



کو-اوپنبنک پرتام

CO-OP BANK  
PERTAMA



2023

ANNUAL REPORT

# CONTENTS

## INTRODUCTION

- 2 2024 Highlights
- 4 Motto, Vision and Mission
- 5 Objective and Cooperative Principles
- 6 At a Glance
- 7 Corporate Information
- 8 Five-year Performance Highlights
- 10 Organisation Chart
- 12 Awards and Achievements

## LEADERSHIP

- 14 Board Members
- 16 Board Members' Profile
- 25 Internal Audit Committee Profile
- 29 Shariah Committee Members' Profile
- 34 Senior Management
- 43 Management Information

## REPORTS

- 44 Chairman's Message
- 48 Sustainability Report and Management Analysis
- 60 2023 Activities

## 64 ANNUAL GENERAL MEETING

### VENUE

Dewan Perdana Felda,  
Kuala Lumpur

### DATE

Sunday, 30 June 2024

### TIME

9.00 a.m.



**GOVERNANCE**

- 65 Corporate Governance Statement
- 73 Internal Audit Committee Report
- 75 Independent Auditor Report
- 78 Co-opbank Board Members' Report
- 80 Declaration by the Principal Officer
- 80 Statements by the Chairman and the Deputy Chairman
- 81 Shariah Committee Report

**FINANCIAL STATEMENTS**

- 84 Statement of Financial Position as at 31 December 2023
- 92 Notes to the Financial Statements 31 December 2023

**DIRECTORY**

- 146 Directory

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2 SCAN QR CODE

3 ACCESS INFORMATION

4 ANNUAL REPORT 2023

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**Message from the Chairman**

pg.44



**Management Discussion and Analysis**

pg.48

## 2023 HIGHLIGHTS



### RM235.06

(2022: RM270.53 million)

**TOTAL NET INCOME**  
(MILLION)



### RM120.56

(2022: RM103.48 million)

**NET PROFIT**  
(MILLION)



### RM10.87

(2022: RM7.73 billion)

**ASSETS**  
(BILLION)



### RM3.94

(2022: RM3.09 million)

**ZAKAT**  
(MILLION)



### RM1.42

(2022: RM1.09 billion)

**SHAREHOLDERS'  
FUND**  
(BILLION)



### 73

**YEARS IN  
COOPERATIVE  
AND BANKING  
SECTOR**

**30%**

(2022: 22%)

**NET FINANCING  
GROWTH****RM6.55**

(2022: RM5.05 billion)

**TOTAL NET  
FINANCING  
(BILLION)  
(BILLION)****RM8.75**

(2022: RM6.26 billion)

**DEPOSITS  
(BILLION)****2023****MALAYSIA PREMIER  
COOPERATIVE****1,066****NUMBER OF  
EMPLOYEES****31****TOTAL BRANCHES  
AND OUTLETS**



# MISSION

We are committed to providing financial services to the community to:

Give the best returns for our clients and members

Improve the welfare of our members

Offer competitive banking products with full integrity

Practice core values through our cooperative principles



# VISION

To Become the Premier Shariah-Compliant Co-opbank in Malaysia



# MOTTO

“Together We Grow”

# OBJECTIVES

—  
To achieve RM300 million in profit by 2026

—  
To own assets in total of RM16 billion by 2026

—  
To achieve net financing balance of RM10 billion by 2026

—  
To increase the Members' Share Capital to RM1.8 billion by 2026

# COOPERATIVE PRINCIPLES

—  
Voluntary and Open Membership

—  
Concern for the Community

—  
Members Participation in Economic Activities

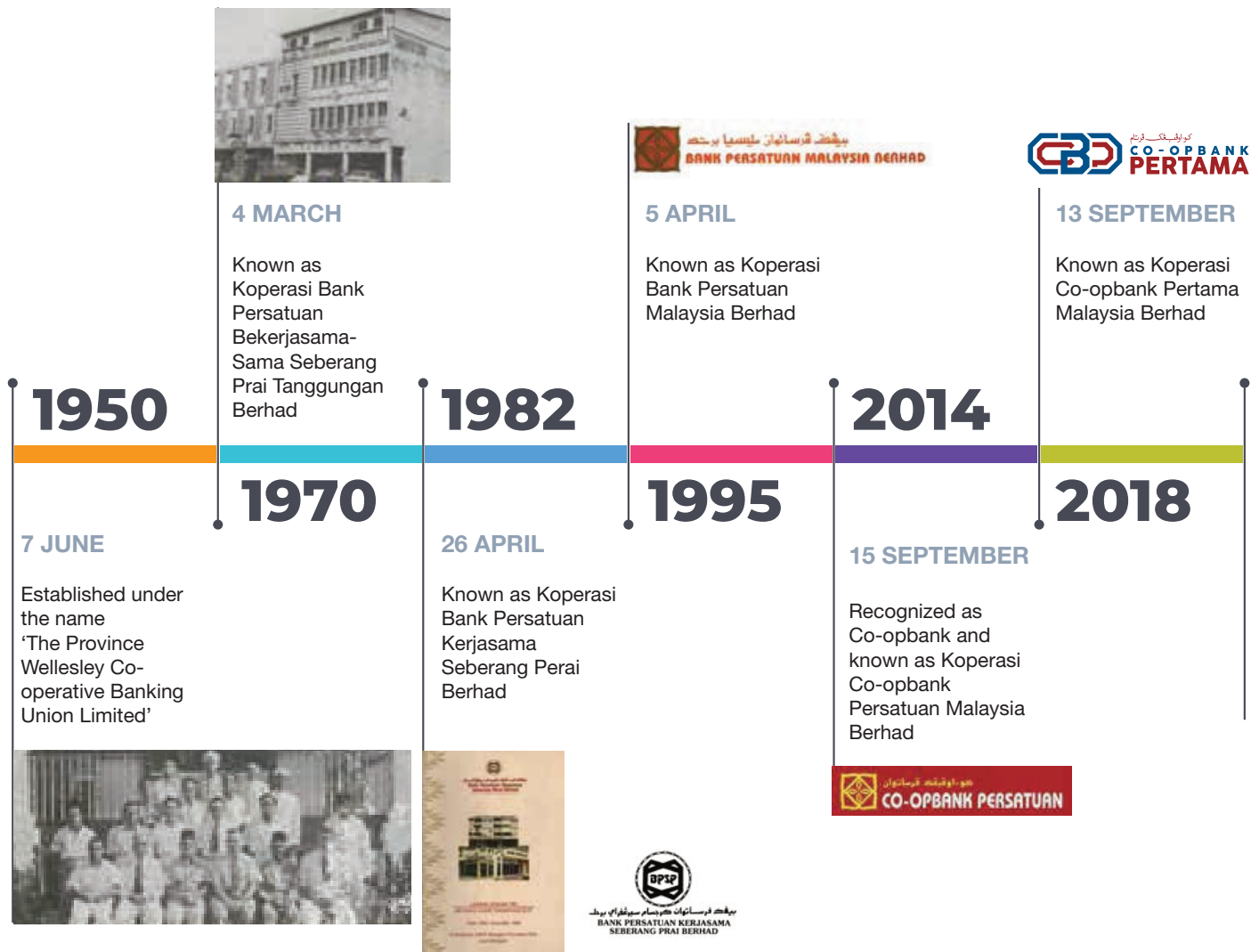
—  
Freedom and Autonomy

—  
Education, Training and Information

—  
Cooperation Among Cooperatives

—  
Democratic Control by Members

## AT A GLANCE



# CORPORATE INFORMATION

## BOARD MEMBERS

**Datuk Baharom bin Embi**

*Chairman*

**Hajah Nor Hidayah binti Omar**

*Deputy Chairman*

**Yunus bin Kasim**

**Mohd. Shapie bin Idris**

**Dr. Hajah Jamilah binti Din**

**Dato' Shahrudin bin Mohd Sa'ad**

**Dr. Mohd Azlan bin Yahya**

**Zaini bin Sa'ad**

**Johar bin Mokhtar**

*(until 18 Aug 2023)*

## BOARD MEMBERS' COMMITTEES

### Nomination and Remuneration Committee

Zaini bin Sa'ad

*Chairman (Jan 2023 - Jul 2023)*

*Chairman (Sept 2023 to present)*

Datuk Baharom bin Embi

Hajah Nor Hidayah binti Omar

Dato' Shahrudin bin Mohd Sa'ad

*Chairman (Aug 2023)*

Johar bin Mokhtar

*(until 18 Aug 2023)*

### Membership Committee

Mohd. Shapie bin Idris

*Chairman (Jul 2023 to present)*

Hajah Nor Hidayah binti Omar

Yunus bin Kasim

Dr. Hajah Jamilah binti Din

*Chairman (Jan 2023 - Jun 2023)*

Dr. Mohd Azlan bin Yahya

### Risk Management Committee

Dato' Shahrudin bin Mohd Sa'ad

*Chairman (from 18 Aug 2023 to present)*

Johar bin Mokhtar

*(Chairman until 18 Aug 2023)*

Datuk Baharom bin Embi

Yunus bin Kasim

Dr. Hajah Jamilah binti Din

### Investments and Products Committee

Dr. Jamilah binti Din

*Chairman (Oct 2023 to present)*

Yunus bin Kasim

Mohd. Shapie bin Idris

Dato' Shahrudin bin Mohd Sa'ad

*Chairman (Jan 2023 - Jun 2023)*

Zaini bin Sa'ad

*Chairman (Jul 2023 - Sept 2023)*

Dr. Mohd Azlan bin Yahya

### Credit Committee

Hajah Nor Hidayah binti Omar

*Chairman (Jan 2023 to present)*

Johar bin Mokhtar

*(until 18 Aug 2023)*

Datuk Baharom bin Embi

Mohd. Shapie bin Idris

Zaini bin Sa'ad

Dr. Mohd Azlan bin Yahya

### Nominee Director in Subsidiary: River Leaf Sdn Bhd (formerly known as Pembangunan BPSP Sdn Bhd)

Datuk Baharom bin Embi

*Chairman*

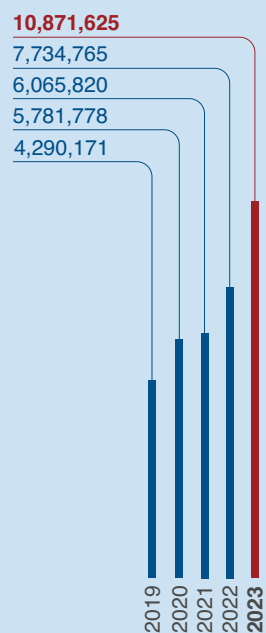
Yunus bin Kasim

*(until 26 Jul 2023)*

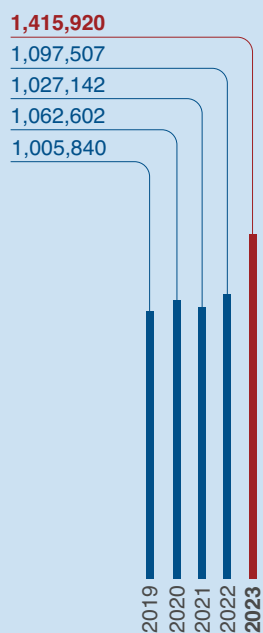
## 5-YEAR PERFORMANCE HIGHLIGHTS

	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)
Assets	4,290,171	5,781,778	6,065,820	7,734,765	<b>10,871,625</b>
Shareholders' Fund	1,005,840	1,062,602	1,027,142	1,097,507	<b>1,415,920</b>
Share Capital	654,404	695,096	680,451	735,189	<b>1,262,089</b>
Islamic Redeemable Convertible Preference Share (iRCPS)	252,191	252,034	252,002	250,244	<b>161</b>
Net Financing	2,977,686	3,805,480	4,133,334	5,048,191	<b>6,550,211</b>
Customer Deposits	3,184,071	4,607,119	4,926,378	6,267,929	<b>8,754,767</b>
Profit	73,953	84,165	86,135	103,477	<b>120,560</b>
Zakat	1,700	2,135	2,302	3,098	<b>3,943</b>
Dividend Rate of Share Capital	5.50%	6.00%	6.10%	6.30%	<b>6.50%</b>
Dividend Rate of Islamic Redeemable Convertible Preference Share (iRCPS)	6.10%	6.70%	6.82%	6.88%	<b>6.78%</b>
Total Dividend of Share Capital	29,993	41,370	41,756	43,698	<b>64,214</b>
Total Dividend of Islamic Redeemable Convertible Preference Share (iRCPS)	15,321	16,886	17,187	17,215	<b>12,686</b>
Number of Individual Members	90,713	91,730	90,854	90,365	<b>94,118</b>
Number of Cooperative Members	707	729	747	768	<b>840</b>

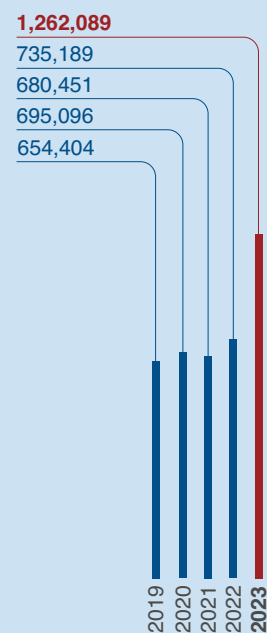
**Assets**  
(RM'000)



**Shareholders' Fund**  
(RM'000)

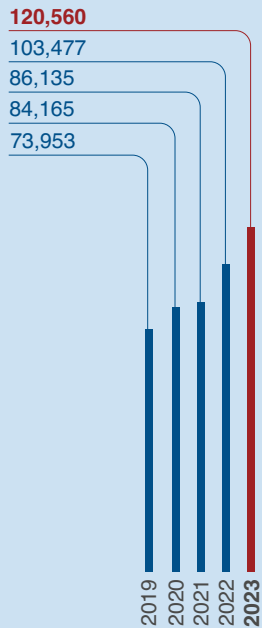


**Share Capital**  
(RM'000)

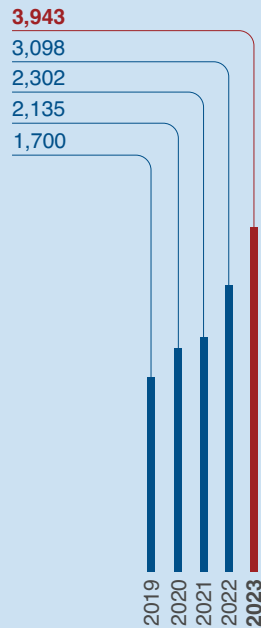


## 5-YEAR PERFORMANCE HIGHLIGHTS

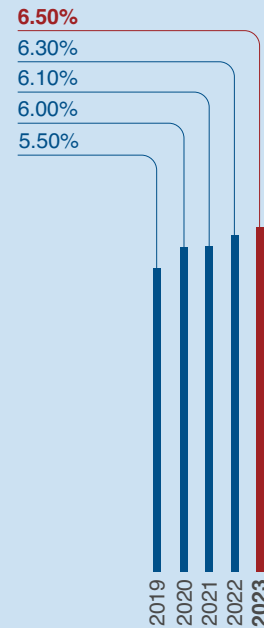
**Profit**  
(RM'000)



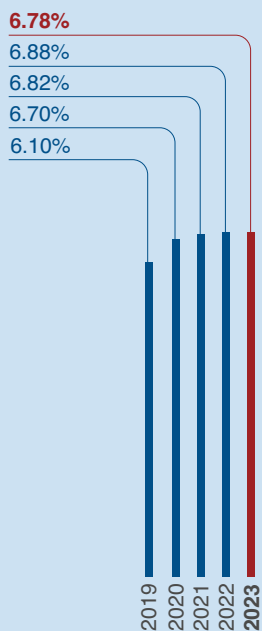
**Zakat**  
(RM'000)



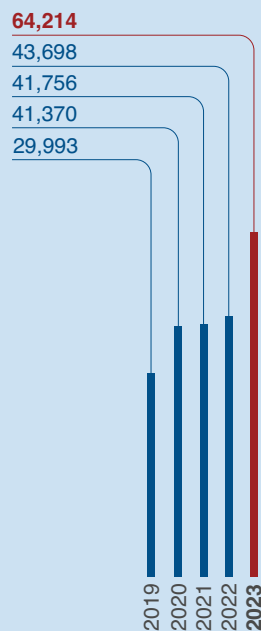
**Dividend Rate of Share Capital**



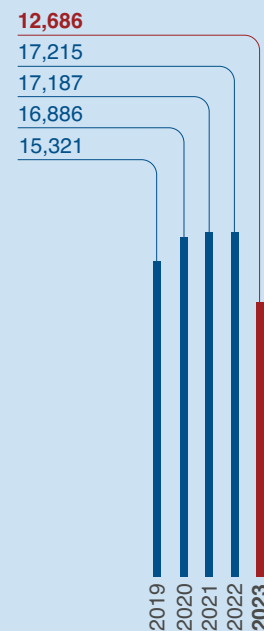
**Dividend Rate of Islamic Redeemable Convertible Preference Share (iRCPS)**



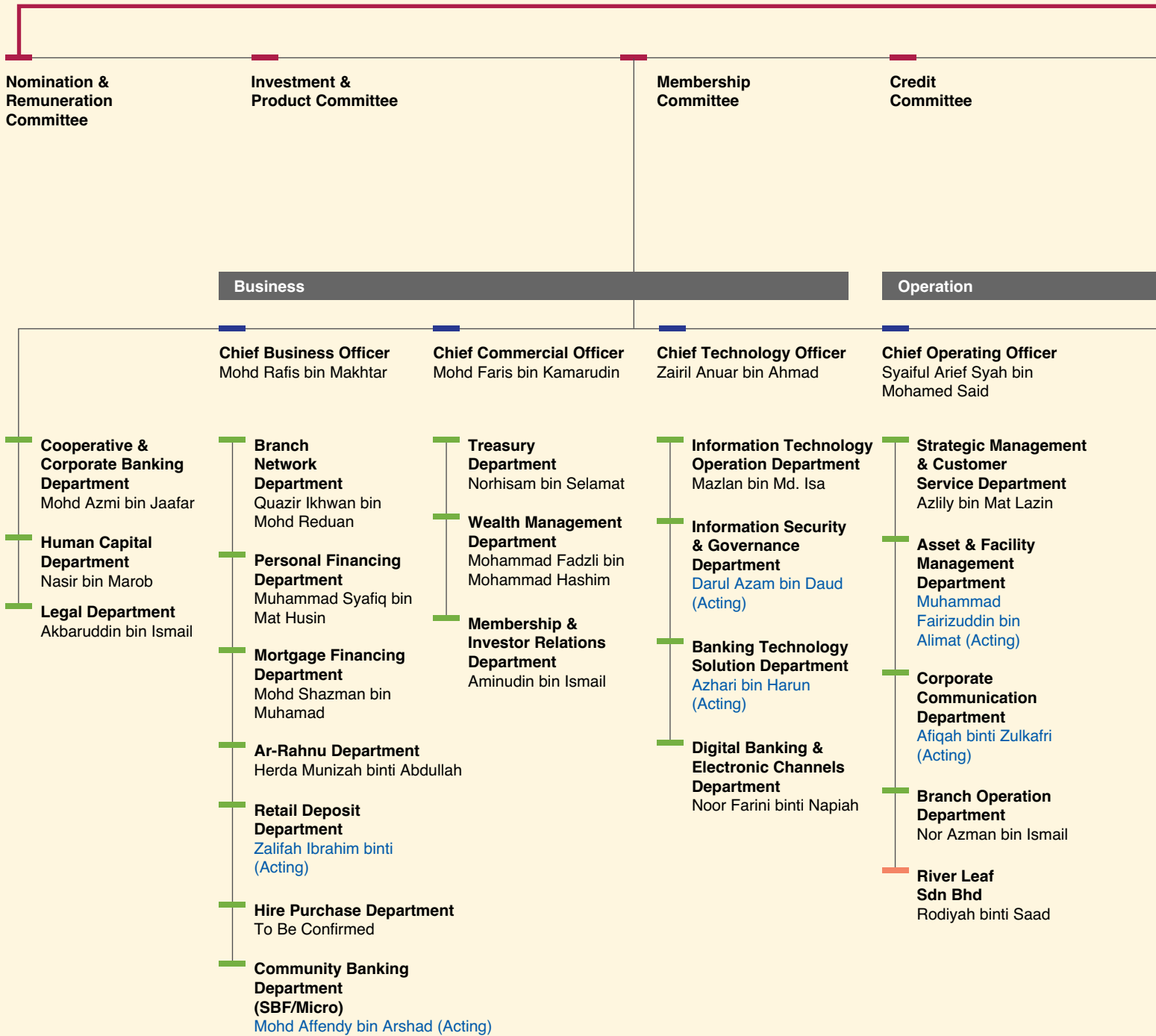
**Total Dividend of Share Capital (RM'000)**



**Total Dividend of Islamic Redeemable Convertible Preference Share (iRCPS) (RM'000)**

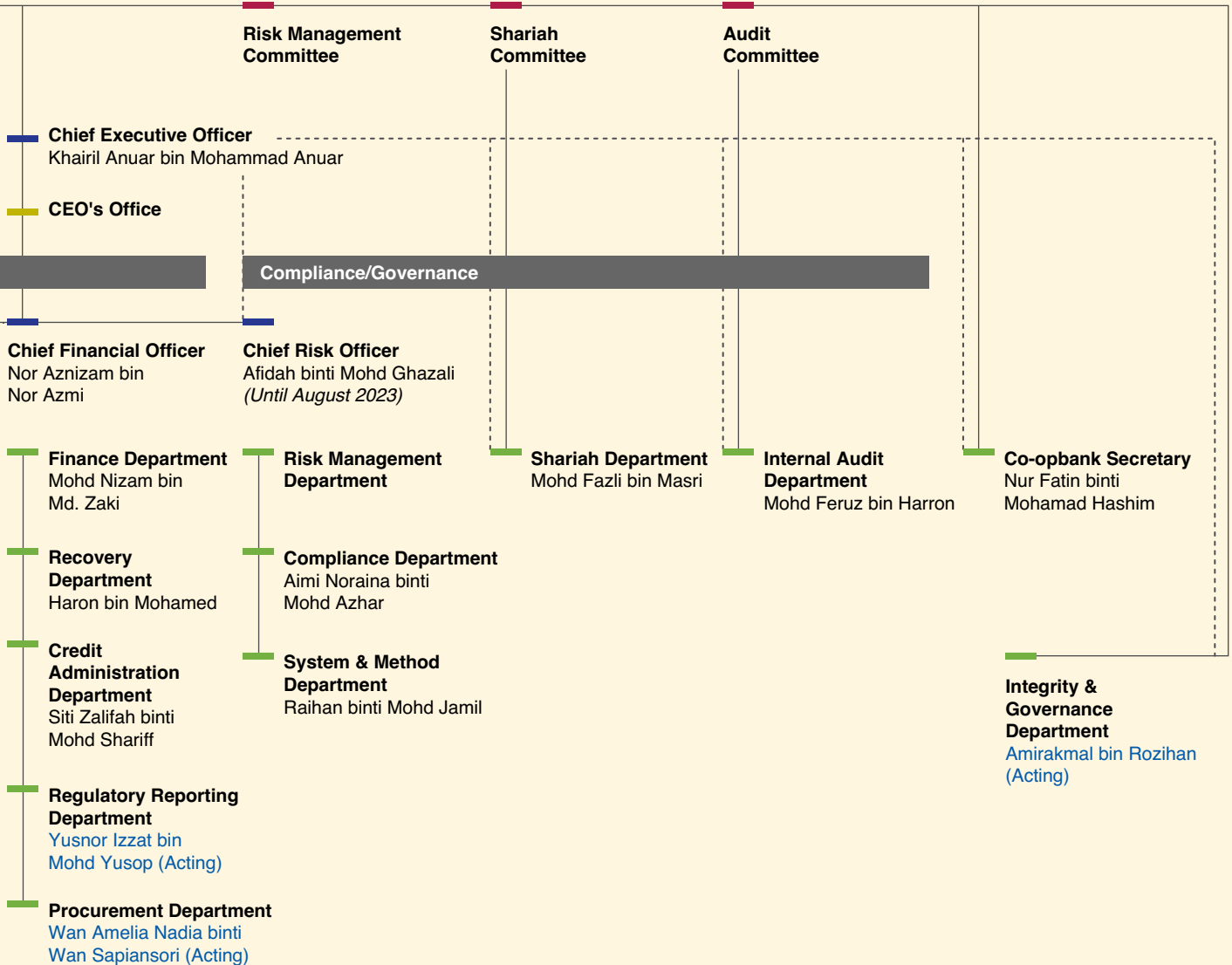


# ORGANISATION CHART



# ORGANISATION CHART

## CO-OPERATIVE BOARD MEMBERS



### Legend

- Senior Management
- Department
- Section
- Unit
- Subsidiary

— Department that reports directly to the CEO for operational and functional administration

- - - - - Department that reports directly to the Committees for operational and its functional administration to the CEO

# AWARDS AND ACHIEVEMENTS



**2023**

Premier Cooperative Malaysia 2023



**2023**

Runner-Up for Highest Will Sales Award



**2023**

Runner Up of the Highest Inheritance Referral Award

# AWARDS AND ACHIEVEMENTS



**2022**

Premier Cooperative 2022



**2022**

Brand of The Year Cooperative Banking,  
The BrandLaureate Best Brands Awards  
2022



**2021**

Premier Cooperative Malaysia 2021



**2020**

First Place in Malaysia's Top 100  
Cooperative Index 2020



**2019**

Corporate Excellence Award, Asia Pacific  
Entrepreneurship Awards 2019

Fifth Place in Malaysia's Top 100  
Cooperative Index 2019

## BOARD MEMBERS'



*From left to right:*

**DATO' SHAHARUDIN  
BIN MOHD SA'AD**  
Board Member

**DR. MOHD AZLAN BIN  
YAHYA**  
Board Member

**JOHAR BIN MOKHTAR**  
Board Member

**ZAINI BIN SA'AD**  
Board Member

**DR. HAJAH JAMILAH  
BINTI DIN**  
Board Member

## BOARD MEMBERS'



From left to right:

**DATUK BAHAROM BIN EMBI**  
Chairman

**YUNUS BIN KASIM**  
Board Member

**MOHD. SHAPIE BIN IDRIS**  
Board Member

**HAJAH NOR HIDAYAH BINTI  
OMAR**  
Deputy Chairman

## BOARD MEMBERS' PROFILE



### DATUK BAHAROM BIN EMBI

CHAIRMAN

**Nationality / Age / Gender:**

Malaysian / 63 / Male

**Appointment as Board Member:**

- Appointed by Malaysia Co-operative Societies Commission (SKM) since October 2021

**Other Positions in CBP:**

- Chairman, Co-opbank Pertama
- Member, Risk Management Committee (Jan 2023 to present)
- Member, Nomination and Remuneration Committee (Jan 2023 to present)
- Member, Credit Committee (Jan 2023 to present)

**Award/Qualification(s):**

- Darjah Kebesaran Negeri Melaka

**Academic:**

- Master in Business Administration (Decision Support System) University of Southern New Hampshire, USA
- Bachelors in Business Administration (Economics & Finance), University of Southern New Hampshire, USA
- Diploma in Business Management, Universiti Teknologi Mara, Malaysia
- Islamic Financial Planner (IFP)

**Other positions held:**

- Chairman, Federation Financial Services Co-operative Malaysia

**Previous Experience:**

- Chief Executive Officer, TEKUN Nasional (2015-2018)
- Senior Management, Bank Rakyat

## BOARD MEMBERS' PROFILE

### HAJAH NOR HIDAYAH BINTI OMAR

DEPUTY CHAIRMAN

**Nationality / Age / Gender:**  
Malaysian / 47 / Female

**Appointment as Board Member:**

- Appointed by the Annual General Meeting since 2014

**Other Positions in CBP:**

- Chairman, Credit Committee (Jan 2023 to present)
- Member, Nomination and Remuneration Committee (Jan 2023 to present)
- Member, Membership Committee (Jan 2023 to present)

**Award/Qualification(s):**

- Pingat Jasa Kebaktian, TYT Pulau Pinang (PJK)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Chartered Co-operative Auditor approved by the Malaysia Co-operative Societies Commission (SKM)
- Bachelors in Accountancy (Honours), Universiti Utara Malaysia (UUM)
- The Institute of Co-operative & Management Auditors (ICMA)



**Other positions held:**

- Auditor, Hidayah & Co.
- Consultant, H Consultant Services
- Managing Director - Hebat Hidayah Sdn Bhd
- Finance Director, PH Skatepark Sdn Bhd
- Chairman, Professional Corporate Service Co-operative, Pulau Pinang Bhd (KOPRO)

**Previous Experience:**

- Member, Internal Audit Committee, Bank Persatuan
- Accountant, Opals Group
- Accountant, MS Consultants
- Accountant, Iqbal & Associates
- Accountant, Shazalis Groups
- Accountant, Umpan Jaya Groups

## BOARD MEMBERS' PROFILE



### YUNUS BIN KASIM

BOARD MEMBER

**Nationality / Age / Gender:**

Malaysian / 60 / Male

**Appointment as Board Member:**

- Appointed by the Annual General Meeting since 2011

**Other Positions in CBP:**

- Member, Membership Committee (Jan 2023 to present)
- Member, Investment and Product Committee (Jan 2023 to present)
- Member, Risk Management Committee (Jan 2023 to present)
- Director, Pembangunan BPSP Sdn Bhd (Until 26 Jul 2023)
- Board Representation in Shariah Committee (Until 30 Jun 2023)

**Award/Qualification(s):**

- Pingat Kelakuan Terpuji, TYT Pulau Pinang (PKT)
- Pingat Jasa Kebaktian, TYT Pulau Pinang (PJK)
- Diploma in Banking, Mara Institute of Technology
- Member, Institute of Co-operative & Management Auditors (ICMA)
- Member, Institute of Co-operative Auditors (ICA)
- Service Excellence Award Years 1993, 1997 & 2014, National Audit Department
- Commendable Service Award Year 2010 & 2011, Penang State Government

**Other positions held:**

- Member, Internal Audit Committee, Koperasi Muslimin Malaysia Bhd (until Jun 2023)
- Member, Internal Audit Committee, Koperasi Belia Nasional (KOBENA) (until Jun 2023)
- Board Member, Koperasi KGNPP (Until Jul 2023)

**Previous Experience:**

- Vice Chairman, Bank Persatuan
- Chairman, Internal Audit Committee, Bank Persatuan
- Senior Auditor, National Audit Department
- Head of Performance Audit, National Audit Department

## BOARD MEMBERS' PROFILE

### MOHD. SHAPIE BIN IDRIS

#### BOARD MEMBER

**Nationality / Age / Gender:**  
Malaysian / 66 / Male

#### Appointment as Board Member:

- Appointed by the Annual General Meeting since 2016



#### Other Positions in CBP:

- Chairman, Membership Committee (Jul 2023 to present)
- Member, Membership Committee (Jan 2023 - Jun 2023)
- Member, Credit Committee (Jan 2023 to present)
- Member, Investment and Product Committee (Jan 2023 to present)

#### Award/Qualification(s):

- Pingat Perkhidmatan Am
- Pingat Perkhidmatan Setia
- Darjah Kebesaran Kepahlawanan Angkatan Tentera Malaysia
- Pingat Jasa Malaysia
- Pingat Jasa Kebaktian
- Service Excellence Award, Ministry of Defence (1994, 1995 and 1998)
- Executive Master in Management, Asia e University
- Executive Diploma in Business Management, Open University
- Certificate of Completion, International Business, Murdoch University, Australia

#### Other positions held:

- Deputy Chairman, ANGKASA Federal Territory Liaison Committee
- Board Member, Koperasi Pasaraya Malaysia Berhad
- Board Member, Koperasi Jaya Malaysia Berhad
- Treasurer, Persatuan Pesara Kerajaan Malaysia
- Board Member, Koperasi Perkasa Malaysia Bhd

#### Previous Experience:

- Branch Supervisor of Pensions at the Records & Pensions Department - Malaysian Armed Forces, Ministry of Defense Malaysia
- Board Member, Koperasi Angkatan Tentera Malaysia Bhd
- Treasurer, Ex-Veterans Association, Federal Territory Division
- Administrative Officer, FIFA Youth Cup 1997

## BOARD MEMBERS' PROFILE



### DR. HAJAH JAMILAH BINTI DIN

#### BOARD MEMBER

#### Nationality / Age / Gender:

Malaysian / 66 / Female

#### Appointment as Board Member:

- Appointed by the Annual General Meeting since 2017

#### Other Positions in CBP:

- Chairman, Membership Committee (Jan 2023 - Jun 2023)
- Member, Membership Committee (Jul 2023 to present)
- Member, Risk Management Committee (Jan 2023 to present)
- Member, Investments and Products Committee (Jan 2023 to Sept 2023)
- Chairman, Investments and Products Committee (Oct 2023 to present)
- Board Representative in Shariah Committee (Jul 2023 to present)

#### Award/Qualification(s):

- Certified as Industry Expert for Business Management, Business and Finance Subsector, Skills Development Department, Ministry of Human Resource
- PhD (Economy) Universiti Putra Malaysia (UPM)
- Master of Business Administration Universiti Malaya (UM)
- Bachelor of Business Administration, Universiti Kebangsaan Malaysia (UKM)
- Diploma in Business Studies, Universiti Teknologi Mara Malaysia (UiTM)
- Diploma in "Training of Trainers" for Co-operative Management in International Centre for Advanced Technical & Vocational Training, Turin, Italy
- Diploma in Co-operative Management at Asia International Labour Organisation International Training Centre, Turin

