



years

Delivering Value

Through Excellence

BANK KERJASAMA RAKYAT MALAYSIA BERHAD (Reg No. 2192) Menara 1, Menara Kembar Bank Rakyat, No 33, Jalan Rakyat, 50470 Kuala Lumpur

www.bankrakyat.com.my









# Building Through 60 Years of Progressive Growth





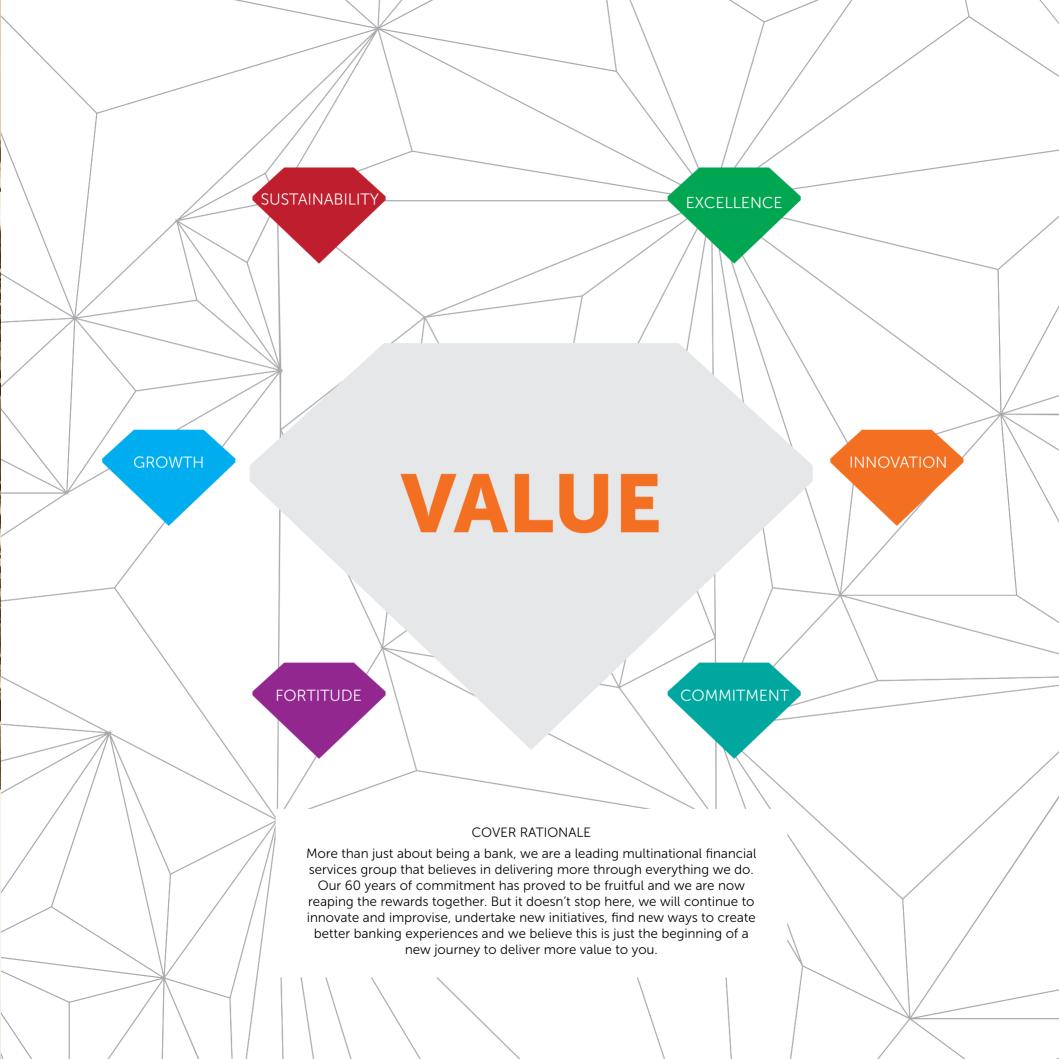
The unique synergistic strengths of our people, resounding strategies and product diversification are key factors that have led to our unprecedented expansion and promising growth.

# **Optimising** Through Synergistic Strengths

Our accomplishments have earned us a reputation for excellence. Exploring new ways in order to move forward, we will embrace opportunities and harness possiblities to strengthen our position and ensure a sustainable future for the Bank, its stakeholders and shareholders.







# INSIDE This Report



# CHAIRMAN'S STATEMENT

For us to deliver on our vision – 'Bank Rakyat, Your Choice Bank', modern infrastructure, strategic resources that comprise our assets, capacity and talent are the key pre-requisites to drive the Bank towards the successful achievement of our corporate and business objectives.

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### **FEATURES**



Our doors were first opened in 1954.



Today, we have grown to be the largest Islamic Co-operative Bank in Malaysia.

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# PERFORMANCE REVIEW BY MANAGING DIRECTOR/ PRESIDENT

Given the challenging business environment in 2014 where industry players were intensely competing for a bigger slice of market share, Bank Rakyat continues to confound critics to maintain its position as the biggest Islamic Co-operative Bank in Malaysia and the second largest Islamic financial institution based on Shariah assets.

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One day Bank Rakyat will become a major bank and operate as the central bank for the co-operative movement in Malaysia.

Royal Professor Ungku Aziz Ungku Abdul Hamid
(Bank and Credit Seminar, ANGKASA, Johor Bahru, 27th March 1981)



Bank Rakyat 60th Anniversary

018

Now in its 60th year, 2014 marks a milestone in the history of Bank Rakyat. Created on 28th September 1954 as Bank Agong Kampong Berkerjasamasama Persekutuan Tanah Melayu Dengan Tanggongan Berhad (Bank Agong), its primary aim was to raise the social and economic status of the rural agricultural community, provide opportunities for self-improvement and to build a better future for their families as well as their communities for the stability and prosperity of our newly independent nation.

The Bank Rakyat of today has reached and surpassed its founding mandate, not only providing opportunities for the rural communities to prosper and grow through the provisions of financial products and services while addressing the education needs of its members and their families through the Bank Rakyat Foundation, but doing all this from a platform of care for its members, stakeholders, customers and staff through a platform that is 100% Shariah compliant.

### **The Vision**

Bank Rakyat is the "Bank of Choice" for its members due to the wide range of innovative products and services provided, that outperform those offered by its competitors. The extensive benefits derived from being a part of the Bank Rakyat story ensures that there is no reason for its' members to look at other financial institutions to fulfil their needs as it is the largest Islamic Co-operative Bank as well as the second largest Islamic Bank, in Malaysia. The Bank's success and performance gives life to its vision that states: 'Bank Rakyat Your Choice Bank'

Since its creation in 1954, Bank Rakyat has never wavered from the founding principal that to this day continues to be the main purpose behind all the Bank strives to achieve. Its mission, as relevant now as when the Bank was established, continues to push the Bank to greater heights to ensure it's success.

### **The Mission**

To help improve the economic well-being of our members by providing financial facilities at an affordable rate for business activities in agriculture, production, marketing, industry, fishing, transportation and for purchasing of housing that will be to the benefit of our members and also to promote thrift and savings.

By-law Article 5(I)

# **Corporate Information**

### **CHAIRMAN**

Tan Sri Sabbaruddin Chik (Until 8 April 2014) Datuk Mat Noor Nawi (From 28 April 2014)

### MANAGING DIRECTOR/ PRESIDENT

Datuk Mustafha Hj. Abd Razak

### **BOARD OF DIRECTORS**

Datuk Mat Noor Nawi

Datuk Mustafha Hj. Abd Razak

Dato' Sri Alias Hj. Ahmad

Dato' Abdul Mutalib Alias

Dr. Roselan Baki

Tuan Haji Abdul Rahman Kasim

Tan Sri Dr. Alies Anor Abdul

Datuk Mohd Idris Mohd Isa

Dato' Abdullah Abas

### **BANK SECRETARY**

Datin Suria Che Selia

### **REGISTERED OFFICE**

Bank Kerjasama Rakyat Malaysia Berhad Tingkat 35, Menara 1 Menara Kembar Bank Rakyat No.33, Jalan Rakyat 50470 Kuala Lumpur

### **AUDITOR**

Ketua Audit Negara Jabatan Audit Negara Malaysia No. 15, Aras 4 Persiaran Perdana, Presint 2 Pusat Pentadbiran Kerajaan Persekutuan 62518 Putrajaya Tel: 03-8889 9000 Fax: 03-8888 9721

## CO-OPERATIVE REGISTRATION NUMBER

2192

### **CORPORATE OFFICE**

Bank Rakyat Tingkat 35, Menara 1 Menara Kembar Bank Rakyat No.33, Jalan Rakyat 50470 Kuala Lumpur Tel: 03-2612 9600

### **WEBSITE**

www.bankrakyat.com.my



## Business Pillars

**Bank Rakyat** 60th Anniversary

020

### **Customers**

To conduct business in a fair and transparent manner by providing Shariah compliant banking services and products that offer a prompt, courteous and effective service and focuses on sound corporate governance and responsible lending.

# Members (Shareholders)

To ensure continuous success by collectively directing the company's affairs, whilst maintaining shareholders confidence by ensuring the appropriate interests of shareholders and stakeholders are met. Additionally, to deal with issues relating to business, finance, corporate governance, corporate social responsibility and corporate ethics in a transparent manner.

### Islamic Principles

To provide an exemplary Islamic financial system by providing Shariah compliant financial services which are exceptional, recognised and trusted with the aim of being acknowledged as a model Islamic development finance institution.

Bank Rakyat 2014 Annual Report

021

### **Society**

To affect positive changes in society, by providing financial services and corporate social responsibility activities that will elevate the standard of living and well-being of our people.

### Co-operative Movement

To steer the development and advancement of the co-operative movement and contribute to making the co-operative movement a force for economic growth for the nation.

### **Nation**

To be a responsible corporate citizen, that's not just driven by profit, but more notably, bringing positive changes to the economy, generating jobs and spearheading economic activities that will assist Malaysia in achieving a developed nation status with a high income economy.



No \_\_\_\_

Islamic Co-operative Bank in Malaysia No

Largest Islamic financial institution in Malaysia in terms of assets **147** 

**Branches** 

Total assets in 2014

RM 89.18 billion

Members' Share Capital RM 2.97 billion

**Bank Rakyat** 60th Anniversary

022

**Shareholders** 

924,551

Zakat allocation

RM 41 million

**Customers** 

6 million

895
ATM/CDM terminal

90

Ar-Rahnu X'change 4,640

**Employees** 





**Bank Rakyat** 60th Anniversary

024

It is a testament to Bank Rakyat's management and employees over its 60 year history that during the FYE 2014, it has provided another tremendous year of achievements in exceeding its targets and assuring its co-operative members, stakeholders and customers, that the vision and mission of Bank Rakyat is still intact and performing admirably. 2014 is the fourth consecutive year that the Bank has exceeded the RM2 billion mark for profit before tax and zakat (standing at RM2.18 billion), with a gross income of RM5.98 million and current assets totalling RM 89.18 billion, making it the second largest Islamic financial institution based on assets (including that of commercial banks). The Bank maintains its market leadership position in the personal financing segment - with approximately 33 per cent or seven out of 10 government employees having a banking relationship with the Bank. These impressive numbers uphold Bank Rakyat's position far ahead of the competition.

Additionally, Bank Rakyat's accomplishments continue to remain significant to its members, society and the nation with 922,452 individual members and 2,099 co-operatives. The Bank retains its standing as the largest Islamic Co-operative Bank in Malaysia lending significance to its successful history and ensuring that the Bank continues to evolve from being just a credit co-operative.

Today Bank Rakyat, according to accolades received during 2014, is one of the leading and most respected Islamic financial institutions, both in Malaysia and globally. The Bank is rated sixth in Malaysia and 273rd in the world rankings bestowed by The Banker magazine's Top 1,000 World Banks survey. Other awards achieved during the same period include Best Islamic Bank 2014 - Global Islamic Finance Award (GIFA), CEO of The Year (Datuk Mustafha Hj. Abd Razak) - National Award for Management Accounting (NAfMA) and Best Shariah Programme - MasterCard.



In addition, RAM Financial Institution ratings conferred the Bank with a corporate rating of AA2/P1, one of the highest ratings given to a local financial institution. The rating emphasises the Bank's remarkable growth, uncompromising asset management and outstanding financial performance. As the co-operative sector is a significant driver to Malaysia's economy, Bank Rakyat is the second largest contributor emanating from the co-operative sector.

### A LEADER IN ISLAMIC BANKING

In a decisive move, which was initiated in 1993 and completed in 2002, Bank Rakyat converted all of its operations, services, systems and assets from a conventional banking model to an Islamic banking model. This move witnessed the Bank being transformed to a leading Shariah-compliant financial institution in Malaysia.

Bank Rakyat offers a broad range of consumer banking services and innovative financing products that are 100% Shariah-compliant and are equal to or better than our commercial banking competitors, fulfilling the needs of today's demanding customers. The Bank's financial products include retail, commercial, savings and investments, credit card-i, debit card-i and Islamic pawnbroking, with the Bank managing five million customers, RM68.52 billion in deposits and RM60.48 billion in financing up to FYE 31 December 2014.

Services are provided through 147 branches nation-wide offering more than 50 financial products that cover personal, property, hire purchase, business, small and medium scale enterprises (SME), micro enterprises, rural industries, Takaful, wealth planning, corporate deposits and children's savings. All our products are 100% Shariah-compliant and have gone through a rigid verification process laid down by the Bank's Shariah Committee as well as strict adherence to financing and banking guidelines set by Bank Negara Malaysia (BNM). The Bank is also governed by the Development Finance Institutions (DFI) guidelines.

Our banking services are supported by 895 automated teller machines (ATMs) and cash deposit machines (CDMs) across the nation and the Bank is also a member of the MEPS ATM network which allows our account holders to conduct financial transactions at over 11,000 ATMs in Malaysia. We also offer 90 Islamic pawnbroking outlets known as Ar-Rahnu X'change whereby 42 of them are managed by our subsidiary - Rakyat Management Services Sdn. Bhd., and 48 co-operatives through our franchising scheme.

### THE INTERNET AND BANKING

As part of our continual evolvement, the Bank is focused on offering banking services wherever our clients happen to be. Bank Rakyat utilises the internet and social media platforms to bring us closer to our customers and the public. Our customers can perform a myriad of banking transactions through our internet portal www.irakyat. com.my and obtain the latest information on our new corporate website at www.bankrakyat.com.my as well as engage with us through our social media platforms such as Facebook or Twitter/myBankRakyat.

To provide easier access for customers, we have established a contact centre which can be reached at 1-300-80-5454 for any questions or queries concerning accounts, products or services.

With all the services offered, Bank Rakyat has now gone beyond being just a co-operative bank, but a leading bank that surpasses other financial institutions in Malaysia.

Bank Rakyat 2014 Annual Report





















Bank Rakyat 60th Anniversary



147
Branches





BUSINESS
MANAGER OF
THE YEAR 2014
(GENERAL
MANAGER
RAKYAT
MANAGEMENT
SERVICES)
National Award
For Management
Accounting
(NAFMA)







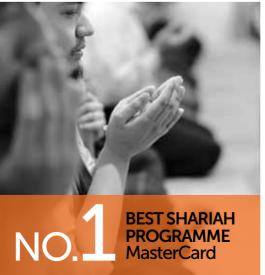




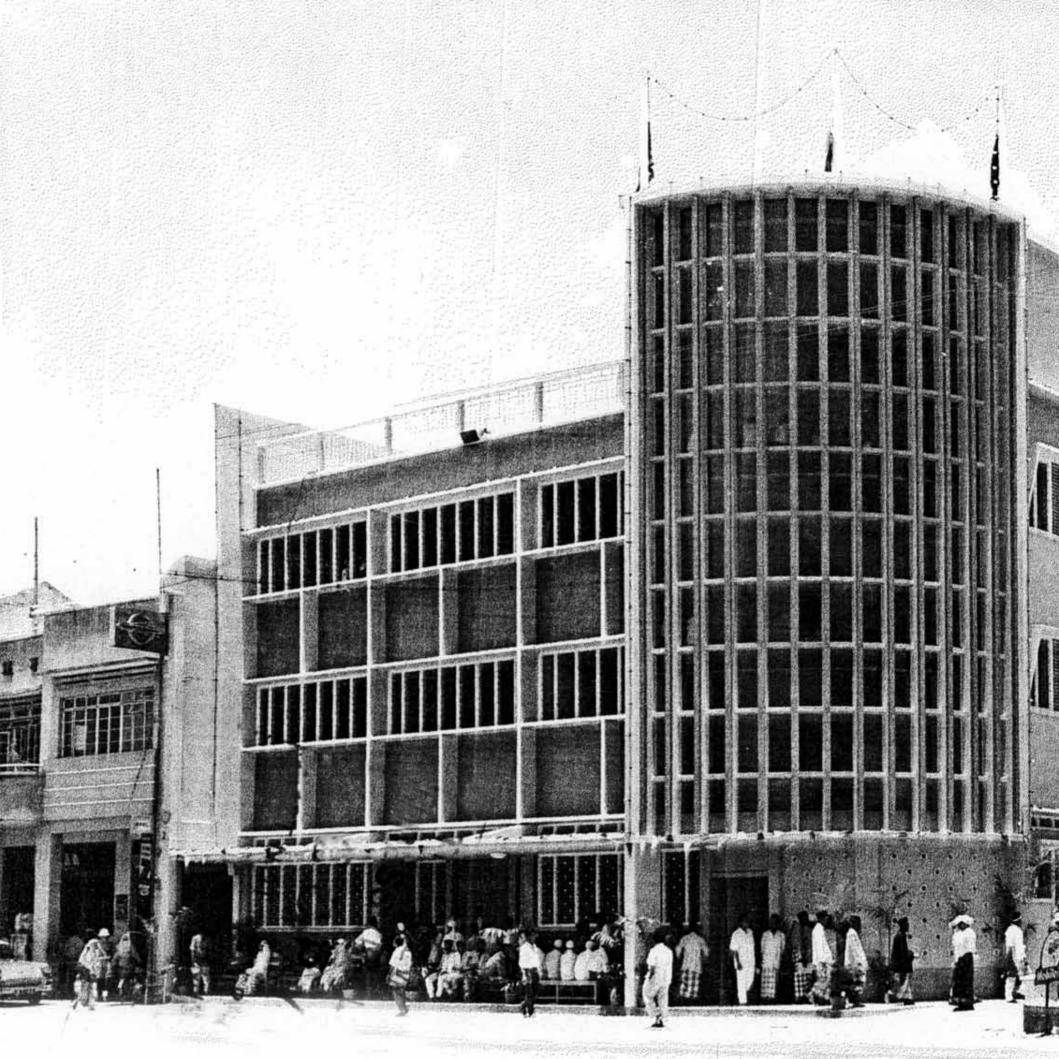
48
Ar-Rahnu
X'change
(Franchises)

