembaga Pengarah adalah faktor penting dalam mencapai matlamat strategik kami, mengekalkan kekuahan dan mencapai pembangunan mapan. Lembaga Pengarah terdiri daripada individu-individu yang memiliki bakat, kemahiran, pengalaman industri yang sangat luas, serta latar belakang budaya dan pendidikan, jantina, usia, bangsa dan faktor-faktor lain yang berbeza. Gabungan kepelbagaiannya ini menghasilkan perbincangan yang lebih mantap dan berasas dalam mesyuarat-mesyuarat Lembaga dan Jawatankuasa Khas yang diadakan.

PERJALANAN SETERUSNYA

Perjalanan kami seterusnya telah dipersiapkan secara strategik dan dirancang seiring dengan dasar-dasar nasional yang membantu dan menyokongnya.

At the Bank, we have in place robust policies and frameworks that guide all Agrobanks. Our aim has been to instil a culture of compliance among our people by raising greater awareness of regulation, risk, accountability and professional conduct. These include the Risk Management Framework, Whistleblowing Policy and Code of Business Conduct, among others.

The Board maintains a close oversight of the Bank's performance drivers through its Corporate Key Performance Indicators (CKPIs) to ensure adoption, transparency, accountability and growth that contributes to value and developmental impact. The Board is committed to maintaining high standards of corporate governance, business integrity, ethics, and ensuring these values and behaviours are consistent across the businesses.

As we continue to operate in an increasingly evolving and interconnected regulatory and financial landscape where we are not immune to the impact of macroeconomic challenges, ensuring high governance, compliance and ethics are key to managing risks and opportunities effectively and responsibly.

The diversity of the composition of the Board of Directors are a critical factor in achieving our strategic goals, maintaining our strengths and achieving our sustainable development. The Board of Directors are made up of individuals who bring with them a wide range of talents, skills, industry experience, cultural and education background, gender, age, race and other factors. This mix of diversity provides for robust deliberations at the Board and Special Committee meetings.

THE ROAD AHEAD OF US

The way ahead of us has been well-strategised and mapped out by facilitative and supportive policies.

Kami terus beroperasi dalam landskap kewangan dan peraturan yang semakin berkembang dan berhubung kait di mana kami tidak terkecuali daripada kesan cabaran makroekonomi. Maka itu, memastikan tadbir urus terbaik, pematuhan dan etika adalah sesuatu keutamaan kepada kami bagi menguruskan risiko dan peluang dengan berkesan dan bertanggungjawab.

As we continue to operate in an increasingly evolving and interconnected regulatory and financial landscape where we are not immune to the impact of macroeconomic challenges, ensuring high governance, compliance and ethics are key to managing risks and opportunities effectively and responsibly.



KENYATAAN LEMBAGA PENGARAH STATEMENT FROM THE BOARD

“ Wawasan Kemakmuran Bersama 2030 (SPV2030) Malaysia menetapkan aspirasi terhadap mencapai pertumbuhan mampan berserta pengagihan kekayaan yang adil dan sama rata.

Malaysia's Shared Prosperity Vision 2030 (SPV2030) sets the aspiration towards achieving sustainable growth along with fair and equitable distribution of wealth.



Wawasan Kemakmuran Bersama 2030 (SPV2030) Malaysia menetapkan aspirasi terhadap mencapai pertumbuhan mampan berserta pengagihan kekayaan yang adil dan sama rata. Di bawah Aktiviti Pertumbuhan Ekonomi Utama (KEGA) yang dikenal pasti dalam SPV2030, pertanian pintar dan bernilai tinggi diutarkan sebagai sektor penting yang menjanjikan potensi pertumbuhan yang pantas dan merupakan sebahagian aspirasi negara untuk mencapai pembangunan ekonomi bernilai tinggi.

Program dan insentif khusus bagi sektor-sektor pertanian dan pembuatan berkaitan makanan dikenal pasti dalam Rancangan Malaysia Ke-12 2021-2025 (RMK-12) yang akan menggalakkan pemain industri makanan untuk menerima pakai konsep pertanian sebagaimana yang dianjurkan oleh Organisasi Makanan dan Pertanian (FAO) Pertubuhan Bangsa-Bangsa Bersatu. Tambahan lagi, strategi meluas untuk melonjakkan industri pertanian dan agromakanan juga akan digerakkan melalui Dasar Agromakanan Negara 2.0 (2021-2030) yang menggalakkan pengurusan pertanian pintar serta penggunaan teknologi moden bagi meningkatkan kuantiti dan kualiti produk-produk pertanian. Agrobank telah mengenal pasti pendukung strategik utama di bawah rancangan-rancangan ini bagi menyokong fasa pertumbuhan seterusnya dalam sektor pertanian.

Visi kami yang diperbaharui iaitu 'Memperkasakan Pertanian Melangkaui Perbankan' akan menyokong usaha-usaha yang digariskan oleh segala dasar dan rangka kerja ini. Di Agrobank, kami komited memastikan pelanggan pertanian dan ekosistem berkaitan boleh menerima pakai pendekatan pembangunan dan pemodenan, dengan itu bukan sahaja meningkatkan pengeluaran pertanian, tetapi turut menyumbang kepada usaha pembinaan pendapatan golongan sasaran dan juga ekonomi negara.

Walau bagaimanapun, kami sedar akan cabaran yang mendepani kami dalam tempoh terdekat. Landskap ekonomi dan perniagaan pastinya akan lebih mencabar pada tahun 2020 disebabkan ekonomi global yang terjejas daripada kesan penularan COVID-19 dan kejatuhan harga minyak. Untuk tempoh terdekat ini, kami akan menumpukan kepada usaha-usaha untuk meringankan beban para pelanggan kami yang terkesan secara langsung daripada wabak COVID-19 ini yang telah menyaksikan ramai antara mereka menghadapi kesukaran dan berhempas-pulas dalam menguruskan cabaran aliran tunai, inventori dan pengagihan. Kami akan memberi keutamaan

Malaysia's Shared Prosperity Vision 2030 (SPV2030) sets the aspiration towards achieving sustainable growth along with fair and equitable distribution of wealth. Under the Key Economic Growth Activities (KEGAs) identified in the SPV2030, smart and high-value agriculture is highlighted as an important sector that shows potential for rapid growth as part of the country's aspiration to achieve high value economic development.

Specific programmes and incentives for the agriculture and food-related manufacturing sectors are being identified in the 12th Malaysia Plan 2021-2025 (RMK-12) which would encourage food industry players to adopt smart farming concepts as championed by the UN Food and Agriculture Organisation (FAO). Furthermore, extensive strategies to boost the agriculture and agro-food industry will be driven by the upcoming National Agro-food Policy 2.0 (2021-2030) that advocates smart farming management as well as utilising modern technologies to boost the quantity and quality of agricultural products. Agrobank has identified key strategic pillars under these plans that it sees as opportunities to support the next phase of growth in the agricultural sector.

Our renewed Vision to 'Advance Agriculture Beyond Banking' will underpin the efforts outlined by these policies and frameworks. At Agrobank, we are committed to ensure our agriculture and related eco-system customers and players are well-enabled to adopt developmental and modernisation approaches, thereby increasing not only agricultural productivity, but also contributing to income building efforts of identified target groups and the national economy.

However, we are cognisant of the challenges that lie ahead of us in the near term. The economic and business landscape will undoubtedly be challenging in 2020 as all global economies reel from the contagion effects from COVID-19 and the oil price slump. For the near-term, we will be directing our focus towards supporting our customers who have been direly affected by the COVID-19 outbreak which has seen many of our customers vulnerable to cash flow management, inventory and distribution challenges. We will be placing

terhadap cara bagaimana kami boleh menyokong keperluan modal kerja mereka serta menyusun dan menjadual semula kemudahan bayaran balik. Keadaan ini pasti akan memberi kesan ke atas fokus perniagaan kami dalam jangka pendek dan sederhana, tetapi ia amatlah penting sebagai langkah untuk menutup jurang cabaran ini demi kelangsungan pelanggan-pelanggan kami dan perniagaan mereka.

Kini, Visi kami yang diperbaharui iaitu Memperkasakan Pertanian Melangkaui Perbankan menjadi lebih ketara bagi perjalanan kami seterusnya. Sebagai IKP, kami berada dalam landasan yang tepat untuk membantu menyokong dan membantu semua pihak pemegang taruh kami dalam menjayakan hasrat ini.

PENGHARGAAN

Lembaga Pengarah mengambil peluang ini untuk mengucapkan terima kasih kepada Tan Sri Mohamad Zabidi Zainal yang telah bersara sebagai Pengerusi, dan Dato' Dr Yusof Ismail yang telah menamatkan perkhidmatan sebagai Pengarah Bukan Eksekutif Bukan Bebas, atas khidmat yang tidak ternilai sepanjang tempoh perkhidmatan mereka. Kami juga berterima kasih kepada Tuan Syed Alwi Mohamed Sultan yang telah menamatkan perkhidmatan sebagai Presiden dan Ketua Pegawai Eksekutif atas segala sumbangan dan jasa beliau kepada Bank ini. Bergantung kepada kelulusan tertentu, Lembaga Pengarah akan mengalu-alukan Pengerusi, dan Presiden dan Ketua Pegawai Eksekutif Bank yang baharu dan akan membuat pengumuman selepas itu.

Selama 50 tahun lalu, Bank telah menghadapi pelbagai cabaran dan merekodkan banyak pencapaian untuk berada di kedudukan kami hari ini. Sekalung penghargaan istimewa ditujukan kepada semua pihak yang telah terlibat dalam kejayaan kami, dulu dan sekarang. Terima kasih kepada pihak pemegang taruh utama dan pengawal selia kami iaitu Kementerian Pertanian dan Industri Makanan (MOA), Kementerian Kewangan (MOF), Bank Negara Malaysia (BNM), rakan-rakan perniagaan, pembekal, para pelanggan serta semua kakitangan kami.

Kini kami membuka lembaran yang baru untuk Agrobank, sedia untuk menghadapi cabaran yang menanti dengan penuh semangat dan dedikasi. Berbekalkan matlamat dan komitmen jitu untuk membangunkan sektor pertanian dan menyokong komuniti yang tidak dan kurang mendapat perhatian di Malaysia, kami melangkah ke 50 tahun akan datang dengan komitmen yang segar dan baharu.

Terima kasih.

Wassalam.

Lembaga Pengarah, Agrobank



priority on how we can support their needs for working capital as well as restructure and reschedule financing facilities, where relevant. This will certainly have an impact on our business focus in the short-to-medium term but is crucial as a stop-gap measure for the survivability of our customers and their businesses.

Now, more than ever, our renewed vision of Advancing Agriculture Beyond Banking becomes imperative for the journey ahead. As a DFI, we are in a meaningful position to help support our stakeholders in this intent.

APPRECIATION

The Board of Directors take this opportunity to thank both Tan Sri Mohamad Zabidi Zainal who retired as the Chairman, and Dato' Dr Yusof Ismail who stepped down as Non-Independent Non-Executive Director, for their valuable services shown during their tenure. We also thank Tuan Syed Alwi Mohamed Sultan who stepped down as President and Chief Executive Officer for his contributions to the Bank. Upon receiving the relevant approvals, the Board of Directors will welcome a new Chairman and President and Chief Executive Officer and look forward to making the necessary announcements thereafter.

For the past 50 years, the Bank has met many challenges and charted many accomplishments to be where we are today. A special note of appreciation goes to all those who have been involved in our successes, both past and present. Thank you goes to our key stakeholders and regulators the Ministry of Agriculture and Food Industries (MOA), Ministry of Finance (MOF), Bank Negara Malaysia (BNM), our business partners and vendors, our customers and our employees.

We move into the next chapter for Agrobank, ready to face the challenges ahead of us with resolve and dedication. Helmed by our sense of purpose and commitment towards developing the agricultural sector and supporting the unserved and underserved communities of Malaysia, we look forward to the next 50 years with renewed commitment.

Thank you.

Wassalam.

The Board of Directors, Agrobank

LEMBAGA PENGARAH

BOARD OF DIRECTORS

-
1. DATO' DR. MOHAMAD HASHIM AHMAD TAJUDIN
 2. DATIN SETIA SHAHARIAH HASHIM
 3. AZIZAH ABDUL RAHMAN
 4. IBRAHIM HASSAN
-



1

2

3

4

5. ABDUL RAHIM ABD HADI
6. FAIZAH ABDULLAH
7. JIT SINGH A/L SANTOK SINGH
8. DATO' MOHD SALLEHHUDDIN HASSAN



PROFIL LEMBAGA PENGARAH

BOARD OF DIRECTORS' PROFILES



DATO' DR. MOHAMAD HASHIM AHMAD TAJUDIN

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

Tarikh Lahir/Date of Birth:
18 Jun/June 1954

Umur/Age:
65

Tarikh Dilantik/Date Appointed:
3 Julai/July 2014

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):**
15/15

**Jawatan Pengarah dalam
Syarikat Awam Lain/
Directorship in
Other Public Companies:**
-

Kelayakan/Qualifications:

- Ijazah Kedoktoran Falsafah dalam Kesuburan dan Pengurusan Tanah, Universiti Putra Malaysia Doctor of Philosophy PhD in Soil Fertility and Management, Universiti Putra Malaysia
- Program Pengurusan Perniagaan Perdana Harvard, Malaysia Harvard Premier Business Management Programme, Malaysia
- Program Pengurusan Lanjutan (AMP), INSEAD, Perancis Advanced Management Programme (AMP) at INSEAD, France
- Ijazah Sarjana Sains Pertanian (Kimia dan Kesuburan Tanah), Universiti Putra Malaysia (UPM) Master of Science in Agriculture (Soil Chemistry and Fertility), Universiti Putra Malaysia
- Ijazah Sarjana Muda Sains Pertanian, Universiti Putra Malaysia (UPM) Bachelor of Science in Agriculture, Universiti Putra Malaysia

Keahlian dan/

Membership in Board Committee:

- Jawatankuasa Lembaga Strategik (Pengerusi) Board Strategic Committee (Chairman)
- Jawatankuasa Lembaga Kredit & Pelaburan Board Credit & Investment Committee
- Jawatankuasa Pencalonan dan Imbuhan Nomination & Remuneration Committee
- Jawatankuasa Lembaga Teknologi Maklumat Board Information Technology Committee

Pengalaman/Experiences:

- Pengerusi, PKEINPk Sdn. Bhd. Chairman, PKEINPk Sdn. Bhd.
- Ahli Majlis, Majlis Agama Islam dan 'Adat Melayu Perak' (MAIPk) Council Member, Majlis Agama Islam dan 'Adat Melayu Perak' (MAIPk)
- Naib Presiden, Outward Bound Trust of Malaysia (OBM) Vice President, Outward Bound Trust of Malaysia (OBM)
- Ahli Majlis, Institut Pengurusan Perladangan Antarabangsa Malaysia (IIPM) Council Member of International Institute of Malaysia (IIPM)
- Ahli Lembaga Pengarah, Incorporated Society of Planters (ISP) Board Member of the Incorporated Society of Planters (ISP)
- Mantan Pengarah Urusan Kumpulan, Chemical Company of Malaysia Berhad (CCM) Former Group Managing Director, Chemical Company of Malaysia Berhad (CCM)
- Mantan Pengarah Kanan, Bahagian Minyak dan Lelemak, Golden Hope Plantations Berhad Former Senior Director, Oils and Fats Division, Golden Hope Plantations Berhad
- Mantan Pengarah Penyelidikan, Golden Hope Plantations Berhad Former Director of Research, Golden Hope Plantations Berhad
- Mantan Pengarah Eksekutif, Golden Hope Research Sdn. Bhd. Former Executive Director, Golden Hope Research Sdn. Bhd.
- Mantan Ketua Pegawai Eksekutif, Tradewinds Plantation Berhad Former Chief Executive Officer, Tradewinds Plantation Berhad
- Mantan Ketua Pegawai Eksekutif, Padiberas Nasional Berhad (BERNAS) Former Chief Executive Officer, Padiberas Nasional Berhad (BERNAS)

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

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

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 2019.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.

Dato' Dr. Mohamad Hashim Ahmad Tajudin menamatkan tempoh sebagai Pengarah Bebas Bukan Eksekutif pada 1 Julai 2020.

Dato' Dr. Mohamad Hashim Ahmad Tajudin ceased as an Independent Non-Executive Director on 1 July 2020.



DATIN SETIA SHAHARIAH HASHIM

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

**Tarikh Lahir/Date of
Birth:**
25 November/November
1956

Umur/Age:
63

**Tarikh Dilantik/Date
Appointed:**
1 Julai/July 2016

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):**
15/15

**Jawatan Pengarah dalam
Syarikat Awam Lain/
Directorship in
Other Public Companies:**

Kelayakan/Qualifications:

- Pengarah Risiko Bertauliah, Institute of Enterprise Risk Practitioners (IERP)
Qualified Risk Director, Institute of Enterprise Risk Practitioners (IERP)
- Ijazah Sarjana Pentadbiran Perniagaan (MBA), University of Stirling, United Kingdom
Master in Business Administration (MBA) from University of Stirling, United Kingdom
- Ijazah Sarjana Muda Ekonomi (Kepujian), Universiti Malaya (UM)
Bachelor of Economics (Hons) from University of Malaya (UM)

Keahlian dan Jawatankuasa Lembaga Pengarah/ Membership in Board Committee:

- Jawatankuasa Pencalonan dan Imbuhan (Pengerusi)
Nomination & Remuneration Committee (Chairman)
- Jawatankuasa Lembaga Pengurusan Risiko
Board Risk Management Committee
- Jawatankuasa Lembaga Audit
Board Audit Committee
- Jawatankuasa Lembaga Strategik
Board Strategic Committee

Pengalaman/Experiences:

- Mantan Timbalan Pengarah, Jabatan Kewangan Pembangunan dan Enterpis, Bank Negara Malaysia
Former Deputy Director, Development Finance Enterprise Department, Bank Negara Malaysia
- Bertugas di pelbagai jabatan di Bank Negara Malaysia termasuk di Jabatan Pengawalan Bank dan Jabatan Kawalan Pertukaran Wang, Bank Negara Malaysia
Attached to various departments in Bank Negara Malaysia including the Bank Regulation Department and Exchange Control Department, Bank Negara Malaysia

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
She does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

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 2019.
She has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS' PROFILES



**AZIZAH
ABDUL RAHMAN**

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

Tarikh Lahir/Date of Birth:
24 Ogos/August 1955

Umur/Age:
64

Tarikh Dilantik/Date Appointed:
1 Julai/July 2016

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):**
15/15

**Jawatan Pengarah dalam
Syarikat Awam Lain/
Directorship in
Other Public Companies:**

Kelayakan/Qualifications:

- Akauntan Pengurusan Global Berkanan (GCMA), Chartered Institute of Management Accountants, United Kingdom
- Chartered Global Management Accountant (CGMA), Chartered Institute of Management Accountants, United Kingdom
- Ahli, Institut Akauntan Malaysia (MIA), Malaysia Member of Malaysia Institute of Accountants (MIA), Malaysia
- Ahli Felo, Chartered Institute of Management Accountants (FCMA), United Kingdom Fellow Member of the Chartered Institute of Management Accountants (FCMA), United Kingdom
- Pengarah Risiko Berkelayakan, Institute of Enterprise Risk Practitioners (IERP)
- Qualified Risk Director, Institute of Enterprise Risk Practitioners (IERP)

**Keahlian dan Jawatankuasa Lembaga Pengarah/
Membership in Board Committee:**

- Jawatankuasa Lembaga Audit (Pengerusi) Board Audit Committee (Chairman)
- Jawatankuasa Pencalonan dan Imbuhan Nomination & Remuneration Committee
- Jawatankuasa Lembaga Teknologi Maklumat Board Information Technology Committee
- Jawatankuasa Lembaga Strategik Board Strategic Committee

Pengalaman/Experiences:

- Mantan Pengarah, Ternakan Bersepada dan Pembuatan Makanan, QSR Brands/ KFC Holdings Malaysia Berhad
- Former Director, Integrated Poultry and Food Manufacturing, QSR Brands/ KFC Holdings Malaysia Berhad
- Mantan Ketua Pegawai Kewangan, Johor Corporation
- Former Chief Financial Officer, Johor Corporation
- Mantan Pengurus Besar, Kewangan, Johor Corporation
- Former General Manager, Finance, Johor Corporation
- Mantan Pengurus Besar, Bahagian Kewangan Korporat, Antara Steel Mills Sdn. Bhd.
- Former General Manager, Finance and Corporate Division, Antara Steel Mills Sdn. Bhd.

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

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

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 2019.

She has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.



IBRAHIM HASSAN

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

**Tarikh Lahir/Date of
Birth:**
17 Januari/January 1956

Umur/Age:
63

**Tarikh Dilantik/Date
Appointed:**
1 Mac/March 2017

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):**
15/15

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Ekonomi (Kepujian), Universiti Malaya (UM)
Bachelor of Economics (Hons), University of Malaya (UM)

Keahlian dan Jawatankuasa Lembaga Pengarah/ Membership in Board Committee:

- Jawatankuasa Lembaga Pengurusan Risiko (Pengerusi)
Board Risk Management Committee (Chairman)
- Jawatankuasa Lembaga Kredit & Pelaburan
Board Credit & Investment Committee
- Jawatankuasa Pencalonan dan Imbuhan
Nomination & Remuneration Committee
- Jawatankuasa Lembaga Audit (Pelantikan sebagai ahli berkuat kuasa 29 Ogos 2019)
Board Audit Committee (Appointed as a member w.e.f. 29 August 2019)
- Jawatankuasa Lembaga Strategik (Peletakan jawatan sebagai ahli berkuat kuasa 29 Ogos 2019)
Board Strategic Committee (Resigned as a member w.e.f. 29 August 2019)

Jawatan Pengarah dalam Syarikat Awam Lain/ Directorship in Other Public Companies:

- Pengarah Bebas Bukan Eksekutif Alliance Islamic Bank Malaysia Berhad
Independent Non-Executive Director of Alliance Islamic Bank Malaysia Berhad

Pengalaman/Experiences:

- Mantan Pengarah Urusan, RHB Islamic Bank Berhad
Former Managing Director, RHB Islamic Bank Berhad
- Mantan Presiden Direktor, Maybank Shariah Indonesia, Jakarta
Former President Director, Maybank Shariah Indonesia, Jakarta
- Mantan Ketua Pegawai Eksekutif, Maybank Islamic Berhad
Former Chief Executive Officer, Maybank Islamic Berhad
- Mantan Ketua Bahagian Perbankan Antarabangsa, Maybank
Former Head International Banking, Maybank
- Mantan Ketua Pengurusan Risiko Pasaran, Maybank
Former Head Market Risk Management, Maybank
- Mantan Ketua Urusan Perpendaharaan bagi Cawangan Maybank di Hong Kong, New York dan London
Former Head of Treasury for Hong Kong, New York and London Branch of Maybank

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

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 2019.
He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS' PROFILES



**ABDUL RAHIM
ABD HADI**

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

**Tarikh Lahir/Date of
Birth:
17 Februari/February 1968**

**Umur/Age:
51**

**Tarikh Dilantik/Date
Appointed:
9 Januari/January 2018**

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):
15/15**

**Jawatan Pengarah dalam
Syarikat Awam Lain/
Directorship in
Other Public Companies:**

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Undang-undang (Kepujian), Universiti Islam Antarabangsa Malaysia (IIUM) Bachelor of Laws (Hons), International Islamic University Malaysia (IIUM)

**Keahlian dan Jawatankuasa Lembaga Pengarah/
Membership in Board Committee:**

- Jawatankuasa Lembaga Teknologi Maklumat (Pengerusi)
Board Information Technology Committee (Chairman)
- Jawatankuasa Lembaga Kredit & Pelaburan
Board Credit & Investment Committee
- Jawatankuasa Lembaga Strategik (Pelantikan sebagai ahli berkuat kuasa 29 Ogos 2019)
Board Strategic Committee (Appointed as a member w.e.f. 29 August 2019)
- Jawatankuasa Lembaga Audit (Peletakan jawatan berkuat kuasa 29 Ogos 2019)
Board Audit Committee (Resigned as a member w.e.f. 29 August 2019)
- Jawatankuasa Pencalonan dan Imbuhan (Peletakan jawatan berkuat kuasa 29 Ogos 2019)
Nomination & Remuneration Committee (Resigned as a member w.e.f. 29 August 2019)

Pengalaman/Experiences:

- Rakan Kongsi, Rajes Hisham Rahim & Gopal Partner, Rajes Hisham Rahim & Gopal
- Mantan Rakan Kongsi, Rahim Hadi & Soraya Yong Former Partner, Rahim Hadi & Soraya Yong
- Mantan Rakan Kongsi, Edlin Ghazaly Raghavji Former Partner, Edlin Ghazaly Raghavji
- Mantan Rakan Kongsi Rendah, Abdul Razak Kassim & Zawawi Former Junior Partner, Abdul Razak Kassim & Zawawi
- Mantan Pembantu Peguam, Paul Chong & Kraal Former Legal Assistant, Paul Chong & Kraal

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

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

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 2019.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.



FAIZAH ABDULLAH

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

Tarikh Lahir/Date of Birth:
20 Julai/July 1956

Umur/Age:
63

Tarikh Dilantik/Date Appointed:
18 April/April 2017

**Bilangan Mesyuarat
Lembaga yang Dihadiri pada Tahun Kewangan/
No. of Board Meetings Attended in Financial Year (FY):**
15/15

**Jawatan Pengarah dalam Syarikat Awam Lain/
Directorship in Other Public Companies:**
-

Kelayakan/Qualifications:

- Pengarah Risiko Bertauliah, Institute of Enterprise Risk Practitioners (IERP)
Qualified Risk Director, Institute of Enterprise Risk Practitioners (IERP)
- Ijazah Sarjana Muda Sains Kewangan, Indiana University, Bloomington, Indiana, United States of America
BSc in Finance, Indiana University, Bloomington, Indiana, United States of America
- Diploma Pengajian Perniagaan, Institut Teknologi MARA
Diploma in Business Studies, Institut Teknologi MARA

Keahlian dan Jawatankuasa Lembaga Pengarah/ Membership in Board Committee:

- Jawatankuasa Lembaga Kredit & Pelaburan (Pengerusi)
Board Credit & Investment Committee (Chairman)
- Jawatankuasa Lembaga Pengurusan Risiko
Board Risk Management Committee
- Jawatankuasa Pencalonan dan Imbuhan Nomination & Remuneration Committee
- Jawatankuasa Lembaga Strategik (Peletakan jawatan sebagai ahli berkuat kuasa 23 Oktober 2019)
Board Strategic Committee (Resigned as a member w.e.f. 23 October 2019)

Pengalaman/Experiences:

- Ahli Panel Agensi Akreditasi Kewangan (FAA)
Panel Member for Financial Accreditation Agency (FAA)
- Ahli Panel Jawatankuasa Teknikal Penilaian Standard (JPTS)
Panel Member for Jawatankuasa Teknikal Penilaian Standard (JPTS)
- Bekas Tenaga Pengajar di Akademi Maybank
Bertanggungjawab melatih pegawai dan pengurus pada tahap asas, pertengahan dan lanjutan dalam bidang kredit, operasi kredit dan pembangunan perniagaan.
Former Trainer at Maybank Academy
Responsible to train officers and managers at basic, intermediate and advance level in areas of credit, credit operation and business development.
- Mantan Ketua, Perusahaan Kecil dan Sederhana, Perkhidmatan Kewangan Pengguna, Maybank
Former Head, Small Medium Enterprise, Consumer Financial Services, Maybank
- Mantan Ketua, Pembangunan Produk, Perbankan Perniagaan, Maybank
Former Head, Product Development, Business Banking, Maybank
- Mantan Ketua, Perniagaan Serantau, Maybank
Former Head, Regional Business, Maybank
- Mantan Ketua, Unit Perbankan Komersial, Wilayah Selangor/Negeri Sembilan
Former Head, Commercial Banking Unit, Region Selangor/Negeri Sembilan

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
She does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

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 2019.
She has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS' PROFILES



**JIT SINGH
A/L SANTOK SINGH**

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

Tarikh Lahir/Date of Birth:
9 Mac/March 1953

Umur/Age:
66

Tarikh Dilantik/Date Appointed:
12 Oktober/October 2018

**Bilangan Mesyuarat
Lembaga yang Dihadiri
pada Tahun Kewangan/
No. of Board Meetings
Attended in Financial
Year (FY):**
15/15

**Jawatan Pengarah dalam
Syarikat Awam Lain/
Directorship in
Other Public Companies:**

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Sains Komputer, University of London, United Kingdom
Bachelor of Computer Science from University of London, United Kingdom

**Keahlian dan Jawatankuasa Lembaga Pengarah/
Membership in Board Committee:**

- Jawatankuasa Lembaga Pengurusan Risiko
Board Risk Management Committee
- Jawatankuasa Lembaga Audit
Board Audit Committee
- Jawatankuasa Lembaga Teknologi Maklumat
Board Information Technology Committee

Pengalaman/Experiences:

- Pengasas/Ketua Perunding, Ironhorse Asia Sdn. Bhd.
Founder/Principal Consultant, Ironhorse Asia Sdn. Bhd.
- Mantan Pengarah Urusan, Wincor Nixdorf Retail Malaysia, Thailand
Former Managing Director, Wincor Nixdorf Retail Malaysia, Thailand
- Mantan Pengurus Besar, Naib Presiden & Naib Presiden Kanan – Perkhidmatan IT Kumpulan, Kumpulan MUI
Former General Manager, Vice President & Senior Vice President – Group IT Services, The MUI Group
- Perunding Perniagaan Runcit, Fujitsu Systems Business Malaysia
Retail Business Consultant, Fujitsu Systems Business Malaysia
- Perunding Perniagaan, ICL-International Computer Limited-United Kingdom
Business Consultant, ICL-International Computer Limited-United Kingdom

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

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

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 2019.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.



DATO' MOHD SALLEHHUDDIN HASAN

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

Tarikh Lahir/Date of Birth:
27 Jun/June 1962

Umur/Age:
57

Tarikh Dilantik/Date Appointed:
15 Mac/March 2019

Bilangan Mesyuarat
Lembaga yang Dihadiri pada Tahun Kewangan/ No. of Board Meetings Attended in Financial Year (FY):
10/13

Jawatan Pengarah dalam Syarikat Awam Lain/ Directorship in Other Public Companies:
-

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Kesusasteraan (Kepujian) dari Universiti Malaya
Bachelor of Literature (Hons) from University Malaya
- Diploma Kursus Pengurusan Awam dari Institut Tadbiran Awam (INTAN), Malaysia
Diploma in Public Management Course from National Institute of Public Administration (INTAN), Malaysia

Keahlian dan Jawatankuasa Lembaga Pengarah/ Membership in Board Committee:

- Jawatankuasa Pencalonan dan Imbuhan (Dilantik sebagai ahli berkuat kuasa 29 Ogos 2019)
Nomination and Remuneration Committee (Appointed as a member w.e.f. 29 August 2019)

Pengalaman/Experiences:

- Mantan Ketua Setiausaha di Kementerian Pertanian dan Industri Asas Tani, jawatan yang beliau dilantik pada Jun 2018
Former Secretary General in Ministry of Agriculture and Agro-based Industry, a post he was appointed to in June 2018
- Memulakan kerjaya di Khidmat Tadbir dan Diplomatik pada 1988 dan berkhidmat untuk Dewan Undangan Negeri Selangor
Began career in the Malaysian Administrative and Diplomatic Service in 1988 and served Selangor State Legislative Assembly
- Dilantik sebagai Pengarah Bahagian Khidmat Pengurusan dan Jabatan Pendidikan Jasmani & Sukan di Kementerian Pendidikan Malaysia pada 2004
Appointed as Director of Management Services Division and Department of Physical Education & Sports in Ministry of Education, Malaysia in 2004
- Menyandang beberapa jawatan penting lain di pejabat Kerajaan
Hold several other important positions in the Government office
- Pada 2015, dilantik sebagai Pengarah Penyelarasan dan Pelaksanaan, Bahagian Unit Pemulihan Pasca Banjir di Jabatan Perdana Menteri dan sebagai Ketua Pengarah Lembaga Kemajuan Ikan Malaysia
In 2015, was appointed as the Director of Coordination and Implementation, Division of Post-Flood Recovery Unit in the Prime Minister's Department and as the Director General of Fisheries Development Authority of Malaysia

Beliau tidak mempunyai percanggahan kepentingan atau sebarang hubungan kekeluargaan dengan mana-mana pengarah/pemegang saham.
He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

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 2019.
He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanctions by any relevant regulatory bodies in 2019.

* Dato' Mohd Sallehuddin Hassan meletak jawatan sebagai Pengarah Bukan Bebas Bukan Eksekutif pada 12 Jun 2020.
Dato' Mohd Sallehuddin Hassan resigned as a Non-Independent Non-Executive Director on 12 June 2020.

PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEE'S PROFILES



PROFESOR MADYA DR. MOHAMED FAIROOZ ABDUL KHIR

Pengerusi
Chairman

Tarikh Dilantik/Date Appointed:
1 Ogos/August 2012

Kelayakan/Qualifications:

- Ijazah Kedoktoran Syariah (Kewangan Islam), Universiti Malaya (UM)
PhD in Shariah (Islamic Finance), University of Malaya
- Ijazah Sarjana Syariah, Universiti Malaya (UM)
Masters in Shariah, University of Malaya
- Ijazah Sarjana Muda dalam Ilmu Wahyu dan Warisan Islam (Fiqh dan Usul Fiqh), Universiti Islam Antarabangsa Malaysia (UIAM)
Bachelors in Islamic Revealed Knowledge and Heritage (Fiqh and Usul Fiqh), International Islamic University Malaysia

Beliau turut mendalami ilmu syariah di bawah bimbingan sarjana syariah terkemuka di Jordan. Selain itu, beliau telah dianugerahkan Anugerah Biasiswa Syariah oleh Bank Negara Malaysia (BNM) untuk kajian PhD dalam bidang kewangan Islam.
He has also studied Shariah in Jordan under prominent shariah scholars. He was conferred the Shariah Scholarship Award by Bank Negara Malaysia (BNM) for his PhD study in Islamic finance.

Pengalaman/Experience:

- Ahli Jawatankuasa Syariah, Maybank Islamic Berhad
Member, Shariah Committee, Maybank Islamic Berhad
- Ahli Jawatankuasa Syariah, MNRB Holding (Takaful Ikhlas dan Bahagian Takaful Semula Malaysia)
Member, Shariah Committee, MNRB Holding (Takaful Ikhlas and Malaysian Retakaful Division)
- Ahli Jawatankuasa Syariah Suruhanjaya Sekuriti (SC)
Member, Shariah Advisory Council, Securities Commission, Malaysia
- Ahli Jawatankuasa Pematuhan Syariah, Lembaga Pertubuhan Peladang Malaysia
Member, Shariah Compliance Committee, Farmers' Organisation Authority of Malaysia
- Profesor Madya, Universiti Islam Malaysia (UIM)
Associate Professor, International Islamic University Malaysia
- Mantan Ahli Jawatankuasa Syariah, MIDF Islamic Assets
Former Shariah Committee member of MIDF Islamic Assets
- Mantan Penyelidik, Akademi Penyelidikan Syariah Antarabangsa bagi Kewangan Islam (ISRA)
Former Researcher, International Shariah Research Academy for Islamic Finance (ISRA)
- Mantan Ketua Unit Perbankan Islam, Akademi Penyelidikan Syariah Antarabangsa bagi Kewangan Islam (ISRA)
Former Head of Islamic Banking Unit, International Shariah Research Academy for Islamic Finance (ISRA)
- Mantan Pensyarah, Jabatan Ilmu Wahyu dan Sains Kemanusiaan, Pusat Pengajian Asasi, Universiti Islam Antarabangsa Malaysia (UIAM)
Former Lecturer, Department of Islamic Revealed Knowledge and Human Sciences, Center for Foundation Studies, International Islamic University (IIUM)



DR. AHMAD DAHLAN SALLEH

Ahli
Member

Tarikh Dilantik/Date Appointed:
1 Mei/May 2019

Kelayakan/Qualifications:

- Ijazah Kedoktoran Kewangan dan Sistem Perbankan, University of Wales
PhD in Islamic Finance and Banking System, University of Wales
- Ijazah Sarjana dalam Undang-undang Islam, Cairo University, Egypt
Masters in Islamic Law, Cairo University, Egypt
- Ijazah Sarjana Syariah, Al-Azhar University, Egypt
Bachelors in Shariah, Al-Azhar University, Egypt

Pengalaman/Experience:

- Pensyarah Senior di Universiti Kebangsaan Malaysia
Mengajar undang-undang komersial Islam, Pepatah Undang-Undang Islam, Perbankan dan Kewangan Islam
Senior Lecturer at Universiti Kebangsaan Malaysia
Teaching Islamic commercial Law, Islamic legal maxim, Islamic banking and finance
- Menulis pelbagai artikel & jurnal dalam perundangan Islam, ekonomi Islam dan Undang-undang komersial Islam untuk forum dan seminar
Written various articles & journals in Islamic jurisprudence, Islamic economics and Islamic commercial law for forums and seminars

PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE'S PROFILES



DR. MOHAMAD SABRI ZAKARIA

Ahli
Member

Tarikh Dilantik/Date Appointed:

1 Jun/June 2013

Kelayakan/Qualifications:

- Ijazah Kedoktoran Syariah (Fiqh dan Usul Fiqh), Universiti Islam Antarabangsa Malaysia (UIAM)
- PhD in Shariah (Fiqh and Usul Fiqh), International Islamic University Malaysia
- Ijazah Sarjana dalam Ekonomi Islam, Universiti Yarmouk, Jordan
- Masters in Islamic Economics, Yarmouk University, Jordan
- Bachelors in Shariah, Al-Azhar University, Egypt
- Bachelors in Shariah, Al-Azhar University, Egypt

Pengalaman/Experience:

- Penolong Profesor, Universiti Islam Antarabangsa Malaysia
Assistant Professor at International Islamic University Malaysia
- Ahli Jawatankuasa Syariah, Great Eastern Takaful Sdn Bhd
Member, Shariah Committee, Great Eastern Takaful Sdn Bhd
- Ahli Jawatankuasa Syariah, Kumpulan MIDF
Member, Shariah Committee, MIDF Group
- Mantan Jawatankuasa Syariah, Export-Import Bank of Malaysia Berhad
Former Shariah Committee, Export-Import Bank of Malaysia Berhad

Dr. Mohamad Sabri Zakaria adalah ahli akademik yang memfokuskan pengajaran, pengawasan serta berpengalaman menghasilkan pelbagai artikel yang berkaitan dengan perbankan dan isu-isu kontemporari Islam.

Dr. Mohamad Sabri Zakaria is an academician who concentrates on teaching, supervision and producing articles related to banking and Islamic contemporary issues.



Y.M. ENGKU AHMAD FADZIL

Y.M. ENGKU ALI

Ahli
Member

Tarikh Dilantik/Date Appointed:

1 Jun/June 2015

Kelayakan/Qualifications:

- Ijazah Sarjana dalam Kehakiman Islam, Universiti Jordan
Masters in Islamic Judiciary, Jordan University
- Ijazah Sarjana Muda Undang-undang Syariah, Universiti Islam Antarabangsa Malaysia (UIAM)
Bachelors in Shariah Law, International Islamic University Malaysia
- Ijazah Sarjana Muda Undang-undang, Universiti Islam Antarabangsa Malaysia (UIAM)
Bachelors in Law, International Islamic University Malaysia

Pengalaman/Experience:

- Ahli Jawatankuasa Syariah, Bank Muamalat Malaysia Berhad
Member, Shariah Committee, Bank Muamalat Malaysia Berhad
- Ahli Felo Kanan di Institut Kajian Strategik Islam Malaysia (IKSIM)
Senior Fellow at Institut Kajian Strategik Islam Malaysia (IKSIM)
- Pensyarah, Universiti Islam Antarabangsa Malaysia
Mengajar Undang-undang Harta Pusaka, Perundangan Islam dan Undang-Undang Jenayah
Lecturer, International Islamic University Malaysia
Teaching Islamic Law of Successions, Islamic Jurisprudence and Islamic Criminal Laws
- Mantan Peguam Bela dan Peguam Cara, Mahkamah Tinggi Malaya
Former Advocate and Solicitor, High Court of Malaya

PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE'S PROFILES



**TUAN HAJI AZIZI
CHE SEMAN**

Ahli
Member

Tarikh Dilantik/Date Appointed:

1 Jun/June 2015

Kelayakan/Qualifications:

- Ijazah Sarjana dalam Ekonomi, Universiti Islam Antarabangsa Malaysia
Masters in Economics, International Islamic University Malaysia
- Ijazah Sarjana Muda Syariah, Universiti Malaya (UM)
Bachelors of Shariah, University of Malaya

Pengalaman/Experience:

- Penggerusi Penasihat Syariah, Persatuan Institusi Perbankan Islam Malaysia (AIBIM)
Chairman, Shariah Advisor, Association of Islamic Banking Institutions Malaysia (AIBIM)
- Penggerusi Penasihat Syariah, Institusi Perbankan dan Kewangan Islam Malaysia (IBFIM) sehingga September 2018
Chairman, Shariah Advisor, Islamic Banking and Finance Institute Malaysia (IBFIM) until Sept 2018
- Penggerusi Jawatankuasa Syariah, Bank Muamalat Malaysia Berhad
Chairman, Shariah Committee, Bank Muamalat Malaysia Berhad
- Pensyarah Jabatan Syariah dan Ekonomi, Akademi Pengajian Islam, Universiti Malaya
Lecturer, Department of Shariah and Economics, Academy of Islamic Studies, University of Malaya

Tuan Haji Azizi Che Seman merupakan pakar dalam bidang Pasaran Modal Islam, Ekonomi Islam, Fiqh Muamalat dan Penyelidikan Metodologi Islam.

Tn. Haji Azizi Che Seman's specialisation areas are in Islamic Capital Market, Islamic Economics, Fiqh Muamalat and Islamic Research Methodology.



TUAN HAJI JAHAIKI HARUN

Ahli
Member

Tarikh Dilantik/Date Appointed:
1 Jun/June 2015

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Ekonomi, Universiti Malaya (UM)
Bachelor in Economics, University of Malaya

Pengalaman/Experience:

- Mantan Ketua Pengurusan Strategik dan Pembangunan Produk, Maybank Syariah Indonesia
Former Head, Strategic Management and Product Development, Maybank Syariah Indonesia
- Mantan Pengurus Projek bagi Penukaran PT Maybank Indocorp kepada PT Maybank Syariah Indonesia (MSI), Maybank
Former Project Manager - Conversion of PT Maybank Indocorp to PT Maybank Syariah Indonesia (MSI), Maybank
- Mantan Ketua Pengurusan Risiko, Maybank Islamic Berhad
Former Head of Risk Management, Maybank Islamic Berhad
- Mantan Ketua Jualan Korporat dan Komersial, Maybank Islamic Berhad
Former Head of Sales, Corporate and Commercial, Maybank Islamic Berhad
- Mantan Pengurus Projek bagi Penukaran Bahagian Islam Maybank kepada Maybank Islamic Berhad (MIB), Maybank
Former Project Manager - Conversion of Maybank Islamic Division to Maybank Islamic Berhad (MIB), Maybank
- Mantan Ketua Jualan, Bahagian Perbankan Islam, Maybank
Former Head of Sales, Islamic Banking Division, Maybank
- Mantan Ketua Perniagaan Komersial (Perak), Maybank
Former Head of Commercial Business (Perak), Maybank

Tuan Haji Jahaidi bin Harun merupakan bekas pengamal perbankan Islam, dan berpengalaman luas dalam industri perbankan Islam di Malaysia dan Indonesia.

Tn. Haji Jahaidi Harun is an ex-Islamic banking practitioner with wide exposure in Islamic banking industry in Malaysia and Indonesia.

PROFIL JAWATANKUASA PENGURUSAN

MANAGEMENT COMMITTEE'S PROFILES



**KHADIJAH
ISKANDAR**

Penanggung Tugas Presiden/Ketua Pegawai Eksekutif
Covering Duties of President/Chief Executive Officer

Tarikh Dilantik/Date Appointed:
27 Jun/June 2019

Kelayakan/Qualifications:

- Pengamal Kewangan Islam Profesional Berkanun
Chartered Professional in Islamic Finance
- Pengamal Kredit Profesional Bertauliah
Certified Credit Professional
- Sarjana Muda Sains Perakaunan, University of Denver, Colorado
BSc in Accounting from University of Denver, Colorado

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Ketua Pegawai Risiko
Chief Risk Officer

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Bank Rakyat: Naib Presiden Kanan, Risiko Kredit
Bank Rakyat: Senior Vice President, Credit Risk
- Al-Khair International Islamic Bank: Ketua, Pengurusan Risiko
Al-Khair International Islamic Bank: Head, Risk Management
- Hong Leong Islamic Bank: Ketua, Kredit Perbankan Islam
Hong Leong Islamic Bank: Head, Islamic Banking Credit
- RHB Islamic Bank: Ketua, Pengurusan Kredit
RHB Islamic Bank: Head, Credit Management
- RHB Bank Bhd: Pengurus Perhubungan Kanan, Bahagian Perbankan Korporat
RHB Bank Bhd: Senior Relationship Manager in Corporate Banking Division

Tanggungjawab/Responsibilities:

Pengukuh Reputasi Bank/Positioning of the Bank:

- Memacu Bank sebagai satu-satunya institusi perbankan Islam yang menumpukan kepada pertanian dengan menyediakan rangkaian lengkap perkhidmatan kewangan dalam pasaran.
Spearheading the Bank as the only Islamic Bank focusing on agriculture by providing a full range of financial services in the market.
- Bertanggungjawab menyelaraskan semula matlamat operasi dan kewangan Bank menerusi penambahbaikan dalam proses, kakitangan dan strategi pasaran.
Responsible in re-aligning the Bank's operational and financial goals via improvements in the processes, people and market strategies.
- Memastikan bahawa Bank menyediakan perkhidmatan yang cekap kepada klien dan pelanggannya.
Ensuring that the Bank is providing efficient service to its clients and customers.

Perancangan perniagaan strategik demi pertumbuhan yang mantap/Strategic business planning for establishing high growth agenda:

- Membangunkan strategi perniagaan dan pemasaran berterusan dengan sokongan daripada bahagian perniagaan masing-masing dalam mencapai prestasi Bank dalam segmen, klien/produk yang disasarkan.
Develop continuous business and marketing strategies with support from respective business divisions in achieving the Bank's performance for targeted segments, clients/products.
- Mengenal pasti kerjasama dan strategi untuk pemasaran bersindiket, pembinaan imej, pengurusan risiko dan kesinambungan penaiktarafan teknologi.
Identify alliances and strategies for syndicated marketing, image-building, risk management and continued technology upgrades.
- Memastikan reputasi baik bank, keuntungan, kepuasan pelanggan, kakitangan serta pemegang saham sentiasa dijamin.
Ensure the bank's good reputation, profitability, satisfaction of customers, employees and shareholders are maintained.
- Merangka matlamat dan menetapkan tarikh akhir bagi semua laporan langsung kepada Presiden/Ketua Pegawai Eksekutif.
Formulate goals and set deadlines for all direct reports to the President/CEO.
- Merangka peraturan dan pengawalseliaan dalam Bank berhubung transaksi kewangan dan fungsi-fungsi berkaitan yang lain.
Formulate rules and regulations in the Bank regarding financial transactions and other pertinent functions.

Melaksanakan strategi pertumbuhan Bank dan mencapai sasaran pasaran/Effectively implement the Bank's growth strategy and achieve market leadership:

- Menyediakan rangkaian lengkap produk/perkhidmatan perbankan yang bermutu tinggi dan cekap kepada pasaran sasaran.
Provide a complete range of efficient, high quality banking and other financial products/services to the targeted market.
- Membentuk objektif Bank dan menzahirkan aspirasinya.
Shape the Bank's objective and realise its ambitions.
- Memastikan keberkesanan integrasi dalam menyediakan produk dan perkhidmaan perniagaan di bawah satu segmen penyampaian yang sejajar dengan falsafah dan sistem nilai Bank
Ensure successful integration and offering of all business products and services under one delivery platform and ensure these are aligned to the Bank's philosophy and value system.
- Memastikan bahawa matlamat dan sasaran dicapai pada masanya.
Ensure that goals and targets are achieved in time.

Menyediakan kepimpinan dinamik dan melahirkan kakitangan bermotivasi tinggi dan berorientasikan prestasi/Provide dynamic leadership and develop a highly motivated performance oriented team:

- Mewujudkan standard beretika tinggi sebahagian daripada budaya kerja Bank.
Establish high ethical standards within the Bank's culture.
- Memimpin perubahan dengan menggalakkan budaya kerja, ideologi dan nilai di dalam Bank.
Lead the change by promoting common culture, ideology and values within the Bank.
- Membangun dan mengekalkan pasukan yang berdaya maju tinggi, memupuk budaya berasaskan prestasi.
Develop and retain a high growth team, foster a performance-oriented culture.
- Menjalankan semakan berkala untuk menilai prestasi dan tindakan betul diambil untuk mencapai pelan strategik.
Conduct periodical reviews to evaluate performance and ensure corrective action is taken to achieve strategic plans and milestones.
- Memantau dan memastikan semua jabatan/bahagian di Bank berfungsi dengan baik dan berada di landasan yang betul.
Monitor the functions of various departments/divisions of the Bank and ensure all of them are working on the right track.

Mengurus persekitaran luaran/Manage the external environment:

- Mewujudkan dan mengekalkan hubungan efektif dengan pengawal selia, institusi-institusi dan pemimpin di perkhidmatan kewangan bagi mengukuhkan jenama Bank.
Establish and maintain effective relationships with regulators, institutions and leaders in the financial services to strengthen the brand name of the Bank.
- Mengambil bahagian secara aktif dalam forum, debat dan diskusi di semua sektor perkhidmatan kewangan untuk membentuk imej dan mengukuhkan kedudukan Bank.
Participate actively in all financial services sector forums, debates and discussions to build the Bank's image and strengthened Bank's position.
- Berinteraksi dengan pemegang saham dan mengeluarkan laporan Bank kepada pihak yang diperlukan.
Interacting with shareholders and releasing the Bank's reports to the required parties.
- Memastikan pulangan Bank dibelanjakan untuk inisiatif tanggungjawab sosial korporat atau CSR bagi mendukung imej Bank kepada umum sebagai organisasi korporat berdasarkan nilai.
Ensuring that the Bank's returns go hand in hand with CSR (Corporate Social Responsibility) initiatives in order to uphold the Bank's image to the public as a value-based corporate organisation.

PROFIL JAWATANKUASA PENGURUSAN MANAGEMENT COMMITTEE'S PROFILES



Ketua Pegawai Kewangan
Chief Finance Officer

Tarikh Dilantik/Date Appointed:
1 Januari/January 2019

Kelayakan/Qualifications:

- Ahli Association of Chartered Certified Accountants
Association of Chartered Certified Accountants (ACCA) Member
- Ahli Institut Akauntan Malaysia
Malaysia Institute of Accountants (MIA) Member
- Sarjana Muda Perakaunan (Kepujian), Universiti Portsmouth, UK
B.A. (Hons) of Accountancy Studies, University of Portsmouth, UK

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Timbalan Ketua Pegawai Kewangan
Deputy Chief Finance Officer

Jawatan Terdahulu yang Disandang/Other Positions Held:

- CIMB Principal Asset Management Berhad: Pengarah, Ketua Kewangan dan Operasi Pelaburan
CIMB Principal Asset Management Berhad: Director, Head of Finance & Investment Operations
- Aimia Inc. Ltd: Pengawal Kewangan
Aimia Inc. Ltd: Financial Controller
- Skrill Ltd: UK Pengawal Kewangan
Skrill Ltd: UK Financial Controller
- CIMB Bank London: Ketua Kewangan, Pelaporan and Pengurusan
CIMB Bank London: Head of Accounts, Reporting and Administration
- PricewaterhouseCoopers LLP, Milton Keynes office: Penolong Pengurus Jaminan
PricewaterhouseCoopers LLP, Milton Keynes office: Assistant Manager, Assurance
- KPMG Europe LLP, Bucharest office: Penolong Pengurus Audit
KPMG Europe LLP, Bucharest office: Assistant Manager, Audit
- Ernst & Young Malaysia: Penolong Pengurus, AABS
Ernst & Young Malaysia: Assistant Manager, AABS

Tanggungjawab/Responsibilities:

- Bertanggungjawab menyelia semua hal-hal kewangan, operasi perakaunan, perbendaharaan, pengurusan liabiliti aset, perolehan dan pengurusan data Bank dan memberi khidmat nasihat kepada pengurusan untuk menyokong proses membuat keputusan yang betul dan tepat.
Responsible for overseeing all financial matters, accounting operations, treasury, asset liability management, procurement and data management of the Bank; and providing advisory services to the management to support a proper and accurate decision making process.
- Mematuhi semua prinsip perakaunan cukai dan undang-undang yang berkaitan dan secara umumnya diterima, serta bidang-bidang di luar fungsi perakaunan tempatan biasa seperti IFRS, Risiko Negara, Kesolvenan dan Basel untuk mencerminkan kedudukan kewangan Bank bertepatan dan mencukupi pada setiap masa.
Adhere to all related, generally accepted accounting principles, tax and regulatory laws, rules and regulations as well as areas beyond traditional local accounting functions such as IFRS, Country Risk, Solvency and Basel, to adequately and accurately reflect the financial position of the Bank at all times.
- Membangunkan strategi kewangan dan melaksanakan pelan berkesan bagi memastikan kelebihan daya saing dan keberkesanan kos yang maksimum untuk menambah baik proses bahagian dan menetapkan objektif-objektif fungsi sejarah dengan objektif Bank.
Develop financial strategies and execute effective plans to ensure maximum competitive advantage and cost effectiveness; to improvise division processes and establish functional objectives in line with the Bank's objectives.
- Menyampaikan maklumat kewangan yang tepat, penting dan memenuhi keperluan laporan kepada pengurusan, ahli lembaga pengarah dan pihak berkepentingan.
Communicate important, accurate financial information and accommodate different reporting requirements to management, Board of Directors and stakeholders.



**ELINA
AHMAD**

Pemangku Ketua Pegawai Pematuhan
Acting Chief Compliance Officer

Tarikh Dilantik/Date Appointed:
20 Julai/July 2019

Kelayakan/Qualifications:

- Sarjana Muda Perakaunan (Kepujian), Universiti Tenaga Nasional (UNITEN)
Bachelor (Hons) Accountancy, Universiti Tenaga Nasional (UNITEN)

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Ketua Jabatan, Pengurusan Cawangan
Head, Branch Management Department
- Ketua Jabatan Strategik Korporat dan Perancangan
Head, Corporate Strategic & Planning Department

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Bank Negara Malaysia: Penanggung Timbalan Pengarah, Jabatan Penyeliaan Perbankan
Bank Negara Malaysia: Covering Deputy Director, Banking Supervision Department
- Bank Negara Malaysia: Pengurus Perhubungan, Jabatan Penyeliaan Perbankan
Bank Negara Malaysia: Relationship Manager, Banking Supervision Department
- Bank Negara Malaysia: Pengurus, Unit Kepintaran Kewangan
Bank Negara Malaysia: Manager, Financial Intelligence Unit
- PricewaterhouseCoopers: Pakar Audit
PricewaterhouseCoopers: Audit Associate

Tanggungjawab/Responsibilities:

- Memimpin dalam pembangunan perancangan pematuhan strategik yang seajar dengan visi, misi dan nilai-nilai Bank.
Lead the development of strategic compliance planning in line with the Bank's vision, mission and values.
 - Mengenal pasti dan menilai risiko pematuhan utama dikaitkan dengan aktiviti perniagaan Bank dan memantau tahap risiko pematuhan secara sistematisik.
Identify and assess key compliance risks associated with the Bank's business activities and systematically monitor the level of compliance risks.
 - Menilai keupayaan dan keberkesanan kawalan dalaman yang sedia ada dalam mematuhi keperluan kawal selia dan memastikan pelan pemulihan yang sesuai bagi menangani sebarang kekurangan yang dikenalpasti.
Evaluate the adequacy and effectiveness of internal controls that are in place in adhering to regulatory requirements and ensure appropriate remediation plans address any deficiencies identified.
 - Menasihati Lembaga Pengarah, Pengurusan Kanan dan pegawai mengenai keperluan pengawalseliaan dan implikasi terhadap operasi perniagaan Bank.
Provide advice to the Board of Directors, Senior Management and officers on regulatory requirements and their implications on the Bank's business operations.
 - Memimpin dan menguruskan fungsi-fungsi tadbir urus dan pematuhan termasuk memberi penyeliaan kepada Pegawai Pematuhan Terangkum (ECO) dan Pegawai Pematuhan Fungsi (FCO) unit-unit perniagaan.
Lead and manage the governance and compliance functions including providing supervision to the respective Embedded Compliance Officer (ECO) and Function Compliance Officer (FCO) of business lines.
 - Memacu dan menggalakkan inisiatif budaya tadbir urus dan pematuhan termasuk etika dan amalan terbaik tata laku perniagaan.
Drive and promote the compliance and governance culture initiatives, including ethics and business conducts' best practices.
 - Memacu pembangunan strategi latihan berkaitan pematuhan yang dijalankan melalui kerjasama strategik antara barisan perniagaan dan Pakar dalam Tadbir Urus/Pematuhan.
Drive the development of compliance-related training strategies enabled through strategic collaborations between business lines and Subject Matter Experts in Governance/Compliance.
 - Sebagai peringkat kuasa tertinggi dalam Tadbir Urus/Pematuhan, memainkan peranan utama dalam mesyuarat pengurusan kanan mengenai strategi perniagaan atau hal-hal operasi.
As the highest level of authority in Governance/Compliance, assume the role of key participant in senior-level meetings on business strategies or operational matters.
 - Mewujudkan dan mengekalkan perhubungan yang membina dengan pihak berkuasa pengawalseliaan dan institusi lain yang berkaitan.
Establish and maintain constructive relationships with regulatory authorities and other relevant institutions.
- *Puan Elina Ahmad dilantik sebagai Ketua Pegawai Pematuhan pada 1 May 2020.
Puan Elina Ahmad was appointed as the Chief Compliance Officer on 1 May 2020*

PROFIL JAWATANKUASA PENGURUSAN MANAGEMENT COMMITTEE'S PROFILES



Ketua Pegawai Perniagaan
Chief Business Officer

Tarikh Dilantik/Date Appointed:
17 Ogos/August 2017

Kelayakan/Qualifications:

- Ijazah Sarjana Muda dalam Kewangan dan Perakaunan, University of Salford, United Kingdom
- Bachelor's in Finance and Accounting, University of Salford, United Kingdom

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Ketua Pegawai Transformasi, Agrobank
Chief Transformation Officer, Agrobank

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Institut Penyelidikan dan Kemajuan Pertanian: Ahli Majlis Ilmiah
Agriculture Research and Development Institute: Scientific Council Member
- Persatuan Institusi Pembangunan Kewangan Malaysia (ADFIM):
Pengerusi Jawatankuasa Teknikal IKP
Association of Development Finance Institutions of Malaysia (ADFIM):
Chairman of the DFI Technical Committee
- Bank Negara Malaysia: Timbalan Pengarah
Bank Negara Malaysia: Deputy Director

Tanggungjawab/Responsibilities:

- Merangka dan memandu pelaksanaan keseluruhan strategi perniagaan, memastikan pelaksanaan pelan perniagaan dan pemasaran yang berkesan, menyampaikan masa pusing balik dalam tempoh yang ditetapkan dengan kawalan maksimum yang diukur secara berasingan; dan untuk memastikan operasi perniagaan yang penting dijajarkan dengan matlamat perniagaan Bank bagi tujuan pertumbuhan aset, keuntungan dan kualiti aset pembiayaan.
Formulate and drive the implementation of the overall business strategy, ensure effective execution of business and marketing plans, deliver quick turnaround time (TAT) within the timeline with maximum control which are measured independently; and to ensure business critical operations are aligned with the Bank's business goals to deliver asset growth, profitability and financing asset quality.
- Mengurus dan memandu semua portfolio perniagaan, dan memberi khidmat nasihat perbankan yang bernilai tambah dan penyelesaian kewangan yang disesuaikan berdasarkan kepada mandat bagi mengoptimumkan penjanaan hasil daripada portfolio tersebut.
Manage and drive all business portfolios, and provide value-added banking advisory and customised financial solutions in accordance to the mandate in order to optimise revenue generation from the portfolio.
- Memberi kepimpinan dalam memenuhi visi dan misi Bank menerusi pengurusan perkhidmatan kewangan yang berkesan dengan melapor secara terus kepada Presiden/Ketua Pegawai Eksekutif dan Lembaga Pengarah.
Provide effective leadership in fulfilling the Bank's vision and mission through effective financial services management with direct reporting to the President/Chief Executive Officer and the Board of Directors.
- Membangun dan menyemak indeks prestasi utama (KPI) dan prosedur-prosedur, mentadbir operasi dan aktiviti harian perniagaan dan keupayaan dalam Bank, termasuk budaya prestasi tinggi yang bertumpukan kepada memenuhi matlamat organisasi dan perniagaan.
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.



Ketua Pegawai Kredit
Chief Credit Officer

Tarikh Dilantik/Date Appointed:
11 Januari/January 2016

Kelayakan/Qualifications:

- Ijazah Sarjana Muda Sains dalam Pengajian Alam Sekitar, Universiti Pertanian Malaysia
Bachelor of Science in Environmental Studies, Universiti Pertanian Malaysia

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Ketua, Penilaian dan Semakan Semula Kredit
Head, Credit Evaluation and Review
- Ketua, Risiko Kredit dan Pengesahan Cawangan
Head, Credit Risk and Branch Authorisation
- Pemangku Ketua Pegawai Risiko
Acting Chief Risk Officer
- Ketua, Penilaian Kredit
Head, Credit Appraisal
- Ketua Projek Kanan, Modul Pengurusan Kredit dan Risiko Kredit, Projek Perundingan Teknikal AGROBANK – RABOBANK
Senior Project Leader Credit Management and Credit Risk Management Module, AGROBANK – RABOBANK Technical Consultancy Project
- Pengurus Kanan Bahagian Penilaian Pinjaman/Penolong Naib Presiden Pinjaman Korporat dan SME
Senior Manager Loan Appraisal Division/Assistant Vice President Corporate and SME Loans
- Pengurus Cawangan bagi beberapa cawangan di Sabah dan Sarawak, Agrobank Branch Manager, various branches in Sabah and Sarawak

Tanggungjawab/Responsibilities:

- Menyelia kelulusan kredit dan fungsi pembangunan kredit di seluruh Bank.
Oversee Bank-wide credit approval and credit development functions.
- Merancang, memimpin, dan mengawal aktiviti pengurusan kredit dan pembangunan kredit bagi Bahagian tersebut.
Plan, lead, direct and control credit management and credit development activities for the Division.
- Menilai kekuahan keseluruhan portfolio pembiayaan, memastikan bahawa dasar-dasar dan prosedur kredit dipatuhi dan bahawa kredit diberi pada atas yang kukuh.
Assess overall soundness of the financing portfolio, ensure that credit policies and procedures are adhered to and that credit is extended on a sound basis.
- Memberi khidmat nasihat strategik dan sokongan berkaitan dengan pengurusan kredit Bank kepada pengurusan tertinggi.
Provide strategic advice and support to the top management in relation to Bank's credit management.
- Memacu pendekatan Bank terhadap amalan pembiayaan berdasarkan matlamat Bank, peranan yang diamanahkan, strategi kredit & pentadbiran dan pendekatan risiko.
Spearhead the Bank's approach on financing practices based on the Bank's goals, mandated roles, credit strategy & administration and risk approaches.
- Meneraju usaha-usaha penambahbaikan melalui program latihan dan program pembangunan untuk terus mempertingkatkan kebolehan kakitangan kredit.
Lead the credit improvement initiatives via training and development programmes so as to continuously enhance the credit personnel's capabilities.
- Memimpin pasukan Penganalisis Kredit dan untuk memastikan penilaian yang dijalankan ke atas permohonan kredit adalah selaras dengan keinginan risiko dan garis panduan bank.
Lead a team of Credit Analyst and to ensure evaluation conducted on credit applications are inline with bank's risk appetite and guideline.
- *En. Jasni Mohamad Yusof telah bersara sebagai Ketua Pegawai Kredit pada 19 Februari 2020*
En. Jasni Mohamad Yusof retired as Chief Credit Officer on 19 February 2020

PROFIL JAWATANKUASA PENGURUSAN MANAGEMENT COMMITTEE'S PROFILES



**AH YONG
MUN HOE**

Penanggung Ketua Pegawai Risiko
Covering Chief Risk Officer

Tarikh Dilantik/Date Appointed:
3 Julai/July 2019

Kelayakan/Qualifications:

- Dalam proses. Ijazah Sarjana Pentadbiran Perniagaan di Universiti Southern Queensland dalam bidang pengurusan
In progress. MBA with University of Southern Queensland majoring in Management
- Ijazah Sarjana Muda Pentadbiran Perniagaan, American University of Hawaii
Bachelor of Business Administration, American University of Hawaii

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank

- Ketua, Jabatan Risiko Modal & Pasaran
Head, Capital & Market Risk Department
- Ketua, Jabatan Analisis Risiko & Projek Basel
Head, Risk Analytics & Basel Project Department

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Kumpulan RHB: Ketua, Pengurusan Risiko Kredit
RHB Group: Head, Non-Retail, Group Corporate Credit Risk Management
- UOB Malaysia: Naib Presiden, Audit Risiko & Basel
UOB Malaysia: Vice President, Risk & Basel Audit
- Kumpulan Maybank: Penolong Naib Presiden, Pengurusan Program Risiko
Maybank Group: Assistant Vice President, Programme Management, Group Risk Management
- ICB Global Management (ICB Group AG): Pengurus, Pengurusan Risiko
ICB Global Management (ICB Group AG): Group Risk Manager
- Kumpulan Maybank: Analisis Risiko dan Projek Basel II
Maybank Group: Risk Analytics and Basel II Projects
- Standard Chartered Malaysia Berhad: Penganalisis, Basel II
Standard Chartered Malaysia Berhad: Analyst, Basel II
- American Express Malaysia Berhad: Penganalisis Risiko, Jabatan Kredit
American Express Malaysia Berhad: Risk Analyst, Credit Department

Tanggungjawab/Responsibilities:

- Menggalakkan amalan pengurusan risiko yang mantap di semua peringkat di dalam Bank.
Responsible to promote sound risk management practices throughout all levels in the Bank.
- Bertanggungjawab terhadap keseluruhan fungsi dan rangka kerja risiko untuk membantu pihak pengurusan serta lembaga pengarah melaksanakan pengawasan risiko masing-masing.
Responsible for overall risk functions and framework to support management and board in performing their respective risk oversight.
- Membangunkan dasar risiko yang sejajar dengan budaya, objektif dan model pengurusan risiko Bank.
Develop risk policy in line with the Bank's risk culture, appetite and risk management model.



**ZAHID
AHMAD ZAWAWI**

Ketua Pegawai Operasi
Chief Operations Officer

Tarikh Dilantik/Date Appointed:
23 Julai/July 2015

Kelayakan/Qualifications:

- Chartered Islamic Finance Professionals (CIFP)
Chartered Islamic Finance Professionals (CIFP)
- Sijil Kepimpinan dalam Perbankan dan Kewangan Islam dari Cambridge IF Analytica Leadership Certificate in Islamic Banking and Finance by Cambridge IF Analytica
- Ahli, Institut Akauntan Malaysia (MIA)
Member, Malaysian Institute of Accountants (MIA)
- Ijazah Perakaunan, Universiti Kebangsaan Malaysia
Degree in Accountancy, Universiti Kebangsaan Malaysia

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Timbalan Ketua Pegawai Operasi
Deputy Chief Operations Officer
- Timbalan Ketua Pegawai Operasi merangkap Pemangku Tugas Pengurus Wilayah Pulau Pinang, Kedah dan Perlis (PPKP)
Deputy Chief Operations Officer cum Acting Regional Manager Pulau Pinang, Kedah dan Perlis (PPKP)
- Ketua Audit Dalam
Chief Internal Auditor

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Malaysia Debt Venture Berhad: Ketua Audit Dalam
Malaysia Debt Venture Berhad: Chief Internal Auditor
- Bank Islam: Ketua Jabatan dan Subsidiari Audit, Bahagian Audit Dalam
Bank Islam: Head of Head Office and Subsidiary Audit, Internal Audit Division
- Public Bank Berhad: Pegawai Operasi Kanan, Bahagian Kewangan
Public Bank Berhad: Senior Operations Officer, Finance Division

Tanggungjawab/Responsibilities:

- Bertanggungjawab merancang, mengurus dan mengawal aktiviti-aktiviti operasi harian Bank dan memastikan semua aspek operasi aktiviti Bank beroperasi dalam cara yang selamat dan kukuh.
Responsible for planning, organizing, and controlling all the day-to-day operational activities of the Bank and to ensure that all operational aspects of the Bank's activities operate in a safe and sound manner.
- Menyelaras dan meningkatkan keseluruhan fungsi bank, menekankan kepada keberkesanannya hal-hal pentadbiran dan operasi, pemusatan proses, peningkatan operasi perbankan dan pentadbiran kredit untuk memenuhi keputusan yang dihasilkan serta mewujudkan sinergi dengan bahagian-bahagian lain.
Streamline and enhance overall operational functions of the bank, emphasize on the effectiveness of back office and operation matters, centralization of processes, enhancement of banking operations and credit administration to meet desired result as well as create synergies with other divisions.
- Mewujudkan struktur dan proses yang perlu menerusi program rasionalisasi saluran-saluran Bank untuk mengurus dan menambah baik keberkesanannya aktiviti semasa organisasi dan unjuran pertumbuhannya.
Creates the structure and processes necessary through structured rationalisation programme of the Bank's channels to manage and improve the effectiveness of the organization's current activities and its projected growth.
- Pembangunan strategi-strategi berkesan terhadap penambahbaikan dalam operasi perbankan, proses perniagaan atau perkhidmatan dengan objektif utama untuk menambah baik pengalaman pelanggan, memacu pertumbuhan perniagaan bagi kedudukan lembang imbang yang ditambah baik dan meningkatkan produktiviti.
Development of effective strategies on the improvements in banking operations, business processes or services with the main objective to improve customer's experience, driving business growth for improved balance sheet position and increase productivity.
- Menilai, merangka dan mengukuhkan persekitaran risiko dan kawalan semasa bagi operasi bank.
Assess, formulate and strengthen the current controls and risk environment of the Bank's operations.
- Memacu program-program transformasi IT Bank, menekankan kepada inovasi dan pelaksanaan perbankan digital untuk memastikan pengwujudan lengkap model perniagaan yang bertumpukan pelanggan, mengoptimumkan pengagihan, berkembang menjangkau teras kepada ekosistem lebih menyeluruh, mengembangkan nilai di seluruh perjalanan pelanggan dan menjana hasil pendapatan daripada data bank.
Driving the Bank's IT transformation programs, emphasize on innovation and implementation of digital banking journey to ensure comprehensive establishment of customers centered business models, optimize distribution, grow beyond the core into more comprehensive ecosystem, extend value across the customers journey and monetize the bank's data.
- Menilai, menganalisis dan membangunkan pelan tersusun dan lengkap untuk terus menambah baik indeks kepuasan pelanggan bank.
Assess, analyze and develop structured and comprehensive plans to continuously improve customer's satisfaction index of the bank.
- Memikul tanggungjawab pengurusan sebagai Pengarah Pemuliharaan bagi usaha-usaha Perancangan Luar Jangka Perniagaan dengan tumpuan utama terhadap memastikan kecukupan pelan luar jangka unit perniagaan bagi bidang, fungsi dan aplikasi perniagaan yang penting, serta bagi mengekalkan operasi berterusan, perlindungan aset dan pengurangan kerugian bilamana berlaku gangguan.
Assume management responsibility as a Recovery Director for Business Contingency Planning efforts with a major focus on assuring the adequacy of business unit contingency plans for critical business areas, functions and applications as well as to maintain continued operations, asset protection, and loss mitigation in the event of a disruption.

PROFIL JAWATANKUASA PENGURUSAN MANAGEMENT COMMITTEE'S PROFILES



**MOHAMAD TAUFIK
MAHAMAD ZAKARIA**

Ketua Pegawai Strategi
Chief Strategy Officer

Tarikh Dilantik/Date Appointed:
1 April/April 2018

Kelayakan/Qualifications:

- Pengamal Kewangan Islam Profesional Berkanun
Chartered Islamic Finance Professional
- Ahli Association of Chartered Certified Accountants (ACCA)
Member of Association of Chartered Certified Accountants (ACCA)
- Akauntan Berkanun (Institut Akauntan Malaysia [MIA])
Chartered Accountant (Malaysian Institute of Accountant [MIA])
- Sarjana Muda Perakaunan (Kepujian), Universiti Tenaga Nasional (UNITEN)
Bachelor in Accounting (Hons.), Universiti Tenaga Nasional (UNITEN)

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Pemangku Ketua Pegawai Transformasi
Acting Chief Transformation Officer
- Ketua Jabatan Perancangan Korporat & Strategi
Head, Corporate & Strategic Planning Department

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Bank Negara Malaysia: Penyelia Kanan
Bank Negara Malaysia: Senior Supervisor

Tanggungjawab/Responsibilities:

- Menasihati Pengurusan dan Lembaga Pengarah dalam menetapkan hala tuju strategik untuk menambah baik kedudukan Bank dan keupayaan organisasi bagi memenuhi mandat dan objektif perniagaan.
Advise the Management and Board in setting strategic direction to improve the Bank's positioning and organisational capabilities towards delivering its mandate and business objectives.
- Membangunkan pelan strategik Bank dan menyelia pelaksanaan projek dan inisiatif untuk memastikan pencapaian hasil strategik.
Develop the Bank's strategic plans and oversee the implementation of projects and initiatives to ensure achievements of strategic outcomes.
- Membangunkan produk-produk mengikut kehendak pelanggan, program dan penyelesaian kewangan dengan fokus untuk mengekalkan daya saing Agrobank di dalam industri.
Develop customised products, programs and financial solutions with the focus of maintaining Agrobank's competitiveness in the industry.
- Mengurus pembangunan keupayaan perniagaan baharu melalui penyampaian projek strategik berimpak tinggi untuk mengukuhkan kedudukan Agrobank dalam industri.
Manage the development of new business capabilities through delivery of high impact strategic projects to strengthen Agrobank's positioning in the industry.
- Memimpin dalam meletakkan Agrobank sebagai pusat kecemerlangan dan rujukan dalam sektor pertanian menerusi Pusat Kecemerlangan Agrobank (ACE) untuk meningkatkan peranan yang dimandatkan kepada Bank.
Drive to position Agrobank as a centre of excellence and reference for the agriculture sector through Agrobank's Centre of Excellence (ACE) to enhance the Bank's mandated role.
- Memastikan segala inisiatif dan projek dilaksanakan secara berkesan dan bersesuaian dengan matlamat yang disasarkan di bawah Pelan Perniagaan Strategik Bank.
Ensure all initiatives and projects are implemented effectively and its alignment to the Bank's desired outcome under the Bank's Strategic Business Plan.



Ketua Pegawai Sumber Manusia
Chief Human Resource Officer

Tarikh Dilantik/Date Appointed:
1 Oktober/October 2019

Kelayakan/Qualifications:

- Ijazah Sarjana Muda dan Ijazah Sarjana dalam Kejuruteraan Industri, Texas A&M University, Amerika Syarikat
Bachelors and Masters Degree in Industrial Engineering, Texas A&M University, USA

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Kumpulan Wang Simpanan Pekerja (KWSP): Penasihat, Modal Insan Employees Provident Fund (EPF): Advisor, Human Capital
- Talentcorp Berhad: Ketua, Program Kepelbagai dan Keupayaan Talentcorp Berhad: Head, Diversity and Capability Programs
- Bursa Securities Malaysia Berhad: Ketua Pegawai Sumber Manusia Bursa Securities Malaysia Berhad: Chief Human Resource Officer
- Kumpulan Maybank: Naib Presiden Eksekutif, Ketua Kumpulan HR Maybank Group: Executive Vice President, Group HR Head
- Kumpulan Maybank: Naib Presiden & Ketua Pengurusan Prestasi Maybank Group: Vice President & Head Performance Management
- SAP Malaysia Sdn Bhd: Ketua, Khidmat Pelanggan SAP Malaysia Sdn Bhd: Head, Customer Care
- AmlInvestment Bank: Pengurus Kanan, Organisasi & Kaedah AmlInvestment Bank: Senior Manager, Organisation & Methods
- Accenture Malaysia: Perunding Kanan, Pengurusan Perubahan Accenture Malaysia: Senior Consultant, Change Management

Tanggungjawab/Responsibilities:

- Menubuhkan dan memimpin pasukan pakar Sumber Manusia yang menyediakan khidmat nasihat berkaitan Sumber Manusia kepada pihak Pengurusan dan kakitangan.
Develop and lead a team of Human Resource professionals to provide Human Resources services and advisory to the Management and staff.
- Berperanan sebagai rakan strategik kepada divisyen perniagaan dan sokongan dengan memahami isu-isu industri dan umum untuk penyediaan latihan, khidmat nasihat dan sokongan yang diperlukan.
Serve as a strategic partner to the business and support divisions by understanding the general and industry issues in order to provide the required training, consultation and support.
- Memastikan semua amalan Sumber Manusia mematuhi keperluan statutori dan undang-undang yang berkaitan.
Ensure that all Human Resource practices are in accordance with the statutory requirements and in compliance to the relevant laws.

PROFIL JAWATANKUASA PENGURUSAN MANAGEMENT COMMITTEE'S PROFILES



Ketua Juruaudit Dalaman
Chief Internal Auditor

Tarikh Dilantik/Date Appointed:
1 Disember/December 2019

Kelayakan/Qualifications:

- Pengamal Kewangan Islam Professional
Chartered Islamic Finance Professional
- Akauntan Berkanun (Institut Akauntan Malaysia [MIA])
Chartered Accountant (Malaysian Institute of Accountant [MIA])
- Sarjana Muda Perakaunan (Kepujian), Universiti Teknologi MARA (UiTM)
Bachelor in Accounting (Hons.), Universiti Teknologi MARA (UiTM)

Jawatan Terdahulu di Agrobank/Previous Position Held in Agrobank:

- Pemangku Ketua Juruaudit Dalaman
Acting Chief Internal Auditor
- Ketua, Jabatan Perakaunan (juga menganggap fungsi Ketua Pelaporan dan Pemahaman)
Head, Accounting Department (also assume function of Head, Reporting & Insight)
- Ketua Jabatan Pelaporan dan Pemahaman
Head, Reporting and Insight Department

- Pengurus Projek, Full Fledged Islamic Banking (FFIB)
Project Manager, Full Fledged Islamic Banking (FFIB)
- Ketua Audit Ibu Pejabat dan Penyiasatan
Head, Head Office Audit & Investigation

Jawatan Terdahulu yang Disandang/Other Positions Held:

- Asian Finance Bank: Pengurus, Jabatan Audit Dalaman
Asian Finance Bank: Manager, Internal Audit Department
- Bank Islam: Pengurus Perhubungan, Jabatan Perkhidmatan Perdagangan,
Bank Islam: Relationship Manager, Trade Services Department
- Bank Islam: Timbalan Pengurus, Bahagian Audit Dalam
Bank Islam: Deputy Manager, Internal Audit Division
- Bank Islam: Timbalan Pengurus, Jabatan Projek Khas
Bank Islam: Deputy Manager, Special Project Department
- Bank Islam: Penolong Pengurus, Jabatan Audit Dalaman
Bank Islam: Assistant Manager, Internal Audit Department
- AEON Credit Service: Eksekutif Akaun merangkap Pemangku Pengurus Akaun
AEON Credit Service: Accounts Executive cum Acting Accounts Manager
- Zainal & Co./Cergas Management Services Sdn Bhd: Juruaudit Luar dan Ejen Cukai
Zainal & Co./Cergas Management Services Sdn Bhd: External Auditor and Tax Agents

Tanggungjawab/Responsibilities:

- Bertanggungjawab terhadap peruntukan perkhidmatan audit dalaman kepada Agrobank selaras dengan Garis Panduan Piawaian Audit Minimum untuk Juruaudit Dalaman Institusi Kewangan (BNM/RH/GLO13-1) dan Rangka Kerja Amalan Profesional Antarabangsa (IIA Malaysia).
Responsible for the provision of internal audit services to Agrobank which are in line with the Guidelines on Minimum Audit Standards for Internal Auditor of Financial Institutions (BNM/RH/GLO13-1) and The International Professional Practices Framework (IIA Malaysia).
- Merangka strategi, memimpin, mengurus dan mengawal keseluruhan fungsi audit dalam dan menyelaras semula strategi-strategi audit menurut Pelan Perniagaan Strategik Bank.
Strategise, lead, organise and control the overall internal audit functions and realign audit strategies in accordance to the Bank's Strategic Business Plan.
- Menilai secara berterusan keupayaan dan integriti sistem kawalan dalaman Bank yang merangkumi pengurusan kewangan, operasi dan risiko kredit, tadbir urus dan pematuhan terhadap undang-undang, penyeliaan, peraturan, arahan dan garis panduan yang berkaitan.
Continuously assess the adequacy and integrity of the Bank's internal control systems covering financial, operational and credit risk management, governance and compliance with applicable laws, regulations, rules, directives and guidelines.
- Memberi pandangan dan jaminan yang munasabah kepada pihak berkepentingan berhubung keberkesanan dan kecekapan tadbir urus, pengurusan risiko dan proses kawalan dalaman.
Provide reasonable assurance and insight to stakeholders on effectiveness and efficiency of governance, risk management and internal control processes.
- Merangka dan meningkatkan pendekatan/kaedah audit agar bersesuaian dengan persekitaran dinamik dan risiko yang dihadapi Bank.
Formulate and enhance audit approaches/methodologies to suit the dynamic environment and risks faced by the Bank.
- Menjadi pemangkin/ejen perubahan dalam memupuk budaya risiko dan pematuhan di Bank dengan peranan yang lebih jelas.
Become the catalyst/change agent in inculcating a Bank-wide risk and compliance culture with a more definitive role.