#### Other positions held:

- Treasurer, Koperasi Pembangunan Daerah Petaling Bhd
- Chairman, Koperasi Sahabat Pesara Selangor Berhad (Until 2021)
- Board Member, Koperasi Kakitangan MKM Berhad (Until 2021)

#### Previous Experience:

- Chairman, Franchise Marketing Fund, Rakyat Management Services
- Senior Lecturer, Director, MKM
- Development & Project Officer, LKIM
- Finance Officer, Syarikat Kopi Hang Tuah Sdn Bhd
- Unit Trust Consultant, CIMB Principal Asset Management Bhd
- Steering Committee, National Co-operative Blueprint, KPDNKK
- Blue Ocean Strategy Plan Central Committee, Ministry of Federal & Rural Development
- Development Panel for the SLDN Programme, Department of Skills Development, Ministry of Human Resource
- Member, German Research Team, Friedrich-Eberg-Stiftung
- Sub-Committee Ar-Rahnu, Cooperative Financial Sector, Suruhanjaya Koperasi Malaysia

## BOARD MEMBERS' PROFILE

### DATO' SHAHARUDIN BIN MOHD SA'AD

#### BOARD MEMBER

**Nationality / Age / Gender:**  
Malaysian / 55 / Male

#### Appointment as Board Member:

- Appointed by the Malaysia Co-operative Societies Commission (SKM) since 21 December 2020

#### Other Positions in CBP:

- Chairman, Investments and Products Committee (Jan 2023 - Jun 2023)
- Member, Investments and Products Committee (Jul 2023 to present)
- Member, Risk Management Committee (Jan 2023 - Jul 2023)
- Chairman, Risk Management Committee (Aug 2023 to present)
- Member, Nomination and Remuneration Committee (Jan 2023 - Jul 2023)
- Chairman, Nomination and Remuneration Committee (Aug 2023)
- Member, Nomination and Remuneration Committee (Sept 2023 to present)

#### Award/Qualification(s):

- Darjah Indera Mahkota Pahang (DIMP)
- Bentara Setia Kelantan (BSK)
- Jaksa Pendamai (JP) Kelantan
- Master of Business Administration (UKM)
- Bachelor of Accountancy (Honours) (UKM)
- Member, Malaysia Institute of Accounting (MIA)
- Member, The Institute of Internal Auditors Malaysia (IIA Malaysia)



- Certified Integrity Officer (CeIO)
- Member, Institute of Corporate Director Malaysia (ICDM)

#### Other positions held:

- Treasurer, Koperasi Ekuiti Bhd.
- Director, Widad Skycore Sdn Bhd
- Director, SMS Yatadi Sdn Bhd
- Trustee, The Chancellor's Foundation of UKM
- Internal Audit Committee, ANGKASA
- Committee, Kumpulan Wang Amanah Pembangunan Koperasi SKM (Until 29/09/2023)
- Chairman, Relationship Selangor State CeIO Association
- President, Parent Teachers Association (PIBG), SMK Lubok China, Melaka
- Panel Tribunal of SKM

#### Previous Experience:

- Head Co-operative Retail and many other departments in Bank Rakyat
- Committee, Kumpulan Wang Amanah Pendidikan Koperasi (SKM)
- Board Member, Bank Rakyat Employee Cooperative (SEKATARAKYAT)
- Internal Audit Committee, SEKATARAKYAT

## BOARD MEMBERS' PROFILE



### ZAINI BIN SA'AD

BOARD MEMBER

**Nationality / Age / Gender:**

Malaysian / 63 / Male

**Appointment as Board Member:**

- Appointed by the Annual General Meeting since 2021

**Other Positions in CBP:**

- Chairman, Nomination and Remuneration Committee (Jan 2023 - Jul 2023)
- Member, Nomination and Remuneration Committee (Aug 2023)
- Chairman, Nomination and Remuneration Committee (September 2023 to present)
- Member, Investments and Products Committee (Jan 2023 - Jun 2023)
- Chairman, Investments and Products Committee (Aug 2023)
- Member, Investments and Products Committee (Oct 2023 to present)
- Member, Credit Committee (Jan 2023 to present)

**Award/Qualification(s):**

- Pingat Jasa Masyarakat, TYT Pulau Pinang (PJM)
- Chartered Accountant, Malaysia Institute of Accountants (MIA)
- Associate Member, Institute of Internal Auditors Malaysia (IIA Malaysia)
- Bachelor of Accountancy (Honours) Universiti Utara Malaysia (UUM)

**Other positions held:**

- Secretary, Internal Audit Committee ANGKASA
- Treasurer, Serdang Belia Resident Association, Kepala Batas, Penang

**Previous Experience:**

- Relation Committee, ANGKASA Negeri Pulau Pinang
- Head of Finance, Co-opbank Persatuan
- Accountant, Hitachi Semiconductor (M) Sdn Bhd
- Council Member, Universiti Utara Malaysia

## BOARD MEMBERS' PROFILE

### DR. MOHD AZLAN BIN YAHYA

#### BOARD MEMBER

**Nationality / Age / Gender:**  
Malaysian / 64 / Male

#### Appointment as Board Member:

- Appointed by the Annual General Meeting since 25 Jun 2022



#### Other Positions in CBP:

- Member, Membership Committee (Jan 2023 to present)
- Member, Credit Committee (Jan 2023 to present)
- Member, Investments and Products Committee (Jan 2023 to present)

#### Award/Qualification(s):

- PhD Business Administration, Universiti Utara Malaysia (UUM)
- MSc Social Accounting and Financial Management, University of Birmingham
- Pingat Jaya Cemerlang by Majlis Raja-Raja Malaysia
- Malaysia Royal Education Award, Universiti Utara Malaysia
- Service Excellence Award, Universiti Utara Malaysia
- Chartered Integrity Officer

#### Other positions held:

- Board Member, ANGKASA (2017 to present)
- Committee Member, Kumpulan Wang Amanah Pembangunan Koperasi (2020 to 2023)
- Committee Member, Co-operative Transformation
- Chairman, Group Strategic Relations Committee
- Chairman, Cooperative Committee in Educational Institutions ICA-ASIA Pacific
- Vice Chairman, Consumer Cooperative Committee ICA-ASIA Pacific
- Chairman, Gabungan Koperasi Siswa Malaysia
- Chairman, Koperasi Ekuiti Berhad

#### Previous Experience:

- Senior Lecturer Accountancy and Finance, Universiti Utara Malaysia (UUM)
- Manager, National Council for Entrepreneur Continuing Education, Ministry of Higher Education
- Director, Co-operative and Entrepreneurship Development Institute (CEDI), Universiti Utara Malaysia
- President, Universiti Utara Malaysia Alumni Association

## BOARD MEMBERS' PROFILE



### JOHAR BIN MOKHTAR

BOARD MEMBER

**Nationality / Age / Gender:**

Malaysian / 61 / Male

**Appointment as Board Member:**

- Appointed by the Malaysia Co-operative Societies Commission (SKM) since October 2021 to 18 Aug 2023

**Other Positions in CBP:**

- Chairman, Risk Management Committee (Jan 2023 - Aug 2023)
- Member, Nomination and Remuneration Committee (Jan 2023 - Aug 2023)
- Member, Credit Committee (Jan 2023 - Aug 2023)

**Award/Qualification(s):**

- Bachelors of Economics, Universiti Malaya (UM)

**Other positions held:**

- Nil

**Previous Experience:**

- Director, Special Investigation Unit, BNM
- Managing Director, Financial Park Labuan Sdn Bhd
- Director, Facility Management Department, BNM

# INTERNAL AUDIT COMMITTEE PROFILE

## NIK MUHAMAD FAUZI BIN NIK SULAIMAN

### Nationality / Age / Gender:

Malaysian / 59 / Male

### Appointment as Committee Member:

- First appointment: 1 December 2020 - 30 November 2021
- Re-appointment: 1 December 2021
- Re-appointment: 1 July 2022
- Re-appointment: 1 July 2023 - 30 June 2024

### Other Positions in CBP:

- Nil

### Education/Award/Qualification:

- Bachelor of Accountancy (UiTM Shah Alam)
- Diploma in Accountancy (UiTM Shah Alam)
- Professional Certificate, Malaysian Institute of Accountants (MIA)
- Certified Company Secretary



### Other Positions Held:

- Accountant at Khairul Afrizan Khairudin & Partners
- President, Company Secretary Association, Kelantan
- Member, Technical Committee, Company Secretary Association, Kelantan (2021-2023)
- Chairman, Internal Audit Committee, Koperasi Muslimin Malaysia Berhad (2020-2023)

### Previous Experience:

- Accountant at ASM Development (Terengganu) Sdn Bhd
- Finance and Administration Manager at Syarikat Ladang Sungai Terah Sdn Bhd
- Senior Supervisor at Azman, Wong, Salleh & Co

## INTERNAL AUDIT COMMITTEE PROFILE



### DR. ZAHARUDDIN BIN ZAINAL ABIDIN

**Nationality / Age / Gender:**

Malaysian / 58 / Male

**Appointment as Committee Member:**

- First appointment: 1 July 2022 - 30 June 2023
- Re-appointment: 1 July 2023 - 30 June 2024

**Other Positions in CBP:**

- Nil

**Education/Award/Qualification:**

- PhD in Accountancy (UPM)
- Master of Business Administration (Finance) (UPM)
- Bachelor of Accountancy (UiTM)
- Diploma in Accountancy (Politeknik Ungku Omar)
- Chartered Accountant, Malaysian Institute of Accountants
- Chartered Member, Institute of Internal Auditors Malaysia
- Certified Public Accountant, Malaysian Institute of Certified Public Accountants

**Other Positions Held:**

- Nil

**Current Position:**

- Deputy Audit Director (Finance 3), National Audit Department, Malaysia

**Previous Experience:**

- Head Internal Audit at the Ministry of Works
- Deputy State Audit Director at National Audit Department, Penang
- Deputy Audit Director, Statutory Board Sector at National Audit Department
- Head, Internal Audit at Syarikat Perumahan Negara Berhad
- Head of Internal Audit at Ministry of Plantation & Commodities
- Head, Centre for Accounting Studies at National Audit Academy
- Auditor at Public Service Department
- Auditor at Coordination Unit, Prime Minister's Department
- Audit Executive at Ministry of Health Malaysia
- Bank Clerk at Standard Chartered Bank

# INTERNAL AUDIT COMMITTEE PROFILE

## MOHD ANUAR BIN MD NOH

### Nationality / Age / Gender:

Malaysian / 60 / Male

### Appointment as Committee Member:

- First appointment: 1 July 2023 - 30 June 2024

### Other Positions in CBP:

- Nil

### Education/Award/Qualification:

- Bachelor of Accountancy (UiTM)
- Diploma in Accountancy (UiTM Shah Alam)
- Certificate in Taxation (UiTM Shah Alam)

### Other Positions Held:

- Nil



### Current Position:

- Deputy Head of Internal Audit Unit at the Ministry of Education, National Audit Department, Malaysia

### Previous Experience:

- Deputy Director at State Audit Department, Kedah
- Head Auditor at Ministry of Communications
- Head Auditor at Prime Minister's Department
- Senior Auditor at Ministry of Consumer Affairs
- Senior Auditor at National Audit Department
- Auditor at Prime Minister's Department

## FORMER INTERNAL AUDIT COMMITTEE PROFILE



### DATO' MUSTAFA BIN HAJI SAMAN

**Nationality / Age / Gender:**

Malaysian / 67 / Male

**Appointment as Committee Member:**

- First appointment: 1 October 2017 - 30 September 2018
- Re-appointment: 1 October 2018
- Re-appointment: 23 June 2019
- Re-appointment: 23 June 2020
- Re-appointment: 1 July 2021
- Re-appointment: 1 July 2022 until 11 June 2023

**Other Positions in CBP:**

- Nil

**Education/Award/Qualification:**

- Master in Business Studies (University of Dubuque, Iowa, USA)
- Bachelor of Economy (Universiti Malaya)

**Other Positions Held:**

- Member, Audit Committee, Selangor State Development Corporation (PKNS) (2017-2021)
- Member, Audit Committee, Universiti Malaysia Sabah (UMS) (2016-2020)

**Previous Experience:**

- Deputy Head, National Audit (Performance)
- Deputy Head, National Audit (State)
- Director, Audit, Federal Sector
- Director, Corporate Management Sector
- Director of Sarawak State Audit Department
- Head, Audit Branch, Ministry of Home Affairs Malaysia (KDN)
- Director of Penang Audit Department
- Director, Training, Computer and Research Division
- Attachments in audit departments of Singapore, New Zealand and the United States

# SHARIAH COMMITTEE PROFILE

## PROFESSOR MADYA DR. HAJI MOHAMED FAIROOZ BIN ABDUL KHIR

### Nationality / Age / Gender:

Malaysian / 48 / Male

### Appointment as Shariah Committee Member:

- Term: 1 February 2022 - 31 January 2025



### Other Positions in CBP:

- Nil

### Awards/Qualifications:

- PhD, Universiti Malaya (UM)
- Master in Shariah, Universiti Malaya (UM)
- Bachelor of Islamic Revealed Knowledge and Human Sciences, International Islamic University Malaysia (IIUM)

### Other Positions Held:

- Associate Professor, INCEIF, Kuala Lumpur
- Member of the Shariah Advisory Council, Securities Commission Malaysia
- Member of the Fatwa Committee, Perak
- Member of the Islamic Religious Council and Malay Custom of Perak (MAIPk)
- Member, Shariah Committee, Bank Simpanan Nasional
- Chairman, Shariah Board Committee, CIMB Islamic Bank
- Chairman, Shariah Committee, Zurich Takaful Malaysia Berhad

### Previous Experience:

- Member, Zakat Committee, Maybank Islamic Berhad
- Member, Shariah Committee, MNRB Holdings Berhad
- Member, Shariah Committee, Maybank Islamic
- Chairman of Shariah Committee, Agrobank
- Lecturer, Centre of Foundation Studies, International Islamic University Malaysia (IIUM)

## SHARIAH COMMITTEE PROFILE



### PROFESSOR MADYA DR. HAJAH YASMIN HANANI BINTI MOHD SAFIAN

**Nationality / Age / Gender:**

Malaysian / 47 / Female

**Appointment as Shariah Committee Member:**

- Term: 1 November 2021 - 30 October 2024

**Other Positions in CBP:**

- Nil

**Awards/Qualifications:**

- PhD in Shariah, University of Exeter, United Kingdom
- Master of Islamic Law, University of Birmingham, United Kingdom
- Bachelor's Degree in Islamic Shariah, Al-Azhar University
- Certified Shariah Advisor, CSA
- Certified Halal Trainer, JAKIM

**Other Positions Held:**

- Associate Professor, Faculty of Shariah and Law, Universiti Sains Islam Malaysia (USIM)
- Member, Shariah Supervisory Council, Bank Islam Malaysia Berhad (BIMB)
- Member, Shariah Committee, Malaysia Development Bank
- Board of Trustee, Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)
- Shariah Advisor, Swiss Re Takaful
- Member, Majlis Perundangan Hukum Syarak Wilayah Persekutuan
- Member, Majlis Agama Islam Selangor
- Board of Director, Teraju Ekonomi Asnaf Sdn Bhd
- Shariah Panel, Universiti Sains Islam Malaysia (USIM)

**Previous Experience:**

- Shariah Advisor, Affin Islamic Bank
- Advisory Panel, Malaysia Halal Certification Advisory Committee
- Steering Committee on Halal Certification

# SHARIAH COMMITTEE PROFILE

## PROFESSOR MADYA DR. MARHANUM BINTI CHE MOHD SALLEH

### Nationality / Age / Gender:

Malaysian / 42 / Female

### Appointment as Shariah Committee Member:

- Term: 1 November 2021 - 30 October 2024

### Other Positions in CBP:

- Nil

### Awards/Qualifications:

- PhD in Business Administration, International Islamic University Malaysia (IIUM)
- Master of Finance, International Islamic University Malaysia (IIUM)
- Bachelor in Shariah and Management with Honours, University of Malaya (UM)



### Other Positions Held:

- Associate Professor, International Islamic University Malaysia (IIUM)
- Shariah Advisor, Syarikat Takaful Malaysia Berhad
- Member, Shariah Committee Public Islamic Bank Berhad

### Previous Experience:

- Shariah Advisor, United Overseas Bank Islamic Malaysia

## SHARIAH COMMITTEE PROFILE



### PROFESSOR DR. HAJI ABDUL RAHIM BIN ABDUL RAHMAN

**Nationality / Age / Gender:**

Malaysian / 57 / Male

**Appointment as Shariah Committee Member:**

- Term: 1 February 2022 - 31 January 2025

**Other Positions in CBP:**

- Nil

**Awards/Qualifications:**

- PhD in Accounting and Finance, University of Southampton, UK
- Master of Accounting and Management Science, University of Southampton
- Bachelor of Finance and Accounting, University of East London

**Other Positions Held:**

- Member of the Board of Directors, Hartasuci Sdn Bhd (Zakat MAIWP Collection Centre)
- Member of the Shariah Committee, Accounting Standards for Baitulmal, Zakat, and Waqf, Accountant General's Department of Malaysia
- Member of the Shariah Committee, Etiqa Takaful Malaysia

**Previous Experience:**

- Deputy Vice Chancellor, Universiti Sains Islam Malaysia (USIM)
- Dean, IIUM Institute of Islamic Banking and Finance (IiIBF)
- Member of the Shariah Committee, HSBC Amanah Malaysia
- Member of the Shariah Committee, MBSB Bank
- Board Member, Permodalan BSN Berhad
- Vice Chancellor, Universiti Poly-Tech Malaysia (UPTM)

# SHARIAH COMMITTEE PROFILE

## TUAN HAJI USTAZ LOKMANULHAKIM BIN HUSSAIN

### Nationality / Age / Gender:

Malaysian / 45 / Male

### Appointment as Shariah Committee Member:

- Term: 1 February 2022 - 31 January 2025



### Other Positions in CBP:

- Nil

### Awards/Qualifications:

- Master in Fiqh, Islamic University of Madinah
- Bachelor of Shariah, Islamic University of Madinah

### Other Positions Held:

- Member, Research and Fatwa Management Committee, JAKIM
- Shariah Advisory Member, AIBIM
- Member, Shariah Committee, FWD Takaful
- Member, Shariah Committee, Malaysia Development Bank
- Member, Shariah Committee, Affin Islamic Bank
- Member, Shariah Advisory Council, BIMB Securities

### Previous Experience:

- Member of the Shariah Committee, Deutsche Bank Malaysia
- Member of the Shariah Committee, TEKUN Nasional
- Member of the Malaysian Halal Certification Advisory Committee
- Shariah Board Member, Al Rajhi Bank Malaysia
- Researcher, International Shariah Research Academy for Islamic Finance (ISRA)
- Fatwa Fellow, National Council of Islamic Religious Affairs Malaysia

## SENIOR MANAGEMENT

*From left to right:*

**1. MOHD FARIS BIN KAMARUDIN**  
Chief Commercial Officer

**2. KHAIRIL ANUAR BIN MOHAMMAD ANUAR**  
Chief Executive Officer

**3. NOR AZNIZAM BIN NOR AZMI**  
Chief Financial Officer

**4. MOHD RAFIS BIN MAKHTAR**  
Chief Business Officer

**5. ZAIRIL ANUAR BIN AHMAD**  
Chief Technology Officer

**6. SYAIFUL ARIEF SYAH BIN MOHAMED SAID**  
Chief Operating Officer



# SENIOR MANAGEMENT



## SENIOR MANAGEMENT



### KHAIRIL ANUAR BIN MOHAMMAD ANUAR

CHIEF EXECUTIVE OFFICER

**Nationality / Age / Gender:**

Malaysian / 48 / Male

**Appointment as Chief Executive Officer:**

- 1 November 2021 to present

**Award/Qualifications:**

- Chartered Banker, Asian Institute of Chartered Bankers (AICB) / Chartered Bankers Institute
- Oxford Advanced Management & Leadership Programme, Said Business School, University of Oxford, United Kingdom
- MSc in Risk Management (with Distinction), Glasgow Caledonian University, United Kingdom
- BA (Hons) Accounting and Finance De Montfort University, Leicester United Kingdom
- Diploma in Accountancy, Universiti Teknologi MARA (UiTM)
- Member - The Institute of Risk Management (IRM), United Kingdom
- Certified Change Manager, PROSCI Change Management Certificate

**Previous Experience:**

- Chief Operating Officer, SME Bank
- Chief Group Strategy Officer, SME Bank
- Head of Risk Management and Compliance, Hong Leong MSIG Takaful (HLMT)
- Head of Corporate Strategy, Al Rajhi Bank Malaysia (ARBM)
- Manager, Governor's Office, Bank Negara Malaysia
- Manager, Strategic Management Department, Bank Negara Malaysia
- Senior Executive, Insurance Supervisory Department, Bank Negara Malaysia

# SENIOR MANAGEMENT

## MOHD FARIS BIN KAMARUDIN

CHIEF COMMERCIAL OFFICER

### Nationality / Age / Gender:

Malaysian / 54 / Male

### Appointment as Chief Commercial Officer:

- October 2021 to present

### Award/Qualifications:

- Executive Education in Strategic Management dari National University of Singapore (NUS)
- BA [Hons] Accountancy dari University of Northumbria, UK
- Certified Financial Markets Practitioner (CMP), AICB-FMAM
- Member, Financial Markets Association Malaysia (FMAM)



### Previous Experience:

- Chief Investment Officer, CBP
- Director, Treasury, Kuwait Finance House (Malaysia) Berhad
- Assistant Director, Treasury, Kuwait Finance House (Malaysia) Berhad
- Chief Dealer, FX, Treasury, Kuwait Finance House (Malaysia) Berhad
- General Manager, Treasury & Funding, Minamas Plantation Indonesia, Kumpulan Guthrie Berhad
- Head of Treasury, PT. Bank Maybank Indocorp, Jakarta, Indonesia
- Senior Treasury Dealer, Maybank International Labuan Limited
- Treasury Dealer, Maybank Berhad

## SENIOR MANAGEMENT



### MOHD RAFIS BIN MAKHTAR

CHIEF BUSINESS OFFICER

#### Nationality / Age / Gender:

Malaysian / 42 / Male

#### Appointment as Chief Business Officer:

- 1 January 2023 to present

#### Award/Qualifications:

- Diploma in Accountancy, Universiti Teknologi Mara (UiTM)
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professional

#### Previous Experience:

- Acting Chief Retail Banking Officer at CBP
- Head, Personal Financing Department, CBP
- General Manager, Retail Banking Department, CBP
- Regional Head, Co-opbank Persatuan
- Branch Manager, Co-opbank Persatuan
- Senior Executive, Bank Rakyat

# SENIOR MANAGEMENT

## SYAIFUL ARIEF SYAH BIN MOHAMED SAID

CHIEF OPERATING OFFICER

### Nationality / Age / Gender:

Malaysian / 42 / Male

### Appointment as Chief Operating Officer:

- 1 January 2023 to present



### Award/Qualifications:

- Masters of Business Administration, Universiti Utara Malaysia (UUM)
- Chartered Profesional in Islamic Finance, Chartered Institute of Islamic Finance Profesional
- Level 6 - Diploma in Profesional Digital Marketing, Chartered Institute of Marketing, United Kingdom
- Associate Member, The Chartered Institute of Marketing, United Kingdom
- Bachelor of Information Technology & Management (Hons), Open University Malaysia (OUM)
- Executive Diploma in Management, Universiti Malaya (UM)
- Trained/Certified Technologist, Malaysian Technologist Council
- Prince2 Certification in Project Management

### Previous Experience:

- Assistant Vice President, Sime Darby Holdings Berhad, 2015-2018
- Senior Executive, Bank Negara Malaysia, 1999-2015

## SENIOR MANAGEMENT



### NOR AZNIZAM BIN NOR AZMI

CHIEF FINANCIAL OFFICER

#### Nationality / Age / Gender:

Malaysian / 41 / Male

#### Appointed as Chief Financial Officer:

- 10 February 2023 to present

#### Award/Qualifications:

- Master of Business Administration, University of Georgia (UNIES), Netherlands
- Bachelor of Accountancy, Universiti Utara Malaysia (UUM)
- Diploma in Accountancy, Kolej Universiti Insaniah (UNISHAMS)
- Chartered Accountant (CA), Ahli Institut Akauntan Malaysia (MIA)
- Global Banking Leaders Programme 2023, Bayes Business School, City, University of London

#### Previous Experience:

- General Manager/Head Finance, CBP
- Assistant Vice President of Finance, Co-opbank Persatuan
- Assistant Finance Manager of Bank Persatuan
- Finance Executive, Bank Persatuan
- Auditor, Messrs. Jamal Amin & Partners

# SENIOR MANAGEMENT

## ZAIRIL ANUAR BIN AHMAD

CHIEF TECHNOLOGY OFFICER

### Nationality / Age / Gender:

Malaysian / 47 / Male

### Appointment as Chief Technology Officer:

- 1 June 2023 to present



### Award/Qualifications:

- B.IT (Hons.) Major in Computer Science, National University of Malaysia
- Matriculation Certificate, National University of Malaysia Science Matriculation Centre
- PRINCE2 Registered Practitioner (Project Management)
- Microsoft Certified System Engineer
- Microsoft Certified Professional (Windows 2000)
- Microsoft Certified System Engineer (Windows 2003)
- Microsoft Certified IT Professional (Windows 2008)
- Microsoft Certified Technology Specialist (Windows 2008)
- Certified Lotus Specialist (Domino 6 Server and Administration)
- Certified Citrix Administrator (Presentation Server 4.0)
- ITIL Foundation Certification v2

### Previous Experience:

- Head, Information Technology, Co-opbank Pertama (13 Sept 2021 - 31 May 2023)
- Head, Information Technology Department (VP 11), Export-Import Bank of Malaysia Berhad (EXIM) (Ogos 2016 - Ogos 2021)
- Head, IT Information Security & Head, Service Delivery Management, Bank Muamalat Malaysia Berhad (Nov 2015 - Jul 2016)
- Advisory IT Specialist (Team Leader - Wintel Server Team), IBM (M) Sdn Bhd (Sept 2008 - Jul 2010)
- Deep Technical Support Specialist, Hewlett Packard (M) Sdn Bhd (Sept 2002 - Ogos 2008)
- Technology Specialist, Mesiniaga Berhad (May 2001 - Ogos 2006)
- System Analyst, Abacus Distribution System (M) Sdn Bhd, (Jun 1999 - April 2001)
- CMIS Executive, LYROZ Corporation Sdn Bhd (Jul 1998 - May 1999)

## SENIOR MANAGEMENT



### AFIDAH BINTI MOHD GHAZALI

CHIEF RISK OFFICER

#### Nationality / Age / Gender:

Malaysian / 61 / Female

#### Appointment as Chief Risk Officer:

- October 2019 to August 2023

#### Award/Qualifications:

- Chartered Association of Certified Accountants (ACCA), London School of Accountancy, London, United Kingdom
- Diploma in Islamic Studies, International Islamic University Malaysia (UIAM)

#### Previous Experience:

- Chief Financial Officer (CFO)/Chief Operating Officer (COO), Bank Pembangunan Malaysia Berhad
- Chief Financial Officer/General Manager, Corporate Planning Syarikat Takaful Malaysia Berhad (STMB)
- Vice President, Head, Business Support & Strategic Planning, Maybank Investment Bank Berhad
- Accountant, Kumpulan Guthrie Berhad
- Project Officer, Kompleks Kewangan Malaysia Berhad
- Accountant, Majlis Amanah Rakyat

# MANAGEMENT INFORMATION

## SENIOR MANAGEMENT

**Khairil Anuar bin Mohammad Anuar**  
Chief Executive Officer

**Syaiful Arief Syah bin Mohamed Said**  
Chief Operating Officer

**Afidah binti Mohd Ghazali**  
Chief Risk Officer  
(until August 2023)

**Mohd Faris bin Kamarudin**  
Chief Commercial Officer

**Nor Aznizam bin Nor Azmi**  
Chief Financial Officer

**Mohd Rafis bin Makhtar**  
Chief Business Officer

**Zairil Anuar bin Ahmad**  
Chief Technology Officer

## DEPARTMENT HEADS

**Nasir bin Marob**  
Head of Human Capital Department

**Mohd Azmi bin Jaafar**  
Head of Cooperative & Corporate Banking Department

**Akbaruddin bin Ismail**  
Head of Legal Department

**Amirakmal bin Rozihan**  
Acting Head of Integrity & Governance Department

**Aminudin bin Ismail**  
Head of Membership & Investor Relations Department

**Norhisam bin Selamat**  
Head of Treasury Department

**Mohammad Fadzli bin Mohammad Hashim**  
Head of Wealth Management Department

**Aimi Noraina binti Mohd Azhar**  
Head of Compliance Department

**Raihan bin Mohd Jamil**  
Head of System & Method Department

**Vacant**  
Head of Risk Management Department

**Herda Munizah binti Abdullah**  
Head of Ar-Rahnu Department

**Zalifah binti Ibrahim**  
Acting Head of Retail Deposit Department

**Mohd Affendy bin Arshad**  
Acting Head of Community Banking Department (SBF/Micro)

**Muhammad Syafiq bin Mat Husin**  
Head of Personal Financing Department

**Mohd Shazman bin Muhamad**  
Head of Mortgage Financing Department

**Vacant**  
Head of Hire Purchase Department

**Quazir Ikhwan bin Mohd Reduan**  
Head of Branch Network Department

**Azlily binti Mat Lazin**  
Head of Strategic Management & Customer Service Department

**Muhammad Fairizuddin bin Alimat**  
Head of Asset & Facility Management Department

**Afiqah binti Zulkafri**  
Acting Head of Corporate Communication Department

**Nor Azman bin Ismail**  
Head of Branch Operation Department

**Rodiyah binti Saad**  
River Leaf Sdn. Bhd

**Haron bin Mohamed**  
Head of Recovery Department

**Mohd Nizam bin Md. Zaki**  
Head of Finance Department

**Yusnor Izzat bin Mohd Yusop**  
Acting Head of Regulatory Reporting Department

**Wan Amelia Nadia binti Wan Sapiansori**  
Acting Head of Procurement Department

**Siti Zalifah binti Mohd Shariff**  
Head of Credit Administration Department

**Mazlan bin Md. Isa**  
Head of Information Technology Department

**Darul Azam bin Mat Daud**  
Acting Head of Information Security & Governance Department

**Azhari bin Harun**  
Acting Head of Banking Technology Solution Department

**Noor Farini binti Napiah**  
Head of Digital Banking & Electronic Channels Department

**Mohd Feruz bin Harron**  
Head of Internal Audit Department

**Nur Fatin binti Mohamad Hashim**  
Co-opbank Secretary

**Mohd Fazli bin Masri**  
Head of Syariah Department

# CHAIRMAN'S MESSAGE

السلام عليكم ورحمة الله وبركاته

Alhamdulillah, all praises be to Allah SWT, the most benevolent and most gracious. Peace be upon our messenger, Prophet Muhammad SAW. With utmost gratitude, as the chairman of Co-opbank Pertama (CBP), I hereby present to all members the achievements of CBP throughout the year 2023.

## THE YEAR IN FOCUS

The journey throughout 2023 has driven a positive impact on CBP's performance. Despite facing challenging periods for the global and Malaysian economies, compounded by ongoing geopolitical uncertainties, CBP managed to continue recording commendable performance in providing good returns to members and customers.

This excellent performance is also guided by the systematic management strategies and support from all parties. Continuous cooperation from the regulators, the Board members, Management, Members, and all employees has brought CBP to a higher level.

As everyone is aware, CBP has been listed as one of Malaysian Premier Cooperative for 2023 by the Malaysia Co-operative Societies Commission (SKM). The recognition, received for three consecutive years, demonstrates that CBP is in a league of its own.

I would like to take this opportunity to extend my most profound appreciation and gratitude for the support and cooperation given to CBP. This success is a collective achievement resulting from the continuous support of the Regulators, Board Members, Management, members, and CBP employees.

## CBP PERFORMANCE 2023

Entering the 73<sup>rd</sup> year since its establishment, CBP continues to create its unique history and records. With CBP's maturity, this institution has effectively managed the prevailing challenges and obstacles in achieving outstanding Shariah-compliant banking operations in the country.

2023

**CBP**

has been listed as one of Malaysian Premier Cooperative for 2023 by the Malaysia Co-operative Societies Commission (SKM).

The recognition, received for three consecutive years, demonstrates that CBP is in a league of its own.



**DATUK BAHAROM  
BIN EMBI**  
Chairman

## CHAIRMAN'S MESSAGE

CBP successfully surpassed its financial performance records in 2023, recording a profit of RM120.56 million, an increase of 16.5% compared to RM103.48 million in the previous financial year. Along with the profit, CBP's assets also saw a significant rise, recording total assets of RM10.87 billion as of 31 December 2023, a 40.6% increase compared to RM7.73 billion in the financial year ending 31 December 2022.

CBP's deposit performance also showed encouraging growth, with deposits increasing by 40.0% to RM8.75 billion in 2023 compared to RM6.27 billion in the previous financial year.

The performance of CBP's financing disbursement in 2023 also recorded excellent achievement, with total financing disbursement amounting to RM4.74 billion. This excellent performance was driven by personal, housing, and Ar-Rahnu financing, which recorded disbursements exceeding RM4.62 billion. Additionally, cooperative and corporate sector financing also showed positive growth compared to the previous year.