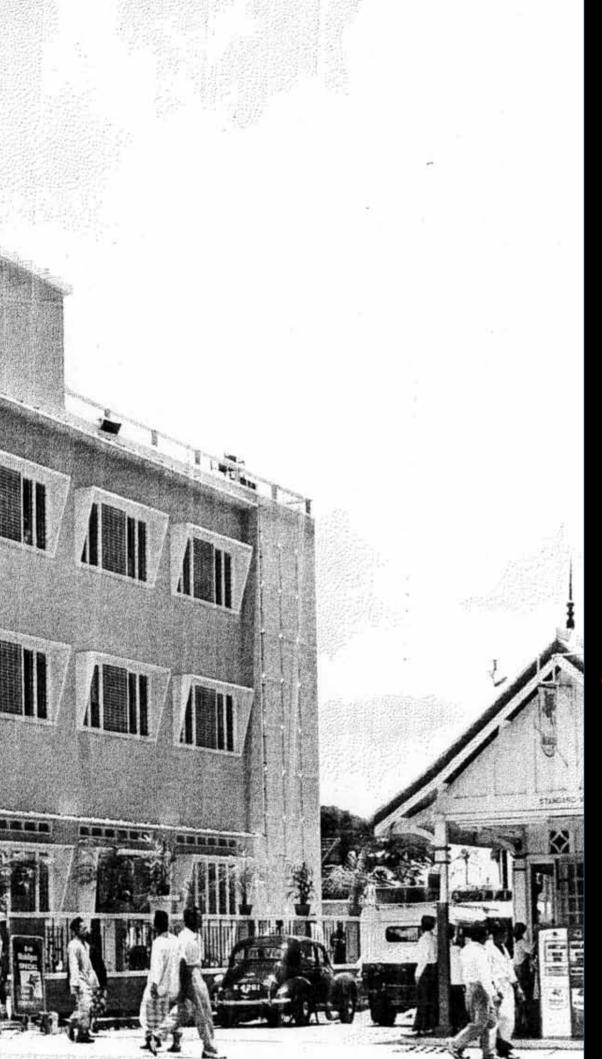
Bank Rakyat 2014 Annual Report











# 1961

Bank Agong head office moves to a temporary building at Co-operative Development Department, at Jalan Swettenham (now Jalan Sultan Iskandar), Kuala Lumpur

# Five-Year Performance (Financial)

 Operating Income

 (RM' Billion)

 2014
 5.98

 2013
 6.07

 2012
 6.23

 2011
 5.50

 2010
 4.86

Profit Before Taxation and Zakat (RM' Billion)	
2014	2.16
2013	2.13
2012	2.13
2011	2.02
2010	1.72

<b>Profit After Taxation and Zakat</b> (RM' Billion)	
2014	1.96
2013	1.91
2012	1.75
2011	2.00
2010	1.34

Bank Rakyat 60th Anniversary

<b>Deposits and Savings</b> (RM' Billion)	
2014	68.52
2013	65.30
2012	62.67
2011	58.51
2010	49.57

Financing and Advances (RM' Billion)	
2014	60.48
2013	57.30
2012	55.23
2011	49.18
2010	44.98

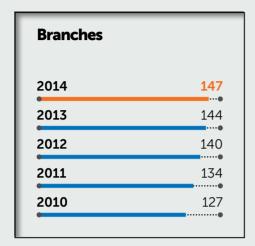
Return on Avarage Shareholders' Fund (%)		
2014	18.21	
2013	19.84	
2012	23.04	
2011	28.28	
2010	30.51	

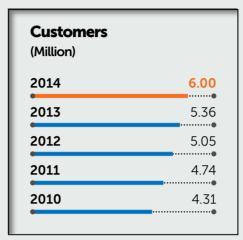
Cost to Income (%)	
2014	25.08
2013	25.57
2012	26.78
2011	25.10
2010	23.54



# **Five-Year Performance**

(Non-Financial)





Ar-Rahnu X'change Bank Rakyat		
2014	90	
2013	76	
2012	51	
2011	35	
2010	24	

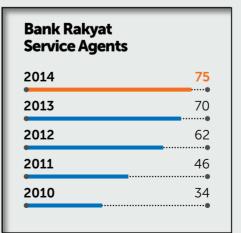
ATM/CDM	
2014	895
2013	827
2012	724
2011	615
2010	531

Employee	
2014	4,640
2013	4,695
2012	4,248
2011	4,150
2010	4,055

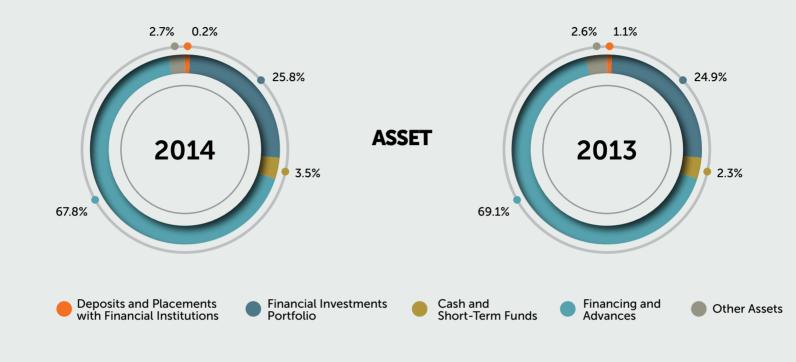
Customers		
2014	158,084	
2013	172,361	
2012	169,986	
2011	135,130	
2010	60,449	

Bank Rakyat 2014 Annual Report

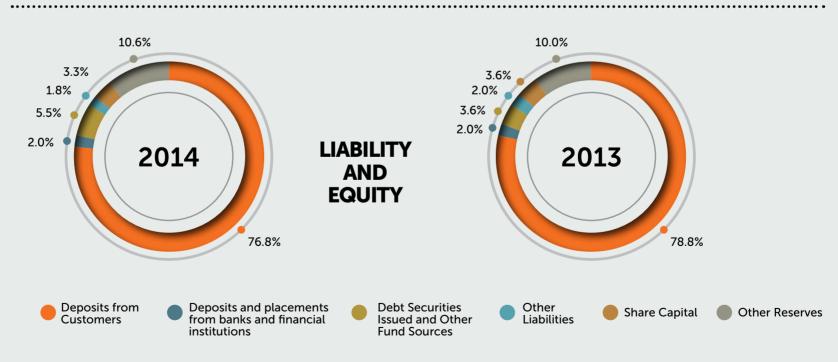
Contact Centre Enquires		
486,253		
623,209		
667,347		
604,397		
392,761		



# Asset and Liability 2014 & 2013



Bank Rakyat 60th Anniversary





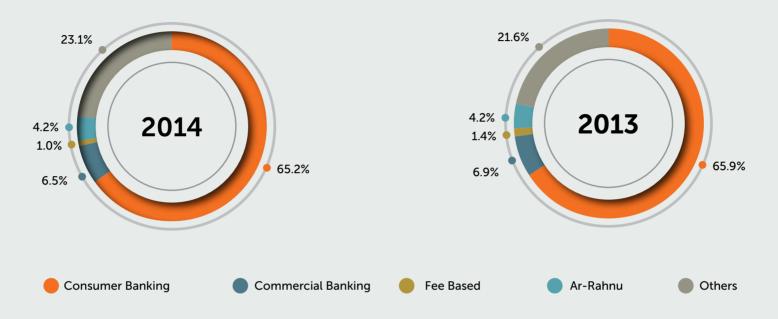
Total Members Individual And Co-operative (2009 - 2014)					
YEAR	CA INDIVIDUAL	TOTAL			
2009	792,798	1,401	794,199		
2010	756,942	1,414	758,356		
2011	924,941	1,637	926,578		
2012	945,522	2,019	947,541		
2013	941,383	2,081	943,464		
2014	922,452	2,099	924,551		

Total Capital Individual And Co-operative (2009 - 2014)				
YEAR	<b>CA</b>	TOTAL		
2009	1,915.34	79.62	1,994.96	
2010	1,915.12	79.84	1,994.96	
2011	2,244.84	104.22	2,349.06	
2012	2,714.29	150.71	2,865.00	
2013	2,814.17	2,814.17 159.50		
2014	2,809.03	163.77	2,972.80	

Dividend 200 (Million)	9-2014
2014	443.48
2013	441.05
2012	494.89
2011	428.48
2010	294.90
2009	296.63

Bank Rakyat 2014 Annual Report

# **Banking Operation Performance**



Bank Rakyat 60th Anniversary

034

### **Segmental Analysis for Bank Earnings**

	201 Percentage	.4 RM'000	20: Percentage	13 RM'000
Consumer Banking	65.2%	3,897,398	65.9%	4,003,643
Commercial Banking	6.5%	388,412	6.9%	419,592
Fee Based	1.0%	63,036	1.4%	82,243
Ar-Rahnu	4.2%	248,587	4.2%	256,563
Others	23.1%	1,383,772	21.6%	1,309,936

# Quarterly Performance 2014 & 2013

### 

	Q1	Q2	Q3	Q4
Income	RM1.33bil	RM1.34bil	RM1.34bil	RM1.40bil
Operating Expenditure	RM0.46bil	RM0.50bil	RM0.55bil	RM0.64bil
Net Income	RM0.87bil	RM0.84bil	RM0.79bil	RM0.76bil
Profit Before Taxation and Zakat	RM0.53bil	RM0.58bil	RM0.54bil	RM0.51bil
Profit After Taxation and Zakat	RM0.46bil	RM0.50bil	RM0.50bil	RM0.49bil

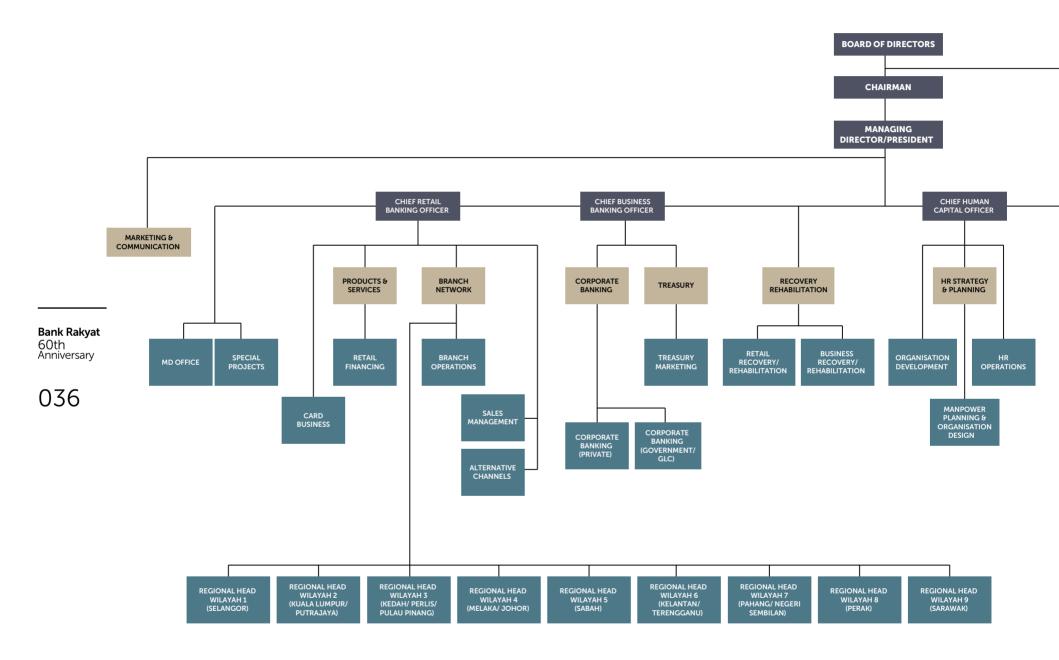
**Bank Rakyat** 

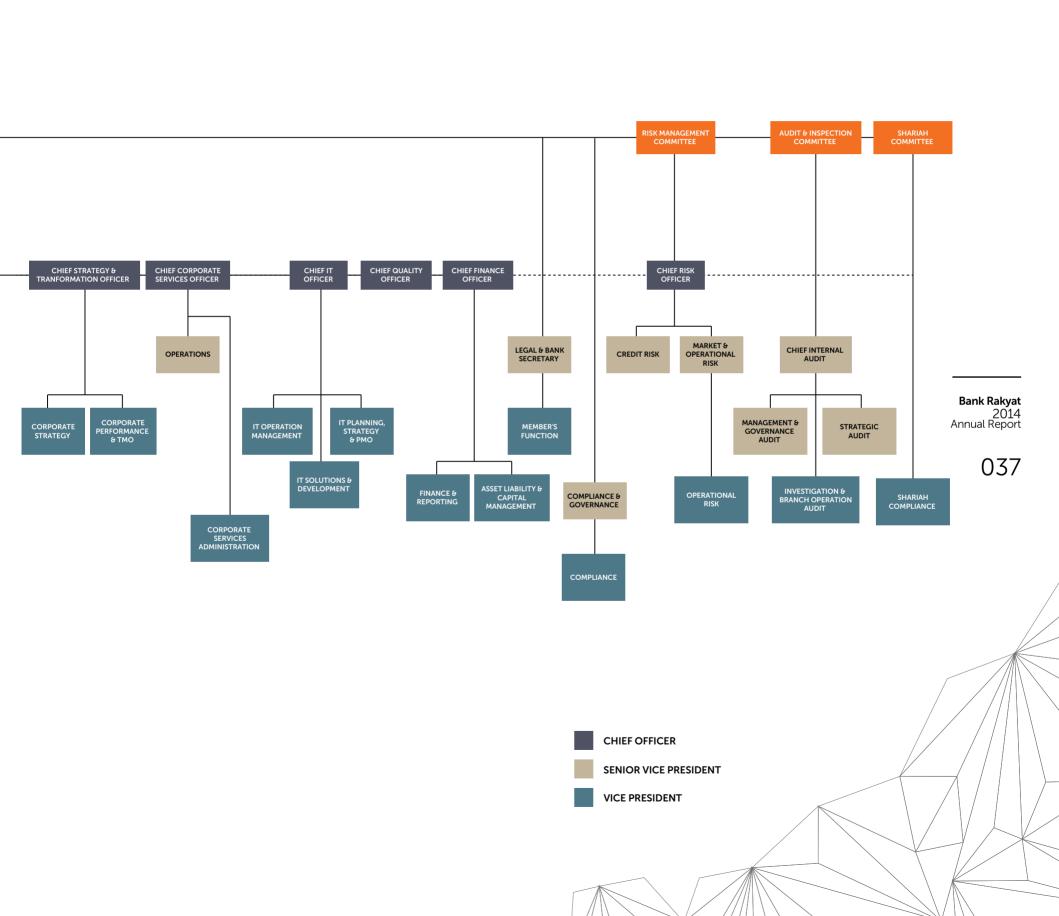
### 

	Q1	Q2	Q3	Q4
Income	RM1.40bil	RM1.44bil	RM1.38bil	RM1.32bil
Operating Expenditure	RM0.58bil	RM0.57bil	RM0.53bil	RM0.53bil
Net Income	RM0.82bil	RM0.87bil	RM0.85bil	RM0.80bil
Profit Before Taxation and Zakat	RM0.54bil	RM0.57bil	RM0.53bil	RM0.49bil
Profit After Taxation and Zakat	RM0.45bil	RM0.46bil	RM0.45bil	RM0.54bil