Memacu **PRESTASI TINGGI** Menerusi **PENGURUSAN CEMERLANG**

Driving **HIGH PERFORMANCE** through
Exceptional MANAGEMENT



Dalam perjalanan kami ke arah membentuk tenaga kerja yang kompeten, berkemahiran tinggi, tangkas dan komited untuk masa hadapan, Agrobank berpegang kepada pengurusan yang mantap dengan menegakkan standard tingkah laku, amalan organisasi dan nilai korporat agar dapat memberikan strategi Bank yang luar biasa.

On our transformative journey towards nurturing a future-fit, agile and engaged workforce, Agrobank capitalises on robust management that uphold standards of conduct, organisational practices and corporate values to deliver exceptionally on the Bank's strategies.



Sepanjang lima dekad lalu, kami berpegang teguh pada mandat kami sebagai sebuah institusi kewangan pembangunan (IKP) dengan tumpuan utama untuk mengukuhkan sektor pertanian di Malaysia melalui perkhidmatan dan penawaran kewangan.

Over the past five decades, we have stayed true to our calling as a developmental financial institution (DFI) with a primary focus on strengthening the agriculture sector in Malaysia through financial offerings and services.

KHADIJAH ISKANDAR
Penanggung Tugas Presiden/
Ketua Pegawai Eksekutif
Covering Duties of President/
Chief Executive Officer



PERBINCANGAN DAN ANALISIS PENGURUSAN

MANAGEMENT DISCUSSION AND ANALYSIS



KDNK GLOBAL 2019
2019 GLOBAL GDP

2.9%



KDNK MALAYSIA 2019
2019 MALAYSIA GDP

4.3%

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

Para Pemegang Taruh,

Sukacita saya membentangkan prestasi kewangan dan perniagaan Agrobank (Bank) bagi tahun kewangan berakhir 31 Disember 2019 (TK2019). Tahun ini merupakan tahun ke-50 operasi kami sejak Bank ditubuhkan pada 1969. Sepanjang lima dekad lalu, kami berpegang teguh pada mandat kami sebagai sebuah institusi kewangan pembangunan (IKP) dengan tumpuan utama untuk mengukuhkan sektor pertanian di Malaysia melalui perkhidmatan dan penawaran kewangan. Bank telah berjaya mengekalkan trajektori pertumbuhan walaupun beroperasi dalam landskap ekonomi dan operasi yang mencabar. Maka itu saya berbangga melaporkan bahawa Agrobank merekodkan satu lagi tahun dengan pertumbuhan dan prestasi kewangan yang kukuh pada 2019.

LANDSKAP OPERASI YANG MENCABAR PADA 2019

Ulasan Ekonomi 2019

Konflik dagangan yang berterusan antara AS dengan China mempengaruhi sentimen pada 2019, memberi kesan pada aktiviti perdagangan global yang menjadi perlahan akibat gangguan dalam rantai bekalan global. Ini menyebabkan keyakinan dalam perniagaan telah berkurang dan mengakibatkan kelembapan dalam keluaran dalam negara kasar (KDNK) kepada 2.9% pada 2019 (2018: 3.6%), iaitu kadar paling perlahan sejak krisis kewangan global (GFC) 2009. Disebabkan perang dagangan ini, momentum pertumbuhan China menurun kepada 6.1% pada 2019, kadar paling perlahan dalam tempoh lebih 20 tahun. Dengan rangkaian rantai bekalan yang luas, kelembapan di China memberi kesan di seluruh rantau, termasuk negara-negara ASEAN yang menyaksikan penurunan dalam pertumbuhan kepada 4.7% pada 2019 (2018: 5.2%).

Dear Stakeholders,

It is my privilege to present to you the business and financial performance for Agrobank (the Bank) for the financial year ended 31 December 2019 (FY2019). This is our 50th year in operations since the Bank was first established in 1969. Over the past five decades, we have stayed true to our calling as a developmental financial institution (DFI) with a primary focus on strengthening the agriculture sector in Malaysia through financial offerings and services. The Bank has been able to sustain its growth trajectory despite the challenging economic and operating landscape. It is therefore with pride that I report that Agrobank charted another year of resilient growth and strong financial performance for 2019.

CHALLENGING OPERATING LANDSCAPE IN 2019

Economic Review 2019

The persistent trade conflict between US and China underscored sentiments in 2019, affecting global trade activities which slowed down amid disruptions in the global supply chain. This led to decline in business confidence resulting in a slowdown in global gross domestic product (GDP) growth to 2.9% in 2019 (2018: 3.6%), the slowest pace since the 2009 global financial crisis (GFC). Owing to the trade war, China's growth momentum slowed down to 6.1% in 2019, the slowest pace in more than 20 years. With its extensive supply chain network, the slowdown in China caused ripple effects across the region, including ASEAN countries which saw growth easing to 4.7% in 2019 (2018: 5.2%).

PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS

Teras pertumbuhan KDNK pada 2019 adalah sektor penggunaan swasta yang berkembang kukuh sebanyak 7.6% (2018: 8.0%), disokong oleh peningkatan pekerjaan, pengangguran yang rendah dan kenaikan upah yang sederhana.

The mainstay of GDP growth in 2019 was private consumption which expanded at a robust 7.6% (2018: 8.0%), underpinned by employment growth, low unemployment and modest rise in wages.



Sebagai sebuah negara perdagangan terbuka dengan rantaian kukuh dengan China dan Asia, perdagangan global yang perlahan ini memberi kesan kepada prestasi eksport Malaysia pada 2019, memandangkan China adalah pasaran eksport Malaysia yang terbesar. Eksport kasar Malaysia berkurang sebanyak 1.7% pada 2019, daripada 7.3% pertumbuhan pada 2018, sementara import turun 3.5% pada 2019. Akibat penguncupan dalam eksport dan pengurangan aktiviti pelaburan pada 2019 ini, ekonomi Malaysia bergerak sederhana kepada 4.3% pada 2019, daripada 4.7% pada 2018, kadar paling perlahan dalam 10 tahun sejak krisis kewangan global (-1.5%). Apabila eksport menjadi lemah dalam separuh tahun kedua 2019 dalam permintaan domestik yang kukuh, pertumbuhan KDNK sebenar Malaysia juga bergerak sederhana kepada 3.6% pada 4Q19, daripada 4.4% pada 3Q19, di mana penyebab utama adalah penurunan dalam sektor pertanian dan perlombongan selain sektor perkilangan yang bergerak sederhana. Pertumbuhan dalam sektor perkilangan menirus kepada 3.0% pada 4Q19 (3Q19: 3.6%) disebabkan pengeluaran elektrik & elektronik (E&E) yang terkesan oleh permintaan global yang lebih lemah dan gangguan dalam rantaian bekalan.

Teras pertumbuhan KDNK pada 2019 disumbang sektor penggunaan swasta yang berkembang kukuh sebanyak 7.6% (2018: 8.0%), disokong oleh peningkatan pekerjaan, pengangguran yang rendah dan kenaikan upah yang sederhana. Upah minimum bulanan di Semenanjung Malaysia dinaikkan sebanyak RM100 kepada RM1,100 berkuat kuasa Januari 2019. Dengan sentimen perniagaan yang terhakis akibat perang dagangan, pelaburan swasta didapati bergerak perlahan dengan pertumbuhan kecil sebanyak 1.5% pada 2019 (2018: 4.3%). Sejajar dengan dasar mengurangkan defisit fiskal dan perasionalan projek prasarana, pelaburan awam jatuh sebanyak 10.8% pada 2019 (2018: -5.0%). Projek Laluan Rel Pantai Timur (ERCL) bernilai RM44 bilion dan projek Bandar Malaysia bernilai RM140 bilion yang diteruskan bermula April 2019 lalu dijangka akan memberi kesan ekonomi berganda daripada perbelanjaan pelaburan.

Ketidaktentuan terhadap konflik dagangan menimbulkan kebimbangan terhadap momentum pertumbuhan Malaysia. Untuk mengurangkan kesan ekonomi Malaysia daripada perang dagangan ini, BNM mengurangkan Kadar Dasar Semalam (OPR) pada Mei 2019 sebanyak 25 mata asas kepada 3.0%. Tindakan memotong OPR ini dilakukan dengan kadar inflasi yang

As an open trading nation with strong trade linkages to China and Asia, the deceleration in global trade affected Malaysia's export performance in 2019, given that China is Malaysia's largest export market. Malaysia's gross exports declined by 1.7% in 2019, from a 7.3% growth in 2018, while imports fell 3.5% in 2019. Given the contraction in exports and weaker investment activities in 2019, the Malaysian economy moderated to 4.3% in 2019, from 4.7% in 2018, the slowest pace in 10 years since the GFC (-1.5%). As exports weakened in the second half of 2019 amid resilient domestic demand, Malaysia's real GDP growth moderated to 3.6% in 4Q19, from 4.4% in 3Q19, with the key drags being the decline in agriculture and mining sectors amid moderation in the manufacturing sector. Growth in the manufacturing sector tapered to 3.0% in 4Q19 (3Q19: 3.6%) as electrical & electronics (E&E) production was affected by weaker global demand and disruption in the supply chain.

The mainstay of GDP growth in 2019 was private consumption which expanded at a robust 7.6% (2018: 8.0%), underpinned by employment growth, low unemployment and modest rise in wages. The monthly minimum wage in Peninsular Malaysia was raised by RM100 to RM1,100 effective January 2019. With business sentiments eroding due to the extended trade war, private investment slowed down to a growth of 1.5% in 2019 (2018: 4.3%). In line with the policy of reducing the fiscal deficit and the rationalisation of infrastructure projects, public investment fell by 10.8% in 2019 (2018: -5.0%). The revival of the RM44 billion East Coast Rail Link (ECRL) and the RM140 billion Bandar Malaysia projects in April 2019 were expected to have a spillover effect on investment spending.

The uncertainties over the trade conflict raised concerns on Malaysia's growth momentum. To cushion the Malaysian economy from external shocks of the trade war, BNM reduced the Overnight Policy Rate (OPR) in May 2019 by 25 basis points to 3.0%. The move to cut OPR was made possible with the mild inflation rate of 0.7% in 2019 (2018: 1.0%). The cap on RON95 petrol and diesel prices had contributed towards a drop in the transport price index.

kecil sebanyak 0.7% pada 2019 (2018: 1.0%). Had yang ditetapkan ke atas harga petrol RON95 dan diesel pula telah menyumbang kepada penurunan indeks harga pengangkutan.

Ulasan Sektor Pertanian 2019

Sektor pertanian di Malaysia meningkat sebanyak 1.8% pada 2019 daripada pertumbuhan minimum 0.1% pada 2018, sebahagiannya disebabkan peningkatan hasil minyak sawit (1.5%) dan pertumbuhan mantap dalam sub-sektor agromakanan (3.9%) berikutan kelembapan eksport minyak sawit mentah (CPO) dan harga komoditi yang tidak stabil, menghasilkan nilai output lebih tinggi sebanyak RM101.3 bilion. Di sebalik pertumbuhan positif ini, sumbangan sektor pertanian kepada KDNK berkurang kepada 7.1% pada 2019 (2018:7.3%). Sungguhpun sumbangannya kepada KDNK negara agak kecil, sektor pertanian terus signifikan dalam mencapai sekuriti dan keselamatan makanan negara serta meningkatkan kesejahteraan komuniti luar bandar.

Segmen komoditi mewakili 50.1% daripada KDNK pertanian manakala agromakanan adalah sebanyak 49.9% pada 2019. Pemulihan dalam prestasi sub-sektor minyak sawit pada 2019 sebanyak 1.5% (2018: -1.8%) yang menyumbang 37.8% kepada KDNK pertanian adalah output lebih tinggi daripada peningkatan hasil buah tandan segar (FFB). Sektor agromakanan, yang mewakili 49.9% daripada KDNK pertanian, meningkat sederhana sebanyak 3.9% pada 2019 (2018: 4.0%), disokong oleh pengembangan dalam sub-sektor tanaman makanan (5.1%) dan peningkatan dalam sub-sektor ternakan (6.4%) tetapi menyaksikan penurunan dalam sub-sektor perikanan (-1.3%). Peningkatan dalam penggunaan makanan disebabkan oleh pertambahan penduduk dan kenaikan pendapatan yang sederhana, di sebalik keadaan iklim yang tidak optimum bagaimanapun telah menyumbang kepada pertumbuhan mantap dalam agromakanan. Sub-sektor agromakanan telah berkembang pada purata 3.2% setahun dalam lima tahun lalu, dengan sumbangannya kepada KDNK meningkat daripada 45.3% pada 2015 kepada 49.9% pada 2019 apabila pertumbuhan agromakanan mengatasi sub-sektor komoditi yang sedang dalam tempoh matang.

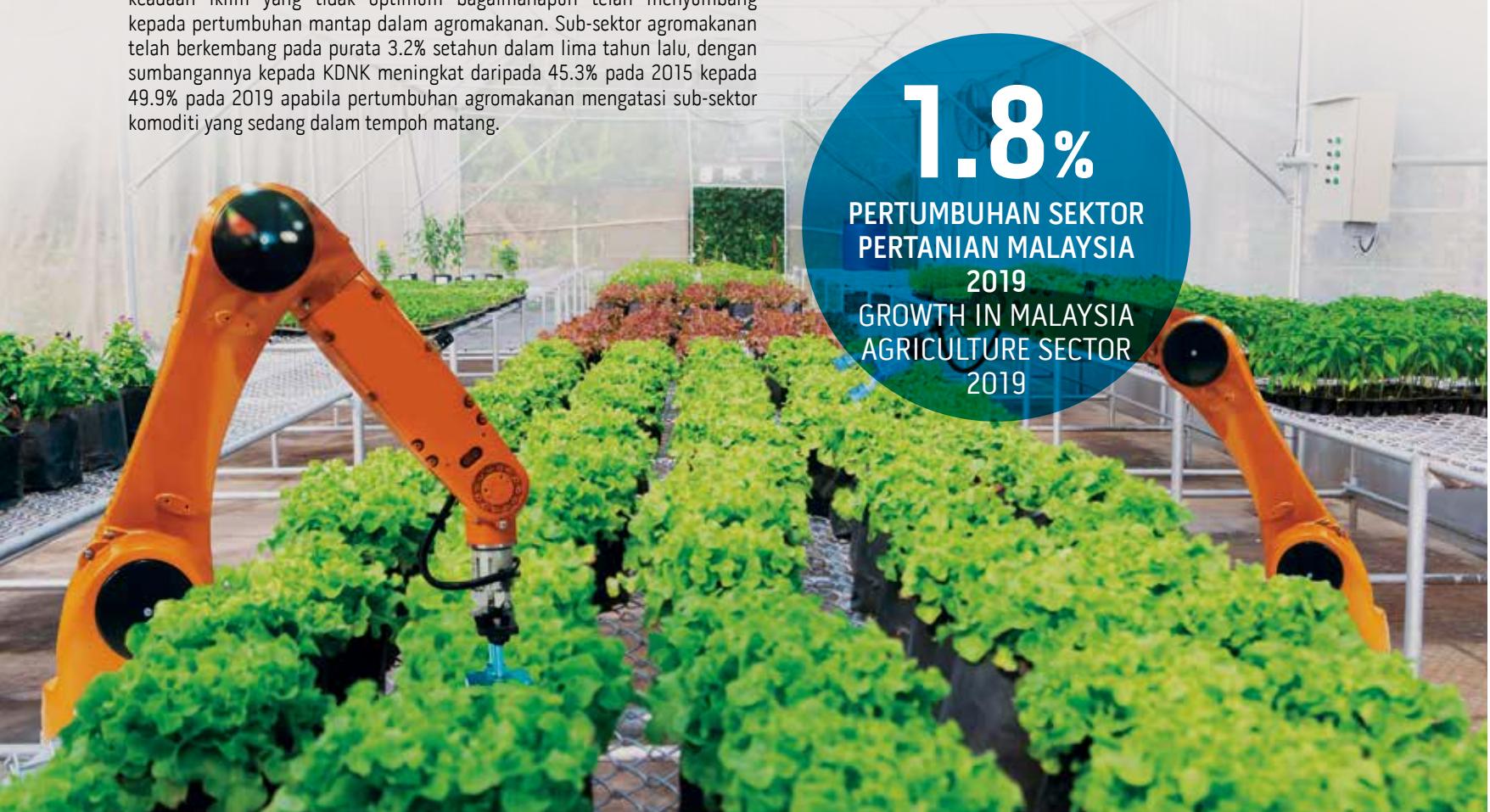
Agriculture Sector Review 2019

The agriculture sector in Malaysia rose by 1.8% in 2019 from a minimal 0.1% growth in 2018, partly attributed to rising palm oil output (1.5%) and steady growth in the agro-food sub-sector (3.9%) amid sluggish crude palm oil (CPO) exports and volatile commodity prices, resulting in a higher output value worth RM101.3 billion. Despite the positive growth, the agriculture sector's contribution to GDP decreased to 7.1% in 2019 (2018:7.3%). While its contribution to GDP is relatively small, the agriculture sector continued to be significant towards achieving national food security and safety and uplifting the well-being of the rural community.

The commodities segment represented 50.1% of agriculture GDP while agro-food made up 49.9% share in 2019. The recovery in the performance of the palm oil sub-sector in 2019 of 1.5% (2018: -1.8%), which contributed 37.8% to agriculture GDP, was anchored by higher output due to rising fresh fruit bunches (FFB) yield. The agro-food sector, representing 49.9% of agriculture GDP, grew modestly at 3.9% in 2019 (2018: 4.0%), buoyed by further expansion in food crops (5.1%) and steady increase in livestock (6.4%) sub-sectors amid decline in fishery sub-sector (-1.3%). The rise in food consumption, driven by a growing population and modest increment in incomes amid moderate weather, contributed to the steady growth in agro-food. The agro-food sub-sector had grown at an average of 3.2% per annum in the past five years, with its share to GDP rising from 45.3% in 2015 to 49.9% in 2019 as agro-food growth outpaced the maturing commodities sub-sector.

1.8%

**PERTUMBUHAN SEKTOR
PERTANIAN MALAYSIA
2019**
**GROWTH IN MALAYSIA
AGRICULTURE SECTOR
2019**



PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS



Ulasan Sektor Perbankan 2019

Pada 2019, pertumbuhan jumlah pembiayaan dalam sistem perbankan telah menurun, berakhir pada kadar lebih rendah iaitu 3.9% berbanding 7.7% pada 2018, disebabkan pertumbuhan ekonomi sederhana dan pemampatan margin faedah bersih (NIM) berikutan potongan OPR pada Mei 2019 dan ketidakstabilan pasaran yang meningkat. Jumlah deposit berkembang lebih perlakuan sebanyak 3.1% pada 2019 daripada 8.4% pada 2018, terutamanya disebabkan penurunan dalam pertumbuhan deposit tetap. Meskipun begitu, pertumbuhan jumlah deposit kurang daripada pertumbuhan jumlah pembiayaan dalam sistem perbankan. Pertumbuhan pembiayaan naik sebanyak 3.9% pada Disember 2019 manakala pertumbuhan jumlah deposit adalah sebanyak 3.1% dalam tempoh yang sama pada 2018. Walaupun pertumbuhan pembiayaan adalah lebih baik berbanding pertumbuhan deposit, nisbah pinjaman ke atas deposit (LDR) bagi sektor perbankan adalah 89.9% pada 2019, lebih tinggi sedikit daripada kadar 89.2% pada 2018. Namun begitu, pertumbuhan deposit adalah menggalakkan, meningkat kepada 6.7% pada 2019, daripada 1.2% pada 2018, mengurangkan tekanan kepada bank-bank untuk mencari deposit-deposit kos rendah.

Kualiti aset sistem perbankan tidak begitu memberangsangkan pada 2019, dengan nisbah rosot nilai kasar (GIR) sebanyak 1.51% pada 2019 (2018: 1.48%) berikutan kawalan kos yang berterusan apabila bank-bank terkesan oleh amalan pematuhan MFRS 9. Nisbah Pinjaman kepada Dana dan Nisbah Pinjaman kepada Dana & Ekuiti sistem perbankan masing-masing naik kepada 83.2% (2018: 83.1%) dan 72.9% (2018: 72.6%) pada 2019, namun kekal dalam keadaan mantap. Bank-bank telah dimodalkan dengan baik, dengan kecairan mencukupi untuk menyokong pengantaraan dana. Pada Disember 2019, nisbah Ekuiti Biasa Tahap 1 (CET1) sistem perbankan adalah 13.8%, manakala Nisbah Modal Tahap 1 dan Nisbah Jumlah Modal adalah kukuh, masing-masing sebanyak 14.4% dan 18.3%. Nisbah Perlindungan Kecairan (LCR) dalam sektor perbankan naik kepada 149% pada 2019 berbanding 143% pada 2018, melepassi aras 100% yang ditetapkan oleh BNM. Ini menunjukkan bahawa bank-bank mempunyai aset yang lebih daripada mencukupi untuk ditukar kepada tunai dalam masa 30 hari dari tempoh tekanan 'kejutan kecairan'.

Banking Sector Review 2019

In 2019, total financing growth in the banking system decelerated, ending at a lower 3.9% growth against 7.7% in 2018, amid moderating economic growth and net interest margin (NIM) compression following the OPR cut in May 2019 and heightened market volatility. Total deposits grew slower at 3.1% in 2019 from 8.4% in 2018, attributed mainly to decline in growth of fixed deposits. Moreover, total deposit growth fell short of total financing growth in the banking system. Financing growth rose by 3.9% in December 2019 while total deposits growth stood at 3.1% in the same reference month. Despite better growth in financing relative to deposits growth, Loan to Deposit Ratio (LDR) for the banking sector stood at 89.9% in 2019, marginally higher than 89.2% rate in 2018. Notwithstanding this, there was encouraging growth in savings and demand (CASA) deposits, rising to 6.7% growth in 2019, from 1.2% in 2018, reducing pressures for banks in seeking low cost deposits.

Asset quality of the banking system crept up in 2019, with gross impairment ratio (GIR) at 1.51% in 2019 (2018: 1.48%) amid on-going cost controls as banks were affected by the MFRS 9 compliance practices. Loan-to-Fund Ratio and Loan-to-Fund & Equity Ratio of the banking system picked up to 83.2% (2018: 83.1%) and 72.9% (2018: 72.6%) respectively in 2019, but remained in a steady condition. Banks have been well-capitalised, with sufficient liquidity to support the intermediation of funds. As at December 2019, the banking system Capital Equity Tier 1 (CET1) ratio was 13.8% while Tier 1 Capital Ratio and Total Capital Ratio

Di sektor pertanian, pertumbuhan pembiayaan untuk segmen pertanian utama dalam sistem perbankan didapati stabil kepada 2.4% pada 2019 berbanding penurunan sebanyak -3.0% pada 2018. Dalam kategori komoditi, pembiayaan minyak sawit melonjak sebanyak 6.8% pada 2019 jika dibandingkan dengan penurunan sebanyak -0.8% pada 2018. Pemulihan dalam harga minyak sawit ini sebahagiannya disumbangkan oleh sentimen perniagaan yang bertambah baik. Penurunan dalam tanaman makanan pula menguncup lebih kecil kepada -10.2% pada 2019 berbanding -17.4% pada 2018. Berdasarkan sub-sektor, minyak sawit adalah penyumbang terbesar kepada pembiayaan pertanian utama dalam sistem perbankan iaitu sebanyak 73.3% daripada jumlah pembiayaan pertanian, diikuti tanaman makanan (11.0%) dan ternakan (8.7%). Secara keseluruhan, komoditi mewakili 79.4% dalam pembiayaan pertanian utama dalam sistem perbankan manakala 20.6% lagi adalah untuk agromakanan. Nisbah Rosot Nilai Kasar dalam sistem perbankan untuk sektor pertanian telah semakin meningkat, dan berada pada kadar 3.0% pada 2019 (2018: 0.5%).

PROSPEK MENCABAR DIJANGKA BERTERUSAN PADA 2020

Prospek Ekonomi pada 2020

Tahun 2020 bakal menjadi tahun yang sangat mencabar bagi ekonomi global apabila dunia bergelut dengan krisis kesihatan yang belum pernah berlaku sebelum ini akibat wabak coronavirus (COVID-19). Dengan kawalan pergerakan dan halangan perjalanan di seluruh dunia dan akibat kemerosotan dalam permintaan global dan harga minyak, pertumbuhan KDNK dunia diunjurkan oleh IMF akan menguncup sebanyak 3.0% pada 2020 sebelum pulih dengan 5.8% pertumbuhan pada 2021, menganggarkan bahawa virus tersebut akan dikekang menjelang akhir 2020. Ketidaktentuan ketara akan terus menyelubungi tinjauan pertumbuhan, dengan risiko kerugian mengatasi risiko keuntungan dalam separuh pertama 2020 (1H2020). Risiko kenaikan pula wujud daripada impak lebih besar daripada yang dijangka berikutan langkah-langkah yang menyokong pertumbuhan, proses normalisasi yang lebih cepat berikutan permintaan tertangguh yang tinggi serta ekonomi global yang lebih baik daripada jangkaan, hasil daripada pelbagai langkah rangsangan ekonomi.

were healthy at 14.3% and 18.3% respectively. Liquidity Coverage Ratio (LCR) in the banking sector rose to 149% in 2019 versus 143% in 2018, beyond the 100% threshold determined by BNM. This suggests that banks have more than adequate assets to convert to cash within 30 days of a 'liquidity-shock' stress period.

On the agriculture front, financing growth for primary agriculture in the banking system stabilised to 2.4% in 2019 against a -3.0% decline in 2018. Commodity-wise, palm oil financing surged by 6.8% in 2019 when compared to -0.8% decline in 2018. The recovery in palm oil prices partly contributed to the improved business sentiment. The decline in food crops also narrowed to -10.2% in 2019 versus -17.4% in 2018. By sub-sector, palm oil was the main contributor to the primary agriculture financing in the banking system at 73.3% of total agriculture financing, followed by food crops (11.0%) and livestock (8.7%). Overall, commodities accounted for 79.4% in the primary agriculture financing in the banking system while the remaining 20.6% was for agro-food. GIR in the banking system for agriculture sector has been trending on the upside, settling at 3.0% rate in 2019 (2018: 0.5%).

CHALLENGING OUTLOOK TO PERSIST IN 2020

Economic Outlook in 2020

The year 2020 is set to be an exceptionally challenging year for the global economy as the world grapples with an unprecedented health crisis from the novel coronavirus (COVID-19) outbreak. With the lockdowns and travel bans across the world and the resulting slump in global demand and oil prices, world GDP growth is projected by the IMF to contract by 3.0% in 2020 before recovering with a 5.8% growth in 2021, assuming that the virus would be contained by year-end 2020. Significant uncertainties continue to surround the growth outlook, with downside risks outweighing upside risks in the first half of 2020 (1H2020). The upside risks emanate from potentially larger-than-expected impact from the pro-growth measures, faster normalisation in activity amid pent-up demand and better-than-expected global economy, arising from the various stimulus measures.

Tahun 2020 bakal menjadi tahun yang sangat mencabar bagi ekonomi global apabila dunia bergelut dengan krisis kesihatan yang belum pernah berlaku sebelum ini akibat wabak coronavirus (COVID-19).

The year 2020 is set to be an exceptionally challenging year for the global economy as the world grapples with an unprecedented health crisis from the novel coronavirus (COVID-19) outbreak.



PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS



“ Pakej rangsangan Kerajaan Malaysia, Pakej Rangsangan Ekonomi Prihatin Rakyat, berjumlah RM260 bilion atau 17% daripada KDNK serta langkah kewangan oleh BNM dijangka akan mengurangkan kesan buruk ekonomi akibat COVID-19.

The Government's stimulus packages, Pakej Rangsangan Ekonomi Prihatin Rakyat, amounting to RM260 billion or 17% of GDP as well as BNM's financial measures are expected to help cushion the economic fallout from COVID-19.

Sebagai ekonomi terbuka yang memulakan Perintah Kawalan Pergerakan (PKP) pada 18 Mac 2020, Malaysia tidak akan terkecuali. Dalam suku pertama 2020 (1Q2020), ekonomi Malaysia perlahan dengan ketara kepada pertumbuhan 0.7% (4Q19: 3.6%). Dengan lanjutan PKP, negara menjangka akan mencatat pertumbuhan KDNK tahunan negatif antara -3.0% dan -1.0% pada 2020 (2019: 4.3%). Apabila perniagaan mengecilkan atau menutup operasi mereka sepanjang PKP, kadar pengangguran telah meningkat kepada 3.9% pada Mac 2020 (2019: 3.3%). Jangkaan kemelesetan pada 2020 datang daripada kesan permintaan global yang lemah, gangguan rantai bekalan dan langkah-langkah pembendungan COVID-19 di dalam dan luar negara. Permintaan lebih perlahan dan gangguan dalam rangkaian pengeluaran juga akan memberi kesan kepada eksport produk pengilangan dan komoditi Malaysia. Pakej rangsangan Kerajaan Malaysia, Pakej Rangsangan Ekonomi Prihatin Rakyat, berjumlah RM260 bilion atau 17% daripada KDNK serta langkah kewangan oleh BNM dijangka akan mengurangkan kesan buruk ekonomi akibat COVID-19. Pemberian tunai kepada golongan B40, moratorium pinjaman selama enam bulan, pengeluaran KWSP dan subsidi upah akan memberi bantuan kepada pekerja dan PKS. Tertakluk kepada ketidaktentuan, BNM menjangka ekonomi Malaysia akan kembali pulih pada 2021, seiring dengan pemulihan global yang diunjurkan.

Persekutuan operasi dijangka mencabar pada 2020 apabila ekonomi domestik akan sangat terkesan oleh wabak COVID-19. Peningkatan pengangguran, aliran tunai yang ketat di kalangan PKS dan harga komoditi yang tidak menentu akan memberi kesan kepada kualiti aset. Aliran keluar dana asing akan memberi kesan kepada pasaran modal dan pendapatan yuran bank-bank dalam keadaan prospek domestik dan global yang muram. Tinjauan adalah sangat tidak menentu oleh kerana tiada kepastian bilakah pandemik COVID-19 akan berakhir. BNM telah memotong OPR sebanyak tiga kali dengan jumlah 100 mata asas untuk menyokong ekonomi dan meringankan beban pempinjam. Sekiranya COVID-19 berterusan, BNM berkemungkinan untuk memotong lagi kadar faedah dan perbelanjaan fiskal tambahan diperlukan untuk merangsang penggunaan dan aktiviti pelaburan.

As an open economy that started imposing the Movement Control Order (MCO) on 18 March 2020, Malaysia will not be spared. In the first quarter of 2020 (1Q2020), the Malaysian economy slowed down sharply to a 0.7% growth (4Q19: 3.6%). With the extension of the MCO, the country expects to chart a negative annual GDP growth of between -3.0% and -1.0% in 2020 (2019: 4.3%). As businesses reduced or shut down their operations during the MCO, the unemployment rate has risen to 3.9% in March 2020 (2019: 3.3%). The recessionary expectation in 2020 comes from the impact of weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic. Slower demand and disruption in global production networks would also have an impact on Malaysia's exports of manufacturing products and commodities. The Government's stimulus packages, Pakej Rangsangan Ekonomi Prihatin Rakyat, amounting to RM260 billion or 17% of GDP as well as BNM's financial measures are expected to help cushion the economic fallout from COVID-19. Cash handouts to B40 households, six-month loan moratoriums, EPF withdrawals and wage subsidies would provide relief to workers and SMEs. Subject to uncertainty, BNM expects the Malaysian economy to rebound in 2021, in line with the projected global recovery.

The operating environment is expected to be challenging in 2020 as the domestic economy will be severely impacted by the COVID-19 outbreak. Rising unemployment, tight cashflow among SMEs and volatile commodity prices would weigh on asset quality. Outflows of foreign funds would impact the capital market and fee income of banks amid grim domestic and global prospects. The outlook is highly uncertain as there is no visibility on when the COVID-19 pandemic would come to an end. BNM has cut the OPR three times with a total of 100 basis points to support the economy and ease the burden of borrowers. If COVID-19 prolongs, BNM has room to cut interest rate further and additional fiscal spending is needed to stimulate consumption and investment activities.

Prospek Pertanian pada 2020

Pertumbuhan dalam sektor pertanian bertukar negatif dalam suku keempat 2019 (4Q19: -5.7%) dan trend ini berterusan ke 1Q20 (-8.7%). Penurunan dalam sektor pertanian dalam 1Q20 adalah terutamanya disebabkan oleh kejatuhan dalam subsektor minyak sawit (-22.0%). Pengeluaran minyak sawit terjejas akibat kesan pemotongan penggunaan baja sepanjang tempoh harga rendah pada 2019. PKP, yang mengganggu logistik dan pergerakan buruh, telah memburukkan lagi pengurangan dalam output minyak sawit mentah (CPO). Segmen komoditi dijunjur akan jatuh menjunam pada 2020 dalam keadaan penurunan harga dan eksport apabila permintaan berkurang akibat krisis kesihatan global.

Walau bagaimanapun, segmen agromakanan telah mengekalkan pertumbuhan sebanyak 3.7% dalam 1Q20 setelah berkembang sebanyak 3.5% pada 2019, disokong oleh pertumbuhan dalam subsektor tanaman makanan dan ternakan. Pengekalan trend menaik dalam penggunaan agromakanan dalam keadaan populasi yang semakin bertambah telah menggerakkan pertumbuhan stabil dalam agromakanan. Dalam tempoh 5-tahun bagi 2015-2019, subsektor agromakanan telah meningkat pada pertumbuhan purata sebanyak 3.2% setahun. Walaupun permintaan agromakanan daripada restoran dan hotel akan terkesan oleh PKP, ini kebanyakannya akan diimbangi oleh peningkatan penyediaan makanan di rumah. Dengan kebimbangan yang semakin bertambah berhubung keselamatan pekerjaan, isi rumah berkemungkinan besar akan lebih berhemah dalam menguruskan bajet untuk makanan, mengurangkan item makanan mewah dan pada masa yang sama menggunakan lebih banyak makanan berpatutan. Memandangkan permintaan yang berkurangan, subsektor agromakanan dianggarkan akan berkembang pada pertumbuhan sederhana sebanyak 2.0%-3.0% pada 2020 (2019: 3.5%).

Dengan kemerosotan yang dijangkakan dalam segmen komoditi dalam keadaan pertumbuhan agromakanan yang sederhana, sektor pertanian dijunjur akan menguncup sebanyak -3.0% hingga -2.0% pada 2020 (2019: +2.0%). Namun begitu, sektor pertanian akan disokong oleh kemudahan bantuan khas (SRF) dan kemudahan Agromakanan BNM untuk PKS yang terkesan oleh wabak COVID-19. Permintaan terhadap komoditi dijangka akan pulih apabila penutupan dan penyekatan di seluruh dunia secara beransur-ansur dimansuhkan. PKP telah menyumbang kepada peningkatan ketara dalam perkhidmatan pesanan dalam talian untuk penghantaran makanan, menunjukkan peningkatan potensi dalam pemasaran dalam talian yang boleh diterima pakai secara meluas oleh sektor pertanian dalam keadaan arahan penjarakan sosial yang berterusan di bawah "kelaziman baharu". Dana automasi dan pendigitalan PKS juga telah diwujudkan oleh BNM untuk menggalakkan penggunaan teknologi dalam semua industri.

Prospek Perbankan pada 2020

Sistem perbankan memasuki 2020 daripada kedudukan kukuh dengan penyangga yang terkumpul selama bertahun-tahun. Sistem perbankan berdaya tahan untuk menempuh kesan wabak COVID-19, disokong oleh permodalan kukuh di mana nisbah modal adalah sebanyak 18.3% pada Dis 2019, dengan lebihan modal sebanyak RM119 bilion. Kadar rosot nilai kasar adalah rendah sebanyak 1.5% pada Dis 2019 manakala

Agriculture Sector Outlook in 2020

The growth in the agriculture sector turned negative in the fourth quarter of 2019 (4Q19: -5.7%) and the trend continued into 1Q20 (-8.7%). The decline in the agriculture sector in 1Q20 was mainly attributed to the plunge in palm oil subsector (-22.0%). Palm oil production has been affected by the lag effects of cutbacks in fertiliser usage during the low-price period in most of 2019. The MCO, which disrupted logistics and the movement of labour, has exacerbated the decline in CPO output. The commodities segment is projected to fall steeply in 2020 amid the dip in prices and exports as demand subsides due to the global health crisis.

Nonetheless, the agrofood segment has sustained positive growth of 3.7% in 1Q20 after expanding by 3.5% in 2019, supported by growth in food crops and livestock subsectors. The sustained uptrend in agrofood consumption amid a growing population has driven the steady growth in agrofood. In the 5-year period of 2015-2019, the agrofood subsector had risen at an average growth of 3.2% per annum. While agrofood demand from restaurants and hotels would be impacted by the MCO, this will be mostly offset by increasing household food preparation at home. With rising concerns on job security, households are likely to be prudent in food budgeting, cutting back on luxury food items while consuming more affordable food. In view of the softer demand, the agrofood subsector is estimated to grow at a modest 2.0%-3.0% growth in 2020 (2019: 3.5%).

With the anticipated decline in commodities segment amid modest agrofood growth, the agriculture sector is projected to contract by -3.0% to -2.0% in 2020 (2019: +2.0%). Nevertheless, the agriculture sector will be supported by BNM's SRF and Agrofood facility for SMEs affected by the COVID-19 outbreak. The demand for commodities is expected to recover as lockdowns across the world are gradually lifted. The MCO has led to a marked increase in demand for online food delivery services, revealing a rising potential in online marketing that can be widely adopted by the agriculture sector amid the on-going social distancing order under the "new normal". An SME automation and digitisation fund has also been set up by BNM to encourage the adoption of technology in all industries.



PERBINCANGAN DAN ANALISIS PENGURUSAN

MANAGEMENT DISCUSSION AND ANALYSIS

peruntuhan adalah sebanyak 126.4% daripada pinjaman dirosot nilai. Antara kebimbangan yang wujud adalah tahap pinjaman isi rumah yang meningkat sebanyak 82.7% daripada KDNK dan lebihan bekalan ruang pejabat dan kompleks beli belah.

Sebagai langkah untuk membendung COVID-19 daripada memberi kesan ke atas ekonomi domestik, sistem perbankan perlu menangani cabaran yang semakin hebat pada 2020. Dengan peningkatan kadar pengangguran dan masa yang sukar bagi perniagaan, pertumbuhan pembiayaan dijangka menyusut memandangkan bank-bank menolak risiko manakala kualiti aset akan mula meningkat perlahan. Tiga pengurangan dalam OPR berjumlah 100 mata asas untuk menyokong ekonomi akan mengakis margin keuntungan bank. Sementara itu, terdapat beberapa kos bagi bank walaupun moratorium pembiayaan selama 6 bulan bernilai RM100 bilion akan mengurangkan peningkatan kadar rosot nilai.

Ujian tekanan oleh BNM menunjukkan sistem perbankan boleh menahan kejutan ekonomi yang teruk daripada wabak virus dalam keadaan penyanga modal yang mencukupi. Namun begitu, bagi membantu PKS yang menghadapi kesukaran kewangan, Kemudahan Bantuan Khas (SRF sebanyak RM10 bilion) telah diwujudkan, berserta Kemudahan Agromakanan (RM1.0 bilion) dan geran untuk PKS mikro (RM2.1 bilion). Isi rumah dibantu menerusi pemberian tunai, potongan KWSP dan moratorium pembiayaan. Walaupun pertumbuhan kredit dijangka akan lemah apabila perniagaan dan sentimen pengguna menjunam, langkah-langkah yang diperkenalkan oleh kerajaan akan mengurangkan kemelesetan ekonomi akibat COVID-19 ke atas sistem perbankan. Pelonggaran PKP telah membolehkan perniagaan untuk dibuka semula dan ini akan membantu ekonomi dan sektor perbankan untuk kembali pulih.

ULASAN KEWANGAN AGROBANK 2019

Bagi tahun kewangan berakhir Disember 2019, Bank mencatat prestasi kukuh disumbangkan oleh bahagian Perbankan Perniagaan dan Runcit. Jumlah pendapatan bertambah sebanyak 6.7% kepada RM984.8 juta bagi tahun dalam kajian berbanding RM922.8 juta pada 2018 hasil peningkatan dalam pendapatan daripada pembiayaan, perkhidmatan berdasarkan fi dan pendapatan pelaburan.

Keuntungan operasi bagi tahun ini meningkat kepada RM230 juta, naik sebanyak 8.8% berbanding RM211.3 juta yang dicatat pada 2018. Ini membawa kepada Keuntungan Sebelum Cukai dan Zakat (PBTZ) yang lebih tinggi sebanyak RM205.4 juta, peningkatan sebanyak 8% pada 2019, berbanding RM190.3 juta pada tahun sebelumnya. Hasilnya, kami mencatat peningkatan keuntungan bersih sebanyak 10.8% kepada RM148.48 juta pada 2019 berbanding RM133.98 juta pada 2018.

Secara keseluruhan, Bank mencatat peningkatan dalam portfolio pembiayaannya sebanyak RM1.05 billion, dengan baki pembiayaan tidak berbayar sebanyak RM11.8 billion yang merupakan peningkatan sebanyak 9.8% daripada 2018. Oleh kerana dana merupakan teras kepada strategi perniagaan mapan bank, persaingan untuk segmen deposit semakin meningkat sepanjang beberapa tahun lalu. Bagi 2019, kami berjaya mengekalkan deposit daripada pelanggan sebanyak RM7.55 billion, turun sedikit sebanyak -0.8% daripada RM7.62 billion pada 2018.

Banking Outlook in 2020

The banking system entered 2020 from a position of strength with buffers built up over the years. The banking system has the resilience to face the impact of COVID-19 outbreak, supported by strong capitalisation whereby total capital ratio was at 18.3% in Dec 2019, with excess capital of RM119 billion. The gross impairment rate was at a low 1.5% in Dec 2019 while provisions were at 126.4% of impaired loans. Among the lingering concerns are the elevated household debt level at 82.7% of GDP and the oversupply in office space and shopping complex.

As measures to contain the COVID-19 impacted the domestic economy, the banking system has to confront the intensifying challenges in 2020. With the rise in unemployment rate and tough times for businesses, financing growth is expected to taper off as banks turn risk averse while asset quality would start to creep up. The three reductions in OPR totalling 100 basis points to support the economy would erode the net profit margins of banks. While the 6-month financing moratorium worth RM100 billion would mitigate the rise in impairment rate, there is some costs involved for banks.

Stress tests by BNM indicate that the banking system can withstand severe economic shocks of the virus outbreak amid sufficient capital buffers. Nonetheless, to assist SMEs that are facing financial difficulties, a Special Relief Facility (SRF of RM10 billion) has been set up, along with Agrofood Facility (RM1.0 billion) and grants for micro SMEs (RM2.1 billion). Households are assisted via cash handouts, EPF cuts and financing moratorium. While credit growth is expected to weaken as business and consumer sentiments dip, measures introduced by the government would mitigate the economic fallout of COVID-19 on the banking system. The easing in the MCO has allowed businesses to reopen and this will help the economy and the banking sector recover.

AGROBANK FINANCIAL REVIEW 2019

For the financial year ending December 2019, the Bank charted a strong performance driven by our Business and Retail Banking divisions. Total income grew by 6.7% to RM984.8 million for the year in review compared to RM922.8 million in 2018 arising from increase in income from financing, fee-based services and investment income.

Operating profit for the year increased to RM230 million, up by 8.8% compared to RM211.3 million charted in 2018. This led to a stronger Profit Before Tax and Zakat (PBTZ) of RM205.4 million, an increase of 8% in 2019, compared to RM190.3 million in the previous corresponding year. Consequently, we recorded an increased net profit by 10.8% to RM148.48 million in 2019 against RM133.98 million in 2018.

Overall, the Bank recorded an increase in its financing portfolio at RM1.05 billion, with a financing outstanding balance of RM11.8 billion which is an increase of 9.8% from 2018. As funding is core to the sustainable business strategy of a bank, competition for deposits have heightened over the past few years. For 2019, we managed to maintain deposits from customers at RM7.55 billion, marginally down by -0.8% from RM7.62 billion in 2018.

Jumlah aset kekal kukuh dengan peningkatan sebanyak 4.0% kepada RM16.9 bilion pada 2019 berbanding RM16.2 bilion pada 2018, mengukuhkan lagi kedudukan kewangan kami, yang disumbangkan oleh pertumbuhan dalam pembiayaan dan pendahuluan bersih. Walaupun nisbah pembiayaan dirosot nilai Bank meningkat sebanyak 4.4% pada 2019 berbanding 4.2% pada tahun sebelumnya, kualiti aset kekal stabil. Memandangkan volatiliti dan ketidaktentuan dalam landskap ekonomi, kami meningkatkan usaha untuk melindungi kualiti aset melalui langkah-langkah kawalan kredit dan risiko yang dipertingkatkan.

Perbelanjaan bagi tahun ini meningkat sebanyak 6.2% kepada RM468.9 juta pada 2019 berbanding RM441.2 juta pada tahun sebelumnya, disebabkan oleh peningkatan dalam perbelanjaan kakitangan dan aktiviti pemasaran.

ULASAN SEGMEN PERNIAGAAN 2019

Prestasi kewangan kami yang kukuh pada 2019 menjadi bukti kepada pematuhan kami terhadap Rancangan Perniagaan Strategik Bank 2016-2020 (SBP 2016-2020). Tumpuan kami terhadap pembiayaan, khidmat nasihat dan inisiatif pembangunan yang disasarkan kepada sektor pertanian termasuk agromakanan, pertanian utama dan komoditi telah membantu Bank untuk meningkatkan hasil dan pertumbuhan. Prestasi ini juga menggambarkan sedikit pemulihan dalam sektor pertanian pada 2019, yang naik sebanyak 1.8% daripada pertumbuhan minimum sebanyak 0.1% pada 2018.

Jumlah pembiayaan kasar bagi tahun ini adalah RM11.8 bilion, iaitu kenaikan sebanyak 9.8% berbanding 2018. Ini disumbangkan oleh pertumbuhan dalam pembiayaan kepada sektor berdasarkan pertanian yang bertambah sebanyak 13.0% manakala pembiayaan pertanian utama bertambah sebanyak 5.0%. Penguasaan pasaran Agrobank dalam pembiayaan kepada sektor berdasarkan pertanian bertambah sebanyak 19.0%. (mengatasi pertumbuhan industri perbankan dalam sektor ini -0.6%).

Total assets remained strong with an increase of 4.0% to RM16.9 billion in 2019 compared to RM16.2 billion in 2018, lending greater strength to our financial position, which was contributed by growth in net financing and advances. Despite an increase in the Bank's gross impaired financing ratio at 4.4% in 2019 compared to 4.2% in the previous year, asset quality remained stable. Given the increased volatility and uncertainty in the economic landscape, we increased efforts to preserve asset quality through heightened credit and risk control measures.

Expenses for the year rose by 6.2% to RM468.9 million in 2019 compared to RM441.2 million in the previous corresponding year, on the back of increased personnel and marketing expenses.

BUSINESS SEGMENT REVIEW 2019

Our strong financial performance for 2019 has been a testament of our adherence to the Bank's Strategic Business Plan 2016-2020 (SBP 2016-2020). Our focus on financing, advisory and developmental initiatives targeting the agricultural sector including agro-food, primary agriculture and commodities have helped the Bank to boost revenue and growth. The performance was also a reflection of the slight rebound witnessed in the agriculture sector in 2019, which rose by 1.8% from 0.1% growth in 2018.

Gross total financing for the year was at RM11.8 billion, up by 9.8% compared to 2018. This was led by growth in financing from the agro-based sector which grew by 13.0% while primary agriculture financing grew by 5.0%. Agrobank's share of financing to the agro-food sector grew by 19.0%, which was above the banking industry's growth in this sector which was at -0.6%.

Jumlah aset kekal kukuh dengan peningkatan sebanyak 4.0% kepada RM16.9 bilion pada 2019 berbanding RM16.2 bilion pada 2018, mengukuhkan lagi kedudukan kewangan kami, yang disumbangkan oleh pertumbuhan dalam pembiayaan dan pendahuluan bersih.

Total assets remained strong with an increase of 4.0% to RM16.9 billion in 2019 compared to RM16.2 billion in 2018, lending greater strength to our financial position, which was contributed by growth in net financing and advances.



PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS

“ Usaha-usaha perniagaan kami bagi tahun ini berpandukan pemahaman mendalam kami tentang potensi untuk pertumbuhan dan keperluan untuk menyokong bidang-bidang tertentu dalam sektor pertanian.

Our business efforts for the year were guided by our keen understanding of the potential for growth and need to support certain areas within the agriculture sector.



Usaha-usaha kami bagi tahun ini berpandukan pengetahuan dan pemahaman kami tentang potensi untuk pertumbuhan dan keperluan untuk menyokong sektor pertanian. Tumpuan utama dihalakan kepada usaha-usaha meningkatkan tahap sara diri produk pertanian dan produk berasaskan pertanian lain termasuk hasil tenuus, padi, agromakanan, perikanan dan daging. Kami meneruskan usaha yang disasarkan untuk meningkatkan taraf hidup komuniti pertanian, termasuklah menyokong usahawan tani dan memberi perkhidmatan kepada komuniti yang kurang dan tidak mendapat perhatian. Usaha-usaha ini diterajui oleh bahagian Perbankan Perniagaan dan Perbankan Runcit kami.

Perbankan Perniagaan

Bahagian Perbankan Perniagaan Agrobank mengawal selia keperluan kewangan pelanggan dari segi korporat dan komersial, memberi tumpuan khusus untuk menyediakan perkhidmatan kepada perusahaan kecil dan sederhana (PKS). Perkhidmatan utama yang disediakan di bawah bahagian ini antara lainnya termasuk pembiayaan, pembiayaan mikro dan pembiayaan perdagangan.

Perbankan Korporat dan Komersial

Bagi tahun dalam kajian, kami memantapkan peranan kami sebagai pemudah cara kewangan dalam pembangunan pertanian menerusi peruntukan pinjaman dan pendahuluan dalam sektor komoditi yang termasuk minyak sawit dan getah, serta buah-buahan dan sayur-sayuran, padi dan tanaman-tanaman berkenaan yang lain. Pinjaman dan pendahuluan kepada segmen ini mencatat nilai kelulusan pembiayaan sebanyak RM539.74 juta pada 2019. Kami juga meluaskan liputan kepada pelanggan-pelanggan baharu dalam sektor akuakultur dan perikanan, mencatat kelulusan dalam nilai pembiayaan sebanyak RM263.75 juta pada 2019, naik sebanyak 16.0%.

Our efforts for the year were guided by our knowledge and understanding of the potential for growth and need to support the agricultural sector. The main focus was steered towards efforts that aimed to improve food security through increasing SSL levels of agriculture and agro-based products which included dairy, paddy, agro-food, fisheries and meat. We continued with initiatives aimed at elevating the agricultural community which included supporting agropreneurs, and serving the needs of the unserved and underserved communities. These efforts were led primarily by our Business Banking and Retail Banking divisions.

Business Banking

Agrobank's Business Banking Division oversees the financial needs of customers from the corporate and commercial space, paying special focus to serving needs of large and small to medium-sized enterprises (SMEs). Lead services extended under this division includes financing, micro-financing and trade finance, among others.

Corporate and Commercial Banking

For the year in review, we solidified our role as a lead financial facilitator in agricultural developmental through the provision of loans and advances in the commodities sector which include palm oil and rubber, as well as fruits and vegetables, paddy and other relevant crops. Loans and advances to this segment charted an approval value in financing of RM539.74 million in 2019. We also reached out to new customers in the aquaculture and fishery sectors, charting an approval in financing value of RM263.75 million in 2019, up by 16.0%.

The Ministry of Agriculture and Food Industries (MOA) has also identified new sources of agricultural income from potential demand food sources such as durians, pineapples and coconuts, which are now enjoying a higher level of awareness and demand from global markets. Agrobank supports high-impact commercial-sized projects for these new sources of income under the 'Sumber Rezeki Baru' financing criteria. For 2019, the Bank was the lead financier of two sizeable 'Sumber Rezeki Baru' agriculture

Kementerian Pertanian dan Industri Makanan (MOA) juga telah mengenal pasti sumber-sumber baharu pendapatan pertanian daripada permintaan sumber-sumber makanan yang berpotensi seperti durian, nenas dan kelapa, yang kini semakin diberi perhatian dan mendapat permintaan daripada pasaran global. Agrobank menyokong projek-projek komersial berimpak tinggi untuk sumber pendapatan baharu ini di bawah kriteria pembiayaan 'Sumber Rezeki Baru'. Pada 2019, Bank merupakan pembiaya utama bagi dua projek pertanian 'Sumber Rezeki Baru' yang besar. Pembiayaan sehingga RM20.0 juta diberikan bagi tujuan pembangunan 1,300 ekar ladang durian di Lojing, Kelantan, manakala 5,000 ekar ladang nenas di Rompin, Pahang menerima pembiayaan sehingga RM41.6 juta.

Pembiayaan Mikro

Segmen pembiayaan mikro Bank di bawah Perbankan Perniagaan memenuhi keperluan PKS, usahawan tani mikro dan komuniti pertanian B40 dan menyediakan serangkaian pembiayaan antara RM1,000 hingga RM50,000. Bagi tahun 2019, kami berusaha meningkatkan penggunaan program pembiayaan untuk memaksimumkan potensi beberapa komoditi utama, tanaman dan pengeluaran makanan ruji menerusi kerjasama strategik dengan agensi-agensi kerajaan dan para pelanggan komersial dan korporat Bank. Kerjasama kami pada tahun ini termasuk:

- Lembaga Perindustrian Nanas Malaysia (LPNM) dan Syarikat Kulim Berhad di Mersing, Johor untuk menyediakan pembiayaan kepada peserta-peserta di bawah inisiatif penanaman kluster nenas MD2, dengan pembiayaan sebanyak RM50,000 untuk setiap peserta
- Persatuan Padang Ragut Air Suda, Gerik Perak untuk projek ruminan dengan pembiayaan bernilai RM30,000 untuk setiap peserta
- Pembiayaan program dengan pemegang francais MDFood Sdn Bhd di bawah 'Putu Bambu World' dengan pembiayaan sebanyak RM50,000 untuk setiap peserta
- Projek Transformasi Luar Bandar (RTP) di bawah Kerajaan Sarawak bagi membiayai kontraktor tanah pertanian untuk apa-apa jenis perkhidmatan awam dengan amaun pembiayaan maksimum sebanyak RM250,000
- RISDA Livestock Sdn Bhd untuk pembiayaan di bawah sektor ruminan dengan jumlah maksimum RM250,000 kepada para peserta RISDA
- NASMADI Venture Sdn Bhd untuk projek ternakan ayam dengan amaun pembiayaan maksimum sebanyak RM250,000 untuk setiap peserta



projects. Financing of up to RM20.0 million was extended for the development of a 1,300 acres durian plantation in Lojing, Kelantan, while a 5,000 acres pineapple plantation in Rompin, Pahang received financing of up to RM41.6 million.

Micro-financing

The Bank's micro-financing segment under Business Banking caters to SMEs, micro agro entrepreneurs and agro B40 community and provides a range of financing between RM1,000 to RM50,000. For 2019, we sought to increase the utilisation of the financing programmes to maximise the potential of several leading commodities, crop and food staple production through strategic cooperation with government agencies and the Bank's existing commercial and corporate customers. Our collaborations for the year included:

- Lembaga Perindustrian Nanas Malaysia (LPNM) and Syarikat Kulim Berhad in Mersing, Johor to cater financing for participants under the MD2 pineapple cluster planting initiative, awarding financing of RM50,000 per participant
- Persatuan Padang Ragut Air Suda, Gerik Perak for a ruminant project with financing value of RM30,000 per participant
- Programme financing with MDFood Sdn Bhd franchisee under the 'Putu Bambu World' with financing of RM50,000 per participant
- Rural Transformation Project (RTP) under the Sarawak Government to finance contractors under agricultural land for any civil services with maximum financing amount of RM250,000
- RISDA Livestock Sdn Bhd for financing under the ruminant sector with maximum of RM250,000 for RISDA participants
- NASMADI Venture Sdn Bhd for a poultry project with maximum financing amount of RM250,000 per participant

PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS

Bagi menyediakan akses lebih baik dan cekap, Bank menubuhkan empat 'pusat setempat' untuk kemudahan kredit padi di Tanjung Karang, Selangor; Kg Gajah, Perak; Pasir Puteh, Kelantan; dan Guar Chempedak, Kedah. Pusat-pusat ini disasarkan untuk menyediakan keperluan kemudahan pembiayaan kepada semua pesawah padi bagi pengeluaran padi di jelapang utama negara.

Kami juga bekerjasama dengan Persatuan Nelayan Kebangsaan (NEKMAT) bagi program pembiayaan mikro Agro Nisaa-i untuk membantu mereka dalam perniagaan pertanian. Ini adalah sebahagian daripada program kami yang dibuat khusus untuk menggalak dan menyokong usahawanita mengambil bahagian dalam perniagaan pertanian dan berasaskan pertanian.

Pembiayaan Perdagangan

Kemudahan pembiayaan perdagangan yang menyokong aktiviti-aktiviti berkaitan perdagangan seperti kemudahan pusingan jangka pendek untuk modal kerja, Surat Kredit-i, Resit Amanah Murabahah, dan Jaminan Bank-i, serta kemudahan pembiayaan jangka pendek dengan harga kompetitif dilaksanakan dengan begitu baik pada 2019 – yang terbaik sejak pengenalan pada 2013. Bagi tahun dalam kajian, jumlah baki melonjak kepada RM1.3 bilion pada akhir 2019, peningkatan sebanyak 27.1% atau RM277.2 juta berbanding tempoh yang sama pada 2018. Hasil meningkat kepada hampir RM50.8 juta, naik sebanyak 23.24% berbanding 2018.

Bagi tahun ini, kami memperluaskan sokongan dengan menempatkan Pengurus Perhubungan Jualan Perdagangan (TSRM) di peringkat wilayah untuk memberi penyelesaian dan khidmat nasihat berkaitan perdagangan, serta sentiasa berada di dalam lingkungan pelanggan untuk lebih memahami keperluan mereka.

Perbankan Runcit

Perbankan Runcit menyediakan serangkaian lengkap produk dan perkhidmatan kewangan bagi membantu pelanggan kami menguruskan kewangan dengan lebih baik, menyimpan dan melabur untuk masa depan. Penawaran kami antara lainnya termasuk AgroCash-i (pembiayaan peribadi), Hartani-i (pembiayaan pembelian tanah), Ar-Rahnu (pajak gadai emas) dan Agro Home Financing-i (pembiayaan rumah). Dalam segmen Perbankan Runcit, kami mengembangkan program-program ternama kami seperti Agrocash-i, Hartani-i dan Ar-Rahnu serta membangunkan program jualan silang untuk meningkatkan deposit kami.

Pembiayaan

Dalam usaha untuk memastikan lebih ramai pelanggan mempunyai akses kepada pilihan pembiayaan berkenaan demi keperluan mereka, kami mengembangkan capaian kepada segmen sasaran melalui pelbagai promosi. Akses kepada tunai jangka pendek dengan kadar promosi menerusi Agrocash-i turut disediakan kepada kakitangan awam daripada kementerian terpilih termasuk Kementerian Pertanian & Industri Makanan (MOA), Kementerian Kesihatan (MOH), Kementerian Dalam Negeri (MOHA), Kementerian Pendidikan (MOE) dan Kementerian Pembangunan Luar Bandar, dan promosi ini turut ditawarkan semasa tempoh perayaan-perayaan utama di Malaysia dengan jumlah pengeluaran pembiayaan sebanyak RM1,484.72 juta yang dicapai pada tahun 2019.



In order to provide better and more efficient access, the Bank established four 'one-stop-centres' for paddy credit facilities in Tanjung Karang, Selangor; Kg Gajah, Perak; Pasir Puteh, Kelantan; and Guar Chempedak, Kedah. These one-stop-centres are aimed at catering to all paddy farmers' requirements in financing facilities for paddy production in national main granaries.

We also collaborated with the National Fishermen's Association (NEKMAT) on Agro Nisaa-i microfinancing programme to aid wives of fishermen to help them in their agri-business. This is part of our specially tailored programmes to encourage and support women entrepreneurs to participate in the agriculture and agro-based businesses.

Trade Finance

Trade finance facilities which support trade related activities such as short term revolving facility for working capital, Letter of Credit-i, Murabahah Trust Receipt, and Bank Guarantee-i, as well as competitively priced short-term financing facilities, performed very well in 2019 – the best since its inception in 2013. For the year in review, outstanding balance surged to RM1.298 billion as at end 2019, an increase of 27.14% or RM277.16 million against the same corresponding period of 2018. Revenue rose to close at RM50.81 million, up by 23.24% compared to 2018.

For the year, we expanded support by deploying Trade Sales Relationship Managers (TSRM) at the regional level to provide trade solutions and advisory, as well as to be on ground to understand the needs of our customers further.

Retail Banking

Retail Banking provides a full range of financial products and services to help our customers better manage their finance, save and invest for the future. Our offerings include AgroCash-i (personal financing), Hartani-i (land purchase financing), Ar-Rahnu (gold pawning) and Agro Home Financing-i (home financing), among others. On the Retail Banking front, we expanded the depth and breadth of our programmes such as the Agrocash-i, Hartani-i and Ar-Rahnu as well as developed cross-selling programmes to increase our deposits.

Untuk pelanggan yang menjana pendapatan daripada aktiviti pertanian, pelbagai promosi ditawarkan di bawah Hartani-i, satu kemudahan pembiayaan tanah pertanian yang dibangunkan untuk membantu pemain industri pertanian dalam meningkatkan dan mengembangkan perniagaan mereka melalui pembelian tanah pertanian. Ini termasuk menggunakan laman sesawang Agrobank sebagai platform untuk tujuan demonstrasi dan mempromosi tanah-tanah yang tersedia untuk lelongan oleh Bank kepada pelanggan-pelanggan berpotensi dan mencapai jumlah pengeluaran pembayaran sebanyak RM102.17 juta pada 2019.

Kami turut meningkatkan program pengekalan pelanggan bagi kemudahan Ar-Rahnu iaitu kemudahan pajak gadai Islam jangka pendek yang menyediakan tunai segera dengan menerima barang emas sebagai cagaran. Pada 2019, kami melaksanakan program-program pengekalan pelanggan yang disasarkan untuk melanjutkan tarikh matang dan meneruskan skim sama dengan cara memberi ganjaran kepada kesetiaan pelanggan kami dengan pemberian Wafer Emas (5 gram hingga 20 gram) serta melalui penyertaan dalam pelbagai peraduan. Secara keseluruhannya, jumlah baki Ar-Rahnu pada 2019 adalah RM352.92 juta dengan jumlah pertumbuhan sebanyak RM57.52 juta berbanding 2018.

Deposit

Bank-bank di Malaysia mempergiatkan persaingan mereka dalam segmen deposit kos rendah. Pada 2019, Agrobank meneruskan fasa kedua kempen 'Kita-Kita Aje' (KKA2) berikutan kejayaan kempen fasa pertama (KKA1) pada 2018. Melalui kempen KKA2, kami mengekalkan pendeposit, khususnya daripada program deposit kos rendah AgroPrimaS, dan mengekalkan RM131 juta baki deposit yang diperoleh daripada KKA1 sementara menambah jumlah baki deposit kepada RM170 juta pada akhir 2019.

Masa yang terbaik untuk memupuk tabiat menabung adalah ketika seseorang itu masih kecil. Bagi tujuan ini kami menyusun program simpanan muda dipanggil 'Bank at School' (BAS) yang mendidik pelajar sekolah tentang faedah menabung. BAS merupakan program permulaan di SMK Seri Hartamas Kuala Lumpur yang terbukti berjaya dengan beberapa modul menarik

Financing

In our efforts to ensure more customers have access to relevant financing options for their needs, we reached out to our target segments through various promotional efforts. Access to short-term cash with promotional rates via Agrocash-i was extended to various civil servants from select ministries including MOA, Ministry of Health (MOH), Ministry of Home Affairs (MOHA), Ministry of Education (MOE) and Ministry of Rural Development, as well as during Malaysia's main festive periods with a total disbursement value in financing of RM1,484.72 million achieved in 2019.

For customers who derive income from agriculture activities, various promotions were offered under Hartani-i, an agriculture land financing facility designed to support agri-players to develop and grow their agriculture business by purchasing agriculture land. This included using the Agrobank website as a platform to showcase and promote lands available for auction by the Bank to potential customers, and achieved a disbursement value in financing of RM102.17 million in 2019.

We elevated our customer retention programme for the Ar-Rahnu facility which is a short-term Islamic pawnbroking facility that provides instant cash by accepting gold items as collateral. For 2019, we implemented customer retention programmes that aimed at extending the maturity date and continuing with the scheme through rewarding our customers' loyalty with Gold Wafer (5 grams to 20 grams) as well as through participation in various contests. Overall, the Ar-Rahnu outstanding balance as at 2019 closed at RM352.92 million with total growth of RM57.52 million as compared against 2018.

Deposits

Competition for low-cost deposits intensified across all banks in Malaysia. In 2019, Agrobank continued with phase two of the successful 'Kita-Kita Aje' campaign (KKA2) following the success of the first phase (KKA1) campaign in 2018. Through the KKA2 campaign, we retained depositors, especially from the low-cost deposit programme, AgroPrimaS, and maintained RM131 million deposit balance that was obtained from KKA1 while growing total deposit balance to RM170 million by end 2019.

“ Bank-bank di Malaysia mempergiatkan persaingan mereka dalam segmen deposit kos rendah. Pada 2019, Agrobank meneruskan fasa kedua kempen ‘Kita-Kita Aje’ berikutan kejayaan kempen fasa pertama pada 2018.

Competition for low-cost deposits intensified across all banks in Malaysia. In 2019, Agrobank continued with phase 2 of the successful 'Kita-Kita Aje' campaign following the success of the first phase campaign in 2018.



PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS

“ Sempena ulang tahun ke-50 Agrobank, program promosi istimewa telah diperkenalkan untuk meraikan sambutan jubli emas ini. Ia termasuk pengenalan edisi terhad Kad Debit-i yang menawarkan hadiah-hadiah istimewa dan pada masa yang sama mempromosi penggunaan kad debit seiring dengan agenda BNM untuk menggalakkan transaksi tanpa tunai.

In conjunction with Agrobank's 50th year anniversary, special promotional programmes were developed to commemorate and celebrate the golden jubilee. This included the introduction of a limited edition Debit card-i which offered special prizes while promoting debit card usage in line with BNM's agenda to promote cashless transactions.

termasuk modul permainan mengenai peranan perbankan. Program permulaan ini mendapat maklum balas yang positif dan kami akan meneruskannya di lebih banyak sekolah di masa akan datang. Selain dari sekolah, kami juga bekerjasama dengan beberapa komuniti masjid untuk menawarkan deposit kos rendah.

Bancatakaful

Bagi menggalakkan keterangkuman kewangan, Bank sentiasa berusaha memastikan para pelanggannya mendapat akses kepada skim perlindungan pada kadar yang mampu. Kami mempunyai serangkaian skim perlindungan yang antara lainnya termasuk Agro Bestari-i, Agro Nurani, Agro Mabrur-i, and Agro Madani.

Pada 2019, kami memperkenalkan satu skim perlindungan baharu Takaful Idaman yang menggabungkan perlindungan dengan simpanan. Daripada skim baharu ini, Bank mengeluarkan 249,504 polisi berjumlah sehingga RM10.37 juta bagi tahun ini, naik sebanyak 26.0% berbanding TK2018.

Penawaran Berasaskan Fi

Sempena ulang tahun ke-50 Agrobank, program promosi istimewa telah diperkenalkan untuk meraikan sambutan jubli emas ini. Ia termasuk pengenalan edisi terhad Kad Debit-i yang menawarkan hadiah-hadiah istimewa dan pada masa yang sama mempromosi penggunaan kad debit seiring dengan agenda BNM untuk menggalakkan transaksi tanpa tunai. Bersama-sama dengan promosi lain yang dijalankan pada 2019 untuk menggalakkan lebih banyak penggunaan Kad Debit-i seperti kempen 'Get Extra Miles' dan 'Jom Belanja & Menang', penggunaan kad debit telah meningkat sebanyak 23.05%. Jadual di bawah menunjukkan perbelanjaan purata pelanggan sebelum dan sepanjang kempen:

Prestasi Pendapatan Fi Kad Debit/Debit Card Fee Income Performance

Butiran Details	Pendapatan (RM) sebulan Income (RM) per month
Purata prestasi tanpa kempen Jan-Ogos '19 <i>Average performance without campaign Jan-Aug '19</i>	12,084.04
Purata prestasi dengan kempen Sep-Dis '19 <i>Average performance with campaign Sept-Dec '19</i>	14,869.98
Penambahan (%) <i>Increase %</i>	23.05%

Inculcating the habit of savings is best done during the formative years when one is young. We structured a junior savings programme called 'Bank at School' (BAS) which teaches school children the value of saving. The BAS was successfully conducted as a pilot programme at SMK Seri Hartamas Kuala Lumpur with a few attractive modules including a banking role play module. With the good feedback we received from the pilot programme, we will be offering it to more schools moving forward. Apart from working with schools, we also collaborated with several mosque communities to offer low-cost deposits.

Bancatakaful

Towards its aim of fostering greater financial inclusion, the Bank seeks to ensure that customers have access to protection schemes at affordable rates. We have in place a range of protection schemes including Agro Bestari-i, Agro Nurani, Agro Mabrur-i, and Agro Madani, among others.

In 2019, we introduced a new protection scheme Takaful Idaman with bundles protection with savings. Together with this new scheme, the Bank issued a total of 249,504 policies amounting to RM10.37 million for the year in review, up by 26.0% compared to FY2018.

Fee-based Offerings

In conjunction with Agrobank's 50th year anniversary, special promotional programmes were developed to commemorate and celebrate the golden jubilee. This included the introduction of a limited edition Debit card-i which offered special prizes while promoting debit card usage in line with BNM's agenda to promote cashless transactions. Together with other promotions carried out in 2019 to foster greater use of Debit card-i such as the 'Get Extra Miles' and 'Jom Belanja & Menang' campaigns, debit card usage increased by 23.05%. The table below highlights Bank's average income per month before and during the campaign:

Perbankan Transaksi dan Perkhidmatan e-Pembayaran

Perbankan Transaksi terus mencatat prestasi kukuh hasil usaha-usaha berterusan kami dalam mengembangkan pusat transaksi pelanggan dan meningkatkan penggunaan perkhidmatan e-pembayaran sebagai sebahagian agenda BNM untuk membina masyarakat tanpa tunai. Hasrat ini disokong oleh rangkaian luas kami sebanyak 192 pusat transaksi yang terdiri dari cawangan, pusat pembiayaan komersial, kiosk, Sudut Agro dan Pusat Agro; 389 terminal kendiri; serta 1,197 rangkaian perbankan AGROAgent yang memberi perkhidmatan kepada kawasan luar bandar dan bandar di seluruh negara.

Bagi tahun dalam kajian, kami mengembangkan rangkaian Ejen Perbankan dengan menambah 207 ejen baharu dan memperkenalkan beberapa ciri nilai tambah bagi perkhidmatan sebagai pusat transaksi utama bank untuk kawasan-kawasan yang kurang mendapat perhatian. Pada akhir 2019 rangkaian Ejen Perbankan adalah sebanyak 1,197, meliputi sekira 52.0% daripada kawasan luar bandar dan terpinggir (mukim) berdasarkan senarai daripada BNM. Jumlah transaksi melalui rangkaian Ejen Perbankan bertambah 36.96% kepada 541,728 transaksi dengan jumlah nilai sebanyak RM23.6 juta pada 2019, manakala jumlah transaksi terkumpul yang dijalankan melalui ejen di seluruh negara mencapai 2.2 juta bilangan transaksi yang dinilai melebihi RM100 juta.

Hasil daripada program-program sokongan untuk meningkatkan kesedaran dan pengetahuan tentang kemudahan penggunaan terminal layan diri, kami menyaksikan peralihan yang memberangsangkan daripada penggunaan kaunter kepada terminal layan diri pada tahun ini, dibantu oleh keyakinan dalam langkah-langkah keselamatan yang telah ditambah baik dan kebolehpercayaan perkhidmatan kami. Bank mencatat peningkatan sebanyak 16.0% kepada RM6.1 juta dalam pendapatan fi daripada MEP dan perkhidmatan isian semula prabayar.

Kami juga mempergiatkan penggunaan perkhidmatan pengurusan tunai, yang membawa kepada pertumbuhan asas pelanggan sebanyak 43.0% kepada 10,096 syarikat berdaftar, menghasilkan lebih 524,000 transaksi bernilai RM2.2 bilion pada 2019. Ini mewakili 50.0% peningkatan dalam bilangan transaksi dan 143.0% peningkatan dalam nilai transaksi berbanding 2018. Sehubungan itu, pendapatan fi meningkat sebanyak 8.5% pada 2019 kepada RM263,000 berbanding tahun kewangan sebelumnya.

Hasil daripada usaha kami untuk meningkatkan infrastruktur e-pembayaran Agrobank, kami menyaksikan peralihan pantas pelanggan kepada platform e-pembayaran. Asas pelanggan bagi Perbankan Internet Runcit AGRONet bertambah 24.0% kepada 142,701 pengguna berdaftar pada akhir 2019. Jumlah bilangan transaksi meningkat sebanyak 56.6% kepada 1.8 juta transaksi bernilai RM972 juta, naik sebanyak 34.3% daripada 2018.

Segmen perniagaan kad juga mencatat pertumbuhan kukuh hasil pendapatan lebih tinggi daripada pengeluaran kad debit dan fi penyelenggaraan dengan jumlah asas kad sebanyak 947,562 pemegang kad debit pada akhir 2019. Penggunaan kad debit bagi pembelian runcit dan dalam talian terus menunjukkan pertumbuhan positif dengan peningkatan sebanyak 54.0% pada 2019 kepada 823,284 transaksi bernilai RM120 juta.

Transaction Banking and e-Payment Services

Transaction Banking continued to chart strong performance as a result of our ongoing efforts to expand customer touchpoints and increase utilisation of e-payment services as part of BNM's agenda to foster a cashless society. Supporting this intentions are our wide network of 192 customer touchpoints that comprise branches, commercial financing centres, kiosks, Agro Corners and Agro Points; 389 self-service terminals; as well as 1,197 AGROAgent banking network serving rural and urban areas nationwide.

For the year in review, we expanded the AGROAgent banking network by an addition of 207 new agents and introduced several value-added features of the service as the bank's primary touchpoint for the underserved areas. As at end 2019, our Agrobank Agent banking network stands at 1,197, covering around 52.0% of the underserved areas (mukims) based on BNM's listing. Total transactions via the AGROAgent network grew 36.96% to 541,728 transactions with total value of RM23.6 million in 2019, while total accumulated transactions nationwide reached to 2.2 million number of transactions valued over RM100 million.

Arising from our advocacy programmes to raise awareness and educate on the ease of using self-service terminals, we saw a good rate of migration from counter to self-service terminals during the year, buoyed by confidence in improved security measures and reliability of service. The Bank recorded an increase of 16.0% to RM6.11 million in fee income from MEPs and Prepaid reload services.

We also intensified utilisation of cash management services, resulting in a growth in customer base by 43.0% to 10,096 registered companies, generating over 524,000 transactions worth RM2.2 billion in 2019. This represented a 50.0% increase in number of transactions and 143.0% increase in transaction value compared to 2018. Consequently, fee income increased by 8.5% in 2019 to RM263,000 as compared to the previous financial year.

Arising from our efforts to enhance the Agrobank e-payment infrastructure, we saw rapid migration of customers to e-payment platforms. The customer base for AGRONet Retail Internet Banking grew 24.0% to 142,701 registered users by end of 2019. Total number of transactions grew by 56.6% to 1.8 million transactions worth RM972 million, up by 34.3% from 2018.

The card business segment also registered strong growth on the back of higher earnings from debit card issuance and maintenance fee with a total card base at 947,562 debit cardholders as at 31 December 2019. Usage of debit card for retail and online purchases continue to show positive growth with an increase of 54.0% in 2019 to 823,284 transactions valued at RM120 million.

We leverage on technology to help our customers conduct financial transactions remotely. In 2019, Agrobank undertook to develop its mobile banking platform and successfully launched it in January 2020. We see this as a culmination of our aim to enable our customers to have access to banking services anywhere, anytime and at their fingertips.

PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS



Kami memanfaatkan teknologi untuk membantu para pelanggan kami membuat transaksi dari jauh. Pada 2019, Agrobank mula membangunkan platform perbankan mudah alihnya dan telah melancarkannya pada Januari 2020. Bagi kami ini adalah kejayaan matlamat kami untuk membolehkan pelanggan kami mendapat akses kepada perkhidmatan perbankan di mana-mana sahaja, bila-bila masa di hujung jari mereka.

MENCINTA NILAI UNTUK JANGKA PANJANG

Memantapkan Kerjasama

Dalam kami meraikan 50 tahun kejayaan menyokong pembangunan sektor pertanian, kami dengan rendah hati menghargai perhubungan erat yang terbina, bukan sahaja dengan para pelanggan kami tetapi juga dengan komuniti dan pemegang taruh lain. Pada tahun ini, kami menjalin perhubungan baharu dan mengukuhkan kerjasama sedia ada dengan agensi-agensi kerajaan yang berkenaan untuk meneruskan program pertanian dan program berkaitan komuniti. Badan-badan industri pertanian ini termasuk Lembaga Perindustrian Nanas Malaysia (LPNM), Projek Transformasi Luar Bandar kerajaan Sarawak (RTP), Lembaga Kemajuan Pekebun Kecil getah (RISDA), Persatuan Peladang Kebangsaan (NAFAS) juga dikenali sebagai Pertubuhan Peladang Kawasan (PPK) dan BERNAS. Kami juga memeterai kerjasama strategik dengan PETRONAS untuk memperkasa golongan B40 dalam industri pertanian dan berasaskan pertanian. Di bawah perkongsian ini, PETRONAS akan menyediakan pelaburan RM100 juta untuk menyokong program pembiayaan mikro sedia ada dan baharu di bawah kendalian Agrobank.