Additionally, CBP has reopened its shares from 1 January 2023 to 31 December 2023 for additional and new share subscriptions to public. Consequently, the number of CBP members increased by 4.2% from 91,133 in 2022 to 94,958 members as of 31 December 2023.

The number of individual members increased at the same rate, 4.2%, from 90,365 in 2022 to 94,118 in 2023. Meanwhile, cooperative members saw a significant increase from 768 cooperatives in 2022 to 840 cooperatives in 2023, an increase of 9.4%. This impressive growth in membership demonstrates the public's and cooperatives' confidence in CBP.

CBP also recorded a good Financing Loss Coverage Rate (FLCR) of 128.6% for the financial year ending 31 December 2023, compared to 106.4% for the financial year ending 31 December 2022, in line with SKM's requirements. As of 31 December 2023, the Non-Performing Financing (NPF) rate remained healthy and decreased from 1.58% compared to 3.89% at the end of 2022.

In March 2023, CBP launched the FIRST Project to upgrade CBP's Core Banking System. This project is expected to take two (2) years, commencing from November 2022 to October 2024, and will be implemented in three (3) phases according to the specified modules.

The FIRST Project will involve changes to the current core banking system, including internet banking and mobile banking systems, which will benefit to all CBP members and customers.

As everyone knows, in 2023, CBP opened its first Ar-Rahnu outlet in Gombak in March 2023 and a branch in Miri, Sarawak in December 2023. The opening of these premises is part of CBP's strategy to strengthen its market presence and expand its customer reach.

### STRENGTHENING GOVERNANCE & IMPROVING CBP'S INTERNAL OPERATIONAL EFFICIENCY

To strengthen the senior management team, CBP has appointed four (4) new chief officers: Chief Business Officer, Chief Operating Officer, Chief Technology Officer, and Chief Financial Officer. This appointment aims to ensure that all planned business strategies and implementations can be effectively executed and achieved.

In enhancing the customer experience, several branches have undergone renovation and relocation through the PINTAR programme, such as the Temerloh, Kuantan, Shah Alam, Butterworth, and several other branches. For the year 2024, several other branches have also been identified for renovation purposes.



# CHAIRMAN'S MESSAGE

## BUSINESS TARGETS FOR 2024

The beginning of 2024 looks positive as CBP inaugurated two (2) branches simultaneously on 13 January 2024 in Sandakan, Sabah, and Kuching II, Sarawak. Additionally, CBP has opened two (2) more branches in Papar, Sabah, and Jerteh, Terengganu in the second quarter of this year.

The opening of these new branches aligned with CBP's Strategic Planning Plan 2022-2026, which aims to have 36 branches nationwide by 2026, including two more branches expected to open as early as the fourth quarter of this year in Bangi, Selangor, and Segamat, Johor. Therefore, I am very optimistic that this target can be achieved this year.

At the same time, in expanding the customer reach, several new products will be introduced to the public this year. Among those are the introduction of the SalamBiz-i Account product, Community Banking or Micro-Financing, and several other new products that have been identified.

In addition, CBP is taking new steps by introducing the HELOCBP apps. This application will enable members and customers to transfer funds faster than before. Along with the introduction of the HELOCBP apps, CBP management is also introducing HELOBiz for corporate customers to facilitate business transactions between CBP and its strategic partners.

CBP will also continue its attractive campaigns in its mission to attract more new customers while retaining existing customers. At the same time, CBP will continue the Program PINTAR at several identified branches to provide new customer experience to its customers.

As everyone knows, the CBP Board Members has also agreed to acquire a building in Kampung Baru, Kuala Lumpur, as CBP's new headquarters. With this new headquarters, all Head Office staff can be housed in one building thus facilitating efficiency CBP's daily operations. The move to the new building is expected to take place as early as the first quarter of 2025.

For everyone's information, the Board Members and Senior Management are currently evaluating the achievements of CBP's Strategic Planning Plan 2022-2026 (CBP-5 Aspirations). At the same time, CBP is in the midst of preparing a three-years Strategic Planning Plan starting from 2027 to 2029. This strategic planning plan is essential for CBP to ensure that this financial institution remains on the right track moving forward.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a Cooperative bank, corporate social responsibility activities are never neglected as an indication of CBP's empathy with the less fortunate in the country. CBP maintains and continues community programmes such as CB-Prihatin assistance, food packages distribution, Back To School assistance, and several other activities.

CBP has set four (4) Key Performance Indicators (KPIs): CB-Prihatin, CB-Proaktif, CB-Pendidik, and CB-Preneur, focusing on several social responsibility sectors such as the B40 and asnaf groups, educators and students, the environment, and entrepreneurs. These predetermined KPIs enable CBP to channel assistance and programmes to target groups.

These CSR activities allow CBP to provide assistance to those in need, which are made possible by the support received by CBP from its members and customers.

## APPRECIATION

As the Chairman, representing the entire Board Members, Senior Management, and CBP employees, I would like to express my highest appreciation and heartfelt thanks to the Malaysia Co-operative Societies Commission (SKM) for all the support given to CBP.

I would also like to extend my heartfelt thanks to the Ministry of Entrepreneur and Cooperatives Development (KUSKOP), Central Bank of Malaysia (BNM), the Malaysian National Co-operative Movement (ANGKASA), and other government agencies for continuing to support, collaborate, and assist CBP throughout 2023, whether directly or indirectly.

Taking this opportunity, I would also like to extend my heartfelt gratitude to all Board Members, Internal Audit Committee, Shariah Committee, Senior Management, and CBP employees who have significantly contributed to CBP's excellence over the years.

Thank you. Wassalam.

Together We Grow.

**At the same time, CBP is in the midst of preparing a three (3) year Strategic Planning Plan starting from 2027 to 2029.**

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

2023

**1,266**

People benefited from zakat assistance through the programmes implemented.

Published

**14**

'Shariah Lesson Learnt' bulletins by the Shariah Department

CBP's business is centered on the concept of *Al-Falah*, or well-being in this world and the hereafter.

As an Islamic financial institution committed to upholding Shariah principles, Co-opbank Pertama (CBP) prioritizes conducting its business with a focus on blessings, not solely profit. This means ensuring that all operations align with ethical and moral standards prescribed by Shariah, emphasizing the well-being of all stakeholders and communities served. CBP's business is centered on the concept of *Al-Falah*, or well-being in this world and the hereafter. In pursuing this prosperity and well-being, Islam encourages seeking it comprehensively, materially, and spiritually. The concept of *Al-Falah* means the excellence and well-being of individuals or members, including the entire ummah, as Islam clearly organizes the distribution of economic resources and creates social justice as a fundamental demand in Islam.

## FROM SHARIAH PERSPECTIVES

### Knowledge Cultivation and Shariah Understanding

CBP, through the excellence of its talent in the Shariah Department and the combination of Islamic scholars in the Shariah Committee, continues to support knowledge sharing with CBP staff, members, and the general public by implementing various programmes to cultivate Shariah. Among these programs are lectures on significant Islamic days such as Maal Hijrah, Maulidur Rasul, Malaysian Quran Hour 2023, Ramadan Tazkirah, and Shariah training for CBP staff in 31 branches across Malaysia.

Additionally, CBP has initiated and implemented three Shariah awareness education programs for internal and public sharing. One of them is the Spiritual Therapy Series conducted periodically. Also, the Shariah Department has published 14 'Shariah Lesson Learnt' bulletins aimed at strengthening Shariah understanding and cultivation among CBP staff. These steps reflect CBP's commitment to disseminating Shariah values and understanding throughout the organisation.



### Islamic Philanthropy

CBP strongly upholds the principles of Islamic social finance and the concept of a Madani nation where financial institutions must contribute to the socioeconomic development of Islam and the ummah.

On 14 November 2023, for the first time, UZWI negotiations by the Shariah Department successfully garnered the attention of the Palace, which invited CBP to the Majlis Pembayaran Zakat Perniagaan Syarikat- Syarikat Korporat to the Federal Territories Islamic Religious Council Zakat Collection Centre (PPZ-MAIWP) at the National Palace, officiated by His Majesty the Yang di-Pertuan Agong.

Furthermore, through zakat funds, CBP has provided significant financial support to scholarly programs such as the International Shari'ah Scholars Forum (ISSF), held on 14-15 November at Pullman Kuala Lumpur. This zakat fund contribution aims to strengthen initiatives in Shariah research and education. By supporting this forum, CBP hopes to play a significant role in the development and advancement of scholarly thought in the field of Shariah, as well as foster close collaboration with the international Shariah scholars and experts community.

In 2023, 1,266 people benefited from zakat assistance through programmes such as the *Bantuan Dakwah Masjid Fisabilillah*, *Bantuan Usahawan Asnaf*, *Bantuan Pengajian Tinggi*, *Bantuan Rumah Kebajikan (Rumah Orang Tua dan Anak Yatim)*, *Bantuan Asnaf Persekolahan Fakir Miskin* and *Bantuan Geran Penyelidikan* at selected universities.

Of the total zakat funds collected, 85% or 1,072 people were distributed to the asnaf, while 15% were allocated to asnaf fisabilillah. This demonstrates CBP's commitment to ensuring that zakat is distributed transparently and effectively to help those in need in various aspects of life.

In the future, social Islamic financial activities for the development of the ummah through zakat funds will be strengthened with specific methods and models introduced by CBP. CBP takes the words of Sayidina Umar as guidance: "When you give zakat, enrich them." Thus, Sayidina Umar in his leadership endeavored to lift the poor out of poverty using zakat funds, not merely giving them a few bites of food or a few dirhams (*Fiqh al-Zakat, 2/568, Beirut: Muassasah al-Risalah*).

## SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS



### Shariah Research

The main focus of Shariah research in 2023 was to seek alternatives to new risks mitigation support, aiming to strengthen the understanding and implementation of Shariah principles in the financial products and services provided. This step was taken to ensure effectiveness and adherence to Shariah values in a dynamic financial environment. Islamic banking needs buffers against the risk of evolving fatwas and sole reliance on Tawarruq.

Among the research successfully carried out were Islamic Financing based on "Alternative Concepts" to Reduce Overreliance on Tawarruq, A Preliminary Survey on Personal Financing at All CBP Branches Based on Maqasid Shariah Rating, Study on Recovering Taklifiah Fi'liyyah Costs (Actual Costs) from Non-Shariah Compliant Financing, Review on the Terms of Akad Al Wakalah Bi Al Jualah for Physical Gold Sale Products on Consignment, New Compliance Methods for Credit Cooperatives - Introduction of Aku Janji Method, and Appeal for Shariah Parameter Amendments for Potential Non-Shariah Compliant Account Management for Cooperative and Corporate Financing Portfolios Based on Bai Inah and BBA. All research is ongoing, and collaboration with academic institutions from public and private universities continues to ensure that research studies yield something beneficial to the ummah.

### Shariah Resolutions

The CBP Shariah Committee has actively and proactively functioned, allowing them to conduct ten (10) Shariah meetings in 2023. This number of meetings includes scheduled and special sessions, exceeding the minimum requirement of six (6) times set by regulators. Throughout all meetings, 86 crucial Shariah resolutions were officially decided.

In 2023, the CBP Shariah Department also achieved a milestone by recording the latest Shariah compilation for the 3<sup>rd</sup> edition. Over the period from 2019 to 2023, there have been three (3) editions of Shariah compilations containing a total of 298 Shariah resolutions. This achievement reflects continuous commitment to maintaining adherence to Shariah principles and sustaining excellence in Islamic financial management.

### ESG and VBI

CBP is inspired by the regulators' spirit in supporting Islamic financial principles based on ESG (Environmental, Social, and Governance) and VBI (Value-Based Intermediation). According to a survey conducted by the Shariah Department in 2023, some CBP customers opted for financing based on ESG and VBI principles. For example, some used financing for flora and fauna preservation and conservation programs, as well as green projects, including the solar energy sector, electric vehicle (EV) industry, food security sector, zero carbon industry, and recycling industry. This reflects CBP's commitment to aligning ESG and VBI values in its operations.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS



## Maqasid Shariah

As an added value in CBP's Islamic financial activities, practices based on Maqasid Shariah principles are emphasized in CBP's financing activities, encompassing the preservation of religion (*Hifz Ad-din*), wealth (*Hifz Al-Mal*), life (*Hifz An-Nafs*), lineage (*Hifz An-Nasl*), and intellect (*Hifz Al-Aql*). Financing is also encouraged to meet the permissible purposes of Maqasid Shariah, which include basic needs (*dharuriyat*), complementary needs (*hajjiyyat*), and desires (*tahsiniyyat*). This action shows CBP's commitment to ensuring that all financing activities adhere to the values and objectives set by Maqasid Shariah, contributing to the general well-being and preservation of societal safety and harmony. According to a survey conducted by the Shariah Department in 2023, the majority of customers finance for needs-based purposes (*hajjiyyat*).

## COOPERATIVE AND CORPORATE FINANCING

For the financial year 2023, Cooperative & Corporate Banking (CCB) approved financing applications totaling RM295.6 million. Of this total approval, RM99.09 million was for the cooperative sector, while RM196.48 million was for the corporate sector. This amount represents a 39.7% increase from the financial year 2022 (total approvals recorded were RM211.6 million).

This positive growth is in line with the increase in the number of financing approvals, with 48 approvals recorded in 2023. This shows a 60% growth compared to 2022, which recorded 30 approvals.

As of 31 December 2023, the total financing disbursement amounted to RM120.6 million, with RM43.5 million from cooperatives and RM77.1 million from corporates. This disbursement represents a positive growth of 133.4% compared to 2022, which was RM51.3 million.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

Additionally, the gross financing balance as of 31 December 2023 was recorded at 36% (RM124.4 million) for the cooperative sector and 64% (RM220.2 million) for the corporate sector, derived from the entire CCB portfolio.

CBP remains committed to expanding its role as a cooperative bank, especially for the Credit Cooperative sector, through COSTART Financing Scheme launched in November 2023. As of 31 December 2023, two (2) approvals were obtained, totaling RM2.0 million. A financing fund of RM10.0 million has been allocated to assist eligible credit cooperatives in generating the cooperative economy sector nationwide.

For the corporate sector, CCB is also committed to strategising financing for the service sector, particularly in the information technology industry with a specialisation in government contracts, offering competitive terms that can compete with other financial institutions. As of 31 December 2023, CCB recorded i-Contract Financing approvals totaling RM171.8 million, with contract values amounting to RM265.7 million.

Support for businesses based on Environmental, Social, and Governance (ESG) principles is also provided, where involvement of ESG-based companies through financing is encouraged to ensure companies continue to thrive and compete.

Overall, the growth of CCB's financing portfolio for the financial year 2023 has shown commendable performance. This positive development is driven by proactive marketing activities and sustainable credit assessments to support growth in both the cooperative and corporate sectors.

**CBP remains committed to expanding its role as a cooperative bank, especially for the Credit Cooperative sector, through COSTART Financing Scheme launched in November 2023.**

## INTEGRITY AND GOVERNANCE

CBP instills a work ethic of integrity by continuing to support all government-initiated activities. In 2023, CBP participated in the Integrity, Governance, and Anti-Corruption Award (AIGA 2023). It was CBP's first participation, an award recognizing and appreciating the public and private sectors demonstrating commitment to cultivating and practicing integrity, best governance, and anti-corruption initiatives in their organisations. CBP received the Bronze Award in AIGA 2023.

The Integrity & Governance Department (IGD) is also in the process of identifying corruption risks and subsequently publishing its own Organisational Anti-Corruption Plan (OACP) to continue supporting government initiatives to curb corruption. Awareness of corruption, integrity, and fraud is always emphasized as a form of awareness among CBP staff about the dangers of such issues.

IGD is also committed to assist CBP in providing complaint channels available on the CBP website platform. Procedures such as complaint and investigation management and the presence of authorities were approved in 2023 to help CBP have a systematic process.

## TREASURY DEPARTMENT

Efficient fund and liquidity management to support the growth of financing assets and investments in financial instruments to generate optimal returns remains the core activity of the Treasury Department (TYD).

Efforts to diversify funding sources continue to be the main focus while strengthening existing sources through the Salam Savings-i Account and Term Deposit-i. Asset mobilisation as a funding tool through Collateralised Commodity Murabahah (CCM) instruments and Revolving Credit (RC) facilities were also implemented in the current year. The addition of business partners for CCM facilities and review of RC facility limits will continue in 2024 to ensure CBP is always ready and capable of meeting payment obligations and commitments.

Broader business partners access is a continuous effort to ensure CBP obtains the best fund placement rate offerings among Financial Institutions (FIs) in Malaysia. The department successfully added several new business partners in 2023, providing access to CBP's fund placement transactions.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## SUKUK INVESTMENT ACTIVITIES

CBP's Sukuk investment activities continue to grow, recording a portfolio of RM1.5 billion as of 31 December 2023. In addition to optimising returns from coupon income and capital gains, holdings of Malaysian Government Investment Issue Sukuk (GII) and Government-Guaranteed Sukuk (GG) ensure sufficient High-Quality Liquid Assets (HQLA) compliance with prudential ratios such as the Liquidity Asset Ratio (LAR), Liquidity Coverage Ratio (LCR), and Risk-Weighted Capital Ratio (RWCR).

Planned marketing activities have been a catalyst for achieving 36 new corporate depositors with accumulated deposits exceeding RM600 million obtained during the current year. Several series of friendly meetings and work visits with existing and potential depositors across Malaysia, including Sabah and Sarawak, received good responses and showed positive feedback in efforts to expand CBP's network of depositors.

To ensure a more systematic, accurate, and prompt management of CBP's Treasury portfolio, the Department has successfully realised Phase 1 of the development of the Treasury System, also known as the ALPHA System, which went live on 1 July 2023 with full automation of Treasury operations. Integration of the ALPHA System with CBP's Core Banking System (FIRST) and other supporting systems is expected to be completed in Q2, 2024.

CBP continues its commitment as the Fund Manager for ADK-KWRS, appointed by the Malaysia Co-operative Societies Commission (SKM), by strengthening the management of Cooperative Deposit Accounts through the integration of cooperative data into the development of Phase 2 of the ALPHA System. This automation also involves the recording of ADK-KWRS depositors and the calculation and distribution of returns from ADK-KWRS fund investments to stakeholders annually. The development of the ADK Module is expected to be fully completed in Q3, 2024. As of 31 December 2023, 458 cooperatives have deposited and complied with SKM's directives, with accumulated deposits totaling RM267 million through CBP branches nationwide.

### Share Capital Balance (Ordinary)

# RM1.26

## BILLION

## CBP SHARE CAPITAL & MEMBERSHIP PERFORMANCE 2023

### Increase in Member Share Capital

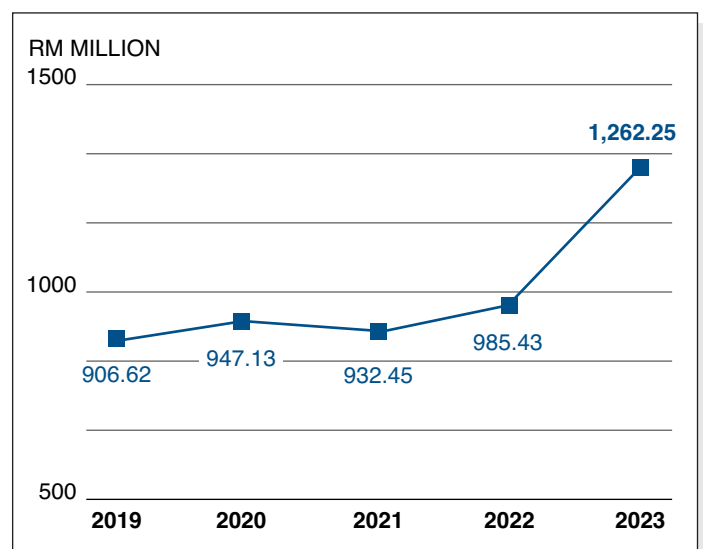
The balance of Share Capital (Ordinary) for 2023 recorded a significant overall increase to RM1.26 billion compared to RM735.21 million in 2022. Individual Share Capital (Ordinary) increased by 69.8% from RM618.55 million in 2022 to RM1.05 billion in 2023. Cooperative Share Capital (Ordinary) increased by 80.9% from RM116.66 million (2022) to RM211.02 million in 2023.

### IRCPS Redemption

Starting September 2023, CBP also redeemed almost all Preference Shares (iRCPS) amounting to over RM248.30 million that reached the 5-year maturity. In terms of conversion, 208 individual members (RM7.33 million) and 21 cooperative members (RM29.84 million) agreed to convert their iRCPS holdings to Ordinary Shares.

In terms of redemption, 903 individual members agreed to redeem iRCPS amounting to RM5.57 million, and 36 cooperative members redeemed iRCPS amounting to RM205.56 million. As of 31 December 2023, the remaining iRCPS balance has decreased to RM0.16 million (5 accounts: 4 individuals & 1 cooperative) that will reach the 5-year maturity in stages until March 2024.

### CBP Share Balance Position Over 5 Years (Including iRCPS)

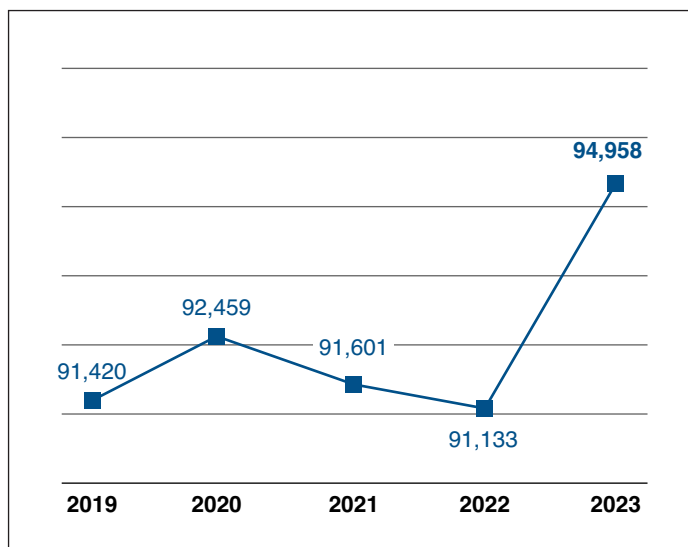


# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## Number of CBP Members

Overall, the number of members also recorded a growth of 4.2% from 91,133 members (2022) to 94,958 members (2023). The number of individual members increased at the same rate, 4.2%, from 90,365 individuals (2022) to 94,118 individuals (2023). Cooperative members also recorded an encouraging increase of 9.4% from 768 cooperatives (2022) to 840 cooperatives (2023). The significant increase in share capital and member growth demonstrates the trust and confidence of the public and cooperators in CBP.

## Number of CBP Members Over 5 Years



## Member Benefit Payments (Member Welfare Fund)

For the Member Welfare Scheme under the Member Welfare Fund, the total benefits paid in 2023 amounted to RM462,260. This is a commitment from CBP that is always concerned with the well-being and welfare of its members. The breakdown of benefit payments by category in 2023 is as follows:

No.	Type of Benefit / Scheme	No. of Members	Amount Paid (RM)
1.	Khairat Kematian	224	336,000
2.	Bantuan Am	14	6,500
3.	Elaun Hospital	36	4,960
4.	Penyakit Kritikal	28	14,000
5.	Derasiswa Kecemerlangan SPM	6	6,000
6.	Derasiswa Ijazah Sarjana Muda	44	66,000
7.	Saguhati Kesetiaan 20 Tahun Keanggotaan	98	28,800
<b>Total</b>		<b>450</b>	<b>462,260</b>

Throughout 2023, various programmes were organised by CBP to engage its members nationwide. Among the programmes organised were the Majlis Ramah Mesra Bersama Anggota CBP and the Program Wakalah Zakat Anggota to support asnaf among CBP members held in each state, receiving very positive responses from members.

With the various facilities and benefits offered to all members, CBP is confident that members will continue to support and subscribe to the products offered to ensure that CBP can continue to provide the best returns to its members.

## CBP Member Count

# 94,958

## MEMBERS



# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## CBP WEALTH MANAGEMENT PRODUCT ACHIEVEMENTS 2023

### Increase in Fee Income from Wealth Management Products

Wealth Management Products have been the main contributors to fee income at CBP. In the financial year 2023, RM10.1 million in fee income was generated, representing a 42.3% increase compared to RM7.1 million in fee income in the financial year 2022.

Fee income from GCT - Group Credit Takaful increased by 58.8% to RM5.4 million compared to RM3.4 million, while MRTT - Mortgage Reducing Term Takaful increased by 300% to RM0.8 million compared to RM0.2 million in 2022, in line with the growth of financing at CBP. Will Writing products showed a 9% increase, with RM3.6 million compared to RM3.3 million in the previous financial year.

### Introduction of New Wealth Management Products

On 21 April 2023, CBP introduced the Takaful CBP Protect product, a Personal Accident Takaful. As of 31 December 2023, it generated a total accumulated takaful contribution of RM1.2 million and contributed RM0.3 million in fee income to CBP. In addition to Takaful CBP Protect, several products have been approved and will be marketed in 2024, including Takaful CBP Smart Care, Takaful CBP Idaman Plus, CBP Inheritance Trust, and Basic Muslim Will Writing from Rakyat Trustee Berhad and Amanah Raya Berhad.

### Addition of New Strategic Partners

CBP has also added several new strategic partners to diversify CBP's product offerings and fee income sources.

New Strategic Partner	Service Scope	Products Marketed/To Be Marketed
Great Eastern Takaful Berhad	Family Takaful	<ul style="list-style-type: none"> <li>Takaful Berkelompok Kredit (GCT)</li> <li>Takaful Gadaijanji (MRTT)</li> </ul>
Takaful IKHLAS Family Berhad	Family Takaful	<ul style="list-style-type: none"> <li>Takaful Berkelompok Kredit (GCT)</li> <li>Takaful Gadaijanji (MRTT)</li> <li>Takaful CBP Idaman Plus*</li> </ul>
Zurich General Takaful Malaysia Berhad Takaful Ikhlas General Berhad	General Takaful	<ul style="list-style-type: none"> <li>Takaful Kebakaran / Semua Risiko</li> </ul>
Amanah Raya Berhad	Estate Planning	<ul style="list-style-type: none"> <li>Penulisan Wasiat Asas Muslim</li> </ul>
Rakyat Trustees Berhad	Estate Planning	<ul style="list-style-type: none"> <li>CBP Amanah Pusaka</li> </ul>

## CAMPAIGNS AND PROGRAMS

Throughout the 2023 financial year, several campaigns for Members, customers, and CBP staff were also carried out, such as the Overseas Sales Trip (OST) Challenge, Fee Based Branch Challenge, and BancaDay. These campaigns motivated CBP staff to market Wealth Management products and attracted Members and customers to participate in CBP's Wealth Management products.

## CBP RETAIL BUSINESS 2023

In 2023, CBP achieved impressive business performance with a total financing disbursement of RM4.39 billion. The increase in financing disbursements demonstrates CBP's commitment to meeting customers' financial needs from various sectors. Financing disbursements were contributed by Personal Financing-i amounting to RM3.18 billion, Ar-Rahnu amounting to RM1.08 billion, and Housing and Collateral Financing amounting to RM130 million. The improvement in business performance was driven by good governance practices, effective human capital management, and the introduction of new products. Furthermore, the increase in financing disbursements not only contributed to financial growth but also led to the addition of new customers, retention of existing customers, and an increase in deposits. Retail deposit balances also increased to RM803 million compared to RM670 million in the previous year, representing a 20% increase. This shows good growth in retail deposits and customer confidence in the services offered.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## STRATEGIC MANAGEMENT AND CUSTOMER SERVICE DEPARTMENT

The Strategic Management and Customer Service Department (SMD) continuously monitors the implementation of CBP's Strategic Plan 2022-2026: Aspirasi CBP-5 based on four (4) main pillars, namely Finance, Human/Customers Capital, Internal Processes, and Environmental, Social & Governance (ESG). The implementation of strategic initiatives under Aspirasi-5 has successfully propelled CBP towards increasing efficiency and business performance excellence in 2023. CBP's brand is increasingly accepted by customers in line with CBP's vision to become the leading Shariah-compliant co-opbank in Malaysia. This success is proven when CBP was once again named the Malaysian Premier Cooperative 2023 by the Co-operative Societies Commission of Malaysia. Additionally, CBP's management efficiency was recognized when CBP's CEO, Mr. Khairil Anuar bin Mohammad Anuar, was named one of the Top 10 Best Leaders from the BFSI Industry in Asia 2023, praised as A Dynamic Leader Transforming the Banking Landscape with Innovation & Insight.

To ensure the sustainability of CBP's performance in the coming years, CBP has introduced several new financial products and services, such as the CBP Co-Start Financing Scheme specifically for the cooperative movement and the bancatakaful product such as CBP Protect Takaful. Additionally, the Helo CBP Campaign and Salam Savings Account Campaign were implemented in 2023 to attract more than 20,000 new customers onboard.

The CROME Project has been implemented to ensure CBP's daily banking operations remain at the best level with the implementation of an integrated customer management system. Customer Satisfaction Index (CSI) study was also conducted in 2023 by Universiti Utara Malaysia in the third quarter of 2023, with CSI findings showing that CBP's service quality remains at the best level with customer satisfaction involving aspects such as CBP products & services, CBP staff quality, customer access facilities, transaction costs, and communication between customers.

For 2024, CBP will continue to improve service quality and implement key initiatives to drive CBP to a higher level of excellence.

**The CROME Project is to ensure CBP's daily banking operations remain at the best level with the implementation of an integrated customer management system.**

## CBP CORPORATE SOCIAL RESPONSIBILITY (CSR) 2023

In 2023, the Corporate Communications Department (COM) organised advertising and marketing activities to further strengthen CBP's brand in the market. This advertising and marketing involved traditional and digital platforms such as radio, television, billboards, and social media.

The advertising focused on promotion CBP's products and services in addition to promote the Hello CBP Campaign, which ran throughout 2023. Continuous advertising and promotion indirectly helped increase public awareness of CBP's banking products and services. The structured advertising and promotion indirectly contributed to CBP's financial performance.

CBP set four (4) main performance indices (KPIs) for community programs: CB-Prihatin, CB-Proaktif, CB-Pendidik, and CB-Preneur, focusing on identified target groups involving the B40 group, schools, asnaf entrepreneurs, and activities related to the environment.

CBP also actively participated in the International Coastal Cleanup Malaysia 2023 (ICCMY2023) held in Pulau Selakan, Semporna, Sabah, and built eco-brick walls from discarded plastic bottles, demonstrating our commitment to environmental sustainability and contributing to waste reduction efforts. CBP's participation in ICCMY2023 also contributed to a reduction of 200g in carbon footprint (0.05g/1 plastic bottle).

CBP actively engaged in demonstrating social responsibility through impactful programs such as organizing the Underwater Teachers' Day Celebration in collaboration with the Terengganu State Education Department, which was listed as a new record in the Malaysia Book of Records. This celebration honored the dedication and hard work of teachers in the education field. Our involvement in initiatives like ICCMY2023 and the Teachers' Day Celebration demonstrates our commitment to ESG responsibilities and meaningful contributions to the community.

Simultaneously, CBP also held zakat distribution ceremonies and distributed zakat wakalah totaling RM1,112,200.00 for 2023. This zakat wakalah distribution was allocated to identified recipients nationwide in collaboration with State Zakat Centers.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## CBP FINANCIAL PERFORMANCE 2023

CBP's financial performance for 2023 remained positive, with a 16.5% increase in pre-tax and zakat profit compared to the previous year, amounting to RM120.56 million. Total assets also grew to RM10.87 billion, a 40.6% increase from the previous year. Asset growth was driven by an increase in financing assets, which grew from RM5.05 billion in 2022 to RM6.55 billion in 2023, resulting from financing disbursements reaching RM4.74 billion. Treasury assets also grew to RM3.99 billion compared to RM2.45 billion in 2022, balancing the overall asset growth for 2023.

Deposit performance recorded a drastic increase of 40.0% compared to 2022, totaling RM8.75 billion, contributed by depositors from the corporate sector, government, and GLCs.

The stability of member share capital remains a key pillar in CBP's financial performance. The share capital strengthening plan was outlined in the CBP Aspirasi-5 strategic plan, requiring share capital diversification in 2023, with the majority of iRCPS preference shares maturing and being redeemed by members who subscribed to these shares. Therefore, CBP's ordinary share subscription was reopened in 2023, resulting in an increase of RM526.9 million in member share capital.

Amidst this rapid growth, compliance with prudential ratios remains a priority. Every planned action is based on compliance, ensuring CBP's risk-weighted capital ratio (RWCR) remains stable at 19.56%. Similarly, the financing loss coverage ratio (FLCR) strengthened to 128.6% due to continuous monitoring of non-performing financing (NPF) and ensuring control over active accounts immediately after financing is disbursed.

CBP will continue to focus on ensuring that every business plan is executed transparently and ethically, safeguarding the interests of all stakeholders, especially CBP members. The implementation of ethical work culture will undoubtedly ensure that CBP members' aspirations, welfare, and hopes are met, driving CBP forward.

## Cooperative & Corporate Financing

**RM120.64**  
MILLION

## GOOD CREDIT GOVERNANCE

As one of the Islamic financial institutions registered under the Malaysia Co-operative Societies Commission (SKM) and supervised by Bank Negara Malaysia (BNM), CBP emphasizes good governance. This can be seen through the Acts and guidelines issued by SKM and BNM.

CBP adheres to comprehensive and holistic policies and standards to ensure that every financing disbursement maintains a high quality of customers. We continuously monitor and improve these policies and standards to safeguard our financing portfolio, which serves as the primary source of income for CBP.