Annual Report

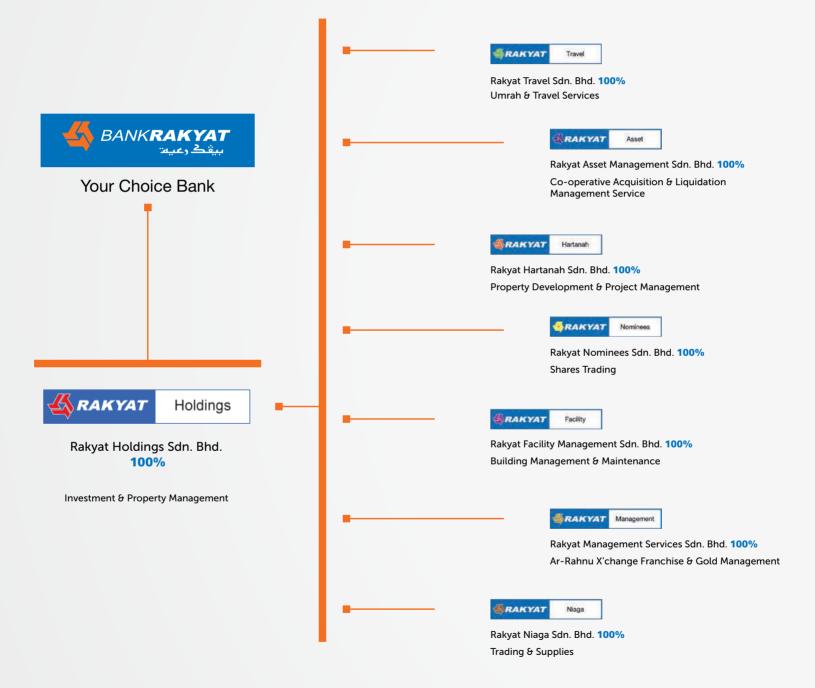
# **Organisation Chart**



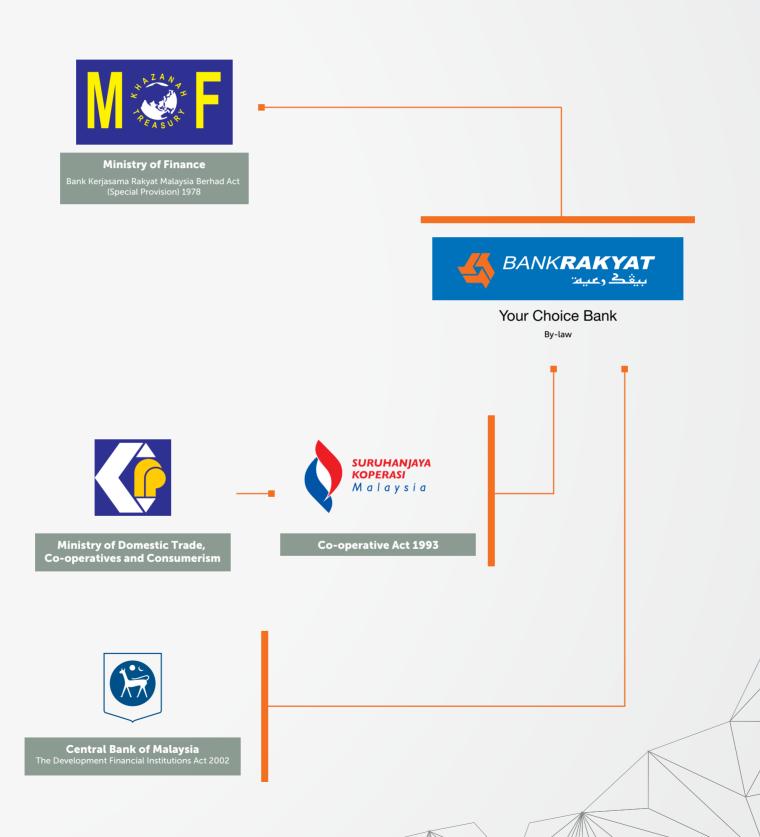


### **Group Corporate Structure**

Bank Rakyat 60th Anniversary



# Bank Rakyat and the Government



Bank Rakyat 2014 Annual Report

### Performance Against KPIs

Key Performance Indicators (KPIs) evaluate the success of an organisation and allows the sharing of common goals and targets to manage its performance and measure progress toward organisational goals. The Bank's KPIs are set by the Board of Directors and allow for the various departments within the bank to develop plans to measure their performance against key business objectives.

Bank's achievements KPIs in 2014:

	2014 (Targets)	2014 (Achievements)
Return On Assets	≥2%	2.52%
Return on Shareholders Fund (ROSF)	≥ 15%	18.30%
Growth in Financing	5%	5.58%
Ar-Rahnu X'change – Bank Rakyat	10	8
Ar-Rahnu X'change - Franchise operation	7 premises	7 premises
Bank Rakyat Service Agents	5 Agents	6 Agents
CO-OP Card Issued	50,000	282,611
CO-OP Merchant Card (Operational)	10 merchants	12 merchants
Consumer Squad Card	50,000 cards	52,373 cards
1 Malaysia Student Discount Card (KADS1M)	50,000 cards	177,247 cards
Small Retailer Transformation Programme (TUKAR-i)	300 stores transformed	305 stores transformed
Automotive Workshop Modernisation (ATOM-i)	200 workshops transformed	208 workshops transformed
Micro-financing for small retailers and petty traders—i (MPPK-i)	100% disbursement	81% disbursement
Mobile bank	3	3
New branches	3	3
Rakyat Xcess	15	17

The Bank recorded a robust performance in 2014, with the KPIs set by the Bank and the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) being achieved.

The targets set for Return on Assets (ROA), Return on Shareholders Fund (ROSF) and growth in financing exceeded with performances of 2.52%, 18.30% and 5.58% respectively, being recorded. This was achieved on the back of intense competition from commercial banks and steps to curtail the escalation of household debt by Bank Negara Malaysia (BNM).

Ar-Rahnu X'change, our Islamic pawn broking business, continues to grow with 42 branches in 2014 up from 34 in 2013 - an increase of eight. Ar-Rahnu X'change franchise increased by seven to 48 from 41 in 2013. The 90 Ar-Rahnu X'changes contributed RM307.5 million (1.92%) to the Bank's income in 2014 compared to RM301.50 million 2013.

This escalating trend in our performance extended with take-up of Bank Rakyat's discount cards. During the year under review 282,611 CO-OP Merchant cards, 177,247 1Malaysia Student Discount Cards (KADS1M) and 52,373 Consumer Squad Cards were issued bringing the respective totals in circulation to 1,568,986, 1,734,162 and 164,319.

In addition to the Bank's initiatives to assist its members and co-op merchants, Bank Rakyat upheld its mandate to manage funds from MDTCC to support small retailers and automotive workshops. Among the funds managed by the Bank are: TUKAR-i - the Small Retailer Transformation Programme, ATOM-i the Automotive Workshop Modernisation and MPPK-i - Micro financing fund for Small Retailers and Petty Traders. In 2014 the Bank assisted in the transformation of 305 retailers with 81% or RM24.40 million in TUKAR-i funds dispersed and 208 workshops with 104% or RM20.80 million of ATOM-i funds dispersed, with a total of RM45.20 million made available by schemes funded by MDTCC. These funds allow small and micro retailers to gain access to financing up to RM80,000 (TUKAR-i) and RM100,000 (ATOM-i) to expand their businesses.

In addition, financing for micro entrepreneurs worth RM7.99 million was disbursed during 2014 which is an increase of 0.5 million or 6.2% on 2013.

**Bank Rakyat** 60th Anniversary

# Notice of Annual General Meeting

06th April, 2015

All Co-operative Member Representatives Bank Rakyat

All Individual Member Representatives Bank Rakyat

NOTICE OF BANK RAKYAT 2015 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Bank Rakyat 2015 Annual General Meeting will be held based on the following:

Date : 25th April 2015 (Saturday)

Venue : Tun Abdul Razak Hall, Level 2, Tower 1, Bank Rakyat Twin Towers, No. 33, Jalan Rakyat,

50470 Kuala Lumpur.

Time : 10:30 am

### **MEETING AGENDA**

1. To validate the minutes of the Annual General Meeting held on 5th April 2014;

- 2. To appoint a Committee of six representatives and four members of the Board, including the Chairman to certify the draft of the minutes of Annual General Meeting;
- 3. To present the Audited Financial Statements for the year ended 31 December 2014, together with the Board of Directors Report, Audit and Inspection Committee Report, Auditor General's Report, and Opinions of the Malaysia Co-operative Societies Commission; and
- 4. To receive and deliberate on proposals from members received by the Boards not leass than seven days before the Annual General Meeting:
  - Amend member's deduction rate for dividend payment for donation to Bank Rakyat Foundation

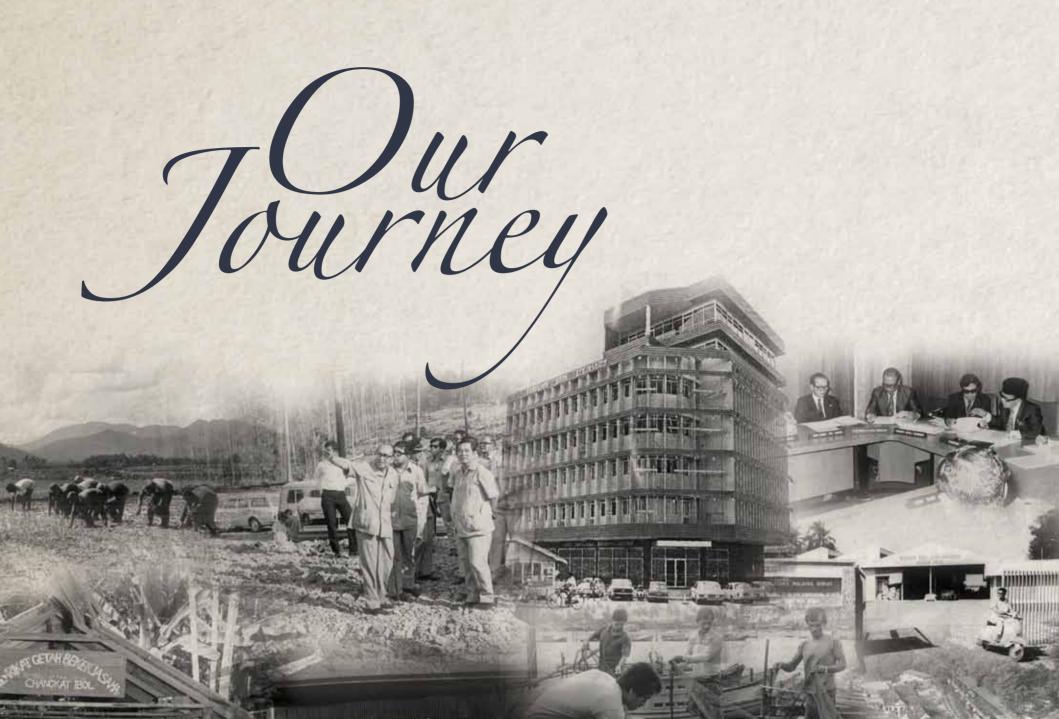
By Order of the Board



Bank Rakyat 2014 Annual Report







BANK RAKTAT



Bank Rakyat's first branch on Jalan Petri, Sg Petani relocated to Jalan Ibrahim, Sq Petani, Kedah

Bank Keriasama Building in Jalan Ipoh, Kuala Lumpur

Dato Osman Saad, Chief Minister of Johor at the official opening ceremony of Pontian Johor branch



### 1954

Bank Agong Kampong Berkerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad is officially registered with the Menteri Besar of Perlis, Tan Sri Sheikh Ahmad Mohd. Hashim elected as the President of the Board of Sponsors. The Bank's first headquarters is established in Bukit Mertajam.



Tan Sri Sheikh Ahmad launches a Five-Year Development Plan that aims to raise more than RM12 million in capital over the next five years.

### 1963

Bank Agong membership comprising of 32 Cooperatives with total share investment amounting to RM143.000.

1966 Bank Agong moves to its own building at Jalan Ipoh. Kuala Lumpur.

### 1968

Bank Kerjasama opens its first branch in Sungai Petani, Kedah after the acquisition of Bank Persatuan Berkeriasama-sama Kedah Tengah.

### 1970

The Kangar Branch of Bank Kerjasama is officiated by The Regent of Perlis, Tuan Syed Sirajuddin Ibni Tuanku Syed Putra Jamalullail. Bank Keriasama Kota Bahru Branch, is officially opened by Kelantan Acting Menteri Besar, Dato' Muhammad Nasir in the same year.

### 1972

The Bank launches the Provident Trust Fund Account. At The 17th Annual General Meeting (AGM), it is agreed that the name of the Bank shall be changed to Bank Kerjasama Rakyat Malaysia Berhad or Bank Rakvat. In December of that year Bank Rakyat announces the establishment of its first subsidiary.

### 1955

The first election of the Board of Directors of the Bank is held in accordance to the votes of the regional members. Tan Sri Sheikh Ahmad is re-elected as the Chairman of the Bank. The Bank's headquarters relocates to Padang Kota, Penang.



Tan Sri Sheikh Ahmad Mohd Hashim chairing a meeting with members of the Bank (1954)

Bank Agong moves its Headquarters to Kuala Lumpur in order to centralise its operational services to all customers in the Peninsula.

### 1964

The construction of Bank Agong Headquarters in Jalan Ipoh commences

### 1967

The Board of Directors decide to change the name of Bank Agong to Bank Kerjasama Malaysia Berhad or better known as Bank Kerjasama.



Tan Sri Sheikh Ahmad Mohd Hashim, Chief Minister of Perlis, giving a speech at the opening ceremony of Bank Kerjasama Kangar branch

### 1969

Menteri Besar of Perak, Dato' Sri Ahmad Mohd. Said officiates Bank Kerjasama Bagan Serai Branch while the Muar Branch of Bank Keriasama is officially opened by Menteri Besar of Johor, Dato' Othman Mohd. Saat. Later that year Berita Bank Kerjasama magazine is published for the first time with the Editor's Column touching on the possibility of establishing as single Co-operative Union in Malaysia.

The Bank expands its services to include providing loans to members who want to venture into businesses, industries and the purchase of assets such as houses. The 2nd Malaysia Cooperation Congress chaired by the Chairman of Bank Kerjasama, Tan Sri Sheikh Ahmad agree to the establishment of Angkatan Kerjasama Kebangsaan Malaysia Berhad (ANGKASA). In April of this year, the opening of the Malacca branch of BANK Kerjasama on Jalan Hang Tuah is officiated by the Chief Minister of Malacca, Dato' Talib Karim marking Bank Kerjasama's expansion initiative to urban areas.

The signing of the loan agreement with Syarikat Kerjasama Serbaguna Kadok to allow the Kelantan-based co-operative to build a rice mill on the 24th of May, 1973



### 1974

Bank Rakyat employees set up a co-operative company called Syarikat Kerjasama Bank Rakyat also known as SEKATARAKYAT. Two weeks later, the launching of Rakyat First Merchant Bankers Berhad (Rakyat First) the merchant banking arm of Bank Rakyat takes place.

1977
Bank Rakyat launches the collection
Department and a Complaints
Bureau is set up.

### 1979

A White Paper is tabled by the government on Bank Rakyat called, 'Kedudukan Bank Rakyat' in Parliament. This follows the tabling of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions Bill) at Dewan Rakyat on December the 19th. 1977.

The first Bank Rakyat branch in Kajang, Selangor



### 1982

The launch of the Mobile Banking Services at the Alor Setar branch. The Mobile Banking vehicle mainly operates at Lembaga Padi and Beras Negara Complex in conjunction with the harvesting season.

### 1984

Bank Rakyat launches its first Education Loan Scheme called Skim Pinjaman Menanam Budi.

### 1988

Bank Rakyat launches its second Educational Loan Scheme to assist students pursuing higher education in the country and abroad and also a Special Graduate Loan Scheme (SPKS) with a maximum loan of RM20,000 to help graduates who are without permanent employment to set up and start their own accounting and taxation services business. Later that year Bank Rakyat launches its first mini branch in Bandar Tun Razak, Cheras along with a Motorcycle Loan Scheme in an effort to broaden its lending activities.

### 1973

The name Bank Rakyat is officially adopted after being personally proposed by then Prime Minister Tun Abdul Razak.

### 1075

Bank Rakyat
establishes Rakyat
Trading Corporation
Sdn Bhd (RTC) that
acts as a supplier
of construction
materials such as
steel and cement and
distributor of goods
produced by ASEAN
Chemical Fertiliser.

### 1978

The Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provisions 1978) comes into force. Bank Rakyat is placed under the supervision of the Minister responsible for co-operative development.



The announcement of the newly appointed Board of Directors on 16th of February, 1978

### 1981

Rakyat First signs a joint venture agreement with Deutsche Genossenchaftsbank (DG Bank). This is seen as a stepping stone for Bank Rakyat to participate in the merchant banking segment.

### 1983

Membership for the Bank increases to 29,002 which comprises of 28,134 individuals and 868 co-operatives. At this juncture, the Bank's total assets increases to RM519 million while their net profit reaches RM5.9 million.

### 1986

The launch of Nuri Savings Scheme by the minister of National and Rural Development to encourage a savingsculture among school children.

### 1989

Bank Rakyat introduces services for the co-operative sector through the introduction of the Special Co-operative Savings Accounts (ATKK).



Promoting the Nuri Savings Account-i to inculcate a culture of savings

### The launching of the Islamic Banking System on the 5th of May, 1993



1990 Bank Rakyat receives the approval to use its reserves amounting to RM96.7 million to cover losses accumulated totalling RM86.6 million. The Bank also announces the distribution of two percent in bonus to members from 1978 to 1988, a 10 percent cash dividend for the financial vear 1989, and a 10 percent dividend and 20 percent bonus shares respectively for 1990 and 1991.

### 1993

Bank Rakyat announces the launch of the Shariah Banking System that offers facilities such as Al-Wadiah Savings Account, Al-Mudharabah General Investment Account, Al-Bai' Bithaman Aiil Property Financing and Bai Al-Inah Personal Financing. Going back to where it all began, the Bank opens its 42nd branch in Bukit Mertaiam. Penang the birth place of the bank. Bank Rakyat introduces the Ar-Rahnu Islamic Pawn broking Scheme in collaboration with the Malaysian Islamic Economic Development Foundation (YPEIM) with an initial capital of RM5 million. The bank signs the memorandum of understanding for the implementation of Ar-Rahnu with YPEIM on 11th October, 1993

### Dato' Alim Ariffin delivering his keynote address at the Managers Conference in 2005



2000

1998 Bank Rakyat launches the An-Naglu vehicle Financing Scheme; financing facilities for the purchase of cars.

### Bank Rakvat launches the Program Rakan

Koop (Coop Partner Programme) that aims to assist co-operatives to The Bank launches manage their business the Tijari Contract activities through Financing in its advisory and guidance effort to assist the services. The services are dynamic and viable provided free by Bank small businesses. Rakyat to participants.