Kerjasama ini penting kerana ia membolehkan kami meluaskan capaian kepada segmen-segmen yang berpotensi untuk berkembang bagi sektor pertanian, serta memberi perkhidmatan kepada komuniti yang tidak dan kurang mendapat perhatian khususnya di kawasan luar bandar.

Bank juga mengambil bahagian dalam acara dan pameran berkaitan sebagai usaha untuk mendekati komuniti pertanian yang disasarkan. Kami menempatkan bank 'mini' semasa Hari Peladang, Penternak Dan Nelayan Kebangsaan 2019 yang meraikan sumbangan petani, penternak dan nelayan yang merupakan nadi utama bekalan makanan negara. Di samping itu juga, para pengunjung pameran berpeluang membuat pelbagai aktiviti perbankan di gerai Agrobank termasuk membuka akaun, membayar bil dan hal-hal perbankan lain, dan pada masa yang sama memperolehi maklumat tentang bagaimana Agrobank boleh membantu dalam kegiatan penanaman dan pertanian mereka.

CREATING VALUE FOR THE LONG-TERM

Solidifying Collaborations

As we commemorate our 50 years of success supporting the development of the agriculture sector, we are humbled to count upon the strong and trusted relationships that have been built, not just with our customers but also with our communities and the other stakeholders that we serve. For the year in review, we forged new relationships and strengthened existing collaborations with relevant government agencies to further drive agriculture and community related programmes. These agro-industry bodies include Lembaga Perindustrian Nanas Malaysia (LPNM), Sarawak government's Rural Transformation Project (RTP), Rubber Industry Smallholders Development Authority (RISDA), National Farmers' Association (NAFAS) also known as the Pertubuhan Peladang Kawasan (PPK) and BERNAS. We also embarked on a strategic partnership with PETRONAS to empower the B40 group in agriculture and agro-based industries. Under this partnership, PETRONAS will provide RM100 million in investment to support current and new micro-financing programmes under the auspices of Agrobank.

These collaborations are imperative as they allow us to expand our reach to potential growth segments of the agriculture sectors, as well as serve the unserved and underserved communities, especially in the rural areas.

The Bank also participated in relevant events and exhibitions in our effort to reach further to the relevant agriculture communities. We set up a 'mini' bank during the Hari Peladang, Penternak Dan Nelayan Kebangsaan 2019 which celebrated the contributions of farmers, breeders and fishermen who are major contributors to the nation's food supply. Visitors could conduct banking activities at the Agrobank booth including account opening, billing and other banking matters, while gaining more understanding about how Agrobank can help them in their farming and agriculture activities.

Strengthening Entrepreneur and Thought Leadership

Ultimately, the mark of success is how our agropreneurs develop themselves, grow their business and contribute to the industry and the community. At Agrobank, we acknowledge those accomplishments through our annual Agrobank Agropreneur Awards (AAA), a showcase event that recognises entrepreneurs who have demonstrated outstanding excellence in developing their agri-business. In 2019, we were proud to announce seven entrepreneurs in the agri-business who had shown great commitment and success in advancing the agriculture industry.

Mengukuhkan Kepimpinan Usahawan dan Berpemikiran

Penanda aras kejayaan kami diukur dengan melihat pencapaian usahawan tani dalam memajukan diri, mengembangkan perniagaan mereka seterusnya menyumbang kepada pembangunan industri dan komuniti setempat. Di Agrobank, kami mengiktiraf segala pencapaian ini melalui Anugerah Agropreneur Agrobank (AAA) tahunan, satu acara yang diadakan untuk mengiktiraf kecemerlangan usahawan-usahawan tani dalam membangunkan perniagaan pertanian mereka. Bagi 2019, kami berbangga mengumumkan tujuh usahawan dalam perniagaan pertanian yang telah menunjukkan komitmen tinggi dan kejayaan dalam memajukan industri pertanian.

Sebagai peneraju kewangan dengan pemahaman mendalam tentang sektor pertanian, kami berusaha berkongsi pandangan dan menggalakkan pengetahuan dan pemikiran mapan dalam amalan pertanian menerusi aktiviti berunsurkan kepimpinan berpemikiran. Kami menganjurkan siri bual bicara yang dipanggil AgroAgenda yang membincangkan prospek dan peluang dalam pelbagai industri pertanian dan berdasarkan pertanian. Bagi tahun dalam kajian, kami mengadakan tiga bicara AgroAgenda iaitu di Terengganu, Melaka dan Sarawak.

Bank turut menganjurkan forum Dialog Niaga yang membincangkan topik-topik penting yang memberi impak kepada sektor pertanian seperti keperluan untuk mengukuhkan ekonomi dan menjana kekayaan melalui perniagaan tani. Forum ini dihadiri oleh pembuat dasar ternama, usahawan tani, agensi kerajaan dan swasta, ahli akademik dan pemain industri yang berkaitan dengan pertanian dan berdasarkan pertanian.

Membangunkan & Memperkasakan Warga Kerja Kami

Warga kerja kami memainkan peranan penting dalam melaksanakan strategi Bank sejarah dengan Visi baharu 'Memperkasakan Pertanian Menjangkaui Perbankan'. Mereka membawa perbezaan penting kepada kejayaan kami. Kami bangga dengan warga kerja Agrobank yang mempunyai matlamat jelas dalam tugasannya harian

As a financial leader with a keen understanding of the agriculture sector, we seek to share insights and promote knowledge and sustainable thinking in agriculture practices through thought leadership activities. We organised a series of talks called AgroAgenda which discusses prospects and opportunities in the various agriculture and agro-based industries. For the year in review, we held three AgroAgenda talks across Terengganu, Melaka and Sarawak.

The Bank also organised the Dialog Niaga forum which discusses important topics impacting the agriculture sector such as the need to strengthen the economy and create wealth through agri-business. This forum was attended by notable policy makers, agro-entrepreneurs, government and private agencies, academics and industry players related to the agriculture and agro-based industries.

Investing in Our People

Our people play the crucial role to execute the Bank's strategies which are aligned to the overarching new Vision of 'Advancing Agriculture Beyond Banking'. They make a critical difference to our success. We are proud that our Agrobankers have a deep sense of purpose in what they do with a real commitment to teamwork and professional excellence. Their contributions are a reflection of the PATRIOT values that stand for Professionalism, Attitude, Teamwork, Respect, Integrity, Open Communication and Timeliness. As we embark on our renewed Vision, we looked at efforts to ensure that our people will be fit-for-future through the right skills and capabilities that incorporate agility, productivity and innovation.

We have embarked on a long-term plan to enable and empower our people with the right tools and skillsets to be ready as agents of change and partners of growth in our journey ahead. Our investment in learning and development for 2019 was RM7.27 million, above the 0.37% statutory training expenditure required by BNM.

“ Warga kerja kami memainkan peranan penting dalam melaksanakan strategi Bank sejarah dengan Visi baharu ‘Memperkasakan Pertanian Menjangkaui Perbankan’. Mereka membawa perbezaan penting kepada kejayaan kami. Kami bangga dengan warga kerja Agrobank yang mempunyai matlamat jelas dalam tugasannya harian mereka dan dipacu pula dengan komitmen tinggi terhadap kerja berpasukan dan kecemerlangan kerja.

Our people play the crucial role to execute the Bank's strategies which are aligned to the overarching new Vision of 'Advancing Agriculture Beyond Banking'. They make a critical difference to our success. We are proud that our Agrobankers have a deep sense of purpose in what they do with a real commitment to teamwork and professional excellence.



PERBINCANGAN DAN ANALISIS PENGURUSAN MANAGEMENT DISCUSSION AND ANALYSIS

“ Meningkatkan nilai di Agrobank dan membina kemampunan jangka panjang bererti menghasilkan impak positif kepada komuniti, khususnya segmen komuniti yang tidak dan kurang mendapat perhatian di Malaysia menerusi pemberian zakat, penajaan, kerja-kerja sukarela dan derma. Pada 2019, kami menganjurkan beberapa inisiatif untuk membantu komuniti yang memerlukan.

Enhancing value at Agrobank and building long-term sustainability means leaving a positive impact on the communities, especially the underprivileged and marginalised segments of society in Malaysia through zakat, sponsorships, volunteerism and donation. In 2019, we organised several initiatives to reach out to these deserving communities.

mereka dan dipacu pula dengan komitmen tinggi terhadap kerja berpasukan dan kecemerlangan kerja. Sumbangan mereka ini adalah refleksi terhadap nilai-nilai PATRIOT yang membawa maksud Profesionalisme (Professionalism), Sikap (Attitude), Kerja Berpasukan (Teamwork), Hormat (Respect), Integriti (Integrity), Komunikasi Terbuka (Open Communication) dan Ketepatan Masa (Timeliness). Tatkala kami melangkah dengan Visi baharu, kami berusaha untuk memastikan warga kerja kami bersedia untuk menghadapi masa depan dengan kemahiran dan keupayaan yang bersesuaian merangkumi kesediaan, produktiviti dan inovasi.

Kami telah memulakan rancangan jangka panjang untuk membolehkan kami memperkasakan warga kerja kami dengan kaedah dan kemahiran agar bersedia menjadi ejen perubahan dan rakan pertumbuhan dalam perjalanan kami seterusnya. Jumlah pelaburan untuk pembangunan dan latihan bagi 2019 adalah sebanyak RM7.27 juta, melebihi 0.37% daripada perbelanjaan latihan berkanun yang ditetapkan oleh BNM.

Kami memanfaatkan potensi dan menghubungkan kemahiran mereka pada setiap fasa perjalanan kerjaya mereka melalui program seperti Program Bakat Muda yang mengenal pasti warga kerja berpotensi untuk dipersiapkan dengan kemahiran berkaitan dan pada masa yang sama memantapkan kemahiran kepimpinan mereka; Program Pembangunan Keupayaan yang disasarkan untuk mengukuhkan pengetahuan dan kemahiran asas perbankan berserta pensijilan; dan Program Pembangunan Kepimpinan dengan pelbagai modul yang membangunkan kemahiran kepimpinan organisasi.

Sebagai organisasi yang menerapkan kemampunan untuk pertumbuhan jangka panjang dalam teras perniagaannya, kami sedar akan kepentingan pelan penggantian. Kami telah menyediakan matriks pelan penggantian yang mantap untuk jawatan-jawatan penting bagi memastikan kesinambungan dalam pengurusan dan kepimpinan di Bank ini. Pada 2019, semakan ke atas kaedah pengurusan penggantian dan bakat telah dijalankan untuk memastikan bahawa proses tersebut kekal mantap bagi mengenal pasti bakat yang sesuai untuk masa depan.

We harness potential and bridge their skills at every phase of their career journey with programmes such as the Young Talent Programme which identifies capable employees to be equipped with the relevant functional or specialist skills while strengthening leadership competencies; Capacity Building Programmes aimed at strengthening core banking knowledge and skills with certifications; and Leadership Development Programmes with an array of modules that develops organisational leadership skills.

As an organisation that embeds sustainability for long-term growth at our core, we recognise the importance of succession planning. We have in place a succession matrix for critical job positions to ensure continuity in management and leadership in the Bank. In 2019, a review of the talent and succession management methodology was conducted to ensure that the process remained robust to identify fit-for-future talents.

Connecting with Our Communities

Enhancing value at Agrobank and building long-term sustainability means leaving a positive impact on the communities, especially the underprivileged and marginalised segments of society in Malaysia, through zakat, sponsorships, volunteerism and donation. In 2019, we organised several initiatives to reach out to these deserving communities.

During the holy month of Ramadan, we organised the Program Kasih Ramadan, which is our annual corporate social responsibility (CSR) programme directed to underprivileged asnaf children from Pertubuhan Baitul Ehsan Al-Khairi with a zakat contribution of RM45,600.

In total, the Bank contributed zakat of RM5.1 million in 2019.

Sentiasa Berhubung dengan Komuniti Kami

Meningkatkan nilai di Agrobank dan membina kemampunan jangka panjang bererti menghasilkan impak positif kepada komuniti, khususnya segmen komuniti yang tidak dan kurang mendapat perhatian di Malaysia menerusi pemberian zakat, penajaan, kerja-kerja sukarela dan derma. Pada 2019, kami menganjurkan beberapa inisiatif untuk membantu komuniti yang memerlukan.

Semasa bulan Ramadan, kami menganjurkan Program Kasih Ramadan, yang merupakan program tanggungjawab sosial korporat (CSR) tahunan kami khusus untuk kanak-kanak asnaf yang kurang berkemampuan dari Pertubuhan Baitul Ehsan Al-Khairi dengan sumbangan zakat sebanyak RM45,600.

Secara keseluruhan, Bank telah menyumbang zakat sebanyak RM5.1 juta pada tahun 2019.

PROSPEK 2020

Tahun 2020 akan menjadi satu tahun mencabar bagi kami akibat kesan wabak COVID-19 dan kejatuhan harga dalam ekonomi global. Di Agrobank, kami mengambil pendirian yang seimbang dan berhati-hati agar berupaya mencapai pertumbuhan stabil. Ketidaktentuan makro dan pasaran tentunya akan memberi impak ke atas rantaian nilai bersepada pertanian, dan memerlukan pelaksanaan langkah-langkah lebih kukuh untuk mengurangkan risiko.

Dalam tempoh terdekat, kami akan cuba melengkapkan usaha-usaha bantuan yang dilakukan kerajaan untuk membantu para pelanggan dan komuniti kami dalam menghadapi cabaran yang mendarat. Pakej Rangsangan Ekonomi Kerajaan berserta langkah bantuan BNM bertujuan untuk membantu rakyat Malaysia yang terkesan sepanjang tempoh getir ini. Antara lainnya, ia termasuk dana tambahan untuk PKS berjumlah RM13.1 bilion di bawah Dana BNM kepada PKS, serta moratorium enam bulan ke atas pembayaran pinjaman. BNM juga telah dua kali mengurangkan OPR sebanyak 50 mata kepada 2.5% untuk menjadikan persekitaran monetari yang lebih membantu bagi menyokong pertumbuhan ekonomi.

Keutamaan dan inisiatif yang masih berjalan di Agrobank bagi tahun 2020 termasuk menguruskan kualiti aset secara proaktif seiring dengan piawaian perakaunan MFRS 9, terutamanya untuk mengkaji semula model jangkaan kerugian kredit (ECL) untuk meningkatkan tahap kebolehramalan, penambahbaikan berterusan dalam strategi pengurusan kos, dan meningkatkan tumpuan kepada pendapatan berdasarkan fi. Kami menjangkakan pendapatan kami pada tahun 2020 pastinya akan terkesan akibat perkembangan mutakhir ini namun kami kekal komited untuk mengekalkan prestasi lembaran imbalan supaya kami dapat terus membantu para pelanggan kami pada setiap masa. Semangat daya tahan yang jitu menjadi tonggak pencapaian kami sepanjang 50 tahun lalu untuk kami beroperasi secara berhati-hati dan berdisiplin bagi mengimbangi pertumbuhan dengan penuh rasa tanggungjawab dan terus menjana nilai mapan kepada semua pemegang taruh kami.



OUTLOOK FOR 2020

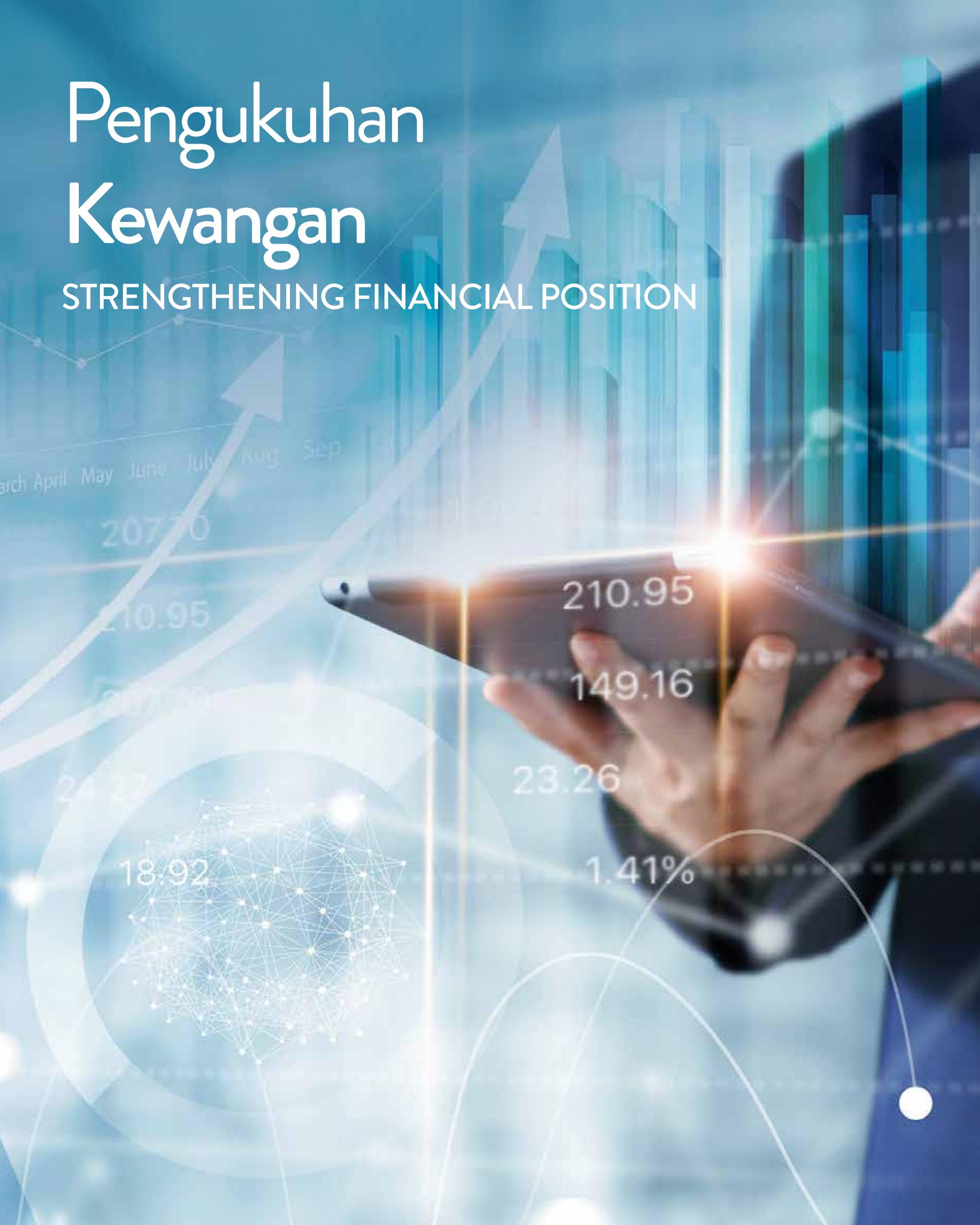
The year 2020 will be a challenging one for us given the impact of COVID-19 and the price slump on the global economy. At Agrobank, what this means is that we take a balanced and measured stance to achieve stable growth. The macro uncertainties and market volatility will certainly have an impact on the agriculture integrated value chain, and necessitates the implementation of more robust risk mitigating measures.

In the immediate term, we will look to complement the relief efforts of the government to help our customers and our community weather the challenges ahead. The government's Economic Stimulus Packages together with BNM's relief measures are aimed at helping affected Malaysian during these trying times. These include additional funds for SMEs amounting to RM13.1 billion under BNM's Fund for SMEs, as well as a six-month moratorium on loans repayments, among others. BNM has also reduced the OPR twice by a total of 50 points to 2.5% to provide a more accommodative monetary environment to support economic growth.

Agrobank's on-going key priorities for 2020 include proactively managing asset quality in line with MFRS 9 accounting standard, especially to review the existing expected credit loss (ECL) model to increase predictability levels, continuous improvements in cost management strategies, and increase focus on fee-based income. We anticipate some impact on earnings but we remain committed to maintain our balance sheet so that we can continue to support our customers at all times. Our core spirit of resilience fostered over the last 50 years stand us in good stead as we operate with prudence and discipline to balance growth responsibly and continue to generate sustainable value for our stakeholders.

Pengukuhan Kewangan

STRENGTHENING FINANCIAL POSITION



Sebagai sebuah Institusi Kewangan Pembangunan (IKP) yang berorientasikan pelanggan, fokus utama Agrobank adalah untuk mengukuhkan sektor pertanian. Agrobank beriltizam untuk bergerak seimbang dalam melaksanakan peranan pembangunan dan komersialnya bagi memanfaatkan sektor pertanian.

Pelbagai solusi pembiayaan menyeluruh disediakan bagi menyokong keperluan komuniti pertanian. Ini merangkumi aktiviti huluan seperti bekalan input pengeluaran pertanian dan untuk aktiviti hiliran seperti pemprosesan, pemasaran dan jualan produk pertanian.

Bank Negara Malaysia (BNM) telah melantik Pengurus Besar BPM yang baharu iaitu, Allahyarham Ibrahim Hashim, pada 16 Julai 1990 bagi mempertingkatkan prestasi bank. BPM mula memberikan tumpuan kepada komuniti luar bandar dan pedalaman, dan meluaskan perkhidmatan perbankan ke kawasan sasar tersebut dengan melancarkan “PATRIOT at your Doorstep” iaitu perkhidmatan perbankan atas bot pertama negara. PATRIOT Rejang merupakan cawangan ke-190 BPM yang mendapat sambutan menggalakkan dikalangan Orang Asli di sepanjang sungai Rejang di Sarawak.

BPM juga memperkenalkan “aktiviti menyudut” atau kaedah pungutan simpanan bergerak disasarkan di kalangan peniaga di kawasan luar bandar di kawasan BPM tidak mempunyai cawangan.

As a customer-oriented Development Financial Institution (DFI), Agrobank's main focus is to strengthen the agriculture sector. Agrobank is committed to moving the scales of development from its commercial role to benefit the agricultural sector.

A variety of comprehensive financing solutions are provided to the agricultural community. These include financing products and services for upstream activities such as supply of agricultural production inputs and for downstream activities such as processing financing products and services for marketing and sales of agricultural products.

Bank Negara Malaysia (BNM) appointed the late Ibrahim Ibrahim Hashim as the General Manager of BPM on 16 July 1990 to enhance the Bank's performance. His efforts included expanding banking services to the rural communities by launching “PATRIOT at your Doorstep”, the country's first boat-based banking service. PATRIOT Rejang is the 190th branch of the BPM, gaining favorable response among the Orang Asli along the Rejang River in Sarawak.

The “corner activity” or mobile savings collection method is targeted at dealers in rural areas in BPM without branches. The activity is held for one or two hours at public schools, kindergartens, markets, jetties and longhouses (in Sarawak) where locals can bank their savings with the Bank's representatives.

BERUSAHA MENGATASI JANGKAAN MENERUSI PERBANKAN BERASASKAN NILAI

GOING THE EXTRA MILE THROUGH VALUE-BASED BANKING

MATLAMAT KAMI

Matlamat kami adalah jelas, iaitu untuk meningkatkan nilai kepada semua pihak berkepentingan kami – merangkumi pelanggan, komuniti dan negara. Inilah teras yang menjadi batu asas kepada pendekatan kami dalam membina kemampuan dengan mencipta impak dan memastikan kesejahteraan mereka. Ini bermakna kami terus berusaha mewujudkan masyarakat yang seimbang dan mapan di mana semua orang berpeluang mengambil bahagian dan membina kehidupan yang lebih baik.

Salah satu cara kami menzahirkan matlamat ini adalah dengan membantu menangani isu-isu yang penting bagi masyarakat dan yang menjadi teras kepada strategi perniagaan kami. Usaha-usaha kami bertumpu kepada: meningkatkan nilai ekonomi dengan mencapai objektif negara dalam meningkatkan tahap sara diri makanan (SSL); meningkatkan nilai sosial dengan menambah baik kesejahteraan kewangan para pelanggan, kakitangan dan komuniti menerusi keterangkuman kewangan; dan meningkatkan kelestarian alam sekitar dengan memastikan sektor pertanian menerima pakai amalan pertanian mapan bagi menghasilkan makanan dalam persekitaran pengeluaran yang selamat, bersih dan cekap.

Bagi mencapai matlamat ini, Agrobank menjadikan mandat dan amalan-amalan terbaiknya sebagai panduan. Ini diterjemahkan ke dalam Rangka Kerja Pembangunan kami yang terbaru bertujuan menerapkan dan menggunakan pakai prinsip kemampuan ke dalam aspek utama amalan perniagaan, produk, perkhidmatan dan operasi kami. Rangka kerja pembangunan ini diharap dapat mengukuhkan usaha-usaha kemampuan kami dan sejajar dengan pendekatan Pengantaraan Berasaskan Nilai (VBI) yang disarankan oleh Bank Negara Malaysia (BNM), di mana ia memberi penekanan terhadap pembangunan ekonomi, pemerkasaan sosial dan kelestarian alam sekitar.

OUR PURPOSE

Our purpose is to enhance value for our stakeholders – our customers, our community and our country. This is the fundamental that guides our approach to building sustainability by making an impact on the wellbeing of our stakeholders. That means striving to create a balanced, sustainable society in which everyone can take part and build a better life.

One of the ways we bring our purpose to life is through helping to address issues that matter to society and are core to our business strategy. Our efforts focus on: enhancing economic value by achieving the objective of increasing the country's food self-sufficiency level (SSL); enhancing social value by improving the financial wellbeing of our customers, employees and the community through financial inclusion; and enhancing environmental sustainability by helping the agricultural sector move towards adopting sustainable agriculture practices to produce food in a safe, clean and efficient production system.

To achieve this, Agrobank is guided by its clear mandates and best practices. These are in the form of the recently developed Bank's Developmental Framework that aims to embed and operationalise sustainability considerations into key aspects of our business practices, products, services and operations. This developmental framework seeks to further solidify the foundation of our sustainability efforts and mirrors Bank Negara Malaysia (BNM)'s Value Based Intermediation (VBI) approach that places emphasis on economic development, social empowerment and environment sustainability.



PENCAPAIAN PERANAN PEMBANGUNAN/DIMANDATKAN/DEVELOPMENTAL AND MANDATED ACHIEVEMENTS

Hasil Pembangunan | Development Outcomes



SUMBANGAN PEMBIAYAAN KEPADA USAHAWAN BUMIPUTERA FINANCING CONTRIBUTION TO BUMIPUTERA ENTREPRENEURS



Objektif

Menyediakan penyelesaian pembiayaan yang bersesuaian untuk mengukuhkan kedudukan ekonomi Bumiputera.

Objective

Provide suitable financing solutions to strengthen the Bumiputera's economic position.

Tindakan Strategik

- Meningkatkan jumlah program pembiayaan bagi menyokong inisiatif kerajaan untuk usahawan Bumiputera.
- Mempertingkatkan usaha sama strategik dengan kementerian, agensi kerajaan dan organisasi berkaitan pertanian yang lain.

Strategic Actions

- Increase utilisation of financing programme in support of government initiatives for Bumiputera entrepreneurs.
- Intensify strategic collaboration with other ministries, government agencies and agriculture-related associations.



SUMBANGAN PEMBIAYAAN KEPADA PERUSAHAAN MIKRO, KECIL & SEDERHANA (MIKRO & PKS) FINANCING CONTRIBUTION TO MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)



Objektif

Menyokong usahawan dan pertumbuhan perniagaan Mikro & PKS.

Objective

Support MSMEs entrepreneurs and businesses' growth.

Tindakan Strategik

- Mengembangkan rangkaian produk yang bersesuaian dengan keperluan perniagaan bagi pelanggan berpotensi dan pelanggan semasa.

Strategic Actions

- Expand range of products made available to potential and current customers that suit their business needs.



RANGKUMAN KEWANGAN FINANCIAL ACCESSIBILITY



Objektif

Menyediakan perkhidmatan kewangan yang berpatutan di kawasan yang kurang mendapat perkhidmatan bank.

Objective

Serve underserved areas with affordable financial services.

Tindakan Strategik

- Mengembangkan rangkaian Ejen Perbankan dan nilai perniagaan.

Strategic Actions

- Expansion of AGROAgent network and business value.



PERKHIDMATAN NILAI TAMBAH VALUE-ADDED SERVICES



Objektif

Membantu usahawan tani mencapai matlamat keusahawanan mereka, dan mendukung mereka untuk membina perniagaan yang kukuh sehingga berjaya.

Objective

Develop agropreneurs to achieve their entrepreneurial ideals and provide support to build strong and successful businesses.

Tindakan Strategik

- Menawarkan khidmat nasihat untuk membekalkan para usahawan tani dengan ilmu, keupayaan dan kemahiran teknikal yang berafaedah dan tepat agar mereka dapat menguruskan perniagaan mereka dengan yakin.

Strategic Actions

- Offer advisory services to equip agropreneurs with the right knowledge, capacity building and technical know-how to manage their business with confidence.

BERUSAHA MENGATASI JANGKAAN MENERUSI PERBANKAN BERASASKAN NILAI GOING THE EXTRA MILE THROUGH VALUE-BASED BANKING

Output Sektor yang Dimandatkan | Mandated Output

 <p>SUMBANGAN KEPADA PEMBIAYAAN BERMANDAT CONTRIBUTION TO MANDATED FINANCING</p> <table border="1" style="width: 100%; border-collapse: collapse; background-color: #0070C0; color: white;"> <tr> <th colspan="2">Peratusan Pasaran Minimum/Minimum Market Share</th> </tr> <tr> <td style="text-align: center;">2018</td> <td style="text-align: center;">81.7%</td> </tr> <tr> <td style="text-align: center;">2019</td> <td style="text-align: center;">91.0%</td> </tr> </table>	Peratusan Pasaran Minimum/Minimum Market Share		2018	81.7%	2019	91.0%	<p>Objektif Mengekalkan fokus dalam peranan yang dimandatkan dan menubuhkan peluang perniagaan baharu yang mengoptimumkan skop aktiviti di bawah mandat kami</p> <p>Tindakan Strategik</p> <ul style="list-style-type: none"> ▪ Meningkatkan kehadiran kami di dalam sub-sektor asas tani yang merangkumi aktiviti makanan dan aktiviti bukan makanan. ▪ Menyediakan rangkaian penyelesaian pembiayaan yang meluas sepanjang rantai nilai pertanian. 	<p>Objective Sustain focus in mandated role and establish new business opportunities that optimises area under our mandate</p> <p>Strategic Actions</p> <ul style="list-style-type: none"> ▪ Enhance presence in agro-based sub-sector encompassing food and non-food activities. ▪ Provide wide range of financing solutions throughout the agriculture value chain.
Peratusan Pasaran Minimum/Minimum Market Share								
2018	81.7%							
2019	91.0%							

Kekuahan Organisasi | Organisational Soundness

 <p>NISBAH KEWANGAN FINANCIAL RATIO</p> <table border="1" style="width: 100%; border-collapse: collapse; background-color: #FFB612; color: white;"> <tr> <td style="width: 50%;">2018</td><td style="width: 50%;">2019</td></tr> <tr> <td>GIFR: 4.1%</td><td>GIFR: 4.3%</td></tr> <tr> <td>MOP: RM 207.1 juta/million</td><td>MOP: RM 221.7 juta/million</td></tr> <tr> <td>PBTZ: RM 190.3 juta/million</td><td>PBTZ: RM 205.4 juta/million</td></tr> </table>	2018	2019	GIFR: 4.1%	GIFR: 4.3%	MOP: RM 207.1 juta/million	MOP: RM 221.7 juta/million	PBTZ: RM 190.3 juta/million	PBTZ: RM 205.4 juta/million	<p>Objektif Mencapai kemampunan kewangan</p> <p>Tindakan Strategik</p> <ul style="list-style-type: none"> ▪ Mengelakkan kemantapan dan kemampunan model operasi bagi memastikan keberkesaan dan kecekapan penyampaian strategi. 	<p>Objective Achieve financial sustainability</p> <p>Strategic Actions</p> <ul style="list-style-type: none"> ▪ To maintain a sound and sustainable operating model for effective and efficient strategy delivery.
2018	2019									
GIFR: 4.1%	GIFR: 4.3%									
MOP: RM 207.1 juta/million	MOP: RM 221.7 juta/million									
PBTZ: RM 190.3 juta/million	PBTZ: RM 205.4 juta/million									

Nota/Notes:

GIFR: Nisbah Pembiayaan Terjejas Kasar
Gross Impaired Financing Ratio

MOP: Keuntungan Operasi Dikekalkan
Maintainable Operating Profit

PBTZ: Keuntungan Sebelum Cukai & Zakat
Profit Before Tax & Zakat

Di dalam laporan ini, kami menjelaskan bagaimana kami menerapkan matlamat ini ke dalam strategi perniagaan kami dari perspektif Ekonomi, Sosial dan Alam Sekitar. Kami akui bahawa kami perlu terus mempertingkatkan tahap pendedahan dalam penyampaian maklumat kami. Oleh itu, kami berusaha untuk menjadikan laporan kemampunan kami lebih menyeluruh dan telus untuk mencapai keberhasilan dan keputusan yang berasaskan impak. Ini juga bagi memastikan kami dapat memainkan peranan yang lebih efektif sebagai institusi kewangan pembangunan (IKP) dan mampu menghasilkan nilai yang dipertingkatkan untuk semua pihak berkepentingan kami.

VISI KAMI MEMACU KEMAMPUAN MASA DEPAN KAMI

Pada 2019, Agrobank menyambut Ulang Tahun Jubli Emasnya, menandakan 50 tahun kami membangun dan maju bersama-sama para pemain industri kami dalam sektor pertanian dan industri berkaitan. Mengorak langkah menuju 50 tahun berikutnya, Bank telah memperbaharui pernyataan Visi dan Misinya untuk fokus menjadi terus relevan bagi pertumbuhan yang lebih mapan dan meningkatkan nilai kepada para pelanggannya, komuniti dan negara.

Visi Vision	➤ Memperkasakan Pertanian Melangkaui Perbankan Advancing Agriculture Beyond Banking
Misi Mission	➤ Meningkatkan standard pertanian dan menyediakan sokongan berterusan yang mencipta nilai kepada komuniti, ekonomi, alam sekitar dan pihak berkepentingan Elevating the standards of agriculture and providing sustained support that creates value to communities, economy, environment and stakeholders

Throughout this Report, we illustrate how we are embedding purpose into our business strategy through the lens of Economic, Social and Environment pillars. We recognise that we need to keep enhancing our level of disclosure. We constantly strive to make our sustainability report disclosures more comprehensive and transparent as we progress ahead to achieve impact-based deliverables and results in playing our role as a developmental financial institution (DFI) and deliver enhanced value to all our stakeholders.

OUR VISION DRIVES OUR FUTURE SUSTAINABILITY

In 2019, Agrobank celebrated its Jubilee Anniversary, marking 50 years of growing together with our players in the agricultural and related industries. In paving the way for the next 50 years ahead, the Bank reinvigorated its Vision and Mission statements to ensure a clear focus on remaining relevant for greater sustainable growth and enhancing value for its customers, community and the country.



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Hasrat kemampanan kami digariskan dalam Visi yang akan menjadi panduan Agrobank untuk 50 tahun akan datang.

Our sustainability intent is outlined in the Vision that will guide Agrobank for the next 50 years.

Memperkasakan Pertanian Advancing Agriculture

- Memodenkan sektor pertanian melalui penggunaan mekanisasi dan automasi, memaksimumkan penggunaan teknologi, Data Besar, Internet Pelbagai Benda (IoT)
Modernise the agriculture sector through adoption of mechanisation and automation, maximise use of technology, Big Data, Internet of Things
- Pemacu pertumbuhan ekonomi melalui pengwujudan peluang pekerjaan dan pasaran baharu dan pada masa yang sama menyediakan perancangan yang kukuh untuk penyertaan belia/golongan muda
Driver of growth to economy through creation of jobs and new markets while building a robust pipeline for youth participation

Melangkaui Perbankan Beyond Banking

- Kemampanan – perbankan berdasarkan nilai untuk menghasilkan pembangunan ekonomi, sosial dan alam sekitar yang mapan
Sustainability – value-based banking to deliver sustainable economy, social and environmental development
- Produk dan perkhidmatan inovatif melangkaui perbankan biasa – penyelesaian kewangan lengkap yang melangkaui pembiayaan
Innovative products and services beyond traditional banking – comprehensive financial solutions beyond financing

Pernyataan Visi dan Misi diperbaharui ini meletakkan Agrobank dalam kedudukan yang tepat untuk menyokong masa depan pertanian dan industri agromakanan Malaysia yang akan dipacu oleh Dasar Agromakanan Negara 2.0 (2021-2030). Dasar ini akan menyelaras dan menyeragamkan pelaburan pertanian daripada sektor kerajaan dan swasta, merangkumi pembangunan prasarana dan modal insan, penyelidikan, pengkomersilan dan inovasi untuk merancakkan agenda modenisasi dalam sektor pertanian. Ini adalah sebahagian daripada Rancangan Malaysia ke-12 yang menggalakkan penggunaan teknologi dan amalan pertanian moden, dan selari dengan Wawasan Kemakmuran Bersama 2030 (SPV 2030) yang bermatlamat mencapai pertumbuhan ekonomi yang lebih saksama untuk semua.

This renewed Vision and Mission statement stands Agrobank in good stead to support the future of Malaysia's agriculture and agro-food industry which will be driven by the National Agro-food Policy 2.0 (2021-2030). The policy will synchronise and streamline agricultural investments from government and private sectors, covering infrastructure and human capital development, research, commercialisation and innovation in its quest to accelerate modernisation in the agriculture sector. This is part of the 12th Malaysia Plan which advocates the use of technology and modern agricultural practices, and supports Malaysia's Shared Prosperity Vision 2030 (SPV 2030) which is aimed at achieving fairer economic growth for all.

MENINGKATKAN NILAI

Sebagai IKP yang mempunyai fokus utama terhadap ekonomi sebenar, dengan mandat untuk menyokong pembangunan sektor pertanian, kami berusaha mewujud, menyampaikan dan meningkatkan aktiviti dan program yang bertumpu kepada pembangunan ekonomi, pemerkaasan sosial dan kelestarian alam sekitar. Kami mengutamakan usaha-usaha yang berpotensi menghasilkan impak pembangunan di seluruh rantaian nilai pertanian dan komunitinya, ini bagi mencapai produktiviti pertanian dan meningkatkan pembangunan sosioekonomi komuniti itu sendiri.

ENHANCING VALUE

As a DFI with a strong focus on the real economy with a mandate to support development of the agriculture sector, we look to create, deliver and enhance value through activities and programmes that are centred on economic development, social empowerment and environment sustainability. We look at efforts that will have a development impact along the entire agriculture value chain and the community, in achieving agriculture productivity and elevating socio-economic development of the community.



Mendorong pertumbuhan industri pertanian yang berdaya maju dengan memanfaatkan peranan Bank sebagai pengantara kredit dan pelaburan untuk menyediakan penyelesaian kewangan yang disesuaikan kepada kumpulan pelanggan sasaran termasuk pekebun kecil, orang asli, dan usahawan wanita.

Support viable growth of the agriculture industry through its role as a credit and investment intermediary by offering financial solutions tailored to its target group of customers including smallholder farmers, indigenous people, and women agropreneurs.

Memperingkatkan taraf sosial dengan memenuhi keperluan sosioekonomi bagi komuniti pertanian, dan mempertingkatkan taraf kehidupan komuniti yang kurang mendapat perhatian terutamanya komuniti luar bandar dan terpinggir, dengan menjalankan aktiviti tanggungjawab sosial korporat dan aktiviti sosioekonomi lain yang berkaitan.

Enrich social well-being by addressing the socio-economic needs of the agriculture community and uplift the lives of the marginalised community especially in rural communities through our brand of corporate social responsibility activities and socio-economic related activities.

Menggalakkan penerapan amalan-amalan terbaik dalam aktiviti pertanian, yang bertujuan untuk mencapai sasaran jaminan makanan sambil memastikan keseimbangan dalam amalan-amalan pertanian mapan untuk menghasilkan makanan menerusi sistem pengeluaran yang selamat, bersih dan cekap.

Promote best-practice agriculture activities that are geared towards achieving food security targets while balancing against sustainable agriculture practices to produce food in a safe, clean and efficient production system.

Kami berazam menerapkan tiga aspek ini iaitu Pembangunan Ekonomi, Pemerkaan Sosial dan Kelestarian Alam Sekitar ke dalam setiap usaha dan inisiatif yang dijalankan Bank. Agrobank berhasrat untuk memajukan pembangunan ekonomi sektor pertanian dengan menyokong perniagaan agro yang berdaya maju dan kesemua proses yang berhubung kait di dalam ekosistemnya. Hasil kejayaan perniagaan ini akan memberi impak dan kesan yang berkali ganda terhadap pemerkaan sosial. Kami sedar akan tanggungjawab untuk membantu komuniti pertanian dan oleh yang demikian berusaha memperkasakan mereka melalui pelbagai inisiatif pembinaan keupayaan dan keterangkuman kewangan, khususnya dalam komuniti yang tidak dan kurang mendapat perhatian. Seterusnya apa yang kami lakukan ini akan turut memberi kesan kepada alam sekitar. Dalam aspek ini pula, kami berusaha menerapkan elemen kelestarian alam sekitar di seluruh rantaian nilai untuk menuju ke arah amalan pertanian berdaya maju yang lebih mementingkan alam sekitar dan memanfaatkan teknologi melalui modenisasi dan automasi.

We strive to embed aspects of the three drivers of Economic Development, Social Empowerment and Environmental Sustainability at the heart of the Bank's efforts and initiatives. Agrobank aims to progress the agriculture sector's economic development by supporting viable agri-businesses and the interlinked processes along the ecosystem. Their successes can have an impact and a multiplier effect on social empowerment. We are clearly aware of our responsibility to support our communities and we strive to empower them through capacity building and financial inclusion initiatives, especially within the unserved and underserved communities. What we do ultimately leaves an impact on the environment. In this aspect, we strive to embed environmental sustainability along the value chain by steering the sector towards more environmentally viable agriculture practices and leveraging on technology for modernisation and automation.

BERUSAHA MENGATASI JANGKAAN MENERUSI PERBANKAN BERASASKAN NILAI GOING THE EXTRA MILE THROUGH VALUE-BASED BANKING

LANDSKAP SEKTOR PERTANIAN

Walaupun sumbangan keseluruhan kepada Keluaran Dalam Negara Kasar (KDNK) agak kecil iaitu sebanyak 7.1% pada 2019, pertanian kekal sebagai antara sektor penting kepada pembangunan ekonomi negara. Ini kerana ia memainkan peranan utama dalam memastikan sekuriti dan keselamatan makanan negara, pada masa yang sama mempelbagaikan dan menambah baik aktiviti-aktiviti ekonomi.

Di seluruh dunia, kapasiti pengeluaran makanan kini berdepan dengan cabaran yang semakin bertambah, termasuk populasi penduduk dunia yang dijangka meningkat kepada hampir 9.7 bilion menjelang 2050 dan nisbah antara tanah suai tani berbanding populasi penduduk yang semakin menurun. Ketika ini, populasi penduduk Malaysia adalah sekitar 31.2 juta dan diunjurkan akan meningkat kepada 35.8 juta menjelang 2020.

Justeru itu, adalah amat penting bagi Malaysia untuk terus mencari jalan untuk menambah baik dan membangunkan sektor pertanian dengan tumpuan diberikan kepada peningkatan pengeluaran dan sekuriti makanan; menyokong pemain industri pertanian khususnya pengeluar berskala kecil; menggalakkan kemajuan yang merangkumi teknologi dan automasi; menambah baik hasil dan amalan terbaik melalui kempen kesedaran dan pendidikan yang lebih efektif; serta mengoptimumkan sistem penghubungan yang saling berkait di dalam negara dan pasaran eksport untuk meningkatkan akses.

Pertumbuhan pertanian lestari adalah seiring dengan matlamat pembangunan mapan negara untuk meningkatkan status pendapatan golongan sasaran seperti peladang, penternak, petani dan usahawan tani atau agropreneur. Seiring dengan Dasar Agromakanan Negara sekarang (DAN 1.0) yang akan berakhir pada penghujung tahun 2020, kami telah menyaksikan sektor ini mencapai banyak perubahan positif yang memberi kesan kepada status sosioekonomi peladang, penternak dan usahawan, dan pada masa yang sama menyumbang kepada hasil negara menerusi eksport komoditi kepada pasaran global. Namun begitu, masih terdapat cabaran dalam sektor yang dinamik ini, antaranya adalah susut nilai Ringgit Malaysia, perubahan dalam corak pemakanan konsumen, hasil pengeluaran yang rendah, penyertaan yang masih rendah daripada golongan belia/muda, serta pelaksanaan rejim percukaian baharu (cukai barang dan perkhidmatan).

Dasar Agromakanan Negara 2.0 baharu (DAN 2.0) bagi tempoh selama 10 tahun dari 2021 hingga 2030 dijangka akan memacu masa depan sektor pertanian dan industri agromakanan di Malaysia. Dasar ini juga akan menyasarkan untuk mempergiatkan proses modenisasi pertanian melalui penggunaan teknologi yang bersesuaian, pada masa yang sama memantapkan usaha ke arah mencapai sekuriti makanan dan tahap pendapatan tinggi kepada negara.

AGRICULTURE SECTOR LANDSCAPE

While relatively small in terms of its contribution to overall Gross Domestic Product (GDP) at 7.1% in 2019, agriculture remains an important sector to the country's economic development. This sector is vital as it plays a role in achieving national food security and safety, while diversifying and improving economic activity.

Globally, food production capacity is faced with an ever-growing number of challenges, including a world population that is expected to grow to nearly 9.7 billion by 2050 and a falling ratio of arable land to population. Currently, the population of Malaysia is around 31.2 million people and is projected to increase to 35.8 million by 2020.

It is therefore important that Malaysia continuously looks to means that improve and develop the agriculture sector with a focus on increasing productivity and food security; supporting agriculture players especially the smallholders and small scale producers; advocating advancements which can include the use of technology and automation; improving yield and best practices through greater awareness and education; as well as strengthening inter-connected linkages within the country and in the export market to increase access.

Sustainable agriculture growth is in line with the country's sustainable development goals to uplift the income status of target groups such as farmers, livestock breeders, fishermen and agro-based entrepreneurs. Together with the current National Agro-Food Policy (NAP 1.0) which will end in 2020, we have seen the sector achieve many positive changes that impacts the socioeconomic status of farmers, livestock breeders and entrepreneurs, while contributing to Malaysia's revenue through exports of commodities to world markets. Having said that, challenges still abound in this dynamic sector, among them the depreciation of Malaysian Ringgit, changes in food consumption patterns, low productivity, less participation of youth, and the implementation of new tax regime (good and service tax).

The new National Agro-Food Policy 2.0 (NAP 2.0) which is slated for a ten-year period from 2021 to 2030 will drive the future of Malaysia's agriculture and agro-food industry. The policy will serve to accelerate the modernisation process which is pertinent in adopting appropriate agriculture technology, while continuing the pursuit of food security for Malaysia and higher income levels.



PEMBANGUNAN EKONOMI/ECONOMIC DEVELOPMENT



Agrobank sentiasa menyokong pembangunan ekonomi yang lebih besar dalam sektor pertanian melalui peranannya sebagai pengantara kredit dan pelaburan yang memperkisasikan segmen perusahaan mikro, kecil dan sederhana (Mikro & PKS). Ini dilakukan dengan mengembangkan potensi mereka dalam sektor ini melalui peruntukan penyelesaian kewangan di keseluruhan rantai nilai, dan seterusnya menrancakkan aktiviti di sektor ini dan secara tidak langsung menyumbang kepada keluaran dalam negara kasar (KDNK) dan pada masa yang sama meningkatkan keselamatan makanan dan tahap sara diri (SSL) negara.

Menyokong dan Memperkasa Pertumbuhan Mikro & PKS dalam Pertanian

Dalam ekosistem pertanian dan perindustrian tani, perusahaan mikro, kecil dan sederhana (Mikro & PKS) memainkan peranan penting di seluruh rantai nilai dan berpotensi menyumbang kepada pertumbuhan, pembangunan dan kemampanan sektor ini. Agrobank menawarkan rangkaian program pembiayaan yang luas khusus bagi menyesuaikan keperluan Mikro & PKS ini. Selain daripada tawaran pembiayaan kewangan, Agrobank turut membantu pembangunan usahawan melalui program-program yang berbentuk pembinaan keupayaan.

Menyediakan Akses kepada Pembiayaan di Keseluruhan Rantaian Nilai Pertanian

Agrobank menawarkan penyelesaian pembiayaan lengkap kepada komuniti pertanian bermula dari aktiviti hulu yang berkaitan dengan tanaman utama dan aktiviti pertanian berdasarkan komoditi, kepada aktiviti hiliran yang merangkumi pemprosesan, pemasaran dan pengagihan produk-produk pertanian.

Sebagai usaha menyokong hasrat negara untuk meningkatkan eksport perdagangan pertanian melangkaui perantaraan fokus domestik, Agrobank turut memainkan peranan utama sebagai ejen ekonomi yang menghubungkan pasaran baharu, dengan sasaran untuk menggalakkan aktiviti perdagangan pertanian dan pelaburan rentas sempadan.

Agrobank looks to support greater economic development within the agricultural sectors through its role as a credit and investment intermediary that empower the micro, small and medium enterprises (MSMEs) segment to develop themselves in the agriculture sector through the provision of financing solutions across the agriculture value chain. This serves to spur the agriculture sector to contribute meaningfully to the national gross domestic product (GDP) while increasing food safety and self-sufficiency (SSL) levels.

Support and Empower Growth of Micro & SMEs in Agriculture

The micro, small and medium enterprises (MSMEs) in the agricultural and agro-industrial ecosystem, play an important role throughout the agriculture value chain and form the potential to contribute to growth, development and sustainability of the agricultural sector. Agrobank offers a wide range of specialised financing programmes to suit the needs of the MSMEs. Apart from offering financial solutions, Agrobank also facilitates entrepreneur development through capacity building programmes.

Provide Access to Financing across The Agriculture Value Chain

Agrobank offers a comprehensive suite of financing solutions for the agriculture community that includes upstream activities related to primary crops and commodities-based agriculture activities to downstream activities which include processing, marketing and distribution of agricultural products.

As part of its efforts to support the intention to raise agricultural trade export beyond domestic-focused intermediation, Agrobank plays a role as an interlinking economic agent to the emerging and advanced global markets, with the aim of promoting agricultural trades and cross-border investment activities in Malaysia.

Peruntukan pinjaman dan pendahuluan

Provision of loans and advances

- Nilai kelulusan sebanyak RM539.74 juta bagi sektor komoditi (minyak sawit, getah), buah-buahan dan sayur-sayuran, padi dan tanaman lain
Secured approval value of RM539.74 million for commodity sectors (palm oil, rubber), fruits and vegetables, paddy and other crops
- Pelanggan baharu dalam sektor perikanan/akuakultur dengan amaun kelulusan sebanyak RM263.75 juta
Secured new customers in fishery/aquaculture sectors with approval amount of RM263.75 million

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Pembentangan rantaian nilai melalui penyelesaian pembentangan inovatif Value chain financing through innovative financing solutions	<ul style="list-style-type: none"> ▪ Skim Kredit Pengeluaran Makanan Food Production Credit Scheme ▪ Tabung untuk Makanan (3F) Fund for Food (3F) ▪ Hartani-i (pembentangan pembelian tanah) Hartani-i (land purchase financing) ▪ Ladang Rakyat Ladang Rakyat ▪ BERNAS Paddy-i BERNAS Paddy-i ▪ Program Fertigasi Cili Berkelompok Group Chilli Fertigation Programme
Kerjasama untuk memberi kemudahan pembentangan tanpa cagaran Collaborations to extend financing facilities without collateral	<ul style="list-style-type: none"> ▪ Pertubuhan Peladang Kebangsaan (NAFAS) di Kelantan dan Selangor untuk menyediakan Pembentangan Fertigasi Cili Berkelompok National Farmers' Association (NAFAS) in Kelantan and Selangor to provide the Chilli Fertigation Group Financing ▪ Lembaga Kemajuan Pertanian Muda (MADA) untuk menyediakan pembentangan kepada pesawah padi Muda Agricultural Development Authority (MADA) to provide financing to paddy farmers ▪ Program pembentangan penanaman semula padi melalui kerjasama strategik dengan BERNAS Paddy replantation financing programme through a strategic alliance with BERNAS
Mewujudkan pusat setempat untuk sokongan yang menyeluruh Establish one-stop centre for efficient end-to-end support	<ul style="list-style-type: none"> ▪ Mewujudkan 'pusat setempat' bagi kemudahan kredit untuk memenuhi keperluan pesawah mendapatkan kemudahan pembentangan untuk pengeluaran padi di kawasan jelapang utama negara Established 'one stop centre' for paddy credit facilities to cater to all paddy farmers' needs in financing facilities for paddy production in national main granary area ▪ Penubuhan empat pusat kredit padi di: <ul style="list-style-type: none"> ▪ Tanjung Karang, Selangor ▪ Kg Gajah, Perak ▪ Pasir Putih, Kelantan ▪ Guar Chempedak, Kedah Establishment of four paddy credit centres in: <ul style="list-style-type: none"> ▪ Tanjung Karang, Selangor ▪ Kg Gajah, Perak ▪ Pasir Putih, Kelantan ▪ Guar Chempedak, Kedah

Meningkatkan Tahap Sara Diri (SSL)

Keselamatan makanan, yang ditafsirkan sebagai ketersediaan makanan, akses makanan, penggunaan dan kestabilan, wujud apabila setiap orang, pada setiap masa, mempunyai akses kepada makanan yang mencukupi, selamat dan berzat. Dengan jumlah penduduk yang semakin bertambah tahun demi tahun, kecukupan bekalan dan keselamatan makanan untuk populasi umum terus menjadi suatu cabaran. SSL makanan adalah penting sebagai kayu pengukur bagi keupayaan negara menyara diri dengan bekalan makanan yang dihasilkan di dalam negara tanpa bergantung kepada makanan yang diimport.

Prioriti dan Strategi 2019-2020 Kementerian Pertanian dan Industri Makanan menggariskan sekuriti makanan negara sebagai dimensi penting untuk meningkatkan tahap sara diri pertanian dan produk asas tani. Secara khususnya, salah satu bidang yang digariskan dalam strategi tersebut adalah untuk memoden dan menambah baik pengeluaran makanan bagi memastikan pengekalan bekalan dan harga makanan, dengan tumpuan terhadap padi, ruminan, perikanan, susu dan bahan makanan lain. Agrobank bekerjasama rapat dengan pemain industri untuk menyokong mereka yang berada dalam sub-sektor ini melalui peruntukan pembentangan di keseluruhan rantaian nilai sektor pertanian.

Increase the Self-Sufficiency Levels (SSL)

Food security, which is defined as food availability, food access, utilisation and stability, exists when everyone, at all times, has access to sufficient, safe and nutritious food. With population increasing by the year, ensuring food security for the general population continues to be a challenge. Food SSL is an important measure on the country's ability to be self-sufficient on locally produced food instead of relying on importing food.

The Ministry of Agriculture and Food Industry's 'Priorities and Strategies 2019-2020' outlines national food security as an important dimension to increase the self-sufficiency levels of agriculture and agro-based products. In particular, one of the areas outlined in the strategy is to modernise and improve food production to ensure the sustainability of food supply and food prices, with a particular focus on paddy, ruminant, fisheries, dairy milk and other food items. Agrobank works closely with agricultural players to support those in the sub-sectors of paddy, ruminant and fisheries through the provision of financing across the value chain of the agriculture sector.

KEMENTERIAN PERTANIAN & INDUSTRI MAKANAN
"KEUTAMAAN & STRATEGI 2019 - 2020"
MINISTRY OF AGRICULTURE AND FOOD INDUSTRY
"PRIORITIES & STRATEGIES 2019 - 2020"

Berdasarkan tiga dimensi sektor agromakanan
Based on three dimensions of the agro-food sector



KESELAMATAN MAKANAN KEBANGSAAN
NATIONAL FOOD SECURITY



PEMBANGUNAN EKONOMI LUAR BANDAR
RURAL ECONOMIC DEVELOPMENT



MENINGKATKAN PELABURAN SEKTOR SWASTA & PERDAGANGAN ANTARABANGSA
BOOSTING PRIVATE SECTOR INVESTMENT & INTERNATIONAL TRADE

5 HALA TUJU UTAMA/5 MAIN DIRECTIONS

01

Memoden & meningkatkan hasil pertanian bagi memastikan bekalan makanan & kestabilan harga dengan penekanan terhadap sub-sektor padi, ruminant & perikanan

Modernising & increasing agricultural output to ensure food supply & price stability with emphasis on the paddy ruminant & fishery sub-sectors

02

Meningkatkan pelaburan sektor swasta dalam pertanian komersial & meningkatkan eksport pertanian

Boosting private sector investment in commercial agriculture & increasing agricultural export

03

Menjadikan pertanian sumber pendapatan yang kukuh & mapan dan menguntungkan bagi peladang, penternak, nelayan & usahawan tani yang muda.

Making agriculture a strong & sustainable source of income and profitable for young farmers, livestock breeders, fishermen & agropreneurs

04

Menambah baik ekosistem industri pertanian untuk menyokong pemodenan pertanian, pelaburan sektor swasta & pengembangan aktiviti bagi peladang, penternak & nelayan

Improving the agricultural industry ecosystem to support agriculture modernisation, private sector investment & expansion activities for farmers, livestock breeders & fishermen

05

Mengukuhkan struktur organisasi jabatan & agensi di bawah Kementerian untuk menambah baik sistem penyampaian dan tadbir urusnya

Strengthening the organisational structure of departments & agencies under the Ministry to improve its delivery system and governance

BERUSAHA MENGATASI JANGKAAN MENERUSI PERBANKAN BERASASKAN NILAI GOING THE EXTRA MILE THROUGH VALUE-BASED BANKING

Sokongan tertumpu kepada hasil tenusu, padi, daging lembu, daging kambing, cili dan agromakanan

Focused support on dairy, paddy, beef, mutton, chillies and agro-food

- Baki pembiayaan untuk sub-sektor sasaran pada 2019
 - Perikanan – naik 38.3% dari 2018
 - Ternakan (tidak termasuk Ruminan) – naik 7.1% dari 2018
 - Tanaman (semua jenis buah-buahan dan sayur-sayuran) – naik 24.9% dari 2018
 - Padi – naik 2.8% dari 2018
 - Ruminan – naik 13.4% dari 2018
- Financing balance to targeted sub-sectors in 2019
 - Fishery - up 38.3% from 2018
 - Livestock (excluding Ruminant) - up 7.1% from 2018
 - Crops (all types of fruits & vegetables) - up 24.9% from 2018
 - Paddy - up 2.8% from 2018
 - Ruminant - up 13.4% from 2018

Menyusun skim pembiayaan inovatif dan bekerjasama dengan agensi-agensi berkaitan

Structure innovative financing schemes and work with relevant agencies

- Kerjasama dengan Syarikat Kulim Berhad di Mersing, Johor dan Lembaga Perindustrian Nanas Malaysia (LPNM) untuk menyediakan pembiayaan kepada peserta di bawah kluster penanaman nanas MD2 dengan RM50,000 setiap peserta

Collaboration with Syarikat Kulim Berhad in Mersing, Johor and Lembaga Perindustrian Nanas Malaysia (LPNM) to provide financing for participants under cluster planting of pineapple MD2 with RM50,000 per participant
- Kerjasama dengan Persatuan Padang Ragut Air Suda, Gerik Perak untuk projek ruminan dengan amaun pembiayaan bernilai RM30,000 setiap peserta

Collaboration with Persatuan Padang Ragut Air Suda, Gerik Perak for ruminant project with financing amount valued at RM30,000 per participant
- Pembiayaan program dengan pemegang francais MD Food Sdn Bhd di bawah "Putu Bambu World" dengan amaun pembiayaan sebanyak RM50,000 setiap peserta

Programme financing with MDFood Sdn Bhd franchisee under "Putu Bambu World" with financing amount at RM50,000 per participant
- Projek Transformasi Luar Bandar (RTP) di bawah Kerajaan Sarawak untuk membiaya kontraktor dalam kategori tanah pertanian untuk perkhidmatan awam dengan amaun pembiayaan maksimum sebanyak RM250,000

Rural Transformation Project (RTP) under Sarawak Government to finance contractor under agriculture land for any civil services with maximum financing amount of RM250,000
- Kerjasama dengan RISDA Livestock Sdn Bhd untuk pembiayaan di bawah sektor Ruminan dengan maksimum RM250,000 untuk peserta RISDA

Collaboration with RISDA livestock Sdn Bhd for financing under Ruminant sector with maximum of RM250,000 for RISDA participant
- Kerjasama dengan NASMADI Venture Sdn Bhd untuk projek ternakan ayam dengan amaun pembiayaan maksimum sebanyak RM250,000 setiap peserta

Collaboration with NASMADI Venture Sdn Bhd for poultry project with maximum financing amount of RM250,000 per participant
- Program pembiayaan penanaman semula padi dalam perikatan strategik dengan BERNAS

Paddy replantation financing programme in strategic alliance with BERNAS
- Agrobank sebagai pembiaya utama bagi skim Projek Rakan Ladang (PRL) BERNAS di bawah kemudahan pembiayaan BERNAS Paddy-i

Agrobank as the main financier for the BERNAS' Projek Rakan Ladang (PRL) scheme under the BERNAS Paddy-i financing facility
- Bekerjasama dengan Perbadanan Pembangunan Pertanian Negeri Perak (PPPNP) bagi Program Ladang Rakyat untuk menawarkan pembiayaan minyak sawit dan getah

Worked with Perbadanan Pembangunan Pertanian Negeri Perak (PPNP) for the Ladang Rakyat Programme to offer financing of palm oil and rubber

Memberi Perkhidmatan kepada Sektor Baharu dan yang Kurang Diberi Perhatian yang Berpotensi untuk Berkembang

Agrobank meletakkan fokus untuk membangunkan pelbagai sektor pertanian yang mempunyai potensi untuk berkembang tetapi mungkin tidak mempunyai akses mencukupi kepada pembiayaan. Ini termasuk menyokong pemain pertanian yang terlibat dalam sumber pendapatan baharu yang semakin mendapat permintaan seperti durian, nenas dan kelapa yang dikategorikan sebagai 'Sumber Rezeki Baru' dan berupaya meningkatkan industri berasaskan eksport. Bank juga mempunyai program pembiayaan bagi menyokong sektor-sektor yang kurang mendapat perhatian yang lain termasuk perikanan, padi, ruminan dan tanaman seperti cili.

Menyokong industri berasaskan eksport untuk projek bersaiz komersial berimpak tinggi yang berkaitan dengan 'Sumber Rezeki Baru'

Support export-oriented industries to high-impact commercial-sized projects related to 'Sumber Rezeki Baru'



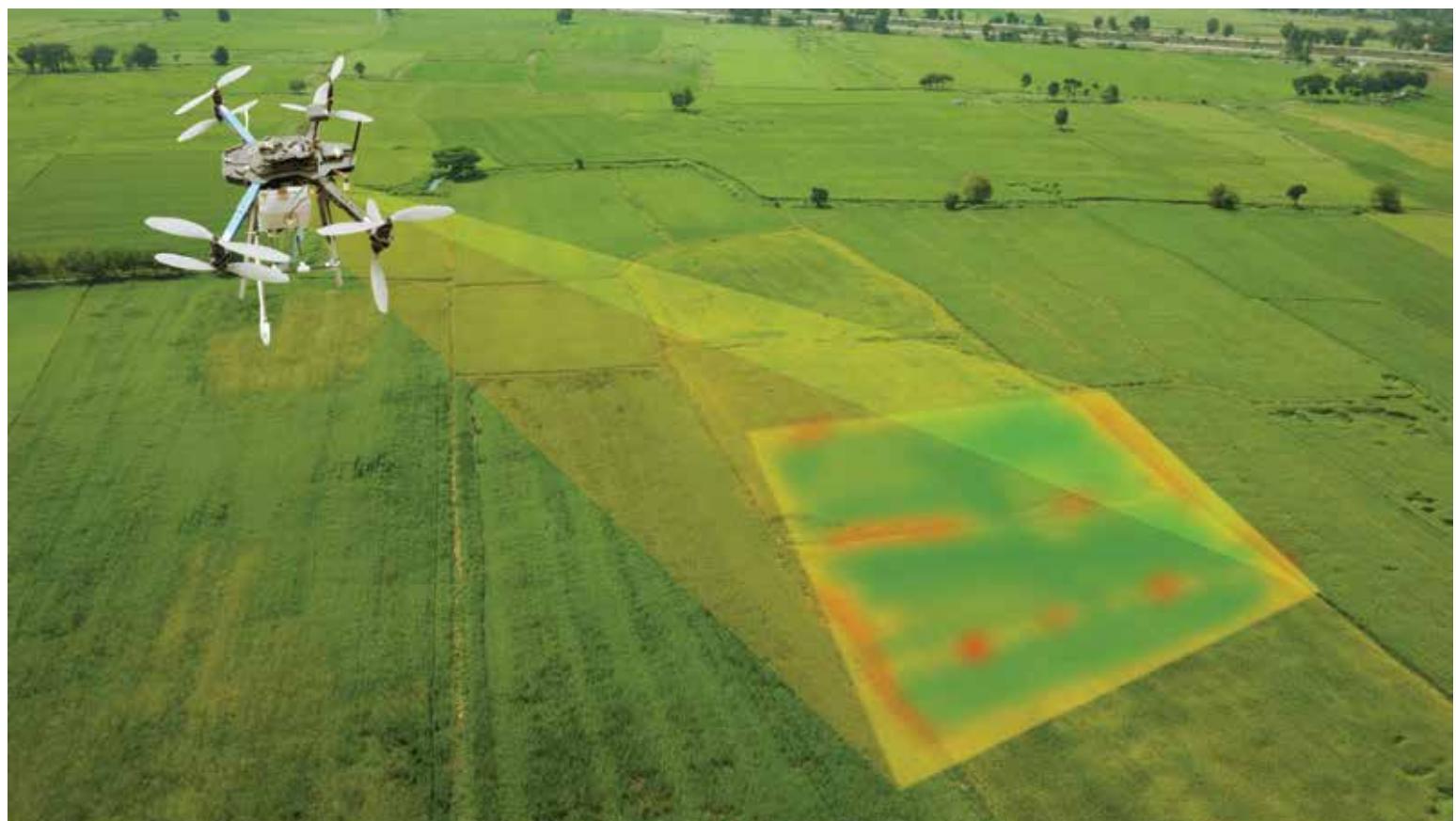
- **Pembiaya terkemuka bagi projek-projek pertanian besar:**

Leading financier of sizeable agriculture projects:

- Pembiayaan sehingga RM20.0 juta untuk pembangunan ladang durian di Lojing, Kelantan, dengan kawasan pembangunan seluas 1,300 ekar. Sehingga kini, kawasan yang telah ditanam adalah seluas 950 ekar.
Financing up to RM20.0 million for development of durian plantation in Lojing, Kelantan, with development area of 1,300 acres. To date, planted area is 950 acres.
- Pembiayaan sehingga RM41.6 juta untuk pembangunan ladang nenas di Rompin, Pahang dengan kawasan pembangunan seluas kira-kira 5,000 ekar. Sehingga kini, kawasan yang telah ditanam adalah seluas kira-kira 2,670 ekar.
Financing up to RM41.6 million for development of pineapple plantation in Rompin, Pahang with total development area of approximately 5,000 acres. To date, planted area is approximately 2,670 acres.

Serving New and Underserved Sectors with Potential for Growth

Agrobank looks to develop the various agriculture sectors that show potential for growth but may not have the adequate access to financing. These include looking to support agriculture players dealing in new sources of income from high demand food sources such as durians, pineapples and coconut related to 'Sumber Rezeki Baru' and spur its related export-oriented industries. The Bank also has in place various financing programmes to support the underserved sectors which include fisheries, paddy, ruminant and crops such as chilli, among others.



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PEMERKASAAN SOSIAL/SOCIAL EMPOWERMENT



Ketika kami terus membuat kemajuan dalam pengeluaran pertanian di Malaysia menerusi pembaharuan dan meluaskan sumbangan sektor ini kepada pembangunan negara, masih terdapat keperluan penting untuk meningkatkan tahap pendapatan, mengurangkan kemiskinan, memperbaiki ketidakseimbangan dalam agihan kekayaan, dan mengurangkan jurang pendapatan bagi pertumbuhan yang lebih menyeluruh. Akses kepada penyelesaian kewangan boleh menjadi satu cabaran khususnya melibatkan segmen masyarakat luar bandar dan komuniti yang terpinggir.

Agrobank melihat kepentingan akses dan lanjutan kepada penyelesaian kewangan sebagai satu peluang untuk pemain-pemain di sektor pertanian mengukuhkan keterangkuman kewangan mereka di samping menambah baik komuniti di mana mereka beroperasi. Bagi meningkatkan penyertaan dalam ekonomi pertanian, Agrobank menawarkan perkhidmatan pembiayaan kepada pekebun kecil, masyarakat pribumi, kumpulan isi rumah berpendapatan 40% terendah (B40) serta golongan Orang Kurang Upaya (OKU). Agrobank juga menawarkan skim pembiayaan khas untuk menggalakkan lebih ramai agropreneur wanita mengambil bahagian dalam sektor pertanian dan membina kestabilan kewangan untuk diri sendiri.

Golongan berpendapatan rendah dan sederhana di Malaysia, khususnya daripada kumpulan isi rumah B40, lazimnya adalah yang paling terkesan dengan ketidakstabilan ekonomi, kerana mereka tidak mempunyai perlindungan mencukupi untuk berdepan keadaan sedemikian. Sebagai sebahagian matlamat Agrobank untuk memastikan keterangkuman kewangan, Bank menawarkan program perlindungan takaful mampu milik, dalam masa yang sama memberi perlindungan tertentu yang diperlukan.

As we make progress on Malaysia's agricultural productivity through reforms and expanding the sector's contribution to the country's development trajectory, there remains an urgent need to elevate income levels, reduce poverty, correct the imbalance in wealth distribution and reduce disparity between income classes for inclusive growth. Access to financial solutions can be a challenge especially for those in the rural areas, and the unserved and underserved segments of the community.

Agrobank sees the importance of access and extension to finance solutions as an opportunity for the agricultural players to strengthen their financial inclusion thereby impacting and improving the community in which they operate in. To boost greater participation in the agricultural economy, Agrobank extends financing services to smallholder farmers, indigenous people, those in the bottom 40% of the household income group (B40) as well as for Persons with Disabilities (PWD). Agrobank also extends special financing schemes to encourage more women agropreneurs to participate in the agricultural economy and build financial sustainability for themselves.

The low and middle-income groups in Malaysia, especially the B40 households, tend to be the ones that are most vulnerable to economic shocks, as they do not have the adequate protection to shield them from such uncertainties. As part of Agrobank's aim to ensure financial inclusion, the Bank offers takaful protection programmes which are affordable yet provide the necessary coverage needed.

Menyediakan pembiayaan mikro kepada segmen pelanggan berpendapatan rendah termasuk komuniti pribumi dan golongan pendapatan terendah B40

Provide micro-financing to lower-income customer segments including indigenous and lower income B40 communities

Menggalakkan penyertaan wanita dan belia untuk mengambil bahagian dalam aktiviti pertanian Encourage women and youth to participate in agricultural activities

- Kerjasama dengan PETRONAS untuk memperkasa segmen B40 yang terlibat dalam industri pertanian dan atas tan

dengan pelaburan bernilai RM100 juta
Collaboration with PETRONAS to empower B40 segment working in agricultural and agro-based industry with investment worth RM100 million

- Agro TERAS (pembiayaan rakan ke rakan)
Agro TERAS (peer-to-peer financing)
- Paddy-i
Paddy-i
- Micro ESP-i
Micro ESP-i

- Pembiayaan Mikro Agro Nisaa'-i
Agro Nisaa'-i Micro-Financing
- Program Agropreneur Muda
Young Agropreneur Programme

Menyediakan perlindungan mampu milik untuk semua segmen pendapatan, di mana ia diperlukan Provide affordable protection for all income segments where it counts	<ul style="list-style-type: none"> Pengenalan Agro Bestari-<i>i</i> dan Eksekutif Kewangan Takaful (TFE) yang merupakan rancangan pendidikan dengan tarikh matang tertentu bagi menyediakan dana pendidikan yang perlu untuk anak-anak Introduction of Agro Bestari-<i>i</i> and Takaful Financial Executive (TFE) which is an education plan with certain maturity date to prepare necessary education fund for the children Takaful keluarga Agro Mabrur-<i>i</i> Agro Mabrur-<i>i</i> family takaful Agro Nurani untuk orang kurang upaya Agro Nurani for the disabled
Menyediakan peluang pendapatan untuk orang kurang upaya (OKU) Provide earning opportunities for people with disabilities (PWDs)	<ul style="list-style-type: none"> Program pembiayaan Agro Bakti kepada orang kurang upaya (OKU) untuk perniagaan baharu dan sedia ada dalam sektor pertanian Agro Bakti financing programme for persons with disabilities (PWD) for new and existing business within the agriculture sector
Penilaian semula & pembaharuan ciri-ciri produk, terutamanya bagi pemerolehan dana kerajaan atau dana pihak ketiga Revitalisation of product proposition features, primarily for the acquisition of government funds or third party funds	<ul style="list-style-type: none"> Menawarkan sokongan kepada pekebun kecil untuk membolehkan mereka meneruskan penanaman semula dengan skim bayaran balik selepas tempoh tertentu pada kadar yang lebih mudah Extending support to smallholders to enable them to continue replanting with repayment schemes after a certain period at facilitative rates Dana yang diterima RM20 juta daripada MPOB bagi program Tanaman Semula Pekebun Kelapa Sawit (TSPKS) & Input Pertanian Pekebun Kecil Sawit (IPPKS) untuk membantu pekebun kecil dalam industri kelapa sawit Fund received RM20 million from MPOB for programme Tanaman Semula Pekebun Kelapa Sawit (TSPKS) & Input Pertanian Pekebun Kecil Sawit (IPPKS) to assist small planters in oil palm industries
Menyokong agropreneur melalui program pengayaan pengetahuan dan pengiktirafan Supporting agropreneurs through knowledge enrichment programmes and recognition	<ul style="list-style-type: none"> Program Pembangunan Agropreneur (ADP) yang mempersiapkan agropreneur dengan pengetahuan berkaitan dan program pembinaan keupayaan Agropreneur Development Programme (ADP) that equips agropreneurs with relevant knowledge and capacity building programmes Mendorong dan mengiktiraf mereka yang meraih pencapaian melalui Anugerah Agropreneur Agrobank Motivate and recognise achievers through the annual Agrobank Agropreneur Award Berkongsi paparan mengenai agropreneur yang berjaya melalui program televisyen Ikon Agro yang disiarkan di Astro Awani Sharing showcase on successful agropreneurs through Ikon Agro television programme aired on Astro Awani
Menyediakan lebih banyak akses kepada keterangkuman kewangan untuk segmen yang kurang dan tidak mendapat perhatian Providing unserved and underserved segments with access for greater financial inclusion	<ul style="list-style-type: none"> Rangkaian Ejen Perbankan (AGROAgent) yang menawarkan akses perbankan dan mempromosi perkhidmatan perbankan Agrobank seperti pembiayaan mikro, simpanan dan penghantaran wang – dikembangkan dengan tambahan 207 ejen pada 2019, jumlah pada akhir 2019 adalah 1,197 AGROAgent network that offers banking access and promotes Agrobank services such as micro-financing, savings and remittance services – expanded with addition of 207 agents in 2019, total at end 2019 is 1,197 Akses meluas ke kawasan bandar dan luar bandar melalui rangkaian 192 pusat transaksi pelanggan Expansive access to rural and urban areas through a network of 192 customer total touchpoints <ul style="list-style-type: none"> 138 cawangan/branches 1 Perbankan Agro/Agro Banking 1 perbankan maya/virtual banking 10 pusat pembiayaan komersial/commercial financing centre 34 kios/kiosk 8 Sudut Agro & Agro Point/Agro Corners & Agro Points 389 terminal kendiri/self-service terminals

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KELESTARIAN ALAM SEKITAR/ENVIRONMENT SUSTAINABILITY



Dalam pada Agrobank berusaha menunaikan mandatnya untuk menyokong pembangunan aktiviti pertanian dengan sasaran mengukuhkan kemampaman makanan negara, ia turut menggalakkan penggunaan amalan terbaik yang memberi penekanan terhadap penjagaan alam sekitar. Ini juga sejajar dengan pengadaptasian VBI oleh Bank serta sasarannya untuk membantu sektor dalam mengaplikasikan kaedah baru yang menggabungkan teknologi dan data bagi menghasilkan keputusan yang lebih baik dan lebih pantas dengan pengurangan kesan buruk kepada alam sekitar.

Agrobank menyokong aktiviti perniagaan yang tertumpu kepada kelestarian alam sekitar dan menggalakkan amalan pertanian yang baik dan modenisasi amalan pertanian.

While Agrobank works on delivering on its mandate to support the development of agricultural activities with the aim to strengthen the country's national food sustainability, it promotes the adoption of best practices that place emphasis on safeguarding the environment. This is also in line with the Bank's VBI adoption as well as its aim to help the sector apply new methods that incorporate technology and data to yield better, faster results with reduced adverse impact on the environment.

Agrobank supports business activities centred on environmental sustainability that promotes good agricultural practices and supports modernisation of farming practices.

Menyokong amalan terbaik dalam pertanian dan alam sekitar Advocating good agriculture and environmental best practice

Menyokong skim pembiayaan untuk amalan modenisasi Supporting financing schemes for modernisation practices

Mengembangkan sokongan pembiayaan untuk projek hijau/ sumber boleh diperbaharui Expand financing support for green/renewable related projects

- Menggalakkan pelanggan Agrobank untuk menerima pakai pensijilan Amalan Pertanian Baik Malaysia (MyGAP)
Encourage Agrobank customers to adopt Malaysian Good Agricultural Practice (MyGAP) certification
- Menggalakkan pelanggan di sektor kelapa sawit untuk mendapatkan pensijilan Minyak Sawit Mampan Malaysia (MSPO)
Encourage its palm oil customers to obtain the Malaysian Sustainable Palm Oil (MSPO) certification
- Agrobank menggunakan Penilaian Impak Alam Sekitar (EIA) sebagai panduan dalam menyemak permohonan pembiayaan yang mengambil kira aspek amalan alam sekitar yang baik
Agrobank uses the Environment Impact Assessment (EIA) as a guide in reviewing financing applications that include aspects of good environmental practices

- Menyediakan pembiayaan bagi menaik taraf/memodenkan kaedah penangkapan ikan untuk kemampaman ekosistem ekologi marin yang termasuk modenisasi bot nelayan, dan menyokong kaedah menangkap ikan laut dalam
Providing financing for upgrading/modernising fishing methods for sustainability of ecosystem of marine ecology which include modernisation of fishing vessels and supporting deep ocean fishing methods
- Untuk mengembangkan pembiayaan kepada sektor-sektor yang menggunakan teknologi hijau/sumber boleh diperbaharui dalam pengeluaran pertanian seperti penggunaan tenaga solar pada 2020
To expand financing to sectors that incorporate green/renewable technology in agri-production such as solar energy in 2020

MENAMBAH BAIK AMALAN, PROSES & BUDAYA KAMI

Sebagai IKP, Agrobank menyedari kepentingan peranannya dalam menggalakkan sektor pertanian untuk penjana pertumbuhan, pembangunan agropreneur dan kemajuan komunitinya. Selama 50 tahun, Bank telah menyokong kemajuan perjalanan sektor pertanian Malaysia, usahawan dan komuniti tersebut. Seiring dengan Visi dan Misi kami yang diperbaharui, Agrobank akan terus menyampaikan nilai yang diperkongsikan dalam melaksanakan peranannya menghubungkan sektor kewangan dengan ekonomi demi mencapai sebuah ekosistem yang mapan bagi sektor dan

ENHANCING OUR PRACTICES, PROCESSES & CULTURE

As a DFI, Agrobank is cognisant of the important role it plays in promoting the agricultural sector as an engine of growth, development of agropreneurs and the progress of its community. The Bank has been supporting the growth journey of Malaysian farmers, entrepreneurs and the community for 50 years now. In line with our renewed Vision and Mission, Agrobank will continue to deliver enhanced value in discharging its role in connecting the financial sector to the real economy to achieve a sustainable ecosystem for the agriculture sector and the community.

komuniti pertanian. Sejak 50 tahun lalu, Bank telah memenuhi peranan yang diamanahkan dengan menerapkan kemampunan sebagai teras kewujudannya. Pendekatan berpandukan kemampunan ini, yang sejajar dengan prinsip perantaraan-nilai, telah memacu strategi, nilai teras dan budaya Bank yang membantunya menghasilkan nilai positif dan meninggalkan impak yang mapan dalam keseluruhan ekosistem pertanian.