Among the improvements made is enhancing the housing financing documentation process by taking over the process from branches. This shortened the housing financing documentation process from six (6) months to three (3) months. This initiative directly contributed to the growth of the housing portfolio, with housing financing disbursements increasing to RM133.7 million in 2023.

While promoting a high-performance work culture among staff, CBP also strives to increase efficiency as a fundamental responsibility to customers. This includes implementing customer charters in cooperative and corporate financing, shortening financing approval times if there are any changes in terms without compromising the quality of key documents. As a result of this implementation, cooperative & corporate financing disbursements surged to RM120.64 million in 2023 compared to the previous year's performance of RM51.3 million.

With these efforts, CBP is a financial institution practicing good governance to ensure high-quality financing while preserving CBP's interests.



# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

## STRENGTHENING FINANCING RECOVERY

The year 2023 was challenging due to the recovering economy from the Covid-19 virus, economic uncertainty, and geopolitical changes. However, for CBP, it was not a reason to slow down financing collection efforts. All efforts were mobilised by CBP to ensure impaired financing was recovered, and recovery activities from non-performing financing supported in increasing CBP's income.

As a result of these efforts, financing recovery achieved 139%, amounting to RM109.08 million compared to the target of RM78.50 million, and a 19.82% reduction in impairments, totaling RM72.16 million compared to the target of RM90 million, marking the best achievement in CBP's five-year financial period.

These efforts significantly impacted asset quality achievement with a lower impaired financing rate of 1.58% compared to the financial industry's rate of 1.70%.

CBP not only implemented aggressive collection activities for non-performing financing and took legal action against defaulting customers but also provided debt management services through the 'Kempen PULIH' and Financial Clinics for problematic individual CBP customers. This is CBP's effort to assist customers facing difficulties with monthly payments.

Furthermore, CBP opened up the space for problematic customers to negotiate for rescheduling to reduce monthly installments and extend the financing period to alleviate their financial burdens.

Exploring efficient methods to accelerate recovery is also CBP's main focus. Collaboration with the subsidiary company River Leaf Sdn Bhd is one of CBP's efforts to increase productivity and debt collection activities while streamlining legal action processes to ensure non-performing accounts are addressed.

**CBP's participation as a BNM CCRIS member gives CBP an advantage in providing new products that are only for BNM CCRIS members.**

## SUSTAINABILITY OF COMPLIANCE AND REPORTING

To ensure a complete ecosystem for maintaining high-quality financing at CBP, CBP's participation as a BNM CCRIS reporting institution is a step to complete this ecosystem, expected to be implemented in 2024. However, infrastructure preparation and checklists were completed in December 2023. Training sessions and briefings with branches and system users were completed, and collaboration with relevant departments to conduct periodic training for branches and system users will continue.

CBP's participation as a BNM CCRIS member gives CBP an advantage in providing new products in collaboration with other financing institutions that are also BNM CCRIS members. As a BNM CCRIS member, CBP can help ensure responsible financing repayment by customers and reduce impaired financing. This initiative also positions CBP on par with other banking members and allows sharing customer financing information.

To increase transparency and governance of financial information with regulatory bodies, CBP successfully met statutory reporting timelines to the Malaysian Cooperative Commission. CBP also continues to demonstrate competent reporting discipline by fulfilling all requirements to complete information for SKM statistical systems such as the CBP and Credit Cooperative Monitoring System (SPCC) and the Cooperative Data Financial Application (DKOOP).

## TRANSPARENCY IN PROCUREMENT ACTIVITIES

Apart from good banking and credit practices, CBP, through the establishment of the Procurement Department, is responsible for ensuring that all CBP procurement affairs are conducted based on good governance practices by adhering to the following procurement principles:

- (i) Accountability - Procurement entrusted must be responsibly executed according to established policies and regulations in line with approved expenditure budgets.
- (ii) Managed Transparently - All policies, regulations, and procurement processes implemented must be clear, known, and understood by the public and follow established policies and regulations.
- (iii) Best Value for Money - Procurement management must provide the best returns for every ringgit spent.

# SUSTAINABILITY REPORT AND MANAGEMENT ANALYSIS

- (iv) Fair and Equitable - Procurement processes are considered fairly and equitably based on established policies and regulations, monitoring procurement transparently to avoid wastage, delays, deviations, and misuse of power.

With all efforts to strengthen good credit governance practices, a perfect credit ecosystem, and transparent procurement governance, it will support CBP's stronger financial performance in the coming years.

## UPGRADE OF CORE BANKING SYSTEM (FIRST PROJECT)

In line with the IT Blueprint & Strategic Plan 2022-2024, CBP is now in the phase of upgrading its core banking system known as FIRST Project. The FIRST Project consisting of three (3) phases, began in November 2022 and will end in October 2024, encompassing 10 core modules involving system upgrades and new system introductions. In line with Banking Revolution 4.0, this project will streamline CBP's banking operations while supporting CBP's business continuity and stability.

This modern banking-oriented transformation can provide easy, efficient, secure, and more digital banking experiences to CBP users and customers. Phase 1 of this project was launched in July 2023 with CBP's core banking system upgraded to a web-based system, along with a new financial management system. Phase 2, which includes internet banking and mobile banking, was successfully implemented in December 2023.

Phase 3 is ongoing, involving modules related to the Financing Origination System (FOS) and other modules that will help streamline the financing process more efficiently and effectively. With the addition of new products at CBP, new systems will also be introduced to ensure CBP remains competitive in the market. This 2-year period will witness positive changes impacting CBP as one of the leading cooperative banks in Malaysia.

## DIGITAL TRANSFORMATION

The introduction of CBP's latest internet banking application, HELOCBP, aims to provide a more efficient experience for CBP customers in every banking transaction. HELOCBP offers the best internet and mobile banking facilities to all CBP customers wherever they are. The creation of modules such as Account and Share Information, Financing Payment, Third-Party Fund Transfer, Interbank Transfer, and Account Transaction History Check are new facilities available in the HELOCBP application. These modules save customers time without needing to visit CBP branches for transactions.

Advantages in HELOCBP will continue to be enhanced according to strategic plans to provide better and more user-friendly digital banking access to CBP customers. Additionally, CBP will launch a new corporate internet banking application for corporate customers in Q1 2024, known as HELOBiz. This step will position CBP as the leading Cooperative Bank in the country with fully digital banking facilities that meet corporate customer needs. With this innovation, CBP can provide a smooth and easy online payment platform in line with BNM's financial agenda promoting cashless transactions.

## INFORMATION TECHNOLOGY SECURITY CONTROL

With the core banking upgrade and the introduction of new and current systems, CBP will not compromise on cybersecurity threats and any weaknesses in the IT environment. CBP is committed to ensuring IT security control becomes a main agenda in strengthening IT security based on Risk Management in Technology (RMiT) from Bank Negara Malaysia, CIS Critical Security Controls, and the National Institute of Standards and Technology (NIST) framework.

Therefore, CBP's IT Security Policy was developed in 2022 following industry best practices. This policy incorporates several areas, including enhancing security control capabilities by conducting regular penetration tests, installing cybersecurity hardware, developing a security operations center (SOC), and installing DLP (Data Leakage Protection) software.

Additionally, CBP's confidentiality, integrity, and information availability are protected and managed prudently based on the Information Classification and Handling Policy. CBP also fosters cybersecurity awareness among CBP staff by conducting regular simulations, training, and comprehensive information sharing. Cybersecurity resilience and established controls are in line with regulatory standards to ensure CBP is protected from exposure to technology risks.

# 2023 ACTIVITIES

## JAN



**16 JANUARY 2023**

### **COURTESY VISIT TO SKM EXECUTIVE CHAIRMAN**

Board Members of the CBP held a courtesy visit to the new Executive Chairman, Rusli bin Jaafar. This courtesy visit consists of Board Members and Senior Management of CBP in order to enhance relations apart from presenting CBP business achievements for 2022. CBP also received a certificate of appreciation and a trophy as recognition as one of the 2022 Premier Malaysia Cooperatives.

## FEB



**3 FEBRUARY 2023**

### **COURTESY VISIT TO MINISTER OF ENTREPRENEUR AND COOPERATIVES DEVELOPMENT**

The Board Members and the Senior Management of the CBP paid a courtesy visit to the Minister of Entrepreneur and Cooperatives Development (KUSKOP), YB Datuk Ewon Benedick at the Ministry office to introduce and strengthen the relationship between CBP and KUSKOP.

## 2023 ACTIVITIES

### MAR



1 MARCH 2023

#### LAUNCH CEREMONY OF HELLO CBP 2023 CAMPAIGN

The Board Members of CBP officially launched the Hello CBP 2023 Campaign. This campaign offers a total prize worth over RM1.0 million, the grand prize being a BMW 2 Series Coupe 218-i.



### APR



10 APRIL 2023

#### COURTESY VISIT TO THE YANG DIPERTUA NEGERI OF MALACCA

Representatives of the Board Members and Senior Management of CBP paid a courtesy visit to the Yang Dipertua Negeri of Malacca, Tuan Yang Terutama, Tun Seri Setia Dr. Haji Mohd Ali bin Mohd Rustam at the Istana Melaka.

### MAY



14 MAY 2023

#### TEACHERS DAY CELEBRATION - SEABED BANNER

CBP enters the Malaysia Book of Records (MBOR) for flying a banner on the seabed in conjunction with the 2023 Teachers Day Celebration at Pulau Perhentian Marine Park. The programme was attended and joined by CBP employees, teachers, students and professional divers.



## 2023 ACTIVITIES

JUN



### 19 JUNE 2023 ZAKAT SELANGOR DISTRIBUTION CEREMONY

CBP distributed 2023 wakalah zakat where the recipients are B40 asnaf students who have been identified through collaboration from the state zakat centre. Other than that, CBP also distributed zakat to selected asnaf.

JUL



### 17 JULY 2023 SUNGAI MELUT (A) CSR

The CBP Board Members, Senior Management and employees were at SK Melut (A) in Dengkil, Selangor to engage the indigenous community through the Ceria Aspirasi Diri Programme (SERASI). Among the activities carried out were painting and sports events with the teachers and students.

AUG



### 19 AUGUST 2023 CBP GOLF MUHIBBAH

Golf Muhibbah is a CBP annual activity to solidify the relations between CBP and its strategic partners. CBP Golf Muhibbah 2023 was held at Staffield Country Resort, Mantin, Negeri Sembilan with a total of over 130 participants.

# 2023 ACTIVITIES

## SEP



### 5 SEPTEMBER 2023 STIESA, INDONESIA COURTESY VISIT

CBP received a courtesy visit by a delegation from Sekolah Tinggi Ilmu Ekonomi Sutaatmadja (STIESA) seeking to gain insight into the Islamic banking system that CBP practices.

## OCT



### 12 OCTOBER 2023 LAUNCH CEREMONY OF DASAR KOPERASI NEGARA (DAKOM)

Board Members of CBP attended the Dasar Koperasi Malaysia (DAKOM) launching ceremony was officiated by YB Datuk Ewon Benedick, the Minister of Entrepreneur and Cooperatives Development (KUSKOP). DAKOM targets a revenue of RM60 billion by 2025 and RM100 billion by 2030 through the Cooperative Movement, via four (4) policy pillars and 20 strategies.

## 2023 ACTIVITIES

### NOV



**21 NOVEMBER 2023**

#### MEMASYARAKATKAN KOPERASI PROGRAMME

The Ministry of Entrepreneur and Cooperatives Development (KUSKOP) in collaboration with CBP organized the Memasyarakatkan Koperasi Programme (MASKOP) at Wisma ANGKASA, Kelana Jaya, which was officiated by the Minister of Entrepreneur and Cooperatives Development, YB Datuk Ewon Benedick. YB Datuk Ewon also launched CBP COSTART, a financing initiative for the Gerakan Koperasi in this country.

### DEC



**1 DECEMBER 2023**

#### LAUNCH CEREMONY OF CBP MIRI BRANCH

The Chief Executive Officer of Malaysia Co-operative Societies Commission (SKM), Rusli bin Jaafar officiated the 31<sup>st</sup> CBP branch in Miri, Sarawak. The Miri branch is the second CBP branch in Sarawak.

# CORPORATE GOVERNANCE STATEMENT

The Board Members of Co-opbank Pertama (CBP) intends to continue its efforts to improve governance by implementing more efficient and intelligent management that can ensure the long-term success of the CBP while obtaining the highest credibility and integrity, particularly in business principles, the professionalism expected by members, clients and regulators.

## BOARD OF DIRECTOR

### Composition

Composition The Board Members of CBP consist of nine (9) individuals appointed at the Annual General Meeting (AGM) in accordance to Clause 36 of the CBP By-Laws as follows:

- a) Six (6) representatives selected in the AGM; and
- b) Three (3) members or representatives nominated by the Malaysia Co-operative Societies Commission (SKM).

However, the Malaysia Co-operative Societies Commission (SKM) reserves the right to appoint any person as a member of the CBP Board as permitted by Section 69(1)(iv)(B). All Board members are free to make judgments on direction, strategy, key performance indicator index setting, resource selection and policy setting.

The Corporate Governance Structure of CBP required by GP11: Guidelines for the Establishment and Operation of a Co-opbank (Amendment) 2019 (GP11) includes the following:

- i. The Board shall meet the eligibility and appropriate criteria according to GP3: Guidelines for Appointment or Re-appointment of Board Members;
- ii. Separate Management from the Board Members of CBP;
- iii. An independent Internal Audit Committee ; and
- iv. Other committees formed such as the Remuneration Committee and the Risk Management Committee.

Board members have diverse backgrounds and expertise in banking, finance, auditing, accounting, law and business. The Board also has experience in managing risks and key issues related to CBP activities, especially in policies, strategies and action plans to formulate strategies to effectively overcome the challenges and obstacles that will arise in the current banking environment.

### Term of Office

According to Clause 39 of the CBP By-Laws:

- (i) One-third (1/3) of the Board Members as per paragraph (a), Clause 36 shall vacate their office by rotation at each MAPT.
- (ii) All Board Members under paragraph (b) of Clause 36 shall vacate their office at each MAPT and may be reappointed.
- (iii) The appointment of a Board Member made under subparagraph 69(1)(iv)(B) of the Act is not subject to paragraph (2).
- (iv) Any vacancy in the Board Members under paragraph (a) of Clause 36 shall be filled by the Board within sixty days from the date of vacancy by appointing any qualified member, whose service shall end at the next MAPT.
- (v) Any vacancy in the Board Members under paragraph (b) of Clause 36 shall be filled by the Commission, whose service shall end at the next MAPT.

### Duties and Responsibilities

In performing their duties and responsibilities, the Board Members are committed and fully comply with the highest standards of corporate governance. This is necessary to ensure CBP continues to record strong financial performance in providing long-term and sustainable value to stakeholders.

The duties and responsibilities of Board Members conducting banking activities as required by GP11 SKM are as follows:

- (a) Ensuring the cooperative's direction is clear and aligned with the role mandated by the Members. The Board Members are responsible for leading CBP to provide suitable financial services and facilities effectively. They may also offer advisory and technical support to targeted sectors in the national economy;

## CORPORATE GOVERNANCE STATEMENT

- (b) Selecting and appointing qualified and competent Senior Officers to manage CBP effectively and well. The Board Members are responsible for ensuring CBP staff are competent and effective in performing their duties. They must also ensure CBP staff understand the corporate mission, strategy, programs, and various schemes and funds established by the Government and SKM;
- (c) Overseeing and acknowledging CBP's affairs and its management policies to ensure that CBP is well-managed. The Board Members are tasked with supervising and overseeing CBP to operate safely and securely. Therefore, the entrusted supervision and oversight commitment requires a high level of wisdom, prudence, good business decisions, and high competence;
- (d) Adopting and complying with well-prepared and thoroughly discussed policies and objectives. The Board Members must set clear policies and objectives to enable management and staff to perform operational tasks. Operational aspects that need monitoring and policy formulation include strategic planning, credit administration and control, asset and liability management (covering liquidity risk management and profit rate and market risk), accounting system administration and control, service quality, information system and automation planning, anti-money laundering and counter-terrorism financing prevention, profit planning and budgeting, and adequacy of financial and human capital development;
- (e) Establishing and ensuring the effectiveness of the Internal Audit Committee, Remuneration Committee, Nomination and Governance Committee, and Internal Risk Management Committee functions;
- (f) Establishing an effective Internal Audit Department managed by qualified staff to perform financial and management audit functions;
- (g) Avoiding self-serving practices and conflicts of interest. The Board Members must perform their fiduciary role reflecting the highest trust in CBP in their dealings with CBP or other parties. They are required to disclose their business interests to the Board. CBP is prohibited from providing financing to Board Members or any individuals/companies with such interests; and
- (h) Complying with relevant legal requirements, orders, and regulations. The Board Members must be knowledgeable in legal matters, regulations, interpretation of orders, and notices to ensure all related requirements are met. They will be held accountable if CBP incurs losses due to illegal actions.

### Training and Competency Development

Board Members keep abreast of current developments in the banking industry by attending conferences and seminars organized by Bank Negara Malaysia (BNM), Suruhanjaya Koperasi Malaysia (SKM), Malaysian Cooperative Institute (IKMa), National Cooperative Organization of Malaysia (ANGKASA), Islamic Banking and Finance Institute Malaysia (IBFIM), Institute of Malaysian Banks (IBBM) and others.

Additionally, Board Members are always informed about the Co-operative Societies Act 1993, Co-operative Societies Regulations 2010, and the new guidelines from SKM and BNM related to the banking industry and the cooperative sector in the country.

They are also encouraged to attend lectures and training to learn about the latest developments in the banking business environment, ensuring they are well-informed and up-to-date on the banking industry and the cooperative sector in the country in performing their responsibilities effectively.

### Board Meetings

The Board Members will meet at least once in two months, with additional or special meetings held if necessary to assist in making important decisions that require appropriate discussion and consideration. For the 2023 session, the Board Members met 17 times, including Special Board Meetings, to discuss various matters including business performance, risk profiles, business plans, and other strategic issues affecting the business.

The agenda for each Board Meeting, along with complete reports, proposal papers, and supporting documents from Management, must be distributed to Board Members at least three (3) days before the meeting date. This ensures the Board Members have sufficient time to review matters to be discussed at the Board Meeting and subsequently assist Management in decision-making.

All Board Members are required to immediately declare to the Board Meeting if they have any personal conflicts of interest in any transactions directly or indirectly involving CBP. Any interested Board Member must recuse themselves from the discussion and decision-making process regarding the transaction to ensure they do not influence other Board Members regarding the transaction.

# CORPORATE GOVERNANCE STATEMENT

The following is the list of Board Members and a record of attendance of the Full Board Meeting and Special Meeting of Board Members for the 2022 session:

Board Members		
No	Name	Meeting Attendance
1.	Datuk Baharom bin Embi - <b>Chairman</b>	17/17
2.	Hajah Nor Hidayah binti Omar	17/17
3.	Yunus bin Kasim	17/17
4.	Mohd. Shapie bin Idris	17/17
5.	Dr. Hajah Jamilah binti Din	17/17
6.	Dato' Shahrudin bin Mohd Sa'ad	17/17
7.	Johar bin Mokhtar*	10/10
8.	Zaini bin Sa'ad	17/17
9.	Dr. Mohd Azlan bin Yahya	17/17

Note: Board Meeting attendance period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

\* Encik Johar bin Mokhtar ended his term of service as a Board Member on 18 August 2023.

## Quorum of Meetings

The quorum for Board meetings shall be more than half (1/2) of the total number of Board Members, where at least half (1/2) of the Board Members approved by the Commission shall be counted as the quorum.

## Frequency of Meetings

Meetings shall be held at least once in two (2) months.

## Functions and Terms of Reference of the Board Members

The functions of the Board Members are in line with the role mandated to the cooperative as provided in GP11 SKM, which are:

- (i) Establishing the direction, vision, mission, objectives, and strategies of CBP.
- (ii) Appointing the Senior Management Team consisting of Chief Officers, Co-opbank Secretary, and Head of Internal Audit of CBP. The Board Members must select and appoint Senior Management from among qualified and competent individuals to manage CBP effectively.
- (iii) Reviewing, discussing, and deciding on CBP's strategic business planning.

- (iv) Forming and ensuring the functions of sub-committees at the Board Members level are carried out with full integrity and based on the best governance practices.
- (v) Setting and approving policies, rules, and regulations for CBP activities.
- (vi) Appointing qualified External Auditors to perform accounting audits and other statutory requirements.
- (vii) Establishing departments that operate and report independently such as the Internal Audit Department, Compliance Department and Risk Management Department.
- (viii) Being responsible for compliance with the legal provisions provided by the authorities (such as SKM and BNM).
- (ix) Always understanding CBP's current risk profile and striving to minimize these risks.
- (x) Consider and review CBP's financial statements and the activities of its subsidiaries (if any).
- (xi) Performing functions and responsibilities as provided in Article 48 of the CBP's By-Laws.

## BOARD COMMITTEES

In performing their duties, the Board Members are assisted by several Committees established and chaired by a Board Member according to the established Terms of Reference (TOR). These committees include the Risk Management Committee, Membership Committee, Nomination and Remuneration Committee, Investment and Product Committee, Credit Committee, Internal Audit Committee, and Shariah Committee.

The TOR of each Committee is regularly reviewed and updated to ensure all Committees meet CBP's main goals and objectives. Each Committee also reports to the Full Board Meeting on decisions made to ensure all Board Members are aware of every aspect of CBP's operations.

### 1. RISK MANAGEMENT COMMITTEE

#### Membership and Composition

The Risk Management Committee (JKPR) appointed by the Board Members consists of not less than three (3) members selected from among the Board Members, and the majority of the members of JKPR are from the Board Members under paragraph (b) of Clause 36 of the By-Laws [UUK51 (v)]. The following is a list of JKPR Members and attendance records for the 2023 session:

# CORPORATE GOVERNANCE STATEMENT

## Risk Management Committee

No	Name	Meeting Attendance
1.	Johar bin Mokhtar - <b>Chairman* (January 2023 - August 2023)</b>	5/5
2.	Datuk Baharom bin Embi	7/7
3.	Dato' Shahrudin bin Mohd Sa'ad - <b>Chairman** (August 2023 - Present)</b>	7/7
4.	Yunus bin Kasim	7/7
5.	Dr. Hajah Jamilah binti Din	7/7

Note: Board Meeting attendance period from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

\* Encik Johar bin Mokhtar ended his term of service as a Board Member on 18 August 2023.

\*\* Dato' Shahrudin bin Mohd Sa'ad was appointed as Chairman of the Risk Management Committee from 18 August 2023 to the present.

### Quorum of Meetings

The quorum for JKPR meetings is at least three (3) members, including the Chairman of JKPR.

### Frequency of Meetings

Meetings shall be held at least six (6) times a year or as needed.

### Functions and Terms of Reference of the Committee

- (i) Reviewing, evaluating, and recommending the Risk Management Framework and policies covering operational, credit, market, and liquidity risks for approval by the Board Meeting.
- (ii) Recommending appropriate risk tolerance levels and risk appetite as well as Business Continuity/Contingency Plans in line with the nature, scale, and complexity of CBP's activities.
- (iii) Ensuring effective implementation of risk identification, measurement, monitoring, and management covering operational risk, credit risk, market risk including liquidity risk, and reputation risk.
- (iv) Performing risk and compliance oversight functions at senior management level through regular reporting.
- (v) Ensuring that risk management processes and cultures are practiced at all levels of work processes by every employee.

(vi) Providing advice and views related to risk exposure on activities/issues discussed in the Credit Financing Committee (CRECO) and Asset and Liability Management Committee (ALCO).

(vii) Monitoring the current risk exposure positions of operational, credit, market, and liquidity risks at CBP and ensuring compliance with:

- CBP's By-Laws;
- CBP's internal policies and procedures;
- Regulatory directives and guidelines;
- The Co-operative Societies Act 1993 and related Acts to banking activities.

(viii) Providing views and recommending the drafting/review of all CBP frameworks, policies, and operational guidelines for approval by the Board Members, ensuring alignment with the best practices in the banking industry.

(ix) Considering approaches and proposals for IT projects, including procurement needs, business needs, technical requirements, and human resources.

(x) Supporting IT initiatives and procurements exceeding JKPR's limits.

(xi) JKPR has access to all information discussed in other committee meetings for conducting risk and compliance reviews at CBP.

(xii) Directing management reviews or suggesting audit investigations if the meeting finds reasons requiring reviews or investigations.

(xiii) Performing other duties as directed by the Board Members to this Committee.

## 2. MEMBERSHIP COMMITTEE

### Membership and Composition

The Membership Committee (JKKA) appointed by the Board Members must consist of at least three (3) members. The following is a list of JKKA Members and attendance records for the 2023 session:

# CORPORATE GOVERNANCE STATEMENT

## Membership Committee

No	Name	Meeting Attendance
1.	Dr. Hajah Jamilah binti Din - <b>Chairman (January 2023 - June 2023)</b>	8/8
2.	Hajah Nor Hidayah binti Omar	8/8
3.	Yunus bin Kasim	8/8
4.	Mohd. Shapie bin Idris - <b>Chairman* (July 2023 - Present)</b>	8/8
5.	Dr. Mohd Azlan bin Yahya	7/8

Note: Board Meeting attendance period from 1 January 2023 to 31 December 2023.

\* Mohd. Shapie bin Idris was appointed as Chairman of the Membership Committee from July 2023 to the present.

### Quorum of Meetings

The quorum for JKKA meetings is at least three (3) members, including the Chairman of JKKA.

### Frequency of Meetings

Meetings shall be held at least six (6) times a year or as needed.

### Functions and Terms of Reference of the Committee

- (i) Considering proposals and procedures for the implementation of General Meetings and CBP Annual General Meetings.
- (ii) Reviewing and supporting new membership applications.
- (iii) Approving the increase in shares, partial share withdrawals, cessation, or transfer of membership shares up to RM500,000.00 (cumulative maximum amount for each member) and reporting to the CBM Meeting for confirmation.
- (iv) Confirming and approving applications and payments related to CBP Members' Welfare Fund up to RM1,500.00.
- (v) Reviewing, discussing, and setting conditions and proposing amendments to the regulations of activities of the Members' Welfare Fund and other funds involving the committee's jurisdiction proposed from time to time.
- (vi) Approving proposals for each program or event involving the Members' Fund up to RM100,000.00.

(vii) Having access to information related to membership activities.

(viii) Directing audit reviews or investigations if the meeting finds suspicious information, data, or approvals.

(ix) Performing other duties as directed by the Board Members to this Committee.

## 3. NOMINATION AND REMUNERATION COMMITTEE

### Membership and Composition

The Nomination and Remuneration Committee (JKPI) appointed by the Board Members consists of at least three (3) members, including the Chairman of JKPI, and the majority of JKPI members are from the CBM under paragraph (b) of Clause 36 of the CBP By-Laws [UUK 51(v)]. To avoid conflicts of interest, Committee Members should not participate in discussions and decision-making involving themselves. The following is a list of JKPI Members and attendance records for the 2023 session:

### Nomination and Remuneration Committee

No	Name	Meeting Attendance
1.	Zaini bin Sa'ad - <b>Chairman (January 2023 - June 2023)</b> - <b>Chairman (September 2023 - Present)</b>	8/9
2.	Datuk Baharom bin Embi	9/9
3.	Hajah Nor Hidayah binti Omar	9/9
4.	Dato' Shahrudin bin Mohd Sa'ad - <b>Chairman (July 2023 - August 2023)</b>	9/9
5.	Johar bin Mokhtar*	6/9

Note: Meeting attendance period from 01 January 2022 to 31 December 2023.

\* Johar bin Mokhtar was no longer serving as a member of the Nomination and Remuneration Committee starting from 18 August 2023.

### Quorum of Meetings

The quorum for JKPI meetings is at least three (3) members, including the Chairman of JKPI, and the majority of JKPI members must be from the CBM under paragraph (b) of Clause 36 CBP By-Laws [UUK 51(v)].

### Frequency of Meetings

Meetings shall be held at least six (6) times a year or as needed.

# CORPORATE GOVERNANCE STATEMENT

## Functions and Terms of Reference of the Committee

- (i) Recommending the minimum requirements for Board Members, which include a combination of skills, experience, qualifications, and core competencies necessary for a Board Member.
- (ii) Establishing and recommending the remuneration framework, including salary, allowances, bonuses, and benefits, as well as the minimum qualification requirements for:
  - (a) Board Members;
  - (b) Internal Audit Committee;
  - (c) Shariah Committee;
  - (d) Senior Management;
  - (e) Head of Internal Audit Department;
  - (f) Head of Shariah Department; and
  - (g) Co-opbank Secretary.
- (iii) Conducting the verification process and recommending the review and verification of Board Members proposals to the Board Members Meeting.
- (iv) Annually evaluating and ensuring that Board Members and the above individuals meet the qualification requirements as stipulated under:
  - (a) CBP's By-Laws;
  - (b) Statutory Instructions from SKM;
  - (c) SKM Guidelines;
  - (d) Co-operative Societies Act 1993; and
  - (e) Co-operative Societies Regulations 2010.
- (v) Evaluating and recommending to the Board Meeting candidates for the positions of:
  - (a) Internal Audit Committee;
  - (b) Shariah Committee;
  - (c) Senior Management;
  - (d) Head of Internal Audit Department (subject to the recommendation and evaluation by the Internal Audit Committee);
  - (e) Head of Shariah Department (subject to the recommendation and evaluation by the Shariah Committee); and
  - (f) Co-opbank Secretary.
- (vi) Evaluating and recommending the assessment of the following individuals:
  - (a) Internal Audit Committee;
  - (b) Shariah Committee;
  - (c) Senior Management;
  - (d) Head of Internal Audit Department (subject to the recommendation and evaluation by the Internal Audit Committee);
  - (e) Head of Shariah Department (subject to the recommendation and evaluation by the Shariah Committee); and
  - (f) Co-opbank Secretary.
- (vii) Conducting annual performance assessments based on criteria that align with CBP's business objectives and strategies. These criteria must be approved by the Board Members Meeting.
- (viii) Overseeing and recommending the appointment and reappointment of the above individuals.
- (ix) Reviewing, evaluating and recommending the planning and replacement of the above individuals.
- (x) Recommending to the Board Meeting the suspension of any Board if they do not comply with the qualification requirements based on the provisions of the By-Laws.
- (xi) Recommending to the Board Meeting the termination of the above individuals if there is misconduct in performing their responsibilities.
- (xii) Evaluating and recommending to the Board Meeting the review of CBP's parent organization structure, including restructuring and abolition (amendments).
- (xiii) Recommending and reviewing proposals for the overall remuneration framework, including salary, allowances, bonuses, and benefits for CBP staff based on individual performance.
- (xiv) Recommending a good performance management system that aligns with industry practices.
- (xv) Considering remuneration policies that take into account the following:
  - (a) Documented and approved by the Board Meeting, and any changes to it must be subject to the approval of the Board Meeting.
  - (b) Attracting and retaining staff while balancing their needs, experience, and responsibilities.
  - (c) Ensuring that CBP's funds are sufficient to provide a remuneration package.
  - (d) Not decided solely at the discretion of any individual or a limited group of individuals. Competitive and commensurate with CBP's objectives and strategies.
- (xvi) Reviewing and recommending any necessary changes to the CBP staff schemes, terms of service, and new terms before being submitted to the Board Meeting.
- (xvii) Providing proper consideration to the KPI assessment regarding the effectiveness and achievements of Senior Management, Head of Internal Audit Department (subject to the recommendation by the Internal Audit Committee), Head of Shariah Department (subject to the recommendation and evaluation by the Shariah Committee), and Co-opbank Secretary in determining rewards and remuneration.

# CORPORATE GOVERNANCE STATEMENT

- (xviii) Reviewing and recommending any proposals for human capital development, especially in terms of training for Board Members, Internal Audit Committee, Shariah Committee, Senior Management, Head of Internal Audit, Head of Shariah, and Co-opbank Secretary.
- (xix) Having access to information related to nomination activities.
- (xx) Directing management reviews or recommending audit reviews or investigations if the meeting finds reasons requiring reviews or investigations.
- (xxi) Monitoring the status and reports of disciplinary cases and actions decided by the Disciplinary Committee at the Management level against CBP staff (Department Heads and below) without altering the decisions made (unless an appeal is made). Therefore, the Disciplinary Management Committee must present the Disciplinary Cases Report to the Nomination and Remuneration Committee.
- (xxii) Recommending disciplinary actions that can be taken against disciplinary offenses committed by Board Members, Internal Audit Committee, Shariah Committee, and Senior Management.
- (xxiii) Reviewing, evaluating, and recommending improvements/amendments to CBP's existing Disciplinary Management Committee policies.
- (xxiv) Performing other duties directed by the Board Members to this committee from time to time.

## 4. INVESTMENT AND PRODUCT COMMITTEE (JKPP)

### Membership and Composition

The Investment and Product Committee (JKPP) appointed by the Board Members consists of non-executive Board Members and must consist of no less than three (3) members selected from among the Board Members. The following is a list of JKPP Members and attendance records for the 2023 session:

#### Investment and Product Committee

No	Name	Meeting Attendance
1.	Dr. Hajah Jamilah binti Din <b>- Chairman (October 2023 - Present)</b>	8/8
2.	Yunus bin Kasim	8/8
3.	Mohd. Shapie bin Idris	8/8
4.	Dato' Shaharudin bin Mohd Sa'ad <b>- Chairman (January 2023 - June 2023)</b>	8/8
5.	Zaini bin Sa'ad <b>- Chairman (July 2023 - August 2023)</b>	7/8
6.	Dr. Mohd Azlan bin Yahya	8/8

Note: Meeting attendance period from 01 January 2023 to 31 December 2023.