### 2004

Bank Rakyat is placed under the Ministry of Entrepreneur and Co-operative Development (MECD) following a reshuffle of government ministries. Prior to this the Bank was placed under the Ministry of Land and Co-operative Development.

### 1992 Parliament approves the Co-operative Act of 1992 with four main objectives - to encourage and promote the development of cooperatives, to transform the co-operative into a sustainable movement, to reform the co-operative administration and management and to consolidate laws related to the co-operative movement.



The Ar-Rahnu Pawn broking Scheme launched on the 11th of October, 1993

### 1994

Bank Rakyat Managing Director Dato' Anuar Jaafar launches the Bank's automated teller machine (ATM) at the Bank's Main Branch signalling the beginning of an era of transformation on the use of new technology. Bank Rakyat establishes a Shariah Advisory Council and opens its first branch outside the Peninsula in Kuching, Sarawak

### 1999

The Bank launches the state-of-theart Integrated Retail Banking System (IRBS), a system that allows online and management of retail banking transactions and general ledger and supports ATM services for speedy savings and investment account transactions at its Pudu Branch in Kuala Lumpur.



Al-Mudharabah General Investment Account- The investment of depositors' money in halal businesses

In conjuction with its 47th anniversary, the Bank launches its new corporate logo to replace the 20-year-old logo and also launches the Bank's three new products based on the Al-Mudarabah concept, namely Syabab, Tawfir and Tilmiz officiated by The Land and Co-operative Development Minister, Tan Sri Kasitah Gaddam.

### 2003

Bank Rakyat announces that its operations are fully Shariah-Compliant. Launches its Electronic-Banking Centre (EBC) or eRakyat at the Jalan Tangsi Branch.



To improve its customer service, the Bank launches Bank Rakyat's Corporate Culture on the 17th of August, 2006

The signing of the official plaque at the launch of the Ar-Rahnu X'change Bandar Baru Sentul on 7th December, 2006

### 2006

Bank Rakyat launches tele-Rakyat Call Centre that enables customers to perform transactions with the assistance of consultants or self-service. Bank Rakyat launches its Corporate Culture with the acronym of the word R.A.K.Y.A.T standing for R: Diligent (Rajin)

- A: Trustworthy (Amanah)
- K: Competent (Kompeten)
- Y: Confident (Yakin)
- A: Exemplary behaviour (Akhlak mulia)
- T: Faith (Tagwa)

Ar-Rahnu X'change makes its entry into the market. The Islamic pawnbroking franchise business is managed by Bank Rakyat's subsidiary, Rakyat Management Services Sdn Bhd (RMS).



### 2008

The inaugural Bank Rakyat Carnival with its concept of games for the public is held at Padang Dataran Pemuda Merdeka, Butterworth, Penang. A similar carnival is also held in Pasir Puteh, Kelantan and Batu Pahat, Johor.

### 2010

The launch of a strategic partnership between Bank Rakyat and Tabung Haji which allows the latter's customers to perform various transactions at all Bank Rakyat branches.

Bank Rakyat formulates a new organisational structure to further strengthen the management of banking operations in 2014



### 2013

The number of Bank Rakyat members increase to 943,464 comprising 941,383 individuals and 2081 co-operatives. It is also appointed as a collection agent for income tax payment through a strategic partnership with the Inland Revenue Board of Malaysia (LHDN).



### 2005

Bank Rakyat becomes the first Non-commercial financing institution to introduce MEPS Interbank Giro (IBG) services

### 2007

Kelab Nuri Bank Rakyat is launched by Puan Sri Wan Nafisah Nik Mohd. Adeeb, the wife of the Bank's Chairman Tan Sri Dato' Dr Syed Jalaludin Syed Salim together with a new mascot with an astronaut concept



The launching of Bank Rakyat's new logo on 28th of September, 2001

### 2009

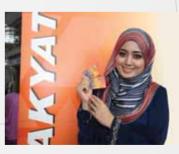
Bank Rakyat establishes Yayasan Bank Rakyat (Bank Rakyat Foundation) with the aim of developing and improving the standard of education for Malaysians, especially among the children of its members. Later that year, Bank Rakyat's first credit card based on Shariah Principles of Tawarruq is issued in collaboration with MasterCard Worldwide and is introduced into the market.

### 2012

Bank Rakyat's launches its inaugural issuance of SUKUK under the Islamic Medium Term Notes Programme worth RM1 billion.

### 2014

Bank Rakyat opens its 145th branch in Labis, Johor marking the Bank's 15th branch in the state. In the same year, the Bank announces the issuance of Sukuk Musyarakah for a period of three and five years' worth RM1 billion. Truly a momentous year for the employees of Bank Rakyat as they not only relocate to Menara Kembar Bank Rakyat at Jalan Rakyat but also celebrate the Bank's 60th anniversary at the new premises.



The Skuad Pengguna Card, initiated by the Ministry of Domestic Trade, Co-operatives and Consumerism in collaboration with Bank Rakyat for members to enjoy discounts on services and products from members registered with MDTCC

### Leaders From The Past



Tan Sri Sheikh Ahmad Hashim

(1954 - 1972)

He saw first-hand the struggles of farmers having to pay their debts, leaving them with no money left. Along with his friends, he decided to start a bank that would be able to provide financial help to the farmers through fund collecting.

**Bank Rakyat** 60th Anniversary

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Dato' Harun Idris (1972 - 1977)

Under his management, Bank Rakyat expanded its role into the field of trade and industry in accordance with the new economic policy launched by the government.



Y.M. Tengku Tan Sri Ngah Mohamed

(1978 - 1980)

Notable for several improvements within Bank Rakyat such as restructuring the organisation, introducing new regulations and a new financial control system, bringing new capital as well as combating fraud.



Dato' Sulaiman Ninam Shah (1977 - 1978)

Under his guidance, more emphasis was given to providing loans for co-operatives and housing projects for their low-income members.



Tan Sri Datuk Ibrahim Salleh

(1980 - 1982)

Under his management, Bank Rakyat intensified its lending activities to co-operatives with a greater focus on the housing sector.



Dato' Harun Din (1982 - 1984)Dato' Harun Din introduced the "clean, efficient and trustworthy" initiative to improve the banks image.



(1995 - 2000) Dato Dr. Hi. Yusof led Bank Rakyat to grow and expand through its use of technology and innovative

financing products to offer better

facilities and convenience to its members and customers.

Dato' Dr. Hj. Yusof Hj. Yacob



(1983 - 1988)He constantly emphasised that "Bank Rakyat's success is a result of its customers support, and that of members who are 'owners' of the bank."

Dato' Sha'aya Basheer



Dato' Dr. Norraesah Haji **Mohamad** (2000 - 2002)

Under her helm, the Bank went through notable changes such as; receiving direct control from the Central Bank of Malaysia under the **Development Financial Institutions** Act 2002 and the Bank's transition from conventional banking to Shariah banking.



Dato' Mohd. Ibrahim Mohd. Zain (1988 - 1991)

He believed that Bank Rakyat needed to strengthen its management computer systems and training to become an institution of excellence and to remain profitable.



Tan Sri Dato Dr. Syed Jalaludin **Syed Salim** (2003 - 2012)

During Tan Sri's tenure, he was responsible for the rapid expansion of the Bank's Shariah banking facilities and of the branch networks as well the introduction of the Ar-Rahnu X'change, offpremise ATMs and electronic banking centres.



Dato' Dr. Affifudin Omar

(1991 - 1994)

His remarkable idea of switching from conventional banking to Islamic banking laid the foundation for the Bank's total transformation of its operations.



Tan Sri Sabbaruddin Chik (2012 - 2014)

During the 2013 Business Action Plan Meeting, Tan Sri Sabbaruddin Chik gave the mandate to seek and achieve extraordinary results for the generations to come who will/ inherit the Bank.

**Bank Rakvat** 2014 Annual Report

# Board of Directors



**Bank Rakyat** 60th Anniversary

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From left:

DATUK MAT NOOR NAWI, DATUK MUSTAFHA HJ. ABD RAZAK, DATO' SRI ALIAS HJ. AHMAD, DATO' ABDUL MUTALIB ALIAS, DR. ROSELAN BAKI



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From left:

TUAN HAJI ABDUL RAHMAN KASIM, TAN SRI DR. ALIES ANOR ABDUL, DATUK MOHD IDRIS MOHD ISA, DATO' ABDULLAH ABAS, DATIN SURIA CHE SELIA

## Profile of Directors

### **DATUK MAT NOOR NAWI**



**AGE**: 59

### **EDUCATION**

Bachelor in Sciences (Economic Policy), University of Illinois Urbana-Champaign, USA Bachelor in Sciences (Economics Resources), Universiti Putra Malaysia

### APPOINTED AS DIRECTOR

First time appointed as Director : 1 May 2013 - 30 April 2015

Date of appointment as Chairman : 28 April 2014

Tenure as Chairman : 1 year and 1 month

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Chairman, Nomination Committee
Chairman, Investment Committee
Chairman, Risk Management Committee (until 1/11/2014)
Chairman, Board of Directors, Rakyat Holdings Sdn Bhd
Chairman, Board of Directors, Rakyat Hartanah Sdn Bhd
Member, Audit and Examination (until 1/7/2014)
Member, Board of Tender Committee (until 1/7/2014)

### **OTHER POSITIONS**

Deputy Secretary (Policy), Ministry of Finance Malaysia Chairman, Danainfra Nasional Berhad Chairman, Malaysia Development Holdings Sdn Bhd Deputy Chairman, National Trust Fund Deputy Chairman, Employee Provident Fund Director, Water Asset Management Berhad Director, Property Investment Berhad Director, Retirement Fund Incorporated Director, Bintulu Port Holdings Berhad Director, Malaysian Islamic Economic Development Director, TERAJU Bumiputera Corporation Director, Turus Pesawat Sdn Bhd Director, Samalaju Industrial Port Sdn Bhd

### **PREVIOUS POSITIONS**

Deputy General Director, Economic Planning Unit, Prime Minister's Department Director, Telekom Malaysia Berhad Director, Securities Commission Malaysia Director, Malaysia Co-operative Societies Commission Director, Pembinaan BLT Sdn Bhd

### **AGE**: 47

### **EDUCATION**

Bachelor of Commerce, University of Wollongong, Australia

### **APPOINTED AS DIRECTOR**

First time appointed as Director : 1 April 2013 - 31 March 2014

Date of reappointment as Director : 1 April 2014

Tenure as Director : 2 years and 1 month

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Member, Nomination Committee

Member, Investment Committee

Member, Tender Board

Member, Board of Directors Rakyat Holding Sdn Bhd

Member, Board of Directors Rakyat Hartanah Sdn Bhd

Member, Board of Directors Rakyat Travel Sdn Bhd

Member, Board of Directors Rakyat Management Services Sdn Bhd

Member, Board of Directors Rakyat Asset Management Sdn Bhd

### **OTHER POSITIONS**

Managing Director and President, Bank Rakyat

### **PREVIOUS POSITIONS**

Senior General Manager, Banking Operations, Bank Rakyat General Manager, Finance/Bank Secretary, Bank Rakyat

Bank Secretary, Bank Rakyat

Assistant General Manager, Finance, Bank Rakyat

Head, Accounts and Information Management, Bank Rakyat



**Profile of Directors** 

### DATO' SRI ALIAS BIN HJ. AHMAD



**AGE:** 57

### **EDUCATION**

Masters (Strategic Studies and Defense), Universiti Malaya Bachelor of Arts (Hons.) Arts and Social Sciences, Universiti Malaya Diploma (Intelligence and Security), Taiwan Military College, Taipei Certificate (Emergency Responses), College Of Emergency and Disasters Responses, Yorkshire, United Kingdom

### APPOINTED AS DIRECTOR

First time appointed as Director : 7 January 2015 - 6 January 2017

Tenure as Director : 5 months

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Chairman, Remuneration Committee
Member, Nomination Committee

Chairman, Board of Directors, Rakyat Assets Management Sdn Bhd Member, Board of Directors, Rakyat Management Services Sdn Bhd

### **BOARD POSITION IN OTHER COMPANIES**

Secretary General, Ministry of Domestic Trade, Co-operatives and Consumerism

Chairman, Companies Commission of Malaysia

### **PREVIOUS POSITIONS**

General Director, Immigration Department

Divisional Secretary, Security and Public Order Division,

Ministry of Home Affairs

Divisional Secretary, Immigration Affairs Division, Ministry of Internal Affairs

Divisional Secretary, Research and Planning, Ministry of Internal Affairs

Divisional Secretary, Human Resource Management Division, Ministry of Internal Affairs

Director, GSPS, National Security Council, Putrajaya

Director, National Security Division (Kuala Lumpur),

Prime Minister's Department

Director, National Security Division (Terengganu) Prime Minister's Department

Assistant Director, Malaysian Prison Department, Ministry of Home Affairs

Assistant Director, Cabinet Division, Prime Minister's Department

Assistant Director, Development Department, Ministry of Education Malaysia

### **AGE:** 54

### **EDUCATION**

Masters Business Administration, Governors State University, Illinois, USA Bachelor of Science (Accountancy), Northern Illinois University, USA

### **APPOINTED AS DIRECTOR**

First time appointed as Director : 1 July 2010 - 30 June 2012 Date of reappointment as Director : 1 July 2012 - 30 June 2013

1 July 2013 - 30 June 2014

1 October 2014 - 30 September 2015

Tenure as Director : 4 years and 10 months

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Director, Risk Committee

Member, Remuneration Committee Member, Nomination Committee Member, Investment Committee

### OTHER POSITIONS

Chief Executive Officer, Perumahan Rakyat 1Malaysia (PR1MA)

### **PREVIOUS POSITIONS**

Special Officer, Ministry of Energy, Green Technology and Water Political Secretary, Ministry of Science, Technology and Innovation Vice President, Investment Banking, Chase Manhattan Bank

### **DATO' ABDUL MUTALIB ALIAS**



**Profile of Directors** 

### **DR. ROSELAN BAKI**



**AGE**: 60

### **EDUCATION**

PhD (Pedagogi Bahasa Melayu), Universiti Kebangsaan Malaysia Master in Arts (Literasi Instruction), Michigan State University, USA Bachelor in Education (Bahasa Melayu), Universiti Pertanian Malaysia

### APPOINTED AS DIRECTOR

First time appointed as Director : 15 April 2014 – 14 April 2016

Tenure as Director : 1 year and 1 month

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Chairman, TenderBoard Main Committee

Member, Remuneration Committee

Member, Investment Committee

Member, Risk Management Committee

Chairman, Board of Directors, Rakyat Niaga Sdn Bhd

Member, Board of Directors, Rakyat Facility Management Sdn Bhd

Chairman, Board of Trustees, Bank Rakyat Foundation

### **BOARD POSITION IN OTHER COMPANIES**

Senior Lecturer, Universiti Putra Malaysia

### **PREVIOUS POSITIONS**

President, Language and Humanities Education, Faculty of Educational Studies, UPM

Dean, Mohamad Rashid College, UPM

President, Deputy Dean Committee, UPM

**AGE**: 62

### **EDUCATION**

Bachelor of Science (Hons.) Chemical Engineering, Loughborough University of Technology, United Kingdom.

### **APPOINTED AS DIRECTOR**

: 15 April 2014 – 14 April 2016 First time appointed as Director

Tenure as Director : 1 year and 1 month

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Alternate Chairman, Audit and Examination Committee

Member, Investment Committee

Member, Risk Committee

Director, Board of Directors, Rakyat Holdings Sdn Bhd

Chairman, Board of Directors, Rakyat Facility Management Sdn Bhd

### **PREVIOUS POSITIONS**

Director, Pembangunan Perniagaan Veolia Water (Malaysia) Holdings Sdn Bhd

Chief Operating Officer, UEM Group Subsidiaries Chief Operating Officer, UEM Environment Sdn Bhd

Managing Director, Alam Sekitar Malaysia Sdn Bhd

General Manager of Branding, Communications and Customer

Service, Shell Malaysia Trading Sdn Bhd

### HAJI ABDUL RAHMAN KASIM

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**Profile of Directors** 

### TAN SRI DR. ALIES ANOR ABDUL



### **AGE**: 60

### **EDUCATION**

Diploma (Woodtech), Universiti Teknologi MARA (UiTM)
Diploma (MBO, ICS), London
Bachelor of Education (Mathematics), IKIP NEG, Medan, Indonesia
Arabic Language, Islamic Call Society, Tripoli, Libya
Arabic Language, King Saud University, Riyadh, Kingdom of Saudi Arabia
Entrepreneurial Study, Cranfied School of Management, UK
Survey Research Course, Public Administration Institute
Training of Trainers, Conrad Adeneuar Stiftung
Training for Trainers, Centre of Advance Studies, UPM
PhD Student in Islamic Jurisprudence, Sultan Sherif Kassim Islamic
University, Pekan Baru, Indonesia

### **APPOINTED AS DIRECTOR**

First time appointed as Director : 17 July 2014 - 16 July 2016

Tenure as Director : 11 months

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Member, Audit and Examination Committee
Member, Nomination Committee
Member, Board of Committee, Tender
Chairman, Board of Director, Rakyat Management Services Sdn Bhd

### OTHER POSITIONS

Chairman, Putra World Trade Centre
Chairman, Simbol Prima Sdn Bhd
Director, AAA Consult & Resources Sdn Bhd
Director Centre for Local Concerns
Director, Pan Asiatic Technologies Sdn Bhd
Director, Billion Prima Sdn Bhd
Director, Jutajaya Sistem Sdn Bhd
Director, Putrade Media Marketing Sdn Bhd
Director, Bumiputra Entrepreneurs Foundation
Director, Ummah Development Foundation
Director, Information Resources Foundation

### **PREVIOUS POSITIONS**

Director and Executive, Polygraphic Press, Balakong Selangor Director and Assistant Manager, DEB, Jilid Sdn Bhd Executive Secretary, Malaysian Council for Child Welfare Senior Assistant Director, National Civics Bureau, Prime Minister's Department Political Secretary, Ministry of Defence, Malaysia Political Secretary, Ministry of Education, Malaysia

Political Secretary, for the Deputy Prime Minister of Malaysia

### **AGE:** 63

### **EDUCATION**

Bachelor of Economics (Accounting), Universiti Malaya.