Menambah Baik Budaya dan Kemampunan

Visi dan Misi yang diperbaharui pada 2019 akan memandu ke arah budaya berprestasi inklusif dan inovatif di kalangan warga Agrobank yang menekankan kemampunan sebagai terasnya agar kami mampu menjadi peneraju dalam membangunkan usaha yang akan menyokong dan memajukan sektor pertanian, memanfaatkan kepelbagaiannya kakitangan, penawaran, pengetahuan dan rangkaian kami.

Kami berusaha membangun dan memupuk budaya, keupayaan dan tatalaku di kalangan kakitangan yang bertumpu pada penzahiran matlamat, penciptaan nilai untuk pihak berkepentingan, dan pencapaian strategi bagi pertumbuhan mapan. Ini akan dicerminkan melalui pelbagai program dan kempen kesedaran serta pendidikan untuk semua kakitangan termasuklah dalam proses pengambilan pekerja, pendekatan ketika melakukan pekerjaan dan sistem pengurusan prestasi. Ini adalah untuk menjadikan warga kerja Agrobank serba lengkap dan bersedia serta mampu meneruskan mandat Bank untuk 50 tahun akan datang.

Menambah Baik Amalan dan Proses

Bank akan meneruskan usaha meningkatkan amalan dan proses yang melaksanakan penerapan dan iltizam Visi dan Misi yang diperbaharui. Ini akan dilakukan dengan melaksanakan strategi inovatif untuk meningkatkan capaiannya dan menyediakan penawaran bersesuaian yang akan menyokong rantaian nilai pertanian dan ekosistemnya, memupuk keusahawanan dan menarik minat terhadap perniagaan pertanian secara efektif.

Bank juga akan menambah baik penilaian berdasarkan impak ke atas kredit dan memperbaiki proses pembangunan produk serta perancangan program bagi memastikan sasaran modernisasi pertanian disokong melalui penambahbaikan ekosistem pertanian, melonjakkan pelaburan daripada sektor swasta dan pengembangan aktiviti untuk peladang, penternak dan nelayan, menghubungkan kepada industri baharu dan pembangunan pasaran, dan menjalankan peranan pengantara yang menjangkau perbankan untuk merangsang aktiviti ekonomi.

Usaha-usaha ini berpandukan pematuhan kami terhadap Rangka Kerja Pembangunan Bank dan merupakan komitmen kami untuk menghasilkan kesan dan meningkatkan nilai jangka panjang demi masa depan mapan untuk semua pihak berkepentingan.

Over the past 50 years, the Bank has delivered on its mandated role that embeds tenets of sustainability at the core of its DNA. This sustainability-led approach, which is aligned with VBI principles, has driven the Bank's strategies, core values and culture that helps the DFI drive positive value and leave a sustainable impact along the agricultural ecosystem.

Enhancing Culture and Sustainability

The renewed Vision and Mission that was articulated in 2019 will drive towards an inclusive, innovative performance culture among Agrobanks that emphasises sustainability at its core so that the Bank can lead the way in developing efforts that will support and grow the agricultural sector, leveraging on the diversity of our people, offerings, knowledge and network.

We strive to develop and instil culture, capabilities and behaviours among employees that are centred on living our purpose, creating value for stakeholders, and delivering on our strategy for sustainable growth. These will be reflected in the awareness and education programmes for all employees as well as in the Bank's hiring processes, onboarding approach and performance management system. This is to ensure that Agrobanks are equipped and able to drive the mandate of the Bank for the next 50 years ahead.

Enhancing Practices and Processes

The Bank will continue with efforts to enhance practices and processes that imbue the renewed adoption and aspiration of its Vision and Mission. This shall be affected by deploying innovative strategies to increase its reach and provide suitable offerings that will support the agriculture value chain and ecosystem that effectively cultivates entrepreneurship and interest in the agriculture business.

The Bank will enhance its impact-based assessment on credit and enhance its product development process and programme design to ensure the aim of agriculture modernisation is supported through the improvement of the agricultural ecosystem, boost investment from the private sector and expansion activities for farmers, livestock breeders and fishermen, connect to new industries and market development, and undertake a broader, non-traditional intermediary role beyond banking to stimulate economic activities.

These efforts are guided by our adherence to the Bank's Developmental Framework and are a reflection of our commitment to creating impact and enhancing long-term value that makes a real difference towards building a sustainable future for all our stakeholders.

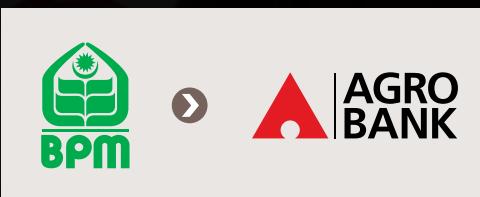
Batang ke Majlis

LARAKO
ROB



Pengkorporatan **AGROBANK**

THE CORPORATISATION OF AGROBANK



Perjalanan pengkorporatan BPM diusahakan Bank Negara Malaysia pada 2005 sebagai langkah untuk memperkuuhkan kedudukan kewangan bank, meningkatkan kapasiti dan keupayaan untuk mencapai keberkesanan serta lebih berdaya saing dan seterusnya, mengolah hala tuju strategik baharu untuk bank.

Menerusi pengkorporatannya, skop pembiayaan bank itu terus diperluaskan dan tumpuan yang lebih besar diletakkan kepada penawaran pelbagai instrumen perbankan untuk memasukkan akaun cek, urusan emas dan pertukaran mata wang dan pembiayaan perdagangan asing serta budaya kerja para petugas.

Pada 1 April 2008, BPM secara komersialnya dikenali sebagai Agrobank menerusi penjenamaan semula. Visi dan misi turut diatur semula untuk menjadikan Agrobank sebuah organisasi yang lebih dinamik dan agresif dalam mencapai objektifnya sebagai sebuah bank yang menyediakan pelbagai solusi untuk sektor pertanian.

Pengkorporatan Agrobank juga bermakna bank pertanian juga mampu berdaya saing seiring institusi kewangan komersil yang lain dengan meningkatkan keupayaannya menerusi penawaran produk pembiayaan kewangan dan bukan kewangan yang lebih inovatif.

BPM's corporatisation journey was initiated by Bank Negara Malaysia in 2005 as a step towards strengthening the financial position of the Bank, increasing capacity and ability to achieve efficiency; being more competitive; and, in turn developing new strategic directions for the Bank.

Through its corporatisation, the scope of the Bank's financing continued to expand and greater emphasis was placed on the provision of various banking instruments to include Current Account, gold transactions, currency exchange and foreign trade financing as well as the work culture of the employees.

On 1 April 2008, BPM was commercially known as Agrobank through a rebranding exercise. The vision and mission was revamped to make Agrobank a more dynamic and aggressive organisation in the pursuit of its objective as a Bank providing a range of solutions for the agriculture sector.

Agrobank's corporatisation also meant that now the agricultural bank could compete with other commercial financial institutions by increasing their capabilities through the offering of more innovative financial and non-financial financing products.

STRATEGI – PENILAIAN KEDUDUKAN & MAJU KE HADAPAN

STRATEGY – POSITION ASSESSMENT & GOING FORWARD

MENCAPAI MATLAMAT MELALUI STRATEGI KAMI

Strategi Agrobank dirangka berdasarkan keperluan jangka panjangnya untuk berfungsi sebagai pemangkin dalam pertumbuhan sektor pertanian. Pada 2020, Bank memulakan fasa terakhir dalam pelan strategik 5 tahunnya, iaitu Pelan Perniagaan Strategik 2016-2020 (SBP 2016-2020). Keseluruhan strategi Bank diselaraskan dengan dasar dan hala tuju nasional seperti Rancangan Malaysia ke-11 2016-2020 (RMK-11) dan Dasar Agromakanan Negara (2011-2020). Secara kolektifnya, pelan strategik ini membantu menetapkan hala tuju berterusan dalam pembangunan sektor pertanian, mencari jalan meningkatkan pemodenan sektor ini, serta menguruskan bekalan makanan negara secara mapan.

SBP 2016-2020 telah menyaksikan beberapa peningkatan ketara dalam perniagaan kami sepanjang empat tahun lepas. Kami telah berupaya mengukuhkan lembaran imbangan, menambah baik rangkaian penawaran, memperluaskan capaian pelanggan dan meningkatkan keupayaan kakitangan kami. Kami telah merekodkan pertumbuhan sebanyak 11.1% dalam pembiayaan pertanian utama dan industri berasaskan tanah. Kami turut meningkatkan pegangan pasaran kepada 37.1% pada tahun 2019, berbanding 28.4% yang direkodkan pada tahun 2016.

Transformasi yang dilakukan dalam cara kami menyampaikan perkhidmatan dan keperluan kepada pihak berkepentingan adalah amat bermakna kepada kejayaan kami. Menjelang akhir 2020 nanti, kami akan memperkenal dan memuktamadkan Pelan Rancangan Strategik yang baharu bagi tempoh lima tahun akan datang dari 2021 hingga 2025. SBP baharu ini akan memberi fokus kepada usaha-usaha ke arah modenisasi pertanian serta inisiatif-inisiatif pembangunan lain yang diperkemaskin untuk sektor ini. Ini termasuklah usaha menyokong dan menggalakkan penggunaan teknologi dalam penanaman pintar, penerokaan bidang-bidang perniagaan baharu, pengukuhan kerjasama strategik yang berorientasikan nilai dan memperhebatkan peranan pengantaraan kami seiring dengan Visi dan Misi Bank yang baharu. SBP baharu ini juga diformulasikan dengan terperinci untuk membolehkan Agrobank menyesuaikan dan memenuhi trend-trend baharu, terutamanya dalam penggunaan teknologi kewangan (fintech), perbankan maya, analisis Data Besar (Big Data Analytics) dan kecerdasan buatan (AI).

Melangkah ke hadapan, Agrobank komited untuk sentiasa cekap dan dinamik dalam menghadapi semua perubahan ini dan untuk mencapai sasarannya bagi memastikan transformasi sektor pertanian berjalan lancar.

Perspektif 2019

Strategi Bank bagi tahun 2019 adalah untuk menumpukan kepada menambah baik sektor pertanian dan meningkatkan kesejahteraan komunitinya. Kami melakukannya dengan berperanan sebagai pengantara dalam menyediakan perkhidmatan kewangan berdasarkan permintaan pasaran dan pengguna. Inisiatif berkaitan juga direncanakan bagi memastikan hasil pembangunan yang berimpak terhadap pertumbuhan jangka panjang sektor pertanian.

DELIVERING ON OUR STRATEGY

Agrobank's strategy is grounded by its long-term imperative to be a facilitative enabler for the growth of the agriculture sector. In 2020, the Bank embarks on the final phase of its five-year Strategic Business Plan 2016-2020 (SBP 2016-2020). The Bank's strategies are aligned to support the strategic direction of the 11th Malaysia Plan 2016-2020 (RMK-11) and the National Agro-food Policy (2011-2020). Collectively, the strategic plan helps to set the direction for the development of the agriculture sector, looks at means to modernise the sector, as well as sustainably manage the national food supply.

The SBP 2016-2020 has driven significant improvement in our business over the past four years. We have strengthened our balance sheet, improved our range of offerings, expanded customer reach and upskilled our people's capabilities. Over the course of the last five years from 2016-2019, we recorded 11.1% growth in our financing for primary agriculture and agro-based industry. We also increased our market share to 37.1% in agrofood sector financing in 2019, compared to 28.4% recorded in 2016.

Transforming the way we deliver our services to meet our stakeholders' needs is critical to our success. We will be introducing our refreshed Strategic Business Plan (SBP) for the next five years from 2021 to 2025 at the end of 2020. The new SBP will focus on modernisation efforts as well as enhanced developmental initiatives for the agriculture sector. This would include advocating and promoting the adoption of technology in smart farming, exploring new business areas, strengthening value-driven strategic partnerships and enhancing our intermediation role which is in line with the Bank's renewed Vision and Mission statement. The new SBP is formulated to enable Agrobank to adapt to and meet emerging trends, especially in the use of fintech, virtual banking, Big Data Analytics and Artificial Intelligence (AI).

Going forward, Agrobank is committed to remain agile and dynamic to embrace these changes and to achieve the Bank's aim of facilitating the transformation of the agriculture sector.

2019 Perspective

The Bank's strategy for the year was to focus on improving the agriculture sector and improving the well-being of the agricultural community. We did this by being a facilitative intermediary that provides financial services according to market and consumer demand. Initiatives were designed to leave a developmental impact, towards supporting the long-term growth of the agriculture sector.

Hasil Pembangunan 2019/2019 Developmental Outcomes

Inisiatif Initiatives	Hasil 2019 2019 Outcome	Hasil 2018 2018 Outcome	% Perbezaan tahun ke tahun % Year-on-Year Change
Sumbangan pembiayaan kepada usahawan Bumiputera Financing contribution to Bumiputera entrepreneurs	87.5%	89.3%	-1.8%
Sumbangan pembiayaan kepada perusahaan mikro, kecil dan sederhana (MSME) Financing contribution to micro, small and medium enterprises (MSMEs)	RM5.2 bilion/billion	RM4.1 bilion/billion	+26.8%
Sumbangan kepada pembiayaan agromakanan dalam sistem perbankan Financing contribution to primary agrofood financing in the banking system	36.3% penguasaan pasaran/ market share	33.5% penguasaan pasaran/ market share	+2.8%
Komposisi bagi pembiayaan bermandat berbanding pembiayaan tidak bermandat Financing composition of mandated vs non-mandated financing	91%	89.7%	+1.3%
Ketercapaian kewangan Financial accessibility	207 Ejen Perbankan baharu/ new AGROAgents	226 Ejen Perbankan baharu/ new AGROAgents	-8.4%
Perkhidmatan bernilai tambah - Latihan khidmat nasihat & program-program dijalankan Value-added service - Advisory training & programmes conducted	1,485 peserta/ participants	610 peserta/ participants	+75.7%

Menggalakkan Pertumbuhan Agropreneur

Agrobank sedar bahawa memperluaskan sokongan bukan kewangan dari segi khidmat nasihat dan latihan kepada agropreneur adalah sama pentingnya dengan sokongan kewangan. Bank sentiasa memberi fokus terhadap program-program pembangunan keusahawanan bagi mempersiapkan agropreneur dengan ilmu pengetahuan dan kemahiran yang diperlukan untuk menjadi usahawan berjaya. Pusat Kecemerlangan Agrobank (ACE) sentiasa merangka aktiviti pembangunan dan khidmat nasihat dengan kerjasama erat daripada agensi-agensi kerajaan dan industri berkaitan untuk membekalkan pengetahuan dan program pembinaan keupayaan yang sesuai kepada agropreneur.

Enabling Agropreneurs for Growth

Agrobank knows that extending non-financial support in terms of advisory and training to agropreneurs is equally as important as financial support. The Bank invests in entrepreneurial development programmes that help equip agropreneurs with relevant knowledge and skills to be successful entrepreneurs. The Agrobank Centre of Excellence (ACE) designs developmental and advisory activities in close collaboration with relevant government and industry agencies to provide agropreneurs with the right knowledge and capacity building programmes.

Program yang Diadakan pada 2019 Programmes Held in 2019

- 1 Bengkel Rancangan Perniagaan
Business Planning Workshop
- 2 Kursus Penyediaan Rancangan Perniagaan bagi Agropreneur Muda Zon Selatan 2019
Business Planning & Preparation Course for Young Agropreneurs (South Zone) 2019
- 3 Kursus Pengurusan Projek Keusahawanan & Rancangan Perniagaan untuk golongan sasar
Project Management & Business Planning courses for target groups
- 4 Kursus Keusahawanan Burung Walit (Rancangan Perniagaan)
Swiftlet Entrepreneurship Course (Business Planning)

Kerjasama Collaborations

- | |
|--|
| Bahagian Latihan Kemahiran Pertanian (BLKP)
Division of Agriculture Skills Training |
| Lembaga Kemajuan Ikan Malaysia (LKIM)
Malaysia Fisheries Development Authority |
| Bahagian Latihan Kemahiran Pertanian (BLKP)
Division of Agriculture Skills Training |
| Jabatan Perkhidmatan Veterinar Malaysia
Department Of Veterinary Services Malaysia (DVS) |

STRATEGI – PENILAIAN KEDUDUKAN & MAJU KE HADAPAN

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Program yang Diadakan pada 2019 Programmes Held in 2019	Kerjasama Collaborations
5 Kursus Teknologi Pengeluaran Kilang Tanaman (Agrocube) Plant Factory Production Technology Course (Agrocube)	Institut Penyelidikan dan Kemajuan Pertanian Malaysia (MARDI) Malaysian Agricultural Research and Development Institute (MARDI)
6 Program Usahawan Penternak Ayam Negeri Pahang Pahang Chicken Breeder Entrepreneur Programme	Penternak Ayam Negeri Pahang, Jabatan Veterinar Pahang dan Majlis Perbandaran Temerloh Pahang Chicken Breeder, Pahang Department Of Veterinary Services Malaysia (DVS) and Temerloh Municipal Council
7 Seminar Agropreneur Muda 2019 (Rancangan Perniagaan) 2019 Young Agropreneur Seminar (Business Planning)	Unit Agropreneur Muda, Kementerian Pertanian dan Industri Makanan (MOA) Young Agropreneur Unit, Ministry of Agriculture and Food Industries (MOA)
8 Kursus Pengurusan Kredit Credit Management Course	Lembaga Kemajuan Pekebun Kecil Perusahaan Getah (RISDA) Kelantan Rubber Industry Smallholders Development Authority (RISDA) Kelantan
9 Kursus Keusahawanan Burung Walit (Zon Pantai Timur) Swallow Entrepreneurship Course (East Coast Zone)	Jabatan Perkhidmatan Veterinar Malaysia (DVS) Putrajaya Department Of Veterinary Services Malaysia (DVS) Putrajaya
10 Program Peningkatan & Pengukuhan Keusahawanan Kewangan & Daya Maju Projek IAT Financial Entrepreneurship Improvement Programmes and Project Viability IAT	Lembaga Pertubuhan Peladang (LPP) Farmers' Organisation Authority
11 Pembangunan Usahawan & Penyediaan Rancangan Perniagaan Entrepreneur Development & Business Planning Preparation	Lembaga Kemajuan Ikan Malaysia (LKIM), Sabah Malaysia Fisheries Development Authority (LKIM), Sabah
12 Bengkel Penulisan Kertas Kerja Perniagaan yang Baik Workshop for Good Business Proposal Writing	Politeknik Melaka Malacca Polytechnic
13 Penyediaan Rancangan Perniagaan untuk Agropreneur Muda Business Planning Preparation for Young Agropreneurs	Lembaga Kemajuan Ikan Malaysia (LKIM), Pulau Pinang Malaysia Fisheries Development Authority (LKIM), Penang
14 Program Asas Rancangan Perniagaan untuk Pegawai Pembimbing Train-the-Trainer Programmes for Basic Business Planning	MADA & Bahagian Latihan Kemahiran Pertanian (BLKP) MADA & Division of Agriculture Skills Training
15 Kursus Rancangan Perniagaan bagi Pelatih Pusat Bertauliah Akademi Perikanan Malaysia (APM) Business Planning Course for Malaysian Academy of Fisheries Certified Trainees	Akademi Perikanan Malaysia (APM) Malaysian Fisheries Academy
16 Kursus Rancangan Perniagaan & Pengurusan Projek Keusahawanan untuk Graduan & Pelatih Sijil Kemahiran Malaysia, Operasi Ladang Poltri, Institut Teknologi Unggas Business Planning & Entrepreneurship Project Management Course for Graduates & Trainees of Malaysian Skills Certificate, Poultry Farm Operations, Poultry Technology Institute	Institut Teknologi Unggas Melaka Malacca Poultry Technology Institute
17 Asas Rancangan Perniagaan Fundamentals of Business Planning	Institut Pertanian Sarawak Sarawak Institute of Agriculture
18 Kursus Peningkatan Kualiti, Produktiviti & Pemasaran Produk Quality Improvement, Productivity & Product Marketing Course	Lembaga Pertubuhan Peladang (LPP), Negeri Sembilan Farmers' Organisation Authority, Negeri Sembilan
19 Asas Rancangan Perniagaan untuk Pelatih Sijil Kemahiran Malaysia (SKM) MADA Basics of Business Planning For Malaysian Skills Certificate MADA Trainees	Pusat Latihan Beras MADA (MRTC)- Bahagian Latihan Kemahiran Pertanian (BLKP) MADA Rice Training Centre (MRTC) - Division of Agriculture Skills Training
20 Asas Pengurusan Kewangan Fundamentals of Financial Management	Jabatan Perkhidmatan Veterinar Malaysia (DVS) Department of Veterinary Services Malaysia (DVS)

Mengorak Langkah di Tahun 2020

Sungguhpun Bank kini berada dalam persekitaran operasi yang belum pernah terjadi sebelum ini berikutan kebimbangan terhadap pandemik coronavirus (COVID-19), Bank terus komited untuk mencapai matlamat yang telah ditetapkan dalam fasa terakhir SBP 2016-2020. Kami melaksanakannya dengan fokus yang jitu untuk meningkatkan segmen pertanian utama, menambah baik capaian pelanggan, serta mengukuhkan operasi dan proses-proses kami. Kami juga melancarkan Visi baharu kami iaitu 'Memperkasa Pertanian Menjangkaui Perbankan' yang menetapkan kedudukan Agrobank sebagai pemangkin bagi pembangunan sektor pertanian untuk 50 tahun akan datang.

Advancing Ahead in 2020

Despite the unprecedented environment in which we operate in today, given the concerned outlook arising from the coronavirus (COVID-19) global pandemic, the Bank remains committed to achieving the objectives outlined in the final phase of the SBP 2016-2020. We do this with a keen focus on elevating key agriculture segments, improving customer access, and strengthening our operations and processes. We also launched our new Vision - 'Advancing Agriculture Beyond Banking' - setting the tone for Agrobank to maintain its status as a key enabler for agriculture sector development for the next 50 years.

Tumpuan Focus	Inisiatif Initiatives	Rasional Rationale
Perniagaan Business	<ul style="list-style-type: none"> Menambah baik sektor yang mempunyai tahap sara diri (SSL) yang rendah <i>Improve sectors with low self-sufficiency levels</i> Mengenal pasti dan menyokong sektor-sektor 'Sumber Rezeki Baru' yang semakin mendapat permintaan <i>Identify and support new and in-demand 'Sumber Rezeki Baru' sectors</i> Sokongan pembiayaan dan kewangan perdagangan kepada sektor berorientasikan eksport <i>Financing and trade finance support for export-oriented sectors</i> Menyokong modenisasi pertanian melalui penggunaan teknologi <i>Support modernisation of agriculture through adoption of technology</i> 	<ul style="list-style-type: none"> Menggalakkan penyertaan dan pengeluaran dalam subsektor SSL rendah, untuk meningkatkan tahap sara diri makanan <i>Boost participation and production in low-SSL sub-sectors, to increase food self-sufficiency levels</i> Menyokong sub-sektor tanaman berpotensi tinggi sebagai salah satu penyumbang ekonomi utama negara <i>Support high-potential crop sub-sectors as one of country's key economic contributors</i> Menambah lebih banyak eksport produk pertanian dan produk berdasarkan pertanian ke luar negara <i>Boost export of agriculture and agriculture-based products</i> Membantu pemain industri pertanian mencapai pengeluaran dan hasil lebih baik, dan kecekapan lebih tinggi <i>To help agriculture players achieve better productivity, higher yields and greater efficiency</i>
Memberi perkhidmatan kepada komuniti yang kurang dan tidak mendapat perhatian <i>Serving unserved and the underserved communities</i>	<ul style="list-style-type: none"> Menyokong komuniti melalui program-program kewangan mikro yang dipergiatkan <i>Support communities through intensified micro-finance programmes</i> Kerjasama strategik dengan agensi-agensi kerajaan dan pemain industri utama <i>Strategic partnerships with government agencies and major industry players</i> Pemodelan semula cawangan-cawangan <i>Physical branch re-modeling</i> 	<ul style="list-style-type: none"> Menggalakkan kesan gandaan ekonomi dengan membolehkan perniagaan kecil berkembang dan terus maju <i>Foster economic multiplier effect by enabling small businesses to grow and thrive</i> Meluaskan capaian melalui usaha kerjasama yang lebih komprehensif <i>Expand reach through comprehensive collaborative initiatives</i> Membekalkan cawangan dengan produk/perkhidmatan baharu bagi memenuhi keperluan perbankan pelanggan yang pelbagai <i>Equip branches with new products/services to fulfill customers' diverse banking needs</i>

STRATEGI – PENILAIAN KEDUDUKAN & MAJU KE HADAPAN

STRATEGY – POSITION ASSESSMENT & GOING FORWARD

Tumpuan Focus	Inisiatif Initiatives	Rasional Rationale
Mengukuhkan peranan pembangunan Agrobank Strengthening the developmental role of Agrobank	<ul style="list-style-type: none"> Mengendalikan Rangka Kerja Pembangunan yang meneckan prinsip perbankan berdasarkan nilai dan petunjuk berteraskan impak Operationalise a Developmental Framework that stresses on value-based banking principles and impact-based indicators Mempergiatkan capaian dan peranan Ejen Perbankan Intensify agent-banking's access and roles Menggalakkan inovasi dan penglibatan sektor swasta dalam pertanian Promote innovation and greater private sector involvement in agriculture Mempergiatkan pembangunan agropreneur melalui khidmat nasihat perniagaan, program pembangunan usahawan dan menjadi hab pengetahuan yang komprehensif Intensify development of agropreneurs through business advisory, entrepreneur development programmes and becoming a comprehensive hub of knowledge Menjadi rakan dalam perangkaan dan pembangunan dasar baharu dalam pertanian Become a partner for new policy development in agriculture 	<ul style="list-style-type: none"> Menyepadukan prinsip perbankan berdasarkan nilai ke dalam semua amalan, tatalaku dan penawaran Bank dengan tumpuan diberikan terhadap ekonomi, sosial & alam sekitar Embed value-based banking principles in all of the Bank's practices, conduct and offerings which are centred around economy, social & environment Mengawasi dan mengukur impak yang terhasil dari inisiatif pembangunan yang dilaksanakan Bank Track and measure the developmental impact of the Bank's initiatives Meluaskan capaian kepada pelanggan melalui rangkaian ejen yang kukuh Expand reach to customers through a strong network of agents Menggalakkan pembangunan pertanian melalui penggunaan teknologi dan penyertaan yang lebih tinggi daripada sektor swasta Foster agricultural development through use of technology and greater participation from private sector Melengkap dan menggalakkan agropreneur berkembang dalam bidang pertanian moden melalui pengetahuan dan kemahiran dalam perniagaan dan pengurusan ladang Equip and enable agropreneurs to thrive in modern agriculture through sound business and farm management knowledge and skills
Operasi Operations	<ul style="list-style-type: none"> Penambahbaikan pengeluaran melalui rasionalisasi cawangan Productivity improvement through branch rationalisation Pengoptimuman kos dan proses Optimisation of costs and processes Penambahbaikan persekitaran kerja Improvement of the working environment 	<ul style="list-style-type: none"> Menjajal semula komposisi sumber-sumber cawangan agar berpadanan dengan permintaan pasaran bagi mencapai produktiviti yang lebih tinggi Re-align the composition of branch resources to match market demand to achieve better productivity Menyemak dan memperuntukkan semula sumber untuk menyumbang kepada keuntungan bersih yang positif Review and reallocate resources for positive net profit contribution Mengkaji semula peranan cawangan dan perjalanan pelanggan untuk disesuaikan dengan trend perbankan yang sentiasa berubah Rethink the role of the branch and customer journey to accommodate changing trends in banking
Inovasi digital Digital innovation	<ul style="list-style-type: none"> Penaiktarafan pengalaman pelanggan melalui solusi digital Enhancement of customer experience through digital solutions 	<ul style="list-style-type: none"> Melengkapkan penawaran perbankan melalui medium digital dan menyusun atur bagi mengelak sebarang pertindihan Complementing existing banking services with digital platforms

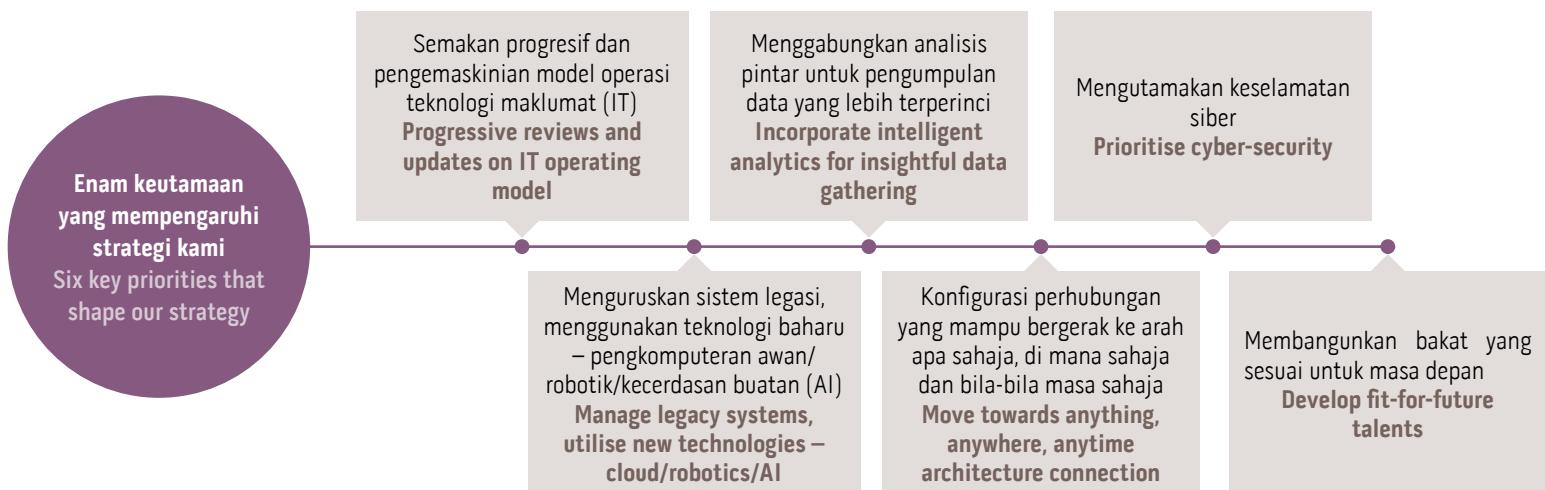
Tumpuan Focus	Inisiatif Initiatives	Rasional Rationale
Pembangunan modal insan dan transformasi budaya Human capital development and culture transformation	<ul style="list-style-type: none"> ▪ Penambahbaikan data dan analisis pelanggan Enhancement of data and customer analytics ▪ Penyeragaman proses melalui Automasi Proses Robotik Process streamlining through Robotic Process Automation ▪ Rangka tindakan tenaga kerja digital Digital workforce blueprint ▪ Penyusunan tenaga kerja untuk meningkatkan produktiviti Workforce alignment to enhance productivity ▪ Program pengurusan bakat, latihan dan ganjaran yang bersepada Integrated talent management, training and reward programmes ▪ Penambahaikan dalam Proposisi Nilai Pekerja Enhancement of Employee Value Proposition 	<ul style="list-style-type: none"> ▪ Memanfaatkan analisis data sedia ada dengan menyediakan strategi pelbagai saluran bagi memenuhi keperluan pelanggan Leverage on data analytics to provide optimised multi-channel strategy to meet customer needs ▪ Memudahkan proses ke arah automasi yang lebih baik serta kecekapan dan produktiviti yang lebih tinggi Simplify processes for greater automation, efficiency and productivity ▪ Menyediakan platform digital bagi mencapai tahap kecekapan, produktiviti dan kerjasama lebih baik Provide digital platform to achieve greater efficiency, productivity and collaboration ▪ Menghubungkan peranan perniagaan harian dengan visi dan misi jangka panjang serta objektif keseluruhan Bank Connect daily business roles to the Bank's long-term vision, mission and goals ▪ Perancangan tenaga kerja bagi merealisasikan budaya berprestasi tinggi melalui pengambilan bakat, penglibatan, pengekalan, perancangan penggantian, ganjaran dan pampasan, serta keupayaan pengurusan prestasi dengan pendekatan bersepada Workforce planning to ensure high performance culture through talent acquisition, engagement, retention, succession planning, rewards and compensation, and performance management capabilities with an integrated approach ▪ Menarik minat dan mengekalkan bakat berkelayakan serta membantu mereka menjadi penyumbang kepada matlamat Bank Attract and retain qualified talent and help them contribute towards the Bank's goals ▪ Program penambahbaikan yang berterusan untuk mengatur semula rangka kerja, dasar dan prosedur bagi mengesan dan mengurangkan potensi risiko Continuous improvement programmes to redesign frameworks, policies and procedures to detect and mitigate potential risks ▪ Mengurangkan risiko dan meningkatkan daya tahan dan bersiap sedia untuk bertindak balas dan pulih semula Reduce risk and promote resilience while preparing response and recovery plans
Mengukuhkan budaya risiko dan pematuhan Strengthening risk and compliance culture	<ul style="list-style-type: none"> ▪ Mengukuhkan fungsi audit dan pematuhan melalui proses penambahbaikan, latihan dan pemerkasaan Strengthening of audit and compliance functions through process improvement, training and empowerment ▪ Pengukuhan keselamatan siber dan pengurusan penipuan Strengthening of cyber security and fraud management 	<ul style="list-style-type: none"> ▪ Program penambahbaikan yang berterusan untuk mengatur semula rangka kerja, dasar dan prosedur bagi mengesan dan mengurangkan potensi risiko Continuous improvement programmes to redesign frameworks, policies and procedures to detect and mitigate potential risks ▪ Mengurangkan risiko dan meningkatkan daya tahan dan bersiap sedia untuk bertindak balas dan pulih semula Reduce risk and promote resilience while preparing response and recovery plans

STRATEGI – PENILAIAN KEDUDUKAN & MAJU KE HADAPAN

STRATEGY – POSITION ASSESSMENT & GOING FORWARD

MEMBINA ORGANISASI BERPRESTASI TINGGI

Aspirasi Agrobank adalah untuk menjadi sebuah organisasi berprestasi tinggi menerusi penglibatan tenaga kerja yang dinamik dan mampu melaksanakan strategi-strategi Bank dengan sebaiknya. Memandangkan negara sedang menuju ke arah ekonomi yang bernilai tinggi, berteknologi dan bercirikan keusahawanan, Agrobank mendapati ia selari dengan matlamatnya dan membuat persiapan yang sewajarnya bagi menyokong aspirasi nasional ini. Untuk itu, Bank kini sedang melalui proses transformasi agar dapat bersiap sedia untuk terus kekal relevan pada masa depan dan beroperasi secara digital, selaras perkembangan digital yang amat pantas yang mampu menjadi penghapus dan penggerak dalam dunia hari ini.



Membangunkan bakat yang sesuai untuk masa depan

Bank komited dalam membangunkan tenaga kerja masa depan agar mereka berpotensi menjadi ejen perubahan utama yang merupakan sebahagian daripada matlamat kami untuk membangunkan sektor pertanian.

Strategi Tenaga Kerja

Strategi tenaga kerja digital	Menyediakan platform digital untuk mencapai kecekapan, produktiviti dan kerjasama yang lebih baik Provide digital enablers for greater efficiency, productivity and collaboration	Berhubung Connect	Teknologi/proses untuk menghubungkan kakitangan dan proses Technology/process to connect people and process
Digital workforce strategy	Bekerjasama Collaborate	Teknologi/proses untuk membolehkan kakitangan bekerjasama Technology/process to allow people to collaborate	
	Berkomunikasi Communicate	Teknologi/proses untuk membolehkan kakitangan berkomunikasi secara berkesan Technology/process to allow people to communicate effectively	
	Operasi perniagaan Business operation	Memudahkan operasi perniagaan untuk mencapai kecekapan dan meningkatkan produktiviti Simplifying business operations for effectiveness and increased productivity	

BUILDING A HIGH PERFORMANCE ORGANISATION

Agrobank aspires to be a high-performance organisation with an agile and engaged workforce that delivers exceptionally on the Bank's strategies. As Malaysia moves towards creating a high-value, high-technology, and entrepreneurial economy, Agrobank sees itself aligned to equip and enable itself to be able to support and facilitate this ambition. To achieve this, the Bank is on a transformative journey towards becoming future-fit by embedding digitalisation in its operations, as fast-paced digitalisation becomes a disruptor and an enabler in today's world.

Building fit-for-future talents

The Bank is committed to build a workforce for the future so that our people can become key agents of change as part of our aim to develop the agriculture sector.

People Strategy

Pembelajaran tempat kerja 2.0 Workplace learning 2.0	Menentukan kecekapan masa depan yang diperlukan untuk tenaga kerja digital Define future competencies required for digital workforce	Peningkatan kemahiran Up skilling Pemahiran semula Reskilling Pembelajaran bersaiz kecil dan ringkas Bite size learnings	Melengkapkan kakitangan dengan kemahiran-kemahiran baharu Equip people with new skills Membekalkan kakitangan dengan kemahiran baharu untuk kerja yang berbeza/baharu Equip people with new skills for different/new jobs Menjadikan pembelajaran lebih mudah melalui bahan maklumat padat dan ringkas Making learning easy through small, self-contained information nuggets
Penilaian semula budaya kerja Culture revisit	Memperbaharui dan membentuk semula budaya kerja untuk masa depan Renew and reshape culture for the future	Kepimpinan Leadership Budaya yang dinamik Agile culture Pemikiran tajam Design thinking Pengurusan bakat Talent management	Hala tuju dan teladan daripada pihak atasan Tone set from the top Mewujudkan persekitaran (nilai, tingkah laku, amalan) yang menggalakkan kakitangan agar lebih mudah menyesuaikan diri, fleksibel, inovatif dan berdaya tahan Creating an environment (values, behaviours, practices) that fosters people to be adaptive, flexible, innovative and resilient Pendekatan yang memacu inovasi dan pemikiran kreatif Approach to drive innovation and creative thinking Mewujudkan pengalaman dan persekitaran luar biasa yang dapat menarik minat, membangun dan mengekalkan kakitangan cemerlang Creating an exceptional experience and environment that attracts, develops and retains the best people
Pengalaman pelanggan sumber manusia Customer experience of HR	Cemerlang dalam mengendalikan perkhidmatan sumber manusia Provide excellence in running HR services	Perangkaan perkhidmatan yang dinamik Agile service design Pengurusan pengalaman pelanggan Customer experience management	Menetapkan semula proses sumber manusia dengan pantas dan berdasarkan perspektif pelanggan Redefine HR processes fast and from the perspective of customers Mengukur kesan ke atas pengalaman pelanggan dan sentiasa menambah baik pengalaman mereka Measure its impact on the customer experience and continuously improve the experience

Menerokai Perbankan Islam

VENTURING INTO ISLAMIC BANKING



Pada tahun 2012, Agrobank melalui satu lagi fasa transformasi yang cukup signifikan yang mana menyaksikan proses memodenkan operasi bank secara lebih progresif. Agrobank menyusun semula kedudukannya agar dapat melaksanakan tanggungjawabnya secara lebih efektif seiring perkembangan di abad ke-21.

Enam matlamat strategik yang telah digariskan oleh Agrobank mampu melaksanakan mandat yang diberikan kerajaan untuk terus menyokong sektor pertanian negara secara lebih efektif dan pada masa yang sama mampu mencapai kelestarian perniagaan dengan sasaran menjadi sebuah institusi perbankan Islam sepenuhnya menjelang tahun 2015.

Matlamat strategik ini disokong pemacu strategi utama termasuk

- meneroka kawasan pertumbuhan baharu
- memperbaiki dan meningkatkan proses
- memanfaatkan peningkatan teknologi
- meningkatkan kerjasama strategik
- meremajakan modal insan.
- meluaskan solusi pembiayaannya kepada keseluruhan rantai nilai sektor pertanian.

Berkuatkuasa 1 Julai 2015, Agrobank secara rasminya beroperasi sebagai bank Perbankan Islam sepenuhnya. Peralihan Agrobank kepada sistem perbankan Islam sememangnya merupakan perkembangan yang positif seiring perkembangan pesat sektor perbankan Islam di Malaysia.

In 2012, Agrobank went through another phase of significant transformation that rapidly progressed the process of modernising the Bank's operations. Agrobank was restructuring its position in order to perform its duties more effectively as it advances into the 21st century.

The six strategic goals outlined by Agrobank were to fulfill the mandate given by the Government to continue supporting the country's agriculture sector more effectively and at the same time achieve business sustainability with the aim of becoming a fully Islamic banking institution by 2015.

These strategic goals were supported by key strategic drivers including:

- exploring new growth areas
- relooking and improving processes
- leveraging on technology improvements
- enhancing strategic cooperation
- rejuvenating human capital
- extending its financing solution to the entire value chain of the agriculture sector

Effective 1 July 2015, Agrobank officially began operations as a Full fledged Islamic Bank. Agrobank's transition to the Islamic banking system has been a positive development given the rapid growth of the Islamic banking sector in Malaysia.

PENYATA PEMATUHAN

STATEMENT ON COMPLIANCE



2019 menandakan tahun yang bermakna bagi Jabatan Pematuhan Bank. Pengiktirafan dari Jabatan Pematuhan kepada Bahagian Pematuhan menggerakkan perancangan utama untuk memperkasa fungsi Pematuhan Bank.

2019 marks a notable year for Compliance of the Bank. The elevation of the Compliance Department to a Division sets in motion a prominent plan to strengthen the Bank's Compliance function.

PENYATA PEMATUHAN

Sebagai sebuah institusi kewangan yang disegani, usaha Bank ke arah tadbir urus yang baik bertitik tolak daripada tanggungjawab kami untuk melindungi dan meningkatkan nilai ekonomi pelanggan, komuniti dan pihak berkepentingan dan seterusnya menjana kestabilan ekonomi, komuniti dan persekitaran.

Prinsip-prinsip yang digariskan dalam Polisi Pematuhan adalah sebagai panduan penting bagi Bank untuk terus mengecapi tahap jangkaan yang meningkat dari keperluan undang-undang dan amalan terbaik industri. Dalam pada itu, rangka kerja Pematuhan menyediakan asas untuk aspirasi ini, yang membentuk fungsi Pematuhan.

STATEMENT ON COMPLIANCE

As a valued financial institution, the Bank's pursuit of good governance stems from our responsibility to protect and enhance the economic value of our customers, communities and stakeholders and at the same time, being able to generate sustainable impact to the economy, community and environment.

The principles outlined in our Compliance Policy serve as an important guide for the Bank as we continue to meet the increasing expectations of regulatory requirements and industry best practices. The Compliance Framework, on the other hand, provides the foundation for this aspiration, from which the building blocks of the Compliance function are shaped.



TADBIR URUS

Bank menerapkan pematuhan sebagai tanggungjawab semua kakitangan Bank. Lembaga Pengarah menerajuiinya dengan menetapkan "hala tuju daripada pihak atasan" dan mendukung piawaian tata laku amalan organisasi dan nilai korporat yang konsisten dengan kesesuaian risiko. Jawatankuasa Lembaga Pengurusan Risiko (BRMC) bertanggungjawab menyelia pengurusan risiko pematuhan, di mana kedudukan pematuhan terhadap undang-undang, peraturan, polisi dalaman dan prosedur dilaporkan.

Begitupun fungsi Pematuhan adalah memikul tanggungjawab memantau serta menguji kawalan bagi mengurus risiko pematuhan, pihak berkepentingan yang lain dipertanggungjawabkan untuk menguruskan risiko pematuhan dan mengekalkan prinsip dan tata laku beretika dalam pengurusan perniagaan. Dalam pada itu, Audit Dalaman melakukan penilaian bebas terhadap keberkesanan keseluruhan kawalan Bank.

Ini adalah prinsip tiga baris pertahanan yang diterapkan dalam Polisi Pematuhan Bank.

GOVERNANCE

The Bank inculcates compliance as the responsibility of all employees within the Bank. The Board takes the lead by setting the "tone from the top" and upholds 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, wherein the state of compliance with laws, regulations, internal policies and procedures gets reported.

While the Compliance function is responsible for monitoring and testing of controls to manage compliance risk, other stakeholders are accountable for managing the compliance risk and maintaining ethical principles and behaviour in the course of the business. The Internal Audit, on the other hand, provides independent assessment on the effectiveness of the Bank's overall controls.

These are the principles of the three lines of defence that are embedded in the Compliance Policy of the Bank.

BARISAN PERTAHANAN PERTAMA 1ST LINE OF DEFENCE	BARISAN PERTAHANAN KEDUA 2ND LINE OF DEFENCE	BARISAN PERTAHANAN KETIGA 3RD LINE OF DEFENCE
Unit Niaga/Unit Bisnes Business Lines <p>Unit perniagaan dan sokongan adalah pengendali utama risiko pematuhan dan bertanggungjawab mengurus risiko pematuhan dan impak aduan.</p> <p>The business and support units are the primary owners of compliance risk and are responsible to manage compliance risk obligations and the delivery of compliant outcomes.</p>	Bahagian Pematuhan Compliance Division <p>Fungsi pematuhan adalah untuk menyediakan pengawasan, penyelaras, rundingan dan pengesahan berkenaan kedudukan pematuhan peraturan, berkanun & Shariah.</p> <p>The compliance function provides oversight, coordination, consultation and validation of the Bank's state of regulatory, statutory & Shariah compliance.</p>	Audit Dalaman Internal Audit <p>Fungsi audit adalah untuk memberi jaminan bebas kepada Lembaga Pengarah dan Pihak Pengurusan Kanan bahawa program pematuhan dilaksanakan sepetimana ditetapkan.</p> <p>The audit function provides an independent assurance to the Board and senior management that the overall compliance programme operates as intended.</p>

BAHAGIAN PEMATUHAN

Bahagian Pematuhan dibahagikan kepada tiga fungsi disiplin.

SEKSYEN SEMAKAN SYARIAH (SRS)

Seksyen Semakan Syariah melaksanakan penilaian berkala ke atas pematuhan Syariah bagi operasi, perniagaan, hal ehwal dan aktiviti Bank dengan objektif untuk memastikan bahawa aktiviti-aktiviti itu tidak bercanggah dengan tuntutan Syariah. Seksyen ini terlibat dalam pemeriksaan tahap pematuhan Bank terhadap tuntutan Syariah dan pemantauan langkah-langkah pembetulan untuk menyelesaikan hal-hal ketidakpatuhan Syariah. Seksyen ini juga bertanggungjawab melaporkan kepada Lembaga Pengarah, jawatankuasa Syariah dan pengurusan kanan tentang pemerhatian serta memastikan kakitangan diberikan latihan berkaitan Syariah yang mencukupi.

COMPLIANCE DIVISION

The Compliance Division is structured into three cross-disciplinary functions.

SHARIAH REVIEW SECTION (SRS)

Shariah Review Section performs regular assessment on the Shariah compliance of the operations, business, affairs and activities of the Bank with the objective of ensuring that the activities do not contravene Shariah requirements. The function is involved in the examination of the Bank's level of compliance with Shariah requirements and monitoring of remedial measures to resolve non-shariah compliance matters. The team is also responsible to report to the Board, Shariah Committee and senior management on observations made as well as ensure adequate Shariah related trainings are provided to the employees.

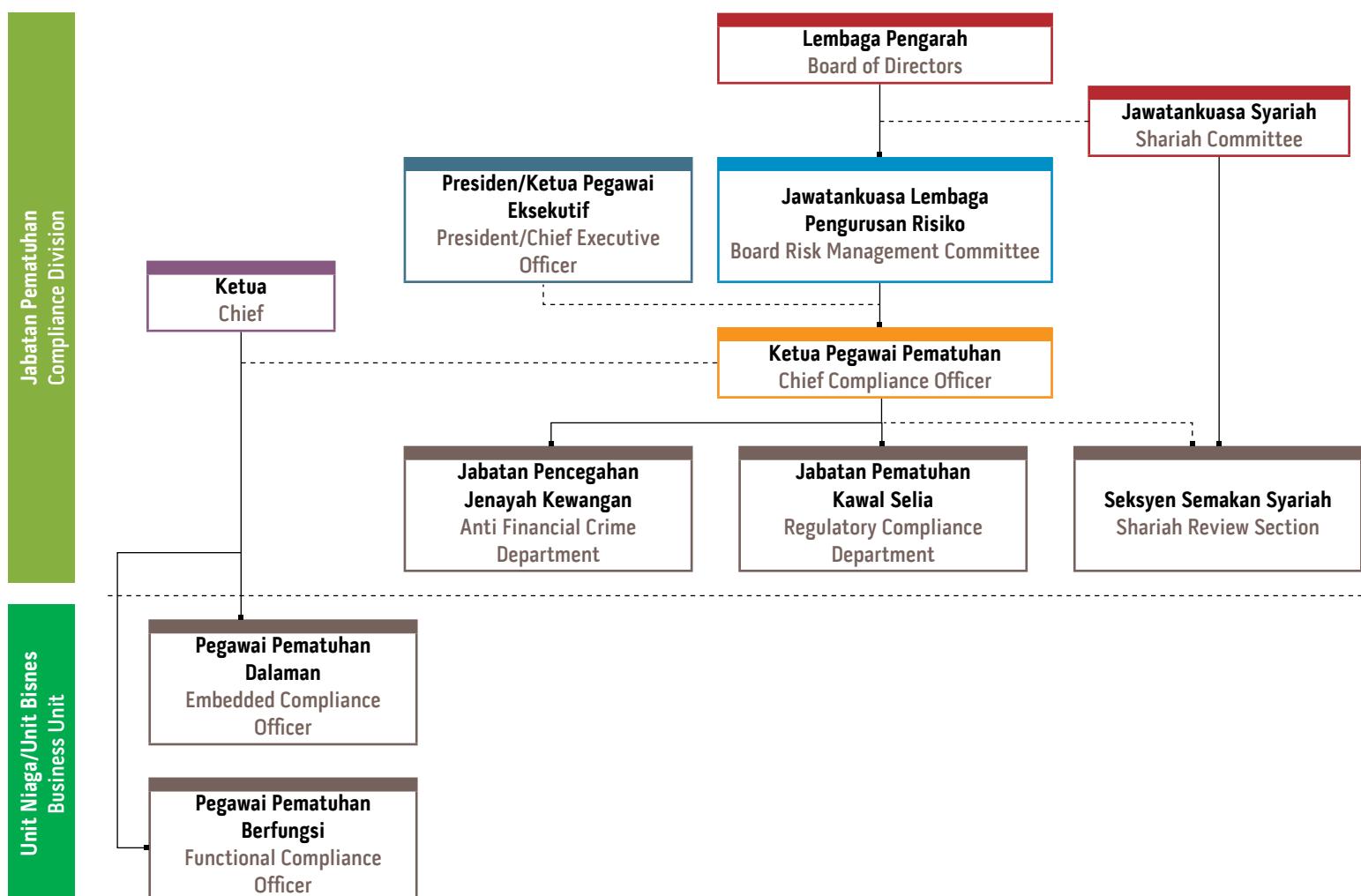
PENYATA PEMATUHAN STATEMENT ON COMPLIANCE

JABATAN PEMATUHAN KAWAL SELIA (RCD)

Jabatan ini bertanggungjawab mengawasi pematuhan Bank terhadap undang-undang, peraturan, garis panduan dan spesifikasi yang relevan kepada perniagaan Bank. Skop jabatan RCD termasuklah 1) memberi nasihat yang wajar mengenai keperluan peraturan kepada pihak-pihak berkepentingan yang relevan; 2) menilai, memantau dan melapor risiko-risiko pematuhan kepada jawatankuasa berkenaan; dan 3) menjalankan ujian berkala untuk menilai kesesuaian kawalan dalaman yang ada untuk mengurus risiko pematuhan.

JABATAN PENCEGAHAN JENAYAH KEWANGAN (AFCD)

Bank juga memainkan peranan penting dalam melindungi sistem integriti kewangan daripada digunakan oleh penjenayah, individu atau entiti tidak bertanggungjawab yang menyembunyikan dana yang diperoleh secara haram sebagai pendapatan sah dan mengakibatkan kerugian kepada pelanggan Bank, kerajaan, masyarakat dan dunia umumnya. Maka, jabatan ini bertanggungjawab melaksana dan memantau langkah-langkah untuk mencegah pengubahan wang haram dan pembentukan keganasan menurut Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembentukan Keganasan dan Hasil daripada Aktiviti Haram 2001, dan keperluan peraturan lain yang dikeluarkan oleh BNM dan badan-badan lain yang berkaitan.



PENYUSUNAN SEMULA

Dalam pada Bahagian Pematuhan yang kian maju menerusi strategi, tindakan dan inisiatif pada 2019, aktiviti-aktiviti yang dijalankan masih sejajar dengan keutamaan rancangan perniagaan Bank.

Sehubungan itu, pasukan Pematuhan terus mengukuhkan lagi fungsinya dengan menyerapkan bahagian Perlindungan Pengguna dan unit Integriti, masing-masing di bawah Jabatan Pematuhan Kawal Selia dan Jabatan Pencegahan Jenayah Kewangan, sebagai sebahagian daripada keseluruhan pengurusan risiko pematuhan dan rancangan proses tadbir urus.

Dua unit telah ditugaskan untuk semakan ibu pejabat bagi menguji dan memantau secara konsisten terhadap kawalan berkaitan pematuhan Bank yang harus dijajarkan kepada jangkaan pematuhan.

PEMBERIAN MAKLUMAT

Bank telah mendapatkan khidmat luar bagi saluran pemberian maklumat daripada penyedia perkhidmatan pihak ketiga untuk menangani isu integriti dan ketelusan. Ia mencerminkan kesungguhan Bank untuk mengurangkan salah laku dan meningkatkan tahap integriti.

KEUTAMAAN STRATEGIK 2019/STRATEGIC PRIORITIES 2019



RESTRUCTURING

As the Compliance Division progresses through the strategies, actions and initiatives of 2019, activities are continuously aligned with the priorities of the Bank's business plan.

Hence, the Compliance team further strengthened our function by incorporating a Consumer Protection section and Integrity unit under the Regulatory Compliance and Anti-Financial Crime Department respectively as part of the Bank's overall compliance risk-management and governance process plan.

Two units have been assigned for headquarters review in order to continuously test and monitor to ensure the compliance related controls of the Bank are aligned to our compliance expectations.

WHISTLEBLOWING

The Bank outsourced our whistleblowing channels to a third party service provider to address concerns of integrity and transparency. This demonstrates the Bank's determination to mitigate misconduct and elevate our integrity stature.

SALURAN PEMBERI MAKLUMAT/ WHISTLEBLOWING CHANNELS



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PENYATA PEMATUHAN STATEMENT ON COMPLIANCE

KEUTAMAAN STRATEGIK 2019

Program Penyusunan Semula adalah untuk mewujudkan susunan pelaporan yang jelas dan sokongan terhadap pihak berkepentingan Bank dengan kaktangan pematuhan yang mencukupi dan berkemahiran. Ia dilihat sebagai peluang keemasan bagi fungsi Pematuhan untuk beralih kepada kedudukan yang lebih baik bagi memenuhi jangkaan pengawal selia yang sentiasa berubah.

Kaedah Penilaian Risiko Pematuhan dibangunkan untuk mengenal pasti risiko-risiko utama yang wujud dalam perniagaan, faktor-faktor proses dan prosedur yang diamalkan oleh bank demi mengawal dan/atau mengurangkan risiko-risiko tersebut yang menghasilkan pengukuran sisa risiko oleh Bahagian Unit Niaga kepada bank. Ini bagi memastikan Bank mengatasi punca ketidakpatuhan dan bukan sekadar "merawat simptom".

Jawatan Pegawai Pematuhan Dalaman (ECO) diwujudkan untuk mengukuhkan fungsi Pematuhan daripada peringkat akar umbi dan untuk menyokong Bahagian Pematuhan. Mereka bertanggungjawab menguruskan kewajipan risiko pematuhan dan penyampaian hasil pematuhan, sejajar dengan Polisi Pematuhan Bank.

KEUTAMAAN STRATEGIK 2020

Bahagian Pematuhan meneruskan keutamaan strategik bagi mengukuhkan status bahagian ini dengan menetapkan rancangan 2020 ke dalam empat program transformasi. Bidang-bidang yang akan diserasikan adalah:

- i. Pengukuhan Tadbir Urus & Proses
- ii. Membina Keyakinan dengan Pengawal Selia/Pihak Berkepentingan
- iii. Pengukuhan Budaya Pematuhan
- iv. Pembangunan Keupayaan

Tadbir Urus dan Proses adalah komponen utama bagi Bank untuk menguruskan risiko pematuhan dan memastikan bahawa segala usaha penambahbaikan proses adalah sejajar dengan objektif dan strategi perniagaan. Beberapa penambahbaikan dan aktiviti dirancang untuk menaik taraf fungsi Pematuhan berdasarkan penilaian jurang pematuhan yang telah dijalankan. Kaedah penilaian risiko pematuhan juga dipertingkatkan untuk diselaraskan dengan perkembangan dalam landskap kawal selia.

Dengan evolusi keperluan kawal selia, transformasi fungsi Pematuhan adalah perlu untuk menjadi lebih daripada hanya fungsi khidmat nasihat kepada Bank. Aktiviti hubungan dengan pengawal selia/pihak berkepentingan secara berkala diperlukan untuk mengasimilasikan keperluan kawal selia dengan perniagaan sebaik mungkin.

Pengiktirafan fungsi Pematuhan perlu diterjemah dan dimasukkan ke dalam proses dan prosedur dalaman Bank. Menetapkan piawaian yang betul untuk latihan yang selari dengan pendekatan moden seperti penggunaan alat komunikasi interaktif boleh membantu dalam menyesuaikan dan mengukuhkan budaya pematuhan dalam Bank.

Tumpuan terhadap kepentingan bagi Bank mempunyai budaya yang betul untuk memenuhi kewajipan pematuhan secara menyeluruh. Ini menguatkan lagi prinsip bahawa pematuhan adalah tanggungjawab semua kakitangan Bank.

STRATEGIC PRIORITIES 2019

The **Restructuring Programme** is intended to include clear reporting lines and support for the Bank's stakeholders with sufficient and skilled compliance personnel. It is seen as a major opportunity for the Compliance function to shift to a better position to meet the ever-changing regulators' expectation.

The **Compliance Risk Assessment Methodology** was developed to identify major inherent risks within a business line, as well as, factors in any processes and procedures that are practiced by the bank to control and/or mitigate those risks, resulting in a measurement of the residual risk the business line poses to the bank. This is to ensure that the Bank addresses the root cause of non-compliance issues rather than just "treating the symptoms".

Embedded Compliance Officer (ECO) positions were established to strengthen the Compliance function at the grass root level and to support the Compliance Division. They are responsible to manage compliance risk obligations and the delivery of compliant outcomes, aligned with the Bank's Compliance Policy.

STRATEGIC PRIORITIES 2020

Compliance Division continues our strategic priorities to strengthen the division's status by mapping our 2020 plan into four multifaceted transformation programmes. The areas to be aligned are:

- i. Strengthening Governance & Process
- ii. Building Confidence with Regulators/Stakeholders
- iii. Strengthening Compliance Culture
- iv. Capacity Building

Governance and Process are key components for the Bank to manage compliance risk and ensure that all process improvement initiatives are fully aligned with the business objectives as well as the bank's overall business strategy. Several enhancements and exercises are planned to elevate the level of the Compliance function based on the compliance gap assessment performed. The compliance risk assessment methodologies are also enhanced to be aligned to the development of the regulatory landscape.

Given the evolution of regulatory requirements, there is a need for transformation of the Compliance function to be more than just as an advisory function to the Bank. Periodic engagements with regulators/stakeholders are needed to assimilate regulatory requirements with the business and activities as best as possible.

The recognition of Compliance function must be translated and embedded into the Bank's internal processes and procedures. Establishing proper standards for training aligned with modern approaches, such as the use of interactive tools of communication, will be embedded to assist in tailoring and strengthening the compliance culture within the Bank.

The focus on the importance of the Bank having the right culture to deliver on its compliance obligations in the broadest sense reinforces the principle that compliance is the responsibility of everyone in the Bank.

Pencegahan Pengubahan Wang Haram/Pembiayaan Keganasan (AML/CFT)

Bank terus memberi penekanan dan komited terhadap penguatkuasaan sistem kawalan dalam bagi Pencegahan Pengubahan Wang Haram/Pembiayaan Keganasan (AML/CFT) dengan semua undang-undang, peraturan, garis panduan dan amalan terbaik industri.

Bank nekad untuk mengukuhkan program AML/CFT dan akan kekal berwaspada terhadap tahap pematuhan pada segmen perniagaan berhubung peraturan dan langkah kawalan AML/CFT. Program AML/CFT yang kukuh akan dilaksanakan untuk mengurus kewajipan AML/CFT secara strategik dan sistematik yang sentiasa berubah yang dihadapi oleh Bank, oleh kerana kesan daripada ketidakpatuhan bukan terhad kepada hanya sekatan undang-undang atau peraturan, tetapi juga kemungkinan kerugian kewangan atau reputasi kepada Bank.

Integriti dan Tadbir Urus

Bank menuju Unit Integriti dan Tadbir Urus (IGU) lanjutan dari Pengurusan Unit Integriti & Tadbir Urus (GMIGU) yang dikeluarkan oleh Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) pada 2019.

Penubuhan IGU adalah untuk memastikan amalan budaya kerja yang baik di kalangan kakitangan, dengan sahsiah dan etika yang kukuh. Usaha ini akan mengekang rasuah, salah guna kuasa dan penyelewengan dalam bank dan merangkumi empat (4) fungsi teras, iaitu:

- i. Pengurusan Aduan
- ii. Pengesanan dan Pengesahan
- iii. Pengukuhan Integriti
- iv. Tadbir Urus

Dengan penubuhan IGU, Bank akan kekal fokus terhadap menggalak dan mengukuhkan budaya integriti menerusi latihan dan kempen kesedaran.

Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)

The Bank continues to emphasise and is committed to enforce an effective internal control system for Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) with all related laws, regulations, guidelines and industry best practices.

The Bank is dedicated to strengthen the AML/CFT programme and will remain vigilant over the level of compliance at the business segments with regard to AML/CFT rules and measures. A robust AML/CFT programme will be implemented in order to strategically and systematically manage the ever-evolving AML/CFT obligations faced by the Bank, as the impact of non-compliance is not limited to just legal or regulatory sanctions, but also potential financial losses or loss of reputation to the Bank.

Integrity and Governance

The Bank established the Integrity and Governance Unit (IGU) in accordance with the Guideline for The Management of Integrity & Governance Unit (GMIGU) issued by the Malaysia Anti-Corruption Commission (MACC) on 2019.

The establishment of IGU is to ensure the practice of good work culture among staff, with strong morals and ethics. This initiative will curb offences of corruption, abuse of power and malpractice within the Bank and covers the following four (4) core functions, which are:

- i. Complaints Management
- ii. Detection and Verification
- iii. Integrity Enhancement
- iv. Governance

With the establishment of IGU, the Bank will remain focused on promoting and strengthening the integrity culture through trainings and awareness campaigns.



PENYATA KAWALAN DALAMAN

STATEMENT ON INTERNAL CONTROL

Tanggungjawab

Lembaga Pengarah memperakui bahawa Bank adalah bertanggungjawab untuk melaksanakan satu sistem kawalan dalaman yang kukuh dan berkesan, yang mana adalah kompeten, mencukupi dan menyeluruh.

Elemen pengurusan risiko yang menjadi asas rangka kerja kawalan dalaman Bank memberi jaminan yang wajar untuk melindungi Bank dari salah nyata yang ketara berkaitan maklumat dan rekod kewangan, kerugian kewangan atau penyelewengan dan salah tadbir urus.

Risiko-risiko yang menjelaskan Bank dikenalpasti, dinilai dan ditangani melalui struktur dan proses kawalan yang bersesuaian. Semakan berkala dan pengemaskinian struktur dan proses dilakukan seiring dengan perubahan yang timbul dalam persekitaran perniagaan dan keadaan operasi dalaman. Proses ini telah dilaksanakan secara berterusan sepanjang tahun kewangan.

Lembaga Pengarah memperakui peranan pihak pengurusan dalam perlaksanaan polisi dan prosedur kawalan risiko dengan mengenalpasti risiko-risiko yang dihadapi serta mengambil langkah-langkah yang sewajarnya untuk mengawal dan mengurangkan risiko berkenaan.

Proses Kawalan Dalaman Utama

Proses-proses utama yang berkaitan telah ditubuhkan bagi menilai kecekapan dan integriti sistem kawalan dalaman perkara-perkara berikut:

- Kerangka kerja yang jelas dengan pemberian kuasa dan had kuasa yang sesuai ditetapkan berkaitan dengan operasi perbankan harian, pembiayaan, mobilisasi deposit, pelaburan, perolehan dan pelupusan aset.
- 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.
- Pengurusan dan pemantauan ke atas bidang teras Bank telah diperkuuhkan lagi melalui penubuhan jawatankuasa operasi yang merangkumi Jawatankuasa Pengurusan, Jawatankuasa Pengurusan Teknologi Maklumat, Jawatankuasa Aset Liabiliti, Jawatankuasa Pengurusan Kredit, Jawatankuasa Pengurusan Risiko, Jawatankuasa Pengurusan Risiko Operasi, Jawatankuasa Pengurusan Audit, Jawatankuasa Pengurusan Perolehan dan Jawatankuasa Pengurusan Sumber Manusia.

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 provides 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 on-going process has been in place for the whole financial year under review.

The Board acknowledges the management's function in the implementation of the 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 includes the following:

- A clearly defined framework with appropriate empowerment and authority limits are in place with respect to the day-to-day banking operations, financing, deposit mobilisation, investment, acquisition and disposal of assets.
- 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.
- Management and oversight of the Bank's core areas have been enhanced with the establishment of operational committees which includes the Management Committee, Management Information Technology Committee, Asset Liability Committee, Management Credit Committee, Management Risk Committee, Operational Risk Management Committee, Management Audit Committee, Management Procurement Committee and Human Resource Management Committee.

d) **Fungsi Audit Dalaman**

Audit Dalaman berfungsi untuk memberi pandangan yang bebas dan objektif serta khidmat rundingan yang direka untuk menambah nilai dan menambah baik operasi Bank. Pencapaian matlamat Bank diper mudahkan melalui pendekatan audit yang sistematis dan berdisiplin. Berdasarkan pendekatan berdasarkan risiko, keutamaan semakan audit terletak pada risiko dan kawalan yang terdapat pada entiti-entiti yang diaudit dalam lingkungan kelompok audit yang telah ditetapkan. Bahagian Audit Dalaman secara fungsi melapor kepada Jawatankuasa Lembaga Audit dan secara pentadbirannya kepada P/CEO dan Jawatankuasa Syariah.

Keberkesanan tadbir urus, pengurusan risiko dan proses-proses kawalan dinilai menerusi pandangan dan pendapat samada risiko yang dikenalpasti boleh menghalang pencapaian matlamat tertentu. Seiring dengan proses yang dilaksanakan, penambahbaikan dicadangkan bagi meningkatkan struktur dan amalan tadbir urus. Keputusan daripada pengauditan dan cadangan pembetulan dilaporkan dan dibincangkan di peringkat Jawatankuasa Pengurusan Audit dan Jawatankuasa Lembaga Audit sebaliknya bagi Laporan Audit Syariah termasuk temuan audit dan cadangan pembetulan diperakui dan dibincangkan di peringkat Jawatankuasa Syariah.

e) **Jawatankuasa Pengurusan Audit (MAC)**

Jawatankuasa Pengurusan Audit ditubuhkan bagi memastikan segala temuan audit serta faktor penyebab yang dibangkitkan oleh juruaudit dalaman dan juruaudit luaran serta pihak pengawalseliaan diselesaikan dalam masa yang ditetapkan. Tindakan-tindakan pembetulan yang diambil untuk semua temuan audit dipantau melalui mesyuarat MAC. Minit mesyuarat MAC berserta laporan audit yang berkaitan seterusnya akan dibentangkan kepada Jawatankuasa Lembaga Audit (BAC) sebagai maklumat, perbincangan dan arahan untuk tindakan selanjutnya (sekiranya perlu).

f) Pelan perniagaan tahunan disediakan oleh unit-unit perniagaan Bank dan diluluskan oleh Lembaga Pengarah. Belanjawan tahunan juga diluluskan oleh Lembaga Pengarah. Prestasi sebenar perniagaan dinilai berdasarkan belanjawan yang diluluskan di mana penjelasan diberi bagi perbezaan yang ketara melalui laporan bulanan kepada Lembaga Pengarah.

g) Garis panduan yang teratur bagi urusan pelantikan dan penamatan khidmat kakitangan, program latihan rasmi, penilaian prestasi tahunan dan suku tahunan dan lain-lain prosedur yang berkaitan disediakan bagi pembangunan latihan kompetensi kakitangan bagi membolehkan kakitangan melaksanakan tugas dan tanggungjawab dengan berkesan. Garis panduan mengenai pengurusan penggantian juga disediakan bagi memastikan saluran bakat tersedia dan sedia untuk menanggung peranan kepimpinan masa depan bagi kemampunan perniagaan.

d) **Internal Audit Function**

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 the risk-based approach, prioritisation of the audit review lies in the risk and control associated with auditable entities within the established audit universe. The Internal Audit Division reports functionally to the Board Audit Committee (BAC) and administratively to the P/CEO and Shariah Committee.

The effectiveness of the governance, risk management and control processes are assessed by forming opinions on whether the identified risks may hinder the fulfilment of particular objectives. In tandem with the process, improvements are advocated to enhance the governance structure and practices. The results of the audits conducted and the recommendations are reported and deliberated at the Management Audit Committee (MAC) and BAC meetings whilst the Shariah Audit Reports including findings and recommendations are notified and deliberated at the Shariah Committee meetings.

e) **Management Audit Committee (MAC)**

MAC is established to ensure timely rectification of any audit findings and the underlying causes highlighted by the internal and external auditor and regulators. The status of rectification of all audit findings and the mitigation actions taken are closely monitored by MACs at every meeting. The MAC minutes of meeting together with the relevant audit reports are subsequently tabled to the Board Audit Committee (BAC) for information, deliberation and direction for further action where required.

f) 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 business performances are assessed against the approved budget whereby explanations are provided on significant variances through monthly reporting to the Board.

g) Proper guidelines for hiring and termination of staff, formal training programs, annual and quarter-annual performance appraisals and other relevant procedures are in place for the staff competency development training to enable effective discharge of duties and responsibilities. A guideline on succession management is also in place to ensure available and ready talent pipeline to assume future leadership roles for business sustainability.

PENYATA KAWALAN DALAMAN STATEMENT ON INTERNAL CONTROL

- h) Fungsi pemantauan Lembaga Pengarah diperkuuhkan lagi melalui tanggungjawab yang diwakilkan kepada beberapa jawatankuasa Lembaga iaitu Jawatankuasa Lembaga Pengurusan Risiko, Jawatankuasa Audit, Jawatankuasa Lembaga Kredit & Pelaburan, Jawatankuasa Lembaga Teknologi Maklumat, Jawatankuasa Pencalonan dan Jawatankuasa Ganjaran, Jawatankuasa Lembaga Strategik yang mana kesemuanya mempunyai terma rujukan rasmi. Jawatankuasa-jawatankuasa ini diberi kuasa untuk meneliti semua bidang di dalam skop masing-masing dan melaporkan kepada Lembaga Pengarah beserta cadangan masing-masing.
- i) Polisi Pengurusan Penyelewengan dan Pemberitahuan Maklumat yang diluluskan oleh Lembaga Pengarah menyediakan saluran kepada kakitangan untuk melaporkan penyelewengan atau disyaki berlaku penyelewengan, salah laku atau pelanggaran polisi dan peraturan Bank tanpa melalui proses laporan yang rumit. Hasil siasatan dibentangkan oleh Ketua Pegawai Audit Dalam kepada Jawatankuasa Lembaga Audit untuk perbincangan dan tindakan lanjut.

j) Keselamatan Teknologi Maklumat

Infrastruktur keselamatan dan teknologi adalah amat penting bagi memastikan kerahsiaan, keupayaan integriti dan kebolehan menguruskan operasi Bank.

Bank telah mewujudkan pendekatan kawalan berdasarkan risiko yang merangkumi polisi, piawaian, prosedur dan garis panduan untuk memastikan data dan sistem maklumat adalah dilindungi daripada ancaman seperti kecuaian, penyelewengan, gangguan perkhidmatan serta bencana alam.

Sejajar dengan peningkatan ancaman serangan siber samada di peringkat tempatan maupun global, pihak Bank telah mewujudkan sebuah Manual Operasi Polisi dan Prosedur untuk keselamatan dan kemalangan siber dan memperkenalkan infrastruktur sekuriti yang sesuai bagi memastikan proses pemantauan dan kawalan dapat diambil tindakan segera untuk semua serangan siber.

h) 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, Nomination and Remuneration Committee, Board Strategic 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.

i) The Fraud Management and Whistle-blowing Policy 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 reported to BAC by Chief Internal Audit, for deliberation and subsequent actions.

j) Information Technology (IT) Security

The security and technology infrastructure is crucial to ensure the confidentiality, integrity and availability to maintain the Bank's business operations.

The Bank has established a risk based control approach which includes documented policies, standards, procedures and guidelines as to ensure that the information systems and data are properly safeguarded and adequately protected from major potential threats such as errors, frauds, service disruptions and natural disasters.

With the increasing of cyber threats globally and locally, the Bank has established cyber security and incident policy and procedures and implement appropriate security infrastructures to ensure that there is a structured process of prompt monitoring and timely response to cyber threats and incidents.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Pemangkin Pertumbuhan
Catalysing Growth
Daripada Pihak Atasan
From the Top
Meningkatkan Nilai
Enhancing Value
Mencorak Masa Depan
Shaping the Future
Budaya & Tadbir Urus
Culture & Governance
Penyata Kewangan
Financial Statement

Lembaga Pengarah Agrobank (Lembaga Pengarah) komited untuk mencapai piawaian tertinggi tadbir urus korporat bagi mengekalkan kebertanggungjawaban dan integriti dalam pelaksanaan perniagaan dan hal ehwal Agrobank. Sebagai menyokong matlamat ini, Lembaga Pengarah mengiktiraf kepentingan amalan tadbir urus korporat yang kukuh dalam melaksanakan tugas-tugas dan tanggungjawab fidusiari ke arah mencapai misi korporat Agrobank dan meningkatkan nilai pemegang saham berdasarkan prinsip-prinsip Pengantaraan Berasaskan Nilai (VBI) yang diterima pakai oleh Agrobank.

Tadbir urus korporat ditafsirkan sebagai proses dan struktur yang digunakan untuk mengarah dan menguruskan perniagaan dan hal ehwal institusi ke arah meningkatkan kemakmuran perniagaan dan kebertanggungjawaban korporat dengan matlamat akhir untuk menzahirkan nilai jangka panjang pemegang saham, dan pada masa yang sama mengambil kira kepentingan semua pihak berkepentingan.

Sebagai institusi kewangan pembangunan (IKP), Lembaga Pengarah berpandukan prinsip-prinsip yang ditetapkan dalam dokumen Dasar mengenai Tadbir Urus Korporat bagi IKP oleh Bank Negara Malaysia (BNM CG Policy), amalan-amalan yang disyorkan dalam Kod Tadbir Urus Korporat Malaysia 2017 (MCCG 2017), Akta Institusi Kewangan Pembangunan (Pindaan) 2015 (DFIA) dan Akta Syarikat, 2016 (Akta Syarikat 2016) (secara kolektif dirujuk sebagai "Garis Panduan"). Garis Panduan ini bertujuan memastikan bahawa Agrobank diuruskan dengan cara yang selamat dan kukuh, mengimbangi penghematan perniagaan dengan pertimbangan risiko, dan melindungi Pengurusan terhadap aktiviti-aktiviti penyelewengan dan membantu Bank untuk memenuhi matlamat sosioekonominya dan pada masa yang sama memastikan kemampuan kewangannya.

STRUKTUR TADBIR URUS KORPORAT

Struktur tadbir urus korporat yang lengkap memainkan peranan penting dalam budaya, amalan perniagaan dan pematuhan undang-undang Agrobank. Secara hakiki, amalan tadbir urus korporat Agrobank berpaksikan kepada memberi impak positif dan mapan dalam kehidupan pelanggan, pembekal dan pekerja Agrobank, serta masyarakat dan alam sekitar di mana Agrobank beroperasi; yang merupakan unsur utama VBI.

Untuk memenuhi kepentingan pemegang saham dan pihak berkepentingan lain, struktur tadbir urus korporat Agrobank adalah tertakluk kepada semakan, penilaian dan penambahbaikan berterusan. Lembaga Pengarah secara proaktif menerima pakai dasar-dasar dan amalan tadbir urus yang dijajarkan kepada kepentingan Lembaga Pengarah dan Pengurusan dengan kepentingan pemegang saham dan pihak berkepentingan lain. Ia juga dirangka untuk menggalakkan piawaian tertinggi tata laku beretika dan pengurusan risiko pada setiap peringkat organisasi.

Struktur tadbir urus Agrobank seperti mana digambarkan di bawah adalah termasuk Jawatankuasa Lembaga dan Pengurusan. Dari semasa ke semasa, Lembaga Pengarah menubuhkan Jawatankuasa berkenaan untuk membantu menjalankan tugas dan tanggungjawabnya dalam peranan dan bidang khusus bilamana perlu.

The Board of Directors of Agrobank (the Board) is committed to achieve the highest exceptional standards of corporate governance in maintaining the accountability and integrity in the conduct of the business and affairs of Agrobank. In support of this objective, the Board recognises the importance of sound corporate governance practices in discharging its fiduciary duties and responsibilities towards achieving Agrobank's corporate mission and enhancing its shareholders value based on the Value Based Intermediation (VBI) principles adopted by Agrobank.

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

As a development financial institution (DFI), the Board is guided by the principles set out in the Policy document on Corporate Governance for DFI by Bank Negara Malaysia's (BNM CG Policy), recommended practices in the Malaysian Code of Corporate Governance 2017 (MCCG 2017), Development Financial Institutions (Amended) Act 2015 (DFIA) and Companies Act, 2016 (CA 2016) (collectively referred to "Guidelines"). These Guidelines serve to ensure that Agrobank is being managed in a safe and sound manner, balancing the business prudence with risk considerations, and guarding the Management against fraudulent activities and assisting the Bank to meet its socio-economic objectives whilst ensuring its financial sustainability.