Dato' Shaharudin bin Mohd Sa'ad was the Chairman of the Investment and Product Committee from January 2023 to June 2023.

Zaini bin Sa'ad is the Chairman of the Investment and Product Committee starting from July to August 2023.

### Quorum of Meetings

The quorum for JKPP meetings is at least two-thirds (2/3) of the members, including the Chairman of JKPP.

### Frequency of Meetings

JKPP shall meet at least six (6) times a year or as needed.

### Functions and Terms of Reference

- (i) Advising the Board Members of CBP in evaluating and supporting viable banking, investment, and financial operation proposals for CBP.
- (ii) Responsible for reviewing, planning, and evaluating banking, investment, and financial operations to ensure they are at an acceptable risk level and suitable with CBP's financial position.
- (iii) Reviewing the performance portfolio of investments and related fund units.
- (iv) Monitoring the performance development of CBP branch operations.
- (v) Monitoring and evaluating CBP's funding and liability management.
- (vi) Recommending and ensuring compliance with CBP's internal investment guidelines and policies.
- (vii) Ensuring CBP's investment activities always comply with:
  - (a) Section 54 and 54A(1) of the Co-operative Societies Act 1993;
  - (b) GP16: Guidelines for Cooperative Fund Investments;
  - (c) GP24: Guidelines for Real Estate Investments; and
  - (d) The Code of Conduct for Malaysia Wholesale Financial Markets.
- (viii) Considering policies for investments, asset distribution, direction, risk control, and other relevant investments.
- (ix) Considering and recommending to the Board Meeting any proposals by the CBP Management Committee regarding new products or services to be implemented and marketed.

## CORPORATE GOVERNANCE STATEMENT

- (x) Evaluation of any proposed new product or service implementation must be based on:
  - (a) Market needs and demands.
  - (b) Product characteristics.
  - (c) Competitiveness and market expectations.
  - (d) Risk assessment and mitigation covering market, operational, credit, Shariah, and other risks.
  - (e) Existing and required systems and infrastructure.
  - (f) Methods of implementing and marketing new products or services.
- (xi) Ensuring the implementation and development of new products or services are according to the banking standards set by the Malaysian Co-operative Commission and Bank Negara Malaysia.
- (xii) Outlining expectations for new products or services to ensure they meet the targets set by the CBP's Board Meetings.
- (xiii) Monitoring and evaluating the performance of any new products or services launched for six (6) months and assessing improvement proposals (if necessary).
- (xiv) Evaluating and recommending alternative strategies for marketing any new products or services launched.
- (xv) Discussing and recommending new product or service proposals to the Board Meeting.
- (xvi) Having access to information related to investment and operational activities.
- (xvii) Directing management reviews or recommending audit reviews or investigations if the meeting finds reasons requiring reviews or investigations.
- (xviii) Performing other duties directed by the Board Meetings to this committee.

### 5. CREDIT COMMITTEE (JKK)

#### Membership and Composition

The Credit Committee (JKK) appointed by the Board Members consists of non-executive Board Members and must consist of no less than three (3) members selected from among the Board Members. The following is a list of JKK Members and attendance records for the 2023 session:

#### Credit Committee

No	Name	Meeting Attendance
1.	Hajah Nor Hidayah binti Omar - <b>Chairman</b>	10/10
2.	Datuk Baharom bin Embi	10/10
3.	Mohd. Shapie bin Idris	10/10
4.	Johar bin Mokhtar (sehingga 18 Ogos 2023)	6/6
5.	Zaini bin Sa'ad	8/10
6.	Dr. Mohd Azlan bin Yahya	8/10

*Note: Meeting attendance period from 01 January 2023 to 31 December 2023.*

#### Quorum of Meetings

The quorum for JKK meetings is at least two-thirds (2/3) of the members, including the Chairman of JKK.

#### Frequency of Meetings

JKK shall meet at least six (6) times a year or as needed.

#### Functions and Terms of Reference

- (i) Monitoring and reviewing financing approved by the Credit Financing Committee (CRECO).
- (ii) Approving, rejecting, and amending the terms of financing facilities, based on the approval limits set by CBP.
- (iii) Recommending and evaluating financing that exceeds the approval limits to the Board Meeting.
- (iv) Recommending, evaluating, or approving new financing, additional financing, and conducting credit reviews.
- (v) Recommending, evaluating, and approving any restructuring and rescheduling (R&R).
- (vi) Confirming or approving other matters as stipulated within the approval limits set by CBP.
- (vii) Having access to information related to CBP's credit management activities.
- (viii) Directing management reviews or recommending audit reviews or investigations if the meeting finds reasons requiring reviews or investigations.
- (ix) Performing other duties directed by the Board Meetings to this committee.

# INTERNAL AUDIT COMMITTEE REPORT

## 1.0. FOREWORD

This report is prepared to fulfill the requirements of the By-Laws 51(2)(i)(ii) to be presented at the Annual General Meeting of Co-opbank Pertama (CBP).

## 2.0. BACKGROUND

The role and powers of the Internal Audit Committee (IAC) Members in executing their responsibilities are stipulated under para 59(1) of the By-Laws. The appointment of the IAC members is under the authority of the Board of Directors as stated in para 48(h) of the By-Laws. On 11 June 2023, Dato' Mustafa bin Hj Saman, the chairman of the IAC, completed his term of service. The IAC members until 31 December 2023, are as follows:

Chairman: Nik Muhamad Fauzi bin Nik Sulaiman

Member: Dr. Zaharuddin bin Zainal Abidin

Member: Mohd Anuar bin Md Noh

## 3.0. INTRODUCTION

The Internal Audit Committee (IAC) has reviewed and discussed the results of the audit reports presented by the CBP's Internal Audit Department for all audits conducted throughout the year 2023. All audit plans executed by the Internal Audit Department were approved by the IAC and endorsed by the Cooperative Board Members (CBM). The results from the decisions and improvement suggestions from the IAC meetings were taken and presented at the CBM meeting.

## 4.0. IAC ACTIVITIES THROUGHOUT 2023

In 2023, the IAC meetings covered the sessions for 2022/2023 & 2023/2024. The IAC held eight (8) meetings covering fifty-eight (58) agendas and also conducted several informal discussions or meetings via the WhatsApp application. The attendance of all IAC members was one hundred percent (100%). We also had three (3) meetings with the CBP Board of Directors Members. In addition, External Auditors were invited to discuss the audit planning memorandum, financial statement audit report, management letter, and other relevant matters.

## 5.0. PRESENTATION OF AUDIT REPORTS

The findings from audit observations were presented to the CBM and also to the management. The management has positively received the issues raised by the Internal Audit Department and taken corrective and improvement actions on all matters raised by the Internal Audit Department. Among the presentation papers brought and discussed by the IAC involved auditing of Savings Accounts, Personal Financing, Home Financing, Account Management, and Ar-Rahnu documentation.

The main focus of the IAC is to ensure that all issues raised by the Internal Audit Department are acted upon and to ensure they do not recur. Thus, each activity and operation of CBP complies with all regulations and laws and internal controls are adhered to and strengthened to ensure CBP's objectives are achieved and the interests of stakeholders are protected.

## 6.0. CONCLUSION

Based on the feedback received and evidence submitted to the IAC, management regards the audit report issued seriously and has taken appropriate action to ensure all raised issues are addressed. Many improvements and suggestions proposed by the Internal Audit Department have been implemented by the management, which directly enhances the control over operational and financial management.

## INTERNAL AUDIT COMMITTEE REPORT

### 7.0. APPRECIATION

The IAC wishes to express its sincere gratitude to all parties who have provided cooperation in assisting the IAC in carrying out its duties as stipulated by the Co-operative By-Laws, the Co-operative Societies Act 1993, the SKM Guidelines, the AMLATFPUA Act 2001, and the Rules and Regulations of Bank Negara.

Prepared by:



**(Nik Muhamad Fauzi bin Nik Sulaiman)**

Internal Audit Committee Chairman



**(Dr Zaharuddin bin Zainal Abidin)**

Internal Audit Committee Member



**(Mohd Anuar bin Md Noh)**

Internal Audit Committee Member

# INDEPENDENT AUDITORS' REPORT

TO THE EXECUTIVE CHAIRMAN OF THE MALAYSIA CO-OPERATIVE SOCIETIES COMMISSION AND  
THE MEMBERS OF KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD

## Opinion

We have audited the financial statements of KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD (Co-opbank), which comprise of the Statement of Financial Position as at 31 December 2023 for the Group and Co-opbank, and the Statement of Profit or Loss and Other Comprehensive Income, Profit Appropriations, Statement of Changes in Shareholder Fund, and Statement of Cash Flows for the Group and Co-opbank for the year ended, and notes to the financial statements including a summary of significant accounting policies as set out on pages 84 to 145.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and Co-opbank as of 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the requirements of the Co-operative Societies Act 1993 in Malaysia, the guidelines, and directives of the Malaysia Cooperative Commissions and the Central Bank of Malaysia.

## Basis for Opinion

We conducted our audit in accordance with the approved standards on auditing in Malaysia and the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the section of Auditors' Responsibilities for the Audit of the Financial Statements in our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of Co-opbank in accordance with the By-Laws (on Professional Ethics, Conduct, and Practices) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these By-Laws and the IESBA Code.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Board Members of Co-opbank are responsible for the other information. The other information comprises the Statement by Board Members of Co-opbank but does not include the financial statements of the Group and Co-opbank and the auditors' report.

Our opinion on the financial statements of Co-opbank does not cover the Co-opbank Board Members Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and Co-opbank, our responsibility is to read the Co-opbank Board Members' Report and, in doing so, consider whether the Co-opbank Board Members' Report is materially inconsistent with the financial statements of the Group and Co-opbank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this report, we are required to report the fact. In this regard, we have nothing to report.

## Responsibilities of the Co-opbank Board Members to the Financial Statements

The Co-opbank Board Members are responsible for the preparation of the financial statements of the Group and of Co-opbank that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the requirements of the Co-operative Societies Act 1993, in Malaysia. The Co-opbank Board Members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# INDEPENDENT AUDITORS' REPORT

TO THE EXECUTIVE CHAIRMAN OF THE MALAYSIA CO-OPERATIVE SOCIETIES COMMISSION AND  
THE MEMBERS OF KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD

## Responsibilities of the Co-opbank Board Members to the Financial Statements (cont'd.)

In preparing the financial statements, the Co-opbank Board Members are responsible for assessing the Group and Co-opbank'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 Co-opbank Board Members either intend to liquidate the Group and Co-opbank or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance whether the financial statements of the Group and Co-opbank 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 it is not a guarantee that an audit conducted in accordance with the approved standards on auditing in Malaysia and the International Standards on Auditing (ISA) 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 the International Standards on Auditing (ISA), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and Co-opbank, 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 Group's and Co-opbank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members of Co-opbank.
- Conclude on the appropriateness of using 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 ability of the Group and Co-opbank 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 Group and Co-opbank or, if such disclosures are inadequate, we need 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 Group and Co-opbank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements of the Group and Co-opbank, including the disclosures, and whether the financial statements of the Group and Co-opbank represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence about the financial information of the entities or the business activities of the Group to express our opinion on the financial statements of the Group. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board Members of Co-opbank, among other matters, regarding 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.

# INDEPENDENT AUDITORS' REPORT

TO THE EXECUTIVE CHAIRMAN OF THE MALAYSIA CO-OPERATIVE SOCIETIES COMMISSION AND  
THE MEMBERS OF KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD

## Report on Other Legal and Regulatory Requirements

In accordance with the Co-operative Societies Act 1993, in Malaysia, we also report that:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Group and Co-opbank have been properly kept in accordance with the provisions of the Act.
- (b) The receipt, expenditure, and investment of money, as well as the acquisition and disposal of assets by the Cooperative observed during the year's audit, are in accordance with the Co-operative Societies Act 1993, Co-operative Rules and Regulations 1995 in Malaysia, and Co-operative regulations and by-laws.
- (c) The assets and liabilities are stated fairly in all material aspects in accordance with accounting policies.

## Other Matters

This report is prepared solely for the Executive Chairman of the Malaysia Co-operative Societies Commission and the members of the Co-opbank, in accordance with Section 63 of the Co-operative Societies Act 1993, and approved Auditing Standards in Malaysia, and is not for any other purpose. We do not assume responsibility to any other party for the contents of this report.



**AL JAFREE SALIHIN KUZAIMI PLT**  
(No. 201506002872)  
(LLP0006652-LCA) (AF 1522)  
Chartered Accountants

Selangor Darul Ehsan

Dated: 4 March 2024



**SALIHIN BIN ABANG**  
SKM(B)0315  
Chartered Accountant

# CO-OPBANK BOARD MEMBERS' REPORT

The Board Members of KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD (Co-opbank) are pleased to present their report together with the financial statements of the Group and Co-opbank for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The main activity of Co-opbank is as a cooperative conducting Islamic Banking activities based on Shariah principles through the acceptance of Islamic deposits, provision of financing, and permissible financial services.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of principal activities of Co-opbank and its subsidiaries during the current financial year.

## RESULTS

The operating results of the Group and Co-opbank for the financial year ended are:

	<b>GROUP RM'000</b>	<b>CO-OP BANK RM'000</b>
Profit before tax and zakat	120,560	120,467
Tax	(13,786)	(13,775)
Zakat	(3,943)	(3,943)
<b>Profit After Tax and Zakat</b>	<b>102,831</b>	<b>102,749</b>
Statutory distribution	(15,661)	(15,661)
Dividends	(76,900)	(76,900)
Other distributions	(6,290)	(6,290)
Non-Operating Adjustments	335	335
<b>Net Profit for the Year Ended</b>	<b>4,315</b>	<b>4,233</b>

## DIVIDENDS

For the current financial year, the board members have proposed a dividend after zakat of 6.50% for members' share capital and 6.78% for Islamic Redeemable Convertible Preference Share (iCRPS) which are recognised as a liability in Co-opbank's financial statements amounting to RM64.21 million (2022: RM43.70 million) for members' share capital and RM12.69 million (2022: RM17.22 million) for preference shares. The dividend payout can only be made upon the approval of the relevant authorities.

# CO-OPBANK BOARD MEMBERS' REPORT

## STATUTORY INFORMATION

The Board Members of Co-opbank are of the opinion that the financial statements prepared on pages 84 to 145 have been compiled to give a true and fair view of the affairs of the Group and Co-opbank as of 31 December 2023 and of their operations and cash flows for the financial year ended on that date. The Board Members of Co-opbank are satisfied that before preparations of the Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Profit Distribution, Statements of Changes in Shareholders' Funds, and Statements of Cash Flows of the Group and Co-opbank are made, reasonable measures have been taken concerning the following:

- i. All known bad debts have been written off and adequate provision has been made for doubtful debts; and
- ii. The book value of current assets, which are unlikely to show the true value in the ordinary course of business, has been adjusted to reflect the estimated realisable value.

Within the knowledge of the Board Members of Co-opbank, they are not aware of any circumstances that would cause the following:

- i. The amount of bad debts written off or the provision for doubtful debts being inadequate to any substantial extent;
- ii. The values of current assets in the financial statements of the Group and Co-opbank misleading;
- iii. Any amount stated in the financial statements of the Group and Co-opbank misleading; and
- iv. Any method of valuing the assets or liabilities of the Group and Co-opbank misleading and inappropriate.

No remain contingent liabilities or capital commitments for the Group and Co-opbank except as disclosed in Note 26 to the financial statements. The Board Members of Co-opbank are of the opinion that within the next 12 months, the Group and Co-opbank will be able to meet their obligations as and when they fall due for the capital commitments that has become enforceable or likely to be enforceable upon them.

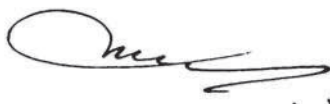
As the date of this report, there does not exist:

- i. No charge on the assets of the Group and Co-opbank which secure the liabilities of any other person after the end of the financial year; and
- ii. No contingent liability for the Group and Co-opbank since the end of the financial year.

There has been no significant adjustments from reserves or provisions or otherwise throughout the financial year except as stated in the financial statements.

The Board Members of Co-opbank do solemnly and sincerely declare that there are no other matters within their knowledge that have not been disclosed according to Section 59(3), Co-operative Societies Act, 1993.

Signed on behalf of the Board Members of Co-opbank in accordance with the resolution of the Board Members of Co-opbank.-



**Datuk Baharom bin Embi**  
Chairman

Kuala Lumpur

Date: 26 February 2024



**Hajah Nor Hidayah binti Omar**  
Deputy Chairman

## DECLARATION BY THE PRINCIPAL OFFICER

RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF  
KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD

I, Khairil Anuar bin Mohammad Anuar, the principal officer responsible for the financial management and accounting records of KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD (Co-opbank), sincerely acknowledge that the Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Profit Distribution, Statements of Changes in Shareholders' Funds, and Statements of Cash Flows, along with the accompanying notes, have been prepared to present a true and fair view of the Group and Co-opbank as of 31 December 2023, and their operating results and cash flows for the financial year ended on that date, in compliance with the Malaysian Financial Reporting Standards ("MFRSs") and the provisions of the Co-operative Societies Act, 1993 of Malaysia, and have been conducted according to Shariah principles.



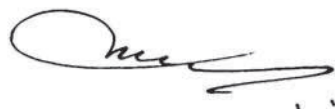
**Khairil Anuar bin Mohammad Anuar**  
Chief Executive Officer

Kuala Lumpur

Date: 26 February 2024

## STATEMENT BY THE CHAIRMAN AND DEPUTY CHAIRMAN

We, Datuk Baharom bin Embi, Chairman, and Hajah Nor Hidayah binti Omar, Deputy Chairman, state our opinion that, the Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income and Profit Distribution, Statements of Changes in Shareholders' Funds, and Statements of Cash Flows, presented in this financial statements along with the accompanying notes, have been prepared to present a true and fair view of the Group and Co-opbank as of 31 December 2023, and their operating results and cash flows for the financial year ended on that date, in compliance with the Malaysian Financial Reporting Standards ("MFRSs") and the provisions of the Co-operative Societies Act, 1993 of Malaysia, and have been conducted according to Shariah principles.



**Datuk Baharom bin Embi**  
Chairman

Kuala Lumpur

Date: 26 February 2024



**Hajah Nor Hidayah binti Omar**  
Deputy Chairman

# SHARIAH COMMITTEE REPORT



1. In executing the roles and responsibilities of the Shariah Committee (SC) at Co-opbank Pertama (CBP), based on the knowledge and expertise of the SC in Islamic finance and Shariah principles, and referring to the disclosures presented to the SC, it is hereby confirmed that the SC has thoroughly reviewed, assessed, and considered the Shariah compliance of all products, activities, transactions, business, financial assets, liabilities, operating income, other income, and banking operations of CBP for the financial year ending 31 December 2023.
2. The SC also reviewed Islamic financial products and Shariah contract applications for the period ending as stated, including the documents involved that have been disclosed to the SC.
3. The SC further reviewed research conducted by internal Shariah functions to assess whether CBP has adhered to Shariah principles, decisions, and Shariah resolutions issued by the regulators and any supreme authorities of the National Shariah Advisory Council, as well as Shariah resolutions set by the SC, which are legally binding for CBP to implement from time to time.
4. The SC also confirmed the report on the implementation of Shariah Governance in the process of strengthening internal Shariah functions through the execution of the Shariah Secretariat, Shariah Advisory, Shariah Compliance, Shariah Risk Management, and Shariah Audit functions. Therefore, it is the responsibility of the SC to present an independent verification and opinion based on SC observations and evaluations of the Shariah Governance and operations of CBP, as well as to verify the report based on the information disclosed to the SC.
  - 4.1 The SC was informed about the independent evaluation conducted by the Internal Audit Committees, including the internal audit function and external auditor, to achieve the objective of absolute Shariah assurance, which examines on a test basis transactions, relevant documents, and applicable procedures performed by CBP, including audit findings and potential Shariah non-compliance as a sub-set of operational risk, any corrective measures, and continuous improvement processes that have been, are being, and will be undertaken on an ongoing basis.
  - 4.2 The SC scrutinized and validated the Shariah review plan and report by the internal Shariah functions to obtain all necessary information and clarifications to enable the SC to assess and gather sufficient evidence to provide reasonable assurance that CBP has not violated or neglected Shariah principles.
5. After meticulous review through the Shariah assessment process, reported and certified by the internal functions and external auditors, and subsequently validated by the SC, it has been unanimously agreed by the SC to form an independent final opinion for the financial year ended as stated that:
  - 5.1 From the aspect of capital and funding sources through the issuance of shares, preferred shares, iRCPS, and deposit-taking, as well as transactions through the treasury instruments, Islamic financial instrument products for deposit-taking from the Islamic money market for corporate and retail, and the general public have been found satisfactory and confirmed in compliance with Shariah principles.
  - 5.2 From the aspect of Islamic financing activities, contracts, transactions, and Islamic financing programs undertaken by CBP for retail, commercial, cooperative, and corporate transactions through the Shariah assessment mechanisms as stipulated by the Shariah Governance Policy have been presented to the SC and found satisfactory in compliance with Shariah principles, despite several findings of Shariah issues for which a corrective action plan has been established. Thus, it is reasonable to confirm that the income and profits received by CBP from these products are Shariah-compliant.

## SHARIAH COMMITTEE REPORT

- 5.3 From the aspect of Ar-Rahnu financing activities, the implementation of Ar-Rahnu 2.0 financing based on the *Tawarruq* and *Ar-Rahnu* concepts has entered its third year since its launch on 1 January 2021, complying with directives by SKM. In 2023, the SC confirmed the development of the *Ar-Rahnu* 3.0 and *Ar-Rahnu* Flexi products. Through the Shariah assessment mechanism as stipulated by the Shariah Governance Policy, it has been presented to the SC and found that the Ar-Rahnu business is satisfactory in compliance with Shariah principles. Therefore, it is reasonable to confirm that the income and profits received by CBP from this product are Shariah-compliant.
- 5.4 From the aspect of fee-based income and other incomes, provisions related to financial account profits from fee-based income derived from the marketing of Takaful Wasiat products, *Ta'widh* charges (compensation), *Wakalah* fees, *Ju'alah* financing structuring fees, and other absorbed profits have been presented to the SC and found satisfactory and compliant with the principles and policies based on Shariah principles. Therefore, it is reasonable to confirm that the income and profits earned by CBP from these products are Shariah-compliant.
- 5.5 From the aspect of financial implications due to derecognition of income, the SC has reviewed and agreed to confirm that with the methods and solutions of Shariah and the corrective mechanisms that have been and are being adapted, the identified income not entitled to recognition for the stated financial year has been derecognized from CBP's income and recorded as a liability. The records have been reviewed and appropriate and accurate charges have been made against CBP's financial book liabilities. The SC has confirmed the Revenue and Property Not Entitled to Recognition Management Policy (PHTBD) as a guideline for CBP in managing revenue and property not entitled to recognition.
- 5.6 As mandated by CBP in the provisions of the By-Laws, the calculation of the business Zakat assessment for the year 2023 is aligned with the obligations of Zakat, the pillars, conditions for valid Zakat, and mandatory conditions of Zakat according to the business Zakat calculation with the "*urfiyyah*" formula - adjusted growing capital (assessment based on the equity ratio of Muslim shareholders only) subject to the Business Zakat Assessment Policy. Thus, the dividend returns enjoyed by members who are shareholders are exempted from Zakat on dividends. For the stated financial year, the main Zakat payment centers by CBP were the Zakat Collection Center of the Islamic Religious Council of the Federal Territory and the Zakat Collection Center of the Islamic Religious Council of Penang.
- 5.7 The SC has also been informed about the payment of previous year's obligatory Zakat haul that must be carried out in the stated financial year, which has been completed and paid to the Islamic Religious Council of the Federal Territory and the Zakat Collection Center, Zakat Collection Center of the Islamic Religious Council of Penang. CBP also received a mandate as a distributor of *Wakalah* Zakat funds from the Baitulmal from the Islamic Religious Council of the Federal Territory and the Zakat Collection Center of the Islamic Religious Council of Penang. All *Wakalah* Zakat funds have been distributed to the eligible asnaf in accordance with the guidelines for *Wakalah* Zakat and the directions set by the respective Islamic Religious Councils.
6. Based on GP-28 of the Malaysia Co-operative Societies Commission (SKM) and CBP's Shariah Governance Policy, it is the responsibility of CBP's management to ensure that CBP's business is conducted in accordance with Shariah principles. The SC hereby confirms that it has received declarations from them and is satisfied that any Shariah resolutions and rulings decided during the mentioned financial period have been implemented within the scope and jurisdiction entrusted to CBP's management faithfully.

We, on behalf of the Shariah Committee, hereby agree to confirm the above Shariah reporting.

Verified on behalf of the SC,



**PROF. MADYA DR. HAJI MOHAMED FAIROOZ BIN ABDUL KHIR**  
Chairman of the Shariah Committee

Kuala Lumpur

Dated: 20 February 2024



**USTAZ HAJI LOKMANULHAKIM BIN HUSSAIN**  
Shariah Committee Member

# FINANCIAL STATEMENTS



- 84** Statement of Financial Position
- 86** Statement of Profit or Loss And Other Comprehensive Income and Profit Appropriations

- 88** Statement of Changes in Shareholders' Funds
- 90** Statement of Cash Flows
- 92** Notes to the Financial Statements

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	NOTE	2023 RM'000	GROUP 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	4	322,320	256,350
Deposit and placements in financial institutions	5	2,075,195	1,091,806
Financial investments at fair value through other comprehensive income	6	826,481	618,192
Financial investments at amortised cost	7	768,182	487,292
Financing and advances	8	6,550,211	5,048,191
Other assets	9	165,496	123,600
Right-of-use assets	10	6,375	5,288
Land for development	11	819	822
Property, plant and equipments	13	113,214	92,139
Intangible asset	14	43,332	11,085
<b>Total Assets</b>		<b>10,871,625</b>	<b>7,734,765</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
Customer savings and deposits	15	8,754,767	6,267,929
Obligations on securities transactions under secured murabahah commodity instruments	16	494,544	179,533
Other liabilities	17	115,544	69,983
Proposed honorarium	18	650	600
Financing from financial institutions	19	13,000	58,000
Grants	20	300	300
Proposed dividend	21	76,900	60,913
<b>Total Liabilities</b>		<b>9,455,705</b>	<b>6,637,258</b>
Members' Share Capital	22	1,262,089	735,189
Preference shares	23	161	250,244
Statutory reserves	24	108,453	96,406
Other reserves	25	13,424	(11,810)
Retained profits		31,793	27,478
<b>Total Shareholders' Funds</b>		<b>1,415,920</b>	<b>1,097,507</b>
<b>Total Liabilities and Shareholders' Funds</b>		<b>10,871,625</b>	<b>7,734,765</b>
Capital Commitment	26	65,593	177,370

(The accompanying notes form an integral part of the financial statements)

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	NOTE	CO-OPBANK	
		2023 RM'000	2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	4	321,777	255,989
Deposits and placement in financial institutions	5	2,075,195	1,091,806
Financial investments at fair value			
through other comprehensive income	6	826,481	618,192
Financial investments at amortised cost	7	768,182	487,292
Financing and advances	8	6,550,211	5,048,191
Other assets	9	165,562	123,592
Right-of-use asset	10	6,375	5,288
Land for development	11	819	822
Property, plant and equipment	13	113,189	92,139
Intangible asset	14	43,332	11,085
<b>Total Assets</b>		<b>10,871,123</b>	<b>7,734,396</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>			
Customer savings and deposits	15	8,754,767	6,267,929
Obligations on securities transactions			
under secured murabahah commodity instruments	16	494,544	179,533
Other liabilities	17	115,446	69,936
Proposed honorarium	18	650	600
Financing from financial institutions	19	13,000	58,000
Grants	20	300	300
Proposed dividend	21	76,900	60,913
<b>Total Liabilities</b>		<b>9,455,607</b>	<b>6,637,211</b>
Members' Share Capital	22	1,262,089	735,189
Preference shares	23	161	250,244
Statutory reserves	24	108,453	96,406
Other reserves	25	13,424	(11,810)
Retained profits		31,389	27,156
<b>Total Shareholders' Funds</b>		<b>1,415,516</b>	<b>1,097,185</b>
<b>Total Liabilities and Shareholders' Funds</b>		<b>10,871,123</b>	<b>7,734,396</b>
Capital Commitment	26	65,593	177,370

(The accompanying notes form an integral part of the financial statements)

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND PROFIT APPROPRIATIONS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	NOTE	GROUP		CO-OPBANK	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income	27	505,840	407,314	505,701	407,314
Expenses	28	(270,779)	(136,785)	(270,779)	(136,752)
<b>Net Income</b>		<b>235,061</b>	<b>270,529</b>	<b>234,922</b>	<b>270,562</b>
Allowance for impairment	29	(72,165)	(94,220)	(72,165)	(94,220)
Other income	30	116,421	50,781	116,415	50,694
Operating expenses	31	(158,757)	(123,613)	(158,705)	(123,606)
<b>Net Profit</b>		<b>120,560</b>	<b>103,477</b>	<b>120,467</b>	<b>103,430</b>
Statutory appropriations					
Statutory Reserved Funds: 10% (2022: 12%)		(12,047)	(12,412)	(12,047)	(12,412)
Co-operative Education Trust Fund: 2% (2022: 2%)		(2,409)	(2,069)	(2,409)	(2,069)
Co-operative Development Trust Fund: 1% (2022: 1%)		(1,205)	(1,034)	(1,205)	(1,034)
Tax	33	(13,786)	(251)	(13,775)	(247)
Zakat		(3,943)	(3,098)	(3,943)	(3,098)
Other appropriations					
Member Share Capital Dividend at 6.50% (2022: 6.30%)		(64,214)	(43,698)	(64,214)	(43,698)
Preference Shares Dividend at 6.78% (2022: 6.88%)		(12,686)	(17,215)	(12,686)	(17,215)
Board Member Honorarium		(650)	(600)	(650)	(600)
Members' Welfare Fund		(300)	(300)	(300)	(300)
Non-Members Welfare Fund		(100)	(3,550)	(100)	(3,550)
Share Redemption Fund		(5,240)	(4,396)	(5,240)	(4,396)
		(116,580)	(88,623)	(116,569)	(88,619)
Non-operations Adjustments	34	335	410	335	410
<b>Profit For The Year</b>		<b>4,315</b>	<b>15,264</b>	<b>4,233</b>	<b>15,221</b>

(The accompanying notes form an integral part of the financial statements)

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND PROFIT APPROPRIATIONS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit For The Year	4,315	15,264	4,233	15,221
Other comprehensive income/(loss)				
<u>Items that may be re-classified subsequently to profit or loss:</u>				
Debt instrument at fair value through other comprehensive income				
- Net change in fair value for the financial year	24,313	(13,085)	24,313	(13,085)
- Change in allowance for expected credit losses	(42)	(28)	(42)	(28)
<u>Items that will not be re-classified to profit or loss</u>				
Net change on revaluation of equity instrument at fair value through other comprehensive income	-	9	-	9
Total of other comprehensive income / (loss)	24,271	(13,104)	24,271	(13,104)
<b>Total Comprehensive Income for the Year</b>	<b>28,586</b>	<b>2,160</b>	<b>28,504</b>	<b>2,117</b>

(The accompanying notes form an integral part of the financial statements)

## STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Members Share's Capital RM'000	Preference Shares RM'000	Statutory Reserves RM'000	Other Reserves RM'000	Retained Profit RM'000	Total RM'000
<b>GROUP</b>						
<b>As at 1 January 2022</b>	680,451	252,002	83,994	(1,598)	12,293	1,027,142
Profit after tax and zakat	-	-	-	-	103,477	103,477
Profit distribution	-	-	12,412	8,246	(27,300)	(6,642)
Dividends (Note 22)	-	-	-	-	(60,913)	(60,913)
Received during the year	72,507	51	-	265	-	72,823
Payment during the year	(17,769)	(1,809)	-	(4,826)	-	(24,404)
Distributions during the year	-	-	-	(784)	-	(784)
Other comprehensive losses for the financial year	-	-	-	(13,113)	(79)	(13,192)
<b>As at 31 December 2022</b>	735,189	250,244	96,406	(11,810)	27,478	1,097,507
Profit after tax and zakat	-	-	-	-	120,560	120,560
Profit distribution	-	-	12,047	5,640	(39,345)	(21,658)
Dividends (Note 22)	-	-	-	-	(76,900)	(76,900)
Received during the year	561,270	-	-	(1,230)	-	560,040
Payment during the year	(34,370)	(250,083)	-	2,346	-	(282,107)
Distributions during the year	-	-	-	(5,793)	-	(5,793)
Other comprehensive losses for the financial year	-	-	-	24,271	-	24,271
<b>As at 31 December 2023</b>	<b>1,262,089</b>	<b>161</b>	<b>108,453</b>	<b>13,424</b>	<b>31,793</b>	<b>1,415,920</b>

(The accompanying notes form an integral part of the financial statements)

## STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Members Share's Capital RM'000	Preference Shares RM'000	Statutory Reserves RM'000	Other Reserves RM'000	Retained Profit RM'000	Total RM'000
<b>CO-OPBANK</b>						
<b>As at 1 January 2022</b>	680,451	252,002	83,994	(1,598)	12,014	1,026,863
Profit after tax and zakat	-	-	-	-	103,430	103,430
Profit distribution	-	-	12,412	8,246	(27,296)	(6,638)
Dividends (Note 22)	-	-	-	-	(60,913)	(60,913)
Received during the year	72,507	51	-	265	-	72,823
Payment during the year	(17,769)	(1,809)	-	(4,826)	-	(24,404)
Distributions during the year	-	-	-	(784)	-	(784)
Other comprehensive losses for the financial year	-	-	-	(13,113)	(79)	(13,192)
<b>As at 31 December 2022</b>	735,189	250,244	96,406	(11,810)	27,156	1,097,185
Profit after tax and zakat	-	-	-	-	120,467	120,467
Profit distribution	-	-	12,047	5,640	(39,334)	(21,647)
Dividends (Note 22)	-	-	-	-	(76,900)	(76,900)
Received during the year	561,270	-	-	(1,230)	-	560,040
Payment during the year	(34,370)	(250,083)	-	2,346	-	(282,107)
Distributions during the year	-	-	-	(5,793)	-	(5,793)
Other comprehensive losses for the financial year	-	-	-	24,271	-	24,271
<b>As at 31 December 2023</b>	<b>1,262,089</b>	<b>161</b>	<b>108,453</b>	<b>13,424</b>	<b>31,389</b>	<b>1,415,516</b>

(The accompanying notes form an integral part of the financial statements)

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax and zakat	120,560	103,477	120,467	103,430
Adjustments:				
Recovered impairments	(114,124)	(48,930)	(114,124)	(48,930)
Financing impairment	69,639	76,663	69,639	76,663
Revaluation of investments and financial assets	33	57	33	57
Loss on financing written off	2,493	17,500	2,493	17,500
Depreciation of right-of-use assets	3,077	2,733	3,077	2,733
Depreciation of properties, plant and equipment	5,346	3,421	5,346	3,421
Depreciation of intangible asset	2,882	3,060	2,882	3,060
Gain on sale of inventory	-	(271)	-	(271)
Financial costs	203	95	203	95
<b>Operating Profit Before Working Capital Changes</b>	<b>90,109</b>	<b>157,805</b>	<b>90,016</b>	<b>157,758</b>
<b>WORKING CAPITAL MOVEMENT</b>				
Decrease/(Increase) in operation assets				
Financing and Advances	(1,460,028)	(960,090)	(1,460,028)	(960,090)
Other assets	(15,543)	3,710	(15,595)	3,664
Inventory	-	1,146	-	1,146
Right-of-use Assets	-	(146)	-	(146)
Land for development	3	(93)	3	(93)
(Decrease)/Increase in operation liabilities				
Customer deposits and savings	2,486,838	1,341,551	2,486,838	1,341,551
Other liabilities	28,822	10,848	28,748	10,951
Cash from operating activities	1,130,201	554,731	1,129,982	554,741
Financial cost paid	(203)	(95)	(203)	(95)
Honorarium paid	(600)	(466)	(600)	(466)
Tax paid	(1,914)	(405)	(1,902)	(405)
Zakat paid	(3,098)	(2,302)	(3,098)	(2,302)
<b>Net cash from operating activities</b>	<b>1,124,386</b>	<b>551,463</b>	<b>1,124,179</b>	<b>551,473</b>

(The accompanying notes form an integral part of the financial statements)

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASHFLOW FROM STATUTORY PAYMENTS AND DISTRIBUTIONS ACTIVITIES</b>				
Other funds	(32,168)	(36,449)	(32,168)	(36,449)
Net cash used for statutory payments and distribution activities	(32,168)	(36,449)	(32,168)	(36,449)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed asset	(61,550)	(58,824)	(61,525)	(58,824)
Purchase of financial asset	(464,941)	(306,919)	(464,941)	(306,919)
Disposal of financial asset	-	179	-	179
Net cash (used in)/generated from Investing activities	(526,491)	(365,564)	(526,466)	(365,564)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>				
Issuance /(Redemption) of shares	277,933	48,419	277,933	48,419
Dividend payments	(60,578)	(58,565)	(60,578)	(58,565)
Repayment of lease liabilities	(3,734)	(2,856)	(3,734)	(2,856)
Repayment of hire-purchase	-	(32)	-	(32)
Repayment Financial institutions	(45,000)	-	(45,000)	-
Proceeds of financing from financial institutions	315,011	237,532	315,011	237,532
Net cash generated from/(used in) financing activities	483,632	224,498	483,632	224,498
<b>CASH AND CASH EQUIVALENT</b>				
At beginning of the year	1,049,359	373,948	1,049,177	373,958
At end of the year	2,397,515	1,348,156	2,396,972	1,347,795
<b>CASH AND CASH-EQUIVALENT REPRESENTED BY:</b>				
Cash and Short-terms funds	322,320	256,350	321,777	255,989
Deposits and placements in financial institutions	2,075,195	1,091,806	2,075,195	1,091,806
	2,397,515	1,348,156	2,396,972	1,347,795

(The accompanying notes form an integral part of the financial statements)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

The principal activities of Co-opbank are Islamic Banking, Islamic pawn broking (Ar-Rahnu) and investments.

The principal activities of its subsidiaries are disclosed in Note 12.

There was no significant change in the principal activities of the Group and Co-opbank during the current financial year. Co-opbank was established under the Co-operative Societies Act 1993.

The principal and registered office of Co-opbank is located at Level 6, Wisma JCBNext, No 27, Lorong Medan Tuanku 1, Off Jalan Sultan Ismail 50300 Kuala Lumpur.

These financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2024.

## 1. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### a) Statement of Compliance

The financial statements of Co-opbank have been prepared in accordance with the Co-operative Societies Act 1993 and the Malaysian Financial Reporting Standards ("MFRSs"), with adjustments made to the requirements of the Malaysia Co-operative Societies Commission (SKM) and Bank Negara Malaysia (BNM). The financial statement for its subsidiary had been prepared in accordance with MFRSs and provisions under the Companies Act 2016 in Malaysia.

- (i) New MFRSs and amendments/improvements to MFRSs that have been issued, but have not been adopted by the bank

The following are the accounting standards, amendments and interpretations of MFRSs that have been issued by the Standards Board Malaysian Accounting ("MASB") but not yet applicable to the Group and Co-opbank.

#### **MFRSs, Interpretations and amendments effective for annual period beginning on or after 1 January 2023**

- \* MFRS 17, Insurance Contract
- Amendment to MFRS 112, *Income Tax - Deferred Taxes related to Assets and Liabilities arising from a single transaction*

#### **MFRSs, Interpretations and amendments effective for annual period beginning on or after 1 January 2024**

- \* Amendments to MFRS 7, *Financial Instruments - Disclosures* and MFRS 107, *Statement of Cash Flows - Supplier Finance Arrangements*
- \* Amendments to MFRS 16, *Leases - Lease liability in a Sale and Leaseback*
- \* Amendments to MFRS 101, *Presentation of Financial Statements, Non-current Liabilities with Covenan*

#### **MFRSs, Interpretations and amendments effective for annual period beginning on or after 1 January 2025**

- \* Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange - Lack of Exchangeability*

#### **MFRSs, Interpretations and amendments in force for the annual period commencing on or after the unconfirmed date**

- \* Amendments to MFRS, 10, *Consolidated Financial Statement* and MFRS128, *Investment in Associates and Joint Ventures - Sale or Contribution of Assets between investor and its Associates or Joint Venture.*

The initial adoption of accounting standards, amendments or interpretations is not expected to have any significant financial impact for the current period and the previous financial statements of the Group and Co-opbank.

### b) Basis of preparation

The financial statements have been prepared based on a historical cost basis, except as disclosed in Note 2.

### c) Functional and presented currencies

The financial statements are set out in Ringgit Malaysia (RM), the currency used by the Group and Co-opbank and has been rounded to the nearest thousand unless otherwise specified.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 1. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS (CONT'D.)

### d) Use of estimates and considerations

The preparation of the financial statements of the Group and Co-opbank is in accordance to the MFRSs which require the management to use certain judgments, estimates and assumptions that influence the usage of the accounting policies and values reported for assets, liabilities, income and expenses. The actual result may differ from the estimates.

The estimates and assumptions used are reviewed on a continuous basis. The review on the accounting estimates is recognized as well as the duration in which the estimates were reviewed and any future duration thereof.

Information related to the sections of the estimates, uncertainties and critical judgments that are significant in the usage of the accounting policies which pose the most substantial impact on the recognized amount in the financial statements are presented in Note 3.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Co-opbank and all its subsidiaries as at the balance sheet date.

Where necessary, proceeds from the acquisition or sale of subsidiaries during the current year are included in the consolidated financial statements from the effective date of acquisition and until the date of sale applications.

If necessary, adjustments will be made to the subsidiary's financial statements with a view to standardizing its accounting methods within the Group. Transactions between the Co-opbank and its related subsidiaries are written off upon consolidation and the consolidated financial statements reflect only external transactions.

### b) Investments in Subsidiary

A subsidiary is where Co-opbank dominates the composition of the Board of Directors or has more than half the voting power, or holds more than half of the ordinary shares issued by the subsidiary.

Investment in a subsidiary is stated at cost, and at a decreased value when the Co-opbank Board Members are of the opinion that there is a decrease in value in the said investments.

### c) Business Combinations

The acquisition of the subsidiaries is accounted as acquisition method. The cost of acquisition is measured at fair value at the given date of the asset exchange, liabilities that are assumed and the equity instrument issued by the Group for the exchange of ownership by the owner plus any direct costs that exist from the said business combination. Identifiable owner's assets, liabilities and contingent liabilities that comply with the requirements for recognition are recognized at fair value at the date of the acquisition, except for non-current assets (or disposal group) which are classified as holdings for sale. Non-Current Assets Held for Sale and Non-Connected Operations are recognized and measured at fair value less cost for sale.

Goodwill arising from the acquisition is recognised as asset and measured at cost, namely the excess of the cost. Business combination against Group interest is in the identified net asset fair value, recognized liabilities and contingent liabilities.

If after revaluation, the Group's interest in the identified fair value of the net asset ownership, liabilities and contingent liabilities exceed the cost of business combination, the excess will be recognised as profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### d) Property development

Property development is stated at cost (consisting of land, direct cost of the building and development expenses) including distributable profit less provision for losses expected and bills in progress.

Development expenses include financing costs related to the financing of land and development costs.

The Group considers property development expenses as current assets if work has commenced and is expected to complete according to the normal operating cycle of one to two years. If work exceeds that duration, it is considered as non-current asset.

### e) Inventory

The primary inventory is the completed home and the cost is determined based on the actual amount of expenses incurred for each unit.

#### Property for sale

It is the cost of finished property units which have not been sold. Its cost is stated at the lower of cost and net realizable value. The price of the property is determined on the basis of a specific identification method.

### f) Receivables

Receivables are carried at expected realisable value. Estimates are made for doubtful debts based on the review on all outstanding amounts at the end of the financial year. Bad debts are written-off in the financial year it was identified.

Receivables including financing are stated at the expected realisable value. All known bad debts are disposed off and special allocation is made for receivables and financing of which yield is doubtful after 3 months.

The Group and Co-opbank examine doubtful loans, advances and financings at every date of report to assess whether the impairment should be stated in the income statement. This is especially so where decisions need to be made to identify doubtful debts and the estimated amount obtainable from the doubtful debts when the allocation level needs to be determined.

### g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment of accumulated loss assets.

Freehold land and work in progress is not charged for depreciation.

Properties under construction for rental production, administration or unspecified use are listed at cost less identified value losses. It covers professional fees. For eligible assets, the cost of financing is capitalized using the Group's accounting methods. Depreciation on this asset uses the same basis as other real estate assets and starts when the asset is ready and ready to be used.

The costs involved in the asset are accounted for in the carrying amount of the asset or are recognised as separate assets, if the future interest and the asset is acquired by the Group and the costs incurred are reliable. The carrying amount of the tool or share of the asset is not recognized.

All repair and maintenance costs are charged to earnings over the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### g) Property, plant and equipment (Cont'd.)

Property, plant and other equipment are depreciated at a rate calculated on a straight-line basis to write off the cost of these assets over the estimated useful life. The main annual depreciation rates used are as follows:

Free-owned Buildings	2%
Office Equipments	20%
Motor Vehicles	20%
Computer Equipments	20%
Renovation	10%

At each date of the financial position statement, the residual value and life expectancy of the property, plant and equipment will be revised. Any impact on change will be recognised in perspective. Profit or loss on sale is determined by comparison between the turnover and the carrying amount of the asset in which the difference will be accounted for as profit or loss from operations.

If the equipment or parts of the property items, plant and equipment have different service life, the cost or valuation of such items is allocated on a reasonable basis between the equipment and each part of the depreciated equipment separately.

### h) Financial Assets

#### Recognition Date

All financial assets are initially recognised at the date of the transaction, i.e. on the date the Group and Co-opbank become related parties to the contractual provisions of certain instruments. This includes the usual way of trading, buying or selling financial assets that require the delivery of assets within the time frame set by regulations or conventions in the market.

#### Initial recognition and subsequent measurements

All financial assets are measured initially at their fair value as well as directly related transaction costs, except in the case of financial assets recorded at fair value through gains or losses.

The Group and Co-opbank classify all its financial assets based on a business model for managing assets and the characteristics of asset contractual cash flow, measured either:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")

Financial assets include the following:

#### (i) Financial assets at amortised cost

The Group and Co-opbank measure financial assets at amortized costs if the following two conditions are met:

- Financial assets are held in a business model with the aim of holding financial assets to accumulate contractual cash flow;
- The contractual terms of the financial asset give rise to a certain date to the cash flow of the principal and profit payment ("SPPP") on the outstanding principal amount.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### h) Financial assets (Cont'd.)

#### Initial recognition and subsequent measurements (Cont'd.)

##### (i) Financial assets at amortized cost (Cont'd.)

Details of these conditions are attained below:

##### 1) Business Model Assessment

The Group and Co-opbank define its business model at a level that best reflects how the group of financial assets is managed to achieve its business objectives.

The Group's and Co-opbank's business models are not valued based on instruments by instrument, but rather a higher level of aggregate portfolio and are based on observable factors such as:

- How the performance of the business model and financial assets held in the business model is evaluated and reported to key management personnel
- Risks affecting the performance of the business model (and the financial assets held in that business model) and, in particular, how those risks are managed
- How business managers are compensated (for example, whether compensation is based on the fair value of assets managed or contractual cash flows collected)
- The expected frequency, value and timing of sales are also key aspects of the Group and Coopbank's valuation

The business model assessment is based on the reasonably expected scenario regardless of the worst case or stress scenario. If cash flows after initial recognition are realised in a manner different from the Group's and Co-op bank's original expectations, the Group and Co-op bank do not change the classification of the balance of financial assets held in that business model, but include such information when evaluating new or newly purchased financial assets in the future.

##### 2) The SPPP Test

As the second step in the classification process, the Group and Co-opbank assess the contractual terms of the financial asset contract to identify whether they meet the SPPP test.

"Principal" for the purpose of this test is defined as their fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there is repayment of the principal or settlement of the premium/discount).

The most important profit element in a financing arrangement is the consideration for currency value and credit risk. To carry out the SPPP test, the Group and Co-opbank will judge and consider the relevant factors such as the currency by which the financial asset is denominated, and the period in which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows which are not related to the basic financing arrangement does not result in a contractual cash flow that is solely for the payment of the principal and deferred profit. In such case, the financial asset must be measured at FVTPL.

Group and Co-opbank had been measuring financing and advance at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### h) Financial assets (Cont'd.)

#### Initial recognition and subsequent measurements (Cont'd.)

##### (ii) Fair value through other comprehensive income ("FVOCI")

The Group and Co-opbank use the new category under MFRS 9 debt instruments measured in FVOCI when the following two conditions are met:

- The instrument is held in the business model, the objective of which is achieved by accumulating contractual cash flows and selling financial assets; and
- The term of the financial asset contract meets the SPPP test.

Financial assets in FVOCI are then measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income ("OCI"). Foreign exchange gains and losses are recognised in profit or loss in the same way as financial assets measured at amortized cost. At recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments are usually measured on FVTPL. However, for unquoted equity instruments, with irrevocable options at the outset, the Group and Co-opbank measure changes through FVOCI (without recycling profits or losses during de-recognition).

#### Impairment of financial assets

The MFRS 9 impairment requirement is based on the Expected Credit Loss ("ECL") model. The ECL model applies to financial assets measured at amortization costs or on FVOCI, irrevocable financing commitments and financial guarantee contracts; which includes financing and advances, as well as financial instruments held by the Group and Coopbank. The ECL model also applies to contract assets under MFRS 15, Income from Contracts with Customers and leases receivable under MFRS 16, *Leases*.

The expected measurement of credit losses involves increased complexity and judgment which includes:

##### (i) Determining a significant increase in credit risk since the initial recognition.

Assessment of significant impairment since initial recognition is key to determining the transfer point between measuring allocation based on 12-month ECL, or allocation based on ECL life expectancy. A number of qualitative and quantitative assessments are used in determining whether there is a significant increase in credit risk at the reporting date when compared with the initial recognition date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### h) Financial assets (Cont'd.)

#### Initial recognition and subsequent measurements (Cont'd.)

- (ii) Fair value through other comprehensive income ("FVOCI") (Cont'd.)

#### Impairment of financial assets (Cont'd.)

- (i) Determining a significant increase in credit risk since the initial recognition. (Cont'd.)

The Group and Co-opbank adopted a three-tier approach based on changes in credit quality since the initial recognition:

	Level 1	Level 2	Level 3
3-level approach	Performing	Low Performing	Non Performing
Description	No significant increase in credit risk	Credit Risk increase significantly	Impairment asset credit
ECL Approach	12-months ECL	Lifetime ECL	Lifetime ECL
Recognition of profit income	On gross carrying amount	On gross carrying amount	On net carrying amount

- (ii) ECL Measurement

There are three main components for measuring ECL which are probability of default ("PD") model, loss given default ("LGD") model, and the exposure at default ("EAD") model.

MFRS 9 does not distinguish between individual assessment and collective evaluation. As such, the Group and Co-opbank continue to measure impairments based on the individual assessment for financial assets that are considered individually significant. All other financial assets will be collectively assessed in accordance with the Group's and Co-opbank's policies.

- (iii) Financial investments at FVOCI

ECL financial investments measured at FVOCI do not reduce the total carrying amount of these financial assets, which remain at fair value. On the other hand, an amount equal to the provision that would arise if an asset measured at amortized cost is recognised in OCI as the amount of accumulated impairment, with the same charge to profit or loss. Accumulated losses recognised in OCI are recycled to gains and losses upon de-recognition of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### h) Financial assets (Cont'd.)

#### Initial recognition and subsequent measurements (Cont'd.)

- (ii) Fair value through other comprehensive income ("FVOCI") (Cont'd.)

#### Impairment of financial assets (Cont'd.)

- (iv) Expected life

Expected credit losses over a lifetime must be measured over the expected life. This is defined as a maximum life contract, including any prepayment, extension, call and similar options.

- (v) Forward-looking Information

The expected credit loss is an unbiased probability credit loss, determined by assessing various possible outcomes and considering future economic conditions. Reasonable and reliable forward-looking information is based on the Co-opbank Economic Research Division.

Where applicable, the Group and Co-opbank combine forward-looking adjustments in PD and LGD credit risk factors used in the ECL calculations, taking into account the impact of multiple probability-weighted future forecast economic scenarios. Included in the ECL are various forward-looking information as economic inputs, such as:

- Gross Domestic Product ("GDP")
- House Price Index ("HPI")
- Consumer Price Index ("CPI")
- Overnight Price Rate ("OPR")

The Group and Co-opbank use the following three macro-economic scenario alternatives to reflect the various probabilities of non-bias of possible future outcomes in estimating ECL:

**Basic scenario:** This scenario reflects the current macro-economic situation continuing to occur.

**Best and Worst Scenarios:** This scenario is set as opposed to the basic scenario; reflect the best and worst macro-economic conditions based on expert assessments of the best things from the current economic situation.

- (vi) ECL Level 3 Assessment

Co-opbank's accounting policy for collateral granted to it through its financing arrangements under MFRS 9 is the same as under MFRS 139.

### i) Leasing

All leases, except for short term assets and low value assets are recognised as benefits of the use of assets with the same lease liabilities as at the date the lease assets may be utilised by the Group and Co-opbank. The Group and Co-opbank have chosen to recognise payments for short-term leases and leases of low value assets on a straight-line basis as expenses in the income statement.

Each lease payment is divided between financial costs and a reduction in the balance of liabilities. Profit expense is charged to the income statement during the lease period. The benefits of using assets are depreciated over a shorter period of time between life and lease terms on a straight-line basis. The lease portfolio for the Group and Co-opbank consists of building rentals.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### i) Leasing (Cont'd.)

#### (i) Right-of-use ("ROU") Asset

At the beginning of the contract, the Group and Co-opbank assess whether the contract is, or contains, a lease agreement whereby if the contract entitles the consumer ("lessee") to control the use of the identified asset for a period of time in exchange for consideration. If the contract contains more than one lease component, or a combination of lease and service transactions, consideration is given to each component of this lease and non-lease with the conclusion and at each subsequent re-measurement of the contract based on its own selling price. The Group and Co-opbank combine lease and non-lease components, in cases where separation of non-lease components is not possible.

The Group and Co-opbank recognise the benefits of the use of assets at the date of commencement of the lease (the date the backup asset is ready for use). Asset utilisation benefits are measured at cost, less accumulated depreciation and impairment losses, and adjusted by any re-measurement of lease liabilities. The cost of the benefit of using the asset includes the amount of lease liabilities adjusted to any lease payments made on or before the commencement date, plus the initial direct costs incurred and the estimated costs for the reshuffle and write-off of the backup assets or to restore the backup assets or the site where they are located, less the rental incentives received. The lease period includes a period with an option to extend if the Group and Co-opbank are confident enough to exercise such options. Unless the Group and Co-opbank are confident enough to acquire ownership of the leased assets at the end of the lease term, the benefits of the use of recognised assets are depreciated on a straight-line basis between the life expectancy and the lease period whichever is shorter. Benefits of use of assets are subject to impairment assessment.

#### (ii) Lease liability

At the date of commencement of the lease, the Group and Co-opbank recognised the lease liability measured at the present value of the lease payments to be made over the lease period. Leasing payments include fixed payments (including fixed payment policies) less lease incentives received, variable lease payments that depend on the index or rate, and amounts expected to be paid below the guaranteed residual value. Lease payments also include the exercise price of the purchase option which may be certain to be exercised by the Group and Co-opbank and the payment of penalties for terminating the lease, if the lease term reflects the Group and the Co-opbank exercised the option to terminate. Variable lease payments that do not depend on the index or rate are recognised as expenses in the period in which the event or condition that triggered the payment occurred.

In calculating the value of current lease payments, the Group and Co-opbank use the financing increase rate at the date of commencement of the lease as the profit rate implied in the lease cannot be easily determined. After the commencement date, the amount of rental liabilities is increased to reflect the increase in profit and is reduced for the lease payments made. In addition, the carrying amount of the lease liability is re-measured in the event of modifications, changes in the lease term, changes in the fixed rental payments of substances or changes in valuation to purchase backup assets.

#### (iii) Important considerations in determining contract period with renewal option

The Group and Co-opbank determine the leasing period as irrevocable, along with any period that entails the option to continue the leasing period if reasonable, or a period that entails the option to end the lease, if it is confirmed to no longer be implementable.

The Group and the Co-opbank have options under some of their leases to lease assets for an additional period of three to five years. The Group and the Co-operative use their discretion of whether it is reasonable to implement the contract renewal option. This means that they consider all relevant factors that trigger economic incentives in renewing the lease agreement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### i) Leasing (Cont'd.)

#### (iii) Important considerations in determining contract period with renewal option (Cont'd.)

After the initial date, the Group and the Co-opbank re-evaluate the leasing period if there are events or situational changes under their control which influence their ability to implement (or not implement) the renewal option (such as changes in business strategies).

The Group and Co-opbank used the following practical benefits approved by the standards for leasing:

#### (a) Leasing with a lease period of 12 months or shorter; and

The Group and Co-opbank adopted the exemption of short-term lease recognition to its short term lease of 12 months or less from the initial date which does not have the option of renewable lease clause and purchase option.

#### (b) Lease for low value assets less than RM20,000

The Group and Co-opbank also adopted the exemption of recognising low value assets for leased assets deemed as having a low value and recognised as expenses in the income statement based on the straight line basis throughout the lease period.

The Group and Co-opbank recognise lease payments, when they fall due, in the income statement for leases that do not meet the ROU assessment and of which had resorted to the exemption approved by the standards.

### j) Non-current assets held-for-sale

Non-current assets and sales of the Group are classified as held-for-sale if the carrying amount will be restored through sales transaction as opposed to continuous usage. This condition is assumed to be complied with if the sales have been fully determined and the asset (or sales of the Group) for the purpose of immediate sales are in current condition.

The management must be committed to the sales expected to be qualified to be recognised as sales completed within a year from the classification date. Non-current assets (and sales of the Group) classified as held-for-sale are measured at the lowest carrying amount in the previous year and fair value less cost for sale.

Allocation is recognised when the Group has legal obligations whether current or constructive, due to past results where possible outflows of resources are needed to explain the obligation and estimates to convince that the obligation amount is achievable.

### k) Asset impairment

The carrying amount for property, plant and equipment, property development and investment in subsidiaries will be reviewed for the purpose of value impairment when there exists indication that the value of the asset may be impaired. Value impairment is determined by comparing the carrying amount of the asset and its recoverable amount. Loss from value impairment will be charged immediately in the income statement, except for assets carried at valued amount, which in this case, loss from the value impairment will be considered as reduction in valuation.

Recovered amount is the fair value exceeding the cost of sales and value used. In determining the value used, the cash flow forward estimates are discounted to the current value using the previous tax discount rate which shows the current market value for time value of money and risk to the asset which has not been adjusted for cash flow forward estimates.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### k) Asset impairment (Cont'd.)

The subsequent increase on the recoverable amount of the asset will be accounted for as reversal against the previous impaired value and is recognised to the extent where the carrying value of the asset has been determined (net and amortised and depreciated) before any value impairment is recognised. This reversal will be recognised immediately in the income statement, except for assets carried at revalued amount in this case, reversal of impairment loss will be considered as increase in valuation.

If the amount of the recovered asset is estimated to be less than the carrying amount, the carrying amount for the asset will be reduced to the recovered amount. Impairment loss will be recognised in the financial statement.

### l) Investments

Investments in any unquoted shares at cost less allocation for any permanent decrease in value. Quoted share investment is stated at cost and market value determined based on aggregate, based on whichever is lower.

### m) Cash and cash equivalent

The Group and Co-opbank have adopted an indirect method in the preparation of the statement of cash flows. Cash and cash equivalent include cash and bank balances, bank overdrafts, deposits and short term investments with liquidity that is readily convertible to cash with a small risk of change in value.

### n) Financing sales

In the normal course of operations for Islamic Banking, Islamic debt sales are treated as sale and purchase transactions from the Shariah perspective. Such financing transactions less assets sold in the statement of financial position and the obligation for financing buy-back are shown as assets sold with the balance classified as commitment and contingent liability.

### o) Hire purchase payables

Assets bought by way of hire purchase are stated at amount equivalent to fair value dan current value of the minimum hire purchase payment, whichever is lower less accumulated depreciation and impairment loss. Related obligations are stated in the financial statement as loans.

Hire purchase payments are divided between financial cost and reduction in outstanding liabilities. Financial cost, which represents the difference between total hire purchase involvement and fair value of the bought asset, is identified as expenditure in the income statement throughout the hire purchase term in producing a fixed charge rate term on the outstanding balance in every accounting period.

### p) Zakat

The assessment of zakat is made by Co-opbank as business zakat in accordance with the pillars and conditions set based on the sharia principles for haul 1 January 2023 to 31 December 2023 according to the adjusted growing capital method assessed on Muslim equity from income, investment proceeds and from capital and property traded.

Therefore, members are no longer required to pay zakat on dividends. The assessment of zakat is limited to the activities of Islamic financial services by Co-opbank only and not the assessment of zakat for the Group which needs to be assessed separately by other subsidiaries.

### q) Tax

Income tax expense comprises the amount of current payable tax and deferred tax. Current payable tax is based on the taxable profit for the year which is calculated based on the tax rate determined by law or determined at the date of the statement of financial position. Current tax for the current and previous periods are recognised as liability (or asset) until the extent in which it becomes non-performing (or recovered).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### q) Tax (Cont'd.)

Deferred tax is provided using the liability method on the temporary differences at the date of the statement of financial position between the tax bases and carrying value of assets and liabilities in the financial statement. Principally, deferred tax liabilities are recognised for all temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent where taxable profit is projected to be able to absorb the deductible temporary differences, unused tax losses and unused tax credits.

Deferred tax will not be recognised if the temporary differences arise from goodwill or negative goodwill or from the start of the asset or liability takeover in a transaction that is not a business combination and at the time of that transaction, not affecting the accounting profit and taxable income.

The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be restored. Deferred tax is measured using tax rates that are expected to be applied in the year when the asset is realised or the liabilities are settled. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, where the deferred tax is also recognised in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the enforceable income tax by a taxation authority whereby the Group intends to settle the current tax assets and current tax liabilities on a net basis.

### r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there are signs of impairment. If there is such a sign, or when an annual impairment test of the asset is required, the Group and Co-opbank estimate the recoverable amount. The amount of recoverable assets is fair value less the cost of sale or the value of its use whichever is higher for an asset or unit of cash generator ("CGU"). If the amount of assets or CGU exceeds the recoverable amount, the asset is treated as impairment and is devalued to a recoverable amount.

For value-use assessments, the estimated future cash flows are discounted to current value using a pre-tax discount rate that reflects the current market valuation of the value of money and risks specific to the asset. In determining the fair value less the cost of sale, the current market transaction is taken into account. If no such transaction can be identified, an appropriate valuation model is used. This calculation is supported by a double valuation, a quotation of shares of a public company or an indication of the fair value that can be obtained.

For assets other than goodwill, an assessment is made at each reporting date whether there is any sign that the previous recognised impairment loss no longer exists or may decrease. If there is such a mark, the Group and Co-opbank estimate the recoverable amount of the asset or the CGU. The previously recognised impairment loss is reversed only when there is a change in the assumptions used to determine the amount of recoverable assets since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not also exceed the recoverable amount, and does not exceed the carrying amount determined after depreciation or amortization, in the event that no impairment loss is recognised for the asset in the previous year. The reversal is recognised in the income statement.

### s) Income recognition

Income from Co-opbank transactions in accordance with sharia principles is recognised on an accrual basis. The method of recognition of profits from the financing of customers is based on the reduced balance method. When an account becomes unpaid, its profits are suspended until the payment is paid in cash. Customer accounts are considered non-performing when there is arrears on repayments exceeding three months for financing, advance and hire purchase.

Income from development projects is recognised based on the percentage of completion method on all building units sold. Provision for possible losses is made in the income statement when a loss is identified.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### t) Employee benefits

#### (i) Short-term employee benefits

Salary, paid annual leave and sick leave, bonuses and other non-cash benefits are accrued based on the length of service of the employee.

#### (ii) Defined contribution plan

The Group is required by law to make monthly contributions to the Employees Provident Fund (EPF), a statutory body that determines the contribution plan for eligible employees based on to the rate of salary of employees. The Group's contributions to the EPF are stated separately while the contributions of employees to the EPF are included in the salary of employees.

#### (iii) Retirement Fund

Co-opbank contributes to the Tabung Dana Persaraan in respect to retirement benefits to eligible employees. Co-opbank has no obligations other than the contributions made. The provision for contributions to be made has been accounted for in the income statement for the current year, subject to members' approval.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### Critical considerations in practicing the accounting policies of the Group

In the process of practicing the accounting policies of the Group, as explained in Note 2, the management believes that any circumstances resulting from the use of judgement do not have a significant impact on the amount recognised in the financial statements.

### Main sources for the uncertainties in estimates

There were no main assumptions related to the future and main sources of estimation uncertainty as of the financial position statement date that are considered to have significant risk, which could result in material adjustments to the carrying values of assets and liabilities for the subsequent financial year, except for:

#### (a) Impaired financing and advances

The Group and Co-opbank review the financing and advances portfolio to determine whether impairment should be recorded in profit or loss.

Financing is impaired when there is objective evidence of impairment due to losses which affect the financing's projected cash flow following initial recognition.

#### Expected Credit Loss

The calculation of ECL (Expected Credit Loss) for Group and Co-op bank under MFRS 9, are outputs of a complex models with several fundamental assumptions regarding the changing input options and their dependencies. Elements considered in the ECL model as accounting considerations and estimation include:

- Criteria for assessing significant increases in credit risk, including qualitative assessment, to determine whether steps should be undertaken for financial assets based on a lifetime ECL rather than a 12-month ECL
- Segmentation of financial assets when ECL is assessed collectively
- Development of the ECL model, including various formulas and input options
- Determination of the relationship between macroeconomic scenarios and economic inputs, such as unemployment rates and overnight rates, and their impact on PD (Probability of Default), EAD (Exposure at Default), and LGD (Loss Given Default)
- Selection of forward-looking macro-economic scenarios and their probabilities, to derive the economic input into the ECL model

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

### Critical considerations in practicing the accounting policies of the Group (Cont'd)

#### (b) Impairment of financial asset portfolio

The Group and Co-op bank review their financial investments in FVOCI (Fair Value through Other Comprehensive Income) and financial investments at amortized cost under MFRS 9 (Malaysian Financial Reporting Standards) to recognize Expected Credit Losses (ECL) at each reporting date to reflect changes in the credit risk of financial investments not measured through FVTPL (Fair Value through Profit or Loss). MFRS 9 incorporates forward-looking and historical, current, and forecast information into the ECL estimation.