### **APPOINTED AS DIRECTOR**

First time appointed as Director : 1 October 2014 -

30 September 2016

Tenure as Director : 8 months

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Chairman, Audit and Examination Committee Member, Remuneration Committee Member, Risk Management Committee Member, Board of Directors, Rakyat Hartanah Sdn Bhd

### **OTHER POSITIONS**

Director, Samalaju Komunikasi Sdn Bhd Advisor, Rasma Corporation Sdn Bhd

### **PREVIOUS POSITIONS**

Executive Director, Federal Territories Foundation
Member, Selangor State Islamic Religious Council
Director, Amtrustee Berhad
Senior Associate, Malaysia Industry Government Group
Executive Director, Arab Malaysia Merchant Bank Bhd
Board of Director, Shapadu Corporation
Member, Board of Trustees, Malaysian Islamic Economic
Development Foundation
Member, Board of Trustees, Amanah Ikhtiar Malaysia
Chief Executive Officer, Credit Guarantee Corporation
Director of Audit, MBF Group
President, Central Bank of Malaysia

### DATUK HJ. MOHD IDRIS HJ. MOHD ISA



### DATO' HAJI ABDULLAH HAJI ABAS



**AGE:** 70

### **EDUCATION**

Masters in Education, University of Toledo, USA Bachelor of Education, University of Toledo, USA Certificate in Education, Technical Teacher's Training College, Kuala Lumpur

### APPOINTED AS DIRECTOR

First time appointed as Director : 27 October 2014 - 26 October 2016

Tenure as Director : 8 months

### PREVIOUS EXPERIENCE WITHIN THE BANK RAKYAT GROUP

Member, Audit and Examination Committee Member, Tender Board Main Committee Chairman, Board of Director, Rakyat Travel Sdn Bhd

### OTHER POSITIONS

Chairman, Shahsin Sdn Bhd

Chairman, Negeri Sembilan Malay Corporate & Investment Co-operative Berhad

Chairman, Negeri Sembilan Malay Association Co-operative Berhad Chairman, Bandar Springhill Mosque Kariah Co-operative Lukut Port Dickson Berhad

Member, State Relations, Negeri Sembilan, ANGKASA Speaker, National Civics Bureau, Prime Minister's Department

### **PREVIOUS POSITIONS**

General Secretary to DYMM Yang Di Pertuan Besar Negeri Sembilan, (Tuanku Muhriz Ibni Al-Marhum Tuanku Munawir)
General Secretary to DYMM Yang Di Pertuan Besar Negeri Sembilan (Al-Marhum Tuanku Ja'afar Ibni Al-Marhum Tuanku Abdul Rahman)
Chief Executive Officer, MIDAS Institute of Technology
Assistant Director, Negeri Sembilan State Education Department
Assistant Director, Negeri Sembilan Technical and Vocational Education
State Department

Supervisor, Education Technology of Education Department Negeri Sembilan

Assistant Supervisor, Kelantan State Education Department Technical Teacher, Sekolah Menengah Dato' Abdul Samad, Tanjong Ipoh, Negeri Sembilan and Sekolah Menengah Tuanku Muhammad, Kuala Pilah

### **AGE**: 49

### **EDUCATION**

Bachelor of Law 2nd Class (Hons) (LLB), International Islamic University Malaysia

### APPOINTED AS SENIOR VICE PRESIDENT, LEGAL/BANK SECRETARY

First time appointed as Bank Secretary : 1 August 2012

Tenure as Bank Secretary : 2 years and 10 months

### **OTHER POSITIONS**

Senior Vice President Legal/Bank Secretary, Bank Rakyat

### **PREVIOUS POSITIONS**

Legal Manager, Bank Rakyat Legal Executive, Bank Rakyat

### **DATIN SURIA CHE SELIA**



### Shariah Committee



**Bank Rakyat** 60th Anniversary



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### From left:

DATO' SETIA HJ MOHD. TAMYES ABD. WAHID
DATUK HJ ABU HASAN L. DIN AL-HAFIZ
PROF. MADYA DR. SITI SALWANI RAZALI
USTAZ MD. YUNUS ABD AZIZ
USTAZ WAN RUMAIZI WAN HUSIN
USTAZ ABDULLAAH JALIL
PROF. MADYA DR. AZMAN MOHD. NOOR
USTAZ MOHD ZAMEREY ABDUL RAZAK

## Shariah Committee's Profile



### DATO' SETIA MOHD TAMYES ABD WAHID Chairman

Age: 64

### **EDUCATION**

Bachelor of Shariah (Hons.) Al-Azhar University, Cairo, Egypt Diploma in Arabic Education, 'Ain Syams University Cairo, Egypt

Bank Rakyat 60th Anniversary

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Appointed to Shariah Committee: 2005

### OTHER POSITIONS HELD

Mufti of Selangor

Chairman of Committee Member Fatwa Committee of Selangor Member of Selangor Royal Council

Board of Trustees, Selangor Zakat Board (LZS)

Member of Selangor Islamic Religious Council (MAIS)

Board Member of Al-Quran Text Proof Reading, Ministry of Home Affairs

Shariah Advisory Committee Member, as-Salihin Trustee
Chairman, Zakat Distribution Operation Committee Sala

Chairman, Zakat Distribution Operation Committee Selangor Zakat Board (LZS)

Committee Member of Selangor Islamic Council Investment (MAIS)

Committee Panel of the Syarie Wakaf Fund Islamic University of Malaysia (UIM)

### **PREVIOUS POSITIONS**

Shariah Panel, Institut Piawaian dan Penyelidikan Perindustrian Malaysia (SIRIM)

Halal Certification Member Panelist, Halal Development Corporation (HDC)

Principal, Sekolah Agama Menengah Tinggi Hishamuddin, Klang (1993-1998)

Principal, Sekolah Agama Menengah Tinggi Kuala Kubu Bharu (1987-1993)



### DATUK ABU HASAN L. DIN AL-HAFIZ

Age: 69

### **EDUCATION**

Bachelor of Usuluddin, Al-Azhar University, Cairo, Egypt Bachelor in Sheikhul Maqari, Al-Azhar University, Cairo, Egypt

Appointed to Shariah Committee: 2005

### OTHER POSITIONS HELD

Religious Scholar and Missionary Chairman, Shariah Panel Amanah Ikhtiar Malaysia Chairman, Control Panel Halal Silver Birds (M) Bhd Chairman, Shariah Panel E-Mam Kapitan Sdn Bhd

### **PREVIOUS POSITIONS**

Chief Imam, National Mosque Religious Officer and Advisor to the King (1984-2006) Shariah Committee Member, *Wilayah Persekutuan* (1983-2007) Member, Islamic Council and Shariah Committee Penang (1994-2007)

Member, Melaka Islamic Religious Council (1997-2007) Member, Wilayah Persekutuan Islamic Religious Council (2006-2007)



ASSOCIATE PROF.DR SITI SALWANI RAZALI

Age: 40

### **EDUCATION**

PhD in Business Law – at University Putra Malaysia (her thesis is on comparison between Islamic Law of Contract/Fiqh Mu'amalat with Common Law)

Masters of Comparative Laws (MCL), International Islamic University Malaysia.

Bachelor of Laws (LLB (hons.) and Shariah Law International Islamic University Malaysia.

She had a good Arabic background and Shariah Law background since secondary school and undergraduate level in IIUM

Appointed to Shariah Committee: 2010

### OTHER POSITIONS HELD

Shariah Advisor for Great Eastern Takaful from July 2011 till present Shariah Panel for Silver Birds Group of Company (High Five) from Jan 2011 till present

Associate/Shariah Advisor for KA Shariah Advisory Sdn. Bhd. from March 2012 till present

Board Member for the Institute of Islamic Banking and Finance International Islamic University Malaysia.

Lecturer, Department of Business Administration, Kuliyyah of Economics and Management Sciences, International Islamic University Malaysia (2001 – present)

### **PREVIOUS POSITIONS**

External Examiner for Employment Law, Open University Kuala Lumpur (2008)

Fellow, Mahallah Safiyyah, International Islamic University Malaysia (2006)

External Examiner for Business Law, Open University Kuala Lumpur (2008)

Principal Mahallah Maryam, International Islamic University Malaysia (2009-2011)

Board Member, Institute of Islamic Banking and Finance, International Islamic University Malaysia



**USTAZ WAN RUMAIZI WAN HUSIN** 

Age: 40

### **EDUCATION**

Master, Fiqh and Usul al-Fiqh, International Islamic University Malaysia

Bachelor of Fiqh and Usul all-Fiqh, al Al-Bayt University, Jordan

Appointed to Shariah Committee: 2011

### OTHER POSITIONS HELD

Lecturer, Department of Fiqh dan Usul al-Fiqh, Islamic Science University of Malaysia

Shariah Advisor Tissue Bank Hospital Universiti Sains Malaysia, Kubang Kerian

Shariah Committee, PruBSN Takaful

### **PREVIOUS POSITIONS**

Shariah Committee Member, Muamalat Youth Foundation (2011-2013)

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### Shariah Committee's Profile



### MD. YUNUS ABD. AZIZ

Age: 44

### **EDUCATION**

Master of Islamic Jurisprudence and its Foundation, Al Al-Bayt University, Jordan Bachelor in Shariah, University Malaya

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Appointed to Shariah Committee: 2011

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### OTHER POSITIONS HELD

Shariah Lecturer, Faculty of Shariah and Law, USIM Shariah Advisor, Koperasi Ko Alam Sdn Bhd

### **PREVIOUS POSITIONS**

Deputy Dean (Student Development and Performance Management (2009-2011)

Head of Programme for Bachelor of Fiqh and Fatwa (2005-2009)

Coordinator of World Institute of Fatwa Research and Management, USIM (Documentation Section) (2003-2007)



### **USTAZ ABDULLAAH JALIL**

**Age**: 35

### **EDUCATION**

Masters in Business Administration (MBA) (Islamic Banking and Finance), International Islamic University Malaysia Bachelor of Shariah (Fiqh and Islamic Studies), Yarmouk University, Irbid, Jordan

Appointed to Shariah Committee: 2012

### OTHER POSITIONS HELD

Senior Lecturer, Faculty of Economics and Muamalat, Islamic Science University of Malaysia

Shariah Compliance Officer for Quality Management System Certification MS1900:2005, Islamic Science University of Malaysia Research Fellow, Islamic Finance and Wealth Management Institute (IFWMI), Islamic Science University of Malaysia

Committee Member, Shariah Unit and Islamic Finance, World Fatwa Management and Research Institute (INFAD), Islamic Science University of Malaysia

### **PREVIOUS POSITIONS**

Shariah Panel World Fatwa Management and Research Institute (INFAD), Islamic Science University of Malaysia (2006-2009) Committee Member, Coordination Committee Muamalat, Takaful, Islamic Finance and Banking, Higher Learning Ministry of Malaysia (2010-2012)

Coordinator, INFAD Seminar, World Fatwa Management and Research Institute (INFAD), Islamic Science University of Malaysia (2005-2009)

Lecturer, Faculty of Economics and Muamalat, Islamic Science University of Malaysia (2004-2011)



PROF. MADYA DR. AZMAN MOHD NOOR

Age: 42

### **EDUCATION**

PhD in Islamic Law in 2005 at University of Edinburgh, Scotland. MA in Islamic Criminal Law in 2000 at University Kebangsaan Malaysia (National University of Malaysia)

MA in Muamalat (Islamic Law of Transactions) in 2001 at Department of Figh and Usul al-Figh, International Islamic University Malaysia Degree in Islamic Law in 1997 at Islamic University of Madinah, Saudi Arabia

### OTHER POSITIONS HELD

Head of Department, Department of Figh and Usul al-Figh, Kulliyyah of Islamic Revealed Knowledge and Human Sciences, International Islamic University Malaysia

Lecturer, Islamic Jurisprudence and Islamic Finance at the Department of Figh and Usul al-Figh (2005 - to date)

Supervisor, MA and PhD students in the field of Islamic Banking and Capital Market at Department of Figh and Institute of Islamic Banking and Finance, IIUM (2006 - to date).

Deputy Chairman, Shariah Board, Al-Rajhi Bank Malaysia.

Chairman, Shariah Committee, AM Family Takaful.

Member of Shariah Committee, SME Bank.

MQA expert panel in Muamalah and Islamic Banking

Dewan Bahasa dan Pustaka expert panel in Islamic Jurisprudence

### **PREVIOUS POSITIONS**

Member, Shariah Advisory Council, Securities Commission Malaysia July 2012-2014.

Member, Shariah Committee, MNRB Retakaful 2007-2011

Shariah consultant for a number of local and international Islamic financial institutions.

Developer, Islamic Banking Products, Takaful, Retakaful and Sukuk.

Trainer Islamic Banking and Takaful products workshops organized by IBFIM, CERTS, AMANIE and others.

Speaker, local and international level on Islamic Banking, Capital Market and Takaful



### **MOHD ZAMEREY ABDUL RAZAK**

Age: 42

### **EDUCATION**

Bachelor in Shariah, Yarmouk University (Jordan) (1997) Masters in Shariah, National University of Malaysia (2002) PhD in Islamic Commercial Law, Islamic Academy of University of Malaya (present)

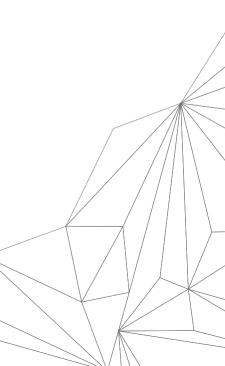
**Bank Rakvat** 

### **CURRENT POSITION**

Vice President, Shariah Compliance of Bank Rakyat

PREVIOUS POSITIONS

Head of Shariah Department, Takaful IKHLAS (2003) Head of Shariah Division. Asian Finance Bank Berhad 2014 Annual Report



### Management Committee



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From left:

DATUK MUSTAFHA HJ. ABD RAZAK
MD KHAIRUDDIN ARSHAD
DATO' SUHAIMEE YASSIN
DATO' MAHMUD MUHAYYIDIN MOHAMED NAWI

NIK MOHD NASIR NIK RITHAUDDEEN

MD ALI ABD AZIZ

AIZA AZREEN AHMAD

MUZAMIR OMAR

# Management Committee's Profile



DATUK MUSTAFHA HJ. ABD RAZAK Managing Director/President

Datuk Mustafha joined the Bank Rakyat management team in 1991 and was appointed to lead the Bank on April the 1st, 2013. He has held various positions including General Manager - Banking Operations, Bank Secretary, Head of Accounts and Information Management and Assistant General Manager - Finance. Currently, he is responsible for planning, executing and ensuring that Bank Rakyat, the largest co-operative Islamic bank in Malaysia continues to chart excellent growth. He does this by implementing the Bank's transformation programme to ensure that the Bank remains relevant in the market, upholding Islamic banking principles and safeguarding the interests of key stakeholders - members, customers, employees, regulatory bodies, relevant government agencies and society, in all the Bank's activities.

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MD KHAIRUDDIN ARSHAD
Chief Officer/Senior General Manager Risk

Md Khairuddin joined the Bank Rakyat management in June of 2013 from *Perbadanan Insurans Deposit Malaysia* (PIDM) where he was their Chief Operating Officer. He has over 24 years experience in banking. He has also served in Bank Negara Malaysia and was one of the pioneers involved in the development of Islamic banking in Malaysia. As Chief Risk Officer, he is responsible for ensuring the implementation of the management blue-print and continuous adherence to compliance in order to protect the Bank, its members and customers while supporting growth.

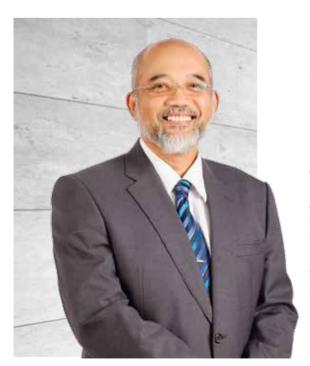


**DATO' SUHAIMEE YASSIN**Chief Retail Banking Officer

Dato' Suhaimee started his career in Bank Rakyat in 1986. Before joining the bank he was with Bank Bumiputra Malaysia Berhad. He has a Masters in Business Administration in Accountancy and Finance from Northrop University, Los Angeles, a Bachelor of Science in Business Administration from the same university and a Diploma in Banking Studies from Universiti Teknologi Mara. During his 29 year stint at Bank Rakyat, he has held various positions including Manager, Capital Markets Department, Investment Department, Special Executive to the Managing Director/Head of Corporate Affairs, Head of Corporate Planning, Head of Investment and Head of Consumer Products. He was also appointed Assistant General Manager of Consumer Banking, and Assistant General Manager of Strategic Planning/Managing Director's Office. He is now responsible for every aspect of the Bank's Retail Banking Operations.