CORPORATE GOVERNANCE STRUCTURE

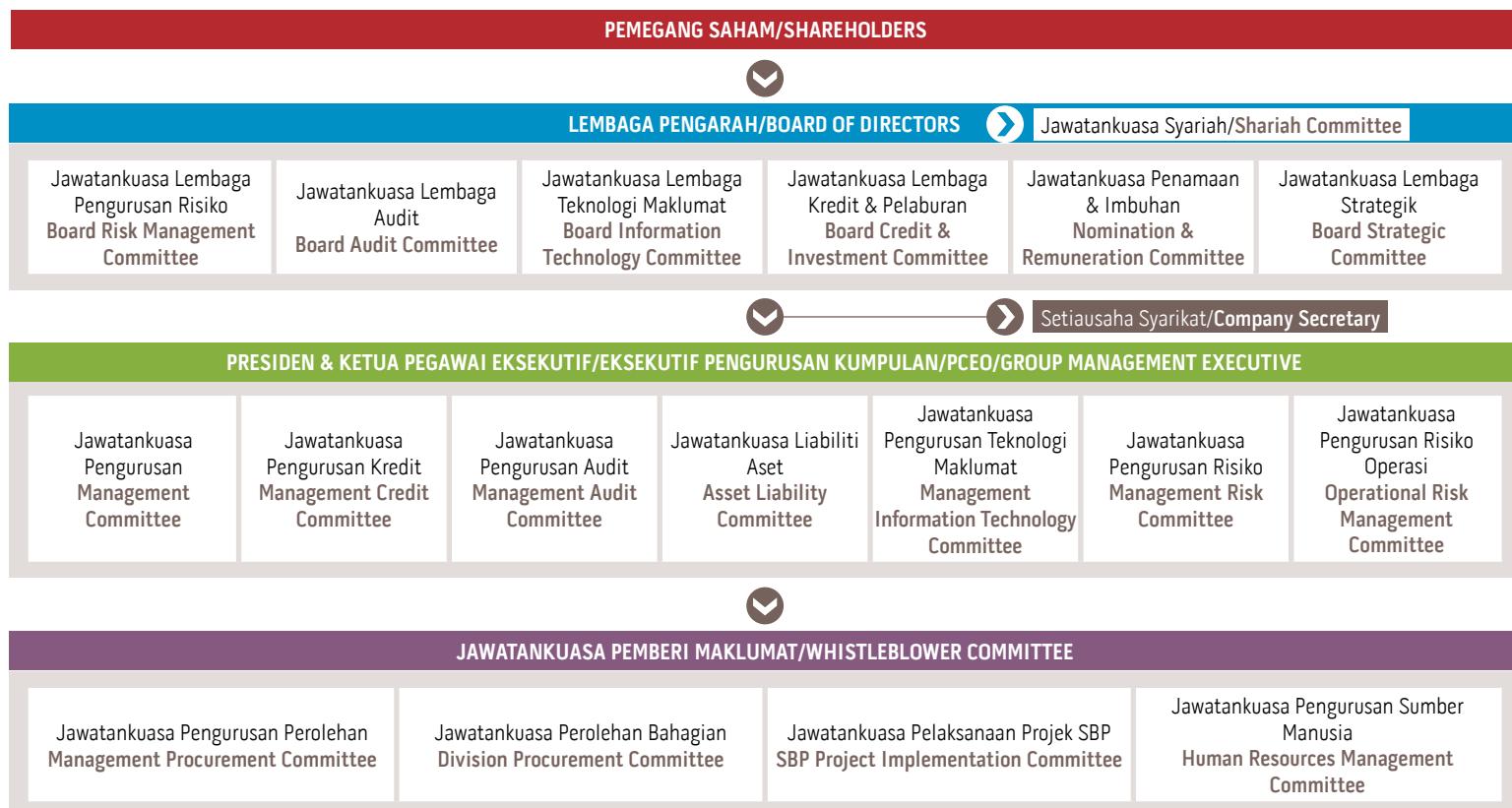
A comprehensive corporate governance structure plays a key role in Agrobank's culture, business practices and regulatory compliance. Intrinsically, Agrobank's corporate governance practices are built on making positive and sustainable impact in the lives of Agrobank's customers, suppliers, employees, communities and on the environment in which Agrobank operates; which represents the underpinning thrusts of VBI.

In order to serve the interest of shareholders and other stakeholders, Agrobank's corporate governance structure is subject to an on-going review, assessment and improvement. The Board proactively adopts governance policies and practices which are aligned with interests of the Board and the Management with those of shareholders and other stakeholders. It is also formulated to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

Agrobank's governance structure as illustrated below includes the Committees of the Board and the Management. The Board may from time to time, establish other relevant Committees to assist in carrying out its duties and responsibilities in specific role and areas when required.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

STRUKTUR TADBIR URUS KORPORAT AGROBANK/AGROBANK'S CORPORATE GOVERNANCE STRUCTURE



Struktur tadbir urus korporat Agrobank diartikulasikan melalui peraturan dan prosedur dalam yang kukuh yang mengawal cara Agrobank beroperasi sebagai sebuah organisasi dan cara tingkah laku kakitangan profesionalnya. Struktur tadbir urus ini menjelaskan penugasan tanggungjawab dalam Agrobank, dengan penerangan peranan dibentuk bagi mewujudkan proses yang cekap dan padu.

Agrobank diterajui oleh Lembaga Pengarah, yang menjalankan tugas dan tanggungjawabnya dalam memandu dan mengawasi keseluruhan strategi serta strategi risiko. Lembaga Pengarah disokong oleh jawatankuasa-jawatankuasanya yang mengawal hal-hal khusus tertentu. Lembaga Pengarah telah menubuhkan jawatankuasanya, iaitu Jawatankuasa Kredit dan Pelaburan Lembaga (BCIVC), Jawatankuasa Pengurusan Risiko Lembaga (BRMC), Jawatankuasa Audit Lembaga (BAC), Jawatankuasa Teknologi Maklumat Lembaga (BITC), Jawatankuasa Penamaan dan Imbuhan (NRC) dan Jawatankuasa Strategik Lembaga (BSC) (secara kolektif dirujuk sebagai Jawatankuasa Lembaga).

Objektif Jawatankuasa Lembaga Pengarah adalah untuk meningkatkan kecekapan dan keberkesanannya Lembaga Pengarah, serta untuk menggalakkan pertimbangan yang kukuh dan terbuka. Dengan penubuhan Jawatankuasa Lembaga, setiap ahli Lembaga Pengarah dijangka akan memperuntukkan masa secukupnya dalam menjalankan peranan mereka sebagai Pengarah dan memastikan dasar dan amalan berhemat dilaksanakan, dan juga memastikan pemaksimuman nilai pemegang saham dan kemudiannya melindungi kepentingan pihak berkepentingan. Fungsi utama Lembaga Pengarah dan setiap Jawatankuasa Lembaga dijelaskan dalam perenggan berikutnya.

Agrobank's corporate governance structure is articulated through robust internal rules and procedures that regulate the way Agrobank operates as an organisation and the way its professionals behave. The governance structure describes the delegation of responsibilities within Agrobank, with the role descriptions designed to create strong and efficient processes.

Agrobank is headed by the Board, which carries out its duties and responsibilities in guiding and monitoring the overall strategy as well as the risk strategy. The Board is supported by its committees covering certain specific matters. The Board has established its committees, namely Board Credit and Investment Committee (BCIVC), Board Risk Management Committee (BRMC), Board Audit Committee (BAC), Board Information Technology Committee (BITC), Nomination and Remuneration Committee (NRC) and Board Strategic Committee (BSC) (collectively referred to as Board Committees).

The objectives of the Board Committees are to increase the efficiency and effectiveness of the Board, as well as to promote robust and open deliberations. With the establishment of the Board Committees, each Board member is expected to commit sufficient time to carry out their role as Directors and reinforce the role of independent directors in managing conflict of interest, to ensure sound and prudent policies and practices are implemented, and also to ensure maximisation of shareholders' values and subsequently safeguard the stakeholders' interest. The key functions of the Board and each of the Board Committees are deliberated in the subsequent paragraphs.

Struktur tadbir urus menyediakan pembatasan yang jelas tentang peranan dan tanggungjawab antara Lembaga Pengarah dan Pengurusan yang menggalakkan ketelusan, keyakinan dan saling mempercayai di mana Lembaga Pengarah boleh mempersoal secara konstruktif dan memberi panduan kepada Pengurusan. Pengurusan Kanan terdiri daripada Presiden/Ketua Pegawai Eksekutif (P/CEO), Ketua Pegawai Kewangan (CFO), Ketua Pegawai Risiko (CRO), Ketua Pegawai Pematuhan (CCOM), Ketua Pegawai Strategi (CSO), Ketua Pegawai Kredit (CCO), Ketua Pegawai Sumber Manusia (CHRO), Ketua Pegawai Operasi (COO), Ketua Pegawai Perniagaan (CBO) dan Ketua Juruaudit Dalaman (CIA). Ahli-ahli Pengurusan Kanan bertanggungjawab membangunkan hala tuju strategik Agrobank dan juga untuk memastikan keputusan dan arahan Lembaga Pengarah dilaksana dan diambil tindakan. P/CEO dan ahli-ahli Pengurusan Kanan mempunyai mandat bertulis yang menggariskan peranan, tanggungjawab dan keupayaan yang diperlukan bagi jawatan mereka.

Skop dan kecanggihan struktur tadbir urus korporat adalah bersekadar dengan bentuk, saiz dan kekompleksan Agrobank. Lembaga Pengarah juga akur bahawa Agrobank beroperasi dalam persekitaran global yang kian berkembang dari segi jangkaan yang pelbagai, perubahan undang-undang yang berterusan, dan peningkatan tumpuan dalam hubungan dan kebertanggungjawaban terhadap pihak berkepentingan. Maka itu, Agrobank terus berusaha membangun dan menambah baik rangka kerja tadbir urus korporatnya seiring dengan perubahan dalam perniagaan, amalan terbaik dan persekitaran luar Agrobank.

LEMBAGA PENGARAH

Komposisi, Imbangan dan Kebebasan Lembaga Pengarah

Buat masa ini Lembaga Pengarah terdiri dari lapan (8) ahli iaitu tujuh (7) Pengarah Bukan Eksekutif Bebas (INEDs) dan seorang (1) Pengarah Bukan Eksekutif Bukan Bebas (NINED). Sepanjang tahun kewangan berakhir 31 Disember 2019 (FYE 2019), terdapat satu (1) pelantikan pengarah baharu, satu (1) peletakan jawatan pengarah serta satu (1) berhenti daripada jawatan Pengerusi.

Profil setiap pengarah dijelaskan dengan ringkas dalam laporan tahunan ini dan ahli-ahli Lembaga Pengarah sedia ada ialah seperti berikut:

- i) Dato' Dr. Mohamad Hashim Ahmad Tajudin - INED
- ii) Dato' Mohd Sallehhuddin Hassan - NINED
- iii) Datin Setia Shahariah Hashim - INED
- iv) Azizah Abdul Rahman - INED
- v) Haji Ibrahim Hassan - INED
- vi) Faizah Abdullah - INED
- vii) Abdul Rahim Abd Hadi - INED
- viii) Jit Singh A/L Santok Singh - INED

INED bertanggungjawab memberi keseimbangan kepada Lembaga Pengarah, untuk mengurangkan sebarang kemungkinan konflik kepentingan antara proses membuat keputusan dengan pengurusan Agrobank. INED juga dijangka akan memastikan semak dan imbang yang perlu dalam memberi pandangan yang tidak berat sebelah dan bebas, nasihat dan penilaian cadangan oleh Pengurusan. Ini adalah untuk memastikan Agrobank beroperasi dalam cara yang selamat dan kukuh di samping memberi perspektif baharu untuk meningkatkan lagi kebekersamaan Lembaga Pengarah.

The governance structure provides clear demarcation of roles and responsibilities between the Board and the 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 Senior Management comprises President/Chief Executive Officer (P/CEO), Chief Finance Officer (CFO), Chief Risk Officer (CRO), Chief Compliance Officer (CCOM), Chief Strategy Officer (CSO), Chief Credit Officer (CCO), Chief Human Resource Officer (CHRO), Chief Operations Officer (COO), Chief Business Officer (CBO) and Chief Internal Auditor (CIA). The Senior Management members are accountable in developing strategic direction of Agrobank and also responsible to ensure that the Board's decisions and directions are implemented and responded to. P/CEO and Senior Management members have a written mandate which outlines their roles, responsibilities and the required capabilities of their positions.

The scope and sophistication of the corporate governance structure is proportionate to Agrobank's nature, size and complexity. The Board also recognises that Agrobank is operating in an evolving global environment of diverse expectations, constant regulatory changes, and increasing focus on stakeholder engagement and accountability. Towards this end, Agrobank continually seeks to develop and improve its corporate governance framework in light of changes in Agrobank's businesses, best practices and external environment.

BOARD OF DIRECTORS

Board Composition, Balance and Board Independence

The Board currently comprises eight (8) members that are made up of seven (7) Independent Non-Executive Directors (INEDs) and one (1) Non-Independent Non-Executive Director (NINED). During the financial year ended 31 December 2019 (FYE 2019), there was one (1) appointment of new director, one (1) resignation of director as well as one (1) ceased of appointment as the Chairman.

The profile of each directors are briefly described in this Annual report and the existing Board members are as follows:

- i) Dato' Dr. Mohamad Hashim Ahmad Tajudin - INED
- ii) Dato' Mohd Sallehhuddin Hassan - NINED
- iii) Datin Setia Shahariah Hashim - INED
- iv) Azizah Abdul Rahman - INED
- v) Haji Ibrahim Hassan - INED
- vi) Faizah Abdullah - INED
- vii) Abdul Rahim Abd Hadi - INED
- viii) Jit Singh A/L Santok Singh - INED

INEDs are responsible in providing a balance to the Board, to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of Agrobank. INEDs are also expected to ensure necessary check and balance in providing unbiased and independent views, advice and judgement of Management's proposal. This is to ensure Agrobank operates in a safe and sound manner and bring in new perspective to further elevate the effectiveness of the Board.

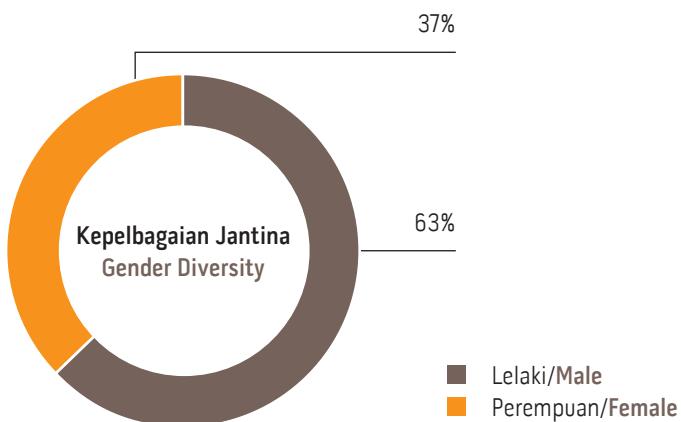
PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Komposisi Lembaga Pengarah mematuhi keperluan BNM CG, yang mana majoriti ahli Lembaga Pengarah ialah INED (pengarah bebas) dan sekurang-kurangnya tiga (3) pengarah mesti mempunyai pengalaman berkaitan kewangan atau perakaunan. Oleh yang demikian, Lembaga Pengarah secara keseluruhan, merangkumi gabungan kecekapan teras yang seimbang dalam kewangan, perakaunan, undang-undang, pengurusan perniagaan, teknologi maklumat, pengurusan pelaburan dan pertanian serta pengetahuan pasaran dan sektor sasaran bank.

Kepelbagaian Lembaga Pengarah

Agrobank percaya bahawa kepelbagaian dari segi jantina, usia, budaya dan pendidikan serta latar belakang profesional, akan memberi impak positif kepada pertimbangan Lembaga Pengarah, membawa pandangan yang pelbagai dalam perbincangan. Oleh itu, Lembaga Pengarah komited untuk memastikan kepelbagaian dalam komposisinya, sebagaimana ditunjukkan oleh kepakaran dan pengetahuan luas yang diwakili oleh ahli-ahlinya.

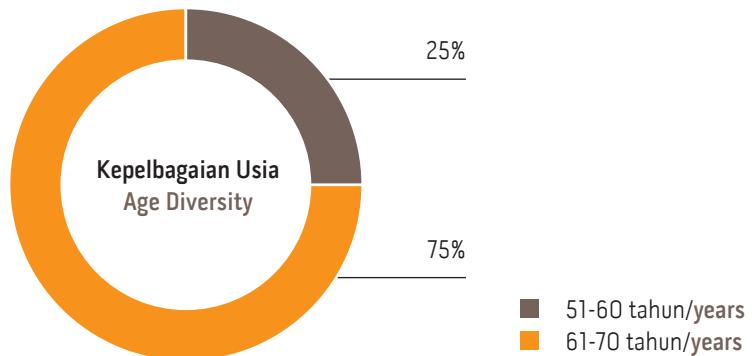
KOMPOSISI DAN IMBANGAN LEMBAGA/BOARD COMPOSITION AND BALANCE



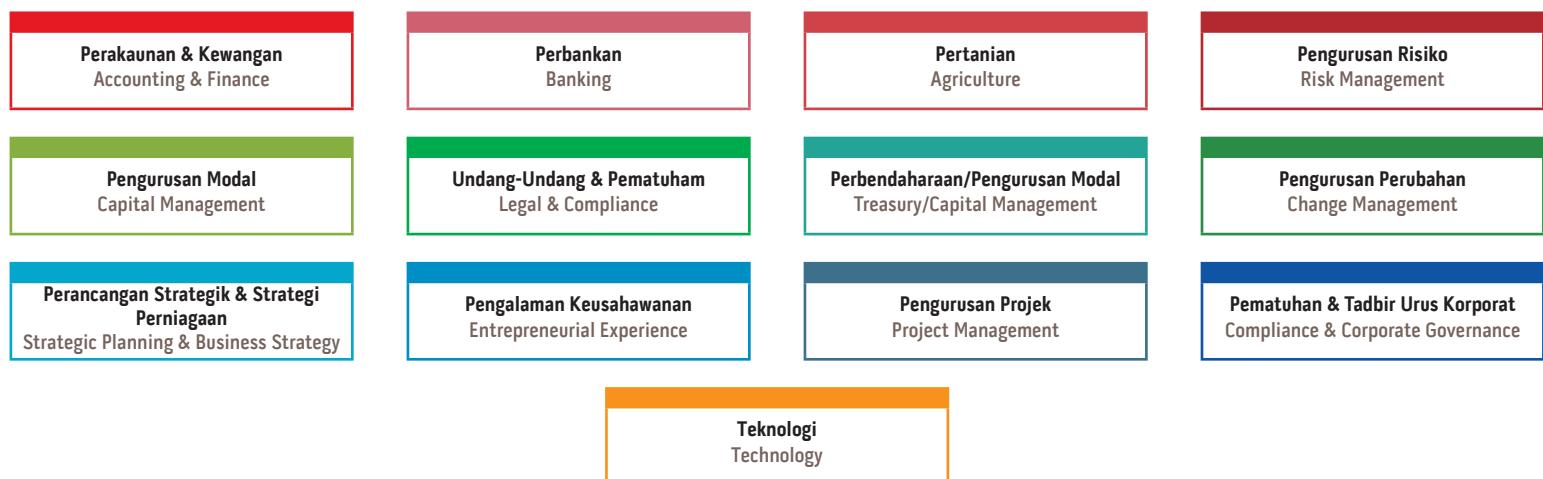
The current Board's composition complies with the BNM CG's requirement, of which a majority of Board members are INEDs (independent directors) and at least three (3) directors must have finance-related or accounting experience. Accordingly, the Board as a whole, comprises a well-balanced and mixed of core competencies in finance, accounting, legal, business management, information technology, investment management and agriculture as well as knowledge of bank's target markets and sectors.

Board Diversity

Agrobank believes that diversity in terms of gender, age, cultural and educational as well as professional background, would have 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.



PENGALAMAN KEPAKARAN LEMBAGA/BOARD SKILLS EXPERIENCES



Peranan dan Tanggungjawab Lembaga Pengarah

Lembaga Pengarah mempunyai tanggungjawab mutlak untuk mengawas strategi perniagaan dan kekuahan kewangan Agrobank, keputusan kakitangan penting, struktur organisasi dalaman dan tadbir urus, serta pengurusan risiko dan kewajipan pematuhan. Berikutan penukaran kepada bank Islam pada Julai 2015, Lembaga Pengarah telah memainkan peranan lebih besar dalam memikul tanggungjawab bagi keseluruhan tadbir urus dan pematuhan Agrobank terhadap prinsip Syariah.

Peranan dan tanggungjawab Lembaga Pengarah dijelaskan dalam Piagam Lembaga Pengarah yang menetapkan mandat, tanggungjawab dan prosedur Agrobank bagi Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah, termasuk hal-hal yang memerlukan keputusan Lembaga Pengarah, antara lainnya termasuk perkara berikut:

- Menyelia dengan cekap hal ehwal Agrobank bagi memastikan pengurusan kukuh bank untuk melindungi kepentingan pendeposit dan pihak berkepentingan.
- Mengawasi pembangunan dan meluluskan objektif perniagaan Agrobank, dan strategi jangka pendek dan jangka panjangnya serta memastikan pelaksanaan strategi ini dengan cekap.
- Memastikan pelaksanaan berkesan rangka kerja tadbir urus Agrobank dan kebolehgunaannya, mengambil kira perubahan dinamik dalam landskap kewangan dan undang-undang, yang boleh memberi impak penting ke atas strategi dan operasi perniagaan Agrobank.
- Menetapkan, berdasarkan cadangan oleh pengurusan kanan dan CRO, keinginan risiko Agrobank, mengambil kira landskap kewangan yang kompetitif dan undang-undang serta kekuahan kewangan, pendedahan risiko dan keupayaan untuk menguruskan risiko dengan berkesan.
- Memastikan Agrobank ditadbir oleh dasar-dasar yang kukuh khususnya berhubung pengurusan berhemat yang meliputi proses penilaian kecukupan modal, pelan modal dan kecairan, dasar dan kewajipan pematuhan, dan sistem kawalan dalaman.

Linkungan tanggungjawab Lembaga Pengarah adalah seperti berikut:

- Tadbir Urus Korporat, Pengawasan dan Pentadbiran Pengurusan
- Tadbir Urus Risiko dan Kawalan Dalam
- Tadbir Urus dan Kawalan Syariah
- Operasi Perniagaan dan Prestasi Kewangan

Peranan dan Tanggungjawab Pengerusi dan P/CEO

Peranan Pengerusi dan P/CEO Agrobank diasingkan dengan pembahagian tanggungjawab yang jelas bagi memastikan keseimbangan kuasa. Pengerusi perlu dipilih dari kalangan ahli Lembaga Pengarah dan mesti bebas dan bukan eksekutif, manakala P/CEO bukan ahli Lembaga Pengarah dan merupakan eksekutif pada peringkat tertinggi dalam Agrobank.

Roles and Responsibilities of the Board

The Board has the ultimate responsibility to oversee Agrobank's business strategies and financial soundness, key personnel decisions, internal organisation and governance structure, as well as risk management and compliance obligations. With the conversion into an Islamic bank in July 2015, the Board has played a greater role in being ultimately accountable and responsible for the overall Shariah governance and Shariah compliance of Agrobank.

The roles and responsibilities of the Board are clearly defined in the Board Charter which sets out Agrobank's mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board's decision and among others to include the following:

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

The Board major areas of responsibilities are as follows:

- Corporate Governance, Management Oversight and Administration
- Risk Governance and Internal Control
- Shariah Governance and Control
- Business Operations and Financial Performance

Roles and Responsibilities of the Chairman and P/CEO

The roles of the Chairman and P/CEO of Agrobank are separated with clear division of responsibilities to ensure balance of power and authority. The Chairman is to be elected among the Board members and should be independent and non-executive capacity, whereas P/CEO is not a Board member and is the highest ranked executive in Agrobank.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Sepanjang tahun ini, jawatan Pengerusi kekal kosong berikutan persaraan mantan Pengerusi. Dalam ketiadaan Pengerusi, ahli-ahli Lembaga Pengarah dipilih untuk menjalankan peranan Pengerusi secara bergilir-gilir (Pengerusi Dipilih) bagi mengendalikan mesyuarat Lembaga Pengarah. Peranan Pengerusi dalam menerajui Lembaga Pengarah dan memastikan keberkesanan keseluruhan fungsi Lembaga Pengarah, kekal tidak berubah. Pengerusi Dipilih juga memastikan bahawa keputusan Lembaga Pengarah dibuat dengan persetujuan, atau menggambarkan kemahan majoriti, berdasarkan maklumat yang kukuh. Beliau menggalakkan perbincangan secara kritikal dan memastikan bahawa pendapat bertentangan boleh dizahirkan dengan bebas dan dibincangkan sepanjang proses membuat keputusan dan memastikan bahawa aktiviti perniagaan yang dipacu oleh pengurusan kanan diajarkan dengan objektif dan aspirasi Agrobank.

Peranan utama P/CEO adalah untuk memastikan hal ehwal perniagaan harian Agrobank diuruskan dengan berkesan. Ini termasuklah membangunkan hala tuju strategik Agrobank, memastikan bahawa strategi, rancangan perniagaan dan dasar korporat dilaksanakan dengan berkesan, dan bahawa tindakan diambil terhadap keputusan dan arahan Lembaga Pengarah. P/CEO juga memberi kepimpinan teguh dalam menyampaikan visi, falsafah pengurusan dan strategi perniagaan kepada kakitangan, dan pada masa yang sama memaklumkan kepada Lembaga Pengarah tentang segala aspek operasi yang penting. P/CEO juga perlu menunjukkan tahap integriti dan ketelusan tertinggi dalam pengurusan kewangan Agrobank, memastikan semua aktiviti perniagaan dijalankan dalam cara beretika, dan dalam pematuhan penuh terhadap undang-undang dan pertauran berkenaan. Bagi memastikan kesinambungan perniagaan, P/CEO turut bertanggungjawab membangunkan perancangan penggantian yang kukuh bagi jawatan penting dalam Agrobank.

Sepanjang tahun ini, P/CEO Penanggung di lantik pada Jun 2019 berikutnya P/CEO sebelumnya yang telah tamat perkhidmatan.

Jawatankuasa Lembaga

Bagi memastikan fungsi pengawasan yang kukuh dan perbincangan terperinci mengenai fungsi kritis kawalan dalaman, pengurusan risiko, prestasi dan penamaan jawatan-jawatan penting; Lembaga Pengarah telah dibantu oleh enam (6) Jawatankuasa Lembaga Pengarah. Walaupun fungsi-fungsinya didelegasikan kepada jawatankuasa-jawatankuasa ini, Lembaga Pengarah kekal bertanggungjawab sepenuhnya terhadap keputusan Jawatankuasa Lembaga Pengarah.

Enam (6) Jawatankuasa Lembaga Pengarah ini adalah seperti berikut:

- Jawatankuasa Kredit dan Pelaburan
- Jawatankuasa Pengurusan Risiko
- Jawatankuasa Audit
- Jawatankuasa Pencalonan dan Imbuhan
- Jawatankuasa Teknologi Maklumat
- Jawatankuasa Strategik

Setiap Jawatankuasa Lembaga Pengarah berfungsi dalam Terma Rujukan (ToR) yang ditetapkan dengan jelas bagi membantu Lembaga Pengarah menjalankan tugas dan tanggungjawabnya. Susulan daripada setiap mesyuarat, Pengerusi Jawatankuasa Lembaga masing-masing akan melaporkan aktiviti dan memanjangkan perbincangan, keputusan dan cadangan yang berkenaan kepada Lembaga Pengarah semasa mesyuarat Lembaga Pengarah. Minit mesyuarat Jawatankuasa Lembaga juga dibentangkan kepada Lembaga Pengarah untuk makluman.

During the year, the Chairman's position remains vacant following the retirement of the former Chairman. In the absence of the Chairman, the Board members were elected to carry out the role of Chairman on rotation basis (Elected Chairman) in convening the Board meeting. The role of Chairman in leading the Board and ensuring the effective overall function of the Board, remain intact. The Elected Chairman also ensures that Board's decisions are reached by consensus, or reflect the will of the majority, based on sound information. He/She encourages critical discussions and ensures that dissenting views can be freely expressed and discussed during the decision-making process and ensures that the business activities driven by the senior management are aligned with Agrobank's objectives and aspirations.

The key role of the P/CEO is to ensure the day-to-day business affairs of Agrobank are effectively managed. This includes developing strategic direction of Agrobank, ensuring that the strategies, business plans and corporate policies are effectively implemented, and that decisions and directions by the Board are responded to. The P/CEO 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 P/CEO is also expected to demonstrate highest level of integrity and transparency in the financial management of Agrobank, 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 P/CEO is also responsible for developing sound succession planning for critical positions in Agrobank.

During the year, a Covering P/CEO was appointed in June 2019 upon the end of employment of the former P/CEO.

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 has been assisted by six (6) Board Committees. Despite delegating its functions to these Board Committees, the Board remains ultimately responsible for the decisions of the Board Committees.

The six (6) Board Committees are as follows:

- Board Credit and Investment Committee
- Board Risk Management Committee
- Board Audit Committee
- Nomination and Remuneration Committee
- Board Information Technology Committee
- Board Strategic Committee

Each Board Committee operates within a clearly defined Terms of Reference (ToR) to assist the Board in carrying out its duties and responsibilities. Following each meeting, the Chairman of the respective Board Committees will report on the activities and escalate pertinent discussions, decisions and recommendations of the committee to the Board during the monthly Board meetings. The Minutes of Board Committees meeting are also tabled to the Board for notation.

Mesyuarat Jawatankuasa Lembaga dihadiri oleh ahli-ahli Jawatankuasa serta wakil-wakil Pengurusan. Jawatankuasa Lembaga boleh mendapatkan nasihat profesional bebas berhubung hal-hal teknikal daripada pakar dengan pengalaman dan kemahiran yang relevan dan meminta mereka hadir bilamana diperlukan.

Jawatankuasa Kredit dan Pelaburan

Jawatankuasa Kredit dan Pelaburan Lembaga (BCIVC) membuat keputusan bagi pihak Lembaga Pengarah mengenai isu-isu berkaitan dengan transaksi yang melebihi kuasa yang diberikan kepada Jawatankuasa Kredit Pengurusan (MCC). BCIVC juga bertanggungjawab memastikan kawalan kualiti dalam pelaporan pembiayaan dan proses pematuhan Agrobank. Peranan dan tanggungjawab lain BCIVC adalah seperti berikut:

- Menyemak semua cadangan pembiayaan yang melebihi bidang kuasa kelulusan MCC dan membuat cadangan kepada Lembaga Pengarah.
- Membincangkan hal-hal berhubung pembiayaan dan pelaburan, termasuk tetapi tidak terhad kepada pemantauan dan isu berkaitan kredit yang akan dilaksanakan oleh Agrobank, yang mungkin perlu disahkan oleh Lembaga Pengarah.
- Menyemak dan mengkaji cadangan dan langkah pembiayaan strategik bagi pengekalan keuntungan untuk diluluskan oleh Lembaga Pengarah.
- Menilai pelaburan dalam ekuiti yang memerlukan kelulusan Lembaga Pengarah dan membuat cadangan kepada Lembaga Pengarah.
- Mengenal pasti, menilai, memantau dan menyemak prestasi portfolio pelaburan Agrobank secara berkala dan mencadangkan tindakan yang perlu diambil oleh Agrobank.
- Menilai prestasi pengurus dana Agrobank, serta melantik dan menamatkan pengurus dana, broker dan wakil-wakil lain.

BCIVC Terdiri daripada empat (4) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan Eksekutif Bebas yang dilantik oleh Lembaga Pengarah. Ahli-ahli BCIVC ialah seperti berikut:

- i) Faizah Abdullah (Pengerusi)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Ibrahim Hassan
- iv) Abdul Rahim Abd Hadi

Jawatankuasa Pengurusan Risiko

Jawatankuasa Pengurusan Risiko Lembaga (BRMC) bertanggungjawab meluluskan keseluruhan strategi risiko Agrobank, termasuk keinginan risiko dan menyelia pelaksanaannya. Bertindak dalam bidang kuasa yang diberikan oleh Lembaga Pengarah, BRMC mempunyai tanggungjawab secara keseluruhannya untuk membuat rangka kerja pengurusan risiko lengkap yang kukuh serta memandu aktiviti pengambilan risiko dalam Agrobank. BRMC menyemak dan memantau pematuhan secara berkala dengan keseluruhan keinginan risiko dan Agrobank serta kemudiannya membuat cadangan kepada Lembaga Pengarah.

The Board Committees meetings are attended by the Committee members as well as the Management representatives. The Board Committee may obtain independent professional advice on technical matters from experts with relevant experience and expertise and secure their attendance as and when required.

Board Credit and Investment Committee

The Board Credit and Investment Committee (BCIVC) take decisions on behalf of the Board on issues pertaining to transactions that exceeds the delegated authority given to the Management Credit Committee (MCC). The BCIVC is also responsible to ensure quality control in Agrobank's financing reporting and compliance process. Other roles and responsibilities of BCIVC are as follows:

- Review all financing proposals that exceed the MCC's approving authority and make recommendations to the Board.
- Deliberate matters concerning financing and investment, including but not restricted to monitoring and other credit related issues to be implemented by Agrobank, which may require endorsement by the Board.
- Review and revise strategic financing proposals and measures for sustained profitability for endorsement by the Board.
- Evaluate investments in equity that require the Board's approval and make recommendations to the Board.
- Identify, evaluate, monitor and review the performance of Agrobank's investment portfolio on a periodic basis and propose necessary actions to be taken by Agrobank.
- Assess the performance of Agrobank's fund managers, as well as appoint and terminate fund managers, brokers and other representatives.

BCIVC comprises four (4) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board. The members of the BCIVC are as follows:

- i) Faizah Abdullah (Chairman)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Ibrahim Hassan
- iv) Abdul Rahim Abd Hadi

Board Risk Management Committee

The Board Risk Management Committee (BRMC) is responsible to approve Agrobank's overall risk strategy, including the risk appetite and oversees its implementation. Acting within an authority delegated by the Board, the BRMC has the overall responsibility to establish robust enterprise-wide risk management framework as well as guiding the risk-taking activities within Agrobank. BRMC periodically reviews and monitors compliance with Agrobank's overall risk appetite and makes recommendations thereon to the Board.

PENYATA TADBIR URUS KORPORAT

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Tanggungjawabnya juga termasuk menyemak kesesuaian dan keberkesanannya semua aspek pengurusan risiko perusahaan termasuk, tetapi tidak terhad kepada risiko strategik, risiko kredit, risiko pasaran, risiko pematuhan dan risiko operasi. BRMC juga menyemak dasar berhubung semua isu risiko dan mengekalkan pengawasan terhadap kesemua risiko.

Dalam hal ini, skop tanggungjawab BRMC adalah seperti berikut:

- Mencadangkan visi dan objektif pengurusan risiko, strategi dan toleransi risiko untuk kelulusan Lembaga Pengarah; dan menyemak rangka kerja risiko Agrobank, dasar, prosedur dan proses pengurusan risiko.
- Meluluskan strategi pengurusan risiko yang dicadangkan oleh Jawatankuasa Risiko Pengurusan (MRC), termasuk had toleransi risiko dan keinginan risiko serta dasar-dasar berkenaan bidang kuasa dan tanggungjawab bagi pengurusan risiko.
- Menyemak dan membincangkan secara berkala laporan-laporan risiko yang diserahkan oleh Pengurusan berhubung risiko dan kedudukan portfolio, aktiviti pengurusan risiko dan tindakan yang diambil oleh Pengurusan untuk mengenal pasti, memantau dan mengawal risiko.
- Menyemak kecukupan tahap modal dalaman dan undang-undang serta faktor risiko utama yang boleh memberi kesan terhadap kecukupan modalnya.
- Meluluskan pelantikan perunding dan penasihat luar untuk menasihati tentang infrastruktur sistem pengurusan risiko dan hal teknikal bilamana diperlukan.
- Melulus dan menilai prestasi Ketua Pegawai Risiko dan Ketua Pegawai Pematuhan.
- Menyemak dan mencadangkan tindakan strategik untuk mematuhi keperluan yang ditetapkan oleh BNM dan badan-badan kawal selia lain.
- Meluluskan semua hal berkaitan risiko Syariah termasuk tindakan untuk membetulkan sebarang ketidakpatuhan Syariah setelah disahkan oleh Jawatankuasa Syariah sebelum penyerahan kepada BNM, serta memaklumkan Lembaga Pengarah mengenai rancangan pembetulan yang diluluskan.

BRMC bermesyuarat sekurang-kurangnya sekali sebulan dan bila-bila sahaja yang Pengerusi fikirkan perlu. Selain dari mesyuarat biasa, Pengerusi atau mana-mana ahli Jawatankuasa lain boleh memanggil untuk mesyuarat khas. Sepanjang tahun dalam kajian, BRMC mengadakan 12 mesyuarat. BRMC terdiri daripada empat (4) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan eksekutif Bebas yang dilantik oleh Lembaga Pengarah.

Ahli-ahli BRMC ialah seperti berikut:

- i) Ibrahim Hassan (Pengerusi)
- ii) Datin Setia Shahariah Hashim
- iii) Faizah Abdullah
- iv) Jit Singh A/L Santok Singh

Its responsibilities also include reviewing the appropriateness and effectiveness of all aspects of enterprise risk management including, but not restricted to strategic risk, credit risk, market risk, compliance risk and operational risk. BRMC also reviews the policy on all risk issues and maintains oversight of all risks.

In this regard, the BRMC's scope of responsibilities is as follows:

- Recommend risk management vision and objectives, strategies and risk tolerance for the Board's approval; and review Agrobank'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 the adequacy of Agrobank's internal and regulatory capital level as well as key risk factors that may impact its capital adequacy.
- Approve the appointment of external consultants and advisors to advise on risk management system infrastructure and technical matter as and when required.
- Approve the appointments and evaluate the performance of Chief Risk Officer and Chief Compliance Officer.
- Review and recommend strategic actions in order to comply with the requirements set by BNM and other regulatory bodies.
- Approve all Shariah risk-related matter 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.

The BRMC 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, BRMC held 12 meetings. BRMC comprises four (4) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board.

Members of the BRMC are as follows:

- i) Ibrahim Hassan (Chairman)
- ii) Datin Setia Shahariah Hashim
- iii) Faizah Abdullah
- iv) Jit Singh A/L Santok Singh

Jawatankuasa Audit Lembaga

Jawatankuasa Audit Lembaga (BAC) membantu Lembaga Pengarah dalam memenuhi tanggungjawab pengawasannya, khususnya berhubung penilaian kecukupan dan kecekapan dasar-dasar perakaunan, kawalan dalaman, pengurusan risiko dan proses laporan kewangan di Agrobank. BAC bertanggungjawab memastikan integriti dan kekinian penyata kewangan Agrobank, termasuk laporan tahunan dan interim, pengumuman keputusan awal dan sebarang bentuk pengumuman rasmi lain yang berkaitan dengan prestasi kewangan. Ini dilakukan melalui perbincangan terperinci mengenai kedudukan dan prestasi kewangan Agrobank, khususnya mengenai kecukupan peruntukan rosot nilai, lembaranimbangan dan keuntungan sebelum di bawa kepada perhatian Lembaga Pengarah.

BAC juga memastikan keberkesanan dasar dan prosedur pengaduan Agrobank pada asas di mana aduan, sama ada ditandatangani atau tanpa nama, boleh dilaporkan mengenai salah laku dalam pengumpulan, pemprosesan dan pendedahan maklumat kewangan.

Di samping itu, BAC menyemak keberkesanan fungsi audit dalam Agrobank dalam menyediakan jaminan korporat bebas berhubung pematuhan terhadap keperluan dalaman dan luar. Ini termasuk meluluskan pelantikan dan kemudiannya menilai prestasi CIA. Dalam hal ini, BAC memastikan bahawa audit dalaman mempunyai sumber yang cukup dan akses yang betul kepada maklumat bagi membolehkan mereka melaksanakan fungsinya dengan berkesan dan menurut piawaian profesional yang relevan. BAC juga menyemak aktiviti, penemuan dan cadangan audit dalaman, serta menentukan tindakan yang betul diambil oleh Agrobank dalam menangani penemuan dan cadangan audit.

Skop peranan dan tanggungjawab Jawatankuasa ini adalah konsisten dengan perkara berikut:

- Menyemak semua transaksi pihak ketiga/berkaitan dan memaklumkan Lembaga Pengarah tentang transaksi tersebut.
- Menyemak prosedur Agrobank untuk kakitangan menyuarakan keimbangan, dengan yakin, mengenai kemungkinan salah laku dalam pelaporan kewangan atau hal-hal lain, serta memastikan siasatan berkadar dan bebas mengenai hal-hal tersebut dan tindakan susulan yang betul.
- Membuat cadangan berhubung pelantikan, pelantikan semula dan penyingkirkan juruaudit luar Agrobank.
- Menyelia perhubungan dengan juruaudit luar iaitu meluluskan imbuhan mereka, terma lantikan, dan memastikan bahawa tiada hubungan (seperti keluarga, pekerjaan, pelaburan, kewangan atau perniagaan) antara juruaudit dengan Agrobank (selain dari urusan perniagaan biasa).
- Meluluskan peruntukan perkhidmatan bukan audit oleh juruaudit luar.
- Meluluskan pelan audit tahunan dan menyemak penemuan juruaudit luar.

Board Audit Committee

The Board Audit Committee (BAC) assists the Board in fulfilling its oversight responsibilities, in particular with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, risk management and financial reporting processes at Agrobank. BAC is responsible to ensure the integrity and timeliness of the financial statements of Agrobank, 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 Agrobank's financial position and performance, particularly on the adequacy of impairment provisions, balance sheet and profitability prior to escalation to the Board.

BAC also ensures effectiveness of Agrobank's whistleblowing policies and procedures on the basis of which complaints, whether signed or anonymous, may be reported about possible misconduct in the collection, processing and disclosure of financial information.

In addition, BAC reviews the effectiveness of Agrobank's internal audit function in providing independent corporate assurance with regard to compliance with internal and external requirements. This includes approving the appointment and subsequently evaluating the performance of CIA. In this respect, BAC ensures that internal audit has adequate resources and appropriate access to information to enable them to perform its function effectively and is in accordance with the relevant professional standards. BAC also reviews internal audit activities, findings and recommendations, as well as ascertains appropriate actions are taken by Agrobank in addressing the audit findings and recommendations.

The Committee's scope of roles and responsibilities is consistent with the followings:

- Review all third/related party transactions and keep the Board informed of such transactions.
- Review Agrobank'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.
- Make recommendations in relation to the appointment, re-appointment and removal of Agrobank's external auditor.
- Oversee the relationship with external auditors i.e. approve their remunerations, terms of engagement, and ensure there are no relationship (such as family, employment, investment, financial or business) between the auditor and Agrobank (other than in the ordinary course of business).
- Approve the provision of any non-audit service by external auditors.
- Approve the annual audit plan and review the findings of external auditors.

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BAC terdiri daripada empat (4) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan Eksekutif Bebas yang dilantik oleh Lembaga Pengarah. Sekurang-kurangnya seorang (1) ahli Jawatankuasa mesti mempunyai kepakaran atau pengalaman perakaunan dalam bidang kewangan. BAC bermesyuarat sekurang-kurangnya sekali sebulan di mana risiko perniagaan utama Agrobank dan tindakan pembetulan akan dilapor dan dibincangkan.

Komposisi BAC disenaraikan di bawah:

- i) Azizah Abdul Rahman (Pengerusi)
- ii) Dato' Dr. Yusof Ismail (Meletak jawatan berkuat kuasa 3 Jun 2019)
- iii) Datin Setia Shahariah Hashim
- iv) Ibrahim Hassan (Dilantik sebagai ahli berkuat kuasa 29 Ogos 2019)
- v) Abdul Rahim Abd Hadi (Meletak jawatan sebagai ahli berkuat kuasa 29 Ogos 2019)
- vi) Jit Singh A/L Santok Singh

Jawatankuasa Pencalonan dan Imbuhan

Jawatankuasa Penamaan dan Jawatankuasa Imbuhan digabungkan pada 1 Januari 2019 dan dikenali sebagai Jawatankuasa Penamaan dan Imbuhan (NRC). Rasional gabungan ini adalah untuk meningkatkan kecekapan fungsinya dalam melaksanakan tugas dan tanggungjawab dan juga menjimatkan kos dan masa memandangkan pelantikan atau pembaharuan pegawai-pegawai kanan utama perlu disemak secara menyeluruh bersama-sama dengan pakej imbuhan.

NRC bertanggungjawab mengenal pasti calon-calon berpotensi, menyemak dan mencadangkan calon untuk dinamakan sebagai ahli Lembaga Pengarah, Jawatankuasa Lembaga dan Pengurusan serta penilaian keberkesanan setiap pengarah, Lembaga Pengarah secara keseluruhannya dan prestasi Jawatankuasa Syariah, P/CEO, Setiausaha Syarikat dan pengurusan kanan. Dalam mencadangkan pelantikan pengarah, ia adalah tanggungjawab NRC untuk memastikan ahli-ahli Lembaga Pengarah mempunyai gabungan kepakaran dan pengalaman dan untuk NRC menetapkan keperluan minimum bagi kepakaran dan kecekapan teras seseorang pengarah serta untuk menentukan kriteria 'Sesuai dan Betul' setiap pengarah.

NRC berusaha memastikan bahawa para pengarah mewakili fungsi perniagaan dan sokongan yang luas di mana pengarah bukan eksekutif bebas dilantik daripada pelbagai industri untuk memudahkan kepelbagaiaan pandangan dan pengalaman Lembaga Pengarah.

Di samping itu, NRC juga memainkan peranan membantu Lembaga Pengarah dalam membangun dan mentadbir prosedur telus dan saksama untuk menetapkan dasar berhubung keseluruhan strategi sumber manusia Agrobank dan dasar imbuhan untuk pengarah, P/CEO dan pengurusan kanan. NRC juga memastikan bahawa pakej imbuhan ini ditentukan berdasarkan merit, kelayakan, dan kecekapan mereka, dan mengambil kira keputusan operasi Bank, prestasi individu, dan perangkaan pasaran yang setanding.

Antara lainnya, berikut adalah peranan dan tanggungjawab NRC:

- Menetap dan mencadangkan untuk kelulusan Lembaga Pengarah berhubung keperluan minima kepada kepakaran dan kecekapan ahli-ahli Lembaga dan P/CEO, iaitu, gabungan kepada kepakaran, pengalaman, kelayakan dan kecekapan lain yang diperlukan bagi pengarah dan P/CEO melaksanakan tanggungjawab mereka dengan berkesan.

BAC comprises four (4) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board. At least one (1) of the Committee member should have accounting expertise or experience in the field of finance. BAC meets at least once a month where Agrobank's major business risks and remedial actions would be reported and deliberated.

The compositions of BAC are listed below:

- i) Azizah Abdul Rahman (Chairman)
- ii) Dato' Dr. Yusof Ismail (Resigned w.e.f. 3 June 2019)
- iii) Datin Setia Shahariah Hashim
- iv) Ibrahim Hassan (Appointed as a member w.e.f. 29 August 2019)
- v) Abdul Rahim Abd Hadi (Resigned as a member w.e.f. 29 August 2019)
- vi) Jit Singh A/L Santok Singh

Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committees were merged on 1 January 2019 and is known as Nomination and Remuneration Committee (NRC). The rationale for the merger is to enhance the efficiency of its function in discharging its duties and responsibilities and also to save cost and time since the appointment or renewal of key senior officers needs to be holistically reviewed together with the remuneration packages.

NRC is responsible in identifying potential candidates, reviewing and recommending candidates for nomination as members of the Board, Board Committees and the Management as well as assessment of the effectiveness of individual directors, the Board as a whole and the performance of the Shariah Committee, P/CEO, Company Secretary and senior management. In recommending the appointment of directors, it is the responsibility of NRC to ensure the Board members bring the required mix of skills and experience to the Board and NRC to establish the minimum requirements on the skills set and core competencies of a director as well as to ascertain the 'Fit and Proper' criteria of each directors.

NRC seeks to ensure that these directors represent a broad range of business and support functions where independent non-executive directors are drawn from a range of industries to facilitate a diversity of views and experience on the Board.

In addition, NRC also plays the role of assisting the Board in developing and administering fair and transparent procedure for setting of policy on the overall human resources strategy of Agrobank and the remuneration policy for directors, P/CEO and senior management. NRC also ensures that these remuneration packages are determined on the basis of their merit, qualifications, and competence, and having regard to the Bank's operating results, individual performance, and comparable market statistics.

Amongst others, the following are the roles and responsibilities of NRC:

- Establish and recommend for the Board's approval on the minimum requirements on the skills and competencies of the Board members and the P/CEO, that is, the required mix of skills, experience, qualification and other core competencies required of a director and P/CEO respectively to perform their responsibilities effectively.

- Menilai dan mencadangkan kepada Lembaga Pengarah calon-calon pengarah, ahli Jawatankuasa Syariah dan P/CEO. Ini termasuk menilai pengarah, ahli Jawatankuasa Syariah dan P/CEO untuk pelantikan/pelantikan semula, sebelum dihantar kepada Bank Negara Malaysia untuk pengesahan kriteria 'sesuai dan betul berdasarkan Garis Panduan Kriteria Layak dan Sesuai yang dikeluarkan oleh Bank Negara Malaysia.
- Mengawasi komposisi keseluruhan Lembaga Pengarah, dari segi saiz yang betul dan gabungan kepakaran yang diperlukan, pengalaman dan kecekapan teras.
- Mencadangkan kepada Lembaga Pengarah penyingkiran pengarah, Jawatankuasa Syariah, P/CEO atau pengurusan kanan sekiranya mereka dianggap tidak agi sesuai dan betul atau didapati tidak berkesan, menyeleweng atau cuai dalam melaksanakan tanggungjawab mereka.
- Menetap dan mencadangkan kepada Lembaga Pengarah mekanisme bagi penilaian rasmi dan kriteria prestasi tentang keberkesanannya Lembaga Pengarah secara keseluruhan dan sumbangan setiap pengarah kepada keberkesanannya Lembaga Pengarah, sumbangan pelbagai jawatankuasa Lembaga Pengarah dan prestasi P/CEO dan pengurusan kanan lain.
- Memastikan bahawa semua pengarah menjalani program latihan berterusan untuk kekal mengikuti perkembangan terkini dalam industri.
- Mengawasi dan bilamana perlu, mendelegasi tanggungjawab untuk penilaian sesuai dan betul dan keputusan berhubung pelantikan, penggantian pengurusan dan penilaian prestasi pengurusan kanan kepada P/CEO atau jawatankuasa yang ditetapkan.
- Menilai kesesuaian dan kesesuaian Setiausaha Syarikat dan mencadangkan pelantikan dan pemecatan Setiausaha Syarikat.
- Mencadangkan kepada Lembaga Pengarah rangka kerja imbuhan dan pakej imbuhan khusus untuk pengarah, Jawatankuasa Syariah, P/CEO, dan pengurusan kanan untuk kelulusan Lembaga Pengarah.

NRC terdiri daripada enam (6) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan Eksekutif Bebas yang dilantik oleh Lembaga Pengarah dan ahli-ahlinya ialah seperti berikut:

- i) Datin Setia Shahariah Hashim (Pengerusi)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Dato' Mohd Sallehhuddin Bin Hassan
- iv) Azizah Abdul Rahman
- v) Faizah Abdullah
- vi) Haji Ibrahim Hassan

Jawatankuasa Teknologi Maklumat Lembaga

Jawatankuasa Teknologi Maklumat Lembaga (BITC) ditubuhkan pada Oktober 2016 dan menyediakan pengawasan dan hala tuju bagi pendekatan menyeluruh Agrobank terhadap Teknologi Maklumat (IT). Jawatankuasa ini menasihati Agrobank berhubung keutamaan IT membuat keputusan mengenai isu-isu strategik dan memandu pematuhan dengan tindakan yang dipersetujui.

- Assess and recommend to the Board the nominees for directorship, Shariah Committee members and P/CEO. This includes assessing the directors, Shariah Committee members and the P/CEO for appointment/reappointment, before submission to Bank Negara Malaysia for verification on 'fit and proper' criteria based on the Guideline on Fit and Proper Criteria issued by Bank Negara Malaysia.
- Oversee the overall composition of the Board, in terms of the appropriate size and required mix of skills, experience and core competencies.
- Recommend to the Board the removal of directors, Shariah Committee, P/CEO or the senior management if they are deemed to be no longer fit and proper or 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 P/CEO and other senior management.
- Ensure that all directors receive appropriate continuous training program in order to keep abreast with the latest developments in the industry.
- Oversee and whenever necessary, delegate the responsibility for fit and proper assessments and decisions on the appointment, management succession planning and performance evaluation of senior management to the P/CEO or a designated committee.
- Assess the fitness and propriety of Company Secretary and recommend for the appointment and removal of the Company Secretary.
- Recommend to the Board the remuneration framework and specific remuneration package for directors, Shariah Committee, P/CEO, and senior management for the Board's approval.

NRC consists of six (6) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board and the members are as follows:

- i) Datin Setia Shahariah Hashim (Chairman)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Dato' Mohd Sallehhuddin Bin Hassan
- iv) Azizah Abdul Rahman
- v) Faizah Abdullah
- vi) Haji Ibrahim Hassan

Board Information Technology Committee

The Board Information Technology Committee (BITC) was established in October 2016 and provides oversight and direction for Agrobank's holistic approach to Information Technology (IT). The Committee advises Agrobank on IT priorities making decisions on strategic issues and driving compliance with agreed actions.

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Peranan dan tanggungjawab utama BITC adalah seperti berikut:

- Menyediakan hala tuju strategik berhubung Pengurusan IT dan memastikan pelan strategik IT menyokong pelan perniagaan strategik Agrobank.
- Menyemak dan meluluskan hala tuju dan dasar pelaburan IT utama Agrobank bagi memastikan keberkesan sistem kawalan dalam dan kebolehpercayaan sistem maklumat pengurusan.
- Memastikan Pengurusan Agrobank menerima pakai dasar dan prosedur berhemat dan berkesan untuk mengenal pasti, mengukur, memantau dan mengawal atau mengurangkan risiko IT.
- Menjalankan tugas-tugas lain seperimana diarahkan oleh Lembaga Pengarah dari semasa ke semasa.
- Meluluskan pelantikan perunding dan penasihat luar untuk menasihati Jawatankuasa mengenai infrastruktur sistem pengurusan risiko dan hal-hal teknikal bilamana diperlukan.

Komposisi BITC terdiri daripada empat (4) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan Eksekutif Bebas yang dilantik oleh Lembaga Pengarah. Ahli-ahli BITC ialah seperti berikut:

- i) Abdul Rahim Abd Hadi (Pengerusi)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Azizah Abdul Rahman
- iv) Jit Singh A/L Santok Singh

Jawatankuasa Strategik

Jawatankuasa Strategik Lembaga (BSC) ditubuhkan pada 1 Januari 2019. Peranan dan tanggungjawab utama BSC adalah seperti berikut:

- Membantu Lembaga Pengarah untuk memastikan keputusan Lembaga Pengarah, hal-hal strategik, pelan perniagaan dan belanjawan dijalankan, dilaksanakan dan/atau dipantau dengan berkesan dan cekap oleh Pengurusan dan bahawa keperluan amalan tadbir urus korporat yang baik dipatuhi.
- Mengawasi pelaksanaan dan pemantauan keputusan Lembaga Pengarah dan untuk memberi panduan strategik kepada Bank sebagaimana ditugaskan oleh Lembaga Pengarah dalam terma rujukan.
- BSC perlu melaksanakan kuasanya demi kepentingan terbaik Bank dalam konteks mencapai strategi dan objektif Bank.
- Jawatankuasa perlu bertanggungjawab untuk menyusun strategi, menyemak dan membincangkan dengan Pengurusan Bank berhubung sebarang hal dalam terma rujukan, dan mempunyai kuasa untuk mencadangkan kepada Lembaga Pengarah atau untuk membuat keputusan berhubung hal seumpamanya selagi ia konsisten dengan mana-mana keputusan Lembaga Pengarah, termasuk yang berikut:
 - a. Menyemak dan memberi input dan panduan dalam pelaksanaan dan pemantauan strategi dan hal-hal lain yang diluluskan oleh Lembaga Pengarah.
 - b. Menyemak pelan strategik, perniagaan, belanjawan, strategi modal dan keperluan sumber bank dalam meneruskan strategi tersebut.

The roles and principal responsibilities of BITC are as follows:

- Provide strategic direction with regard to IT Management and ensure the IT strategic plan supports Agrobank's strategic business plan.
- Review and approve Agrobank's key IT strategic investment direction and policies to ensure the effectiveness of internal control systems and the reliability of the management information system.
- Ensure Agrobank's Management adopts prudent and effective policies and procedures to identify, measure, monitor and control or mitigate IT risks.
- Undertake other duties as directed by the Board from time to time.
- Approve the appointment of external consultants and advisors to advise the Committee on risk management system infrastructure and technical matters as and when required.

The composition of BITC comprises of four (4) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board. BITC members are as follows:

- i) Abdul Rahim Abd Hadi (Chairman)
- ii) Dato' Dr. Mohamad Hashim Ahmad Tajudin
- iii) Azizah Abdul Rahman
- iv) Jit Singh A/L Santok Singh

Board Strategic Committee

The Board Strategic Committee (BSC) was established on 1 January 2019. The roles and principal responsibilities of BSC are as follows:

- Assist the Board to ensure the decision of the Board, strategic matters, business plans and budgets are carried out, implemented and/or monitored efficiently and effectively by the Management and that the requirements of good corporate governance practices are observed.
- Oversee the implementation and monitoring of the Board's decisions and to provide strategic guidance for the Bank as delegated by the Board in these terms of reference.
- BSC shall exercise its authorities in the best interest of the Bank in the context of achieving the strategies and objectives of the Bank.
- The Committee shall be responsible for strategising, reviewing and discussing with the Management of the Bank in relation to any changes within this terms of reference, and shall have the authority to recommend to the Board or to make decision in relation to such matter provided that it is not inconsistent with any decision of the Board, including the following:
 - a. Review and provide input and guidance in the implementation and monitoring of strategies and other matters approved by the board.
 - b. Review the strategic, business plans, budgets, capital strategy and resource requirements of the bank in pursuing the strategies therein.

- c. Menyemak hasil strategik jangka sederhana dan jangka panjang yang dicadangkan oleh pengurusan.
- d. Menyemak pelaburan yang berpotensi, gabungan, pengambilalihan, kemampanan, penunaian mandat dan pelupusan perniagaan/aset bank.
- e. Menyemak laporan pengurusan daripada unit-unit perniagaan dan sokongan tentang inisiatif utama yang dijalankan oleh bank.
- f. Memantau dan menilai keadaan dan perkembangan politik, ekonomi dan perniagaan dalam pasaran kewangan dan/atau yang berkaitan dengan institusi kewangan secara berterusan dan untuk membincangkan dengan pengurusan bank bagi memastikan sebarang kemungkinan impak yang ketara dikenal pasti dan diuruskan.

BSC terdiri daripada empat (4) Pengarah Bukan Eksekutif dan dipengerusikan oleh Pengarah Bukan Eksekutif Bebas yang dilantik oleh Lembaga Pengarah. Butiran ahli-ahli BSC adalah seperti berikut:

- i) Dr. Mohamad Hashim Ahmad Tajudin (Pengerusi)
- ii) Datin Setia Shahariah Hashim
- iii) Azizah Abdul Rahman
- iv) Abdul Rahim Abdul Hadi

Kekerapan dan Kehadiran Mesyuarat

Lembaga Pengarah dan Jawatankuasa Lembaga bermesyuarat secara berkala, menurut Piagam Lembaga Pengarah dan terma rujukan Jawatankuasa Lembaga dan dijangka menjalankan tugas mereka dengan mengambil bahagian secara aktif dalam setiap mesyuarat.

Ahli-ahli Lembaga Pengarah dan Jawatankuasa Lembaga boleh meminta untuk mengadakan mesyuarat tambahan bilamana perlu. Sepanjang FYE 2019, mesyuarat berikut telah diadakan:

- c. Review the medium and long term strategic outcomes proposed by the management.
- d. Review potential investments, mergers, acquisitions, sustainability, demonstration of mandate and divestment of business/assets of the bank.
- e. Review management reports from business and support units on key initiatives undertaken by the bank.
- f. Monitor and evaluate political, economic and business conditions and developments in the financial markets and/or relating to financial institutions on an on-going basis and to discuss with the management of the bank to ensure that any potential material impact is identified and managed accordingly.

BSC comprises four (4) Non-Executive Directors and is chaired by an Independent Non-Executive Director appointed by the Board. Detail of BSC members are as follows:

- i) Dr. Mohamad Hashim Ahmad Tajudin (Chairman)
- ii) Datin Setia Shahariah Hashim
- iii) Azizah Abdul Rahman
- iv) Abdul Rahim Abdul Hadi

Meetings Frequency and Attendance

The Board and Board Committees meet on regular basis, in accordance to the respective Board Charter or Board Committees TORs and are expected to discharge their duties by participating actively in the each meeting.

The members of the Board and Board Committees may request to convene additional meetings as and when the need arises. During FYE 2019, the following meetings have been conducted:

Mesyuarat Meetings	Kekerapan Frequency	Bilangan mesyuarat diadakan Number of meetings held
BOD	minima 10 kali setahun minimum 10 times per year	15 mesyuarat termasuk 3 mesyuarat khas 15 meetings including 3 Special meetings
BAC	2 bulan sekali/Once in 2 months	13 mesyuarat termasuk 1 mesyuarat khas 13 meetings including 1 Special meeting
BRMC	Setiap bulan/Monthly	12 mesyuarat 12 meetings
BCIVC	Setiap bulan/Monthly	14 mesyuarat termasuk 1 mesyuarat khas dan 1 mesyuarat ditangguhan 14 meetings including 1 Special meeting and 1 Adjourned meeting
NRC	Setiap suku tahun/Quarterly	16 mesyuarat termasuk 4 mesyuarat khas & 2 mesyuarat ditangguhan 16 meetings including 4 Special meetings & 2 Adjourned meetings
BITC	Setiap suku tahun/Quarterly	7 mesyuarat termasuk 3 mesyuarat khas 7 meetings including 3 Special meetings
BSC	Setiap suku tahun/Quarterly	4 mesyuarat termasuk 1 mesyuarat khas 4 meetings including 1 Special meeting

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Kehadiran ahli Lembaga Pengarah dan Jawatankuasa Lembaga Agrobank sepanjang the FYE 2019 dinyatakan di bawah:

Attendance of the members of the Board and Board Committees of Agrobank during the FYE 2019 are provided below:

Ahli Lembaga Pengarah Board Members	BOD	BAC	BRMC	BCIVC	NRC	BITC	BSC
Dato' Dr. Mohamad Hashim Ahmad Tajudin	15/15 (100%)	n/a	n/a	14/14 (100%)	16/16 (100%)	7/7 (100%)	5/5 (100%)
Dato' Mohd Sallehuddin Hassan ^x	10/13 (77%)	n/a	n/a	n/a	2/4 (50%)	n/a	n/a
Datin Setia Shahariah Hashim	15/15 (100%)	13/13 (100%)	12/12 (100%)	n/a	16/16 (100%)	n/a	5/5 (100%)
Azizah Abdul Rahman	15/15 (100%)	13/13 (100%)	n/a	n/a	15/16 (94%)	7/7 (100%)	5/5 (100%)
Haji Ibrahim Hassan [~]	15/15 (100%)	4/4 (100%)	12/12 (100%)	14/14 (100%)	16/16 (100%)	n/a	3/3 (100%)
Faizah Abdullah [#]	15/15 (100%)	n/a	12/12 (100%)	14/14 (100%)	16/16 (100%)	n/a	3/3 (100%)
Abdul Rahim Abd Hadi [^]	15/15 (100%)	9/9 (100%)	n/a	14/14 (100%)	12/12 (100%)	7/7 (100%)	2/2 (100%)
Jit Singh A/L Santok Singh	15/15 (100%)	12/13 (92%)	12/12 (100%)	n/a	n/a	7/7 (100%)	n/a
Tan Sri Mohamad Zabidi Zainal*	9/9 (100%)	n/a	n/a	n/a	n/a	n/a	n/a
Dato' Dr. Yusof Ismail [#]	4/6 (67%)	4/6 (67%)	n/a	n/a	n/a	n/a	1/2 (50%)

Nota/Notes:

- ^x Dilantik sebagai ahli pada 29 Ogos 2019
- ^x Appointed as member on 29 August 2019
- [~] Dilantik sebagai ahli BAC dan meletak jawatan sebagai ahli BCS pada 29 Ogos 2019
- [~] Appointed as member of BAC and resigned as member of BCS on 29 August 2019
- [#] Meletak jawatan sebagai ahli BSC pada 29 Oktober 2019
- [#] Resigned as member of BSC on 29 October 2019

- [^] Meletak jawatan sebagai ahli BAC dan NRC, dan dilantik sebagai ahli BSC pada 29 Ogos 2019
- [^] Resigned as member of BAC and NRC, and appointed as member of BSC on 29 August 2019
- * Berhenti sebagai Pengerusi/Pengarah pada 29 Julai 2019
- * Resigned as member of BSC on 29 October 2019
- [#] Meletak jawatan sebagai Pengarah dan ahli BAC dan BSC pada 3 Jun 2019
- [#] Resigned as Director and members of BAC and BSC on 3 June 2019

Imbuhan Lembaga Pengarah

Pakej imbuhan Lembaga Pengarah untuk Pengarah Bukan eksekutif dan Pengerusi Bukan Eksekutif adalah setimpal dengan peranan dan tanggungjawab pada peringkat Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah, yang telah beralih secara drastik berikut BNM CG, MCCG dan peraturan sedia ada lain yang dikenakan oleh pengawal selia. Pakej imbuhan Lembaga Pengarah adalah menurut Garis Panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan) dan arahan, dikeluarkan oleh Kementerian Kewangan (MOF).

Bilangan Pengarah Syarikat dengan jumlah imbuhan sepanjang FYE 2019:

Board's Remuneration

The Board's remuneration package for Non-Executive Directors and Non-Executive Chairman commensurate with the accountabilities, roles and responsibilities at both Board and Board Committees, which has shifted dramatically following the BNM CG, MCCG and other existing rules and regulation imposed by regulators. The Board's remuneration package is in accordance to Guidelines for Members of The Board of Directors Appointed by Ministry of Finance (Incorporated) and directive, issued by Minister of Finance (MOF).

The number of Directors of the Company whose total remuneration during FYE 2019:

Pengarah Bukan Eksekutif Non-Executive Director	Bil. Pengarah No. of Director
Bawah/Below RM100,000.00	2
RM100,000.00 – RM200,000.00	3
RM200,000.00 – RM300,000.00	5

Pelantikan Lembaga Pengarah

Proses melantik pengarah-pengarah Agrobank adalah telus dan menurut undang-undang dan peraturan tempatan yang mentadbir Agrobank. Dengan itu, pelantikan setiap pengarah adalah tertakluk kepada Perlembagaan Bank, pengesahan oleh BNM serta kelulusan oleh MOF sebagaimana ditetapkan di bawah subseksyen 6(1) DFIA 2015 yang dipinda.

NRC bertanggungjawab secara keseluruhan bagi proses pelantikan ini. Gambarajah di bawah menunjukkan proses pelantikan calon Pengerusi dan pengarah:

PROSES PELANTIKAN LEMBAGA PENGARAH/BOARD APPOINTMENT PROCESS



Kriteria Layak dan Sesuai

Kriteria 'sesuai dan betul' menetapkan bahawa pengarah dan P/CEO haruslah individu yang berkaliber oleh kerana mereka diamanahkan oleh pemegang saham Agrobank dan pihak berkepentingan lain untuk menguruskan bank dan memastikan operasinya yang kukuh. Lembaga Pengarah berpandukan Garis Panduan Tadbir Urus Korporat bagi IKP oleh BNM berhubung piawaian 'Sesuai dan Betul' untuk Lembaga Pengarah.

Dalam menentukan sekiranya seorang ahli yang 'sesuai dan betul' untuk menyandang jawatan sebagai pengarah atau P/CEO, faktor berikut diambil kira:

- Kebarangkalian, ketekunan, kecekapan dan kekuahan penilaian.
- Reputasi, karakter, integriti (termasuk integriti kewangan) dan kejujuran.
- Sejarah kesalahan melibatkan penyelewengan, ketidakjujuran dan keganasan.
- Sama ada beliau pernah terbabit dalam sebarang perniagaan yang menipu, menindas atau tidak betul atau amalan lain, yang boleh mencemarkan nama baiknya.
- Sama ada beliau pernah berkelakuan dalam cara yang boleh menimbulkan keraguan terhadap kecekapan dan kekuahan penilaianya.
- Sama ada beliau pernah menentang sebarang peruntukan yang dibuat oleh atau di bawah mana-mana undang-undang bertulis untuk melindungi orang awam daripada kerugian kewangan disebabkan ketidakjujuran, ketidakcekapan atau penyelewengan.
- Sama ada beliau pernah diisyiharkan bankrap.

Board Appointment

The process for appointing directors of Agrobank is transparent and in accordance with local laws and regulations governing Agrobank. Hence, the appointment of each director is subject to the Bank's Constitution, verification by BNM as well as approval by the MOF as prescribed under subsection 6(1) of the amended DFIA 2015.

The NRC has the overall responsibility for the appointment process. The diagram below depicted the appointment process of the nominees of Chairman and directors:

Fit and Proper Criteria

The 'fit and proper' Criteria stipulates that directors and the P/CEO have to be persons of high calibre as they are entrusted by Agrobank's shareholders and other stakeholders to manage the bank and ensuring its sound operations. The Board is guided by the Guidelines on Corporate Governance for DFIs by BNM on its 'Fit and Proper' standards for the Board.

In determining if a member is 'fit and proper' to hold positions as director or P/CEO, 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.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Penilaian Lembaga Pengarah

Penambahbaikan dan pembangunan berterusan Lembaga Pengarah serta proses dan prosedur Jawatankuasanya adalah kunci bagi memastikan bahawa struktur tadbir urus Agrobank adalah seiring dengan amalan terbaik. Ini dapat dicapai menerusi penilaian tahunan Lembaga Pengarah, yang menyediakan mekanisma maklum balas yang padu dan bernilai untuk menambah baik keberkesanan Lembaga Pengarah, memaksimakan kekuahan dan mengetengahkan bidang untuk kemajuan seterusnya. Agrobank peka bahawa amalan penilaian yang berkesan membantu Lembaga Pengarah, jawatankuasa dan pengarah-pengarah melaksanakan tugas mereka dengan keupayaan optimum.

Di Agrobank, NRC bertanggungjawab memastikan para pengarah terus memenuhi kriteria 'sesuai dan betul' yang ditetapkan oleh BNM sebaik sahaja mereka dilantik. Ini dicapai melalui penilaian tahunan ke atas semua pengarah, yang dibuat pada awal tahun. Penilaian ini merangkumi soal selidik yang terperinci yang memerlukan pengarah untuk menilai diri mereka sendiri serta rakan-rakan mereka. Penilaian ini dianalisis oleh Setiausaha Syarikat dan dibentangkan kepada NRC pada akhir suku pertama setiap tahun. Hasil analisis dibentangkan kepada Pengerusi, yang juga memberi penarafan peribadinya kepada setiap pengarah, manakala penarafan mereka yang lain dirahsiakan. Berdasarkan hasil penilaian, Setiausaha Syarikat mencadangkan tindakan diambil bagi memenuhi jurang yang wujud dalam Lembaga Pengarah dan mengukuhkan keupayaannya.

Pembangunan Profesional dan Pendidikan Berterusan

Lembaga Pengarah menekankan kepentingan pembangunan dan pendidikan berterusan untuk para pengarahnnya kekal mengikuti perkembangan terkini dalam persekitaran perniagaan dan bagi melengkapkan mereka dengan kepakaran dan pengetahuan yang perlu untuk melaksanakan fungsi mereka dengan berkesan. Setiap ahli Lembaga Pengarah mengambil bahagian dalam program taklimat induksi Lembaga Pengarah yang diselaraskan oleh Setiausaha Syarikat bersama-sama dengan P/CEO. Program ini termasuk pembentangan oleh Pasukan Pengurusan Kanan untuk memberi maklumat dan tinjauan mengenai Agrobank bagi membolehkan pengarah mendapat pemahaman lebih baik mengenai pengurusan dan operasi, serta isu-isu dan cabaran semasa yang dihadapi oleh Agrobank. Menurut keperluan BNM, pengarah baharu wajib mengikuti program Pendidikan Pengarah Institusi Kewangan (FIDE) dan Kewangan Islam bagi Program Lembaga Pengarah.

Di samping itu, Pengarah digalakkan menghadiri program dan bengkel yang relevan bagi Agrobank dan menurut keperluan latihan sepertimana ditentukan menerusi penilaian tahunan. Bagi sepanjang tahun kewangan 2019, tiga (3) program dalaman telah dikenal pasti dan dianjurkan bagi mengisi jurang kepakaran yang ditentukan daripada penilaian Lembaga Pengarah.

Dalam lanjutan usaha mempelajari dan mendapatkan kepakaran dan pengetahuan berterusan untuk meningkatkan kemahiran dan profesionalisme, para Pengarah telah menyertai program latihan, persidangan dan forum yang relevan bagi tahun kewangan 2019 sebagaimana disenaraikan dalam Lampiran 1 penyata ini.

Board Evaluation

Continuous improvement and development of the Board and its Committees' processes and procedures is the key to ensure that Agrobank's governance structure remains in line with the best practices. This is achieved through the annual Board's evaluation, which provides powerful and valuable feedback mechanism to improve the Board's 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, NRC is responsible in ensuring the directors continue to satisfy BNM's 'fit and proper' criteria once being appointed. This is achieved via annual evaluation of all directors, which is conducted at the beginning 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 are tabled to NRC by first quarter annually. The results of the analysis are presented to the Chairman, who also provides each director with his own personal rating, while ratings of the others are kept confidential. 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.

Professional Development and Continuous Education for Directors

The Board emphasises the importance of continuing professional development and education for its directors to keep abreast with the latest developments in the business environment and to equip with the necessary skills and knowledge to perform their functions effectively. Each new Board member participates in Board Induction briefing program coordinated by the Company Secretary together with P/CEO. The program includes presentation by Senior Management Team to provide the information and overview of Agrobank to enable the director to gain better understanding of management and operations, as well as current issues and challenges faced by Agrobank. In accordance to BNM's requirements, it is compulsory for new directors to attend the Financial Institutions Directors' Education (FIDE) programme and Islamic Finance for Board of Directors Program.

In addition, Directors are encouraged to attend training programmes and workshops relevant to Agrobank and in accordance to the training needs as determined through the annual evaluation. During FYE 2019, three (3) in-house programmes have been identified and organised to fill the skill gaps determined from the Board evaluation.

In furtherance of the quest for continuous learning and acquisition of relevant skills and knowledge in order to enhance the business expertise and professionalism, Directors have participated in the relevant training programmes, conferences and forums during the FYE 2019 as listed in Appendix 1 of this statement.

Setiausaha Syarikat

Setiausaha Syarikat bertanggungjawab menasihati Lembaga Pengarah untuk antara lainnya, memastikan bahawa prosedur dan semua peraturan dan kod tadbir urus dipatuhi. Setiausaha Syarikat juga menyediakan panduan kepada para pengarah tentang tadbir urus, pematuhan dan tanggungjawab fidusiari mereka. Semua pengarah mempunyai akses tidak terhad kepada nasihat dan khidmat Setiausaha Syarikat serta akses penuh dan tepat pada masanya kepada maklumat yang relevan bagi memudahkan pelaksanaan tugas mereka dengan berkesan.

Beberapa fungsi dan peranan utama Setiausaha Syarikat adalah seperti berikut:

- **Menyokong Pengerusi dan Lembaga Pengarah**

Setiausaha Syarikat menyokong Pengerusi dan Lembaga Pengarah dalam menggalakkan piawaian tertinggi tadbir urus korporat, dan memudahkan keberkesaan fungsi Lembaga Pengarah dan jawatankuasanya, bila mana bersesuaian. Untuk ini, Setiausaha Syarikat:

- Memberi nasihat kepada Pengerusi dan para pengarah berhubung tugas dan tanggungjawab mereka.
- Memastikan mesyuarat berjalan dengan berkesan.
- Merekodkan keputusan Lembaga Pengarah, memastikan keputusan dimajukan kepada pengurusan untuk diambil tindakan dan diedarkan di kalangan pengarah.
- Menyediakan akses dan perkhidmatan lengkap kepada Lembaga Pengarah.

- **Pelantikan pengarah baharu**

Setiausaha Syarikat memastikan semua pelantikan para pengarah baharu dikuatkuasakan dengan betul. Ini termasuk membantu Lembaga Pengarah dalam memastikan pentadbiran lancar bagi pelantikan pengarah baharu, memberi taklimat kepada pengarah baharu tentang struktur organisasi Agrobank dan prosedur yang mengawal selia operasi Lembaga Pengarah. Setiausaha Syarikat juga bertanggungjawab memastikan bahawa pengarah baharu menerima induksi yang betul ke dalam Agrobank dan menerima semua maklumat berkenaan untuk pelaksanaan tugas mereka dengan betul.

- **Pematuhan terhadap keperluan berkanun dan pentadbiran**

Setiausaha Syarikat bertanggungjawab memastikan bahawa Agrobank mematuhi keperluan berkanun di bawah undang-undang dan peraturan berkenaan. Oleh itu, Setiausaha Syarikat memainkan peranan penting dalam membimbing dan menasihati Lembaga Pengarah mengenai pematuhan undang-undang dengan cara memastikan pematuhan terhadap prosedur menjalankan mesyuarat dan menjaga keselamatan dokumentasi korporat, membantu Lembaga Pengarah dengan menterjemah akta undang-undang dan peraturan yang berkaitan dengan Agrobank, memaklumkan kepada Pengerusi tentang sebarang kemungkinan pelanggaran akta undang-undang dan peraturan, dan menasihati Lembaga Pengarah tentang keperluan wajibnya untuk mendedahkan maklumat penting.

Company Secretary

The Company Secretary is responsible for advising 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. All 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 facilitate the discharge of their duties effectively.

Some of the key functions and roles of the Company Secretary are as follows:-

- **Support the Chairman and the Board**

The Company Secretary supports the Chairman and the Board 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 and circulated amongst the directors.
- 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 organisational structure of Agrobank and procedures that regulate the operations of the Board. The Company Secretary is also responsible for ensuring that new directors receive appropriate induction into Agrobank and receive all relevant information for the proper discharge of their duties.

- **Compliance with statutory filing and administrative requirements**

The Company Secretary is responsible for ensuring that Agrobank is in compliance with statutory 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, assisting the Board with interpreting legal and regulatory acts related to Agrobank, notifying the Chairman of any possible violations of legal and regulatory acts, and advising the Board on its obligatory requirements to disclose material information.

PENYATA TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

▪ Pelaksanaan Tadbir Urus Korporat

Setiausaha Syarikat bertanggungjawab memastikan piawaian tinggi tadbir urus dengan mengikuti perkembangan terkini dalam tadbir urus korporat, perubahan dalam rangka kerja undang-undang dan peraturan dan amalan terbaik antarabangsa.

Jawatankuasa Pengurusan

Lembaga Pengarah dan jawatankuasanya disokong oleh pelbagai jawatankuasa pengurusan, setiap satunya terdiri daripada ahli pengurusan kanan dengan pengetahuan dan pengalaman dalam bidang tumpuan jawatankuasa. P/CEO mempunyai hak melantik ahli untuk menjadi penggerusi mesyuarat semasa ketidakhadirannya.