In conducting impairment reviews, the following management assessments are required:

- (i) Determining whether investments are impaired based on specific indicators, including, among others, issuer or guarantor difficulties, deterioration in the credit quality of the issuer or guarantor; and
- (ii) Determining the ECL that reflects:
  - (a) An unbiased amount and a probability determined by assessing various possible outcomes;
  - (b) The time value of money; and
  - (c) Reasonable and supportable information, available without undue cost or effort, such as at the reporting date regarding past events, current conditions, and forecasted future economic conditions.

#### (c) Estimation of Fair Value for financial investments at FVOCI

When the fair value of financial assets recorded in the financial statements cannot be measured based on quoted prices in an active market, their fair value is measured using valuation techniques. Valuation techniques include discounted cash flow methods, preferred pricing models, and other relevant valuation models.

Inputs to these models are taken from observable markets whenever possible, but if that is not feasible, a level of estimation is required to establish the fair value.

#### (d) Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, unutilized tax losses, and unused tax credits to the extent that it is probable for taxable profits to absorb the deductions on the temporary differences, unutilized tax losses and unutilized tax credits. Significant judgments have been made by management to identify the amount of deferred tax assets that can be recognized based on the timing and extent of future taxable profits and future tax planning strategies.

## 4. CASH AND SHORT-TERM FUNDS

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and balance in licensed banks	322,320	256,350	321,777	255,989
Included in this item are deposits representing:				
Grants (Note 21)	300	300	300	300

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 5. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Licensed Banks	2,075,195	1,091,806
Included in this item are deposits representing: Statutory Reserve Fund (Note 25)	63,422	63,787

## 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>Debt instruments at fair value through other comprehensive income</b>		
Islamic debt securities	303,063	121,937
Government investment issuances	251,768	211,429
Malaysian Government Sukuk Fund	270,995	273,848
Sukuk Cagamas	-	10,323
	825,826	617,537
<b>Equity instruments at fair value through other comprehensive income</b>		
Unquoted shares	655	655
<b>Total financial investments at fair value through other comprehensive income</b>	<b>826,481</b>	<b>618,192</b>

The movements in the allowance for expected credit losses (ECL) provision are as follows:

	12-month ECL Level 1 RM'000
As of 1 January 2022	19
Changes in credit risk	28
As of 31 December 2022	47
Changes in credit risk	42
As of December 31, 2023	89

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

Included in this item are liabilities related to transactions of securities under the Commodity Murabahah Revolving Financing (Note 16):

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Islamic debt securities	-	15,104
Government investment issuances	-	4,974
Malaysian Government Sukuk Fund	102,217	91,393
	102,217	111,471

## 7. FINANCIAL INVESTMENTS AT AMORTISED COST

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>At an amortised cost</b>		
Islamic debt securities	61,030	51,094
Government investment issuances	290,317	271,378
Malaysian Government Sukuk Fund	446,867	194,861
	798,214	517,333
Less: accumulated impairment losses		
Islamic debt securities	(30,032)	(30,041)
	768,182	487,292

Movements of the accumulated impairment loss are as follows:

	12-month ECL Level 1 RM'000	Lifetime ECL Impaired credits Tahap 3 RM'000	Total RM'000
As of 1 January 2021	12	30,000	30,012
Change in credit risk	29	-	29
As of 1 December 2021	41	30,000	30,041
Changes in credit risk	(9)	-	(9)
As of 31 December 2022	32	30,000	30,032

Included in this item is the obligation on the transactions of securities under the Murabahah Commodity instrument (Note 16):

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Malaysian Government Sukuk	436,596	90,528

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. FINANCING AND ADVANCES

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>At amortised cost</b>		
Term:		
Ar-Rahnu financing	462,223	333,531
Property financing	216,680	68,868
Employee financing	1,416	2,301
Cooperative financing	119,483	115,976
Corporate financing	219,594	189,069
Personal financing	5,664,561	4,554,527
Business financing	2,050	2,069
	<b>6,686,007</b>	<b>5,266,341</b>
Less: Provision for impairment on financing and advances	(135,796)	(218,150)
Net financing and advances	<b>6,550,211</b>	<b>5,048,191</b>

i) The movements in provisions for expected credit losses and allowances for financing and advances are as follows:

	12-month ECL Level 1 RM'000	Lifetime ECL Not credit impaired Level 2 RM'000	Lifetime ECL Credit impaired Level 3 RM'000	Total RM'000
As of 1 January 2022	38,472	28,240	123,705	190,417
Changes due to movement of financing and advances	(30,923)	5,809	25,114	-
Current year net provisions	41,180	(2,488)	47,802	86,494
Provisions restored	(8,110)	(607)	(40,213)	(48,930)
Provisions written off	-	-	(9,831)	(9,831)
As of 31 December 2022	40,619	30,954	146,577	218,150
Changes due to movement of financing and advances	(35,289)	14,454	20,835	-
Current year net provisions	26,084	15,412	28,143	69,639
Provisions restored	14,710	(20,381)	(103,405)	(109,076)
Provisions written-off	-	-	(42,917)	(42,917)
As of 31 December 2023	46,124	40,439	49,233	135,796
Gross financing and advances balance	6,410,347	170,066	105,594	6,686,007

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. FINANCING AND ADVANCES (CONT'D.)

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
ii) The movement for gross impairment of financing and advance is as follows:		
As of January 1	205,094	190,342
Classified as affected within the year	62,849	51,443
Amount recalculated from recovery	(119,432)	(9,360)
Amount written off within the year	(42,917)	(27,331)
<b>As of 31 December</b>	<b>105,594</b>	<b>205,094</b>
Gross financing and advances affected as a percentage of gross financing and advancesr	1.58%	3.89%
iii) Financing and advances by geographic location:		
Head Office	443,530	354,198
Northern Zone	2,258,169	1,897,121
Central and Southern Zone	2,224,116	1,752,947
Eastern Zone	1,241,159	906,979
Sabah Zone	332,312	199,583
Sarawak Zone	186,721	155,513
<b>Total</b>	<b>6,686,007</b>	<b>5,266,341</b>
iv) Financing and advances by concept:		
Tawarruq	5,916,865	4,351,999
Bai' Al-Inah Hijrah	306,919	580,811
Ar-Rahnu	462,223	333,531
<b>Total</b>	<b>6,686,007</b>	<b>5,266,341</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 9. OTHER ASSETS

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income Tax	9,758	8,261	9,758	8,261
Central Liquidity Fund	70,031	56,068	70,031	56,068
Statutory Reserve Fund	45,031	32,619	45,031	32,619
Deposits Paid	2,204	1,711	2,204	1,711
Other receivables	38,472	24,941	38,538	24,933
	165,496	123,600	165,562	123,592

### Other receivables

The aging structure for other receivables is as follows:

One to six months	9,553	19,471	9,553	19,471
Six months to one year	18,116	167	18,116	167
More than one year	10,803	5,303	10,869	5,295
	38,472	24,941	38,538	24,933

## 10. RIGHT OF USE ASSETS

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
On 1 January	5,288	2,163
Add On	4,164	5,858
Depreciation	(3,077)	(2,733)
On 31 December	6,375	5,288

## 11. LAND FOR DEVELOPMENT

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Land and Building Cost		
On 1 January	822	458
Recognised in Income Statement	(3)	364
On 31 December	819	822

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 12. INVESTMENT IN SUBSIDIARIES

	CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>Unquoted Shares</b>		
At cost	1,000	1,000
Less: Provision	(1,000)	(1,000)
	-	-

Subsidiary is incorporated in Malaysia and wholly owned by Co-opbank. The shares are valued at RM1.00 each and Co-opbank holds a 100% stake in the subsidiary. Co-opbank has obtained approval from the Executive Chairman of SKM to invest in the subsidiary. Details of subsidiaries established in Malaysia are as follows:

Name	Division of ownership interest		Main activities
	2023 %	2022 %	
<b>Direct ownership</b>			
River Leaf Sdn. Bhd. * (Formerly known as Pembangunan BPSP Sdn. Bhd.)	100	100	Contract works, property development and management

\* The financial statements of this subsidiary are not audited by Al Jafree Salihin Kuzaimi Pt.

## 13. PROPERTY, PLANT AND EQUIPMENT

### GROUP 2023 COSTS

	On 01/01/2023 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2023 RM'000
Freehold land	6,300	-	-	6,300
Freehold building	77,796	-	-	77,796
Tools and equipment	7,926	3,021	-	10,947
Vehicles	1,330	31	106	1,255
Computer equipment	11,863	2,654	-	14,517
Office renovation	17,747	20,715	-	38,462
	122,962	26,421	106	149,277

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### GROUP

2023

#### ACCUMULATED DEPRECIATION

	On 01/01/2023 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2023 RM'000
Freehold land	-	-	-	-
Freehold building	6,329	1,650	-	7,979
Tools and equipment	6,533	674	-	7,207
Vehicles	1,002	171	106	1,067
Computer equipment	8,733	1,422	-	10,155
Office renovation	8,226	1,429	-	9,655
	30,823	5,346	106	36,063

2022

#### COSTS

	On 01/01/2022 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2022 RM'000
Freehold land	6,300	-	-	6,300
Freehold building	25,856	51,940	-	77,796
Tools and equipment	7,020	906	-	7,926
Vehicles	1,330	-	-	1,330
Computer equipment	10,804	1,059	-	11,863
Office renovation	15,066	2,681	-	17,747
	66,376	56,586	-	122,962

#### ACCUMULATED DEPRECIATION

	On 01/01/2022 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2022 RM'000
Freehold land	-	-	-	-
Freehold building	5,807	522	-	6,329
Tools and equipment	6,119	414	-	6,533
Vehicles	778	224	-	1,002
Computer equipment	7,570	1,163	-	8,733
Office renovation	7,128	1,098	-	8,226
	27,402	3,421	-	30,823

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### GROUP

2022

### NET BOOK VALUE

	2023 RM'000	2022 RM'000
Freehold land	6,300	6,300
Freehold building	69,817	71,467
Tools and equipment	3,740	1,393
Vehicles	188	328
Computer equipment	4,362	3,130
Office renovation	28,807	9,521
	113,214	92,139

### CO-OPBANK

2023

### COSTS

	On 01/01/2023 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2023 RM'000
Freehold land	6,300	-	-	6,300
Freehold building	77,796	-	-	77,796
Tools and equipment	7,835	3,021	-	10,856
Vehicles	1,330	6	106	1,230
Computer equipment	11,712	2,654	-	14,366
Office renovation	17,747	20,715	-	38,462
	122,720	26,396	106	149,010

### ACCUMULATED DEPRECIATION

	On 01/01/2023 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2023 RM'000
Freehold land	-	-	-	-
Freehold building	6,329	1,650	-	7,979
Tools and equipment	6,442	674	-	7,116
Vehicles	1,002	171	106	1,067
Computer equipment	8,582	1,422	-	10,004
Office renovation	8,226	1,429	-	9,655
	30,581	5,346	106	35,821

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### CO-OPBANK 2022 COSTS

	On 01/01/2022 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2022 RM'000
Freehold land	6,300	-	-	6,300
Freehold buildings	25,856	51,940	-	77,796
Tools and equipment	6,929	906	-	7,835
Vehicles	1,330	-	-	1,330
Computer equipment	10,653	1,059	-	11,712
Office renovation	15,066	2,681	-	17,747
	66,134	56,586	-	122,720

### ACCUMULATED DEPRECIATION

	On 01/01/2022 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2022 RM'000
Freehold land	-	-	-	-
Freehold buildings	5,807	522	-	6,329
Tools and equipment	6,028	414	-	6,442
Vehicles	778	224	-	1,002
Computer equipment	7,419	1,163	-	8,582
Office renovation	7,128	1,098	-	8,226
	27,160	3,421	-	30,581

### NET BOOK VALUE

	CO-OPBANK	
	2023 RM'000	2022 RM'000
Freehold land	6,300	6,300
Freehold buildings	69,817	71,467
Tools and equipment	3,740	1,393
Vehicles	163	328
Computer equipment	4,362	3,130
Office renovation	28,807	9,521
	113,189	92,139

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 14. INTANGIBLE ASSETS

### GROUP/CO-OPBANK 2023

	On 01/01/2023 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2023 RM'000
<b>COSTS</b>				
Computer softwares	37,942	35,129	-	73,071
	37,942	35,129	-	73,071

### **ACCUMULATED DEPRECIATION**

Computer softwares	26,857	2,882	-	29,739
	26,857	2,882	-	29,739

### 2022

	On 01/01/2022 RM'000	Additions RM'000	Disposal RM'000	On 31/12/2022 RM'000
<b>COSTS</b>				
Computer softwares	35,704	2,238	-	37,942
	35,704	2,238	-	37,942

### **ACCUMULATED DEPRECIATION**

Computer softwares	23,797	3,060	-	26,857
	23,797	3,060	-	26,857

### **NET BOOK VALUE**

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Computer softwares	43,332	11,085
	43,332	11,085

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 15. CUSTOMERS DEPOSITS AND SAVINGS

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Akaun Simpanan-i Qard	58,209	43,741
Akaun Simpanan-i Salam	147,479	125,412
Akaun Deposit-i Berjangka Tawarruq	8,277,256	5,906,515
Akaun Deposit-i Koperasi - Kumpulan Wang Rizab Statutori	271,823	192,261
	<b>8,754,767</b>	<b>6,267,929</b>
i) Maturity structure for deposits as follow:		
One to six months	3,099,275	3,000,152
Six months to one year	2,607,882	3,089,893
Over one year	3,047,610	177,884
	<b>8,754,767</b>	<b>6,267,929</b>
ii) Deposits received from the following categories:		
Co-operative and corporate	8,445,961	6,037,844
Individual	308,806	230,085
	<b>8,754,767</b>	<b>6,267,929</b>

## 16. OBLIGATIONS ON SECURITIES TRANSACTIONS UNDER THE SECURED COMMODITY MURABAHAH INSTRUMENT

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>At amortised cost</b>		
Financial investment on:		
- Fair value through other comprehensive income	96,376	88,710
- Amortised costs	398,168	90,823
	<b>494,544</b>	<b>179,533</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 17. OTHER LIABILITIES

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Accruals	56,156	19,118	56,156	19,118
Deposits received	1,361	271	1,361	271
Lease liabilities (i)	5,942	5,318	5,942	5,318
Various creditors (ii)	52,085	45,276	51,987	45,229
	115,544	69,983	115,446	69,936

### (i) Leasing liabilities

On 1 January	5,318	2,222	5,318	2,222
Add-on	4,164	5,858	4,164	5,858
Financial costs	194	94	194	94
Lease payments	(3,734)	(2,856)	(3,734)	(2,856)
On 31 December	5,942	5,318	5,942	5,318

### (ii) Various creditors

The ageing structure of various creditors is as follows:

One to six months	32,837	26,659	32,834	26,659
Six months to a year	10,908	8,884	10,908	8,884
Over one year	8,340	9,824	8,245	9,686
	52,085	45,367	51,987	45,229

Included in various creditors, total of RM3.8 million is money that is not entitled to be recognised in income based on Shariah principles.

## 18. PROPOSED HONORARIUM

Honorarium proposed payments to Co-opbank Board Members are unsecured, interest-free and have no fixed repayment period.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 19. FINANCING FROM FINANCIAL INSTITUTIONS

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>At amortised cost</b>		
Revolving credit financing	13,000	58,000

Profit charged on 'Muamalat Revolving Financing' and Revolving Credit-i Financing is between 4.40% and 4.60% p.a . Both financings are pledged with term Deposit-i mortgage as 'on lien' under the concept of 'Tawarruq'.

## 20. GRANT

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Grant to upgrade the Treasury system	300	300

## 21. PROPOSED DIVIDENDS

For the current financial year, the board has proposed a dividend of 6.50% for the member's share capital and 6.78% of preference shares to be recognised as liabilities in the Co-opbank financial statements amounting to RM64.21 million (2022: RM43.70 million) for the member's share capital and RM12.69 million (2022: RM17.22 million) for preference shares. Dividend payment can only be made upon approval from the authorities.

## 22. MEMBER'S SHARE CAPITAL

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
On January 1 <sup>st</sup>	735,189	680,451
Issuance during the year	86,442	72,507
Addition within the year	474,828	-
Redemption during the year	(34,370)	(17,769)
As of 31 December	1,262,089	735,189

Membership as at 31 December is as follows:

Individual	94,118	90,365
Cooperative	840	768

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 23. PREFERENCE SHARES

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
On January 1 <sup>st</sup>	250,244	252,002
Issuance during the year	-	51
Redemption during the year	(250,083)	(1,809)
As of 31 December	161	250,244

Membership as at 31 December is as follows:

Individual	4	1,201
Cooperative	1	59

Islamic Redeemable Convertible Preference Shares (iRCPS) are Redeemable and Convertible Preference Shares structured based on the Shariah principles of Musyarakah and Tanazul. It gives priority rights in the distribution of profits and dividends to iRCPS holders based on the Tanazul principle, while sharing losses equally (pari passu) according to liabilities on capital ratio. iRCPS returns are characterized by non-cumulative returns based on the average share capital dividend rate for a five (5) year period plus 70 basis points. iRCPS is perpetual (no maturity date) / permanent. However, iRCPS Holders have the option to continue maintaining their holdings. This is because iRCPS are perpetual (no maturity date) / permanent.

## 24. STATUTORY RESERVES

The Statutori Reserve Fund (KWRS) intends to enhance the Co-opbank's financial condition by retaining some of the Coopbank's income and not distributing them to Co-opbank members. According to the Corruption Act of 1993, Co-opbank is mandated to send a set amount of profit before zakat into KWRS each year.

### KWRS is represented by:

Term Deposit-i	63,422	63,787
Other assets	45,031	32,619
	108,453	96,406

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 25. OTHER RESERVES

### GROUP/CO-OPBANK

	Group Share Redemption Fund RM'000	Redeemed Share Capital RM'000	Capital Reserve RM'000	Members Fund RM'000	Non-Members' Fund RM'000	Fair Value Reserve on FVOCI RM'000	Total RM'000
On January 1, 2022	6,037	17,584	2,321	1,192	2,449	(31,181)	(1,598)
Transfers from retained profits	-	4,396	-	300	3,550	-	8,246
Reception in year	(72,558)	72,823	-	-	-	-	265
Payment in year	67,997	(72,823)	-	-	-	-	(4,826)
Distribution in year	-	-	-	(445)	(339)	-	(784)
Other comprehensive income for financial year	-	-	-	-	-	(13,113)	(13,113)
On 31 December 2022	1,476	21,980	2,321	1,047	5,660	(44,294)	(11,810)
Transfers from retained profits	-	5,240	-	300	100	-	5,640
Reception in year	(86,442)	85,212	-	-	-	-	(1,230)
Payment in year	87,558	(85,212)	-	-	-	-	2,346
Distribution in year	-	-	-	(545)	(5,248)	-	(5,793)
Other comprehensive income for financial year	-	-	-	-	-	24,271	24,271
On 31 December 2023	2,592	27,220	2,321	802	512	(20,023)	13,424

## 26. CAPITAL COMMITMENT

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Approved and contracted capital commitments	65,593	177,370

## 27. INCOME

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income from financing	349,817	298,420	349,817	298,420
Income from Ar-Rahnuu	34,492	18,355	34,492	18,355
Income from treasury activities	98,302	76,653	98,302	76,653
Service fee	8,314	4,706	8,175	4,706
Return on Current Account	4,851	31	4,851	31
Commission received	10,064	9,149	10,064	9,149
	505,840	407,314	505,701	407,314

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 28. EXPENSES

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income expense on facilities	5,595	404	5,595	371
Akaun Simpanan-i Salam	1,475	1,426	1,475	1,426
Deposit-i Berjangka Tawarruq	263,709	134,955	263,709	134,955
	270,779	136,785	270,779	136,752

## 29. PROVISION FOR IMPAIRMENT

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Provision for impairment on financing and advances	69,639	76,663	69,639	76,663
Provision for impairment on financial investments (i)	33	57	33	57
Loss on financing write-off	2,493	17,500	2,493	17,500
	72,165	94,220	72,165	94,220

(i) Provision for impairment on financial investments

Financial Investments on Fair value Through Other Comprehensive Income	42	28	42	28
Amortised Cost	(9)	29	(9)	29
	33	57	33	57

## 30. OTHER INCOME

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit on inventory sales	-	271	-	271
Other income	2,126	1,576	2,120	1,489
Dividend income	171	4	171	4
Recovery of impairment	114,124	48,930	114,124	48,930
	116,421	50,781	116,415	50,694

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 31. OPERATING EXPENSES

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel expenses (i)	91,896	68,592	91,896	68,592
Other expenses (ii)	66,861	55,021	66,809	55,014
	158,757	123,613	158,705	123,606
<b>Personnel expenses</b>				
Salary and compensation	58,302	44,073	58,302	44,073
Allowances and bonuses	16,148	13,221	16,148	13,221
Defined contribution plan	8,515	5,572	8,515	5,572
Social security contributions	791	576	791	576
Other related costs	8,140	5,150	8,140	5,150
	91,896	68,592	91,896	68,592

The number of employees (excluding Co-opbank Board Members) for the Group and Co-opbank is 1066 (2022: 744).

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Other expenses</b>				
Included in this item are:				
Audit fee	136	152	136	152
Co-opbank Board Member's Allowance (Note 32)	620	543	620	543
Shariah Committee Member's Allowance	89	56	89	56
Internal Auditor Committee Member's Allowance	57	49	57	49
Financial costs	203	95	203	95
Rental of premises	730	610	730	610
Depreciation of the right of use of assets (Note 10)	3,077	2,733	3,077	2,733
Depreciation of property, plant and equipment (Note 13)	5,346	3,421	5,346	5,623
Depreciation of intangible asset (Note 14)	2,882	3,060	2,882	3,060

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 32. CO-OPBANK BOARD MEMBER'S ALLOWANCE AND CEO REMUNERATION

<b>CO-OPBANK 2023</b>	<b>Fixed Allowance RM'000</b>	<b>Meeting Allowance RM'000</b>	<b>Total RM'000</b>
Datuk Baharom bin Embi	72	17	89
Hajah Nor Hidayah binti Omar	61	17	78
Yunus bin Kasim	50	16	66
Mohd Shapie bin Idris	50	16	66
Dr. Hajah Jamilah binti Din	50	17	67
Dato' Shahrudin bin Mohd Saad	50	17	67
Johar bin Mokhtar	46	10	56
Zaini bin Sa'ad	50	16	66
Dr. Mohd Azlan bin Yahya	50	15	65
	479	141	620

	<b>Salary RM'000</b>	<b>Allowance RM'000</b>	<b>Defined Contribution Plan RM'000</b>	<b>Bonus RM'000</b>	<b>Total RM'000</b>
<b>CHIEF EXECUTIVE OFFICER</b>					
Khairil Anuar bin Mohammad Anuar	628	6	138	425	1,197

<b>CO-OPBANK 2022</b>	<b>Fixed Allowance RM'000</b>	<b>Meeting Allowance RM'000</b>	<b>Total RM'000</b>
Datuk Baharom bin Embi	49	21	70
Hajah Nor Hidayah binti Omar	47	19	66
Haji Omar bin Haji Mat Som	21	10	31
Yunus bin Kasim	41	19	60
Mohd Shapie bin Idris	41	17	58
Dr. Hajah Jamilah binti Din	41	17	58
Dato' Shahrudin bin Mohd Saad	41	17	58
Johar bin Mokhtar	41	17	58
Zaini bin Sa'ad	41	17	58
Dr. Mohd Azlan bin Yahya	20	6	26
	383	160	543

	<b>Salary RM'000</b>	<b>Allowance RM'000</b>	<b>Defined Contribution Plan RM'000</b>	<b>Total RM'000</b>
<b>Chief Executive Officer</b>				
Khairil Anuar bin Mohammad Anuar	520	4	63	587

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 33. TAXATION

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian income tax				
Provision in current year	972	251	961	247
Prior year under-provision adjustment	12,814	-	12,814	-
	13,786	251	13,775	247

Income tax is calculated at a statutory tax rate of 24% (2022 : 24%) of the estimated taxable profit for the financial year.

The adjustment of income tax expense applies to pretax gains on the statutory tax clause to the Co-opbank Group's effective income tax expense are as follows:

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	120,560	103,477	120,467	103,430
Taxes at statutory rates	28,926	24,823	28,912	24,823
Effects for taxes:				
Non-taxable income	(61,245)	(433)	(61,245)	(433)
Unauthorized expenses	3,589	2,813	3,589	2,813
Current losses are absorbed forward	(3)	4	-	-
Deductions under paragraphs 65A (a) and (b) and other deductions	29,705	(26,956)	29,705	(26,956)
Prior year under-provision adjustment	12,814	-	12,814	-
	13,786	251	13,775	247

## 34. NON-OPERATING INVESTMENT

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other overprovision in appropriations	335	410	335	410

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 35. ADEQUACY OF CAPITAL

	CO-OPBANK	
	2023 RM'000	2022 RM'000
The Co-opbank capital adequacy ratio is as follows:		
Tier 1 capital		
Member share capital	1,262,089	735,189
Other reserves	121,365	78,936
Retained profits	31,389	27,156
<b>Total capital of Tier 1</b>	<b>1,414,843</b>	<b>841,281</b>
Tier 2 capital		
Preference shares	161	250,244
Collective impairment - Tier 1 and Tier 2	86,563	71,573
Grant	300	300
<b>Total capital of Tier 2</b>	<b>87,024</b>	<b>322,117</b>
<b>Total Capital base</b>	<b>1,501,867</b>	<b>1,163,398</b>

Analysis of risk-weighted assets across various risk weight categories:

Total assets assigned a 20% risk weight	415,039	220,426
Total assets assigned a 50% risk weight	105,329	32,366
Total assets assigned a 100% risk weight	6,888,485	5,271,343
Claims Outside Key Accounts at 50% Risk Weight	32,796	10,624
Operational Risk Capital Charge	235,470	475,814
	<b>7,677,119</b>	<b>6,010,573</b>

### Capital Ratio

Core capital ratio	18.43%	14.00%
Risk-weighted capital ratio	19.56%	19.36%

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL INSTRUMENTS

### a) Objectives and policies of financial risk management

The objectives and policies of the Group's and Co-opbank's financial risk management are to ensure adequate financial resources for the development of the Group's and Co-opbank's operations while managing its financial risks, rate of return, market risk, credit risk, liquidity risk and cash flow.

The main objective of financial risk management is to ensure that financial losses and risks are addressed promptly so that losses are capped at an acceptable level. Such risks are controlled and monitored regularly and in line with the strategy set by the Assets and Liability Committee ("ALCO").

### b) Financial Assets

The principal financial assets of the Group and Co-opbank are cash and short-term funds, deposits and settlements with financial institutions, business securities, investment securities, other investments, financing and advances, business receivables and other receivables. Co-opbank's principal financial assets also include amounts due by subsidiaries. Accounting policies relating to major financial assets are set out in Note 2(g).

### c) Financial liabilities and equity instruments

The instruments of liability and equity are classified either as equity or liabilities in accordance with the essence of the drafting of the contract. The Group's principal financial liabilities are deposits and savings of customers, business creditors, and other liabilities expressed at nominal value. Co-opbank's financial liabilities also include amounts due to subsidiaries. Equity instruments are recorded on the proceeds received net of the direct cost of issuance.

### d) Fair Value

The carrying amount of cash and cash equivalents, trade receivables and other receivables, trading outstanding accounts and other payables is approaching fair value given the short-term characteristics of these financial instruments.

The aggregate fair values for other financial assets and liabilities reflected in the statement of financial position are as follows:

2023	GROUP		CO-OPBANK	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
<b>Assets</b>				
Financial investments at fair value through other comprehensive incomes	845,553	826,481	845,553	826,481
Financial investments at amortised cost	768,182	746,022	768,182	746,022
Financing and advances	6,550,211	6,550,211	6,550,211	6,550,211
Cash and short term funds	322,320	322,320	321,777	321,777
Deposits and placements in financial institutions	2,075,195	2,075,195	2,075,195	2,075,195
<b>Liabilities</b>				
Customers deposits and savings	8,754,767	8,754,767	8,754,767	8,754,767

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL INSTRUMENTS (CONT'D.)

### d) Fair values (Cont'd.)

<u>2022</u>	GROUP		CO-OPBANK	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
<b>Assets</b>				
Financial investments at fair value through other comprehensive incomes	662,487	618,192	662,487	618,192
Financial investments at amortised cost	487,292	448,694	487,292	448,694
Financing and advances	5,048,191	5,048,191	5,048,191	5,048,191
Cash and short term funds	256,350	256,350	256,350	256,350
Deposits and placements in financial institutions	1,091,806	1,091,806	1,091,806	1,091,806
<b>Liabilities</b>				
Customers deposits and savings	6,267,929	6,267,929	6,267,929	6,267,929

The following are the methods and assumptions used to estimate the fair value of each classes of financial instruments:

#### i) Cash and short-term funds

The carrying amounts for cash and short-term funds as well as deposits and placements with financial institutions are close to fair value due to the relatively short maturity period of these instruments.

#### ii) Investments

The estimated fair value for the publicly traded instrument is based on the issued market price. For other unissued instruments, a reasonable estimate for the fair value was made based on the expected cash flow or net asset base for each investment.

#### iii) Accounts receivable and accounts payable

The historical cost of the carrying amount for receivables and payables, subject to the terms of normal trade credits approximate the fair value. The carrying amounts for other receivables and payables are reasonable estimate for the fair values, considering the short maturity term.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT

### 37.1 Introduction

Co-opbank's business activities involve the use of financial instruments that expose Co-opbank to the following financial risks:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Operating risks

### 37.2 Risk management framework

The risk management framework includes the objectives, principles and governance structure for the risk management process in Co-opbank. This enables the identification, assesment, control, measurement and continuous monitoring of all material risks within Co-opbank.

**The Co-opbank risk management is based on the following principles:**

- Coordination between the risk taking activities and the risk appetite of Co-opbank.
- Making decisions by taking into account the existing level of risk and understanding the impact on the profitability and resilience of the Co-opbank.
- Accountability through the ownership of risks, controls and profits in the Co-opbank business as well as the support functions.
- Integration of risk management, compliance and ethical business practices into the Co-opbank culture.

The business strategies and risk-taking activities should always be within the capacity of Co-opbank's. It is achieved by solidifying the six dimensions of Risk Governance as follows; Capital Adequacy and Shareholder Value; Reputation as an Islamic Co-operative Bank; asset quality; Operational Liquidity and Resilience.

#### Risk Governance

Co-opbank manages its risk in accordance to the "Three Lines of Defense", which puts accountability and ownership as close as possible where risk exists while ensuring an independent and adequate level of monitoring.

The "Three Line of Defense Model" consists of the following components:

- i. First Line of Defense - Notification of risk decision by the business unit**  
he Business units are responsible for identifying, managing and reporting their own risks. At this stage, risk awareness is applied starting from the risk-taking unit so that Risk Management is included in each work process carried out.
- ii. Second Line of Defense - Monitoring by the Risk Management and Compliance**  
Risk Management and Compliance, including the Shariah Governance framework, supports the business units, as well as reviewing and reporting key risks to the Management and Board of Directors. In doing so, Risk Management and Compliance provide support to the Chairman and the Board in fulfilling their supervisory functions.
- iii. Third Line of Defense - Independent review by Internal Audit**  
Internal Audit conducts quality assurance of studies, to ensure that risk-taking activities are in line with established standards. Internal Audit provides recommendations for improvements when necessary. It serves to complement the support provided to the Management and Internal Audit Committee in the risk monitoring function.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.3 Credit Risk

Credit risk is the risk of financial or non-financial loss if any customer, client or business partner fails to fulfill their contractual obligations through financing, hedging, Co-opbank trading and investment activities.

Co-opbank's retail, cooperative and corporate credit exposures in Co-opbank is governed by strict credit policies and underwriting criteria. The Co-opbank credit process is in line with industry best practices that emphasise the accountability of individuals with clear responsibilities where the administration of credit, early monitoring and recovery is independent of the Business Unit.

In order to improve the quality of credit risk management, the Co-opbank Risk Management Department is involved in verifying the implementation of impairment provisions for financing and investment activities that will fail to meet its obligations by counterparties. This is a control measure so that appropriate action are taken on impaired financing.

#### 37.3.1 Credit Risk Management

Included in the Co-opbank credit risk management is the preparation of a comprehensive credit risk policy, guidelines and procedures documenting the standards for financing, credit risk rating, acceptable assessment and collateral as well as compliance with legal requirements and statutory requirements. Policies are reviewed regularly to ensure they remain relevant.

Risk Management is responsible for formulating and reviewing credit risk policies, guidelines and procedures as well as credit portfolio monitoring. Risk Management also conducts independent credit assessments to assess the quality of credit proposals by the Business Unit for cooperative and corporate clients.

Risk Management also provides reports and analyses to be presented to the Board and Senior Management. The report contains information on the identified credit risk factors. With this information, the Board and Senior Management are able to identify negative credit risk trends, take corrective action and formulate appropriate business strategies.