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DATO' MAHMUD MUHAYYIDIN MOHAMED NAWI Chief Human Capital Officer

Dato' Mahmud Muhayyidin joined Bank Rakyat in 1985, from Bank Pembangunan Malaysia Berhad. He began his career in the Internal Audit department before being appointed to various management positions including Manager - Audit Department, Branch Manager, Regional Manager, Head of Career Development, Head of Account and Information Management, Head of Commercial Financing Control, Assistant General Manager of Services and Financing Recovery. At present, he is responsible for the Bank's Human Capital needs and the implementation of the Human Capital blueprint to develop a high performance culture, development of training programmes to enhance work-force performance and for the positioning of Bank Rakyat as the nation's leading employer.

Management Committee's Profile



## NIK MOHD NASIR NIK RITHAUDDEEN Chief Corporate Services Officer

Nik Mohd Nasir joined Bank Rakyat in 1983. Throughout this 31 year career with the Bank, he has held various positions including Branch Manager, Regional Head, Manager of the Product Development Department, Head of Co-operative Development and Members, Head of Financing, Head of Financial Sector, and Head of Services and Management. He is presently responsible for assisting the Bank in achieving its corporate goals and aspirations through his role in Corporate Services.

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MD ALI ABD AZIZ
Chief Information Technology Officer

Md Ali started out with Bank Rakyat in 1985. He retired in 2012 only to make his return in 2014. During his time at the bank, he has held various positions including Manager of Banking Systems Development and Head of Information Technology. He holds a Bachelors in Information Technology. Md Ali is responsible for balancing a number of roles within the organisation to keep a competitive advantage in the market sector and ensure the best interest of the employees are met. Namely that the best resources and the best people are utilised to complete the jobs the company needs fulfilling and being responsible for mapping out the ICT strategy and Policy and detailing how ICT is applied and utilised that are needed for the protection of the Bank.



AIZA AZREEN AHMAD
Chief Strategy and Transformation Officer

Having joined the Bank in 2015, Aiza brings with her 19 years experience in corporate strategy, corporate finance performance management, and has led medium to large scale strategic transformation projects. Responsible for strategising Bank Rakyat's value creation and growth initiatives, Aiza ensures the Bank remains competitive in the Islamic Banking sector, both locally and internationally. Additionally Aiza is responsible for performance management throughout the organisation, market research, and supporting the business units leaders on strategic assignments and projects. Aiza Azreen holds a Bachelor of Commerce in Accounting and Finance from Macquarie University is currently pursuing her Master of Science (Msc.) in Islamic Finance with INCEIF.

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MUZAMIR OMAR
Vice President Corporate Strategy/
Secretary of Management Committee

Muzamir joined Bank Rakyat in July, 2005. He has extensive experience in Strategic Management and corporate planning. He has held various positions in Bank Rakyat including Manager Planning Department, Manager Corporate Planning Department, and 5 years in Corporate and Strategic Planning. He formerly served in Bursa Malaysia in a similar capacity. In his current position, he is responsible for identifying and drafting the annual business plan and strategic initiatives to assist the Bank to achieve its business and financial targets. He is also responsible for developing strategic cooperation with other parties to enhance the Bank Rakyat brand, and penetrate into new markets.





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First meeting of Bank Kerjasama's Board of Directors chaired by Tan Sri Sheikh Ahmad Mohd. Hashim

# **Enriching Lives**



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Bank Rakyat believes that human capital is the most valuable asset of a great company, hence our commitment to the development and success of our staff. With 4,640 employees, it is important for the Bank to highlight and recognise the staff for outstanding performance so they know just how much of a contribution they make to the success of the Bank.

To show our appreciation for our employees, it is only fitting that we honour the contributions they made in helping the business meet and exceed its targets in 2014.

One of the people priorities for 2014 is to transform the culture of the organisation and it is designed to build a more aligned and effective workforce and to ensure staff are paid fairly and have opportunities for personal growth. Our bank has made it a priority to create an energetic and enjoyable workplace with a reputation to attract and retain the best talent in the market through high levels of employee satisfaction and fair terms of engagement.

#### TRANSFORMATION OF HUMAN CAPITAL

To continue the Bank Rakyat story in its 60th year, a sea of change took place in 2014 that was aimed at driving behavioral change and aligning Human Capital development to the Bank's business strategy.

In 2013 the Bank embarked on a five-year strategic transformation plan that aspires to diversify and grow the core areas of consumer and commercial banking. Human Capital development was identified as a key enabler of the strategy.

The goal was to become 'The trusted driver of Human Capital' in partnership with the business, with the Banks Human Capital Transformation Blueprint focusing on three phases:-

Phase I (2013-2014) : Gearing for performance through

operational excellence

Phase II (2015-2016) : Being a trusted advisor in developing

capability and capacity

Phase III (2017 and beyond): Acting as a business partner in driving

performance

## Phase I: Gearing for Performance through Operational Excellence

For the year under review, Bank Rakyat drove the alignment of its Human Capital Strategy with its Business Strategy. 21 key initiatives were identified under Phase I, comprising four major areas:-

#### 1) Organisation Design and Manpower Planning

Effective January 2014, the Bank focused on achieving operational and organisational effectiveness by aligning its organisation structure. The HR department established the Bank Rakyat Job Family to define specific competencies for each cluster of job family. From this, employees go through a structured training and development program.

To facilitate this, all levels of employees underwent a Job Evaluation from Chief Executive down to the Executive level. The establishing of the Bank Rakyat Job family will be used to differentiate pay practices in order to attract and retain the talent necessary to drive the transformation plan

In the last quarter of 2013 and throughout 2014, the Bank implemented a new manpower planning framework, the Latent Potential project, for branch operations. The project evaluates branch efficiency, individual performance and supports optimum manpower utilisation.

Continuous training, monitoring and coaching is provided to all respective business units to ensure that the implementation of the project supports business growth and provides sustainable return to the Bank and its stakeholders.

#### 2) Recruitment and Selection

With the banking sector facing serious constraints in acquiring and attracting high caliber talent, prioritising the recruitment process was essential and started by considering the Bank's existing pool of talent.

In order to further support business needs, the process of screening and selecting external talents was reviewed to ensure potential hires were suitable for the business and the organisations requirements.

#### 3) Performance Management and Employee Relations

A Performance Management System (PMS) was developed to provide a performance-based culture whereby employees have clear performance objectives, that are recognised for their achievements and have a clear understanding of their personal development plans.

Bank Rakyat 2014 Annual Report

### **Enriching Lives**

To support performance management and Employee Relations, the Employee Engagement Survey will now be conducted on a yearly basis as opposed to every three years with the aim of responding to employees' feedback in a timely manner and identifying priority issues to drive future engagement initiatives.

Nationwide roadshows were conducted to educate employees on the PMS process and to provide line managers with the necessary skills to manage employees' performance efficiently, including managing high potential employees, poor performers and drive employee engagement.

An Occupational, Health and Safety Policy was also put in place not only in order to meet regulatory requirements but to ensure a more caring, responsible and conducive working environment is maintained at all times.

#### 4) Compensation and Benefits

Due to job evaluation processes and the determination of job value, the Bank is looking to achieve pay equity between jobs. Complementing the new job grading structure are competitive salary packages designed via market benchmarking in order to remain competitive in the banking sector.

In order to become an Employer of Choice, the Bank has developed a framework that offers a fulfilling and rewarding career with progression based on a performance-linked compensation approach. High performers will be rewarded and recognised through performance bonuses and promotions.

To further support business strategy, a Sales Incentives Scheme has been established as an encouragement to increase sales and this scheme will be consistently reviewed to maintain the objectivity and its relevancy based on business requirements and needs.

As for retaining high performing employees, a Succession Planning and Talent Management programme was embarked upon.

#### Succession Planning

For current and future success, it is critical that the Bank is focused on developing and retaining existing talent. The Bank has established a Succession Planning Policy with the objective of identifying high performers as potential successors for key positions in the Bank. By defining the framework for Succession Planning, the Bank is demonstrating how serious it is in ensuring capable employees are groomed to lead and drive Bank Rakyat's business objectives.

#### **Talent Management Framework**

Bank Rakyat's Talent Management Framework was approved as part of succession planning initiatives to ensure the continuity of the Bank's leadership pipeline. The framework covers an end-to-end cycle of talent management that identifies and develops the supply of talent for the Bank. The concept of talent management has been expanded to address new challenges in the workforce and workplace with additional focus on the correlation between performance management, succession management and leadership development as the focal points in the talent management infrastructure.

#### **Development Framework**

The development framework is designed using a holistic approach to cater to the development of all levels of employees. The learning and development framework is one of the keys that support business outcomes and an internalisation of a learning culture.

Throughout 2014, the Bank focused on implementing strategic, operational and internal Human Capital initiatives, as outlined under the Human Capital Transformation Blueprint, to achieve exceptional performance through operational excellence.

**Bank Rakyat** 60th Anniversary

#### **OUR EMPLOYEES**

## Datuk Mustafha Hj. Abd Razak

Managing Director/President

"Success is about doing something about one's situation. Not doing anything to improve one's situation means one is doomed for failure".

Following in the footsteps of my father, I pursued a degree in Business Administration, majoring in Accountancy, at the Wollongong University in Sydney, Australia. Upon my return to Malaysia, I started working as an Executive for Bank Rakyat's Muar branch. I had a clear vision set before me and my own personal goals to achieve. Bank Rakyat afforded me the opportunity to learn and grow and within five years I had gained an in-depth understanding of the Bank's operational units. The experiences I gained from my time spent in the Accounts Department, Internal Audit, Treasury, Senior Manager Accounts, Chief Financial Officer, Company Secretary and Senior General Manager Operations all went towards me attaining the position of Managing Director/President in April 2013.

A philosophy that has always seen me through the challenges I have encountered is to view issues as an opportunity to do better and evolve. I stand by the principle of 'teaching a man to fish instead of giving him a fish'. This is how I motivate my employees and my own family. I motivate my people by challenging their mind-set towards wanting to change for the better.

Bank Rakyat has become the biggest Islamic co-operative bank in Malaysia, tapping into technology, in which I truly believe is a game-changer for the Bank in the way it conducts its business. Through my membership with the Malaysia Institute of Accountants (MIA), I endeavour to share my ideas and experiences to increase the standard of the profession for the development of 'thinking accountants'. By incorporating analysis and strategy as part of the planning process, I hope that they too will be able to deliver better value to their respective companies.



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Chief Officer, Information Technology This is my second stint with Bank Rakyat. I first joined the Bank way back in 1985 as a Junior Executive and I retired at the age of 55 (2012) and rejoined the bank in 2014. After being with the Bank for 27 years, I feel a sense of belonging, an affinity to Bank Rakyat and when I was asked to rejoin the Bank, I jumped at the offer knowing that I had an opportunity to contribute my expertise to the continual evolvement of the Bank. There are many things I have learned throughout my journey with the Bank Rakyat family. The Bank considers us more than employees as they care and has helped not only me, but others, with professional skills through numerous training programmes locally and aboard whilst also supporting me through funding for my part-time studies. It has taught me the value of having to work hard, what teamwork is all about, to be patient and to learn to work together in one accord. Most of all, Bank Rakyat has given me the ability to provide my family and peace of mind knowing that our salary is generated through Islamic principles.





## **Dr. Mokhrazinim Mokhtar**Vice President, Corporate Performance and Transformation Management Office

I started out with Bank Rakyat at the Subang Terminal branch back in November 1991 after graduating with a Degree in Insurance. That was Bank Rakyat's first branch which offered Money Changer services and in a location that was non-conventional at the time. Over the years, I have witnessed the Bank grow and am proud to have been part of that growth. It is through the opportunities that I have been afforded by the Bank that I too have come a long way from my humble beginnings as an executive to now having become the Vice President of Project Performance and Transformation. As part of the Bank Rakyat team, we are continuously encouraged to go that extra mile, to challenge ourselves and this makes us passionate about what we do. It has always been about the people, about giving back. The Bank has always ensured that employees are given the opportunity to advance, both professionally and personally. It is through this support system, that I was able to obtain my Doctorate of Philosophy in Islamic Banking. It is not just my life that has been touched by Bank Rakyat but the lives of my dependants too, for this I truly thank Allah for Bank Rakyat and I pray for its continued success.

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### Mohd. Khairuddin Hj. Johari Assistant Vice President, Members Services

I have been with Bank Rakyat since 1984 when I started as a Junior Executive. When I look back, there have been many special moments with Bank Rakyat that I hold close to my heart. One of these moments was when I was entrusted to set up the Bank's call centre from scratch back in 2003 with only two members of staff assisting me in what was no doubt a daunting task for anyone. When I left that department in 2014, the call centre had grown from just the three of us to a team of 120. No way could I have been able to undertake this had I not received the encouragement and support that I needed over the years from the Bank and its people. I was encouraged to reach my full potential not just for the betterment of the Bank and its customers but for me as an individual. As the sole breadwinner in my family, I am truly grateful that I could provide my family with a reasonable lifestyle and more importantly a good education for my children.



#### **VALUING OUR PEOPLE**

## Incentives for Top Performer Employees (Chairman's Award)

Held on the 29th March, 2014, a total number of 108 employees received the incentives at a Hi-Tea that was held specifically for this programme. For employees working at Bank Rakyat branches, they were given by their awards via regional appreciation events.

Bank Rakyat spent a total of RM165, 700 on the awards.

#### **Service Award 2014**

To show gratitude and to reward loyalty and commitment towards the Bank, Bank Rakyat showed their appreciation by presenting awards to our long serving employees. 549 employees received cash rewards totalling RM638,915 along with a commemorative plaque to mark the occasion.

### **Human Capital Day Programme 2014**

This programme, formerly known The Human Resources Day is held yearly at the Bank's headquarters. The programme aims to provide a platform to strengthen the relationship between the Bank and its employees by providing them with the latest industry information such as Employees Provident Fund (EPF), Inland Revenue Board of Malaysia and zakat. More than 500 employees from Head office and the branch network attended the programme.

#### **Service without Sick Leave Award 2014**

A total of 1,928 employees were given certificates and incentives, in the form of membership shares of Bank Rakyat.

The total amount spent on the occasion was RM456,596.00.

### Third Party Administer [TPA] Roadshow 2014

In 2014, Syarikat Eximus Media Administration Solutions Sdn Bhd (e-mas) was appointed to manage the administration of staff medical benefits such as issuance of guarantee letters, checking of bills, payments to hospitals/clinics etc. 335 Bank Rakyat employees were supported via the TPA roadshow which was held from the 18th November to 15th December 2014. Total cost to Bank Rakyat was RM70,026.

#### Dates Distribution to all Employees during Ramadan

A tradition that started in 2000, Bank Rakyat gives out free dates to all its employees every year. The dates were distributed to all 4,640 employees, including those who are on br-smart and contract basis. The dates distribution programme costs the Bank RM193,076.10.

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# Servicing Our Customers

The success of Bank Rakyat over our 60 year journey is without a doubt the result of the unceasing support we have received from those that matter most - our customers.

Our six million customers are our strategic partners and as such we believe that their needs and wants are of utmost importance to us. Hence, we emphasise the need for our employees to project and deliver this belief when dealing with our customers. Islamic Banking principles of fairness and profit-sharing form the basis of everything we do at Bank Rakyat, as we are tasked to ensure our customers achieve their financial goals by positioning them the 'You' in 'Your Choice Bank'.

Competition within the banking industry exists. We are aware of the fact that products and services alone do not cut it for us anymore. What we do try to do, is inculcate a culture of service excellence that will set us apart and keep our customers who are the reason behind our success thus far, satisfied with our offerings. We believe that this has lent to our success and this is driving us forward.

Over the past six decades we have built enduring relationships with our customers and this strategy has served us well. The well-being of our customers is the very reason that the bank was founded in 1954, with their needs and struggles in mind. Being the 'Choice Bank' for our customers means having to continually improve on the quality of services we offer so that it exceeds the expectations of our customers.

> Our customer base stands at 6 million with many customers utilising two or more of our banking products.

#### **EXCEEDING EXPECTATIONS**

Customer satisfaction and delivering excellence through our services addresses our mission to achieve our aspirations. It is manifested through our Customer Charter. The charter outlines our overall service values and the standards customers can expect from us. The Bank's commitment to this charter permeates our brand promise, ensuring that service consistencies extend throughout all our delivery channels.

Our mission is to continue delivering a fast, efficient and consistent service quality. We strive to ensure that a majority of over-the-counter transactions are conducted within eight minutes and we achieve this through the installation of a monitoring mechanism in each branch to measure employees' performance.



The Bank's Customer Charter - that are underpinned by Shariah principles, sets out:

**Privacy** – We treat all information as confidential and personal, ensuring the safety of customer information through implementation of the requirements of the Personal Data Protection Act 2010 (PDPA 2010).

**Responsibility** – We ensure that our products and services adhere to the nation's laws and are Shariah-compliant, where we are committed to assisting our customers in understanding the benefits of our products and services.

**Bank Rakvat** 60th Anniversary



Fairness – We act in a fair, reasonable and ethical manner with clear procedures for resolving disputes in a just and expeditious manner.

Trustworthy – We co-operate with the relevant governing and professional bodies in the banking sector to ensure that customers receive a secure and trustworthy banking service.

Transparency – We strive to provide clear, relevant and correct information that will assist customers in their decisions on our products and services. We also practise a zero tolerance policy towards mis-selling by our employees.

#### **OUR DIVERSE SERVICES**

In accordance to the Malaysian government's vision that no segment of the society should be denied access to quality banking services, as a conscientious banking institution, we devote our resources to ensure that our services are easily accessible by all Malaysians regardless of their location. Easy access to our services not only increases our level of service but it helps us draw closer to our customers. However, a single banking model will not deliver the success we aspire to achieve. Thus, we have made large investments to identify and diversify our delivery channels including introducing innovative ideas to reach a larger audience.

Our 147 branches continue to be our principal banking channel. This was one of the strategic initiatives aimed at increasing our customer base and positions us on par with other commercial banks in Malaysia. In 2014 our network of branches, managed by 4,640 trained employees who we regard as our 'brand advocates' provided services to over six million customers.