Buat masa ini terdapat sembilan (9) jawatankuasa pengurusan, iaitu:

- Jawatankuasa Pengurusan
- Jawatankuasa Kredit Pengurusan
- Jawatankuasa Audit Pengurusan
- Jawatankuasa Aset dan Liabiliti
- Jawatankuasa Teknologi Maklumat Pengurusan
- Jawatankuasa Risiko Pengurusan
- Jawatankuasa Pengurusan Risiko Operasi
- Jawatankuasa Pemberi Maklumat
- Jawatankuasa Perolehan Pengurusan
- Jawatankuasa Perolehan Bahagian
- Jawatankuasa Pelaksanaan Projek SBP; dan
- Jawatankuasa Pengurusan Sumber Manusia.

Bekalan Maklumat

Pengurusan dan Setiausaha Syarikat bertanggungjawab memastikan Lembaga Pengarah terus diberikan maklumat lengkap, tepat dan pada masa yang mencukupi dalam bentuk dan kualiti yang sesuai bagi membolehkan Lembaga Pengarah melaksanakan tugasnya dengan berkesan. Akses kepada maklumat tepat pada masanya adalah penting bagi memastikan perbincangan terperinci, pertimbangan berdasarkan maklumat dan membuat keputusan yang berkesan. Pengurusan menyediakan pek mesyuarat yang mengandungi semua maklumat berkaitan dan relevan kepada agenda mesyuarat sekurang-kurangnya lima hari sebelum setiap Mesyuarat Lembaga Pengarah. Maklumat tambahan lain yang mungkin mempunyai kesan penting terhadap Agrobank, sama ada secara langsung atau tidak langsung disediakan dalam cara yang tepat pada masanya bilamana diminta oleh Lembaga Pengarah.

Semua isu yang timbul, perbincangan, pertimbangan dan rumusan termasuk pendapat berbeza yang dibuat pada mesyuarat Lembaga Pengarah dengan tindakan jelas untuk diambil oleh pihak bertanggungjawab direkodkan dalam mesyuarat.

Setiap pengarah mempunyai akses tidak terhad kepada semua maklumat dan rekod Agrobank serta nasihat dan khidmat Setiausaha Syarikat, yang juga menjadi setiausaha untuk Jawatankuasa Lembaga Pengarah dan bertanggungjawab memastikan bahawa prosedur dan peraturan bagi mesyuarat Lembaga Pengarah diikuti dan dipatuhi. Di samping itu, para pengarah, secara kolektif atau secara individu boleh mendapatkan nasihat profesional bebas dalam melaksanakan tugas mereka bilamana khidmat seumpamanya diperlukan.

▪ 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 P/CEO has the right to appoint a member to be the chairman of the meeting in his/her absence.

There are currently nine (9) management committees, namely:

- Management Committee
- Management Credit Committee
- Management Audit Committee
- Asset and Liability Committee
- Management Information Technology Committee
- Management Risk Committee
- Operational Risk Management Committee
- Whistleblower Committee
- Management Procurement Committee
- Division Procurement Committee
- SBP Project Implementation Committee; and
- Human Resources Management Committee.

Supply of Information

The Management and Company Secretary are responsible for ensuring the Board is continuously presented with a complete, accurate and adequate time bound information in a form and of quality appropriate to enable the Board to discharge its duties effectively. Access to timely information is important to ensure robust discussion, informed deliberation and effective decision making. The Management provides Board members a meeting pack 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 Agrobank, either directly or indirectly is provided in a timely manner as and when necessary or when requested by the Board.

All arising issues, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings with clear actions to be taken by responsible parties are recorded in the meetings.

Each director has unrestricted access to all information and records of Agrobank as well as the advice and services of the Company Secretary, who also serves as secretary to the Board Committees and is responsible to ensure that the procedures for Board meeting are followed and that all applicable rules and regulations are complied with. In addition, the directors, collectively or individually may seek independent professional advice in furtherance of their duties in the event such services are required.

Hubungan Pemegang Taruh

Agrobank sedar bahawa perniagaan secara mapan hanya boleh dicapai melalui interaksi dengan pihak berkepentingan dan memahami impak perniagaan terhadap persekitarannya. Mengambil bahagian dalam dialog strategik dan proaktif dengan pihak berkepentingan utama membantu Agrobank mendapat pemahaman lebih mendalam tentang apa yang mendorong perniagaan dan mengenal pasti peluang, dan oleh itu mendahului persaingan dalam menyesuaikan kepada permintaan yang berubah-ubah. Agrobank sedar bahawa kerjasama adalah penting dalam mencapai visinya.

Sungguhpun tiada dasar rasmi tentang hubungan pihak berkepentingan, Agrobank secara berkala berhubung dengan pemegang sahamnya, Minister of Finance (Incorporated) (MoF Inc.), dan pihak berkepentingan utama lain, iaitu Kementerian Pertanian dan Industri Makanan (MAFI) (sebelum ini dikenali sebagai Kementerian Pertanian dan Industri Makanan Asas Tani), Kementerian Perusahaan Perlادangan dan Komoditi, Kementerian Pembangunan Luar Bandar dan Wilayah, serta pengawal selia iaitu BNM.

Mesyuarat peringkat tertinggi diadakan dengan menteri-menteri berkenaan dan/atau timbalan mereka setiap tahun bagi membincangkan prestasi industri pertanian, sumbangan Agrobank serta cara di mana Agrobank boleh memberi sokongan lebih lagi kepada kemajuan industri. Ini disokong oleh mesyuarat berkala pada peringkat Pengurusan Kanan dengan wakil-wakil kementerian dan badan-badan kawal selia.

Agrobank memberi maklum balas berterusan mengenai pengurusan dan agihan dana konsesi daripada kementerian, memberi jaminan kepada agensi kerajaan bahawa dana tersebut ditadbir selaras dengan objektif yang ditetapkan yang menyokong keseluruhan agenda pembangunan kebangsaan oleh Kerajaan. Sehubungan ini, dana-dana tersebut disalurkan dengan betul dalam cara yang menggalakkan perkembangan segmen sasaran. Hubungan sebegini adalah tersirat dalam Akta Institusi Kewangan Pembangunan 2002 (AIKP) – Akta 618, DFIA yang mentadbir bank dan IKP lain.

Agrobank mempunyai pelbagai jabatan dan bahagian yang dikhususkan untuk hubungan kerajaan, hubungan industri dan hubungan kakitangan. Setiap pasukan mempunyai rangka kerja hubungan mereka dengan pihak berkepentingan masing-masing.

Keber tanggungjawaban dan Audit

Pernyataan Tanggungjawab Pengarah

Para pengarah bertanggungjawab memastikan penyata kewangan Agrobank memberi pandangan benar dan saksama mengenai hal ehwal Agrobank, serta prestasi dan aliran tunainya bagi tahun kewangan 2019. Penyata ini disediakan menurut piawaian perakaunan yang diluluskan oleh Lembaga Pengarah, iaitu Piawaian Pelaporan Kewangan Malaysia (MFRS) dan Piawaian Pelaporan Kewangan Antarabangsa (IFRS), dan mematuhi keperluan Akta Syarikat 2016 di Malaysia serta garis panduan oleh BNM.

Penyata kewangan diedarkan kepada pemegang saham dalam cara yang ditetapkan di bawah Akta Syarikat 2016 dan kemudiannya diterbitkan dalam laporan tahunan Agrobank, yang diedarkan kepada semua pemegang saham dan juga tersedia secara dalam talian di laman sesawang Agrobank www.agrobank.com.my.

Stakeholder Engagement

Agrobank is fully aware that sustainable business can only be achieved by interacting with its stakeholders and understanding the impact of the business has on its environment. Taking part in strategic and proactive dialogue with key stakeholders helps Agrobank to deepen its insights into business drivers and identify opportunities, and thus be ahead of competition in adjusting to changing demands. Agrobank realises that working in partnerships is crucial in delivering its vision.

Although there is no formal policy on stakeholder engagement, Agrobank engages regularly with its shareholder, Minister of Finance (Incorporated) (MoF Inc.), and other key stakeholders, namely the Ministry of Agriculture and Food Industry (MAFI) (formerly known as Ministry 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, Agrobank's contributions as well as ways in which Agrobank could lend further support to the development of the industry. This is supported by regular meetings at the Senior Management level between Agrobank and representatives of the ministries and regulatory bodies.

Agrobank provides constant feedback on the management and distribution of concessionary funds from the ministries, providing assurance to the government agencies that the fund is administered in line with set objectives that support the Government's overall national development agenda. On this particular note, the funds are being channelled appropriately in a manner that promotes the development of the targeted segments. Such engagement is implicit in the Development Financial Institutions Act 2002 (DFI) – Act 618, governing the bank and other DFIs.

Agrobank has various departments and sections dedicated to government relations, industry relations and employee relations. Each team has their engagement framework with its respective stakeholders.

Accountability and Audit

Directors' Responsibility Statement

The directors are responsible for ensuring the financial statements of Agrobank provide a true and fair view of the state of affairs of Agrobank, as well as its performance and cash flow position for the FYE 2019. 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 CA 2016 in Malaysia, as well as the guidelines by BNM.

The financial statements are circulated to the shareholders in the manner prescribed under CA 2016 and subsequently published in Agrobank's annual report, which is distributed to all stakeholders and also made available online on Agrobank's website at www.agrobank.com.my.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Kawalan Dalam

Agrobank mengekal dan membangunkan sistem kawalan dalamannya dengan tujuan untuk menambah baik prestasi perniagaannya, pada masa yang sama, mematuhi undang-undang dan peraturan. Kawalan dalam merangkumi semua dasar, proses, prosedur dan struktur organisasi dalam Agrobank yang membantu pengurusan dan akhirnya Lembaga Pengarah, untuk memastikan bahawa Agrobank mencapai objektif serta bahawa urusan perniagaan mematuhi segala undang-undang dan peraturan.

Lembaga Pengarah bertanggungjawab mengekal dan menyemak keberkesanan pengurusan risiko dan kawalan dalam untuk mengurus dan memantau risiko-risiko penting, dalam masa sama memastikan bahawa pelaburan pemegang saham, kepentingan pelanggan dan aset Agrobank dilindungi. Lembaga Pengarah secara berterusan menyemak rangka kerja pengurusan risiko Agrobank bagi memastikan prosedur operasi yang mencukupi dan berkesan serta ketersediaan kawalan dalam untuk mengukur, mengawal, memantau, dan melaporkan risiko-risiko dan dikemas kini selaras dengan perubahan yang wujud dalam persekitaran perniagaan dan keadaan operasi dalam.

BAC secara berkala menilai kecukupan dan keberkesanan sistem kawalan dalam Agrobank dengan menyemak keberkesanan tindakan pembetulan yang diambil ke atas jurang/kekurangan yang dikenal pasti dalam laporan yang disediakan oleh juruaudit dalam dan luar semasa mesyuarat berjadualnya. BAC juga menyemak cadangan juruaudit, dan respon pengurusan terhadapnya, bagi memastikan sebarang kekurangan yang dikenal pasti ditangani secukupnya dan dengan segera.

Dasar Pemberian Makumat

Agrobank komited terhadap piawaian tertinggi bagi integriti, keterbukaan dan kebertanggungjawaban dalam urusan perniagaan operasi. Agrobank beriltizam untuk menjalankan hal ehwalnya dalam cara yang beretika, bertanggungjawab dan telus selaras dengan prinsip VBI yang diterima pakai. Agrobank berusaha untuk mengelakkan sebarang penyelewengan yang boleh mengakibatkan kesan serius kepada Agrobank atau kakitangannya. Ia juga memandang serius terhadap sebarang kecuaian atau salah laku mana-mana kakitangan, ahli pengurusan atau Lembaga Pengarah, khususnya berhubung kewajipan mereka terhadap kepentingan Agrobank.

Bagi mengekang sebarang salah laku, Agrobank telah menyediakan saluran komunikasi dan ruang lain untuk kakitangan menyuarakan keimbangan dengan yakin mengenai kemungkinan salah laku atau kecuaian yang mereka ketahui. Dasar Pemberian Maklumat Agrobank menyediakan saluran jelas untuk mana-mana individu melaporkan dengan suci hati, tanpa takut balas dendam, keimbangan mengenai kemungkinan penyelewengan dalam pelaporan kewangan atau sebarang salah laku yang disyaki sama ada yang sedang atau yang telah berlaku yang boleh merugikan Agrobank. Ini termasuk, tetapi tidak terhad kepada, kejadian tidak beretika seperti kegiatan jenayah atau pelanggaran undang-undang/peraturan yang dilakukan oleh kakitangan lain atau mana-mana orang yang berurusan dengan Agrobank.

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 the laws and regulations. Internal controls cover all the policies, processes, procedures and organisational structures within Agrobank that help management and ultimately the Board, to ensure that Agrobank is achieving its objectives and that the 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 control to manage and monitor material risks, thus ensuring that shareholders' investments, customers' interests and Agrobank's assets are safeguarded. The Board continuously reviews Agrobank'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 Agrobank'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, openness and accountability in the conduct of this businesses and operation. Agrobank aspires to conduct its affairs in an ethical, responsible and transparent manner in line with the adopted VBI principles. Agrobank takes every effort to avoid any improprieties that may result in serious consequences for Agrobank or its employees. It also takes a serious view of any malpractice or wrong-doing on the part of any employee, member of management or Board, in particular with respect to their obligations to Agrobank's interest.

In order to curb any malpractices, Agrobank has placed communication channels and other avenues for employees to raise concerns in confidence about possible wrong-doings, malpractice or any misconduct of which they become aware. Agrobank's Whistleblowing Policy provides 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 on-going or past action that could be detrimental to Agrobank. These included but are not limited to unethical incidences such as criminal activities or contravention of laws/regulations committed by another employee or any person who has dealings with Agrobank.

Menurut Dasar Pemberian Maklumat Agrobank, pemberi maklumat akan diberi perlindungan kerahsiaan identiti, sehingga ke tahap yang boleh dilaksanakan dengan munasabah dan akan dilindungi daripada sebarang tindakan buruk dan berbahaya kerana mendedahkan salah laku yang dibuat atau akan dibuat dalam Agrobank, sehingga ke tahap yang boleh dilaksanakan dengan munasabah, selagi pendedahan tersebut dibuat dengan niat yang baik.

Ikrar Integriti Korporat

Etika dan integriti adalah komponen yang terdapat dalam segala aspek tadbir urus korporat dan setiap keputusan dan tindakan Lembaga Pengarah. Sebagai bukti komitmennya dalam mengekalkan piawaian tertinggi integriti, tadbir urus korporat dan ketelusan, Agrobank menjadi IKP pertama yang menandatangani Ikrar Integriti Korporat (CIP) pada 6 September 2014. CIP menggambarkan usaha berterusan Agrobank untuk mewujudkan kesedaran, melaksanakan perancangan untuk memasukkan prinsip tersebut ke dalam nilai dan amalannya. Dengan ikrar ini, Agrobank juga komited untuk bekerjasama dengan SPRM dan pihak berkuasa lain bagi memupuk budaya integriti dan toleransi sifar terhadap penipuan atau rasuah. Ikrar ini adalah tanda manifestasi komitmen untuk mematuhi amalan perniagaan beretika dan menjadi contoh dan teladan dalam bagi menggerakkan agenda integriti dalam Agrobank.

Senarai Latihan Pengarah 2019/Directors' Training Lists 2019

Pengarah Director	Senarai Latihan Training/Persidangan/Seminar/Bengkel yang Dihadiri/Disertai List of Training/Conference/Seminar/Workshop Attended/Participated
Dato' Mohd Sallehuddin Hassan	<p>1. <i>FIDE Core Programme (Module A)</i> – 1 hingga 2 Julai 2019 dan 3 hingga 4 Julai 2019 (sesi pagi) <i>FIDE Core Programme (Module A)</i> – 1 to 2 July 2019 and 3 to 4 July 2019 (morning session)</p>
Dato' Dr Mohamad Hashim Ahmad Tajudin	<p>1. ISRA – 9 hingga 10 Januari 2019 <i>ISRA – 9 to 10 January 2019</i></p> <p>2. Jemputan Menghadiri 'Let's Get Real' on Anti-Bribery – 1 Mac 2019 <i>Invitation to Attend 'Let's Get Real' on Anti-Bribery – 1 March 2019</i></p> <p>3. Percuaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 <i>Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</i></p> <p>4. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 <i>Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018 – 13 September 2019</i></p>
Datin Setia Shahariah Hashim	<p>1. <i>FIDE Forum Workshop: Building an Effective Board - Board Selection</i> – 24 Januari 2019 <i>Fide Forum Workshop: Building an Effective Board - Board Selection</i> – 24 January 2019</p> <p>2. <i>FIDE Forum: Artificial Intelligence and Its Role in Financial Institutions</i> – 24 Julai 2019 <i>FIDE Forum: Artificial Intelligence and Its Role in Financial Institutions</i> – 24 July 2019</p> <p>3. <i>FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role</i> – 1 Ogos 2019 <i>FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role</i> – 1 August 2019</p> <p>4. <i>MKD Directors Talk Series #2: When Disruption Meets Tradition</i> – 6 Ogos 2019 <i>MKD Directors Talk Series #2: When Disruption Meets Tradition</i> – 6 August 2019</p> <p>5. Percuaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 <i>Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</i></p> <p>6. <i>Raising Defences: Section 17A, MACC Act</i> – 27 Ogos 2019 <i>Raising Defences: Section 17A, MACC Act</i> – 27 August 2019</p>

In accordance to Agrobank's Whistleblowing Policy, a whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable and shall be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within Agrobank, to the extent reasonably practicable, provided that the disclosure is made in good faith.

Corporate Integrity Pledge

Ethics and integrity are inherent components in all aspects of corporate governance and in every board decisions and actions. Underlining its commitment to maintaining high standards of integrity, corporate governance and transparency, Agrobank became the first DFI to sign the Corporate Integrity Pledge (CIP) on 6 September 2014. The CIP reflects Agrobank's continuous efforts to create awareness, implement plan to embed the aforesaid principles into values and practices. With this pledge, Agrobank is also committed to working with MACC and other relevant authorities 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 KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

Pengarah Director	Senarai Latihan Training/Persidangan/Seminar/Bengkel yang Dihadiri/Disertai List of Training/Conference/Seminar/Workshop Attended/Participated
	<p>7. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the MACC (Amendment) Act 2018 – 13 September 2019</p> <p>8. <i>FIDE Forum: Leadership in a Disruptive World: The Changing Role of Boards</i> – 17 Oktober 2019 FIDE Forum: Leadership in a Disruptive World: The Changing Role of Boards – 17 October 2019</p>
Azizah Abdul Rahman	<p>1. <i>FIDE Forum Workshop: Building an Effective Board - Board Selection</i> – 24 Januari 2019 FIDE Forum Workshop: Building an Effective Board - Board Selection – 24 January 2019</p> <p>2. Jemputan Menghadiri 'Let's Get Real' on Anti-Bribery – 1 Mac 2019 Invitation to Attend 'Let's Get Real' on Anti-Bribery – 1 March 2019</p> <p>3. <i>BNM-FIDE Forum Masterclass on Cybersecurity: Unseen Threats</i> – 18 Jun 2019 BNM-FIDE Forum Masterclass on Cybersecurity: Unseen Threats – 18 June 2019</p> <p>4. <i>FIDE Forum: Artificial Intelligence and Its Role in Financial Institutions</i> – 24 Julai 2019 FIDE Forum: Artificial Intelligence and Its Role in Financial Institutions – 24 July 2019</p> <p>5. <i>FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role</i> – 1 Ogos 2019 FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role – 1 August 2019</p> <p>6. <i>MKD Directors Talk Series #2: When Disruption Meets Tradition</i> – 6 Ogos 2019 MKD Directors Talk Series #2: When Disruption Meets Tradition – 6 August 2019</p> <p>7. Percukaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</p> <p>8. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the MACC (Amendment) Act 2018 – 13 September 2019</p> <p>9. <i>Raising Defences: Section 17A, MACC Act</i> – 17 Oktober 2019 Raising Defences: Section 17A, MACC Act – 17 October 2019</p>
Haji Ibrahim Hassan	<p>1. <i>FIDE Forum Workshop: Building an Effective Board - Board Selection</i> – 24 Januari 2019 FIDE Forum Workshop: Building an Effective Board - Board Selection – 24 January 2019</p> <p>2. ISRA – 13 hingga 14 Februari 2019 ISRA – 13 to 14 February 2019</p> <p>3. <i>M1-Building Sustainability Agility and Resilience Via ERM and M2-Integration and Linking, ERM to GRC</i> – 8 April 2019 M1-Building Sustainability Agility and Resilience Via ERM and M2-Integration and Linking, ERM to GRC – 8 April 2019</p> <p>4. Persidangan Global IERP 2019 – 9 hingga 10 July 2019 IERP Global Conference 2019 – 9 to 10 July 2019</p> <p>5. Memahami Fintech dan Implikasinya kepada Bank (Iclif) – 1 Ogos 2019 Understanding Fintech and Its Implications for Banks (Iclif) – 1 August 2019</p> <p>6. Percukaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</p> <p>7. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the MACC (Amendment) Act 2018 – 13 September 2019</p> <p>8. <i>FIDE Forum: 4th Distinguished Board Leadership Series: Digital To The Core</i> – 4 Oktober 2019 FIDE Forum: 4th Distinguished Board Leadership Series: Digital To The Core – 4 October 2019</p> <p>9. <i>Raising Defences: Section 17A, MACC Act</i> – 10 Disember 2019 Raising Defences: Section 17A, MACC Act – 10 December 2019</p>

Pengarah Director	Senarai Latihan Training/Persidangan/Seminar/Bengkel yang Dihadiri/Disertai List of Training/Conference/Seminar/Workshop Attended/Participated
Faizah Abdullah	<p>1. FIDE Forum Workshop: Building an Effective Board - Board Selection – 24 Januari 2019 FIDE Forum Workshop: Building an Effective Board - Board Selection – 24 January 2019</p> <p>2. Reading the Signs: The Next Financial Crisis and Potential Impact on Asia – 14 Mac 2019 Reading the Signs: The Next Financial Crisis and Potential Impact on Asia – 14 March 2019</p> <p>3. FIDE Forum: Artificial Intelligence and Its Role in Fls – 24 Julai 2019 FIDE Forum: Artificial Intelligence and Its Role in Fls – 24 July 2019</p> <p>4. FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role – 1 Ogos 2019 FIDE Forum-ISRA Programme – Value Based Intermediation: Directors Role – 1 August 2019</p> <p>5. MKD Directors Talk Series #2: When Disruption Meets Tradition - 6 Ogos 2019 MKD Directors Talk Series #2: When Disruption Meets Tradition - 6 August 2019</p> <p>6. Percuaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</p> <p>7. FIDE Programme: Raising Defences: Section 17A, MACC Act – 27 Ogos 2019 FIDE Programme: Raising Defences: Section 17A, MACC Act – 27 August 2019</p> <p>8. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the MACC (Amendment) Act 2018 – 13 September 2019</p> <p>9. FIDE Forum: Leadership In A Disruptive World – 17 Oktober 2019 FIDE Forum: Leadership In A Disruptive World – 17 October 2019</p>
Abdul Rahim Abd Hadi	<p>1. ISRA – 9 to 10 January 2019 ISRA – 9 to 10 January 2019</p> <p>2. FIDE Core Programme – Module B – 4 to 7 Mac 2019 FIDE Core Programme – Module B – 4 to 7 March 2019</p> <p>3. FIDE Elective Programme 'Corporate Governance for Development Financial Institutions' – 12 hingga 13 Mac 2019 FIDE Elective Programme 'Corporate Governance for Development Financial Institutions' – 12 to 13 March 2019</p> <p>4. Percuaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</p> <p>5. Simposium Kebangsaan mengenai Kewangan dan Pasaran Modal Islam 2019 – 7 Oktober 2019 The National Symposium on Islamic Finance and Capital Market 2019 – 7 October 2019</p>
Jit Singh Santok Singh	<p>1. ISRA – 9 hingga 10 Januari 2019 ISRA – 9 to 10 January 2019</p> <p>2. FIDE Core Programme (Module A) – 18 hingga 21 Februari 2019 FIDE Core Programme (Module A) – 18 to 21 February 2019</p> <p>3. FIDE Core Programme – Module B – 4 hingga 6 Mac 2019 & 24 Oktober 2019 FIDE Core Programme – Module B – 4 to 6 March 2019 & 24 October 2019</p> <p>4. FIDE Elective Programme 'Corporate Governance for Development Financial Institutions' – 12 hingga 13 Mac 2019 FIDE Elective Programme 'Corporate Governance for Development Financial Institutions' – 12 to 13 March 2019</p> <p>5. BNM-FIDE Forum Dialogue with the Deputy Governor on the draft Risk Management in Technology Policy – 8 April 2019 BNM-FIDE Forum Dialogue with the Deputy Governor on the draft Risk Management in Technology Policy – 8 April 2019</p> <p>6. Percuaian dan Mencegah Pemindahan Wang Haram dan Pembiayaan Keganasan di Malaysia – 14 Ogos 2019 Taxation and Battling Money Laundering and Terrorism Financing in Malaysia – 14 August 2019</p> <p>7. Jemputan Menghadiri Sesi Taklimat Pengenalan Liabiliti Korporat di bawah Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) (Pindaan) 2018 – 13 September 2019 Invitation to Attend Briefing Session on the Introduction of Corporate Liability under the MACC (Amendment) Act 2018 – 13 September 2019</p>
Dato' Dr Yusof Ismail (Meletak jawatan berkuat kuasa 3 Jun 2019/ Resigned w.e.f. 3 June 2019)	<p>1. Kewangan Islam untuk Program Lembaga Pengarah (ISRA) – 13 hingga 14 Februari 2019 Islamic Finance for Board Program (ISRA) – 13 to 14 February 2019</p>

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

Agrobank meletakkan keutamaan kepada sistem pengurusan dan pengawasan risiko yang kukuh dan mantap bagi aktiviti berkaitan dengan perniagaannya. Pengurusan risiko adalah penting bagi perniagaan, operasi dan keputusan yang dibuat Bank, dengan matlamat utama untuk mencapai keseimbangan sewajarnya antara pelaksanaan peranan, risiko yang diambil dan ganjaran yang diinginkan. Dalam pada itu, keutamaan dan keseimbangan risiko yang jelas dalam aktiviti mengembangkan perniagaan, akan membantu pihak Bank memastikan ketelusan dalam aktiviti pengambilan risiko, dan menyokong keputusan strategik yang dibuat oleh Lembaga Pengarah dan pihak pengurusan.

Tadbir Urus Risiko/Risk Governance

LEMBAGA PENGARAH/BOARD OF DIRECTORS

Memastikan pengurusan risiko Bank yang berkesan dan menyeluruh dari segi polisi, proses dan infrastruktur bagi menguruskan pelbagai jenis risiko yang dihadapi oleh Bank

Ensures that the Bank put in place effective and comprehensive risk management policies, processes and infrastructure to manage various types of risks undertaken by the Bank



JAWATANKUASA LEMBAGA PENGURUSAN RISIKO (BMRC)/BOARD MANAGEMENT RISK COMMITTEE (BMRC)

Menjalankan fungsi pengawasan risiko termasuk menyemak dan meluluskan rangka kerja dan polisi risiko utama bagi pelbagai jenis risiko
Risk oversight function which includes review and approval of key risk frameworks and policies for the various risks



JAWATANKUASA PENGURUSAN RISIKO (MRC)/MANAGEMENT RISK COMMITTEE (MRC)

Pengawasan terhadap keseluruhan risiko
Oversight for overall risks



JAWATANKUASA PENGURUSAN RISIKO OPERASI (ORMC)/OPERATIONAL RISK MANAGEMENT COMMITTEE (ORMC)

Pengawasan terhadap risiko-risiko operasi
Oversight for operational risks

Keadaan pasaran yang tidak menentu dan faktor-faktor risiko dinamik yang berkaitan dengan sektor pertanian, Bank harus memberikan kepentingan untuk memastikan ia melaksanakan amalan pengurusan risiko yang kukuh dan bersesuaian dengan standard kewangan. Bank meletakkan sasaran untuk mencapai keseimbangan antara peranan yang dimandatkan, risiko dan pulangan yang diinginkan, justeru itu, Lembaga Pengarah dan Pengurusan Bank harus mewujudkan persekitaran perniagaan yang mantap sebagai Institusi Kewangan Pembangunan (IKP) yang berwibawa.

Pendekatan tadbir urus risiko Agrobank menggariskan tanggungjawab risiko pemilikan di seluruh organisasi yang membolehkan penyelarasaran tanggungjawab secara berkesan, pada masa sama memastikan semua risiko diuruskan secara proaktif bagi aktiviti pengambilan risiko. Di Agrobank, tanggungjawab tertinggi pengurusan risiko digalas oleh Lembaga Pengarah. Lembaga Pengarah, melalui Jawatankuasa Lembaga Pengurusan Risiko (BRMC) menyelia keberkesanan pelaksanaan strategi pengurusan risiko di seluruh Bank. Di peringkat pengurusan, BRMC dibantu oleh Jawatankuasa Pengurusan Risiko (MRC), dan Jawatankuasa Pengurusan Risiko Operasi (ORMC).

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 successful execution of its mandated roles, 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.

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 its mandated roles, risks and desired returns, the role played by the Board and Management is vital to create sound business environment and protect the Bank's financial soundness as a reputable development financial institution (DFI).

Agrobank's risk governance approach outlines the accountability of risk ownerships across the organisation that allow effective coordination of responsibilities while ensuring that risks are managed proactively at the onset of risk-taking activities. The ultimate responsibility of risk management in Agrobank lies with the Board. The Board, through the Board Risk Management Committee (BRMC) oversees the implementation of effective risk management strategy across the Bank. At the management level, the BRMC delegates the responsibility to the Management Risk Committee (MRC) and Operational Risk Management Committee (ORMC).

Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab untuk menjalankan pengawasan bebas bagi memastikan kelancaran dan keberkesanan pelaksanaan polisi dan proses pengurusan risiko bagi aktiviti pengambilan risiko. Untuk memastikan keberkesanan pengawasan risiko dalam membangunkan strategi perniagaan dan aktiviti pengambilan risiko, Lembaga Pengarah telah menetapkan struktur tadbir urus yang jelas dan berkesan, disokong dengan Terma Rujukan (TOR) yang dedifinisikan dengan baik, yang antara lain, merangkumi peranan dan tanggungjawab setiap jawatankuasa berkaitan.

BRMC adalah Jawatankuasa Lembaga utama yang menyelia pelaksanaan proses pengurusan risiko dalam mengenal pasti, menilai, mengawal dan memantau risiko-risiko ketara yang wujud dalam operasi perniagaan Bank. Keberkesanan proses-proses ini dipantau rapi dan dilaporkan kepada BRMC untuk dibincangkan dengan teliti. BRMC bertanggungjawab secara khususnya untuk:

- Membincangkan dan meluluskan strategi pengurusan risiko, polisi dan toleransi risiko/kesanggupan menanggung risiko yang dicadangkan oleh MRC.
- Menyemak dan menilai kekuahan rangka kerja pengurusan risiko dan polisi risiko sokongan.
- Memastikan kewujudan struktur, sumber dan sistem yang mencukupi bagi menyokong fungsi pengurusan risiko yang berkesan.
- Menyemak laporan risiko berkala tentang pendedahan risiko, komposisi portfolio risiko, pematuhan had risiko, risiko baharu, dan tindakan Bank bagi mencegah pengumpulan risiko yang berlebihan.

Tanggungjawab Pihak Pengurusan

Pihak Pengurusan bertanggungjawab untuk membentuk dan melaksanakan rangka kerja pengurusan risiko dan polisi sokongannya. Berdasarkan pemahaman dan kearifan mereka dalam profil risiko Bank, pihak Pengurusan dipertanggungjawabkan untuk mempertimbangkan dan membuat keputusan perniagaan yang sewajarnya, dengan mengambil kira risiko berkaitan yang ada, serta memastikan Bank beroperasi dalam lingkungan kesanggupan menanggung risiko yang ditetapkan. Jawatankuasa MRC, ALCO dan ORMC diamanahkan untuk mengawasi dan menguruskan profil risiko Bank dan risiko baharu, selain faktor-faktor lain yang boleh mendorong perubahan negatif dalam profil risiko dan menyebabkan pengumpulan risiko yang berlebihan.

Bahagian Pengurusan Risiko

Bahagian Pengurusan Risiko (RMD) mewakili barisan pemantauan kedua dalam rangka kerja pengurusan risiko, dan membentuk bahagian bebas daripada unit-unit perniagaan. Ia menjalankan empat fungsi utama dalam pengurusan risiko, iaitu Pengurusan Risiko Kredit, Pengurusan Risiko Modal dan Pasaran, Pengurusan Risiko Operasi dan Pengurusan Risiko Syariah. Jabatan Pengawasan Kredit di pejabat-pejabat wilayah dan ibu pejabat turut diletakkan di bawah pengurusan RMD, dan bertanggungjawab terutamanya untuk menjalankan penilaian bebas ke atas kelulusan kredit. Di samping itu, Jabatan Penyelidikan disusun secara strategik di bawah RMD pada tahun 2019 untuk menyediakan maklumat penting berkaitan ekonomi dan risiko industri, di samping menganalisis aktiviti perniagaan untuk tujuan tertentu, atau bagi kegunaan masa hadapan.

Board Responsibilities

The Board is 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 Terms of Reference (TOR) which among others consist of roles and responsibilities of respective committees.

The BRMC is the principal Board Committee that oversees the implementation of risk management processes in identifying, evaluating, controlling and monitoring of significant risks that are inherent to the Bank's business operation. The effectiveness of these processes is closely monitored and reported to the BRMC for deliberation. Specifically, the BRMC is responsible for:

- Considering and approving risk management strategies, policies and risk tolerance/risk appetite recommended by MRC.
- Reviewing and assessing the adequacy of risk management framework and the supporting risk policies.
- Ensuring that structures, resources and systems are in place to support effective risk management function.
- 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, ALCO and ORMC are 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-ups.

Risk Management Division

The Risk Management Division (RMD) represents the second line of defence in the risk management framework and is an independent division from the business units. It undertakes four core risk management functions, namely Credit Risk Management, Capital & Market Risk Management, Operational Risk Management and Shariah Risk Management. The Credit Surveillance department at regional offices and head office are also under the purview of the RMD, and are primarily responsible to conduct independent assessment of post credit evaluation and approval. In addition, the Research Department was strategically organized under RMD in 2019 to provide value-added economic and industry risk information, as well as actively guide business activities through ad-hoc and forward looking analysis.

PENYATA PENGURUSAN RISIKO STATEMENT ON RISK MANAGEMENT

Walaupun demikian, Jabatan Keselamatan Maklumat yang diketuai oleh Ketua Pegawai Keselamatan Maklumat (CISO) ditubuhkan untuk memikul tanggungjawab menguruskan risiko IT dan risiko siber berdasarkan Pengurusan Risiko dalam Teknologi (RMiT) yang ditetapkan oleh Bank Negara Malaysia.

RMD diketuai Ketua Pegawai Risiko (CRO) yang dilantik oleh Lembaga Pengarah, untuk menerajui bahagian pengurusan risiko. Antara lain, peranan RMD merangkumi perkara yang berikut:

- Memudahkan pembangunan strategi risiko dan keseluruhan dasar risiko.
- Memantau aktiviti pengambilan risiko.
- Melaksana dan menguatkuaskan Rangka Kerja Pengurusan Risiko, memastikan amalan terbaik industri bagi disiplin pengurusan risiko diterima pakai di seluruh bank.
- Penerapan budaya kesedaran risiko yang berterusan di semua peringkat.
- Mengkaji kualiti portfolio pembiayaan dan pelan pemulihan secara berasingan.
- Menyediakan pelan kesinambungan perniagaan dan rancangan luar jangka.
- Menilaikan produk baharu, manual operasi dan pelan pengurusan modal.
- Mengkaji semula sinergi pelaburan perbendaharaan dan menganalisis kedudukan serta aktiviti berkaitan perubahan dalam pasaran kewangan, untuk memastikan pematuhan rangka kerja risiko pasaran.
- Menjalankan ujian tekanan berkaitan perniagaan apabila diperlukan, dan ujian tekanan makroekonomi dari semasa ke semasa.

Rangka Kerja Pengurusan Risiko

Rangka kerja pengurusan risiko bagi Agrobank disediakan berdasarkan proses tadbir urus yang menetapkan dengan jelas mengenai tanggungjawab dalam mengenal pasti, menilai, mengawal, memantau dan melaporkan risiko. Tanggungjawab ini merangkumi tiga barisan pemantauan, iaitu unit pengambilan risiko, unit kawalan risiko, dan juruaudit dalaman. Ketiga-tiganya membentuk sebahagian daripada budaya risiko Bank, di mana setiap kikitangan bertanggungjawab atas risiko yang berada dalam kawalan mereka. Barisan pemantauan pertama bertanggungjawab untuk menyediakan asas budaya risiko yang kukuh. Ini diikuti oleh barisan kedua dan ketiga yang berfungsi dalam merangka kerja yang strategik, membolehkan Agrobank menangani cabaran-cabaran dalam menguruskan risiko secara berkesan. Rangka kerja ini juga menentukan bagaimana Bank mengurus dan menggunakan amalan pengurusan risikonya bagi memastikan semua aktiviti yang dijalankan adalah selaras dengan prinsip-prinsip yang digariskan dalam rangka kerja pengurusan risiko seperti berikut:

1. Pendekatan pengurusan risiko di Agrobank berdasarkan tiga barisan pemantauan, iaitu unit pengambilan risiko, unit kawalan risiko dan audit dalaman.
2. Unit-unit pengambilan risiko (jabatan dan cawangan) membentuk barisan pemantauan risiko yang pertama, dan berfungsi untuk menguruskan keseimbangan antara risiko dan pulangan, menurut polisi dan garis panduan yang ditetapkan oleh Bank. Secara asasnya, unit

Notwithstanding the above, the Information Security Department headed by the Chief Information Security Officer (CISO) was established to undertake the responsibilities of managing IT risk and cyber risk in accordance to the Bank Negara Malaysia's Risk Management in Technology (RMiT) requirements.

The RMD is headed by the Chief Risk Officer (CRO), who is appointed by the Board to spearhead the risk management division. Among others, the role of the RMD includes the following:

- Facilitate the development of risk strategy and overall risk policy.
- Monitor risk taking activities.
- Implement and reinforce Risk Management Framework, ensuring industry best practice of risk management disciplines are adopted across the bank.
- Continuous inculcation of risk awareness culture at all levels.
- Undertake independent review on the quality of financing portfolio.
- Ensure business continuity and contingency plans are in place.
- Assess new products, operational manuals and the capital management plan.
- Review treasury's investment synergies and analyse positions and activities vis-à-vis changes in the financial market in propagating and ensuring compliance with the market risk framework.
- Conduct ad-hoc business related stress tests and periodic macroeconomic stress tests.

Risk Management Framework

Agrobank's risk management framework is based on a governance process that sets forth clear responsibilities for identifying, assessing, controlling, monitoring and reporting risks. These responsibilities are divided into three lines of defence, namely, the risk-taking units, risk control units and, lastly, the internal auditor. This becomes part of the Bank's risk culture, enshrining the practice that every employee is accountable for these risks in their domain. With the first line setting a strong organisational tone focused on risk culture, followed by the second and third line of defence working within a collaborative, strategic framework, allows Agrobank to effectively meet the challenges of today's risk landscape. The framework also sets out how the Bank organises and applies its risk management practices to ensure that all activities are conducted in line with the principles underpinning the risk management framework as prescribed below:

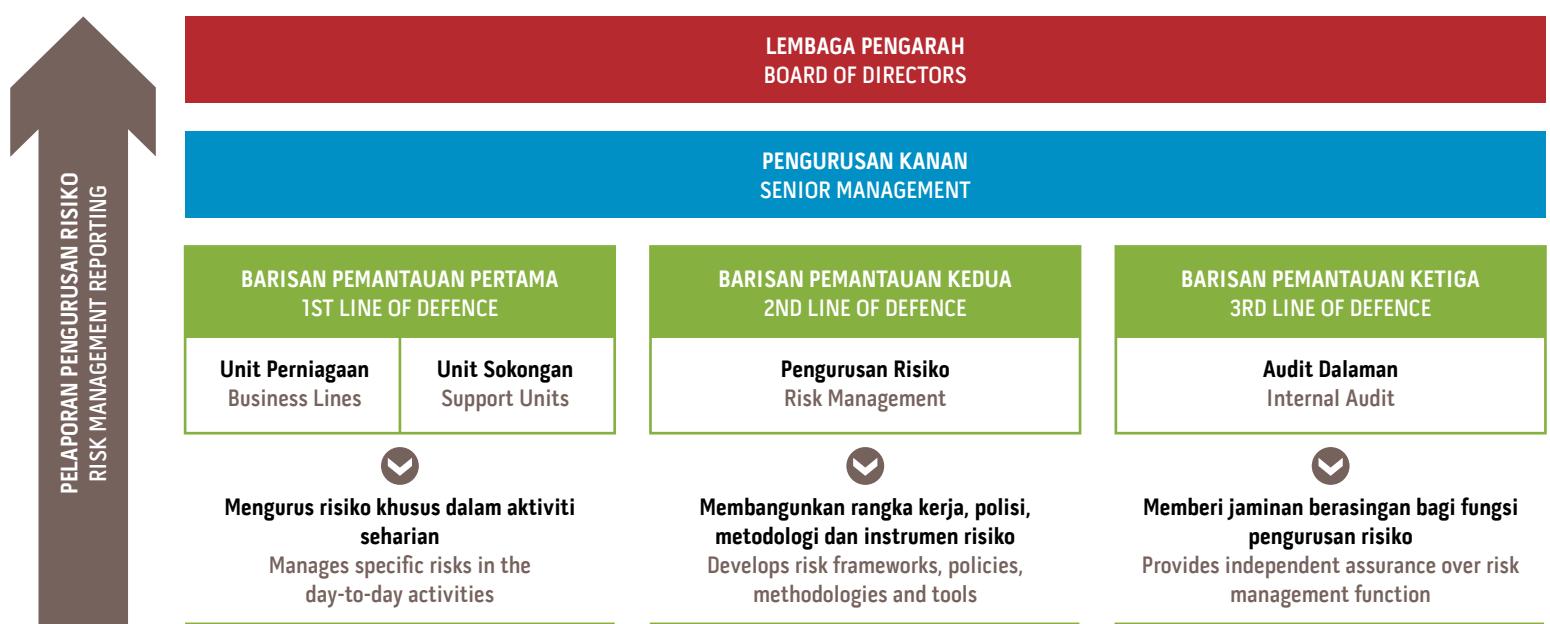
1. The risk management approach in Agrobank is based on three lines of defence namely risk-taking units, risk control units and internal audit.
2. Risk-taking units (departments and branches) form the first line of defence against inherent risk by managing the risk reward trade-off contained within the policies and guidelines laid down by the Bank. Principally, they are responsible for ensuring that a

ini bertanggungjawab untuk memastikan persekitaran kawalan risiko yang beroperasi dengan berkesan sebagai sebahagian daripada aktiviti operasi harian. Penerimaan risiko pada barisan pemantauan pertama harus memenuhi tahap kesanggupan menanggung risiko, dan had-had yang ditetapkan.

3. Barisan pemantauan kedua merangkumi unit kawalan risiko, yang bertanggungjawab untuk menyediakan rangka kerja pengurusan risiko dan membangunkan polisi, metodologi serta instrumen bagi mengurus semua risiko utama dalam Bank. Unit kawalan risiko mengkaji rangka kerja, polisi, metodologi dan instrumen memenuhi keperluan unit-unit pengambilan risiko.
 - a. Bahagian Pengurusan Risiko bertanggungjawab untuk membangunkan dan memantau pelbagai polisi risiko dan keputusan berkaitan yang dibuat oleh Lembaga Pengarah. Fungsi dan penstrukturannya adalah berasingan daripada unit perniagaan dan unit pengambilan risiko lain di Bank.
 - b. Pengurusan risiko memastikan polisi risiko utama Bank adalah konsisten dengan tahap risiko dan kesanggupan menanggung risiko, bagi memudahkan pelaksanaan rangka kerja pengukuran risiko terlaras.
 - c. Pengurusan risiko turut mengawasi risiko-risiko utama, termasuk risiko kredit, risiko pasaran, risiko kecairan, risiko operasi dan risiko Syariah. Lembaga Pengarah bertanggungjawab untuk mengawasi keseluruhan risiko yang dihadapi oleh Bank, menerusi BRMC.
4. Sebagai barisan pemantau ketiga, audit dalaman membuat penilaian berasingan dan objektif untuk mengesahkan risiko yang telah dikenalpasti, kawalan dalaman yang bersesuaian bertanggungjawab untuk mengurus semua risiko tersebut dan memastikan keberkesanannya. Penilaian audit dalam ini membantu barisan pemantauan pertama dan kedua melaksanakan tanggungjawab mereka secara berkesan dan konsisten.

risk control environment is put in place and operating effectively as part of day-to-day operations. The acceptance or generation of risk in the first line of defence should fit with the risk appetite and limits defined.

3. 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 are fit for use and adhered by the risk-taking units.
 - a. The Risk Management Division is responsible for the development and monitoring 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.
 - b. 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.
 - c. Risk management also provides oversight of major risks including credit risk, market risk, liquidity risk, operational risk and Shariah risk. The Board, through the BRMC, is responsible for the oversight of overall risks to which the Bank is exposed.
4. The internal audit, being the third line of defence, provides an independent and objective assessment on whether risks have been adequately identified; appropriate internal controls are in place to manage those risks and whether these controls are working effectively. 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 direka bentuk untuk mengekalkan risiko-risiko Bank dalam tahap keinginan risiko yang boleh diterima, dan bukan sepenuhnya menghapuskan risiko dalam usaha mencapai matlamat perniagaan dan objektif korporat. Justeru itu, ia hanya mampu memberikan jaminan yang munasabah dan bukannya jaminan mutlak ke atas sebarang bentuk salah nyata, penipuan atau kerugian kewangan.

Penyata Kesanggupan Menanggung Risiko

Untuk menggalakkan tadbir urus yang berkesan dan proses membuat keputusan berdasarkan risiko, Bank telah menetapkan penyata kesanggupan menanggung risiko bagi risiko-risiko yang sedikit sebanyak, mampu dikurangkan dan diuruskan. Penyata kesanggupan menanggung risiko ini menetapkan jumlah dan jenis risiko yang sanggup ditanggung dalam mencapai objektif perniagaan strategik bank yang ditetapkan dan dipantau sewajarnya oleh Lembaga Pengarah dan Pihak Pengurusan. Ia turut memperuntukkan tanggungjawab dan sumber yang diperlukan untuk menguruskan pendedahan kepada risiko.

Perancangan keinginan risiko ini disatukan ke dalam strategi dan rancangan perniagaan tahunan Agrobank dan berfungsi untuk mencapai keputusan strategik dan taktikal yang lebih baik. Kesanggupan menanggung risiko disemak setiap tahun, dan disesuaikan dengan sebarang perubahan dalam persekitaran perniagaan dan pasaran, sambil memastikan ianya selaras dengan strategi, persekitaran perniagaan, kawal selia dan keperluan pihak berkepentingan.

Bank menggunakan pelbagai jenis penunjuk kuantitatif dan kualitatif untuk memantau profil risiko, di mana had-had spesifik ditetapkan menurut kesanggupan menanggung risiko bagi Bank. Ujian tekanan dan analisis senario turut dijalankan untuk menilai prestasi portfolio Bank dalam situasi yang berkemungkinan menjelaskan profil risiko dan hala tuju Bank dengan ketara.

Inisiatif Utama dalam Pengukuhan Keupayaan Pengurusan Risiko pada tahun 2019

Lembaga Pengarah dan Pengurusan Agrobank yakin bahawa pengurusan risiko bukan sekadar meminimakan risiko tetapi juga membolehkan Bank mengambil risiko tertentu terus membangun dan mencipta nilai. Oleh itu, pengurusan risiko di Agrobank dijalankan secara dinamik dan sentiasa bersedia untuk berdepan dengan risiko baharu (dan mengeluarkan risiko lapuk) yang wujud sepanjang tahun ini. Ini dikendalikan menerusi pemantauan persekitaran risiko yang berterusan dan kajian semula prosedur dan dasar-dasar bagi memastikan ia kekal relevan di persekitaran perniagaan. Melihatkan kepada keadaan pasaran global dan serantau, Agrobank meletakkan keutamaan tertinggi untuk terus mengukuhkan infrastruktur risikonya pada 2019.

The risk management framework is designed to keep the Bank's risks within an acceptable level of risk appetite, rather than completely eliminating all risks in pursuit of appropriate rewards to achieve the Bank's business goals and corporate objectives.

Risk Appetite Statement

In support of effective governance and risk-informed decision-making, the Bank has set out a risk appetite statement for those risks which, to a lesser or greater extent, are within its control to mitigate and manage. The risk appetite statement specifies the amounts and types of risk the Bank is willing to undertake in achieving its strategic business objectives, duly set and monitored by the Board and Management. It also informs policies on the allocation of accountabilities and resources to managing its risk exposures.

The risk appetite planning is integrated into Agrobank's annual strategy and business plan and acts as a lever for making 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 they are consistent with the Bank's strategy, business, 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 health and performance of the Bank's portfolios against potential risk events that may adversely impact the Bank's risk profile and business direction.

Key Initiatives in Strengthening Risk Management Capabilities in 2019

The Board and Management of Agrobank believe that risk management is not just about minimizing downside risk, but also enabling the Bank to take on the necessary risks to grow and create value. Hence, risk management at Agrobank is dynamic and responds to new risks (and removes out of date risks) as they arose during the year. This is conducted through continuous monitoring of risk environment and revision of policies and procedures to ensure its relevance to the prevailing business environment. In light of the prevailing global and regional market conditions, Agrobank placed the highest priority on further strengthening its risk management infrastructure during 2019.



Perkembangan dan pencapaian inisiatif utama adalah seperti berikut:

- Bank terus menyemak dan mengemaskini standard penaja jaminannya selaras dengan amalan terbaik pasaran. Sementara di peringkat portfolio, semakan berkala dijalankan terhadap sistem penilaian kredit dalaman yang sedia ada bagi portfolio runcit. Bagi portfolio bukan runcit, model penilaian baharu yang merangkumi platform penilaian dilengkapkan pada 2018. Di samping itu, toleransi risiko Bank telah diterjemahkan kepada had-had risiko yang terperinci untuk mendorong penunjuk risiko utama yang progresif dan memudahkan pemantauan nilai ambang dengan menggunakan had pencetus kesanggupan menanggung risiko. Had terperinci ini ditetapkan untuk membantu perniagaan mencapai matlamat rancangan jangka pendek, serta memberi peluang untuk mereka menilai semula peluang dan risiko berkaitan yang wujud dikala had semakin dihampiri. Pengurusan pendedahan kepada risiko kredit termasuk menyemak had-had risiko kredit seperti had risiko industri dan Pencetus Tindakan Pengurusan (MAT) dari semasa ke semasa, untuk disesuaikan dengan perubahan dalam kawal selia, keperluan perniagaan dan keadaan pasaran.

Key developments and initiatives achieved are highlighted below:

- The Bank continued to review and update its credit underwriting standards to commensurate with market place best practices. At the portfolio level, periodic review was conducted on the existing internal credit rating system for retail portfolios. For non-retail portfolios, new rating models, which includes the rating platform was completed in 2018. In addition, the Bank's risk tolerance was translated into granular risk limits and thus enabling new forward-looking key risk indicators and monitoring thresholds through the risk appetite trigger limits. These granular limits were set to allow businesses to achieve their near-term plans while promoting a reassessment of the opportunity and associated risks as the limit is approached. As part of the Bank's credit risk exposure management, credit risk limits such as industry risk limits and Management Action Triggers (MAT) were regularly reviewed in response to regulatory changes, changing business needs and market conditions.

PENYATA PENGURUSAN RISIKO

STATEMENT ON RISK MANAGEMENT

- Dengan kenaikan kos dalam sistem perbankan, Agrobank telah mengambil langkah untuk memperbaiki fungsi perantara dengan mengurangkan ketidaksepadanan dalam pendanaan, mempelbagaikan sumber pendanaan komersial, merasionalkan keuntungan dan kadar hibah, dan memantapkan pengurusan profil kematangan bagi aset dan liabiliti milik Bank.
- Bank sentiasa mempertingkatkan pertahanan siber dan pengurusan risiko siber.
- Bank sedang berusaha melaksanakan rangka kerja CAFIB (BASEL II) dalam menilaikan kecukupan modal, serta strategi pengurusan modalnya. Walaupun tidak diwajibkan, Bank telah menggunakan peraturan Basel III bagi Nisbah Liputan Kecairan (LCR) dan Nisbah Pendanaan Stabil Bersih (NSFR) yang dikeluarkan oleh BNM. Peraturan Basel III akan digunakan oleh Bank dalam menguruskan kecairan dan melaksanakan modal dengan lebih berkesan.
- Pengurusan risiko operasi adalah sebahagian dari keseluruhan aktiviti pengurusan risiko Bank yang meliputi kesemua bahagian dan kakitangan Bank. Penekanan turut diberikan untuk memastikan keberkesanan dalam penyelarasan risiko operasi serta risiko lain (seperti; risiko kredit, risiko pasaran dan risiko lain yang wujud hasil interaksi daripada risiko operasi) untuk menyediakan pendekatan yang berintegrasi dan menyeluruh mengikut strategi pengurusan risiko keseluruhan Bank. Penilaian bagi risiko pengoperasian merupakan titik utama dalam mengendalikan penilaian secara sistematis dalam urusan perniagaan sedia ada dan perubahan yang disarankan. Perkembangan bagi isu-isu penting dalam risiko pengoperasian telah dipantau manakala pendedahan terhadap risiko pengoperasian dianalisis dan dilaporkan kepada pengurusan kanan serta Lembaga Pengarah untuk membantu mereka membuat keputusan. Penekanan turut diberi pada pemantauan risiko-risiko baharu seperti risiko siber.
- Agrobank sentiasa memerhatikan pembangunan luaran, dan memantau impak makroekonomi dan faktor risiko yang khusus pada tahap kecukupan modalnya. Penilaian risiko secara "atas ke bawah", dan "bawah ke atas" dijalankan secara berkala dan berstruktur sepanjang tahun untuk mengenal pasti pelbagai jenis risiko, sementara ujian tekanan dijalankan untuk mengukur impak senario negatif terhadap kedudukan kewangan Bank dan sekiranya wujud keperluan, langkah-langkah yang bersesuaian dengan kesanggupan menanggung risiko Agrobank diambil berdasarkan keputusan ujian tekanan tersebut.
- Keutamaan berterusan diletakkan pada usaha menambah baik pelaporan dan kualiti maklumat risiko yang disediakan dan dibentangkan kepada pihak Pengurusan dan Lembaga Pengarah, yang menjurus kepada penambahbaikan terhadap pemahaman dan kepentingan mengenai risiko di seluruh Bank.
- Bagi membina tadbir urus risiko yang berkesan, budaya risiko dan pematuhan harus diperkuatkan, selain menerapkan sifat bertanggungjawab di setiap peringkat. Usaha Bank bagi memantapkan budaya dan amalan terbaik risiko merangkumi latihan pengurusan risiko dan program kesedaran yang dijalankan dari semasa ke semasa, untuk membantu kakitangan dari semua peringkat meningkatkan pengetahuan dalam pengurusan risiko, memahami dan memanfaatkan rangka kerja pengurusan kesanggupan menanggung risiko Bank, dan memahami dengan jelas risiko dalam keputusan strategik dan sehari-hari yang dibuat oleh mereka.
- In light of rising cost of funds in the banking system, Agrobank took steps to improve the intermediary function by reducing funding mismatches, diversifying commercial funding sources, rationalising profit and hibah rates, and strengthening the management of maturity profiles of assets and liabilities of the Bank.
- The Bank continuously enhanced its overall cyber security measures and resilience capabilities.
- The Bank is on track towards implementing CAFIB (BASEL II) framework in the measurement of its capital adequacy, and in its capital management strategy. Although it is not a regulatory requirement, the Bank adopted Basel III requirements in relation to Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) issued by BNM. The Bank intends to continue to manage liquidity and deploy capital efficiently in line with the Basel III rules.
- The management of operational risk is an integrated part of the Bank's overall risk management activities and it concerns all functions and personnel of the Bank. Emphasis was also given towards ensuring effective coordination in the management of operational risk with that of other risks (e.g. credit risks, market risks, and other risk types arising from interactions with operational risks) to provide a holistic and integrated approach to the Bank's overall risk management strategy. Operational risk assessment is the key in systematically assessing operational risks in on-going business and in proposed changes. Progress on outstanding operational risk issues were monitored while operational risk exposures were analysed and reported to senior management and Board to support decision-making; this includes monitoring of emerging risks such as cyber risk that has also been heightened.
- Agrobank keeps track of external developments and closely monitors the impact of specific macro-economic and risk factors on its capital adequacy levels. Regular and structural top-down and bottom-up risk assessments were performed throughout the year to identify various types of risks, while stress tests were conducted to calculate the impact of adverse scenarios on the Bank's financial soundness. Where necessary, measures in line with Agrobank's risk appetite were taken on the basis of stress tests results.
- Continued priority was given to improving risk reporting and the quality of risk information available and presented to the Management and the Board, which led to an overall improvement in the visibility and understanding of risk across the Bank.
- Building a strong risk and compliance culture, and instilling risk accountability and ownership at all levels are essential blocks for effective risk governance. As part of the Bank's efforts to embed a strong risk culture and best practices, on-going risk management trainings and awareness programmes were provided periodically to staff at all levels to enable them to develop their knowledge in risk management, understand and embrace the Bank's risk appetite and risk management framework, and is clear about the risks inherent in their strategic and day-to-day decisions.

- Fungsi tadbir urus akan terus diperbaiki bagi mempertingkatkan kebertanggungjawaban dan prestasi perniagaan di Agrobank. Salah satu langkah yang diambil adalah mengukuhkan barisan pemantauan pertama dalam memantapkan ekosistem pengurusan risiko untuk menghadapi dengan berkesan cabaran persekitaran hari ini. Di Agrobank, keutamaan diberikan kepada unit pengambilan risiko sebagai barisan pertama pertahanan dalam kontaks mempertingkatkan budaya risiko. Secara khususnya, budaya risiko dipertingkatkan untuk memastikan kebertanggungjawaban terhadap pengambilan risiko berhemat. Bagi mencapai hasrat ini, Agrobank memastikan unit pengambilan risiko dilengkappan dengan pengetahuan, kemahiran, maklumat dan kuasa yang diperlukan untuk pengoperasian dasar serta kawalan risiko yang relevan. Ini dijalankan melalui beberapa kaedah termasuk:
 - Menerapkan kesedaran risiko dalam membuat keputusan harian, di unit pengambilan risiko.
 - Menyemai pemahaman dalam kalangan pengurus di barisan pemantauan pertama agar mempertimbangkan implikasi risiko semasa membuat keputusan ataupun perubahan dalam perniagaan.
 - Menyediakan latihan intensif kepada pegawai perhubungan risiko.
- Perkara asas dalam memiliki budaya risiko yang kukuh ialah dengan mewujudkan satu persekitaran di mana, semua risiko dan masalah berbangkit dalam situasi harian dapat dibincangkan secara terbuka. Justeru itu, Bank telah menganjurkan jerayawara di seluruh negara untuk menyelaraskan amalan mereka, menangani ketidakkepastian dan menyediakan platform yang memberi dan menerima maklum balas daripada kakitangan yang menguruskan risiko setiap hari. Melalui jerayawara, RMD menggalakkan perbincangan berterusan mengenai tatacara untuk mengurus risiko untuk menjangkakan cabaran akan datang serta berkongsi amalan-amalan terbaik dan belajar daripada kesilapan lampau dengan menyingkirkan semua punca dan berkongsi pengalaman.
- Bank terus mengukuhkan pengurusan risiko Syariahnya menerusi pelbagai instrumen dan sesi perhubungan. Langkah ini telah membolehkan Bank mengendalikan latihan profil pengurusan risiko Syariah dengan baik. Dengan keupayaan pengurusan risiko Syariah yang dipertingkatkan, Bank telah berjaya melaksanakan latihan profil risiko syariah yang lebih baik.

Komitmen dan Keutamaan Strategik pada Tahun 2020

Bagi tahun 2020, strategi yang telah di susun oleh Bank termasuklah untuk mengekalkan kepimpinan dalam pasaran dan mengukuhkan kewujudannya di sektor pertanian disamping meningkatkan pertumbuhan kewangannya kepada kadar yang lebih seimbang selain untuk mempelbagaikan sumber deposit untuk memamptaikan lembaran imbangan. Bagi mencapai hasrat ini, Bank akan mempertingkatkan infrastruktur dan keupayaannya sambil memperbaiki budaya dan amalan pengurusan risiko di setiap peringkat. Di bahagian operasi, Bank akan menerima amalan-amalan terbaik dalam mengurus risiko pasaran dan kecairan serta mengukuhkan dan menambah baik infrastruktur dan dasar untuk mengurang dan mengawal risiko-risiko sedia ada serta yang berpotensi untuk timbul daripada perubahan dalam harga komoditi, isu keselamatan siber, teknologi media sosial, teknologi media sosial dan pengaruh teknologi kewangan (fintech).

- Agrobank remains steadfast in improving corporate governance functionality as a means to enhance accountability and improve business performance. One of the steps taken is strengthening the first line of defence in building a stronger risk management ecosystem to effectively meet the challenges of today's business environment. At Agrobank, significant consideration is given to risk-taking units as the first line of defence within the context of enhancing risk culture. In particular, the risk culture was enhanced to ensure accountability for prudent risk-taking. Towards this end, Agrobank ensures that risk-taking units have the necessary knowledge, skills, information, and authority to operate within the confines of the relevant risk and control policies and procedures. This is done through several approaches including:
 - Embed risk-conscious behaviour of risk-taking units in their everyday decisions.
 - Foster a risk mind set in the first line of defence among frontline managers so that they consider risk implications when making business decisions or changes.
 - Provide intensive trainings to risk liaison officers.
- An important baseline in having a strong risk culture is creating an environment in which risks and dilemmas that arise in the day-to-day work are openly discussed. The Bank organised nationwide road shows to streamline practices, address inconsistency and serve as a platform to provide and receive feedbacks from staff managing risks daily. Through road shows, RMD fosters continuous debate about how to manage risks so as to anticipate future challenges as well as to share best practices and learn from mistakes so as to avoid repetition by removing the causes and by sharing of experiences.
- The Bank continued to strengthen its Shariah risk management through various tools and engagement sessions. With the strengthening of Shariah risk management capabilities, the Bank was able to conduct an enhanced Shariah risk management profiling exercise.

Commitment and Strategic Priorities in 2020

The Bank's strategy for 2020 is to retain market leadership and build greater presence in agriculture sector well as increase its financing growth to a more respected balance and to continuously diversify deposits sourcing to support balance sheet expansion. In achieving the target, the Bank will enhance its infrastructure and capabilities while at the same time improve its risk management culture and practices at all levels. On the operations side, the Bank will embrace best practices in managing market and liquidity risks as well as strengthening and improving its infrastructure and policies to mitigate and control existing and potential risks arising from changes in commodity prices, cyber security issues, social media technology and financial technology (fintech) influence.

PENYATA PENGURUSAN RISIKO STATEMENT ON RISK MANAGEMENT

Mengikut konteks pengoperasian bagi tahun 2020, yang dibutirkan di atas, Bank akan meneruskan usaha untuk memperkuat pengurusan risiko dalam aspek-aspek berikut:

- ***Mengekalkan lingkungan kesanggupan menanggung dan paras toleransi risiko***

Sebuah rangka kerja kesanggupan risiko yang menyeluruh menjadi tunjang bagi pengurusan risiko Bank untuk mendalamai dan mengurus risiko dengan menterjemahkan metrik risiko dan kaedah kepada keputusan strategik, pelaporan dan keputusan harian perniagaan. Agrobank akan terus memastikan risiko utama dikekalkan dalam lingkungan kesanggupan menanggung dan paras toleransi yang ditetapkan oleh Lembaga Pengarah. Selain disemak setiap tahun, lingkungan kesanggupan menanggung manakala paras toleransi terus dipantau bagi memastikan ia kekal relevan untuk menangani perubahan dalam faktor persekitaran mikro. Kesanggupan menanggung risiko dan paras toleransi juga harus diterapkan dalam semua polisi dan panduan berkaitan risiko.

- ***Memperkuat pengurusan risiko secara berterusan***

Bank akan menggiatkan usaha dalam melaksanakan peraturan CAFIB (Basel II) yang digariskan dalam struktur pengurusan risiko rasmi Bank, di samping mengawasi tadbir urus, proses dan sistem. Usaha akan diteruskan untuk mengukuhkan kesedaran terhadap risiko, selain menyemai dan mengekalkan budaya risiko yang kukuh dalam Bank bagi mendorong kesedaran terhadap risiko dan memantapkan disiplin, yang bertujuan untuk mendorong tatalaku yang sesuai dalam tiga aspek budaya:

- Menetapkan visi dan hala tuju yang jelas
- Membuat keputusan berdasarkan maklumat risiko yang relevan
- Mentadbir urus risiko dan tanggungjawab pengambil risiko, serta memastikan ketelusan dalam aliran maklumat risiko

Latihan, berkomunikasi secara proaktif dan sesi perkongsian diamalkan untuk membiasakan kakitangan dengan unsur-unsur budaya risiko penting, seperti bertanggungjawab atas keputusan yang dibuat, mengambil iktibar daripada peristiwa lepas, serta menerapkan tatalaku risiko dalam kerja sehari-hari.

- ***Membangunkan keupayaan***

Bank pada 2020 merancang untuk terus memberi tumpuan untuk mengurangkan sebarang jurang kecekapan disamping membangunkan kakitangan dalam bidang-bidang perniagaan dan pengoperasian yang relevan. Aspek ini penting bagi memastikan Bank terus relevan dalam persekitaran risiko yang semakin berubah. Ini adalah sejarah dengan inisiatif Pelan Perniagaan Strategik Bank (SBP) 2016 – 2020 yang bertujuan untuk membangunkan ahli profesional risiko, dan menetapkan platform untuk merapatkan jurang kecekapan.

- ***Memperkuat pertahanan siber dan pengurusan risiko siber***

Perkhidmatan perbankan di negara ini semakin bergantung kepada platform digital berikutan peningkatan dalam penggunaan data digital. Justeru itu, Agrobank juga harus bertindak mengukuhkan pertahanan

In view of the operating context for 2020 as highlighted above, the Bank's approach towards risk management continues to strengthen along the following dimensions:

- ***Ensure key risk areas are within the appetite and tolerance levels***

A comprehensive risk appetite framework is the cornerstone of the Bank's risk management architecture as it helps the Bank to better understand and manage risks by translating risk metrics and methods into strategic decisions, reporting, and day-to-day business decisions. Agrobank will continue to ensure that key risk areas are within the appetite and tolerance levels set by the Board. While bank-level risk appetite and tolerance levels are subject to formal annual reviews, these will be continually monitored for relevance in terms of changing macro-environment factors. Intrinsically, risk appetite and tolerance levels are to be consistently embedded in all risk-related policies and guidelines.

- ***Continuous strengthening of risk management***

The Bank will continue to intensify its efforts to prepare for the adoption of Basel II recommendations, which is embedded into the Bank's formal risk management structure, as well as the governance oversight, processes and systems. The Bank will continue efforts to reinforce risk awareness as well as fosters and maintains a strong risk culture to promote risk awareness, rigor and discipline, which serves to influence appropriate behaviour in three key cultural aspects:

- Leadership in providing clear vision and direction
- Consideration of risk relevant information in decision-making
- Risk governance and accountability of risk takers as well as transparent flow of risk information

During trainings, proactive internal communications and sharing sessions; staff are sensitised in key areas of risk culture, such as taking accountability for decisions, learning from past actions and applying risk behaviours in daily work situations.

- ***Development of capabilities***

As part of the on-going review to ensure the competencies are relevant in today's changing risk landscape, the focus for 2020 will continue to be on efforts toward closing any competency gaps and to develop staff in the relevant areas of businesses and operations. This is in-line with one of the initiatives under the Bank's Strategic Business Plan (SBP) 2016 – 2020 aimed at building deep specialisation of risk professionals and setting the platform to bridge competency gaps.

- ***Strengthen cyber resilience and cyber risk management***

Cyber resilience and cyber risk management are becoming critical challenges to Agrobank in line with the growing reliance on digital platforms and increasing digital data usage in the banking services. Given this scenario, the need of the hour, undoubtedly, is to adopt

dan pengurusan risiko sibinya. Bagi mencapai matlamat ini, Bank akan terus memantapkan pertahanan siber dengan mengintegrasikan pengurusan risiko siber dengan strategi perniagaan dan pelan penambahbaikan yang sedia ada.

- **Mempertingkatkan sistem pengurusan risiko untuk menjalankan penilaian dan pemantauan risiko secara terperinci dan berintegriti**

Pematuhan dan pengurusan risiko kekal sebagai keutamaan Bank. Justeru itu, Bank komited untuk mempertingkatkannya dalam tiga barisan pertahanan dengan menggunakan kawalan risiko secara proaktif. Ini dicapai dengan memperkuuhkan sumber analisis Bank melalui sistem pengurusan risiko yang dipertingkatkan. Sistem ini akan memantapkan keupayaan Bank untuk memantau dan mengawal risiko, dengan mengesan risiko lebih awal supaya dapat bertindak balas tepat pada waktunya.

- **Lebih berhemat dalam menguruskan portfolio**

Dalam memastikan pengurusan portfolio yang berhemat, Bank akan terus mempelbagaikan portfolio mereka sambil mengurangkan sebarang pengumpulan risiko yang didapati. Bank menyedari kepentingan memiliki sistem pengelasan pembiayaan yang berkesan bagi mencapai dua objektif, iaitu memantau kualiti aset Bank secara berterusan dan memastikan kecukupan peruntukan aset pada setiap masa.

- **Mengenal pasti risiko secara proaktif**

Berikutan kerumitan keadaan persekitaran semasa dan realiti baharu pasaran, Agrobank menyedari bahawa keupayaan pengurusan risikonya perlu diperkembangkan dengan mengadaptasikan proses pengenalan risiko yang proaktif. Proses ini melibatkan pengawasan semua risiko semasa dan baharu yang mungkin timbul daripada ketidaktentuan global dan domestik, daripada perspektif dalam ke luar, iaitu daripada risiko makroekonomi (luaran) kepada risiko industri dan risiko dalaman. Fokus khusus akan diletakkan pada impak ketidakstabilan Ringgit terhadap kedudukan kredit portfolio pembiayaan Bank, impak ekonomi akibat kejatuhan harga komoditi, ancaman siber baharu dan pengurusan keselamatan maklumat, kepesatan evolusi ICT yang mengubah cara industri perbankan beroperasi dan pengawasan serta pematuhan AML/CMT.

- **Mewujudkan metodologi dan guna pakai penarafan risiko kredit**

Bank bertekad untuk meneruskan penambahbaikan dalam metodologi penarafan risiko kredit dalaman, dan polisi serta amalan pengurusan risiko kredit. Matlamatnya adalah untuk mencipta nilai melalui metodologi risiko kredit yang bersesuaian, dan polisi serta proses kredit yang konsisten merentasi seluruh Bank.

- **Menguruskan risiko kecairan secara proaktif**

Bank memberi penekanan utama untuk menanda aras kegiatannya dengan amalan-amalan terbaik. Pada tahun 2020, Bank akan menumpukan kepada kepelbagaian sumber pendanaan dengan Pelan Pendanaan Luar Jangka (CFP). Bank akan merangka strategi untuk memasukkan kepelbagaian dan kestabilan langkah asas pendanaan yang meliputi ujian tekanan bagi memastikan kecairan yang mencukupi untuk bertahan daripada kejutan.

and strengthen cyber resilience. Towards this end, the Bank will continue to strengthen cyber resilience by integrating cyber risk management into the overall business strategy and on-going improvement plan.

- **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 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**

In ensuring prudent portfolio management, the Bank will continue to curtail any build-up of risk as the Bank continues to diversify its portfolio. 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 they maintain adequate provisions at all time.

- **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 the adoption of 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 a macroeconomic (external) risks to industry and internal risks. Particular focus will be placed on the impact of Ringgit's volatility on the credit health of the Bank's 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 the banking industry operations and the oversight and compliance of AML/CMT.

- **Establish credit risk rating methodologies and applications**

The Bank endeavours to continuously improve 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.

- **Proactive management of liquidity risks**

The Bank places greater emphasis in benchmarking itself against best practices. In 2020, the Bank will focus on diversification of funding source with a well-defined Contingency Funding Plan (CFP). The Bank will strategise to include diversification and stability of funding base measures which includes stress testing to ensure sufficient liquidity to withstand shocks.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Bank sentiasa peka bahawa tadbir urus Syariah yang komprehensif dan mapan adalah penting untuk memastikan Agrobank memenuhi semua tanggungjawabnya untuk mendukung ajaran Syariah, prinsip-prinsip dan syarat dalam semua aspek operasi perniagaannya. Lantaran itu, Manual Pematuhan Syariah telah disemak semula selaras dengan kehendak Garis Panduan Rangka Kerja Tadbir Urus Syariah (SGF) bagi Institusi Kewangan Islam yang dikeluarkan oleh Bank Negara Malaysia (BNM).

Manual ini antara lain menggariskan mekanisme kawalan patuh Syariah yang lengkap, termasuk pengawasan yang efektif oleh Lembaga Pengarah dan pihak pengurusan, termasuk juga prosedur operasi Jawatankuasa Syariah (SC), serta kod etika dan tatalaku ahli-ahlinya. Jawatankuasa tadbir urus ini disokong oleh fungsi-fungsi khusus Syariah yang bertindak sebagai organ dalaman bagi Bank iaitu Jabatan Syariah, Semakan Syariah, Pengurusan Risiko Syariah dan Audit Syariah, yang mana peranan dan tanggungjawab serta bidang tugas dan kuasa telah termaktub dalam SGF serta polisi dan garis panduan Syariah dalaman bagi Bank. Di peringkat institusi, Jabatan Syariah bertindak sebagai perantara antara SC dan pihak Pengurusan Bank termasuk unit-unit perniagaan dan sokongan, manakala fungsi-fungsi Semakan Syariah, Pengurusan Risiko Syariah dan Audit Syariah masing-masing dijalankan oleh bahagian Pematuhan, Pengurusan Risiko dan Audit Dalaman.

Parameter perwakilan kuasa telah dibangunkan bagi meningkatkan tahap kecekapan dengan memberi kuasa kepada Ketua Jabatan Syariah untuk meneliti antara lain mana-mana cadangan yang bersifat jelas dan ringkas, manual operasi, dan aktiviti perbankan sehari-hari dan memberi kelulusan awal selagimana ia dalam perkara yang memenuhi kriteria kelulusan, yang mana kemudiannya akan dimaklumkan kepada SC sewajarnya.

PERANAN DAN TANGGUNGJAWAB

Lembaga Pengarah

Lembaga Pengarah bertanggungjawab atas keseluruhan Rangka Kerja Tadbir Urus Syariah dan status pematuhan terhadap Syariah. Lembaga Pengarah perlu memastikan rangka kerja tadbir urus tersebut berpadanan dengan saiz, kerumitan, dan jenis operasi perniagaan Bank, dan bertanggungjawab untuk melaksanakannya secara berkesan. Dalam melaksanakan fungsi pengawasan ini, Lembaga Pengarah berhubung secara aktif dengan SC bagi mendapatkan khidmat nasihat dan penjelasan berhubung prinsip-prinsip dan syarat-syarat Syariah. Lembaga Pengarah melantik ahli-ahli SC bersandarkan cadangan daripada Jawatankuasa Pencalonan Lembaga Pengarah. Semua polisi berkaitan Syariah perlu diluluskan oleh SC sebelum boleh dibincangkan dan diluluskan oleh Lembaga Pengarah.

Jawatankuasa Syariah

Jawatankuasa Syariah (SC) ditubuhkan untuk memastikan perniagaan perbankan Islam dan hal-ehwal operasi serta aktiviti Bank mematuhi peraturan dan prinsip Syariah. Peranan dan tanggungjawab SC sebagaimana ditetapkan dalam SGF yang dikeluarkan oleh BNM, yang menyatakan bahawa SC bertanggungjawab untuk memberi nasihat yang objektif dan bernes kepada Bank untuk memastikan matlamat dan operasi, perniagaan, hal ehwal dan aktivitinya berlandaskan prinsip Syariah. Jawatankuasa ini bertanggungjawab memberi keputusan atau nasihat kepada Bank berhubung dengan pelaksanaan sebarang keputusan oleh pihak Majlis Penasihat Syariah (SAC) atau piawaian bagi hal-hal Syariah yang berkenaan untuk Bank. Jawatankuasa ini meluluskan dasar dan prosedur Syariah, menyemak laporan yang dipanjangkan oleh fungsi-fungsi khusus Syariah, dan meluluskan langkah pembetulan bagi isu-isu tersebut. Ahli jawatankuasa membincangkan secara mendalam isu dan cadangan yang diterima bagi mengurangkan kelemahan dalam kawalan Syariah, dan risiko ketidakpatuhan Syariah.

The Bank is mindful that comprehensive and robust Shariah governance is essential to ensure that Agrobank meets all its obligations in relation to upholding Shariah tenets, principles and conditions in all aspects of its business operations. In view of that, our internal Shariah Compliance Manual has been revised in line with the requirements prescribed under the Shariah Governance Framework (SGF) issued by Bank Negara Malaysia (BNM).

Among others, the manual outlines the end-to-end Shariah-compliant control mechanisms including effective oversight by the Board and management as well as the operational procedures of the Shariah Committee (SC) and code of ethics and conduct of its members. These governing committees are supported by dedicated functions acting as internal Shariah organs of the Bank, namely 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 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 including the business and support units; whilst Shariah Review, Shariah Risk Management and Shariah Audit functions are performed by the Compliance, Risk Management and Internal Audit division respectively.

Delegation of authority parameter have been further developed for efficiency purposes whereby the Head of Shariah Department is empowered to peruse straightforward and non-complicated proposals, operational manuals, and day-to-day banking activities among others and provide an upfront approval as long as it is within the approved criteria where subsequently it will be notified to the SC accordingly.

ROLES AND RESPONSIBILITIES

Board of Directors

The Board is ultimately accountable and responsible for the overall Shariah Governance 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, which states that the SC is responsible to provide objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. The committee responsible to provide a decision or advice to the Bank on the application of any rulings of the SAC or standards on Shariah matters that are applicable to the Bank. The committee endorses Shariah policies and procedures, reviews reports escalated by the dedicated Shariah functions, and endorsing a rectification measure on the issues. The committee members rigorously deliberate on issues and recommendations to mitigate Shariah control weaknesses and potential Shariah non-compliances.

SC terdiri daripada enam orang ahli, yang mana lima daripadanya berpengalaman dan berpengetahuan dalam aspek Syariah yang pelbagai, manakala ahli keenam pula merupakan ahli perbankan Islam yang berpengalaman, dan bertanggungjawab untuk memberikan pandangan tentang amalan dan operasi perbankan kepada jawatankuasa. Bagi memastikan keberkesanan mesyuarat SC, Bank mengadaptasi mekanisme penilaian prestasi SC secara individu untuk menilai prestasi, kecekapan, pengetahuan, sumbangan serta kehadiran SC.

Di bawah polisi ini, kekerapan mesyuarat SC ditetapkan sekurang-kurangnya sekali dalam setiap dua bulan, sementara korum minimum bagi mesyuarat adalah seramai 4 orang ahli. Pada tahun 2019, SC telah mengadakan 12 mesyuarat di mana cadangan, kelulusan awal, semakan dan laporan dibentangkan dan dibincangkan secara terperinci terutamanya tentang produk dan perkhidmatan sedia ada dan baharu. Temuan Semakan dan Audit Syariah, laporan risiko Syariah, proses pembetulan dan kawalan, laporan tahunan, dan laporan zakat Bank juga dibincangkan dalam mesyuarat tersebut.