#### 37.3.2 Financing for retail customers and small medium-sized industries

Financing to retail customers is evaluated individually based on the customer's track record of payments and current payment capacity. This process is governed by Retail Credit Risk Policy, Product Policy and evaluated using a credit scoring system.

The authority and personnel approving the credit are responsible for ensuring that the credit risk is properly assessed and that all important information relating to the customer's credit is taken into account during the financing application.

#### 37.3.3 Financing to cooperative and corporate customers

The granting of credit to cooperative and corporate customers is assessed individually based on the policy and level of risk dependency. Risk Management will conduct an independent assessment of all credit proposals of cooperative and corporate clients before approval.

#### 37.3.4 Home Financing

Risk Management has revised and improved the credit scoring for home financing and using the JURIS system in October 2021. The improvement is to ensure that Co-opbank strives to improve the quality of approved housing financing. Checks on approvals in JURIS have been carried out to ensure that the scoring grade is accurate as manual calculation.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.3 Credit Risk (Cont'd.)

#### 37.3.5 Purchase of investment securities

The credit quality of financial instruments is assessed based on the credit rating of external agencies. Portfolio reviews and monitoring are often carried out to ensure that exposures are managed effectively and convergence risks are observed at all times.

#### 37.3.6 Collateral on financing and advances

To reduce the credit risk on financing and advances granted to customers, the collateral considered is as follows:

- i) Home financing - collateral on residential real estate
- ii) Financing of commercial land - collateral on financed real estate
- iii) Financing and other advances - collateral on business assets such as premises and properties

#### 37.3.7 Maximum exposure to credit risk

For assets in the statement of financial position, exposure to credit risk is equivalent to the carrying amount. For credit commitments, the maximum exposure to credit risk is the total amount of financing that is not issued to the customer.

The following table shows the maximum exposure to credit risk by Co-opbank of financial instruments in balance sheet and off-balance sheet.

	GROUP		CO-OPBANK	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>				
Cash and short-term funds	322,320	256,350	321,777	255,989
Deposits and placements in financial institutions	2,075,195	1,091,806	2,075,195	1,091,806
Investments				
FVOCI	826,481	618,192	826,481	618,192
At amortized cost	768,182	487,292	768,182	487,292
Financing and advance	6,550,211	5,048,191	6,550,211	5,048,191
Other assets	165,496	123,600	165,562	123,592
	10,707,885	7,625,431	10,707,408	7,625,062
<b>Commitment</b>				
Undisbursed financing	65,593	177,370	65,593	177,370
<b>Total credit risk exposure</b>	10,773,480	7,802,803	10,773,003	7,802,434

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.3 Credit Risk (Cont'd.)

#### 37.3.8 Credit risk exposure on financing and advances

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
<b>At amortised cost</b>		
<u>Neither overdue nor impaired</u>		
0 month	6,489,054	4,979,057
<u>Overdue but not impaired</u>		
1 month	37,665	30,566
2 months	53,694	51,624
	91,359	82,190
<u>Overdue and impaired</u>	105,594	205,094
<b>Gross financing and advances</b>	6,686,007	5,266,341
<u>Less:</u>		
Level 1 - ECL 12 months	46,124	40,619
Level 2 - ECL non-impaired credit for life	40,439	30,954
Level 3 - ECL impaired credit for life	49,233	146,577
	135,796	218,150
	6,550,211	5,048,191

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.3 Credit Risk (Cont'd.)

#### 37.3.9 Credit risk exposure on investment securities

#### GROUP/CO-OPBANK

	Financial investment at at fair value through other comprehensive income RM'000	Financial investment at amortized costs RM'000	Total RM'000
<b>2023</b>			
<b>Securities with ratings</b>			
<u>Islamic debt securities</u>			
Grade AAA	237,044	20,998	258,042
Grade AA	66,019	-	66,019
	303,063	20,998	324,061
<b>Securities without ratings</b>			
Islamic debt securities	-	10,000	10,000
Issuance of Government investment	251,768	290,317	542,085
Government Sukuk	270,995	446,867	717,862
	522,763	747,184	1,269,947
<b>Shares</b>			
Unquoted shares	655	-	655
	826,481	768,182	1,528,644
<b>2022</b>			
<b>Securities with ratings</b>			
<u>Islamic debt securities</u>			
Grade AAA	132,260	-	132,260
<b>Securities without ratings</b>			
Issuance of Government investment	211,429	292,431	503,860
Government Sukuk	273,848	194,861	468,709
	485,277	487,292	972,569
<b>Shares</b>			
Unquoted shares	655	-	655
	618,192	487,292	1,105,484

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.4 Liquidity Risk

Liquidity risk is the risk of the ability of Co-opbank to provide funds within a certain time frames to provide financing facilities or pay off obligations during day-to-day operations. Liquidity risk can be controlled by maintaining the diversification of Co-opbank sources of funds as well as matching periods of amortization of various obligations.

Co-opbank has adopted the liquidity measurement "Liquid Asset Ratio" (LAR) required by the regulator, in addition to adopting other liquidity ratios such as the "Liquidity Coverage Ratio" (LCR) to control and monitor Co-opbank's liquidity.

#### 37.4.1 Liquidity risk management

The main measure taken by Co-opbank in managing liquidity risk is the net liquid asset to customer deposit ratio or Liquid Asset Ratio (LAR)

Compliance to this ratio is a statutory requirement to ensure that Co-opbank has sufficient net liquid assets. These net liquid assets include all assets that are easily diluted into cash such as deposit placements in other financial institutions and investments in GG-rated securities and above.

Co-opbank must comply with the minimum LAR liquidity requirement of 25% set by BNM on a monthly basis. In addition, enhancements to liquidity management have been implemented by using the "Liquidity Coverage Ratio" (LCR) as a measure of liquidity risk as an alternative measure to the liquid net asset ratio (LAR). LCR is used to ensure that Co-opbank has sufficient high quality liquid assets.

Co-opbank uses the "Liquidity Coverage Ratio" (LCR) internally based on the LCR policy issued by BNM and the liquidity policy approved by ALK. LCR is used to measure Co-opbank's ability to manage liquidity in a serious liquidity stress scenario for a period of 30 days.

The detailed ratio reported as net liquid assets to customer deposits at the end of the reporting period and for the year is as follows:

	GROUP/CO-OPBANK	
	2023 RM'000	2022 RM'000
Average for the year	2,441,118	1,908,742
Maximum for the year	3,080,356	2,089,812
Minimum for the year	2,241,231	1,675,855

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.4 Liquidity Risk (Cont'd.)

#### 37.4.2 Liquidity risk of assets and liabilities

The main thrust of liquidity management is Co-opbank's ability to ensure sufficient liquidity in the short, medium and long term. Projections of up to one year on the maturity of the asset profile, liabilities and off-balance sheet commitments owned by Co-opbank are used for short and long-term liquidity measurements.

In addition, liquidity management also ensures that Co-opbank has sufficient liquidity for a period of 30 days in a serious liquidity stress scenario.

Liquidity "Stress Testing" is done on a monthly basis against LCR to test Co-opbank's liquidity when there is pressure on high-quality liquid assets such as sukuk and cash balances. The pressure on liquid assets takes into account the current economic situation with the increase in OPR throughout 2022 and the issuance of deposits among corporate depositors and cooperatives that contribute significantly to the issuance of large deposits dramatically.

Liquidity "Stress Testing" also ensures that Co-opbank has sufficient liquidity for a period of 30 days and can stifle serious liquidity stress scenarios with earlier preparation.

#### 37.4.3 Liquidity risk of assets and liabilities in terms of remaining contractual maturities

<b>GROUP</b>	<b>Not Exceeding 1 month RM'000</b>	<b>1 - 3 months RM'000</b>	<b>3 - 6 months RM'000</b>	<b>6 months - 1 year RM'000</b>	<b>Exceeding 1 year RM'000</b>	<b>Total RM'000</b>
<b>2023</b>						
<b>Assets</b>						
Short-term cash and funds	322,320	-	-	-	-	322,320
Placement in financial institutions	1,555,475	273,674	210,000	25,000	11,046	2,075,195
Financial Investments at Fair Value Through Other Comprehensive Income	-	-	4,948	-	821,533	826,481
Amortised Cost	-	-	-	-	768,182	768,182
Financing and advances	89,431	299,004	388,143	816,284	4,957,349	6,550,211
Other assets	-	-	-	-	165,496	165,496
	1,967,226	572,678	603,091	841,284	6,723,606	10,707,885
<b>Liabilities</b>						
Deposit from customers	2,412,113	1,844,969	1,973,850	2,142,814	381,021	8,754,767
Obligations on securities transactions under the Murabahah instrument	-	494,544	-	-	-	494,544
secured commodities	-	-	-	-	115,544	115,544
Other Liabilities	-	-	-	-	-	-
	2,412,113	2,339,513	1,973,850	2,142,814	496,565	9,364,855

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.4 Liquidity Risk (Cont'd.)

#### 37.4.3 Liquidity risk of assets and liabilities in terms of remaining contractual maturities (Cont'd.)

<b>GROUP</b>	<b>Not Exceeding 1 month RM'000</b>	<b>1 - 3 months RM'000</b>	<b>3 - 6 months RM'000</b>	<b>6 months - 1 year RM'000</b>	<b>Exceeding 1 year RM'000</b>	<b>Total RM'000</b>
<b>2022</b>						
<b>Assets</b>						
Short-term cash and funds	256,350	-	-	-	-	256,350
Placement in financial institutions	536,000	227,000	200,000	-	128,806	1,091,806
Financial Investments at Fair Value Through Other Comprehensive Income	-	-	10,012	-	608,180	618,192
Amortised Cost	-	-	-	-	487,292	487,292
Financing and advances	334,168	13,447	357	3,123	4,697,096	5,048,191
Other assets	-	-	-	-	123,600	123,600
	1,126,518	240,447	210,369	3,123	6,044,974	7,625,431
<b>Liabilities</b>						
Deposit from customers	1,745,747	1,777,775	1,681,464	786,110	276,833	6,267,929
Obligations on securities transactions under the Murabahah instrument secured commodities	-	179,533	-	-	-	179,533
Other Liabilities	-	-	-	-	69,983	69,983
	1,745,747	1,957,308	1,681,464	786,110	346,816	6,517,445

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.4 Liquidity Risk (Cont'd.)

#### 37.4.3 Liquidity risk of assets and liabilities in terms of remaining contractual maturities (Cont'd.)

<b>CO-OPBANK</b>	<b>Not Exceeding 1 month RM'000</b>	<b>1 - 3 months RM'000</b>	<b>3 - 6 months RM'000</b>	<b>6 months - 1 year RM'000</b>	<b>Exceeding 1 year RM'000</b>	<b>Total RM'000</b>
<b>2023</b>						
<b>Assets</b>						
Short-term cash and funds	321,777	-	-	-	-	321,777
Placement in financial institutions	1,555,475	273,674	210,000	25,000	11,046	2,075,195
Financial Investments at Fair Value Through Other Comprehensive Income	-	-	4,948	-	821,533	826,481
Amortised Cost	-	-	-	-	768,182	768,182
Financing and advances	89,431	299,004	388,143	816,284	4,957,349	6,550,211
Other assets	-	-	-	-	165,562	165,562
	1,966,683	572,678	603,091	841,284	6,723,672	10,707,408
<b>Liabilities</b>						
Deposit from customers	2,412,113	1,844,969	1,973,850	2,142,814	381,021	8,754,767
Obligations on securities transactions under the Murabahah instrument	-	494,544	-	-	-	494,544
secured commodities	-	-	-	-	115,446	115,446
Other Liabilities	-	-	-	-	-	-
	2,412,113	2,339,513	1,973,850	2,142,814	496,467	9,364,757

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.4 Liquidity Risk (Cont'd.)

#### 37.4.3 Liquidity risk of assets and liabilities in terms of remaining contractual maturities (Cont'd.)

<b>CO-OPBANK</b>	<b>Not Exceeding 1 month RM'000</b>	<b>1 - 3 months RM'000</b>	<b>3 - 6 months RM'000</b>	<b>6 months - 1 year RM'000</b>	<b>Exceeding 1 year RM'000</b>	<b>Total RM'000</b>
<b>2022</b>						
<b>Assets</b>						
Short-term cash and funds	255,989	-	-	-	-	255,989
Placement in financial institutions	536,000	227,000	200,000	-	128,806	1,091,806
Financial Investments at Fair Value Through Other Comprehensive Income	-	-	10,012	-	608,180	618,192
Amortised Cost	-	-	-	-	487,292	487,292
Financing and advances	334,168	13,447	357	3,123	4,697,096	5,048,191
Other assets	-	-	-	-	123,592	123,592
	1,126,157	240,447	210,369	3,123	6,044,966	7,625,062
<b>Liabilities</b>						
Deposit from customers	1,745,747	1,777,775	1,681,464	786,110	276,833	6,267,929
Obligations on securities transactions under the Murabahah instrument secured commodities	-	179,533	-	-	-	179,533
Other Liabilities	-	-	-	-	69,936	69,936
	1,745,747	1,957,308	1,681,464	786,110	346,769	6,517,398

### 37.5 Market Risk

#### 37.5.1 Market risk management

Co-opbank manages market risk exposure by implementing "Spread" and "Net Interest Margin" (NIM) reporting. Co-opbank also regularly implements scenario tests to ensure that Co-opbank's net profit rate is at stable rate especially for the new proposed Co-opbank financing products.

Several risk measurement techniques are used to measure and determine changes in market value and market risk levels such as Value at Risk ("VaR"), Modified Duration and also the present value on one basis point ("PV01").

Market risk management as a whole is under the jurisdiction of ALCO.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.5 Market Risk (Cont'd.)

#### 37.5.2 "Stress Test" benefit rate

Among other controls to ensure market risk exposure are at the level of tolerance of the "Stress Test" method of sukuk that is sensitive to changes in the OPR rate, the limits set in the sukuk investment policy and the listing of the classification of instruments that can be used for trading.

The "stress test" results are reported on a monthly basis to determine the impact of changes in sukuk prices on changes in profit rates.

A "stress test" of profit rate margins through several identified scenarios is also implemented to provide a financial impact assessment of risk exposure.

#### 37.5.3 Exposure to profit rates

<u>GROUP</u>	Not exceeding 1 month RM'000	Exceeding 1 month - 1 year RM'000	Exceeding 1 year RM'000	Non-profit rate sensitive RM'000	Total RM'000
<b>2023</b>					
<b>Assets</b>					
Short-term cash	-	-	-	322,320	322,320
Deposit and placement	1,555,475	508,674	11,046	-	2,075,195
Financial Investments at Fair Value					
Through Other Comprehensive Income	-	4,948	821,533	-	826,481
Financial Investment On Amortised Costs	-	-	768,182	-	768,182
Financing and advances	89,431	1,503,431	4,957,349	-	6,550,211
Right-of-Use Assets	-	-	6,375	-	6,375
Land for development	-	-	-	819	819
Other assets	-	-	-	165,496	165,496
Property, plant and equipment	-	-	-	113,214	113,214
Intangible Assets	-	-	-	43,332	43,332
<b>Total assets</b>	<b>1,644,906</b>	<b>2,017,053</b>	<b>6,564,485</b>	<b>645,181</b>	<b>10,871,625</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.5 Market Risk (Cont'd.)

#### 37.5.3 Exposure to profit rates (Cont'd.)

#### GROUP

2023	Not exceeding 1 month RM'000	Exceeding 1 month - 1 year RM'000	Exceeding 1 year RM'000	Non- profit rate sensitive RM'000	Total RM'000
<b>Liabilities</b>					
Deposits from customers	2,412,113	5,961,633	381,021	-	8,754,767
Obligations on securities transactions under the Murabahah Instrument					
Secured Commodities	-	494,544	-	-	494,544
Other liabilities	-	-	-	116,194	116,194
Financing from Financial Institutions	-	13,000	-	-	13,000
Grant	-	-	-	300	300
Proposed dividend	-	-	-	76,900	76,900
	2,412,113	6,469,177	381,021	193,394	9,455,705
<b>Shareholders' equity and other reserves</b>	-	-	-	1,415,920	1,415,920
Total liabilities and shareholders' equity	2,412,113	6,469,177	381,021	1,609,314	10,871,625
Difference in profit rate on the financial position statement	(767,207)	(4,452,124)	6,183,464	(964,133)	-

The effective profit rate range from 2% to 10% for assets while for liabilities range from 0% to 3%.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.5 Market Risk (Cont'd.)

#### 37.5.3 Exposure to profit rates (Cont'd.)

<b>GROUP</b>	<b>Not exceeding 1 month RM'000</b>	<b>Exceeding 1 month - 1 year RM'000</b>	<b>Exceeding 1 year RM'000</b>	<b>Non-profit rate sensitive RM'000</b>	<b>Total RM'000</b>
<b>2022</b>					
<b>Assets</b>					
Short-term cash	-	-	-	256,350	256,350
Deposit and placement	536,000	427,000	128,806	-	1,091,806
Financial Investments at Fair Value					
Through Other Comprehensive Income	-	10,012	608,180	-	618,192
Financial Investment On Amortised Costs	-	-	487,292	-	487,292
Financing and advances	334,168	16,927	4,697,096	-	5,048,191
Right-of-Use Assets	-	-	5,288	-	5,288
Land for development	-	-	-	822	822
Other assets	-	-	-	123,600	123,600
Property, plant and equipment	-	-	-	92,139	92,139
Intangible Assets	-	-	-	11,085	11,085
<b>Total assets</b>	<b>870,168</b>	<b>453,939</b>	<b>5,926,662</b>	<b>483,996</b>	<b>7,734,765</b>
<b>Liabilities</b>					
Deposits from customers	1,745,747	4,245,349	276,833	-	6,267,929
Obligations on securities transactions under the Murabahah Instrument					
Secured Commodities	-	179,533	-	-	179,533
Other liabilities	-	-	-	70,583	70,583
Financing from Financial Institutions	-	58,000	-	-	58,000
Grant	-	-	-	300	300
Proposed dividend	-	-	-	60,913	60,913
	1,745,747	4,482,882	276,833	131,796	6,637,258
<b>Shareholders' equity and other reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,097,507</b>	<b>1,097,507</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,745,747</b>	<b>4,482,882</b>	<b>276,833</b>	<b>1,229,303</b>	<b>7,734,765</b>
Difference in profit rate on the financial position statement	(875,579)	(4,028,943)	5,649,829	(745,307)	-

The effective profit rate range from 2% to 10% for assets while for liabilities range from 0% to 3%.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.5 Market Risk (Cont'd.)

#### 37.5.3 Exposure to profit rates (Cont'd.)

#### CO-OPBANK

2023	Not exceeding 1 month RM'000	Exceeding 1 month - 1 year RM'000	Exceeding 1 year RM'000	Non- profit rate sensitive RM'000	Total RM'000
<b>Assets</b>					
Short-term cash	-	-	-	321,777	321,777
Deposit and placement	1,555,475	508,674	11,046	-	2,075,195
Financial Investments at Fair Value					
Through Other Comprehensive Income	-	4,948	821,533	-	826,481
Financial Investment On Amortised Costs	-	-	768,182	-	768,182
Financing and advances	89,431	1,503,431	4,957,349	-	6,550,211
Right-of-Use Assets	-	-	6,375	-	6,375
Land for development	-	-	-	819	819
Other assets	-	-	-	165,562	165,562
Property, plant and equipment	-	-	-	113,189	113,189
Intangible Assets	-	-	-	43,332	43,332
<b>Total assets</b>	<b>1,644,906</b>	<b>2,017,053</b>	<b>6,564,485</b>	<b>644,679</b>	<b>10,871,123</b>
<b>Liabilities</b>					
Deposits from customers	2,412,113	5,961,633	381,021	-	8,754,767
Obligations on securities transactions under the Murabahah Instrument					
Secured Commodities	-	494,544	-	-	494,544
Other liabilities	-	-	-	116,096	116,096
Financing from Financial Institutions	-	13,000	-	-	13,000
Grant	-	-	-	300	300
Proposed dividend	-	-	-	76,900	76,900
	2,412,113	6,469,177	381,021	193,296	9,455,607
<b>Shareholders' equity and other reserves</b>					
	-	-	-	1,415,516	1,415,516
<b>Total liabilities and shareholders' equity</b>	<b>2,412,113</b>	<b>6,469,177</b>	<b>381,021</b>	<b>1,608,812</b>	<b>10,871,123</b>
Difference in profit rate on the financial position statement	(767,207)	(4,452,124)	6,183,464	(964,133)	-

The effective profit rate range from 2% to 10% for assets while for liabilities range from 0% to 4%.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.5 Market Risk (Cont'd.)

#### 37.5.3 Exposure to profit rates (Cont'd.)

##### CO-OPBANK

2022	Not exceeding 1 month RM'000	Exceeding 1 month - 1 year RM'000	Exceeding 1 year RM'000	Non-profit rate sensitive RM'000	Total RM'000
<b>Assets</b>					
Short-term cash	-	-	-	255,989	255,989
Deposit and placement	536,000	427,000	128,806	-	1,091,806
Financial Investments at Fair Value					
Through Other Comprehensive Income	-	10,012	608,180	-	618,192
Financial Investment On Amortised Costs	-	-	487,292	-	487,292
Financing and advances	334,168	16,927	4,697,096	-	5,048,191
Right-of-Use Assets	-	-	5,288	-	5,288
Land for development	-	-	-	822	822
Other assets	-	-	-	123,592	123,592
Property, plant and equipment	-	-	-	92,139	92,139
Intangible Assets	-	-	-	11,085	11,085
<b>Total assets</b>	<b>870,168</b>	<b>453,939</b>	<b>5,926,662</b>	<b>483,627</b>	<b>7,734,396</b>
<b>Liabilities</b>					
Deposits from customers	1,745,747	4,245,349	276,833	-	6,267,929
Obligations on securities transactions under the Murabahah Instrument					
Secured Commodities	-	179,533	-	-	179,533
Other liabilities	-	-	-	70,536	70,536
Financing from Financial Institutions	-	58,000	-	-	58,000
Grant	-	-	-	300	300
Proposed dividend	-	-	-	60,913	60,913
	1,745,747	4,482,882	276,833	131,749	6,637,211
<b>Shareholders' equity and other reserves</b>					
	-	-	-	1,097,185	1,097,185
<b>Total liabilities and shareholders' equity</b>	<b>1,745,747</b>	<b>4,482,882</b>	<b>276,833</b>	<b>1,228,934</b>	<b>7,734,396</b>
Difference in profit rate on the financial position statement	(875,579)	(4,028,943)	5,649,829	(745,307)	-

The effective profit rate range from 2% to 10% for assets while for liabilities range from 0% to 3%.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.6 Operation Risk

Operational risk is the risk of loss due to ineffective or failed internal processes, human resources, systems, or external factors that may disrupt the flow of business operations. This includes reputational risks associated with the experience or control of business by Co-opbank, as well as the risk of failure to comply with applicable laws and regulations. Financial losses might occur either directly or indirectly.

Based on the definition of operation risk, the operation risk unit in the Risk management department has collected incident data covering the risks of Shariah non-compliance, legal/litigation, information technology, building security, and other related risks reported by the departments and branches through Incident Data Management (IDM) Report, including further improvement recommendations to the management level and board members for consideration.

The exposure of risk operations management is through the development and maintenance of comprehensive internal controls on procedures based on task isolation, independent inspection, distribution of control access systems and multi-level approval processes. The importance of Operational Risk Management is to curb the risks of losses other than Credit Risk and Market Risk. Several initiatives have been taken to strengthen operational risk management at Co-opbank. Co-opbank has improved the Enterprise Business Continuity Management Policy and Framework to ensure that Critical Business Functions (CBF) processes are maintained and can function minimally, in the event of a disruption or disaster. The amendments made in this Policy and Framework document focus more on high-level and generic on policy, governance, scope and responsibility as the basis of internal governance for process owners involved in carrying out the operational recovery activities of their respective departments.

The Operational Risk Unit has conducted risk assessment review on 'Non Financial Risk (NFR)' which focuses more on risks of natural and man-made disasters that impact safety at Co-opbank Branches. The purpose of this NFR report is to review the register and risk levels at different locations and assist the relevant Departments in preparing a corresponding mitigation plan to reduce the impact of disruption to Branch operations. It also provides awareness to Co-opbank staff on the risks faced as well as the appropriateness of the controls available at Co-opbank.

In addition, the Operational Risk Unit is also actively and in-depth involved in the projects involved such as Credit Value Chain (CVC), Co-opbank Core Banking System (FIRST) Upgrading project and other procurement tenders projects at Co-opbank especially in identifying the operational risks involved and recommending improvements to the projects involved.

### 37.7 Capital Management

The objectives of Co-opbank in capital management, are broader concept than equities on the statement of financial position, among them:

- i) To comply with the capital requirements set by the banking market regulators which the entities within the Co-opbank operate;
- ii) To safeguard the capability of Co-opbank's to continuously deliver returns to shareholders and profits for stakeholders;
- iii) To maintain robust capital base in supporting business development.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.7 Capital Management (Cont'd.)

The adequacy of capital and the use of regulatory capital are monitored on a daily basis by the management of Co-opbank, using techniques based on the guidelines set out under the New Liquidity Framework developed by BNM. The required information is filed with BNM on monthly basis.

Co-opbank maintains the ratio of total regulatory capital againsts risk-weighted assets above the minimum level agreed with BNM taking into account the risk profile of Co-opbank. Regulatory capital requirements are strictly adhered to for economic capital management.

Co-opbank's regulatory capital consists of two tiers:

- i) Tier 1 capital: member share capital, statutory reserves, capital reserves and retained profits;
- ii) Tier 2 capital: preference shares, collective impairment provisions for non-impaired financing and regulatory reserves.

Banking operation are categorised as either trade books or banking books, and risk-weighted assets are determined to specific requirements intended to reflect the various levels of risk associated with assets and unrecognised exposures in the statement of financial position.

Co-opbank's objective is to retain solid underlying capital to ensure the confidence of investors, creditors, and the market, while also allowing for future company development. The impact of capital levels on shareholder returns is also acknowledged, and Co-opbank realises the need to strike a balance between higher returns that may be acquired with high rates of indebtedness and the benefits and guarantees that can be obtained from a good capital position.

#### Capital Adequacy Ratio

Co-opbank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio set by the regulator. Co-opbank has complied with most of the established capital ratios throughout this period.

	<b>CO-OPBANK</b>	
	<b>2023</b>	<b>2022</b>
Liquidity Asset Ratio	28.4%	29.7%
Financing to Deposit Ratio	76.4%	84.0%
Financing Loss Coverage Ratio	128.6%	106.4%

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 37. FINANCIAL RISK MANAGEMENT (CONT'D.)

### 37.8 Compliance

The Compliance Department is committed to improving the environment for overall control and compliance culture by implementing comprehensive compliance policies, conducting periodic compliance assessments and reviews, conducting regular engagement sessions with business units, and implementing training programmes within the Co-opbank to ensure that all employees are kept up to date with regulatory requirements.

The Compliance Department independently monitors and reviews the requirements for regulatory compliance and acts on recommendations from regulators, who in turn formulate rules and processes. The Compliance Department also conducts regular compliance checks on the operations of branches and business units and provides views and suggestions for improvements if necessary on the operating process to avoid non-compliance with the regulator's regulations. Co-opbank continues to strive to achieve high performance and standards of work ethic, as well as compliance with legal, regulatory and professional standards. Co-opbank is committed to developing and implementing programmes related to the prevention of money laundering aimed at providing knowledge and fostering awareness of the importance of combating money laundering activities.

Furthermore, it also involves the importance and awareness of, for example, financial regulations, compliance procedures and reports to regulators. Compliance Report to Senior Management and Full Board Members as a method of control and oversight that supports the independence of the functions of the Compliance Department.

**DIRECTORY****HEADQUARTERS**

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Fax : 03-2694 7650

**DUNGUN**

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23000 Kuala Dungun, Terengganu.  
Tel : 09-845 7650  
Fax : 09-845 7651

**KOTA KINABALU**

Lot No. 2, A-0-1 & A-1-1, Blok A,  
Alamesra Plaza Utama,  
Lorong Plaza Utama 3, Jalan Sulaman,  
88400 Kota Kinabalu, Sabah.  
Tel : 088-487 650  
Fax : 088-487 530

**ALOR SETAR**

No. 59, Wisma Co-opbank Pertama,  
Pekan Simpang Kuala,  
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Fax : 04-771 7653

**IPOH**

C-G-1, Wisma Co-opbank Pertama,  
Greentown Square,  
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30450 Ipoh, Perak.  
Tel : 05-254 7650  
Fax : 05-243 4267

**KUALA LUMPUR**

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**JOHOR BAHRU**

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Bandar Baru Uda,  
81200 Johor Bahru, Johor.  
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Fax : 07-244 6651

**KUALA SELANGOR**

No. 19-G & 1, Jalan Bendahara 1/1,  
Taman Bendahara,  
45000 Kuala Selangor, Selangor.  
Tel : 03-3289 7560  
Fax : 03-3289 5650

**BATU PAHAT**

No. 12, Jalan Setia Jaya, Taman Setia Jaya,  
83000 Batu Pahat, Johor.  
Tel : 07-433 7560  
Fax : 07-437 7650

**KANGAR**

No. 346, Jalan Baru Kangar-Alor Setar,  
Taman Mutiara,  
01000 Kangar, Perlis.  
Tel : 04-977 7650  
Fax : 04-976 7655

**KUALA TERENGGANU**

No. 1553, Tingkat Bawah & Tingkat 1,  
Jalan Masjid Abidin,  
20100 Kuala Terengganu, Terengganu.  
Tel : 09-626 7650  
Fax : 09-626 7657

**BAYAN BARU**

No. 118, Wisma Co-opbank Pertama,  
Jalan Mayang Pasir,  
Taman Sri Tunas,  
11950 Bayan Baru, Pulau Pinang.  
Tel : 04-643 9790  
Fax : 04-644 6181

**KEPALA BATAS**

No. 30, Wisma Co-opbank Pertama,  
Jalan Usahawan 2,  
Kompleks Perniagaan Kepala Batas,  
13200 Kepala Batas, Pulau Pinang.  
Tel : 04-575 1199  
Fax : 04-575 1794

**KUANTAN**

No. 1, Jalan Putra Square 4,  
Putra Square,  
25200 Kuantan, Pahang.  
Tel : 09-517 3650  
Fax : 09-517 3651

**BUTTERWORTH**

No. 43-45, Wisma Co-opbank Pertama,  
Jalan Selat, Taman Selat,  
12000 Butterworth, Pulau Pinang.  
Tel : 04-333 7424  
Fax : 04-331 8176

**KOTA BHARU**

PT 1562, Persiaran KK6,  
Bandar Baru Kubang Kerian,  
16150 Kota Bharu, Kelantan.  
Tel : 09-743 7650  
Fax : 09-748 7650

**KUCHING**

No. Lot 423 & 424, Jalan Kulas,  
93400 Kuching, Sarawak.  
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Fax : 082-250 651

**DIRECTORY****MANJUNG**

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32040 Seri Manjung, Perak.  
Tel : 05-688 1650  
Fax : 05-6681660

**SEREMBAN**

No. 8, Jalan S2 B15,  
Pusat Dagangan Seremban 2,  
70300 Seremban 2, Negeri Sembilan.  
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Fax : 06-601 7651

**TAWAU**

Lot 47-0, Lot 47-1, Lot 48-0, Lot 48-1  
Kubota Square,  
Jalan Kubota,  
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Fax : 089-761 741

**MELAKA**

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**SETAPAK**

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**TEMERLOH**

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**MIRI**

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**SHAH ALAM**

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Fax : 03-5510 7650

**JERTEH**

Lot 5276, Jalan Pasar Bharu,  
22000 Jerteh, Terengganu.  
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Fax : 09 694 3401

**NIBONG TEBAL**

No. 26, Jalan Sungai Bakap,  
Taman Merbah,  
14300 Nibong Tebal, Pulau Pinang.  
Tel : 04-593 5007  
Fax : 04-593 5961

**SUNGAI PETANI**

No. 16, Wisma Co-opbank Pertama,  
Jalan Legenda 2, Legenda Heights,  
08000 Sungai Petani, Kedah.  
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Fax : 04-423 1361

**PAPAR**

Lot 1 (C) & 2 (I) of 3 Storey Shoplots,  
Parklane City Benoni, 89600 Papar, Sabah.  
Tel : 088 917700  
Fax : 088 917722

**PORT DICKSON**

No. 8, Lot 20, Bandar Port Dickson,  
Jalan Pantai (Jalan Dato Abd Samad),  
71000 Port Dickson, Negeri Sembilan.  
Tel : 06-647 7650  
Fax : 06-646 6951

**TAIPING**

No. 159-161, Jalan Barrack,  
34000 Taiping, Perak.  
Tel : 05-807 7058  
Fax : 05-807 7078

**SANDAKAN**

Lot 6&7, Block 1,  
Prima Square, Batu 4,  
Jalan Utara,  
90000 Sandakan, Sabah.  
Tel : 089-216 965  
Fax : 089-219 465

**PUTRAJAYA**

No. 25, Jalan P8G1, Presint 8,  
62250 Putrajaya, Wilayah Persekutuan.  
Tel : 03-8861 8650  
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**TANAH MERAH**

No. 15, Jalan Humaira 2,  
17500 Tanah Merah, Kelantan.  
Tel : 09-954 4636  
Fax : 09-954 4951

**KUCHING II**

Lot 1&2, Section 65,  
Jalan Matang,  
93050 Kuching, Sarawak.  
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**KOPERASI CO-OPBANK PERTAMA MALAYSIA BERHAD (1146)**

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