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In an effort to augment our reach, we introduced the Bank Rakyat Mobile Banking, a bus that allows customers in rural areas and Felda land re-development schemes to perform banking transactions at their locations. In addition to this, the introduction of mini branches to complement our existing branches - known as Rakyat Xcess, enable rural communities to gain access to our banking facilities. These are smaller versions of our fullfledged branches that are operational in 17 different locations nationwide.

While Malaysia's economy continues to prosper, Bank Rakyat strives to identify new and economically-viable locations for Islamic banking services - especially in new townships.

#### Servicing Our Customers

With over six million customers, the Bank has to diversify its service delivery channels to remain competitive. The management is mindful of the need to invest in new technology and maintenance programmes for our ATMs and cash deposit machines (CDMs). The up-time of our ATMs and CDMs currently stands at 98% due to the emphasis on technology and regular maintenance to ensure service delivery.

As the first co-operative bank to introduce Internet banking services in 2007, the Bank has scored remarkably in terms of achievement. During the year under review. Bank Rakyat's Internet banking portal, www.irakyat.com.my recorded (158,084) registered users. Given that this is a cost-efficient and customer-friendly banking channel, the Bank is resolved to invest in the latest technologies, engage technical expertise and perform frequent monitoring to ensure that the security and performance of our online banking service is duly maintained and never compromised.

With exceeding customer expectation as priority, the Bank also utilises social media to engage with our customers. As at 31<sup>st</sup> December 2014, our Facebook page has reached 81,262 fans whereas our Twitter/my Bank Rakyat profile registered 2,116 followers.

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#### **IMPROVING SERVICE STANDARDS**

As a customer-oriented bank, we always strive to improve on our service offerings. As such, there is no better way to gain insight into this than to welcome feedback from our customers. Customer engagement affords us to have an open channel with our customers and learn from these feedback and complaints. Understanding their experience with us is imperative for us to move forward successfully and effectively. A number of channels are provided for our customers to voice their opinions, make inquiries and air their dissatisfaction on the quality of service they have received.

Our tele-Rakyat call centre manned by trained and knowledgeable Service Consultant executives, assist our customers, providing them with essential information about our products and services so as to promote our offerings.

Additionally, the Bank also provides multiple channels for our customers to engage with us through using forms that are available at our branches or downloadable at www.bankrakyat.com.my/web/guest/maklumbalas. Customers can also email us their feedback at jkp@bankrakyat.com.my,or visit our social media channels at www.facebook.com/myBANKRAKYAT and twitter.com/myBANKRAKYAT.

At Bank Rakyat, all feedback and complaints received through telephone, email or facsimile transmittals must be acknowledged within 24 hours of receipt. All complaints are treated with urgency and in a fair as well as consistent manner. We aim to provide immediate resolution for telephone complaints, a three-day resolution period for complaints which require follow-up action and a 14-day period to resolve complicated complaints. The same applies for complaints received via email or fascimile transmittal.

Customers can also call Bank Rakyat Customer Service at 03-2697 5011/6011/7011, fax to 03-26129655 or email to aduan@bankrakyat. com.my. We have also put in place a clear process to ensure that all complaints are given equal attention with appropriate action taken. We benchmark our performance against a 85% satisfaction rating from our customers for the resolution of compaints and enquiries.

#### SAFEGUARDING FINANCIAL SYSTEMS SECURITY

As part of a comprehensive risk management plan, the Bank has established written policies and procedures to adequately control the identified risks and achieve the overall security objectives deemed necessary to protect the Bank and its customers.

#### Anti-Money Laundering and Fraud Awareness among staff

Branch and front-line staff are the first line of defence and have been adequately equipped for this role through training and refresher courses. This training includes updates on the Bank's processes specifically designed to prevent fraud. Our staff have also been equipped with skills to detect and report transactions suspected to be money laundering in nature. Our employees' alertness is the key to the prevention of these crimes.

#### **Privacy of Information**

The Bank's policies and procedures are designed to correspond to the sensitivity of the information, its complexity and the scope of the Bank's activities. In determining our privacy policies and security procedures, Bank Rakyat has considered the following procedures:

- Access rights to customer information;
- Access controls on customer information systems, including controls to authenticate and grant access only to authorised individuals and companies;
- Access restrictions at locations containing customer information such as buildings, computer facilities and records storage facilities;

- Encryption of electronic customer information, including while in transit or in storage on networks or systems;
- Procedures to confirm that customer information system modifications are consistent with the information security programme;
- Dual control procedures, separation of duties and employee background checks for employees with access to customer information;
- Contract provisions and oversight mechanisms to protect the security of customer information maintained or processed by service providers;
- Monitoring systems and procedures to detect actual and attempted attacks on or intrusions into customer information systems;
- Response programmes that specify actions to take when unauthorised access to customer information systems is suspected or detected;
- Protection against physical destruction of customer information; and
- Disaster recovery programmes to preserve the integrity and security of customer information should there be a computer failure or other technological failure.

Bank Rakyat 2014 Annual Report

# 2014's Significant Events



Bank Rakyat 60th Anniversary

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#### 14 January 2014

Bank Rakyat participates in the Maulidur Rasul march in Putrajaya

#### 17 January 2014

Bank Rakyat donates medical equipment to Muar Hospital, Johor

#### 17 January 2014

Mid Year Business Performance Management Conference 2014 at Tun Abdul Razak Hall, Menara Kembar Bank Rakyat



#### 24 January 2014

Bank Rakyat Management Conference at Awana Resort, Genting Highlands

#### 30 January 2014

Rakyat Xcess Cameron Highlands branch opens

#### 20 February 2014

Rakyat Xcess and Ar-Rahnu X'change, Chabang Tiga, Terengganu branch opens



#### 27 February 2014

IKON VARSITI BH 2013 Awards Ceremony at The Everly Hotel, Putrajaya

#### 28 February 2014

IKON VARSITI BH 2013 finalists visit Bank Rakyat

#### 8 March 2014

PEBARA 2014 Meeting - Headquarters, KL-Putrajaya and Selangor Level at Bank Rakyat's Multipurpose Hall

#### 12 March 2014

Tapping into Latent Potential Phase 2 Closing Ceremony at Tun Dr Ismail Hall, Putra World Trade Centre



#### 13 March 2014

2013 Financial Performance Announcement at Tun Dr Ismail Hall, Putra World Trade Centre

#### 2 April 2014

i-Takaful IKHLAS Credit Card Launch at The Royale Chulan Hotel, Kuala Lumpur

#### 5 April 2014

Annual General Meeting Bank Rakyat at the Malaysia External Trade Development Corporation (MATRADE)

#### 18 April 2014

Rakyat Xcess and Ar-Rahnu X'change Kuala Rompin, Pahang branch opens

#### 19 April 2014

Melaka and Negeri Sembilan (Nilai Springs Golf & Country Club) branch opens

#### 9 May 2014

Rakyat Xcess and Ar-Rahnu X'change Enstek, Nilai, Negeri Sembilan branch opens

#### 16 May 2014

Ar-Rahnu X'change Gemas, Negeri Sembilan branch opens

#### 23 May 2014

Managing Director/President Special Meeting at Dewan Tun Abdul Razak, Bank Rakyat Twin Towers (MKBR)

#### 29 - 31 May 2014

'Kesyukuran' (thanksgiving) Prayers in conjunction with the relocation to Bank Rakyat Twin Towers (MKBR), Jalan Rakyat

#### 8 July 2014

The signing of Memorandum of Understanding strategic collaboration between Bank Rakyat and ANGKASA at ANGKASA Headquarters, Wisma Ungku A. Aziz, Petaling Jaya

#### 11 July 2014

Iftar with the media at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR)

#### 14 August 2014

'Kesyukuran' (thanksgiving) Prayers in conjunction with the relocation to Bank Rakyat Twin Towers (MKBR) and Eid Celebration with corporate customers at Dewan Tun Abdul Razak, Bank Rakyat Twin Towers (MKBR)

Bank Rakyat 2014 Annual Report



#### 19 August 2014

Sending off ceremony for the crew of 'Salam Baitullah' programme at the Bank Rakyat Twin Towers (MKBR) lobby

#### 20 August 2014

Monthly seminar of Bank Rakyat Corporate Culture Programme (*Budaya Rakyat*) at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR) by Ustaz Harryanto Rizal Rokman

#### 28 August 2014

Bank Rakyat Credit Card-i 60 year special edition launch at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR) by Domestic Trade, Co-operatives and Consumerism Minister, Datuk Seri Hasan Malek

#### 8 September 2014

Memorandum of Agreement between Bank Rakyat and MARA at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR) by Bank Rakyat Managing Director/President, Datuk Mustafha Abd Razak and MARA Director-General, Datuk Ibrahim Ahmad

Bank Rakyat 60th Anniversary

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#### 8 September 2014

Memorandum of Understanding between Bank Rakyat and Sun Life Malaysia Takaful Berhad at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR)





#### 27 September 2014

60th Anniversary Corporate Dinner at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR)

#### 29 September 2014

Human Capital Development Session at Tun Abdul Razak Hall, Bank Rakyat Twin Towers (MKBR)

#### 15 October 2014

Bank Rakyat International Islamic Banking Conference Media Briefing at Tan Sri Sheikh Ahmad Hall, Bank Rakyat Twin Towers (MKBR)

#### 25 October 2014

Maal Hijrah Gathering at Putrajaya International Convention Centre, Putrajaya

#### 26 October 2014

Opening Ceremony of Teen Sepak Takraw Games BR-BH at Bank Rakyat Twin Towers (MKBR) by Bank Rakyat Managing Director/President, Datuk Mustafha Abd Razak

#### 27 - 28 October 2014

Bank Rakyat International Islamic Banking Conference at Kuala Lumpur City Centre



#### 1 November 2014

Environmental Week Celebration at Tasik Darul Aman, Jitra, Kedah, officiated by Kedah State Minister, Dato' Seri Hj. Mukhriz Tun Mahathir

#### 10 - 14 November 2014

Kuala Lumpur International Financial Forum (KLIFF) at Istana Hotel, Kuala Lumpur

#### 25 - 27 November 2014

Bank Rakyat School Holiday Festival 2014 at Alamanda, Putrajaya

#### 1 December 2014

Soft launch of main branch at Jalan Rakyat by Domestic Trade, Co-operatives and Consumerism Minister, Datuk Seri Hasan Malek

#### 5 December 2014

Main Branch Opening Ceremony and Rakyat Xclusive by Domestic Trade, Co-operatives and Consumerism Minister, Datuk Seri Hasan Malek and staff of Jalan Rakyat branch

#### 17 December 2014

Monthly seminar of Bank Rakyat Corporate Culture Programme (*Budaya Rakyat*) at Tun Abdul Razak Hall, Menara Kembar Bank Rakyat by Ustaz Zul Ramli Mohd Razali Bank Rakyat 2014 Annual Report



# Media **Highlights**

### Bank Rakyat sees more than 7% retail loan growth

Nasir Nik Rithauddeen. He said the bank is confident of

achieving the target based on the stable economic situation coupled with a positive projection for the local banking sector, especially in Islamic finance,
"Besides the retail sector, we are

Islamic Finance Conference.

The two-day conference will be held here from Oct 27, with some 500 participants expected to attend. Mohd Nasir said Budget 2015,

tabled by Prime Minister Datuk Seri Najib Razak last Friday, of-fered youths aged between 25 and hoping to see further improvement in 40 years with household incomes

KUALA LUMPUR: Bank Rakyat expects more than 7% loan growth for its retail sector next year, said chief corporate services officer Nik Mohd

Outpersonal loan growth by assisting not exceeding RM10,000 an opposite services officer Nik Mohd Nasir said at a briefing yester day on Bank Rakyat's International RM500,000. portunity to purchase their first homes at a cost not exceeding

"This will boost our personal loan business," he said.

On the Islamic finance conference, Mohd Nasir said Bank Rakyat is the first bank in Malaysia to organise such an event in collaboration with the International Sysrinh Research Academy for Islami Finance. - Bername

16 October 2014

nala Lumpur: Bank Ker jasama Ralcyat Malaysia (Bank Rakyar) menyasarkan untuk mencapai lebih daripada tujuh peratus dalam pertumbuhan pinjamannya melalui sektor peruncitan pada tahun depan. Ketua Pegawai Perkhid-

matan Korporatnya Nik Mohd Nasir Nik Rithauddeen berkata. Bank Rakyat yakin dapat mencapai sasaran terbabit berikutan pertumbuhan ekonomi yang baik dan unigram positif bagi sektor perbankan tempatan.

sektor peruncitan, malah tu-

nık Seri Najib Razak baru-ba-"Faktor usama yang me-

Persidangan yang bertemakan Perbankan Islam, Melepasi Asas itu membincangkan prinsip kejujuran dan ketelusan berpandukan svariah membabitkan pakar industri, penggiat, sarjana dan ahli akademik Penganjurannya dengan

berjasama antara Bank Rakyat dan Akademi Penvelidikan Syariah Antarabangsa untuk Kewangan Islam (ISRA).

Sementara itu, sebanyak

merangkumi bahan penye IIBC pada 27 hingga 28 Ok narik lebih 600 peserta.

Bank Rakyat adalal bank pertama di Malaysi yang mengadakan persida ngan seumpama ini. Jik samburannya menggalak kan, kami pasti akan me neruskan IIBC pada mas

### Bank Rakyat expects to achieve 7% loan growth in 2015

by R KAMALAVACINI

BANK Rakyat is expecting to achieve up to 7% loan growth in its retail banking sector next

ficer Nik Mohd Nasir Rithaud-dem said Bank Rakyat is confideen said Bank Rakyat is con-dent of reaching the target following steady loan growth backed by positive projection for the bunking sector. "Retail banking is our one business and it is currently contributing about 90% to

16 October 2014

Malaysian Reserve

Conference yesterday.

This year, Nik Mond said the loans growth that the bank is expecting will be up to 6%.

The demand for retail banour financial performance. It will still be our lead source of income, followed by personal loans which we expect to further improve in years to come due to more home loans king sector is there, it is a stable

come due to more home loans applications.

At the same time, we are also not longerling other sectors such as corporate financing, prosperty financing and other similar achemies which will help us perform better next year. He told reporters at a me-dia briefing on Bank Rakyarl International Islamic Finance segment," he added.
Commenting on the secent
2055 budget announcement by
the prime minister, Nik Mohd
said, "It would not leave any impact to the banking sector but I would say the budget is still positive for us."

Earlier, he said in consunction with Bank Rakyat's 60th anniversary, it is organising a two-day International Islamic Fi-nance Conference from Oct 27.

Bank Rakvat is the first bank in Malaysia to organise such an event, in collaboration with the International Shariah Research

Academy for Islamic Finance.
Themed "Islamic Banking,
Beyond Fundamentals", the
conference will address the
realisation of Islamic Shariahteatisation of finance southern led principles of honesty and transpacency and involve key industry experts, practitioners, scholars and academics.

#### The Egde Financial Daily

Bukan saja pertumbuhan

rut berharap pertumbuhan positif dalam sektor pinjaman peribadi melalui pemberian bantuan kepada rakyat Malaysia untuk membeli rumah, sambil menyasarkan untuk mencapai pertumbuhan enam hingga tujuh peratus dalam sektor peruncitan pada tahun ini.

rangsang sektor pinjaman peribadi adalah melalui Bajet 2015 yang sudah dibentangkan oleh Perdana Menteri Daru ini yang menawarkan individu berusia antara 25 hingga 40 tahun dengan pendapatan isi rumah tidak melebihi RM10,000, peluang membeli nimah pertama mereka yang berharga ridak lebih daripada RM500,000. bakal meningkarkan pertumbuhan pinjanyin peribadi," katanya selepas sidang media mengenai Persidangan Kewangan Islam Antarabangsa (IIBC) di sini, semalam

RMI juta kos perbelanjaan

lidikan dan kos lain yang ber kaitan dibelaniakan unm tober ini di Pusat Konvensye Kuala Lumpur diangka me

akan datang," katanya

## Mobd Nasir beramah mesra pada sidang Bank Rakyat, ISRA anjur persidangan

antarabangsa

Kuala Lumpur: Sempena ulang tahun ke-60, Bank Rakyat bekerjasama dengan Akademi Penyelidikan Syariah Antarabangsa (ISRA) menganjurkan persidangan antarabangsa di Pusat Konvensyen Kuala Lum-pur, pada 27 dan 28 Oktober ini.

Bertemakan Perbankan Islam Menjang-kati Keperluan Asas', persidangan itu akan menampilkan panel jemputan dari dalam dan luar negara untuk berkongsi mahlumat

maklumat mengenai perbankan Islam. Ketua Pegawai Perkhidmatan Korporat Bank Rakyat, Nik Mohd Nasir Nik Rithauddeen, berkata persidangan itu mem-bolehkan lebih 500 peserta berkongsi idea dan meningkatkan pengetahuan menge nai perbankan Islam dalam bidang ke-

#### Kumpul ahli akademik, pakar

Persidangan ini adalah satu medan untuk membina rangkaian yang kukuh dalam industri. Ia juga dapat mengumpul ahli akadenik dan pakar industri ini ke arah pembangunan modal insan, katanya pada sidang media, semalam.

Yang turut hadir, Pengarah Operasi IS-RA. Abu Bakar Sidek dan Ketua Pegawai Perbankan Runcit Bank Rakyat, Ahmad Suhaimee Mohammed Yassin.

Nik Mohd Nasir berkata, persidangan kali pertama itu akan diteruskan pada masa depan, tertakluk kepada sambutan yang diterima.