Ahli-ahli SC dan rekod kehadiran mereka adalah seperti berikut:

Ahli Jawatankuasa Committee member	Jawatan Designation	Bilangan mesyuarat dihadiri Number of meetings attended
Assoc. Prof. Dr. Mohamed Fairooz Abdul Khir	Pengerusi/Chairman	12
Dr. Mohamad Sabri Zakaria	Ahli/Member	11
Y.M. Engku Ahmad Fadzil bin Y.M. Engku Ali	Ahli/Member	12
Tn. Hj. Azizi bin Che Seman	Ahli/Member	11
Tn. Hj. Jahaidi bin Harun	Ahli/Member	12
Dr. Ahmad Dahlan Salleh (Dilantik pada bulan Mei/Appointed in May)	Ahli/Member	9

Jabatan Syariah: Fungsi, Aktiviti Utama pada tahun 2019 dan Keutamaan Strategik pada tahun 2020

Mekanisma tadbir urus Syariah yang mapan di Agrobank terus memainkan peranan penting dalam memacu penjanaan nilai dengan memastikan bahawa semua produk dan perkhidmatan diiktiraf dan sejajar dengan prinsip Syariah. Jabatan Syariah menyediakan fungsi sokongan merentasi semua aktiviti perbankan untuk memastikan pelaksanaan SGF secara menyeluruh, termasuk pembentukan dan pengurusan SC, selain berhubung dengan mereka bagi mendapatkan kelulusan produk dan perkhidmatan. Jabatan Syariah turut bekerjasama dengan lain-lain jabatan dan jawatankuasa berhubung isu-isu Syariah.

Lain-lain peranan dan fungsi merangkumi:

- Meneliti pra-kelulusan produk, menilai isu-isu dan mengendalikan urusan pentadbiran dan kesetiausahaan berkaitan dengan SC.
- Melakukan penyelidikan Syariah dan memberikan khidmat nasihat serta rundingan berkenaan Syariah kepada pihak yang berkaitan, termasuk mereka yang terlibat dalam pembangunan produk, di samping menjalankan fungsi sokongan lain.
- Menyelaras mesyuarat, menyusun kertas-kertas cadangan, menyampaikan keputusan berkaitan Syariah kepada pihak berkepentingan yang relevan, serta berhubung rapat dengan SC untuk membincangkan isu-isu Syariah tertentu.

The SC comprises six members, five of whom have extensive experience and knowledge of different aspects of Shariah, while the sixth member is an experienced Islamic banker who provides insights on banking practices and operations to the committee. In ensuring the effectiveness of the SC meeting, the bank adopts performance assessment mechanism of SC by assessing individual SC's performance, competency, knowledge, contribution and attendance.

Under the policy, the frequency of the SC meeting to be held is at least once in every two months, while the minimum quorum for the meeting is 4 members. In 2019, the SC held 12 meetings at which proposals; upfront approval, reviews and reports were presented and thoroughly discussed mainly on new and existing products and services. Findings of Shariah Review and Audit, Shariah risk report, rectification and mitigation process, financial report, and zakat report of the Bank were also discussed during these meetings.

The SC members and their record of attendance are as follows:

Ahli Jawatankuasa Committee member	Jawatan Designation	Bilangan mesyuarat dihadiri Number of meetings attended
Assoc. Prof. Dr. Mohamed Fairooz Abdul Khir	Pengerusi/Chairman	12
Dr. Mohamad Sabri Zakaria	Ahli/Member	11
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Shariah Department: Functions, Key Activities in 2019 and Strategic Priorities in 2020

Agrobank's robust Shariah governance mechanism continues to play an integral part in driving value creation by ensuring that all the products and services are duly accredited and in line with Shariah principles. Providing cross-functional support for all 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.

Other roles and functions include:

- Conduct pre-product approvals, appraise issues and undertake administrative as well as secretarial matters relating to the SC.
- 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.
- Act as a central coordinator for meetings, compiling proposed papers, disseminating Shariah decisions to relevant stakeholders and engaging with the SC when seeking further deliberation on Shariah issues.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Mewujudkan budaya tadbir urus Syariah yang teguh di seluruh Bank terus menjadi fokus bagi tahun 2019. Agrobank menyedari hakikat bahawa mengubah tatacara dan pemikiran terhadap pematuhan Syariah mampu mewujudkan tahap kesedaran, motivasi dan kebertanggungjawaban yang lebih baik. Oleh itu, pemahaman mendalam berhubung risiko Syariah dan pematuhan Syariah adalah amat penting dalam usaha menginstitusikan budaya pematuhan Syariah.

Sepanjang tahun ini, jabatan Syariah terus menjalankan program kejurulatihan berkaitan Syariah termasuk sesi halaqah selama sejam pada hari Jumaat untuk pegawai Syariah. Ini bertujuan membina pemahaman mereka mengenai fatwa dan piawaian yang dikeluarkan oleh Organisasi Perakaunan dan Pengauditan bagi Institusi Kewangan Islam (AAOIFI). Pemahaman yang lebih mendalam dan komprehensif tentang piawaian AAOIFI akan mendorong pegawai Syariah untuk memanfaatkan amalan terbaik antarabangsa dalam tadbir urus dan pematuhan Syariah. Adakalanya, sesi halaqah ini turut disertai oleh SC sebagai pembimbing.

Bagi meningkatkan pengetahuan dan kesedaran Syariah di kalangan kakitangan cawangan, antara inisiatif yang dijalankan pada tahun 2019 termasuklah program Keterlibatan Syariah di Cawangan (SBE). Program ini bertujuan untuk merapatkan hubungan antara Pegawai Syariah dan kakitangan cawangan melalui sesi bimbingan tentang perkara berkaitan Syariah dalam operasi perbankan Islam. Menerusi platform ini, pegawai-pegawai Syariah boleh menjawab pertanyaan dan kemosyikilan tentang perkara berkaitan Syariah yang ditanyakan oleh kakitangan cawangan, selaku barisan pertahanan pertama bagi Bank.

Dalam pada itu, Jabatan Syariah bersama wakil-wakil pematuhan dan risiko telah dilantik untuk memupuk budaya pematuhan di kalangan kakitangan Bank melalui Program Keterlibatan Tadbir Urus (GEP). Program ini bermatlamat untuk membiasakan kakitangan dengan perkara tadbir urus untuk dijadikan rujukan pengajaran pada masa depan.

Peranan Jabatan Syariah di Agrobank tidak dihadkan kepada sekadar memastikan pematuhan tadbir urus Syariah. Ia turut merangkumi pemberian nasihat dan khidmat sokongan berkaitan semua urusan Syariah kepada pelbagai jabatan dan jawatankuasa. Peranan dan keupayaan Jabatan Syariah sebagai pengantara adalah penting bagi menyelaraskan pematuhan Syariah dalam perniagaan Bank, disamping turut menyokong operasi dan urusan sehari-hari bagi pelbagai jabatan, termasuk membantu mengurangkan risiko dan membangunkan perniagaan.

Jabatan Syariah terus memainkan peranan penting memajukan pertanian melangkaui perbankan. Usaha-usaha telah dibuat pada 2019 di mana Agrobank Berukhuwah 2019 bermatlamat untuk mewujudkan satu platform penglibatan yang baik antara Bank dengan komuniti. Di bawah program ini, sumbangan dibuat dari segi kewangan dan bantuan fizikal melalui agihan zakat, pembersihan masjid, perkhidmatan mencuci motosikal dan menukar minyak secara percuma, penanaman pokok, bubur asyura dan lain-lain. Program ini juga memberi peluang kepada Bank untuk mempromosi perniagaan dan perkhidmatannya kepada masyarakat dan masjid.

Jabatan Syariah juga mengadakan program Agrobank Bertazkirah dengan kerjasama penceramah jemputan dan siri-siri tazkirah pendek telah dibuat di premis Bank dan juga di premis/ladang pelanggan. Judul tazkirah merangkumi tajuk berkaitan perbankan Islam, pertanian, makanan dan penanaman; dan pada asasnya untuk memberi pendedahan kepada orang awam tentang industri berasaskan tanah daripada perspektif Syariah.

Creating a strong Shariah governance culture across the Bank continues to be the main focus in 2019. Agrobank is cognisant to the fact that changing behaviour and mind-set on Shariah compliance creates a sense of awareness, motivation, and accountability. To this effect, greater understanding of Shariah risk and Shariah compliance are of paramount importance in efforts to institutionalise a Shariah Compliant Culture.

Throughout the year, the department continuously conduct coaching programmes on Shariah related matters including a one hour *halaqah* session on every Friday for Shariah officers. This was to develop their understanding on 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 enable them to adopt international best practices in Shariah governance and compliance. These *halaqah* sessions are occasionally joined by the SC for good guidance.

Shariah Branch Engagement (SBE) programme was one of the initiatives conducted in 2019 for enhancement of Shariah knowledge and awareness among the staff at the branches. This program was envisaged to close the gap between Shariah Officers and branch officers, where direct engagement and coaching sessions focusing on Shariah requirements with regards to Islamic banking operation were organised. Moreover, through this platform, Shariah officers were able to address queries and doubts on Shariah related issues from the front liners as the branch officers are the Bank's first line of defence.

Furthermore, the Shariah Department together with compliance and risk representatives had been appointed to inculcate the compliance culture among the Bank's staff through Governance Engagement Program (GEP). The goal of the program was to familiarise the staff with governance matters as lessons learnt for future reference.

The role of the Shariah Department at Agrobank goes beyond box-ticking to comply with Shariah governance. It extends to include advisory and support services to various departments and committees on all matters related to Shariah. In its role and capacity as a business partner, the Shariah Department becomes the crucial link between Shariah compliance and the Bank's business while at the same time facilitating various departments in conducting their day-to-day business and operations including supporting business in risk mitigation and business development.

Shariah Department continues to play an integral part in advancing agriculture beyond banking. Initiatives were implemented in 2019 where Agrobank Berukhuwah 2019 was envisaged to create a good engagement platform between the Bank and the community. Under the program, contribution is made in terms of monetary and physical assistance by way of distributing zakat's fund, cleaning the mosque, free motorcycle wash and oil changing services, tree planting, asyura porridge and more. This program also provides an opportunity to the bank to promote bank's business and services to the community and masjid.

Shariah Department also conducted Agrobank Bertazkirah in collaboration with invited speaker and series of short tazkirah session were organised in the Bank's premise and also at the customer's premises/farms. The topics of the tazkirah cover Islamic banking, agriculture, food and farm; and basically to expose the public on Agro based industry from shariah perspective.

Dari segi pengagihan zakat, Bank telah mempelbagaikan mekanisme dengan bukan hanya menerusi sumbangan satu kali atau untuk tujuan jangka pendek. Sebaliknya, program telah dibangunkan kepada asnaf dalam cara bagaimana mereka boleh mengubah diri mereka di bawah Program Keusahawanan Asnaf. Program ini diperkenalkan bagi mencapai objektif berikut:

- Memperkayakan asnaf dengan sumber pendapatan baharu melalui bidang keusahawanan.
- Mengubah status asnaf daripada menjadi penerima zakat kepada pembayar zakat.
- Mengembangkan asas pelanggan Agrobank dengan membangunkan asnaf ke dalam perniagaan mikro Bank.
- Merangsang ekosistem ekonomi Islam dengan menyatukan zakat ke dalam sistem perbankan Islam;

Jabatan Syariah komited dalam memupuk sikap positif di kalangan kakitangan dan pihak kami telah merakamkan program video interaktif yang dinamakan Kapsul Syariah. Kapsul Syariah menyediakan video-video rakaman pegawai Jabatan Syariah berkongsi mesej positif dengan kakitangan untuk terus mengekalkan sikap dan rohaniah mereka tanpa mengira pangkat dan kedudukan.

Ketika bulan Ramadan, Jabatan Syariah dengan kerjasama daripada Badan Dakwah Islamiyah Agrobank (BADIA) dan Jabatan Perhubungan Kakitangan dan Industri telah diamanahkan untuk menganjurkan program Ihya' Ramadhan di mana beberapa program dijalankan seperti Agrobank Bertadarus, Khatam Al-Qur'an, Iftar Jama'ie dan solat terawih. Sebagai sebahagian daripada usaha untuk menambahkan pengetahuan kakitangan Bank tentang asas Al-Qur'an, Jabatan Syariah bersama-sama dengan Pusat Pembelajaran Al-Baghuddi (ALC) menganjurkan kelas Al-Quran menggunakan teknik al-Baghuddi. Usaha ini bertujuan untuk menyediakan peluang untuk kakitangan Bank mendalami Al-Qur'an tanpa mengira usia.

Di samping itu, Tazkirah Mingguan terus dijalankan di cawangan-cawangan dengan objektif untuk meningkatkan nilai-nilai PATRIOT kakitangan berdasarkan sudut pandangan Syariah. Nota-nota tazkirah dipanjangkan kepada Pengurus Cawangan dan Penolong Pengurus Cawangan untuk membolehkan mereka mengendalikan sesi tazkirah semasa taklimat mingguan di cawangan.

Jabatan Syariah telah mengenal pasti beberapa bidang tumpuan yang akan diberikan keutamaan strategik pada 2020. Selain menumpukan fokus pada inisiatif-inisiatif baharu, keutamaan juga akan diberikan dalam menangani cabaran-cabaran sambil memanfaatkan peluang yang ada. Ringkasnya, bagi tahun 2020, keutamaan Bank terletak dalam usaha membina budaya Syariah yang kukuh merentasi seluruh Bank.

Zakat

Jabatan Syariah telah dilantik sebagai Sekretariat Jawatankuasa Pengagihan Bank yang bertanggungjawab memastikan prosedur berkaitan dengan proses, penilaian dan agihan peruntukan zakat kepada asnaf yang layak adalah berdasarkan Garis Panduan Pengendalian Zakat.

In terms of Zakat distribution, the Bank had diversified its mechanism by not just adopting one-time contribution or for short term purpose only but program was developed to provide the 'tools' for the asnaf in how they can transform themselves under the Asnaf Entrepreneurship Program. This program was introduced with the following objectives:

- Enrich the asnaf with the new source of income through entrepreneurship.
- Transform the asnaf status from being the recipients to zakat payers.
- Expand Agrobank's clientele base by developing asnaf into Bank's micro business.
- Stimulate Islamic economy ecosystem by integrating zakat into Islamic banking system.

Shariah Department is committed to inculcate positive attitude among the staff and we had recorded an interactive video namely Shariah Capsule. This Shariah Capsule has few videos containing Shariah Department's officer sharing a positive message to the staff to continuously maintain their good attitude and spiritual regardless of their position or situation.

During the month of Ramadan, the Shariah Department with strong support and collaboration from Badan Dakwah Islam Agrobank (BADIA) and Industrial and Employee Relations Department were mandated to organise an *Ihya' Ramadhan* program where several programs were conducted such as *Agrobank Bertadarus*, *Khatam Al-Qur'an* program, *Iftar Jama'ie* and *terawih* prayers. As part of the effort to strengthen the knowledge of the Bank's staff pertaining to the basic knowledge of Qur'an, the Shariah Department together with Al-Baghuddi Learning Centre (ALC) had organised Quranic class using al-Baghuddi techniques. This initiative aimed to provide opportunities for the Bank's staff to learn more about the Qur'an regardless of their age.

In addition, *Tazkirah Mingguan* continues to be implemented at branches with the objective to enhance the staff's PATRIOT values according to the Shariah point of view. The *tazkirah* notes were escalated to the Branch Managers and Assistant Branch Manager for them to conduct a *tazkirah* session during the branches' weekly morning briefing.

Within its function, the Shariah Department has identified several strategic priorities that represent areas of focus for 2020. These priorities will not only focus on new initiatives but address challenges and build upon opportunities. As a summary, continuously creating a strong Shariah culture across the Bank will be the main focus in 2020.

Zakat

The Shariah Department has been appointed as secretariat to the Bank's Distribution Committee, where the secretariat of the Bank's Distribution Committee is responsible to ensure that procedures related to process, evaluation and distribution of zakat allocation to eligible *asnaf* are based on bank's internal policy on zakat.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Peruntukan zakat yang diagihkan bagi setiap jabatan agama negeri berbeza, bergantung kepada peratusan keuntungan yang dicatat di negeri tersebut. Jawatankuasa zakat dalaman bagi agihan zakat telah diwujudkan untuk mengendali semak dan imbang, dan setiap laporan agihan zakat dimaklumkan kepada SC untuk penambahbaikan dan cadangan.

Pada tahun 2019, Bank berjaya mengagihkan zakat berjumlah RM5.6 juta. Zakat tersebut disampaikan kepada pemohon berkelayakan termasuk individu dan organisasi yang dipilih oleh Bank. Antara penerima termasuk pelajar, penduduk atau rumah anak yatim yang dikategorikan sebagai asnaf, badan-badan amal, masjid, pihak berkuasa zakat dan juga untuk Program Usahawan Asnaf.

Ringkasan taburan peruntukan zakat ditunjukkan dalam jadual di bawah ini:

Kategori Asnaf Asnaf Categories	Jumlah (RM) Amount (RM)
Fakir Miskin/Fakir Miskin	1,024,575.41
Fi Sabilillah/Fi Sabilillah	701,240.00
Gharimin/Gharimin	153,000.00
Muallaf/Muallaf	35,225.00
Pihak Berkuasa Zakat dalam Negeri/Zakat Authority of States	3,745,275.00
JUMLAH/TOTAL	5,659,315.41

Pendapatan Tidak Halal

Jabatan Syariah turut bertanggungjawab untuk menguruskan pelupusan pendapatan tidak halal untuk tujuan spesifik, seperti yang dinyatakan dalam Polisi Penyucian Pendapatan Tidak Halal, atau untuk mana-mana tujuan spesifik lain yang ditetapkan oleh Jawatankuasa Syariah Bank.

Risiko Syariah: Fungsi, Aktiviti Utama pada tahun 2019 dan Keutamaan Strategik pada tahun 2020

Tadbir urus Syariah yang mantap dan komprehensif diperkuuhkan lagi dengan menggunakan rangka kerja pengurusan risiko bagi ketidakpatuhan Syariah, di mana pengurusan risiko Syariah membentuk sebahagian daripada rangka kerja risiko bersepadu bagi Bank. Fungsi utama risiko Syariah adalah untuk mengenal pasti, mengukur, memantau dan melapor secara sistematik risiko-risiko ketidakpatuhan Syariah yang berkait dengan perniagaan, operasi, hal ehwal dan aktiviti Bank seperti mana keperluan di bawah Rangka Kerja Tadbir Urus Syariah. Untuk menerapkan budaya Ketidakpatuhan Syariah Sifar merentasi seluruh Bank, profil risiko Syariah dan keberkesanan kawalan sedia ada dipantau secara berterusan, untuk membantu pengurusan risiko Syariah memastikan kecekapan dan keberkesanan dalam menguruskan risiko ketidakpatuhan Syariah.

Oleh yang demikian, pengurusan risiko Syariah adalah bertanggungjawab untuk membangunkan, mengekalkan dan menambah baik rangka kerja, polisi, prosedur dan pelaksanaan Pengurusan Risiko Syariah, termasuk melaporkan risiko ketidakpatuhan Syariah kepada Jawatankuasa Syariah (SC), Jawatankuasa Pengurusan Risiko Operasi (ORMC), Jawatankuasa Pengurusan Risiko (MRC), Jawatankuasa Lembaga Pengurusan Risiko (BRMC), dan Lembaga Pengarah. Tanggungjawab lain termasuk membangunkan dan mengambil

For allocation of zakat to each state religious authority varies depending on the profit percentage recorded by each state. Internal zakat committee for zakat distribution has been set-up to conduct check and balance, with each zakat distribution reports notified to the SC for any improvement and recommendations.

In year 2019, the bank had successfully distributed RM5.6 million of zakat. The zakat was paid to eligible applicants including individual and organisations selected by the Bank. Among the recipients were students, residents or orphanages that were categorised under asnaf; charitable bodies, mosques, zakat authorities and also for the Asnaf Entrepreneurship Program.

Brief distribution of the zakat allocation is tabulated as below:

Kategori Asnaf Asnaf Categories	Jumlah (RM) Amount (RM)
Fakir Miskin/Fakir Miskin	1,024,575.41
Fi Sabilillah/Fi Sabilillah	701,240.00
Gharimin/Gharimin	153,000.00
Muallaf/Muallaf	35,225.00
Pihak Berkuasa Zakat dalam Negeri/Zakat Authority of States	3,745,275.00
JUMLAH/TOTAL	5,659,315.41

Non-halal Income

The Shariah Department is also a secretariat to the committee, responsible for managing the disposal of non-halal income for specific purpose as stated in the policy on Purification of Non-halal Income or for any other specific purpose as decided by the SC of the Bank.

Shariah Risk: Functions, Key Activities in 2019 and Strategic Priorities in 2020

Sound and comprehensive Shariah governance is further reinforced with the adoption of risk management framework for Shariah non-compliance where Shariah risk management forms part of the Bank's integrated risk management framework. The main function of Shariah risk is to systematically identify, measure, monitor and report Shariah non-compliance risks associated with the Bank's business, operations, affairs and activities as per requirement under the SGF. Through the continuous monitoring of Shariah risk profiles and the effectiveness of existing controls, Shariah risk facilitates the efficient and effective management of Shariah non-compliance risks and work towards further institutionalising a Zero Shariah Non-Compliance culture across the Bank.

Hence, Shariah risk is responsible for the development, maintenance and enhancement of the Shariah Risk Management framework, policies and procedures and its implementation, including reporting Shariah non-compliance risk exposures to the Shariah Committee (SC), Operational Risk Management Committee (ORMC), Management Risk Committee (MRC), Board Risk Management Committee (BRMC), and the Board of Directors. Other mandates include the development

langkah-langkah untuk meningkatkan kesedaran terhadap risiko Syariah di dalam Bank, memastikan penyucian pendapatan tidak halal yang tidak memenuhi syarat Syariah oleh Jawatankuasa Syariah Bank, serta menyediakan langkah pengurangan dan pelan tindakan bagi mengelakkan perulangan insiden-insiden yang boleh menyebabkan pendapatan tidak halal.

Fungsi risiko Syariah juga memastikan bahawa sebarang kejadian ketidakpatuhan Syariah dilaporkan serta merta kepada Bank Negara Malaysia (BNM) menerusi ORION [Rangkaian Dalam Talian Bersepudur Risiko Operasi (Operational Risk Integrated Online Network)], ditangani dan diperbetulkan. Untuk itu, sebarang urus niaga yang disyaki tidak mematuhi Syariah, akan dikemukakan kepada Jawatankuasa Syariah untuk dibincangkan dan diputuskan jika prinsip Syariah telah dilanggar. Pengurusan risiko Syariah akan memantau semua insiden serta status pembetulannya bagi memastikan pelaporan kepada Jawatankuasa Syariah, Lembaga Pengarah dan BNM dilakukan tepat pada masanya.

Pada 2019, Dasar Pengurusan Risiko Syariah (PL-173/4) dibentuk seiring dengan perkembangan dan perubahan industri dan di dalam Bank. Pembentukan Dasar Pengurusan Risiko Syariah (PL-173/4) dilaksanakan bagi menggabungkan Dokumen Dasar ORION dan Dokumen Dasar Tadbir Urus Syariah yang dikeluarkan oleh BNM untuk menggantikan Rangka Kerja Tadbir Urus Syariah yang sebelumnya. Dokumen Dasar Tadbir Urus Syariah yang baharu berkuatkuasa pada 1 April 2020. Meskipun dengan perubahan dasar ini, Bank telah membuat pemprofilan risiko Syariah Bank dan pelaksanaan Sistem Pengurusan Risiko Operasi (ORMS) yang baharu.

Di bawah resolusi Jawatankuasa Syariah, mana-mana pendapatan yang dijana daripada urus niaga yang tidak patuh Syariah adalah haram, tercemar, dan perlu disucikan samada dengan mengembalikannya kepada pelanggan atau menyalurkannya untuk tujuan amal. Bagi proses penyucian ini, akaun-akaun Lejar Umum (GL) berasingan dirangka untuk mengumpulkan pendapatan tercemar tersebut sebelum diagihkan kepada badan-badan amal.

Memandangkan risiko ketidakpatuhan Syariah itu sendiri adalah risiko operasi, risiko Syariah membentuk sebahagian Rangka Kerja Pengurusan Risiko Menyeluruh Bank. Oleh yang demikian, Bank mempunyai alat dan kaedah yang lengkap yang terdiri daripada Kesedaran Kawalan Risiko Syariah (SRCSA) dan Petunjuk Risiko Utama (KRI). KRI bagi risiko ketidakpatuhan Syariah diterapkan ke dalam proses perniagaan bagi memudahkan pemantauan dan penjejakan risiko utama dari semasa ke semasa, menggunakan Metrik dan Penilaian Risiko berikut:

Nilai Ambang Threshold	Penilaian Assessment
Minimum 1 Aktiviti SNC* Sebenar/Minimum 1 Actual SNC* event	AWAS/CAUTION
Minimum 1 Aktiviti SNC Berpotensi/Minimum 1 Potential SNC event	AMARAN/ALERT
Sifar Aktiviti SNC/Zero SNC event	MEMUASKAN/SATISFACTORY

Nota: SNC merujuk kepada "Ketidakpatuhan Syariah"

Note: SNC refers to "Shariah Non-compliance"

and implementation of measures to elevate Shariah risk awareness within the Bank, ensure 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.

The Shariah risk function also ensures that any incident of Shariah non-compliance is immediately reported to Bank Negara Malaysia (BNM) via ORION (Operational Risk Integrated Online Network), addressed and rectified. This will not only ensure the purity of the income earned but more importantly to ascertain that adequate systems and controls are in place in assuring that non-compliance with Shariah rules and principles can be averted. Hence, any transaction suspected as Shariah non-compliant will be escalated to the SC for deliberation and decision whether any Shariah requirements have been breached. Shariah risk will track on all incidences and the rectification status to ensure timely reporting to the SC, Board and BNM.

During 2019, Shariah Risk Management Policy (PL-173/4) was established in line with the development and changes in industry and within the Bank. The establishment of Shariah Risk Management Policy (PL-173/4) was made to incorporate the ORION Policy Document and the Shariah Governance Policy Document issued by BNM to supersede the earlier Shariah Governance Framework. The new Shariah Governance Policy Document was effective by 1 April 2020. Notwithstanding the policy changes, the Shariah risk profiling of the Bank was established as well as the new implementation of Operational Risk Management System (ORMS).

In the SC resolution, any incomes generated from Shariah non-compliance transactions are unlawful, tainted and needs to be purified e.g. to be returned to the customers or to be channelled to charity. As for the purification process, there are separate General Ledger (GL) accounts created for accruing the tainted income before disbursing to charitable bodies such as Non-Compliance Charity Payable.

In view of that Shariah non-compliance risk is in itself an operational risk, Shariah risk forms part of the Bank's Broad Risk Management Framework. Towards this end, the Bank owns a comprehensive tools and methodologies comprising of Shariah Risk Control Self-Awareness (SRCSA) and Key Risk Indicator (KRI). The KRIs of Shariah non-compliance risks are built into the business processes to facilitate the monitoring and tracking of key risks over time using the following Risk Metrics and Assessment:

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

Pendekatan proaktif SRCSA memerlukan pemilik proses menilaikan sendiri risiko Syariah dalam Unit Perniagaan dan Unit Sokongan masing-masing, dan melaksanakan kawalan bagi mengurangkan risiko tersebut. Inisiatif lain yang menyokong budaya Ketidakpatuhan Syariah Sifar merangkumi usaha membina kemampuan dan keupayaan untuk melaksanakan polisi pengurusan risiko yang dikeluarkan oleh BNM.

Pada tahun 2020, Bank merancang untuk memberi tumpuan terhadap melatih sistem ORMS baharu kepada semua Pegawai Perhubungan Risiko (RLO) dan Penyelaras Risiko (RC) di seluruh negara. Sistem ORMS baharu dijangka boleh mengukuhkan proses SRCSA bagi mengenal pasti, menilai dan mengawal dengan berkesan risiko-risiko ketidakpatuhan Syariah dalam operasi dan aktiviti Bank. Keutamaan strategik lain bagi 2020 termasuk semakan Garis Panduan Kawalan & Penilaian Sendiri Risiko (MO-213) dan Mengurus Kejadian Ketidakpatuhan Syariah (MO-249) untuk memasukkan perubahan-perubahan rangka kerja, dasar dan garis panduan Bank. Risiko Syariah juga akan terus menjalankan program-program kesedaran untuk meningkatkan budaya kepatuhan Syariah dalam perbankan Islam.

Semakan Syariah: Fungsi, Aktiviti Utama pada tahun 2019 dan Keutamaan Strategik pada tahun 2020

Semakan Syariah merujuk kepada fungsi yang menjalankan penilaian berkala ke atas pematuhan terhadap keperluan Syariah bagi operasi, perniagaan, hal ehwal dan aktiviti Bank. Ringkasnya, semakan Syariah merupakan semakan menyeluruh untuk meningkatkan kredibiliti aktiviti Bank, dengan memastikan pematuhan Syariah dalam penyediaan penyata kewangan, kontrak, perjanjian, urus niaga dan proses pembangunan produk dari mula hingga akhir. Bagi mencapai matlamat ini, semakan Syariah menjalankan pemeriksaan di dalam dan di luar premis, serta penilaian bebas untuk memastikan pematuhan terhadap peraturan dan prinsip Syariah dalam aktiviti dan operasi dari mula hingga akhir, bagi unit perniagaan dan unit sokongan di dalam Bank.

Semua perhatian yang diperoleh dari aktiviti semakan Syariah, termasuk insiden ketidakpatuhan Syariah, akan didokumenkan dan dimasukkan dalam Laporan Semakan Syariah, yang kemudiannya dibentangkan kepada pihak Pengurusan, SC dan seterusnya kepada Lembaga Pengarah untuk dibincangkan dan dimaklumkan. Laporan turut mengandungi saranan langkah dan tindakan pembetulan bagi menangani ketidakpatuhan Syariah, serta mekanisme kawalan untuk mengelakkan sebarang perulangan.

Pada 2019, Seksyen Semakan Syariah telah menjalankan kegiatan semakan di 172 cawangan dan kiosk manakala 6 semakan dibuat di ibu pejabat Bank, di mana semakan fizikal dibuat ke atas 80 cawangan, sementara semakan atas talian dibuat untuk baki 92 cawangan lagi. Objektifnya adalah untuk benar-benar mengenal pasti sebarang jurang dalam kawalan atau proses yang boleh membawa kepada kejadian tidak patuh Syariah. Ia juga adalah untuk memastikan pematuhan Syariah secara keseluruhan bagi operasi Bank dan sejajar dengan garis panduan Syariah yang ditetapkan.

The proactive approach of SRCSA involves Business Units and Support Units as process owners to assess the Shariah risks and implement control to mitigate those risks. Other key initiative that support Zero Shariah Non-Compliance culture includes building capability and capacity to respond to policy documents issued by BNM in the areas of risk management.

In 2020, the Bank plans to focus on training the new ORMS system to all Risk Liaison Officers (RLOs) and Risk Coordinator (RCs) throughout nationwide. Under the new ORMS system, it is expected can strengthen the SRCSA process of identifying, assessing and effective controls of Shariah non-compliance risks in the Bank's business operations and activities. Other strategic priorities for 2020 include the revision of Shariah Risk Control & Self-Assessment Guidelines (MO-213) and Managing Shariah Non-Compliance Events (MO-249) to incorporate the changes of the Bank's framework, policy and guidelines. Shariah risk will also continue to conduct awareness programmes with a view of enhancing the Shariah compliance culture in Islamic banking.

Shariah Review: Functions, Key Activities in 2019 and Strategic Priorities in 2020

Shariah review refers to a function that conducts regular assessment on the compliance of the operations, business, affairs and activities of the Bank with Shariah requirements. 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 regards to their level of compliance with Shariah rules and principles.

All observations arising from Shariah review exercises including incidence 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.

For 2019, Shariah Review Section has successfully conducted review exercises across 172 branches and kiosks whilst 6 were carried out at the Bank's headquarters, where physical review was conducted on 80 branches and desktop review on the remaining 92 branches. The objectives were to consciously identify any lapses in controls or processes that could lead to Shariah non-compliant incidents as well as to ensure the overall Shariah compliance of the Bank's operation and their alignment with the stipulated Shariah guidelines.

Di samping itu, Seksyen Semakan Syariah juga bersama-sama dalam Program Penglibatan Tadbir Urus (GEP'2019), di mana Semakan Syariah bekerjasama dengan Jabatan Syariah, Jabatan Pengurusan Cawangan dan Jabatan AML/CFT untuk memberi tumpuan kepada budaya pematuhan di kalangan penyelia-penyalia Cawangan. Satu lagi program penting yang bertumpu kepada kesedaran Syariah untuk Pengurusan Kanan adalah dinamakan Program Kesedaran Syariah untuk Pengurusan Kanan.

Melangkah ke hadapan, Bank akan terus mengukuhkan kesedaran Syariahnya dan menyemak aktiviti-aktiviti untuk mengekalkan 100% Pematuhan Syariah, termasuk memperluaskan liputan Semakan Ibu Pejabat dan meningkatkan Semakan Cawangan melalui semakan fizikal dan atas talian. Bagi menggalakkan dan mengekalkan budaya pematuhan Syariah yang kukuh dalam Bank, usaha-usaha penglibatan dengan semua kakitangan kekal sebagai tumpuan kami pada 2020.

Audit Syariah: Fungsi, Aktiviti Utama pada tahun 2018 dan Keutamaan Strategik pada tahun 2019

Audit Syariah merupakan satu fungsi yang menyediakan penilaian bebas ke atas kualiti dan keberkesanan kawalan dalam Agrobank, sistem penilaian risiko, proses tadbir urus serta pematuhan keseluruhan operasi, perniagaan, hal ehwal dan aktiviti Agrobank terhadap keperluan Syariah.

Audit Syariah juga adalah untuk menambah nilai dan menambah baik tahap pematuhan Syariah dalam setiap aktiviti operasi dan tadbir urus Agrobank termasuk produk, perkhidmatan, dan dasar dan prosedur Agrobank secara berkala.

Untuk menjadi Audit Syariah yang berkesan, perkara berikut telah diwujud dan dilaksanakan:

- Menetapkan kaedah audit untuk menilai profil risiko dan kelemahan setiap bidang yang boleh diaudit. Bidang boleh diaudit yang dikenali pasti dimasukkan ke dalam Rancangan Audit Tahunan untuk tahun tersebut.
- Mewujudkan program audit Syariah sebagai garis panduan kepada juruaudit dalaman dalam menjalankan audit.
- Memaklumkan keputusan audit kepada Jawatankuasa Audit Lembaga (BAC) dan Jawatankuasa Syariah (SC) dengan memperincikan penemuan audit, cadangan untuk pembetulan, jawapan balas daripada pihak yang diaudit dan pelan tindakan.

Audit Syariah telah menjalankan semua tugas dan penilaian ke atas tadbir urus, pengurusan risiko, kawalan dan pematuhan seperti Rancangan Audit Tahunan Syariah yang diluluskan bagi tahun 2019. Keputusan audit dan cadangan bagi penambahbaikan telah dilaporkan kepada BAC dan SC.

Keutamaan strategik untuk fungsi audit Syariah pada tahun 2020 adalah untuk meningkatkan alat penilaian melalui kajian tematik dengan menggunakan Pendekatan Berasaskan Risiko dan menggunakan "Computer Assisted and Tools and Techniques" (CATT) sebagai sebahagian kaedah audit, untuk menyemai Budaya Pematuhan Syariah dengan lebih kukuh lagi dan meningkatkan pengetahuan Syariah di kalangan kakitangan bank. Audit Syariah perlu memberi khidmat rundingan dan nasihat dalam merangka tindakan yang betul berhubung pematuhan Syariah yang dianggap sebagai sesuatu yang dipelajari dan Pengurusan Untuk Nilai (MFV).

Moreover, Shariah Review Section was involved in the Governance Engagement Programme (GEP'2019), in which the Shariah Review had collaborated with the Shariah Department, Branch Management Department and also AML/CFT Department to emphasize a compliance culture amongst all Branches' supervisors. Another significant programme which was focused on Shariah awareness for Senior Management is Shariah Awareness Programme for Senior Management.

Moving forward, the Bank will continue to strengthen its Shariah awareness and review activities to maintain 100% Shariah Compliance, including broadening the coverage of HQ Review and enhance the Branch Review through the conduct of both physical and desktop review. In promoting and maintaining a strong Shariah compliance culture within the Bank, engagement initiatives with all staff remains as our focus in 2020.

Shariah Audit: Functions, Key Activities in 2019 and Strategic Priorities in 2020

Shariah audit is a function that provides an independent assessment on the quality and effectiveness of the Agrobank's internal control, risk assessment systems, governance processes as well as the overall compliance of the Agrobank's operations, business, affairs and activities with Shariah requirements.

Shariah audit is also designed to add-value and to improve the degree of Shariah compliance in the Agrobank's operational activities and governance including products, services, and policies and procedures of Agrobank on a periodic basis.

In order to have an effective Shariah Audit, the following has been established and implemented:

- Establish an audit methodology to assess the risk profile and vulnerabilities of each auditable area. The identified auditable areas are incorporated in the Annual Audit Plan for the particular year.
- Establish Shariah audit programs as a guidance to the internal auditors in performing the audit.
- Communicate the results of the audit to the Board Audit Committee (BAC) and Shariah Committee (SC) by detailing the audit findings, recommendation for rectification, auditee's responses and action plans.

Shariah audit has conducted all assignments and evaluations on the governance, risk management, controls and compliance as per the approved Shariah Annual Audit Plan for the year of 2019. The results of the audits and recommendations for improvements have been reported to the BAC and SC.

Strategic priorities for Shariah audit functions in year 2020 among others are to enhance the assessments tools via thematic review by using Risk-Based Approach and utilising Computer Assisted and Tools and Techniques (CATT) as part of audit methodology, to further inculcate a strong Shariah Compliance Culture and enhance Shariah knowledge among bank staff. Shariah audit is to provide the consultation and advisory services in devising appropriate course of actions pertaining to Shariah compliance are regarded as lesson-learnt and Management For Value (MFV).

Pembangunan Usahawan

DEVELOPING ENTREPRENEURS





Sebagai sebuah Institusi Pembangunan Kewangan (DFI) dan bank Islam penuh (FFIB), Agrobank dimandatkan untuk meningkatkan kesejahteraan komuniti pertanian dan ini termasuklah dari golongan usahawan tani.

Justeru itu Agrobank mempunyai Pusat Kecemerlangan Agrobank (ACE) yang bertanggungjawab mendidik, membimbing dan menyediakan garis panduan pengurusan kewangan serta perniagaan bagi agropreneur daripada pelbagai lapisan masyarakat. Khidmat nasihat yang ditawarkan adalah percuma, namun bagi yang benar-benar serius, ACE akan membimbing usahawan sehingga bergelar usahawan tani yang berjaya.

Agrobank telah berjaya membangunkan seramai 2,758 usahawan daripada dalam pelbagai segmen dan industri dalam sektor pertanian antara tahun 2017 – 2019 (tiga tahun).

Komitmen ini selaras dengan visi baharu Agrobank yang dilancarkan YAB Perdana Menteri ke-7, Tun Dr. Mahathir Mohamad pada 7 November 2019 iaitu ‘Memperkasakan Pertanian Melangkaui Perbankan’, yang bermaksud, pembangunan keusahawanan turut diberikan keutamaan serius selain aktiviti perbankan teras sebagai sebuah bank.

ACE merancang untuk meluaskan skop capaiannya untuk mendidik dan membimbing lebih ramai usahawan pertanian dan segmen yang berkaitan menerusi program-program keusahawanan melibatkan golongan B40 dan anak-anak muda pada masa hadapan.

As a Financial Development Institution (DFI) and a full-fledged Islamic bank (FFIB), Agrobank is committed to enhancing the well-being of the agricultural community from the agribusiness community.

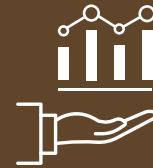
As such, Agrobank has an Agrobank Center of Excellence (ACE) that is responsible for educating, guiding and providing financial and business management guidelines for agropreneurs from all walks of life. The advice offered is free, but for those who are really serious, ACE will guide entrepreneurs to becoming successful entrepreneurs.

Agrobank has successfully recruited 2,758 entrepreneurs from various segments and industries in the agricultural sector between 2017 – 2019 (three years).

This commitment is in line with Agrobank’s new vision that was launched by the 7th Prime Minister, Tun Dr. Mahathir Mohamad on 7 November 2019, which is ‘Empowering Agriculture Beyond Banking’; meaning that entrepreneurship development is also given a high priority in addition to core banking activities as a bank.

ACE plans to expand its reach to educate and mentor more agricultural entrepreneurs and related segments through entrepreneurship programmes involving the B40 and young people in the future.

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DIRECTORS' REPORT

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 2019.

PRINCIPAL ACTIVITIES

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 conducted in compliance with Shariah principles.

RESULTS

	RM'000
Profit before tax and zakat	205,415
Tax	(51,795)
Zakat	(5,135)
Net profit for the year	148,485

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 2018, a final dividend of 2.00 sen on 1,000,000,000 ordinary shares declared on 17 May 2019 and paid on 3 June 2019	20,000

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year ended 31 December 2019 of 3.00 sen on 1,000,000,000 ordinary shares amounting to dividend payable of RM30,000,000 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 2020.

ISSUE OF SHARES AND DEBENTURES

The Bank has not issued any new shares or debentures during the financial year.

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' REPORT

DIRECTORS

The following directors served on the Board of the Bank since the beginning of the financial year to the date of this report:

Y. Bhg Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	
Y. Bhg Datin Setia Shahariah binti Hashim	
Puan Azizah binti Abdul Rahman	
Tuan Haji Ibrahim bin Hassan	
Puan Faizah binti Abdullah	
Encik Abdul Rahim bin Abd Hadi	
Encik Jit Singh A/L Santok Singh	
Y. Bhg Dato' Mohd Sallehuddin bin Hassan	(appointed on 15 March 2019)
Puan Zarina binti Zakaria	(appointed on 6 April 2020)
Y. Bhg Tan Sri Mohamad Zabidi Bin Zainal (Chairman)	(ceased on 29 July 2019)
Y. Bhg Dato' Dr. Yusof bin Ismail	(resigned on 3 June 2019)

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 as disclosed in Note 32 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.

COMPLIANCE WITH BANK NEGARA MALAYSIA'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with, including those set out in the Guidelines on Financial Reporting for Development Financial Institutions.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

- (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.
- (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; 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.

INDEMNIFICATION OF DIRECTORS

The Bank maintained a Directors' and Officers' Liability Takaful up to an aggregate limit of RM50,000,000 against any legal liability incurred by the directors and officers in the discharge of their duties while holding office for the Bank. The amount of takaful contribution paid for the directors and officers for the current financial year was RM85,000.

SIGNIFICANT EVENTS

There were no significant events during the financial year.

SUBSEQUENT EVENT

The subsequent event is disclosed in note 37 to the financial statements. There are no events after the statements of financial position up the date when the financial statements are authorized for issuance which is within the period from 1 January 2020 to 29 May 2020.

OUTLOOK FOR NEXT FINANCIAL YEAR

The coronavirus disease ("COVID-19") pandemic is inflicting severe impact on global economic activities. The IMF April 2020 World Economic Outlook Report projected the global economy to contract sharply by -3% in 2020 but projected to grow by 5.8% in 2021 on the assumption of pandemic fading in second half of 2020 and normalization of economic activities, helped by policy support.

Economic policies should cushion the impact of severe slowdown to ensure economic recovery can start quickly once the pandemic fades. The policymakers worldwide needs to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses.

In Malaysia, the economy is expected to shrink. BNM forecasts GDP growth of -2% and 0.5% in 2020, reflecting the impact of the global COVID-19 pandemic, domestic Movement Control Order (MCO) and the drop in crude oil prices.

To mitigate the impact of recession, the Government subsequently introduced stimulus packages, *Pakej Rangsangan Ekonomi 2020* of RM20b (1.3% of GDP) and *Pakej Rangsangan Ekonomi Prihatin Rakyat* of RM260b (17% of GDP) as well as BNM's financial measures expected to provide relief to individuals and businesses hardest hit by the COVID-19 pandemic.

There are also earnings risks from an OPR (Overnight Policy Rate) cut in 2020, whereby BNM reduced 100bps in stages from January 2020 up to May 2020. The analysts are predicting another possible cut in OPR as early as July 2020 resulting in a further compression to the contracting Net Profit Margin of the bank.

DIRECTORS' REPORT

BUSINESS PLAN AND STRATEGY

The year 2020 will be challenging given the impact of COVID-19 and significant supply chain disruptions, low demand and market level, currency shocks arising from the spread of the pandemic.

At Agrobank, the macro economic uncertainties and market volatility will have an impact on agriculture integrated value chain and necessitates the implementation of more robust risk mitigation measures.

The government's economic stimulus package together with BNM's relief measures are aimed at helping affected Malaysian which includes additional funds for SMEs amounting to RM13.1 b under BNM's Fund for SMEs, as well as six month moratorium on loan repayments.

As we brace for a global recession, we will closely manage the net profit margin contraction in a low rate environment whilst still pursuing financing growth. We will monitor and understand existing customers financing requirements and proactively engage customers who are facing cash flow difficulties and help provide a viable solution to a workable credit plan to be executed during the moratorium period.

Other key priorities for Agrobank are to increase productivity of existing workforce, simplification of existing processes, maintaining cost discipline while maintaining liquidity and capital levels in line with regulatory requirements.

HOLDING COMPANY

The Bank is wholly-owned by the Ministry of Finance (Incorporated), held on behalf of the Government of Malaysia.

AUDITORS

The auditors, Messrs. Ernst and Young, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

DATO' DR. MOHAMAD HASHIM BIN AHMAD TAJUDIN

AZIZAH BINTI ABDUL RAHMAN

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

Pemangkin Pertumbuhan
 Catalysing Growth
 Daripada Pihak Atasan
 From the Top
 Meningkatkan Nilai
 Enhancing Value
 Mencorak Masa Depan
 Shaping the Future
 Budaya & Tadbir Urus
 Culture & Governance
 Penyata Kewangan
 Financial Statement

We, **DATO' DR. MOHAMAD HASHIM BIN AHMAD TAJUDIN** and **AZIZAH BINTI ABDUL RAHMAN** 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 183 to 279 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as at 31 December 2019 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 May 2020.

DATO' DR. MOHAMAD HASHIM BIN AHMAD TAJUDIN

AZIZAH BINTI ABDUL RAHMAN

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016 AND SECTION 73(1)(E) OF THE DEVELOPMENT FINANCIAL INSTITUTION ACT, 2002

We, **AZIZAH BINTI ABDUL RAHMAN** and **KHADIJAH BINTI ISKANDAR**, being the Director and Covering Duties President/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 183 to 279 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.

AZIZAH BINTI ABDUL RAHMAN

KHADIJAH BINTI ISKANDAR

Subscribed and solemnly declared by the above named
AZIZAH BINTI ABDUL RAHMAN and **KHADIJAH BINTI ISKANDAR**
 at KUALA LUMPUR in the Federal Territory on 29 May 2020

Before me,

COMMISSIONER FOR OATHS



205, Bangunan Loke Yew
 4, Jln Mahkamah Persekutuan
 50050 Kuala Lumpur (W.P.)

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.

Firstly, the Shariah Committee 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 Shariah Committee are as prescribed in the Shariah Governance Framework ("SGF") issued by BNM, which states that the Shariah Committee is responsible for all Bank 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.

The management of the Bank is responsible for ensuring that the Bank conducts its operations in accordance with Shariah principles and with Shariah rulings issued by the Shariah Advisory Council ("SAC") 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.

To ensure smoothness and timely execution of our business operation, we had approved a Guideline on the Shariah Upfront Approval empowering the Head of Shariah Department to approve non-substantial variation to Shariah-related matters, and the approvals are reported to us periodically for review and confirmation.

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 2019 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.
- (f) We hereby confirm that the overall operations, business, affairs and activities of the Bank are Shariah-compliant and do not involve any material Shariah non-compliance event, except for the matter as set out in Note 35 to the financial statements, in which such matter has been resolved by the Shariah Committee.

We, **ASSOC. PROF. 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 2019 have been conducted in conformity with Shariah.



ASSOC. PROF. DR. MOHAMED FAIROOZ BIN ABDUL KHIR
Chairman of the Committee

Kuala Lumpur, Malaysia
29 May 2020



DR. MOHAMAD SABRI BIN ZAKARIA
Member of the Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

Pemangkin Pertumbuhan
Catalysing Growth
Daripada Pihak Atasan
From the Top
Meningkatkan Nilai
Enhancing Value
Mencorak Masa Depan
Shaping the Future
Budaya & Tadbir Urus
Culture & Governance
Penyata Kewangan
Financial Statement

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Pertanian Malaysia Berhad ("the Bank"), which comprise the statement of financial position as at 31 December 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 183 to 279.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 audit opinion.

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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and 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, Shariah committee's report and the annual report, but does not include the financial statements of the Bank and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Bank 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 intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)**

Report on the audit of the financial statements (cont'd)

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 with 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 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 the directors.
- 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.
- 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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 PLT

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
29 May 2020

W. Daneen Liza -

WAN DANEENA LIZA BT WAN ABDUL RAHMAN
No. 02978/03/2022 J
Chartered Accountant

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000 Restated
Income derived from investment of depositors' funds and others	5(a)	766,007	723,357
Income derived from investment of shareholder's funds	5(b)	244,810	223,523
Allowance for impairment	6	(26,016)	(24,050)
Total distributable income		984,801	922,830
Income attributable to depositors	7	(297,353)	(281,146)
Total net income		687,448	641,684
Personnel expenses	8	(307,625)	(282,524)
Other overheads and expenditures	9	(161,355)	(158,718)
Finance costs	10	(12,248)	(10,112)
Compensation claim		(805)	(79)
Profit before tax and zakat		205,415	190,251
Tax expense	11	(51,795)	(51,513)
Zakat	12	(5,135)	(4,756)
Net profit for the year		148,485	133,982
Other comprehensive income:			
Items that may be reclassified to profit or loss			
<u>Debt instruments at fair value through other comprehensive income ("FVOCI"):</u>			
Net change in fair value during the financial year		139,193	27,633
Reclassification to profit or loss		(21,818)	(4,742)
Income tax related to the above		(28,170)	(5,494)
Total items that may be reclassified to profit or loss		89,205	17,397
Items that will not be reclassified to profit or loss			
<u>Equity instruments at FVOCI</u>			
Revaluation gain/(loss) on equity instruments at FVOCI		43	(66)
Income tax related to the above		(10)	16
Total items that will not be reclassified to profit or loss		33	(50)
Other comprehensive income for the year, net of tax		89,238	17,347
Total comprehensive income for the year		237,723	151,329

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Cash and short term funds	13	1,409,555	1,131,489
Financial assets at fair value through other comprehensive income ("FVOCI")	14	3,637,557	4,380,736
Financing and advances	15	11,467,252	10,431,162
Other advances	16	6,869	9,548
Other assets	17	148,040	115,347
Property, plant and equipment	18	142,446	143,510
Intangible assets	19	25,719	21,678
Right-of-use assets	20	49,797	—
Deferred tax assets	21	—	11,391
TOTAL ASSETS		16,887,235	16,244,861
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	22 (a)	7,557,636	7,620,323
Deposit and placement of banks and other financial institutions	22 (b)	3,280,172	2,990,170
Other liabilities			
Other payables and accruals	23 (a)	154,397	131,178
Paddy credit gratuity scheme	23 (b)	2,281	2,275
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments	23 (c)	6,176	4,531
Lease liabilities	20	40,134	—
Deferred tax liabilities	21	12,702	—
Financing Scheme Funds	24	1,973,320	1,825,308
Government Grants			
Operating	25	23,008	23,310
Launching	26	2,491	2,920
Funds	27	694,810	722,461
Total Liabilities		13,747,127	13,322,476
Equity			
Share capital	28	1,000,000	1,000,000
Reserves	29	2,140,108	1,922,385
Total Equity		3,140,108	2,922,385
TOTAL LIABILITIES AND EQUITY		16,887,235	16,244,861
Commitments and Contingencies	31	1,057,686	1,059,483

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital RM'000	Non-distributable reserves			Distributable reserves	Total RM'000
		Statutory reserves RM'000	FVOCI reserve/(deficit) RM'000	Regulatory reserve RM'000	Retained earnings RM'000	
As at 1 January 2019	1,000,000	487,109	(4,056)	34,951	1,404,381	2,922,385
Net profit for the year	–	–	–	–	148,485	148,485
Other comprehensive income for the year	–	–	89,238	–	–	89,238
Total comprehensive income for the year	–	–	89,238	–	148,485	237,723
Dividends paid (Note 30)	–	–	–	–	(20,000)	(20,000)
At 31 December 2019	1,000,000	487,109	85,182	34,951	1,532,866	3,140,108
As at 1 January 2018	1,000,000	487,109	(21,403)	–	1,330,850	2,796,556
Net profit for the year	–	–	–	–	133,982	133,982
Other comprehensive income for the year	–	–	17,347	–	–	17,347
Total comprehensive income for the year	–	–	17,347	–	133,982	151,329
Transfer to regulatory reserve	–	–	–	34,951	(34,951)	–
Dividends paid (Note 30)	–	–	–	–	(25,500)	(25,500)
At 31 December 2018	1,000,000	487,109	(4,056)	34,951	1,404,381	2,922,385

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM'000	2018 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat	205,415	190,251
Adjustments for:		
Allowance for impairment on financing and advances	73,584	65,895
Writeback of allowance for impairment on other advances	(1,496)	(12,776)
Allowance for/(writeback of) impairment on financial guarantees and financing commitments	1,645	(1,519)
Allowance for/(writeback of) impairment on other assets	302	(93)
Depreciation of property, plant and equipment	21,345	21,405
Depreciation of right-of-use assets	10,051	–
Amortisation of computer software	15,008	12,934
Write off of property, plant and equipment	56	259
Gain on disposal of property, plant and equipment	(76)	–
Gain on disposal of financial assets at FVOCI	(21,818)	(4,742)
Gross dividend income from financial assets at FVOCI	–	(9)
Management fees on Government Grant – Funds	(200)	–
Amortisation and utilisation of Government Grants:		
Government Grant – Operating	(302)	(1,195)
Government Grant – Launching	(429)	(1,224)
Government Grant – Funds	2,374	1,602
Finance costs	12,248	10,112
Finance cost for lease liabilities	1,910	–
Finance cost for provision for re-instatement	225	–
Provision made/(writeback) for retirement benefits scheme	34	(613)
Provision made for compensation claim	805	79
Utilisation of Non-Shariah Income ("NSI")	(4,589)	(4,657)
Operating profit before working capital changes	316,092	275,709
Change in financing and advances	(1,109,674)	(1,301,600)
Change in other advances	4,175	28,845
Change in other assets	(35,925)	(15,864)
Change in deposits from customers	(62,687)	30,946
Change in deposit and placement of banks and other financial institutions	290,002	810,100
Change in other payables and accruals	6,416	(8,581)
Change in paddy credit gratuity scheme	6	10
Cash used in operating activities	(591,595)	(180,435)
Tax paid	(37,332)	(45,357)
Zakat paid	(6,293)	(2,479)
Net cash used in operating activities	(635,220)	(228,271)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	2019 RM'000	2018 RM'000 Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVOCI	(229,592)	(260,915)
Proceeds from disposal of financial assets at FVOCI	1,112,007	311,153
Dividends received from financial assets at FVOCI	–	9
Purchase of property, plant and equipment	(26,307)	(26,022)
Purchase of computer software	(19,049)	(15,264)
Proceeds from disposal of property, plant and equipment	175	–
Net cash generated from investing activities	837,234	8,961
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(9,887)	–
Additional funds received for Financing Scheme Funds	217,102	137,730
Payments of Financing Scheme Funds	(119,640)	(61,142)
Profits paid on Financing Scheme Funds	(11,523)	(9,391)
Additional funds received for Government Grant – Funds	20,000	419
Dividends paid	(20,000)	(25,500)
Net cash generated from financing activities	76,052	42,116
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	278,066	(177,194)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,131,489	1,308,683
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,409,555	1,131,489
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and short term funds (Note 13)	1,409,555	1,131,489

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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), held 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 May 2020.

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 ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 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. The presentation of the financial statements complies with the Guidelines on Financial Reporting for Development Financial Institutions issued by Bank Negara Malaysia ("BNM").

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'.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

The accounting policies adopted by the Bank are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for the new Malaysian Financial Reporting Standards ('MFRS'), interpretation and amendments to standards to be applied for the financial periods beginning on 1 January 2019:

MFRS 16 Leases

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015-2017 Cycle

IC Interpretation 23 Uncertainty over Income Tax Treatments

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies (cont'd)

The adoption of the above standards, amendments to standards and interpretations did not have a material impact on the financial statements of the Bank except for MFRS 16 as discussed below:

MFRS 16 Leases

MFRS 16 is effective for annual periods beginning on 1 January 2019. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and low value assets.

The Bank adopted MFRS 16 using modified retrospective approach and comparatives are not restated.

The Bank also applied the available practical expedients wherein it:

- (i) used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) used hindsight in determining the lease term if the contract contains options to extend or terminate the lease;
- (iii) leases with a lease term of less than 12 months are exempted from recognition; and
- (iv) leases of low-value assets mainly refers to office equipment, are exempted.

The effect of adopting MFRS 16 is as follows:

Impact on the statement of financial position:

	31 December 2018 RM'000	Adjustment RM'000	1 January 2019 RM'000
Assets			
Property, plant and equipment	143,510	(5,871)	137,639
Right-of-use assets	–	56,626	56,626
Total assets	143,510	50,755	194,265
Liabilities			
Lease liabilities	–	45,226	45,226
Provision for re-instatement cost	–	5,529	5,529
	–	50,755	50,755

Impact on the statement of profit or loss:

	2019 RM'000
Depreciation of right-of-use assets	10,051
Finance cost on lease liabilities	1,910
Finance cost on provision for re-instatement	225
Expense relating to short-term leases	65
Expense relating to leases of low-value assets (included in maintenance cost)	1,634
Impact to profit for the year	13,885

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Changes in accounting policies (cont'd)

MFRS 16 Leases (cont'd)

Impact on the statement of cash flows:

	2019 RM'000
Depreciation of right-of-use assets	10,051
Finance cost on lease liabilities	1,910
Finance cost on provision for re-instatement	225
Impact to net cash flows from operating activities	12,186
Payment of lease liabilities	(9,887)
Impact to net cash flows from financing activities	(9,887)

There are no material impact on other comprehensive income.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	RM'000
Assets	
Operating lease commitments as at 31 December 2018	52,534
Weighted average incremental borrowing rate as at 1 January 2019	3.78%
Discounted operating lease commitments as at 1 January 2019	46,925
Less:	
Commitments relating to short-term leases	65
Commitments relating to leases of low-value assets	1,634
Lease liabilities as at 1 January 2019	45,226

3.2 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 and Issues Committee ("IC") Interpretations as disclosed in Note 3.1.

(b) Revenue recognition

(i) Profit income

Profit income is recognised for all profit-bearing financial instruments classified as Debt Instruments at Fair Value through Other Comprehensive Income ("FVOCI") 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 gross 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 payment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(b) Revenue recognition (cont'd)

(i) Profit income (cont'd)

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

Financing processing fee is recognised as income based on the contractual arrangement. Government-link corporation ("GLC") services fee is recognised on an accrual basis in accordance with the term of agreement.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. These fees include banking service fees and Ar-Rahnu fees.

(vi) Dividend income

Dividends are recognised when the right to receive payment is established.

(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 25)

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 26)

Launching 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. Launching grants for development expenditure is deducted from the launching grants upon utilisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(c) Government grants (cont'd)

(iii) Government grants – Funds (Note 27 (a) - (j))

Government grant funds received to provide financing to eligible customers are recognised as deferred capital grants in the statement of financial position. The government grants is also utilised against credit losses and charges arising from these financing.

(iv) Government grants – financing scheme funds (Note 27 (k) - (t))

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 9 "Financial Instruments". 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 9 and the proceeds received. Government grant for financing scheme funds are recognised in profit or loss (Note 10) on a systematic basis over the periods in which the Bank recognised as expenses the related costs for which the grants are intended to compensate.

(d) Financial assets

(1) Classification

The Bank classifies its financial assets in the following measurement:

- Those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL")); and
- Those to be measured at amortised cost.

(2) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on settlement date, the date on which the Bank settles the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

(3) Measurement

At initial recognition, the Bank measures its financial assets at their fair value plus, in the case of a financial asset not at FVTPL, transactions costs that are directly attributable to the acquisition of the financial assets.

Business model

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objectives are solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the mortgage financing book is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

(3) Measurement (cont'd)

Solely Payments of Principal and Profit Test ("SPPP")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and profit ("the SPPP test"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. profit includes only consideration for the time value of money, credit risk, other basic financing risks and a profit margin that is consistent with a basic financing arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic financing arrangement, the related financial asset is classified and measured at FVTPL.

Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. The Bank reclassifies debt investments when, and only when, its business model for managing those assets changes.

There are three measurement categories into which the Bank classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPP are measured at amortised cost. Profit income from these financial assets is recognised using the effective profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in statement of comprehensive income.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPP, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in "profit income" using the effective profit rate method. Impairment losses are presented as separate line item in statement of comprehensive income.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

Equity instruments

The Bank measures all equity investments at fair value. Where the Bank's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in 'net gains and losses on financial instruments' in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

(4) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Bank assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Bank expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the customer or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Bank measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. The Bank applies a 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Bank applies MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and other assets.

Significant increase in credit risk ("SICR")

The Bank considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- External credit rating (as far as applicable);
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Bank, committed into fraudulent activities, abandonment of projects and changes in operating results of the customer;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer/issuer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increase in credit risks on other financial instruments of the same customer; and
- Significant changes in the value of the collateral supporting the obligations.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer/issuer is more than 30 days or 1 month past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Definition of default and credit-impaired financial assets

The Bank defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of indicators, which include amongst others, the following criteria:

- the customer is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the customer is past due more than 3 months on any material credit obligation to the Bank;
- the customer is past due more than 30 days after maturity date for trade finance and revolving credit facilities;
- Bankruptcy or winding up petition;
- Fraudulent accounts;
- Rescheduled and/or restructured (R&R) for impaired accounts; or
- Companies under PN17 – Listed companies identified by Bursa Malaysia that are in financial distress.

In assessing whether a customer is in default, the Bank considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Bank first assesses whether or not objective evidence of impairment exists for financial assets which are individually significant. If the Bank determines that objective evidence of impairment exists, i.e. credit impaired, for an individually-assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but not credit-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Modification of financing

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financings to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the customer is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the customer is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affect the risk profile of the financing;
- Significant extension of the financing term when the customer is not in financial difficulty;
- Significant change in the profit rate;
- Change in the currency the financing is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether or not the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the customer being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

De-recognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Bank has not retained control.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Generating the term structure of probability of default

Month-in-arrears ("MIA") is a primary input into the determination of the term structure of Probability of Default ("PD") for exposures. The Bank collects performance and default information on MIA for each segment.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

The 12-month and lifetime Exposures at Default ("EADs") are determined based on the expected payment profile, which vary by segmentation.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark profit rates, unemployment rates and others.

The Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see below on "Incorporation of forward-looking information"). The Bank then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than one MIA. Due dates are determined without considering any grace period that might be available to the customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Modified financial assets

The contractual terms of a financing/advances may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing/advances whose terms have been modified may be derecognised and the renegotiated financing/advances recognised as a new financing/advances at fair value.

The Bank renegotiates financing/advances to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Financing/advances forbearance is granted on a selective basis if the customer is currently in default on its financing or if there is a high risk of default, there is evidence that the customer or issuer made all reasonable efforts to pay under the original contractual terms and the customer or issuer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of financing/advances covenants.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect principal and profit and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the customer's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in Malaysia.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Measurement of expected credit losses ("ECL")

The Bank uses three categories for financial instruments at amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing	(i) Principal or profit or both is not past due for more than 30 days; or (ii) Other accounts not classified under Stage 2 and 3	12 month ECL (Stage 1)
Under performing accounts	(i) Principal or profit or both is past due for more than 30 days but less than 90 days; or (ii) Overdue payment within 30 days after maturity date for trade finance and revolving credit facilities; or (iii) Fullfill any one of the SICR triggers	Lifetime ECL – non-credit impaired (Stage 2)
Impaired accounts	(i) Principal or profit or both is past due for more than 90 days; or (ii) Overdue payment more than 30 days after maturity date for trade finance and revolving credit facilities; or (iii) For Cashline-i facility, it shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period more than 90 days or 3 months; or (iv) Where payments are schedule on interval of 3 months or longer, the financing is classified as impaired as soon as default occurs (except under specific program); or (v) Fullfill any one of the other impaired triggers criteria; or (vi) Fullfill any three of the SICR triggers.	Lifetime ECL – credit impaired (Stage 3)

The Bank has not used the low credit risk exemption for any financial instrument.

The key inputs into the measurement of ECL are the term structure of the following variables:

- PD;
- Loss Given Default ("LGD"); and
- EAD.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(d) Financial assets (cont'd)

Measurement of expected credit losses ("ECL") (cont'd)

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original profit rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a financing commitment or guarantee.

Forward looking economic information is also included in determining the 12 month and lifetime PD, EAD and LGD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(e) 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.

Financial liabilities are derecognised when they are redeemed or extinguished.

(f) Determination of fair value

The Bank measures financial assets at FVOCI 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 profit.

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.

(g) Financial guarantee contracts and financing commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure financing, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The expected credit losses under MFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Financing commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide financing/advances at a below-market profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(i) 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.

(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.

(j) 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. 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 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(j) 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 Issues 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.

(k) 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.

(l) 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%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(I) Property, plant and equipment (cont'd)

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.

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.

(m) 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.

(n) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Equipment and computer hardware	1 to 5 years
Real estate	2 to 10 years
Leasehold land	60 to 99 years

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

The right-of-use assets are also subject to impairment assessment as described on Note 3.2 (k).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Summary of significant accounting policies (cont'd)

(n) Leases (cont'd)

Bank as a lessee (cont'd)

ii) Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental financing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Bank's right-of-use assets and lease liabilities are disclosed in Note 20.

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

The Bank applies the short-term lease recognition exemption to its short-term leases of equipment and computer hardware (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(o) 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.

(p) 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.

(q) 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.

(r) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with original maturities of 3 months or less that are convertible into cash with an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 which have not been adopted by the Bank.

Effective for financial periods beginning on or after 1 January 2020

Amendment to MFRS 3 Definition of a Business

Amendment to MFRS 101 and MFRS 108 Definition of Material

Revised Conceptual Framework to Financial Reporting (the Conceptual Framework)

Amendment to MFRS 9, MFRS 139 and MFRS 7 Profit Rate Benchmark Reform

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

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.

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. Judgement has been applied by management to determine the classification of government assistance whether as grants, financing or off-balance sheet.

(b) Measurement of the expected credit losses ("ECL")

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 34, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

Critical judgements made in the application of accounting policies (cont'd)

(c) Determining the lease term of contracts with renewal and termination options – Bank as lessee

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(i) Real Estate Leases and Leasehold Land

The Bank leases office buildings and houses for the branches office space and staff accommodations. The leases of office space typically run for a period of two (2) to five (5) years and leases of houses for one (1) to three (3) years, whereas the leasehold land is between 60 to 99 years. Most leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contain extension options exercisable by the Bank up to one (1) year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(ii) Other Assets

The Bank leases ATM machines and printer with lease term of one (1) to three (3) years. In some cases, the Bank has options to purchase the assets at the end of the contract term. The Bank also leases IT equipments and other office equipments such as water purifiers and printers with contract terms of three (3) to five (5) years. These leases are short term and/or low value items. The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

(d) Income taxes (Note 11) and Deferred tax assets (Note 21)

Significant judgement is required in estimating the provision for income taxes as there are interpretations of tax law for which the final outcome has not been established, such as the tax deductibility of expected credit loss on financial instruments. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimations process may involve seeking advice of experts, where appropriate.

Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

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) Provision for compensation claim

Provision for compensation claim is the amount that the Bank 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

Key sources of estimation uncertainty (cont'd)

(b) Leases – Estimating the incremental financing rate

The Bank cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental financing rate (IFR) to measure lease liabilities. The IFR is the rate of profit that the Bank would have to pay to finance over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IFR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IFR using observable inputs (such as market profit rate) when available and is required to make certain specific estimates.

5. INCOME DERIVED FROM INVESTMENT OF:

	2019 RM'000	2018 RM'000
(a) Depositors' funds and others		
(i) Term deposits	524,347	495,106
(ii) Other deposits	241,660	228,251
	766,007	723,357
 (i) Income derived from investment of term deposits		
 Finance income and hibah		
Profit from financing and advances	362,741	336,424
Profit from financial assets:		
Deposits with banks and other financial institutions	16,430	15,484
FVOCI	83,963	93,022
Accretion of discount less amortisation of premium	2,029	4,349
 Investment income		
Gain arising from derecognition of financial assets at FVOCI	11,580	2,545
Gross dividend income from financial assets at FVOCI	–	5
 Fee income		
Financing processing fees	1,876	1,445
Banking service fees	19,190	18,687
Ar-Rahnu fees	25,302	22,061
Ta'widh	1,236	1,084
 Total income derived from investment of term deposits	524,347	495,106
 Of which:		
Profit income earned on impaired financing and advances	9,460	8,336

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. INCOME DERIVED FROM INVESTMENT OF: (CONT'D)

(a) Depositors' funds and others (cont'd)

(ii) Income derived from investment of other deposits

	2019 RM'000	2018 RM'000
Finance income and hibah		
Profit from financing and advances	167,179	155,097
Profit from financial assets:		
Deposits with banks and other financial institutions	7,572	7,138
FVOCI	38,697	42,884
Accretion of discount less amortisation of premium	935	2,005
Investment income		
Gain arising from derecognition of financial assets at FVOCI	5,337	1,173
Gross dividend income from financial assets at FVOCI	–	2
Fee income		
Financing processing fees	865	667
Banking service fees	8,844	8,614
Ar-Rahnu fees	11,661	10,171
Ta'widh	570	500
Total income derived from investment of other deposits	241,660	228,251
Of which:		
Profit income earned on impaired financing and advances	4,360	3,843

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

5. INCOME DERIVED FROM INVESTMENT OF: (CONT'D)

(b) Shareholder's funds

	2019 RM'000	2018 RM'000 Restated
Finance income and hibah		
Profit from financing and advances	153,537	135,377
Profit from financial assets:		
Deposits with banks and other financial institutions	6,954	6,231
FVOCI	35,539	37,432
Accretion of discount less amortisation of premium	859	1,750
Investment income		
Gain arising from derecognition of financial assets at FVOCI	4,901	1,024
Gross dividend income from financial assets at FVOCI	-	2
Fee income		
Financing processing fees	794	582
Government-Linked Corporation ("GLC") service fees	10,488	10,671
Banking service fees	8,123	7,520
Ar-Rahnu fees	10,709	8,877
Ta'widh	523	436
Other operating income		
Reimbursement of Special Relief Grant for Flood ("SRGF")	-	4
Staff financing	3,676	3,106
Proceeds from sale of crops – Ladang Sg Tasan	719	607
Amortisation and utilisation of launching grant	429	1,224
Amortisation of operating grant	302	1,195
Utilisation/(writeback) of government grant – funds:		
Entrepreneur Scheme for Graduates (Note 27(a))	(3)	(2)
Special Fund for Terengganu Fishery (Note 27(b))	1	(4)
Development Programme for Hard-core Poor (Note 27(c))	9	3
Fund for Ministry of Youth and Sports (Note 27(d))	(277)	(166)
Bumiputera Commercial and Industrial Community Scheme HUB (Note 27(e))	(55)	348
National Key Economic Area (Note 27(f))	(488)	208
Micro Economic Stimulation Package (Note 27(g))	(1,543)	(2,011)
Micro ESP Flood Relief (Note 27(h))	(18)	22
Utilisation of Non-Shariah Income ("NSI") (Note 23(a)(i))	4,589	4,657
Other income	5,042	4,430
	244,810	223,523
Of which:		
Profit income earned on impaired financing and advances	4,004	3,355

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. ALLOWANCE FOR IMPAIRMENT

	2019 RM'000	2018 RM'000	Restated
Allowance (made)/written back for:			
Financing and advances	(a)	(48,001)	(47,462)
Other advances	(b)	23,932	21,800
Financial guarantees and financing commitments	(c)	(1,645)	1,519
Other assets	(d)	(302)	93
	(26,016)	(24,050)	

(a) Financing and advances

	2019 RM'000	2018 RM'000
Stage 1 – 12-month ECL	(12,934)	14,250
Stage 2 – Lifetime ECL not credit-impaired	(11,234)	4,410
Stage 3 – Lifetime ECL credit-impaired	(49,416)	(84,555)
ECL for financing and advances	(73,584)	(65,895)
Bad debts and financing recovered	25,583	18,433
	(48,001)	(47,462)

(b) Other advances

	2019 RM'000	2018 RM'000	Restated
Stage 1 – 12-month ECL	69	256	
Stage 2 – Lifetime ECL not credit-impaired	252	184	
Stage 3 – Lifetime ECL credit-impaired	1,175	7,679	
Writeback of other advances	1,496	8,119	
Bad debts and financing recovered	22,436	13,681	
	23,932	21,800	

(c) Financial guarantees and financing commitments

	2019 RM'000	2018 RM'000
Stage 1 – 12-month ECL	(1,537)	1,539
Stage 2 – Lifetime ECL not credit-impaired	(108)	(20)
Stage 3 – Lifetime ECL credit-impaired	–	–
	(1,645)	1,519

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

6. ALLOWANCE FOR IMPAIRMENT (CONT'D)

(d) Other assets

	2019 RM'000	2018 RM'000
Lifetime ECL credit-impaired	(302)	93

7. INCOME ATTRIBUTABLE TO DEPOSITORS

	2019 RM'000	2018 RM'000
Deposits from customers:		
Non-Mudharabah Funds		
Fixed return investment account ("FRIA")	150,254	120,750
FRIA 45 Plus	12,522	12,943
Agro Perdana-i	16,993	16,402
Agro-i Deposits	10,218	10,985
Qard	3,157	3,074
Agro Muda-i	1,907	1,983
Agro Tetangga-i	222	243
Agro Prima	353	93
	195,626	166,473
Deposits and placement of banks and other financial institutions:		
Non-Mudharabah Funds		
Pelaburan Khas-i	101,727	114,673
	297,353	281,146

8. PERSONNEL EXPENSES

	2019 RM'000	2018 RM'000
Salaries, allowances and bonuses	246,818	228,419
EPF contributions	31,376	28,646
SOCSO contributions	2,569	2,417
Medical insurances	9,995	8,859
Staff welfare	8,609	7,251
Non-executive directors' allowances	1,725	2,104
Staff training	4,065	3,268
Recruitment fees	1,253	1,018
Retirement benefits scheme	34	(633)
Others	1,181	1,175
	307,625	282,524

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. OTHER OVERHEADS AND EXPENDITURES

	2019 RM'000	2018 RM'000
Maintenance cost		
Depreciation of property, plant and equipment	21,345	21,405
Depreciation of right-of-use assets	10,051	–
Amortisation of computer software	15,008	12,934
Write off of property, plant and equipment	56	259
Computer maintenance	22,060	19,397
Rental of premises	–	9,917
Expenses relating to short-term leases	65	–
Storage services	693	–
Water and electricity	9,195	9,624
Printing, stationery and office supplies	6,438	8,446
Office maintenance	3,295	3,948
Takaful on property, plant and equipment	3,193	3,079
Building maintenance	3,733	4,578
Finance cost on lease liabilities	1,910	–
Finance cost on provision for re-instatement	225	–
Quit rent and assessment	1,117	1,061
Vehicle maintenance	406	185
Computer supply	168	461
Others	432	246
	99,390	95,540
Marketing expenses		
Advertising and promotions	4,674	2,891
Others	161	–
	4,835	2,891
General administrative expenses		
Communication expenses	16,672	14,475
Launching grants	9	69
Legal fees	4,600	5,911
Commissions and fees	20,696	20,304
Auditors' remuneration		
– Statutory audit	910	1,788
– Regulatory related services	13	13
– Others	39	38
Goods and services tax	–	2,233
Security charges	11,355	11,303
Agro Perdana ID card	888	963
Others	1,948	3,190
	57,130	60,287
	161,355	158,718

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

10. FINANCE COSTS

	2019 RM'000	2018 RM'000
Profit paid on financing scheme funds		
Fund For Food ("3F") (Note 24 (a))	575	423
Micro Enterprise Fund (Note 24 (c))	642	583
Commercial Agriculture Fund ("DPK-GLC") (Note 24 (d))	9,069	8,675
Agriculture Entrepreneur Financing Scheme Fund 1 ("DPUP 1") (Note 24 (e))	46,525	45,891
Agriculture Entrepreneur Financing Scheme Fund 2 ("DPUP 2") (Note 24 (f))	5,337	5,142
Agriculture Entrepreneur Financing Scheme Fund 3 ("DPUP 3") (Note 24 (g))	5,342	5,137
Agriculture Entrepreneur Financing Scheme Fund 4 ("DPUP 4") (Note 24 (h))	983	946
Agriculture Entrepreneur Financing Scheme Fund 5 ("DPUP 5") (Note 24 (i))	1,360	1,310
Agriculture Entrepreneur Financing Scheme Fund 6 ("DPUP 6") (Note 24 (j))	2,240	—
Special Relief Facility (Note 24 (l))	110	211
Fund for Small and Medium Size Industries ("TIKS") (Note 24 (m))	183	15
Disaster Relief Facility (Note 24 (n))	158	15
	72,524	68,348
Less : Income from fair value amortisation		
Amortisation of DPK-GLC Grant (Note 27 (k))	8,319	7,925
Amortisation of DPUP 1 Grant (Note 27 (l))	40,463	39,475
Amortisation of DPUP 2 Grant (Note 27 (m))	4,587	4,392
Amortisation of DPUP 3 Grant (Note 27 (n))	4,592	4,387
Amortisation of DPUP 4 Grant (Note 27 (o))	808	771
Amortisation of DPUP 5 Grant (Note 27 (p))	1,110	1,060
Amortisation of DPUP 6 Grant (Note 27 (q))	130	—
Amortisation of Special Relief Facility (Note 27 (s))	109	211
Amortisation of Disaster Relief Facility (Note 27 (t))	158	15
	60,276	58,236
	12,248	10,112

11. TAX EXPENSE

	2019 RM'000	2018 RM'000
Income tax:		
Malaysian income tax	58,224	51,246
(Over)/under provision in prior years	(2,342)	5,115
	55,882	56,361
Deferred tax: (Note 21)		
Relating to origination and reversal of temporary differences	(5,445)	(2,105)
Under/(over) provision in prior years	1,358	(2,743)
	(4,087)	(4,848)
Tax expense for the year	51,795	51,513

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. TAX EXPENSE (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) 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:

	2019 RM'000	2018 RM'000
Profit before tax and zakat	205,415	190,251
Tax at the applicable statutory tax rate of 24% (2018: 24%)	49,300	45,660
Tax effects of:		
Income not subject to tax	(954)	(581)
Expenses not deductible for tax purposes	4,433	4,062
Under/(over) provision in prior years:		
Income tax	(2,342)	5,115
Deferred tax	1,358	(2,743)
Tax expense	51,795	51,513

12. ZAKAT

	2019 RM'000	2018 RM'000
Zakat for the year	5,135	4,756

Zakat represents business zakat payable by the Bank to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank only pays zakat on its business and does not pay zakat on behalf of depositors or shareholder. Zakat provision is initially calculated based on 2.5% of capital growth model method. However, it is compared against 2.5% of the Bank's audited profit before tax ("PBT") for the year, and the higher of the two is the final zakat payable by the Bank.

The Bank distributes the zakat to zakat state authority and eligible beneficiaries (asnaf) among needy individuals, mosque, non-governmental organisations, higher learning institutions (needy student welfare funds) and schools as guided and approved by the Shariah Committee.

13. CASH AND SHORT TERM FUNDS

	2019 RM'000	2018 RM'000
Cash in hand	142,500	125,713
Cash at banks	140,241	253,447
Short term deposits maturing within three months:		
Licensed banks	725,010	411,275
Other financial institutions	401,804	341,054
	1,409,555	1,131,489
The details on the short term deposits are as follows:		
Average maturities	13 days	11 days
Weighted average effective profit rates (per annum)	3.03%	3.41%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

		2019 RM'000	2018 RM'000
Equity investments	(a)	144	101
Debt investments	(b)	3,637,413	4,380,635
		3,637,557	4,380,736

(a) Equity investments

	2019 RM'000	2018 RM'000
<u>Quoted securities</u>		
KUB Malaysia Berhad	144	101

(b) Debt investments

Debt instruments at FVOCI comprise the following investments having solely payments of principal and profit income:

	2019 RM'000	2018 RM'000
At fair value:		
Corporate sukuk	2,371,083	2,695,696
Government Investment Issues ("GII")	1,266,330	1,684,939
	3,637,413	4,380,635

Movements in ECL in respect of debt instruments at FVOCI are as follows:

	ECL Staging			Total RM'000
	Stage 1		Stage 2	
	12-month ECL RM'000	Credit – Impaired RM'000	Lifetime ECL Not RM'000	Lifetime ECL RM'000
As at 1 January 2018/31 December 2018/31 December 2019	524	7,184	–	7,708

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. FINANCING AND ADVANCES

	2019 RM'000	2018 RM'000
By Product (at amortised cost)		
Agrocash	7,611,279	7,154,338
Project Financing	4,913,114	4,456,531
Fund For Food ("3F")	902,844	800,558
Ar-Rahnu	350,875	293,841
Fishery Boat Financing Scheme ("SPBP")	147,979	151,741
MUST-i	256,073	256,877
Oil Palm Replanting Scheme ("TASKS")	3,991	4,827
Bumiputra Commercial and Industrial Community Scheme ("MPPB")	75,228	83,852
Financing for Small and Medium Size Industries ("PKS")	120,116	128,423
Non-Food Production Credit Scheme ("SKPBM")	25,056	30,310
Food Production Credit Scheme ("SKPM")	100,554	116,197
Belia Tani Scheme	5,398	5,668
Fund For Small and Medium Size Industries ("TIKS")	7,399	2,396
Working Capital-i	275,386	237,960
Paddy Credit Scheme	92,585	87,979
Micro Economic Stimulus Package ("Micro-ESP-I")	71	94
National Key Economic Area ("NKEA")	7,704	11,931
Murabahah Working Capital Financing	1,190,201	955,703
Insani	1,226	2,212
Bai Al-Dayn Working Capital Financing	107,383	65,253
MPPB Hub	693	815
Agro Cash Line-i	470,853	417,279
Hartani-i	1,237,368	1,139,624
Agro Flood Relief	441	637
Special Relief Facility	9,272	13,607
Commercial Agriculture Fund ("DPK3")	78,220	68,383
Agro Industrial Hire Purchase-i	6,782	—
Others	12,342	8,898
	18,010,433	16,495,934
Add : Staff financing and advances	155,130	131,003
	18,165,563	16,626,937
Less : Unearned profit	(6,331,625)	(5,851,200)
	11,833,938	10,775,737
Less :		
Stage 1 – 12-month ECL	(75,451)	(57,070)
Stage 2 – Lifetime ECL not credit-impaired	(24,993)	(21,843)
Stage 3 – Lifetime ECL credit-impaired	(266,242)	(265,662)
	Net financing and advances at amortised cost	11,467,252
	10,431,162	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

15. FINANCING AND ADVANCES (CONT'D)

(i) By maturity

	2019 RM'000	2018 RM'000
Maturity within six months	2,001,475	1,661,658
Between six months to one year	232,913	135,579
Between one year to three years	205,105	227,090
Between three years to five years	733,983	718,476
More than five years	8,660,462	8,032,934
	11,833,938	10,775,737

(ii) By sector

	2019 RM'000	2018 RM'000
Construction and Services	77,513	73,986
Fishery	567,343	422,495
Crops	4,403,269	4,142,804
Livestock	855,205	798,037
Manufacturing	1,395,302	1,071,122
Others-Primary Agriculture	31,598	31,745
Retail and Wholesale Trade	1,305,703	1,157,928
Household	3,063,814	2,749,979
Others	134,191	327,641
	11,833,938	10,775,737

(iii) By state

	2019 RM'000	2018 RM'000
Kuala Lumpur	1,593,693	1,347,195
Selangor	1,289,835	1,310,672
Pahang	742,465	677,868
Perak	1,287,713	1,176,977
Negeri Sembilan	298,772	315,361
Melaka	527,369	452,456
Johor	1,058,438	954,746
Kelantan	633,329	583,707
Kedah	839,668	741,904
Perlis	177,002	165,957
Sarawak	1,237,776	1,181,533
Sabah	1,114,453	954,319
Pulau Pinang	572,891	465,014
Terengganu	460,534	448,028
	11,833,938	10,775,737

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. FINANCING AND ADVANCES (CONT'D)

(iv) By profit rate sensitivity

	2019 RM'000	2018 RM'000
Fixed rate :		
Fund For Food ("3F")	605,275	545,865
Project Financing	54,406	85,101
MUST-i	203,240	203,838
Agrocash	9,470	22,655
Others	469,522	483,232
Variable rate :		
Agrocash	4,651,501	4,320,178
Project Financing	2,811,606	2,577,481
Murabahah Working Capital Financing	1,188,838	954,102
Hartani-i	615,561	563,447
Others	1,224,519	1,019,838
	11,833,938	10,775,737

(v) Financing by type and Shariah contract

	Term Financing RM'000	Revolving Financing RM'000	Total RM'000
2019			
Qard	350,875	–	350,875
Bai-Al Inah	1,402,334	25	1,402,359
Tawarruq	5,105,558	1,889,272	6,994,830
Bai-Bithaman Ajil	2,973,771	–	2,973,771
Murabahah	107,382	–	107,382
Ijarah	4,721	–	4,721
	9,944,641	1,889,297	11,833,938
2018			
Qard	293,841	–	293,841
Bai-Al Inah	1,713,996	108	1,714,104
Tawarruq	4,420,089	1,560,093	5,980,182
Bai-Bithaman Ajil	2,722,357	–	2,722,357
Murabahah	65,253	–	65,253
	9,215,536	1,560,201	10,775,737

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

15. FINANCING AND ADVANCES (CONT'D)

(vi) Movements in gross impaired financing and advances are as follows:

	2019 RM'000	2018 RM'000
At beginning of the year	439,340	435,057
Additions during the year	377,770	351,402
Reclassified as non impaired during the year	(110,880)	(92,312)
Recoveries during the year	(130,523)	(112,086)
Amount written off	(63,918)	(142,721)
At end of the year	511,789	439,340
Excluding Non-Shariah Assets		
Gross impaired	511,789	439,340
Gross impaired ratio	4.32%	4.08%
Including Non-Shariah Assets		
Gross impaired	518,121	447,521
Gross impaired ratio	4.37%	4.15%

(vii) Impaired financing by sector

	2019 RM'000	2018 RM'000
Sectors:		
Construction and Services	19,258	9,252
Fishery	49,243	42,624
Crops	166,840	148,193
Livestock	67,323	56,729
Manufacturing	57,505	52,000
Others-Primary Agriculture	3,115	2,013
Retail and Wholesale Trade	113,776	85,474
Others	34,729	43,055
At end of the year	511,789	439,340

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. FINANCING AND ADVANCES (CONT'D)

(viii) Impaired financing by state

	2019 RM'000	2018 RM'000
States:		
Kuala Lumpur	46,209	31,075
Selangor	65,058	45,655
Pahang	19,609	29,423
Perak	53,913	61,748
Negeri Sembilan	18,845	10,997
Melaka	15,531	8,068
Johor	42,716	44,435
Kelantan	37,530	27,553
Kedah	56,924	63,613
Perlis	4,703	7,598
Sarawak	22,434	20,464
Sabah	50,468	41,189
Pulau Pinang	38,074	18,992
Terengganu	39,775	28,530
	511,789	439,340

(ix) ECL

Movements in impairment allowances are as follows:

	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	
Balance as at 1 January 2019	57,070	21,843	265,662	344,575
Transfer to Stage 1	9,528	(5,575)	(3,953)	-
Transfer to Stage 2	(2,573)	5,096	(2,523)	-
Transfer to Stage 3	(1,508)	(7,605)	9,113	-
Allowance made during the year	12,934	11,234	49,416	73,584
New financing and advances originated*	26,255	2,206	14,070	42,531
Net remeasurement due to changes in credit risk	(4,122)	11,033	59,826	66,737
Financial assets that have been derecognised	(9,199)	(2,005)	(24,480)	(35,684)
Write off	-	-	(51,473)	(51,473)
Balance as at 31 December 2019	75,451	24,993	266,242	366,686

* New financing and advances originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. FINANCING AND ADVANCES (CONT'D)

(ix) ECL (cont'd)

Movements in impairment allowances are as follows: (cont'd)

	ECL Staging				Total RM'000	
	Stage 1		Stage 2			
	12-month ECL RM'000	Lifetime ECL Not Credit-Impaired RM'000	Lifetime ECL Credit-Impaired RM'000	Lifetime ECL Credit-Impaired RM'000		
Balance as at 1 January 2018	61,698	37,937	314,811		414,446	
Transfer to Stage 1	16,782	(9,207)	(7,575)		-	
Transfer to Stage 2	(4,786)	6,314	(1,528)		-	
Transfer to Stage 3	(2,374)	(8,791)	11,165		-	
Allowance (written back)/made during the year	(14,250)	(4,410)	84,555		65,895	
New financing and advances originated*	17,949	997	4,119		23,065	
Net remeasurement due to changes in credit risk	(19,978)	6,375	115,365		101,762	
Financial assets that have been derecognised	(12,221)	(11,782)	(34,929)		(58,932)	
Write off	-	-	(135,766)		(135,766)	
Balance as at 31 December 2018	57,070	21,843	265,662		344,575	

* New financing and advances originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

Financial assets that are purchased or originated and credit-impaired

The Bank does not purchase or originate credit impaired financing and advances.

Impact on movements in gross carrying amount on allowance for financing and advances

The following explains how significant changes in the gross carrying amount of financing and advances during the financial year have contributed to the changes in the allowance for impairment on financing and advances for the Bank.

Overall, the total allowance for impairment on financing and advances for the Bank increased by RM22.11 million from RM344.58 million to RM366.69 million, due to the following:

- (a) 12-month ECL (Stage 1) – increase of RM18.38 million for the Bank, mainly due to:
 - Financing and advances that were newly originated;
 - Financing and advances which migrated from Stage 2 and Stage 3 to Stage 1 due to improvement in credit quality; and
 - Partially offset by financing and advances that were repaid.
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) – increase of RM3.15 million for the Bank, mainly due to:
 - Financing and advances which migrated from Stage 1 into Stage 2 due to deterioration in credit quality; and
 - Remeasurement of ECL due to deterioration credit quality partially offset by financing and advances transfer to Stage 1 and 3.
- (c) Lifetime ECL Credit-Impaired (Stage 3) – increase of RM0.58 million for the Bank, mainly due to:
 - Financing and advances which migrated into Stage 3 due to deterioration in credit quality; and
 - Remeasurement of ECL due to deterioration of credit quality partially offset by financing and advances that were fully repaid and written off.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. OTHER ADVANCES

	2019 RM'000	2018 RM'000
(i) Non-Shariah Assets	11,914	17,027
Less :		
Stage 1 – 12-month ECL	(75)	(142)
Stage 2 – Lifetime ECL not credit-impaired	(78)	(398)
Stage 3 – Lifetime ECL credit-impaired	(4,892)	(6,939)
Non-Shariah Assets at amortised cost	6,869	9,548

Other advances relate to customer loans not in compliance with Shariah principles. All income earned during the year from these loans amounting to RM4,214,125 (2018: RM2,235,292) will be channelled to approved charities.

- (ii) Movements in gross impaired Non-Shariah Assets are as follows:

	2019 RM'000	2018 RM'000
At beginning of the year	8,181	43,609
Additions during the year	2,498	3,722
Reclassified as non credit-impaired during the year	(372)	(1,069)
Recoveries during the year	(2,229)	(3,744)
Amount written off	(1,746)	(34,337)
At end of the year	6,332	8,181
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	53.15%	48.05%

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) ECL

Movements in impairment allowances are as follows:

	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	
Balance as at 1 January 2019	142	398	6,939	7,479
Transfer to Stage 1	25	(5)	(20)	–
Transfer to Stage 2	(16)	16	–	–
Transfer to Stage 3	(7)	(79)	86	–
Allowance written back during the year	(69)	(252)	(1,175)	(1,496)
Net remeasurement due to changes in credit risk	(53)	(24)	(209)	(286)
Financial assets that have been derecognised	(16)	(228)	(966)	(1,210)
Write off	–	–	(938)	(938)
Balance as at 31 December 2019	75	78	4,892	5,045

* There are no new other advances originated during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. OTHER ADVANCES (CONT'D)

(iii) ECL (cont'd)

Movements in impairment allowances are as follows: (cont'd)

	ECL Staging				Total RM'000	
	Stage 1		Stage 2			
	12-month ECL RM'000	Lifetime ECL Not Credit-Impaired RM'000	Lifetime ECL Credit-Impaired RM'000	Stage 3		
Balance as at 1 January 2018	67	551	34,361	34,979	34,979	
Transfer to Stage 1	517	(314)	(203)	—	—	
Transfer to Stage 2	(129)	494	(365)	—	—	
Transfer to Stage 3	(57)	(149)	206	—	—	
Allowance written back during the year	(256)	(184)	(7,679)	(8,119)	(8,119)	
Net remeasurement due to changes in credit risk	189	(181)	3,669	3,677	3,677	
Financial assets that have been derecognised	(445)	(3)	(11,348)	(11,796)	(11,796)	
Write off	—	—	(19,381)	(19,381)	(19,381)	
Balance as at 31 December 2018	142	398	6,939	7,479	7,479	

* There are no new other advances originated during the year.

Financial assets that are purchased or originated and credit-impaired

The Bank does not purchase or originate credit impaired advances.

Impact on movements in gross carrying amount on allowance for other advances

The following explains how significant changes in the gross carrying amount of other advances during the financial year have contributed to the changes in the allowance for impairment on other advances for the Bank.

Overall, the total allowance for impairment on other advances for the Bank decreased by RM2.44 million, due to the following:

- (a) 12-month ECL (Stage 1) – decrease of RM0.07 million for the Bank, mainly due to:
 - Other advances that migrated into Stage 2 and 3 or remeasurement of ECL due to deterioration in credit quality; and
 - Other advances that were fully repaid.
- (b) Lifetime ECL Not Credit-Impaired (Stage 2) – decrease of RM0.32 million for the Bank, mainly due to:
 - Other advances that were fully repaid; and
 - Other advances that migrated into Stage 1 or remeasurement of ECL due to improvement in credit quality.
- (c) Lifetime ECL Credit-Impaired (Stage 3) – decrease of RM2.05 million for the Bank, mainly due to:
 - Other advances that migrated into Stage 1 or remeasurement of ECL due to improvement in credit quality; and
 - Other advances that were fully repaid and written off.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. OTHER ASSETS

	2019 RM'000	2018 RM'000
Foreclosed properties	2,718	2,718
Tax recoverable	–	2,930
Project Ladang BPM – Sg Tasan	3,377	3,377
Profit and income receivable	83,651	81,248
Other receivables	70,882	37,360
	160,628	127,633
Less: Impairment allowance	(12,588)	(12,286)
Other assets, net of impairment allowance	148,040	115,347

Movements in impairment allowances are as follows:

	Lifetime ECL Credit-Impaired RM'000	Total RM'000
Balance as at 1 January 2019	12,286	12,286
Allowance made during the year	302	302
Balance as at 31 December 2019	12,588	12,588

	Lifetime ECL Credit-Impaired RM'000	Total RM'000
Balance as at 1 January 2018	12,379	12,379
Allowance written back during the year	(93)	(93)
Balance as at 31 December 2018	12,286	12,286

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

18. 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 2019	3,487	11,604	8,034 (8,034)	87,033	11,246	163,652	66,960	88,690	440,706 (8,034)
Effect of adopting MFRS 16	–	–	–	–	–	–	–	–	–
At 1 January 2019, restated	3,487	11,604	–	87,033	11,246	163,652	66,960	88,690	432,672
Additions	–	–	–	–	51	17,573	2,842	5,841	26,307
Disposal	–	(223)	–	–	(527)	–	–	–	(750)
Write off	–	–	–	–	–	(36)	(527)	(29)	(592)
At 31 December 2019	3,487	11,381	–	87,033	10,770	181,189	69,275	94,502	457,637
Accumulated depreciation									
At 1 January 2019	–	5,152	2,163 (2,163)	31,849	8,799	124,772	49,372	75,089	297,196 (2,163)
Effect of adopting MFRS 16	–	–	–	–	–	–	–	–	–
At 1 January 2019, restated	–	5,152	–	31,849	8,799	124,772	49,372	75,089	295,033
Charge for the year	–	294	–	2,139	741	9,211	4,187	4,773	21,345
Disposal	–	(124)	–	–	(527)	–	–	–	(651)
Write off	–	–	–	–	–	(36)	(472)	(28)	(536)
At 31 December 2019	–	5,322	–	33,988	9,013	133,947	53,087	79,834	315,191
Net book value									
At 31 December 2019	3,487	6,059	–	53,045	1,757	47,242	16,188	14,668	142,446
Cost									
At 1 January 2018	3,487	11,604	8,034	87,143	10,699	148,986	64,968	82,749	417,670
Additions	–	–	–	–	684	15,996	2,881	6,461	26,022
Write off	–	–	–	(110)	(137)	(1,330)	(889)	(520)	(2,986)
At 31 December 2018	3,487	11,604	8,034	87,033	11,246	163,652	66,960	88,690	440,706
Accumulated depreciation									
At 1 January 2018	–	4,852	2,088	29,710	8,146	116,600	45,638	71,484	278,518
Charge for the year	–	300	75	2,139	790	9,382	4,599	4,120	21,405
Write off	–	–	–	–	(137)	(1,210)	(865)	(515)	(2,727)
At 31 December 2018	–	5,152	2,163	31,849	8,799	124,772	49,372	75,089	297,196
Net book value									
At 31 December 2018	3,487	6,452	5,871	55,184	2,447	38,880	17,588	13,601	143,510

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (i) The property, plant and equipment acquired from government grants – operating under the 9th Malaysian Plan ("RMK 9") with net book value amounting to RM13,988,302 (2018: RM14,289,818) 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 2019						
Cost	19,100	1,709	28,188	4,000	23,975	76,972
Accumulated depreciation	(5,112)	(1,709)	(28,188)	(4,000)	(23,975)	(62,984)
Net book value	13,988	–	–	–	–	13,988
At 31 December 2018						
Cost	19,100	1,709	28,188	4,000	23,975	76,972
Accumulated depreciation	(5,036)	(1,709)	(28,124)	(3,838)	(23,975)	(62,682)
Net book value	14,064	–	64	162	–	14,290

- (ii) The property, plant and equipment acquired from government grants – launching with net book value amounting to RM1,058,799 (2018: RM1,480,255) 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 2019					
Cost	1,165	15,091	1,858	1,548	19,662
Accumulated depreciation	(985)	(14,258)	(1,813)	(1,548)	(18,604)
Net book value	180	833	45	–	1,058
At 31 December 2018					
Cost	1,165	15,091	1,858	1,548	19,662
Accumulated depreciation	(891)	(13,953)	(1,790)	(1,548)	(18,182)
Net book value	274	1,138	68	–	1,480

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

19. INTANGIBLE ASSETS

	Computer software RM'000
Cost	
At 1 January 2019	150,904
Additions	19,049
At 31 December 2019	169,953
Accumulated amortisation	
At 1 January 2019	129,226
Charge for the year	15,008
At 31 December 2019	144,234
Net book value	
At 31 December 2019	25,719
Cost	
At 1 January 2018	135,652
Additions	15,264
Write off	(12)
At 31 December 2018	150,904
Accumulated amortisation	
At 1 January 2018	116,304
Charge for the year	12,934
Write off	(12)
At 31 December 2018	129,226
Net book value	
At 31 December 2018	21,678

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. 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
2019	6,304	(6,304)	–
2018	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
2019	24,079	(24,079)	–
2018	24,079	(24,079)	–

20. LEASES

Bank as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Real estate RM'000	Equipment RM'000	Leasehold land RM'000	Computer hardware RM'000	Total RM'000
At 1 January 2019	50,500	166	5,871	89	56,626
Additions	3,222	–	–	–	3,222
Depreciation expense	(9,904)	(56)	(75)	(16)	(10,051)
At 31 December 2019	43,818	110	5,796	73	49,797

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	2019 RM'000
At 1 January	45,226
Additions	2,885
Accretion of profit	1,910
Payments	(9,887)
At 31 December	40,134

The maturity analysis of lease liabilities are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. LEASES (CONT'D)

Bank as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	2019 RM'000
Depreciation	10,051
Finance cost on lease liabilities	1,910
Expense relating to short-term leases	65
Expense relating to leases of low-value assets (included in maintenance cost)	1,634
Total amount recognised in profit or loss	13,660

21. DEFERRED TAX (LIABILITIES)/ASSETS

	2019 RM'000	2018 RM'000
At 1 January	11,391	12,021
Recognised in profit or loss (Note 11)	4,087	4,848
Recognised in other comprehensive income	(28,180)	(5,478)
At 31 December	(12,702)	11,391
Presented after appropriate offsetting as follows:		
Deferred tax assets	–	11,391
Deferred tax liabilities	(12,702)	–
	(12,702)	11,391

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.

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 2019	(4,814)
Recognised in profit or loss	(507)
At 31 December 2019	(5,321)
At 1 January 2018	(7,714)
Recognised in profit or loss	2,900
At 31 December 2018	(4,814)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd)

Deferred tax assets:

	Provisions RM'000	FVOCI (reserve)/ deficit RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2019	14,051	1,282	872	16,205
Recognised in:				
– Profit or loss	4,370	–	224	4,594
– Other comprehensive income	–	(28,180)	–	(28,180)
At 31 December 2019	18,421	(26,898)	1,096	(7,381)
1 January 2018	12,975	6,760	–	19,735
Recognised in:				
– Profit or loss	1,076	–	872	1,948
– Other comprehensive income	–	(5,478)	–	(5,478)
At 31 December 2018	14,051	1,282	872	16,205

22. (a) DEPOSITS FROM CUSTOMERS

	2019 RM'000	2018 RM'000
Tawarruq		
Fixed Return Investment Account-i (FRIA-i)	3,960,158	4,180,606
AgroPrima	178,364	91,634
	4,138,522	4,272,240
Wadiyah Yad Dhamanah		
Qard savings	1,600,012	1,612,639
Agro Perdana-i	1,584,625	1,523,870
Deposit Securities	228,308	206,058
Basic Savings Accounts	6,169	5,516
	3,419,114	3,348,083
	7,557,636	7,620,323

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

22. (a) DEPOSITS FROM CUSTOMERS (CONT'D)

Maturity structure for FRIA-i and AgroPrima are as follows:

	2019 RM'000	2018 RM'000
Within six months	2,792,867	2,810,079
Between six months to one year	1,223,076	1,355,793
Between one year to three years	74,841	75,911
Between three years to five years	47,738	30,457
	4,138,522	4,272,240

The deposits are sourced from the following type of customers:

	2019 RM'000	2018 RM'000
Government	2,392,120	2,225,948
Individuals	3,059,468	3,043,420
Domestic business enterprises	1,119,777	1,521,045
Domestic other entities	932,046	790,577
Domestic non-banking institutions	54,225	39,333
	7,557,636	7,620,323

22. (b) DEPOSIT AND PLACEMENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	2019 RM'000	2018 RM'000
Tawarrug		
Pelaburan Khas-i	3,280,172	2,990,170

Maturity structure for Pelaburan Khas-i is as follows:

	2019 RM'000	2018 RM'000
Within six months	3,277,170	2,990,170
Between six months to one year	3,002	-
	3,280,172	2,990,170

The deposits are sourced from the following types of customers:

	2019 RM'000	2018 RM'000
Government	1,414,397	2,059,611
Domestic business enterprises	1,461,364	775,331
Domestic non-banking institutions	404,411	155,228
	3,280,172	2,990,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. OTHER LIABILITIES

		2019 RM'000	2018 RM'000
(a) Other payables and accruals			
Accrued expenses		74,815	83,734
Sundry creditors		48,682	33,769
Donation/charity	(i)	67	1,231
Zakat payable		5,764	6,727
Provision for re-instatement cost	(ii)	6,091	–
Tax payable		15,620	–
Provision for undistributed profit	(iii)	1,528	4,390
Retirement benefits scheme	(iv)	300	266
Compensation claim	(v)	1,530	1,061
		154,397	131,178

(i) Donation/charity payable

	2019 RM'000	2018 RM'000
At 1 January	1,231	5,028
Addition	4,214	2,235
Utilisation during the year:		
Provision for other advances (Note 5(b))	(4,589)	(4,657)
Tax penalty	(789)	–
Acquisition of building and premises	–	(1,375)
At 31 December	67	1,231

Donation/charity payable relate to income in respect of loans which are not in compliance with Shariah principle. Non-shariah income ("NSI") is utilised for the following:

- (a) to utilise NSI as a provision for other advances ("NSA") Non-Shariah Assets;
- (b) to utilise NSI to pay tax on NSI inclusive of tax penalty arising from non declaration of NSI; or
- (c) to distribute NSI to selected Majlis Agama Negeri for the purpose of acquisition of building or office premises.

(ii) Provision for re-instatement cost

	2019 RM'000	2018 RM'000
At 1 January	–	–
Effect of adopting MFRS 16	5,529	–
Restated as at 1 January	5,529	–
Discount unwinding	225	–
Addition	337	–
At 31 December	6,091	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. OTHER LIABILITIES (CONT'D)

(iii) Provision for undistributed profit

	2019 RM'000	2018 RM'000
At 1 January	4,390	10,663
Distribution	(2,862)	(6,273)
At 31 December	1,528	4,390

Provision for undistributed profit relates to the under accrual of profit payable on Mudharabah deposits in prior years.

(iv) Retirement benefits scheme

(a) The provision for retirement benefits scheme is as follows:

	2019 RM'000	2018 RM'000
At 1 January	266	1,178
Current service cost ¹	34	(613)
Benefits paid	–	(299)
At 31 December	300	266

¹ Current service cost in 2019 represents an increase in the retirement benefit resulting from an additional year of service rendered by the employees. While in 2018, 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:

	2019	2018
Turnover and early retirement rate		
Age brackets:		
50 years and over	2.11%	2.11%
Salaries increase rate (per annum)	5.00%	5.00%
Average remaining years of service of employees	7.6 years	8.6 years
Discount rate	3.28%	3.95%

(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 RM23,227 (2018: RM1,202) or decrease by RM21,355 (2018: RM1,095) respectively.
- (ii) Provision for a retirement benefit scheme to increase to RM323,510 (2018: RM288,746) or decrease to RM278,928 (2018: RM244,393) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. OTHER LIABILITIES (CONT'D)

(v) Compensation claim

	2019 RM'000	2018 RM'000
At 1 January	1,061	982
Additions	805	79
Payments made during the year	(336)	–
At 31 December	1,530	1,061

(b) Paddy credit gratuity scheme

	2019 RM'000	2018 RM'000
At beginning of the year	2,275	2,265
Additions	36	62
Payments	(30)	(52)
At the end of year	2,281	2,275

The Bank has set up the scheme to manage gratuity to 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 benefits to the legal heir of the customers upon their demise.

(c) Expected credit losses for financial guarantee and financing commitments

	ECL Staging			Total RM'000
	Stage 1		Stage 2	
	12-month ECL RM'000	Lifetime ECL Not Credit-Impaired RM'000	Lifetime ECL Credit-Impaired RM'000	
Balance as at 1 January 2019	4,398	133	–	4,531
Transfer to Stage 1	95	(95)	–	–
Transfer to Stage 2	–	–	–	–
Allowance made during the year	1,537	108	–	1,645
New financing commitments and financial guarantees originated*	3,629	6	–	3,635
Net remeasurement due to changes in credit risk	(779)	126	–	(653)
Financing commitment and financial guarantees that have been derecognised	(1,313)	(24)	–	(1,337)
Balance as at 31 December 2019	6,030	146	–	6,176

* New financing commitments and financial guarantees originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. OTHER LIABILITIES (CONT'D)

(c) Expected credit losses for financial guarantee and financing commitments (cont'd)

	ECL Staging				Total RM'000	
	Stage 1		Stage 2			
	12-month ECL RM'000	Lifetime ECL Not Credit-Impaired RM'000	Lifetime ECL Credit-Impaired RM'000	Stage 3		
Balance as at 1 January 2018	5,865	185	—	—	6,050	
Transfer to Stage 1	81	(81)	—	—	—	
Transfer to Stage 2	(9)	9	—	—	—	
Allowance (written back)/made during the year	(1,539)	20	—	—	(1,519)	
New financing commitments and financial guarantees originated*	1,679	54	—	—	1,733	
Net remeasurement due to changes in credit risk	(2,540)	10	—	—	(2,530)	
Financing commitment and financial guarantees that have been derecognised	(678)	(44)	—	—	(722)	
Balance as at 31 December 2018	4,398	133	—	—	4,531	

* New financing commitments and financial guarantees originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

24. FINANCING SCHEME FUNDS

Summary of financing scheme funds is as follows:

	Note	2019 RM'000	2018 RM'000
Fund for Food ("3F")	(a)	282,509	192,399
Oil Palm Replanting Scheme ("TASKS")	(b)	7,000	8,000
Micro Enterprise Fund	(c)	45,792	42,517
Commercial Agriculture Fund ("DPK-GLC")	(d)	204,269	195,200
Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")	(e)	1,016,571	1,038,752
Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")	(f)	124,870	120,283
Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")	(g)	118,721	114,129
Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")	(h)	21,572	20,764
Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")	(i)	29,787	28,677
Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")	(j)	49,293	50,000
Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")	(k)	50,386	—
Special Relief Facility	(l)	2,772	5,051
Fund for Small and Medium Size Industries ("TIKS")	(m)	16,118	4,811
Disaster Relief Facility	(n)	3,660	4,725
		1,973,320	1,825,308

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. FINANCING SCHEME FUNDS (CONT'D)

(a) Fund For Food ("3F")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	192,123	276	192,399
Additions	139,212	—	139,212
Charged to profit or loss	—	575	575
Payments	(49,101)	(576)	(49,677)
At 31 December 2019	282,234	275	282,509
As at 1 January 2018	174,493	277	174,770
Additions	65,344	—	65,344
Charged to profit or loss	—	423	423
Payments	(47,714)	(424)	(48,138)
At 31 December 2018	192,123	276	192,399

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. Since 15 May 2014, new 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 7,626 customers (2018: 7,341 customers) with accumulated disbursement amounting to RM1.55 billion (2018: RM1.41 billion).

(b) Oil Palm Replanting Scheme ("TASKS")

	Principal RM'000
As at 1 January 2019	8,000
Payments	(1,000)
At 31 December 2019	7,000
As at 1 January 2018	9,000
Payments	(1,000)
At 31 December 2018	8,000

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 (2018: 199 customers) with accumulated disbursement amounting to RM14.90 million (2018: RM14.90 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

24. FINANCING SCHEME FUNDS (CONT'D)

(c) Micro Enterprise Fund

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	42,324	193	42,517
Additions	6,519	–	6,519
Charged to profit or loss	–	642	642
Payments	(3,219)	(667)	(3,886)
At 31 December 2019	45,624	168	45,792
As at 1 January 2018	38,501	220	38,721
Additions	12,977	–	12,977
Charged to profit or loss	–	583	583
Payments	(9,154)	(610)	(9,764)
At 31 December 2018	42,324	193	42,517

The fund amounting to RM200.0 million was launched by BNM to increase the access for micro financing on 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 8,486 customers (2018: 8,183 customers) with accumulated disbursement amounting to RM187.63 million (2018: RM181.54 million).

(d) Commercial Agriculture Fund ("DPK-GLC")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	189,319	5,881	195,200
Charged to profit or loss	8,319	750	9,069
At 31 December 2019	197,638	6,631	204,269
As at 1 January 2018	181,394	5,131	186,525
Charged to profit or loss	7,925	750	8,675
At 31 December 2018	189,319	5,881	195,200

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 was recognised as a government grant as disclosed in Note 27(k). The purpose of this fund is to finance the commercial agro-based industry. This fund has benefited 17 customers (2018: 12 customers) with accumulated disbursement amounting to RM95.25 million (2018: RM78.5 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. FINANCING SCHEME FUNDS (CONT'D)

(e) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	1,022,175	16,577	1,038,752
Charged to profit or loss	40,463	6,062	46,525
Payments	(62,644)	(6,062)	(68,706)
At 31 December 2019	999,994	16,577	1,016,571
As at 1 January 2018	982,700	16,577	999,277
Charged to profit or loss	39,475	6,416	45,891
Payments	–	(6,416)	(6,416)
At 31 December 2018	1,022,175	16,577	1,038,752

The financing scheme funds which were previously channelled by the Government through the Ministry of Finance and Ministry of Agriculture was merged into this scheme from 15 May 2014 onwards. The purpose of this fund is to enhance the food production industry and agriculture related activities. 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 was recognised as a government grant disclosed in Note 27(l). This fund has benefited 84,887 customers (2018: 84,818 customers) with accumulated disbursement amounting to RM3.48 billion (2018: RM3.37 billion).

(f) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	120,199	84	120,283
Charged to profit or loss	4,587	750	5,337
Payments	–	(750)	(750)
At 31 December 2019	124,786	84	124,870
As at 1 January 2018	115,807	84	115,891
Charged to profit or loss	4,392	750	5,142
Payments	–	(750)	(750)
At 31 December 2018	120,199	84	120,283

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 was recognised as a government grant as disclosed in Note 27(m). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,950 customers (2018: 4,945 customers) with accumulated disbursement amounting to RM155.67 million (2018: RM148.19 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

24. FINANCING SCHEME FUNDS (CONT'D)

(g) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	114,129	–	114,129
Charged to profit or loss	4,592	750	5,342
Payments	–	(750)	(750)
At 31 December 2019	118,721	–	118,721
As at 1 January 2018	109,742	–	109,742
Charged to profit or loss	4,387	750	5,137
Payments	–	(750)	(750)
At 31 December 2018	114,129	–	114,129

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 was recognised as a government grant as disclosed in Note 27(n). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,132 customers (2018: 4,117 customers) with accumulated disbursement amounting to RM145.99 million (2018: RM141.58 million).

(h) Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	20,764	–	20,764
Charged to profit or loss	808	175	983
Payments	–	(175)	(175)
At 31 December 2019	21,572	–	21,572
As at 1 January 2018	19,993	–	19,993
Charged to profit or loss	771	175	946
Payments	–	(175)	(175)
At 31 December 2018	20,764	–	20,764

The fund amounting RM35.0 million was received from the Government on 5 January 2017. The tenure of this financing is 20 years (10 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 was recognised as a government grant as disclosed in Note 27(o). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 43 customers (2018: 43 customers) with accumulated disbursement amounting to RM29.22 million (2018: RM25.36 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. FINANCING SCHEME FUNDS (CONT'D)

(i) Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	28,677	–	28,677
Charged to profit or loss	1,110	250	1,360
Payments	–	(250)	(250)
At 31 December 2019	29,787	–	29,787
As at 1 January 2018	27,617	–	27,617
Charged to profit or loss	1,060	250	1,310
Payments	–	(250)	(250)
At 31 December 2018	28,677	–	28,677

The fund amounting RM50.0 million was received from the Government on 14 November 2017. The tenure of this financing is 20 years (10 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 was recognised as a government grant as disclosed in Note 27(p). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 72 customers (2018: 70 customers) with accumulated disbursement amounting to RM36.38 million (2018: RM32.02 million).

(j) Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	50,000	–	50,000
Transfer to Government Grants-Funds (Note 27 (q))	(837)	–	(837)
Charged to profit or loss	130	2,110	2,240
Payments	–	(2,110)	(2,110)
At 31 December 2019	49,293	–	49,293
As at 1 January 2018	–	–	–
Fund received	50,000	–	50,000
At 31 December 2018	50,000	–	50,000

The fund amounting RM50.0 million was received from the Government on 12 December 2018. The tenure of this financing is 10 years (1 year grace period) at a profit rate of 4.0% 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 was recognised as a government grant as disclosed in Note 27(q). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 2,687 customers (2018: nil) with accumulated disbursement amounting to RM24.50 million (2018: nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

24. FINANCING SCHEME FUNDS (CONT'D)

(k) Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	–	–	–
Fund received	60,000	–	60,000
Transfer to Government Grants-Funds (Note 27 (r))	(9,614)	–	(9,614)
At 31 December 2019	50,386	–	50,386

The fund amounting RM60 million was received from the Government on 16 December 2019. The tenure of this financing is 20 years (10 years grace period) at a profit rate of 2.50% 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 was recognised as a government grant as disclosed in Note 27(r). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities.

(l) Special Relief Facility

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	4,128	923	5,051
Charged to profit or loss	–	110	110
Payments	(2,389)	–	(2,389)
At 31 December 2019	1,739	1,033	2,772
As at 1 January 2018	7,361	712	8,073
Fund received	41	–	41
Charged to profit or loss	–	211	211
Payments	(3,274)	–	(3,274)
At 31 December 2018	4,128	923	5,051

The fund is channelled from BNM without profit to minimise loss borne by farmers affected by the flood catastrophe in December 2014. Financing is offered to farmers up to 5 years with 6 months moratorium at a profit rate of 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 was recognised as a government grant as disclosed in Note 27(s). This fund has benefited 288 customers (2018: 288 customers) with accumulated disbursement amounting to RM13.39 million (2018: RM13.39 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. FINANCING SCHEME FUNDS (CONT'D)

(m) Fund for Small and Medium Size Industries ("TIKS")

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	4,812	(1)	4,811
Fund received	11,326	–	11,326
Charged to profit or loss	–	183	183
Payments	(19)	(183)	(202)
At 31 December 2019	16,119	(1)	16,118
As at 1 January 2018	154	–	154
Fund received	4,658	–	4,658
Charged to profit or loss	–	15	15
Payments	–	(16)	(16)
At 31 December 2018	4,812	(1)	4,811

The fund is channelled by BNM to increase access to micro financing for selected eligible small and medium agro-based entrepreneurs. The tenure of this financing is 5 years at a profit rate of 1.5% per annum. This fund has benefited 33 customers (2018: 8 customers) with accumulated disbursement amounting to RM16.31 million (2018: RM4.98 million).

(n) Disaster Relief Facility

	Principal RM'000	Profit RM'000	Total RM'000
As at 1 January 2019	4,710	15	4,725
Fund received	45	–	45
Charged to profit or loss	–	158	158
Payments	(1,268)	–	(1,268)
At 31 December 2019	3,487	173	3,660
As at 1 January 2018	–	–	–
Fund received	4,710	–	4,710
Charged to profit or loss	–	15	15
At 31 December 2018	4,710	15	4,725

The fund is channelled from BNM without profit to minimise loss borne by farmers affected by the flood catastrophe in December 2017. Financing is offered to farmers up to 5 years with 6 months moratorium at a profit rate of 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 27(t). This fund has benefited 23 customers (2018: 23 customers) with accumulated disbursement amounting to RM5.17 million (2018: RM5.13 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

25. GOVERNMENT GRANT – OPERATING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As at 1 January 2019	23,233	77	23,310
Amortisation during the year	(302)	–	(302)
At 31 December 2019	22,931	77	23,008
As at 1 January 2018	24,428	77	24,505
Amortisation during the year	(1,195)	–	(1,195)
At 31 December 2018	23,233	77	23,310

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 as well as development expenditure to finance training courses provided to entrepreneurs. The property, plant and equipment acquired under this grant is disclosed in Note 18(i).

26. GOVERNMENT GRANT – LAUNCHING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
As at 1 January 2019	1,478	1,442	2,920
Utilisation during the year	–	(9)	(9)
Amortisation during the year	(420)	–	(420)
At 31 December 2019	1,058	1,433	2,491
As at 1 January 2018	2,433	1,711	4,144
Utilisation during the year	–	(69)	(69)
Transfer (to)/from	200	(200)	–
Amortisation during the year	(1,155)	–	(1,155)
At 31 December 2018	1,478	1,442	2,920

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. The property, plant and equipment acquired under this grant is disclosed in Note 18(ii).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. GOVERNMENT GRANTS – FUNDS

Summary of government grant funds is as follows:

	Note	2019 RM'000	2018 RM'000
Entrepreneur Scheme for Graduates	(a)	1,140	1,137
Special Fund For Terengganu Fishery	(b)	36	37
Development Programme for Hard-core Poor	(c)	2,485	2,494
Fund for Ministry of Youth and Sports	(d)	9,022	8,745
Bumiputra Commercial and Industrial Community Scheme HUB	(e)	35,380	35,325
National Key Economic Area	(f)	54,524	54,036
Micro Economic Stimulation Package	(g)	160,036	158,493
Micro ESP Flood Relief	(h)	2,887	2,869
Agriculture Mechanism and Automation Scheme	(i)	5,792	5,792
Oil Palm Replanting for Small Holders	(j)	19,800	–
Commercial Agriculture Fund	(k)	99,181	107,500
Agriculture Entrepreneur Financing Fund 1	(l)	203,893	244,356
Agriculture Entrepreneur Financing Fund 2	(m)	25,130	29,717
Agriculture Entrepreneur Financing Fund 3	(n)	31,280	35,872
Agriculture Entrepreneur Financing Fund 4	(o)	13,428	14,236
Agriculture Entrepreneur Financing Fund 5	(p)	20,213	21,323
Agriculture Entrepreneur Financing Fund 6	(q)	707	–
Agriculture Entrepreneur Financing Fund 7	(r)	9,614	–
Special Relief Facility	(s)	16	125
Disaster Relief Facility	(t)	246	404
		694,810	722,461

(a) Entrepreneur Scheme for Graduates ("SUTKS")

	2019 RM'000	2018 RM'000
At beginning of the year	1,137	1,135
Writeback (Note 5)	3	2
At end of the year	1,140	1,137

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 graduates (2018: 203 graduates) with accumulated disbursement amounting to RM8.35 million (2018: RM8.35 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

27. GOVERNMENT GRANTS – FUNDS (CONT'D)

(b) Special Fund for Terengganu Fishery ("DKSP")

	2019 RM'000	2018 RM'000
At beginning of the year	37	33
(Utilisation) / writeback (Note 5)	(1)	4
At end of the year	36	37

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 payment terms not exceeding 10 years. The grant has benefited 877 customers (2018: 877 customers) with accumulated disbursement amounting to RM29.90 million (2018: RM29.90 million).

(c) Development Programme for Hard-core Poor ("PPRT")

	2019 RM'000	2018 RM'000
At beginning of the year	2,494	2,497
Utilisation (Note 5)	(9)	(3)
At end of the year	2,485	2,494

This program represents profit-free financing from the Government to the hard-core poor. The grant has benefited 92 customers (2018: 92 customers) with accumulated disbursement amounting to RM0.66 million (2018: RM0.66 million).

(d) Fund for Ministry of Youth and Sports ("DKBS")

	2019 RM'000	2018 RM'000
At beginning of the year	8,745	8,579
Writeback (Note 5)	277	166
At end of the year	9,022	8,745

The purpose of this fund is to encourage youth involvement in the agricultural industry under *Skim Belia Tani*. The grant has benefited 524 customers (2018: 524 customers) with accumulated disbursement amounting to RM15.73 million (2018: RM15.73 million).

(e) Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")

	2019 RM'000	2018 RM'000
At beginning of the year	35,325	35,673
Writeback / (utilisation) (Note 5)	55	(348)
At end of the year	35,380	35,325

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 512 customers (2018: 512 customers) with accumulated disbursement amounting to RM41.67 million (2018: RM41.67 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. GOVERNMENT GRANTS – FUNDS (CONT'D)

(f) National Key Economic Area ("NKEA")

	2019 RM'000	2018 RM'000
At beginning of the year	54,036	54,244
Writeback / (utilisation) (Note 5)	488	(208)
At end of the year	54,524	54,036

The purpose of this fund is to encourage entrepreneur participation in agro based industries by providing a maximum of RM300,000 per financing. The grant has benefited 997 customers (2018: 997 customers) with accumulated disbursement amounting to RM124.18 million (2018: RM124.18 million).

(g) Micro Economic Stimulation Package ("Micro – ESP")

	2019 RM'000	2018 RM'000
At beginning of the year	158,493	156,482
Writeback (Note 5)	1,543	2,011
At end of the year	160,036	158,493

The purpose of this fund is to encourage entrepreneur participation in agricultural production activities by providing a maximum of RM20,000 per financing. The grant has benefited 17,286 customers (2018: 17,286 customers) with accumulated disbursement amounting to RM334.73 million (2018: RM334.73 million).

(h) Micro ESP Flood Relief

	2019 RM'000	2018 RM'000
At beginning of the year	2,869	2,891
Writeback/(utilisation) (Note 5)	18	(22)
At end of the year	2,887	2,869

The objective of this program is to minimise loss of income borne of farmers affected by flood catastrophe in December 2014. Financing is offered up to 5 years with 6 months moratorium at a profit rate of 3.75% per annum.

(i) Agriculture Mechanism and Automation Scheme ("MAP")

	RM'000
At 31 December 2018 and 31 December 2019	5,792

The objective of this program is to encourage automation and usage of high technology in agriculture sector. Financing is offered up to 9 years at a profit rate of 3.75% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

27. GOVERNMENT GRANTS – FUNDS (CONT'D)

(j) Oil Palm Replanting for Small Holders ("TSPKS")

	2019 RM'000	2018 RM'000
At beginning of the year	–	–
Fund received	20,000	–
Management fees	(200)	–
At end of the year	19,800	–

The fund amounting RM20.0 million was received from the Government on 14 November 2019. The purpose of this fund is to support oil palm replanting for small holders. The fund is channelled from the Government as a grant for 2019 and as a financing without profit for the subsequent years. In addition, the liability risk borne between Government and Bank is 50:50 (at uncollected portion). Financing is offered to farmers up to 12 years with 4 years moratorium at a profit rate of 2.0% per annum. The Government has agreed to contribute 1% per annum as management fees to the Bank during the moratorium period (4 years).

(k) Commercial Agriculture Fund ("DPK-GLC")

	2019 RM'000	2018 RM'000
At beginning of the year	107,500	115,425
Amortisation (Note 10)	(8,319)	(7,925)
At end of the year	99,181	107,500

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 as disclosed in Note 24 (d).

(l) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

	2019 RM'000	2018 RM'000
At beginning of the year	244,356	283,831
Amortisation (Note 10)	(40,463)	(39,475)
At end of the year	203,893	244,356

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 at a profit rate of 0.5% per annum, is recognised as a Government Grant as disclosed in Note 24 (e).

(m) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

	2019 RM'000	2018 RM'000
At beginning of the year	29,717	34,109
Amortisation (Note 10)	(4,587)	(4,392)
At end of the year	25,130	29,717

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 as disclosed in Note 24 (f).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. GOVERNMENT GRANTS – FUNDS (CONT'D)

(n) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

	2019 RM'000	2018 RM'000
At beginning of the year	35,872	40,259
Amortisation (Note 10)	(4,592)	(4,387)
At end of the year	31,280	35,872

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 as disclosed in Note 24 (g).

(o) Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")

	2019 RM'000	2018 RM'000
At beginning of the year	14,236	15,007
Amortisation (Note 10)	(808)	(771)
At end of the year	13,428	14,236

The benefit of this below market rate financing scheme fund amounting to RM35.0 million, received from the Government on 5 January 2017 at a profit rate of 0.5% per annum, is recognised as a Government Grant as disclosed in Note 24 (h).

(p) Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")

	2019 RM'000	2018 RM'000
At beginning of the year	21,323	22,383
Amortisation (Note 10)	(1,110)	(1,060)
At end of the year	20,213	21,323

The benefit of this below market rate financing scheme fund amounting to RM50.0 million, received from the Government on 14 November 2017 at a profit rate of 0.5% per annum, is recognised as a Government Grant as disclosed in Note 24 (i).

(q) Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")

	2019 RM'000	2018 RM'000
At beginning of the year	-	-
Transfer from Financing Scheme Funds (Note 24 (j))	837	-
Amortisation (Note 10)	(130)	-
At end of the year	707	-

The benefit of this below market rate financing scheme fund amounting to RM50.0 million, received from the Government on 12 December 2018 at a profit rate of 4.0% per annum, is recognised as a Government Grant as disclosed in Note 24 (j).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

27. GOVERNMENT GRANTS – FUNDS (CONT'D)

(r) **Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")**

	2019 RM'000	2018 RM'000
At beginning of the year	–	–
Transfer from Financing Scheme Funds (Note 24 (k))	9,614	–
At end of the year	9,614	–

The benefit of this below market rate financing scheme fund amounting to RM60.0 million, received from the Government on 16 December 2019 at a profit rate of 2.50% per annum, is recognised as a Government Grant as disclosed in Note 24 (k).

(s) **Special Relief Facility**

	2019 RM'000	2018 RM'000
At beginning of the year	125	336
Amortisation (Note 10)	(109)	(211)
At end of the year	16	125

The benefit of this below market rate financing scheme fund amounting to RM12.87 million, received from the BNM in 2015, is recognised as a Government Grant as disclosed in Note 24 (l).

(t) **Disaster Relief Facility**

	2019 RM'000	2018 RM'000
At beginning of the year	404	–
Funds received	–	419
Amortisation (Note 10)	(158)	(15)
At end of the year	246	404

The benefit of this below market rate financing scheme fund amounting to RM5.13 million, received from the BNM in 2018, is recognised as a Government Grant as disclosed in Note 24 (n).

28. SHARE CAPITAL

	2019 RM'000	2018 RM'000
Issued and fully paid	1,000,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. RESERVES

	Note	2019 RM'000	2018 RM'000
Non-distributable reserve:			
Statutory reserves	(a)	487,109	487,109
FVOCI reserve/(deficit)	(b)	85,182	(4,056)
Regulatory reserve	(c)	34,951	34,951
Distributable reserve:			
Retained earnings		1,532,866	1,404,381
		2,140,108	1,922,385

(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) FVOCI reserve/(deficit)

The FVOCI reserve/(deficit) is in respect of unrealised fair value gain/(loss) on financial assets at FVOCI.

(c) Regulatory reserve

Regulatory reserve is maintained in addition to the expected credit loss allowance that has been assessed and recognised in accordance with MFRS, as required by BNM in 2018.

30. DIVIDENDS

	2019 RM'000	2018 RM'000
Final dividend of 2.00 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2018	20,000	-
Final dividend of 2.55 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2017	-	25,500
	20,000	25,500

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the current financial year ended 31 December 2019 of 3.00 sen on 1,000,000,000 ordinary shares of RM1.00 each, amounting to dividend payable of RM30,000,000 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 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. COMMITMENTS AND CONTINGENCIES

	2019 RM'000	2018 RM'000
Credit related exposures		
Transaction related contingencies	47,092	42,781
Trade related contingencies	23,954	10,927
Financing commitments	941,574	959,740
	1,012,620	1,013,448
Capital commitment		
Approved and contracted for:		
Capital expenditure	3,444	3,306
Contingent liabilities		
Certain legal actions taken against the Bank with compensation claims	41,622	42,729
Total Commitments and Contingencies	1,057,686	1,059,483

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, amongst others, failure of the Bank to discharge its obligations in accordance with the financing documents. The case was fixed for full trial on several dates i.e. 22 and 23 November 2017, 23 until 26 January 2018, 21 until 23 February 2018, 13, 16 until 18 and 23 April 2018, 26 and 27 July 2018, 15 until 17 August 2018, 3 until 5 September 2018, 12 and 13 February 2019, 2 until 4 March 2019, 9 until 11 April 2019, and 16 until 18 April 2019, 5 & 6 September 2019, 22-23 October 2019, 11-13 December 2019, 13 & 16 April 2020 and 12 & 14 May 2020.

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.

The banking facility granted in the above case, is treated as off balance sheet, was 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 borne by the Bank.

Case 2

The customer filed an application to the Court on 4 June 2018, against the Bank seeking a declarations inter alia, that (a) the charge created by the Bank for a financing facility of RM48 million is defective, null and void because the charge was only registered on 3 October 2011 after the termination of the financing facility by the Bank on 25 April 2011; (b) by reason of illegality under Section 214A of the National Land Code whereby any disposal of the estate land needs to obtain approval from the Estate Land Board, and (c) restitution of all proceeds, benefits, payments and monies amounting to RM18.3 million. The application was fixed for decision on 13 March 2019 whereby the High Court had dismissed the same with costs of RM10,000. The customer appealed to the decision of the High Court and the first case management was on 22 January 2020. On 22 January 2020, the Court further fixed on 28 February 2020 as a hearing date but it was deferred to 13 March 2020. The Court of Appeal had on 13 March 2020 dismissed the customer's appeal with costs of RM20,000 to be paid to the Bank. However, the customer had on 16 March 2020 served the Bank with unsealed copy of application for leave to appeal to the Federal Court against the decision made by the Court of Appeal. The application for leave to appeal is now pending for the Federal Court to fix for its hearing or case management date.

The Bank's solicitors are of the view that the Bank has a fair chance of successfully defending the case.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. 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 Director, Non-Executive Directors, Shariah Committee members 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 and Shariah Committee members; and
- iii) Other emoluments include Employee Provident Fund ("EPF") contributions, retirement compensation and benefit in kind.

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
2019				
President/ Chief Executive Officer				
Tuan Syed Alwi Bin Mohamed Sultan (resigned on 28 June 2019)	908	–	154	1,062
	908	–	154	1,062
Non Executive Directors				
Y. Bhg Tan Sri Mohamad Zabidi bin Zainal	–	169	8	177
Y. Bhg Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	–	194	–	194
Y. Bhg Datia Setia Shahariah binti Hashim	–	220	5	225
Y. Bhg Dato' Mohd Sallehuddin bin Hassan	–	62	–	62
Y. Bhg Dato' Dr. Yusof bin Ismail	–	52	2	54
Puan Azizah binti Abdul Rahman	–	206	5	211
Tuan Haji Ibrahim bin Hassan	–	228	–	228
Puan Faizah binti Abdullah	–	220	–	220
Encik Abdul Rahim bin Abd Hadi	–	204	5	209
Encik Jit Singh A/L Santok Singh	–	170	5	175
	–	1,725	30	1,755
Shariah Committee members				
Assoc. Prof. Dr. Mohamed Fairooz bin Abdul Khir	–	82	–	82
Dr. Mohamad Sabri Bin Zakaria	–	54	–	54
Dr. Ahmad Dahlan Bin Salleh	–	40	–	40
Engku Ahmad Fadzil Bin Engku Ali	–	60	–	60
Tuan Haji Azizi Bin Che Seman	–	58	–	58
Encik Jahaidi @ Jahoidi Bin Harun	–	54	–	54
	–	348	–	348
Other senior management	4,386	–	1,276	5,662
	5,294	2,073	1,460	8,827

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation (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
2018				
Executive Director/ President/Chief Executive Officer				
Tuan Syed Alwi Bin Mohamed Sultan (Executive Director from 2 April 2018 to 6 September 2018)	493	–	85	578
	493	–	85	578
Non Executive Directors				
Y. Bhg Tan Sri Mohamad Zabidi bin Zainal	–	342	–	342
Y. Bhg Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	–	280	–	280
Y. Bhg Datin Setia Shahariah binti Hashim	–	276	–	276
Y. Bhg Datuk Seri Dr. Ismail bin Haji Bakar	–	41	2	43
Y. Bhg Dato' Dr. Yusof bin Ismail	–	140	–	140
Puan Azizah binti Abdul Rahman	–	276	–	276
Tuan Haji Ibrahim bin Hassan	–	290	5	295
Puan Faizah binti Abdullah	–	237	5	242
Encik Abdul Rahim bin Abd Hadi	–	185	–	185
Encik Jit Singh A/L Santok Singh	–	25	–	25
	–	2,092	12	2,104
Shariah Committee members				
Assoc. Prof. Dr. Mohamed Fairooz bin Abdul Khir	–	70	–	70
Prof. Madya Dr. Atikullah Bin Hj. Abdullah	–	54	–	54
Dr. Mohamad Sabri Bin Zakaria	–	54	–	54
Engku Ahmad Fadzil Bin Engku Ali	–	54	–	54
Tuan Haji Azizi Bin Che Seman	–	56	–	56
Encik Jahaidi @ Jahoidi Bin Harun	–	55	–	55
	–	343	–	343
Other senior management				
	3,783	–	1,243	5,026
	4,276	2,435	1,340	8,051

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. RELATED PARTY DISCLOSURES (CONT'D)

(c) Transactions with key management personnel

The following table provides the total amount of transactions, which have been entered into with key management personnel ("KMP") for the relevant financial year.

	2019 RM'000	2018 RM'000
Financing Deposits	86 1,737	— 1,031

No financing has been granted to the directors, Shariah Committee members and senior management of the Bank in the financial year ended 31 December 2018.

(d) Transactions with related parties

	Note	2019 RM'000	2018 RM'000
Income			
GLC service fees	(i)	10,488	10,671
Commission	(ii)	4,150	3,593
Profit income on deposits placed with Government-Linked Corporations		18,130	14,507
Profit income from FVOCI		132,752	125,079
Profit income from financing from key management personnel and related parties		308	505
Expense			
Profit expense on deposits placed by key management personnel and Government-Linked Corporations		6,010	5,795
Profit expense on financing scheme funds paid and payable to the Ministry of Finance and BNM		12,248	10,112
Contributions to:			
Employee Provident Fund ("EPF")		31,376	28,646
Social Security Organisation ("SOCSO")		2,569	2,417

Description for income with related parties are as follows:

- (i) Fees earned for managing the government funds for financing disbursement paid by Ministry of Finance, as disclosed in Note 5(b).
- (ii) Commission earned as bills collection agent from Government of Malaysia's controlled entities.

(e) Outstanding balances arising from transactions with related parties

(i) Included in Assets

	2019 RM'000	2018 RM'000
Financing to related parties	5,841	8,750
Short term deposits/placements with related parties	401,804	341,054
GLC fees receivable	32,081	21,593
FVOCI	3,124,529	3,640,378

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. RELATED PARTY DISCLOSURES (CONT'D)

(e) Outstanding balances arising from transactions with related parties (cont'd)

(ii) Included in Liabilities

	2019 RM'000	2018 RM'000
Government Grant – Operating	23,008	23,310
Government Grant – Launching	2,491	2,920
Government Grant – Funds	694,810	722,461
Financing scheme funds	1,973,320	1,825,308
Deposits from related entities	3,806,517	4,285,559

(f) Terms and conditions

Transactions with related parties were made on terms equivalent to those that prevailed in negotiated transactions.

33. FINANCING FACILITIES WITH CONNECTED PARTIES

	2019 RM'000	2018 RM'000
Outstanding exposures with connected parties	1,594,750	1,770,807
% of outstanding exposures to connected parties as a proportion of total exposure	9.81%	11.08%
% of outstanding financing exposures with connected parties which is non-performing or in default	0.00%	0.00%

The above disclosure on Financing Facilities with Connected Parties is presented in accordance with paragraph 14.1 as per BNM's policy on Financing Facilities with Connected Parties.

34. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(a) General risk management (cont'd)

(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.

(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 bonds, other marketable securities and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(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.

(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 payment 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* %
2019				
Neither past due nor impaired	4,215,546	6,843,970	11,059,516	38.1
Past due but not impaired	197,292	65,341	262,633	75.1
Impaired	382,551	129,238	511,789	74.7
	4,795,389	7,038,549	11,833,938	40.5
2018				
Neither past due nor impaired	3,869,314	6,218,162	10,087,476	38.4
Past due but not impaired	183,461	65,460	248,921	73.7
Impaired	318,371	120,969	439,340	72.5
	4,371,146	6,404,591	10,775,737	40.6

* 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 2019

34. 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	2019	2018
	RM'000	RM'000	
Credit exposure for on-balance sheet items			
Cash and short term funds	1,409,555	1,131,489	
Financial assets at FVOCI	3,637,413	4,380,635	
Financing and advances	11,467,252	10,431,162	
Other advances	6,869	9,548	
Other financial assets	141,945	106,322	
	16,663,034	16,059,156	
Credit exposure for off-balance sheet items			
Transaction related contingencies	47,092	42,781	
Trade related contingencies	23,954	10,927	
Financing commitments	941,574	959,740	
	1,012,620	1,013,448	
Total maximum credit risk exposure	17,675,654	17,072,604	

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit quality of gross financing and advances

All financing, advances and other financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due financing refers to financing, advances and other financing that are overdue by one day or more.

Financing, advances and other financing are classified impaired when they fulfill any of the criteria as per disclosed in Note 3.2(d) Measurement of expected credit losses ("ECL").

Quality classification definitions

Where ECL model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to the internal rating system adopted by the Bank, as summarised below:

Financing and advances and financing commitments and financial guarantee

Rating classification	Credit grades
Performing	Stage 1
Under performing	Stage 2
Impaired	Stage 3

Other financial instruments

Rating classification	External rating	
	RAM	MARC
Investment grade Long Term Rating Short Term Rating	A, AA, AAA P1, P2, P3	A, AA, AAA MARC-1, MARC-2, MARC-3
Non investment grade Long Term Rating Short Term Rating	B, BB, BBB P4	B, BB, BBB MARC-4
Impaired	C/D, NP, D	C, SD, D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit quality of gross financing and advances (cont'd)

Other financial instruments includes cash and short term funds, deposits and placement with bank and other FIs and debt instruments at FVOCI.

Credit quality description can be summarised as follows:

- (i) Performing
- (ii) Under performing
- (iii) Investment Grade
- (iv) Non-investment grade
- (v) No rating
- (vi) Impaired

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.

Investment portfolio concentration

The portfolio profile is as follows:

	RM'000	Composition (%)
Corporate sukuk	2,371,083	65
Government Investment Issues ("GII")	1,266,330	35
Carrying amount at 31 December 2019	3,637,413	100
Corporate sukuk	2,695,696	62
Government Investment Issues ("GII")	1,684,939	38
Carrying amount at 31 December 2018	4,380,635	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (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

	2019 RM'000	2018 RM'000
Corporate sukuk		
Financial assets at FVOCI		
Government-Guaranteed ("GG")	1,226,338	1,227,846
Quasi-Govt	76,698	90,310
AAA	753,040	745,254
AA	261,325	597,298
A	35,709	20,221
BBB	17,973	14,767
TOTAL	2,371,083	2,695,696

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
				2019
Cash and short term funds	1,409,555	–	–	1,409,555
Financial assets at FVOCI	3,637,413	–	–	3,637,413
Financing and advances	11,059,516	262,633	511,789	11,833,938
Other advances	5,013	569	6,332	11,914
	16,111,497	263,202	518,121	16,892,820
As a percentage of gross balance	95.37%	1.56%	3.07%	100%
2018				
Cash and short term funds	1,131,489	–	–	1,131,489
Financial assets at FVOCI	4,380,635	–	–	4,380,635
Financing and advances	10,087,476	248,921	439,340	10,775,737
Other advances	7,711	1,135	8,181	17,027
	15,607,311	250,056	447,521	16,304,888
As a percentage of gross balance	95.72%	1.53%	2.74%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Credit risk (cont'd)

(v) Measurement of 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
	Past due within 30 days	Past due within 31 to 60 days	Past due within 61 to 90 days		
	RM'000	RM'000	RM'000		
2019					
Financing and advances	134,625	78,105	49,903	262,633	
Other advances	209	230	130	569	
2018					
Financing and advances	123,549	75,687	49,685	248,921	
Other advances	350	575	210	1,135	

(vi) Macro-economic factors in credit risk

The macro-economic factors and their impacts are regularly monitored as part of the normal process of the bank in tracking credit risk and measuring ECL, including the on-going COVID-19 Development and impacts.

(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 ("Market Risk Management Department"). BRMC also oversees the effectiveness and compliance of those policies on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk (cont'd)

(iii) Management of liquidity risk (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. 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:

	<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
2019							
Assets							
Cash and short term funds	1,409,555	–	–	–	–	–	1,409,555
Financial assets at FVOCI	240,518	105,640	1,151,271	691,842	1,448,142	144	3,637,557
Financing and advances*	2,001,475	232,913	205,105	733,983	8,660,462	–	11,833,938
Other advances*	5,299	302	1,080	1,279	3,954	–	11,914
Property, plant and equipment	–	–	–	–	–	142,446	142,446
Intangible assets	–	–	–	–	–	25,719	25,719
Right-of-use assets	–	–	–	–	–	49,797	49,797
Other assets	64,812	31,820	42,575	2,738	–	6,095	148,040
Total assets	3,721,659	370,675	1,400,031	1,429,842	10,112,558	224,201	17,258,966
Liabilities							
Deposit from customers	6,211,981	1,223,076	74,841	47,738	–	–	7,557,636
Deposit and placement of banks and other financial institutions	3,277,170	3,002	–	–	–	–	3,280,172
Financing scheme funds	101,455	100,150	409,817	371,981	989,917	–	1,973,320
Government grants	–	–	–	–	–	720,309	720,309
Deferred tax liabilities	–	–	–	–	–	12,702	12,702
Lease liabilities	4,459	4,459	17,837	13,379	–	–	40,134
Other liabilities	118,386	21,363	11,415	1,376	1,857	8,457	162,854
Total liabilities	9,713,451	1,352,050	513,910	434,474	991,774	741,468	13,747,127
Net maturity mismatch	(5,991,792)	(981,375)	886,121	995,368	9,120,784	(517,267)	3,511,839

* Gross before allowance for impairment

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

34. 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
2018							
Assets							
Cash and short term funds	1,131,489	–	–	–	–	–	1,131,489
Financial assets at FVOCI	75,074	220,007	677,219	1,348,022	2,060,313	101	4,380,736
Financing and advances*	1,661,658	135,579	227,090	718,476	8,032,934	–	10,775,737
Other advances*	6,318	3,225	2,091	2,715	2,678	–	17,027
Property, plant and equipment	–	–	–	–	–	143,510	143,510
Intangible assets	–	–	–	–	–	21,678	21,678
Deferred tax assets	–	–	–	–	–	11,391	11,391
Other assets	98,080	982	4,669	486	5,035	6,095	115,347
Total assets	2,972,619	359,793	911,069	2,069,699	10,100,960	182,775	16,596,915
Liabilities							
Deposit from customers	6,158,162	1,355,793	75,911	30,457	–	–	7,620,323
Deposit and placement of banks and other financial institutions	2,990,170	–	–	–	–	–	2,990,170
Financing scheme funds	48,038	109,043	314,513	329,151	1,024,563	–	1,825,308
Government grants	–	–	–	–	–	748,691	748,691
Other liabilities	–	119,495	11,683	–	–	6,806	137,984
Total liabilities	9,196,370	1,584,331	402,107	359,608	1,024,563	755,497	13,322,476
Net maturity mismatch	(6,223,751)	(1,224,538)	508,962	1,710,091	9,076,397	(572,722)	3,274,439

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. 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	Total RM'000
2019						
Liabilities						
Deposit from customers	6,371,629	1,254,509	80,761	54,196	–	7,761,095
Deposit and placement of banks and other financial institutions	3,391,543	3,107	–	–	–	3,394,650
Financing scheme funds	101,694	100,625	416,953	384,349	1,025,209	2,028,830
Lease liabilities	4,628	4,628	19,937	16,106	–	45,299
Other financial liabilities	57,483	3,010	1,450	–	–	61,943
Total liabilities	9,926,977	1,365,879	519,101	454,651	1,025,209	13,291,817
Transaction related contingencies	22,879	10,565	11,045	2,426	177	47,092
Trade related contingencies	23,954	–	–	–	–	23,954
Financing commitments	30,330	68,524	128,049	354,423	665,330	1,246,656
Commitment and Contingencies	77,163	79,089	139,094	356,849	665,507	1,317,702
2018						
Liabilities						
Deposit from customers	6,312,732	1,389,823	81,772	34,476	–	7,818,803
Deposit and placement of banks and other financial institutions	3,096,022	–	–	–	–	3,096,022
Financing scheme funds	48,120	109,514	319,213	337,393	1,517,757	2,331,997
Other financial liabilities	–	119,495	11,683	–	–	131,178
Total liabilities	9,456,874	1,618,832	412,668	371,869	1,517,757	13,378,000
Transaction related contingencies	18,347	13,041	10,533	504	356	42,781
Trade related contingencies	10,927	–	–	–	–	10,927
Financing commitments	10,940	10,309	61,054	293,089	932,400	1,307,792
Commitment and Contingencies	40,214	23,350	71,587	293,593	932,756	1,361,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. 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 FVOCI 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's approval.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market risk (cont'd)

(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.

- **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 sukuk 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 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 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 analysis are done based on macro economic variables, particularly "yield rates on sukuk values ("Duration") and "beta ratio on equity" as well as possibility of sukuk 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 2019**

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market Risk (cont'd)

(v) Profit Rate Risk

The following tables indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date.

	<6 months			6 – 12 months			1 – 3 years			3 – 5 years			>5 years			Non-profit sensitive	Total	RM '000	Effective Profit Rate
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000				
2019																			
Assets																			
Cash and short term funds	1,126,814	—	—	—	—	—	—	—	—	—	—	—	282,741	1,409,555	3.03%				
Financial assets at FVOCI	240,518	105,640	1,151,271	691,842	1,448,142	144	3,637,557	3.75%											
Financing and advances*	10,126,655	42,872	201,133	304,704	646,785	511,789	11,833,938	6.54%					11,914	11,914					
Other advances*	—	—	—	—	—	—	—	—	—	—	—	—							
Property, plant and equipment	—	—	—	—	—	—	—	—	—	—	—	—	142,446	142,446					
Intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	25,719	25,719					
Other assets	—	—	—	—	—	—	—	—	—	—	—	—	148,040	148,040					
Total assets	11,493,987	148,512	1,352,404	996,546	2,094,927	1,122,793	17,209,169												
Liabilities																			
Deposits from customers	6,211,981	1,223,076	74,841	47,738	—	—	—	—	—	—	—	—	7,557,636	2.57%					
Deposit and placement of banks and other financial institutions	3,277,170	3,002	—	—	—	—	—	—	—	—	—	—	3,280,172	3.49%					
Financing scheme funds	101,455	100,150	409,817	371,981	989,917	989,917	—	—	—	—	—	—	1,973,320	0.58%					
Government grants	—	—	—	—	—	—	—	—	—	—	—	—	720,309	720,309					
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—	12,702	12,702					
Lease liabilities	—	—	—	—	—	—	—	—	—	—	—	—	40,134	40,134					
Other liabilities	—	—	—	—	—	—	—	—	—	—	—	—	162,854	162,854					
Total liabilities	9,590,606	1,326,228	484,658	419,719	989,917	935,999	13,747,127												

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

	<6 months			6 – 12 months			1 – 3 years			3 – 5 years			>5 years			Non-profit sensitive		Effective Profit Rate		
	RM '000			RM '000			RM '000			RM '000			RM '000			RM '000		RM '000		
2018																				
Assets																				
Cash and short term funds	752,329			–	677,219		1,348,022		–	2,060,313		481,912		439,340		379,160		1,131,489		3.41%
Financial assets at FVOCI	75,074	220,007		117,166	136,612		484,493		–	–		–		–	–	101		4,380,736		4.21%
Financing and advances*	9,116,214			–	–		–		–	–		–		–	–	17,027		10,775,737		6.62%
Other advances*	–																			
Property, plant and equipment	–			–	–		–		–	–		–		–	–	–		143,510		143,510
Intangible assets	–			–	–		–		–	–		–		–	–	–		21,678		21,678
Deferred tax assets	–			–	–		–		–	–		–		–	–	–		11,391		11,391
Other assets	–			–	–		–		–	–		–		–	–	–		115,347		115,347
Total assets	9,943,617	337,173			813,831		1,832,515			2,542,225		1,127,554		16,596,915						
Liabilities																				
Deposits from customers	6,158,162			1,355,793		75,911		30,457		–		–		–	–	–		7,620,323		2.51%
Deposit and placement of banks and other financial institutions	2,990,170			–	314,513		329,151		–	–		–		–	–	–		2,990,170		3.54%
Financing scheme funds	48,038	109,043		–	–		–		–	–		–		–	–	–		1,825,308		0.45%
Government grants	–			–	–		–		–	–		–		–	–	–		748,691		748,691
Other liabilities	–			–	–		–		–	–		–		–	–	–		137,984		137,984
Total liabilities	9,196,370	1,464,836			390,424		359,608			1,024,563		886,675		13,322,476						

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. 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 before tax and equity to an up and down 100 basis point parallel rate shock:

	2019		2018	
	+100bp RM '000	-100bp RM '000	+100bp RM '000	-100bp RM '000
Impact on profit before tax	104,920	(104,920)	94,350	(94,350)
Impact on equity	(139,741)	149,132	(200,966)	213,043

(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.

(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 ("KCIs"), 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(e) Operational risk (cont'd)

(iv) Measurement of operational risk (cont'd)

- 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 and 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.

(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 sukuk (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Capital management (cont'd)

Regulatory capital (cont'd)

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.

Capital Adequacy

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:

	2019 %	2018 %
Before deducting proposed dividend:		
Core capital ratio	22.66	23.13
Risk-weighted capital ratio	26.10	26.46
After deducting proposed dividend:		
Core capital ratio	22.44	22.97
Risk-weighted capital ratio	25.88	26.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (cont'd)

(f) Capital management (cont'd)

Capital Adequacy (cont'd)

The capital adequacy ratio of the Bank as at 31 December 2019 has incorporated the market risk pursuant to the BNM Market Risk Capital Adequacy Framework which became effective on 1 April 2005.

	2019 RM'000	2018 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	1,532,866	1,404,381
Less: Deferred tax assets	–	(11,391)
Total Tier I capital	3,019,975	2,880,099
Tier II capital		
ECL allowance ¹	106,773	83,984
Regulatory reserve	34,951	34,951
Government Grants – Operating	23,008	23,310
Government Grants – Launching	2,491	2,920
Government Grants – Funds ²	291,102	268,928
Total Tier II capital	458,325	414,093
Total capital base	3,478,300	3,294,192

¹ The eligible amount for Tier II capital is limited to only ECL 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 RM403.71 million (2018: RM453.13 million).

The breakdown of risk-weighted assets in the various categories of risk-weights is as follows:

	Notional RM'000	Risk- weighted RM'000
0%	2,775,408	–
20%	1,527,072	305,414
50%	32,271	16,136
100%	12,552,484	12,552,484
Off balance sheet risk-weighted assets	–	452,218
Total risk-weighted assets at 31 December 2019	16,887,235	13,326,252
0%	3,291,945	–
20%	1,235,256	247,051
50%	32,677	16,339
100%	11,684,983	11,684,983
Off balance sheet risk-weighted assets	–	501,296
Total risk-weighted assets at 31 December 2018	16,244,861	12,449,669

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. 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.

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.

(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
2019				
Financial assets				
FVOCI	144	3,637,413	–	3,637,557

2018				
Financial assets				
FVOCI	101	4,380,635	–	4,380,736

(ii) Financial assets and financial liabilities at carrying amount

	2019		2018	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Financing and advances	11,467,252	11,767,587	10,431,162	10,731,945
	11,467,252	11,767,587	10,431,162	10,731,945
Financial liabilities				
Deposits from customers	7,557,636	7,568,011	7,620,323	7,617,244
Deposit and placement of banks and other financial institutions	3,280,172	3,273,529	2,990,170	2,977,231
	10,837,808	10,841,540	10,610,493	10,594,475

The fair value of financing and advances, deposits from customers and deposit and placement of banks and other financial institutions are at Level 2 (2018: Level 2).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

(ii) Financial assets and financial liabilities at carrying amount (cont'd)

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial assets at FVOCI

The fair values of private debt securities and Malaysian government investment issues are determined by reference to the market value of these instruments published by Bond Pricing Agency Malaysia ("BPAM").

The fair value of equities securities are determined based on quoted price from Bursa Malaysia Securities Berhad.

(ii) 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.

(iii) 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.

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
2019			
Financial assets			
Cash and short term funds	–	1,409,555	1,409,555
Financial assets at FVOCI	3,637,557	–	3,637,557
Financing and advances	–	11,467,252	11,467,252
Other financial assets	–	141,945	141,945
	3,637,557	13,018,752	16,656,309
Financial liabilities			
Deposits from customers	–	7,557,636	7,557,636
Deposit and placement of banks and other financial institutions	–	3,280,172	3,280,172
Financing scheme funds	–	1,973,320	1,973,320
Other financial liabilities	–	48,682	48,682
	–	12,859,810	12,859,810

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (cont'd)

	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
2018			
Financial assets			
Cash and short term funds	–	1,131,489	1,131,489
Financial assets at FVOCI	4,380,736	–	4,380,736
Financing and advances	–	10,431,162	10,431,162
Other financial assets	–	106,322	106,322
	4,380,736	11,668,973	16,049,709
Financial liabilities			
Deposits from customers	–	7,620,323	7,620,323
Deposit and placement of banks and other financial institutions	–	2,990,170	2,990,170
Financing scheme funds	–	1,825,308	1,825,308
Other financial liabilities	–	33,769	33,769
	–	12,469,570	12,469,570

35. 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 and the Shariah Committee. Any transactions that are suspected to be Shariah non-compliant are reported to the Shariah Committee for their deliberation and conclusion as to whether any Shariah requirements have been breached.

For the financial year ended 31 December 2019, the nature of Shariah non-compliance deliberated by the Shariah Committee was as follows:

Deposit product

- (i) Lapses in marketing materials for Qard deposit product i.e. Hibah (gift) are promised for Qard saving account opening.

(2) Amount of Shariah non-compliant accounts and tainted income

Throughout the year 2019, there was one (1) SNC event involving five (5) accounts that has been resolved and reported to BNM. There is no financial impact on the SNC event.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. RESTATEMENT OF COMPARATIVES

Certain amounts in the comparative financial statements and note disclosures have been restated to conform with the current year's presentation as detailed below:

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Statement of comprehensive income 31.12.2018			
Income derived from investment of shareholder's funds	216,262	7,261	223,523
(Allowance for)/writeback of impairment	(16,789)	(7,261)	(24,050)

37. SUBSEQUENT EVENT

Since early January 2020, the COVID-19 outbreak has spread across Malaysia, causing disruption to business operations and economic activities. The occurrence of the COVID-19 outbreak is not an adjusting post balance sheet event. The Bank will monitor the developments of COVID-19 situation closely, assess and react actively to its impact on the financial position and operating results of the Bank.

Up the date of the report, the assessment is still in progress and expected to be reflected in the Bank's 2020 interim and annual financial statements.

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STATUS KORPORAT

CORPORATE STATUS

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 adalah selaras dengan polisi-polisi yang ditetapkan oleh Kementerian Pertanian dan Industri Makanan (MAFI).

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 agriculture sector is guided by policies set by the Ministry of Agriculture and Food Industries (MAFI).

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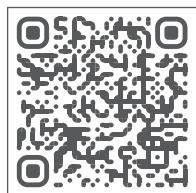
TARIKH DIPERBADANKAN/DATE OF INCORPORATION

31 Mac 2008 di bawah Akta Syarikat 1965
31 March 2008 under the Companies Act 1965

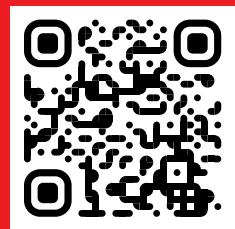
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For more information, please contact:

- **Pusat Panggilan**/Contact Centre: 1300 88 2476
- **E-mel/E-mail:** customer@agrobank.com.my



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