Berita Harian 16 October 2014

**Bank Rakvat** 

60th Anniversary

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16 October 2014

### Bank Rakyat unjur kenaikan 7% pinjaman runcit tahun hadapan

KUALA LUMPUR — Bank Kerjasama Rakyat Malaysia Bhd. (Bank Rakyat) mengunjurkan pertambuhan pinjaman sektor rancitnya melebihi tujuh peratua pada tahun hadapan.

tujuh perritua pada tahun hadapan, Menurut Pegawai Perkhidmatan Korpoera Banik Raleyat, Nik Mohd. NasieNik Bithauddeen, banik diu yakin menenapai sasaran tersebat berdasarkan kedadukan ekonomiyang stabil selain unjuran positif sektor perbanikan terupatan terupatan terupatan terupatan terupatan terupatan bersalamanya dalam sektor lawangan lalam.

Selain sektor runcit, "Selain sektor runcii, kami berbarrap pinjuman peribadi akan terus men-ingkat dengan membeli-rumah," katanya kepada pemberika selepas tak-limat mengenal Persi-dangan Kewangan Islam Antarahangsa Bank Raky-at di sini semalam. Persidangan selama das

Persidangan selama dua hari bermula pada 27 Ok-

dihadiri kira-kira 500 cerang peserta. Nik Mohd, Nasir men-gulas mengenai Bajet 2015 yang diberitangkan Perdana Menteri, Datuk Seri Najib Tun Razik min-ggu lalu yang menawa-kan peluang kepada bela berusia netara 25 dan 40 berusia antara 25 dan 40 tahun dengan pendapa-tan isi rumah tidak nelebih RMI0,000 membeli rumah pertama mereka pada harga tidak melebih RMS00,000 "Ini akan merangsang perniagaan pinjaman perloadi kami," ujarnya. Mengenai persidangan tewangan Islam itu, be-liau berkata, Bank Pakyat merupakan bank pertama di Maluysia yang mengas-jurkan asara seumpama

jurkan acara seumpama itu dengan kerjasama Akademi Penyelidikan Syariah Antarabangsa un-tuk Kewangse Islam.

## Bank Rakyat: 2015 loan growth to exceed 7%



The Sun 16 October 2014

## Dipacu sektor perbankan runcit

BANK Rakyat menjangka kan pertumbuhan pembiaya an pinjaman mencapai lebih tujoh peratus pada 2015 yang dipacu oleh sektor perbankan runcit, kata Ketua Pegawai Perkhidmatan Korporatnya, Nik Mohd Nasir Nik Rithunddeen

"Kami yakin mencapai jungkaan tersebut kerana pertumbuhan pembiaya-an pinjaman pada tahun ini mpir mencapol saturan laiba enam hingga tojuh peratus. Ia juga dipocu oleh sektor perbirdon runcić kitanja selepis mengadakan Taklimat Media Bank Rakyat mengamum kan Penidangan Kewangan Islam Arstarabangsa di Kuala Lumpur, semalam

pengetahuan dan kepakaran mereks "Pensidangan ini diadakan

untuk menyedakan plitform untuk berkongsi asas-asas Perbankan Islam dari kaca mata peaktilial, undang-undang dan akademik? katanya

Katuwa, persidongan itu diadalan sempena ulang ta-hun ke-60 Bank Rakyat, la diadalam decemb keriasama International Shariah Research Academy (ISRA), yang meropakan persidangan kewang-an Islam pertama mereka.

27 hingga 28 Oktober di Pusut

#### Sinar Harian

16 October 2014

16 October 2014



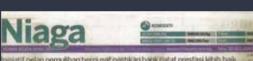
#### **Utusan Malaysia**

24 March 2015



24 March 2015





## Bank Rakyat unjur NPL 1.7 peratus

24 March 2015

24 March 2015

## **Bank Rakyat umum** dividen 15 peratus

**Berita Harian** 

24 March 2015



## **Bank Rakyat catat untung**

mente Git kepadi RML90 biben pada 2014 ber-landang RML91 biben pada biban peda mena-sian 27 peranta atau RMSL 25 pata.
Menteri Perdagangan Dalam Negeri, Koperandin Kepengaman (RPDNKK) Dandi. Seri Hana Malek berlata, barik itu juga men-catathan keustangan sebekum cukai dan sakat setinggi sesiaat ini RM2.16 biban bagi biban kerangan berabah II Disember 2014. Katauya, pempumbang keustangan ini ialah pendapatan perdainyan dan perbendaharan. Pendapatan kasar bagi bank kekal tinggi BM5.38 biban yang mana pendapatan darpa-

Estamen di Kisala Lampur, sensalam Turut hada: Tambalan Menteri KUDNINK, Datak Seri Ahmad Bashah Md Hanipah, Ketua Setaunaha KPDNIOK, Datak Seri Alais Ahmad

Setianatha KPDNGK, Danid Seri Alas Ahmed dan Phagensia Beschotti Sambanjana Koperini Mallanda, Datuk Nik Ali Mat Yumas. Huasa Jaga mengamarukan pembayana dindan tunu 15 peratus (FM450 jula) lapada 9/2/200 anggota Bank Rahyat bogi tahun 2014. Sementara ita, Pengantah Urusan Bank Rahyat, Datuk Mustafba Abdul Razak berhata,

Bank Rakyat menjangkakan pertambahan la hangsi eram peratus pada 2015.

#### **Sinar Harian**

24 March 2015



## **Bank Rakyat komited** kurangkan NPL 1.7%

**Utusan Malaysia** 

24 March 2015

**Bank Rakyat** 2014 Annual Report

## Achievements & Awards 2014

Bank Rakyat continues to gain recognition for its success. The awards, achievements and recognition received by the Bank in 2014 are as follows:

NO.1

**BEST ISLAMIC BANK 2014** Global Islamic Finance Award (GIFA)

NO.1

**BEST MANAGED BANK MALAYSIA 2014** International Finance Magazine (IFM)

**BEST SHARIAH PROGRAMME** Mastercard

Bank Rakvat 60th Anniversary

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**CEO OF THE YEAR** 

(DATUK MUSTAFHA HJ. ABD RAZAK) **National Award For Management Accounting (NAFMA)** 

**BUSINESS MANAGER OF THE YEAR 2014** 

(GENERAL MANAGER RAKYAT MANAGEMENT SERVICES) National Award For Management Accounting (NAFMA)

**World Ranking** 

**Country Ranking** 

**Long Term** 

**Short Term** 

THE BANKER TOP 1000 WORLD BANKS

RAM FINANCIAL INSTITUTION RATING



RUNNER UP BURSA SUQ – AL-SILA' TOP CTP 2013

Bursa Malaysia

**2014 Best** Domestic Commodity Trading
Participants
Bursa Malaysia

**Global Islamic Finance Award** (GIFA)

International Finance Magazine (IFM) Awards

> TOP CTP BURSA SUO AL-SILA



Bank Rakyat 2014 Annual Report





# 1971

Our mascot Nuri played a crucial role in teaching school children to save money for their future.





# CHAIRMAN'S STATEMENT

Bank Rakyat 60th Anniversary

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(السالام عليكم ورجهة الله وبركاته

Dear members and shareholders,

2014 marks the 60th year since Bank Rakyat was established on 28th September 1954 as Bank Agong Kampong Berkerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad (Bank Agong) from a consortium of 11 union banks, with assets valued at RM2 million. The establishment of Bank Agong was primarily aimed at elevating the socio-economic status of the rural agricultural community, providing opportunities for self-enhancement and building a brighter future for their families as well as their immediate communities for the stability and prosperity of our emerging nation.



#### Chairman's Statement

The mission was: 'To help improve the economic well-being of members by providing financing facilities at an affordable rate for agriculture, production, marketing, industry, fishing, transportation, housing and business activities deemed beneficial to members and to also promote thrift and savings'. 60 years on, the original mission of the Bank remains but the Bank has evolved into the nation's biggest Islamic Co-operative Bank and the second largest Islamic bank with assets exceeding RM89 billion, 924,551 members, 4,640 employees and five million customers.

The robust foundation-built over the past six decades has positioned Bank Rakyat as an accomplished manager and provider of Islamic banking and financial services, that continues to offer innovative banking and financial products that answer to the needs of the burgeoning economy and the sophisticated demands of the growing customer base. The numerous awards and accolades awarded to the Bank are testimony to the accomplishments and capacity of the Bank as the rakyat's Choice Bank.

I laud Bank Rakyat's efforts thus far and commend its energies which is now more focused not only on growing the Bank's development finance institution infrastructure - its original mandate, but also on the provision of numerous strategic Islamic finance products and services that improve the livelihood of our agro-based rural community, the hawkers and traders as well as small-time business owners in the rural and urban areas. This emphasis contributes volumes to our aspiration to be the preferred provider of development finance, consumer and commercial banking products and services based on Shariah principles.

Bank Rakyat 60th Anniversary



#### **DELIVERING ON OUR VISION**

For us to deliver on our vision - 'Bank Rakyat, Your Choice Bank', modern infrastructure, strategic resources that comprise our assets, capacity and talent are the key pre-requisites to drive the Bank towards the successful achievement of our corporate and business objectives.

Despite the inherent challenges posed by intense competition, strict Bank Negara Malaysia guidelines on Personal Financing due to the growing household debt and dearth of skilled talent, I am elated that the Bank has successfully overcome these obstacles to deliver on our commitment to our members and shareholders.

I commend the Managing Director and his team who have taken positive steps to define a distinct road map towards ensuring the Bank's sustainable growth with the launch of the Strategic Direction Plan (2013 – 2017). This Plan incorporates the strategic development of modern banking infrastructure and efficient utilisation of manpower as well as technology that facilitates capacity-building. The augmented capacity serves to enhance service excellence through efficient and friendly counter service, expanded branch network and delivery channels such as Automated Teller Machines (ATMs) and Cash Deposit Machines (CDMs), innovative financial and value-adding products as well as services.

#### **CONTINUAL REMARKABLE PERFORMANCE**

It is with great pleasure that I have the privilege to announce Bank Rakyat's impressive performance in 2014. Total gross income of RM5.98 billion, continuing to exceed the RM2 billion mark for profit before taxation and Zakat at RM2.16 billion as well as net profit that increased to RM1.38 billion. The Bank's current assets total RM89.18 billion and the Return on Average Asset at 2.52%, is the best in the financial industry outdoing our closest competitors.

Alhamdulillah, Bank Rakyat has achieved tremendous progress spearheaded by Bank Agong's initial asset of RM2 million 60 years ago. From Bank Agong's modest office in Bukit Mertajam, Seberang Perai and Bank Rakyat's first branch located in a shop-house at Sungai Petani, Kedah in 1968 – Bank Rakyat has made impressive strides to deliver on its mission. On the global front, Bank Rakyat ranks 273 place among the world's biggest banks according to The Banker's Top 1,000 Biggest Banks listing and is rated in the second tier with an AA2 rating. I take this opportunity to applaud the Managing Director and his team for such notable accomplishments.

#### TRANSFORMING FOR SUSTAINABILITY

The theme for this 2014 Annual Report is 'Delivering value in everything we do through excellence'. The excellent delivery of our services can only be successfully accomplished when we are equipped with a positive corporate culture and the employees 'Walk the Talk'. Since 2007, Bank Rakyat's corporate culture has been driven by the Bank's credo: Budaya R.A.K.Y.A.T;



In 2014, the Budaya Rakyat credo was modified and re-launched to instil values that are more in tune with the demands of the present business environment and to ensure alignment to the current corporate agenda.

Bank Rakyat 2014 Annual Report

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As a result, the augmented Budaya Rakyat values convey more meaning and serves to influence employees' productivity, with the Human Capital Sector entrusted to drive the development of the Bank's human capital in congruence with the demanding needs of the business. I take this opportunity to commend Bank Rakyat's employees for their resolve to transform, adopting a positive working culture to deliver value in all that they do. This transformation is pivotal to the sustainability of the Bank's growth in the years to come.

#### **EXERCISING RESPONSIBLE CORPORATE CITIZENSHIP**

As Malaysia's biggest co-operative bank operating 100% on Shariah principles and with revenue exceeding RM5.9 billion FYE 2014, Bank Rakyat's corporate citizenship plays a meaningful role in the nation's socio-economic landscape. This role, includes assisting the government to realise its vision in making the co-operative movement the third engine of economic growth and a significant contributor to the Gross Domestic Product (GDP) which stood at more than RM1 trillion in the last quarter of 2014.

#### Chairman's Statement

Bank Rakyat is well positioned to institute socio-economic changes to our customers, members and the immediate communities where we operate, the co-operative movement and to the employees and the nation.

Our solid financial position, fund accessibility, prudent banking practices, as well as our policies, afford us a platform to form strategic partnerships to assist the various economic sectors. We have the capacity to offer Shariah-compliant financing facilities to co-operatives, traders, hawkers, entrepreneurs as well as small and medium-sized enterprises and industries (SMEs and SMIs) that require financing for project management and business expansion.

Our 924,551 members are among the key beneficiaries of our success. For the year under review, 15% of the Bank's profits were distributed to our members in the form of dividend payments. Although Bank Rakyat has been more than successful in generating profits, one of our core mandates is to give back to the communities in which we operate via various value-added programmes that offer socio-economic benefits.

One of these programmes is the Yayasan Bank Rakyat (Bank Rakyat Foundation) which was established on 16th May 2007 and is aimed at enhancing educational achievement among the nation's poor, regardless of race, religion or creed. Up to November 2014, the Foundation has sponsored 1,629 students at public and private institutions of higher learning, out of which 18 graduates have been employed by the Foundation and Bank Rakyat, with financial provisions amounting to RM45.1 million.

**Bank Rakvat** 

#### **ACCELERATING ONWARD**

As we approach the second half of this decade, the success of our road map – which involves talent management re-structuring, modern infrastructure and innovative Shariah-compliant products and services, will have a marked impact that delivers immense value to our stakeholders.

Seeking the indulgence of my colleagues on the Board, I am quite excited about our future prospects and confident about the potential to extend our presence and services so as to improve service deliverability, thereby supporting the Rakyat in achieving their financial goals and aspirations.

Towards this, we will continue on our capacity-building and enhancing the capabilities of our resources, ensuring that our people remain steadfast in continually improving service delivery in the face of growing competition. I am confident that the senior management team would continue to identify and implement initiatives to advance and enhance service delivery towards our vision to be 'Your Choice Bank'.







### A GARLAND OF GRATITUDE

On behalf of the Board members, I acknowledge and appreciate the valued support from the Ministry of Domestic Trade, Co-operatives and Consumerism, the Malaysia Co-operative Societies Commission, the Ministry of Finance, Bank Negara Malaysia, related regulatory bodies and our key stakeholders – members, customers, employees, suppliers and strategic partners, who continue to be the driving force of our remarkable success.

I take this opportunity to record my deep appreciation to fellow Board members of Bank Rakyat and our subsidiaries for their teamwork and astute counsel that contributed to the Bank's continual progress despite inherent challenges. Simultaneously, I speak on behalf of my colleagues on the Board when I acknowledge the diligence, dedication and commitment of every employee in the Group who have contributed immensely towards the Bank's success. Our sustainable journey endures and we need everyone in unison to uphold the achievement of our mission.

Bank Rakyat 2014 Annual Report

**DATUK MAT NOOR NAWI** Chairman



# PERFORMANCE REVIEW BY MANAGING DIRECTOR/ PRESIDENT

From its first branch at a shop-house in Sungai Petani, Kedah, Bank Rakyat has ascended great heights to emerge as the premier Islamic Co-operative Bank in Malaysia with a new corporate office at the magnificent Bank Rakyat Twin Towers in Kuala Lumpur. After 60 years, from its humble beginnings as Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu or Bank Agong - a consortium of 11 union banks with assets of RM2 million, Bank Rakyat continues to record continual success with RM89.18 billion in total assets.

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Alhamdulillah by the grace of Allah, with the valued contribution from the Bank's customers, co-operative members and employees, our total gross income for FYE 2014 was RM5.98 billion with profit before tax and zakat exceeding RM2 billion. It is pertinent to note that our income and profits are generated solely from our fully Shariah-compliant consumer banking operations unlike other commercial banks that have investment banking, conventional banking and revenue from regional and international operations. Given the challenging business environment in 2014, where industry players were intensely competing for a bigger slice of market share, Bank Rakyat continues to confound critics to maintain its position as the biggest Islamic Co-operative Bank in Malaysia and the second largest Islamic financial institution based on Shariah assets.

It is with immense pleasure that I put on record that this is the fourth consecutive year that the Bank has continued to exceed the RM2 billion mark for profit before tax and zakat which stands at RM2.16 billion. For FYE 2014, our net profit increased to RM1.96 billion supported by gross income of RM5.98 million with Earnings per Share (EPS) at 66 sen and current assets totaling RM89.18 billion, with our Return on Average Assets (ROA) stands at 2.52%, the best in the industry.

The return on average Shareholders' Fund (ROSF) was at 18.21% for FYE 2014 with 15% payment of dividends. Financing and advances were at RM60.48 billion, the Risk-Weighted Capital Adequacy Ratio (RWCR) was at 19.66% and Return on Equity was RM1.38 billion. Deposits and Savings at RM68.52 billion was an improvement over 2013's RM65.30 billion. Bank Rakyat has certainly come a long way from the original Bank Agong's assets of RM2 million 60 years ago.

The Bank's emphasis on quality and prudent asset management has contributed to fortify our financial position, a strategy employed to comply with the requirements of Basel III standards. This global standard requires banks to hold Tier 1 common equity equal to 4.5% and 6% of a bank's risk-weighted assets. In the international arena, Bank Rakyat ranks 273rd place among the world's biggest banks, according to The Banker's Top 1,000 Biggest Banks listing and is rated in the second tier with an AA2 rating.

#### STRENGTHENING CAPABILITY TOWARDS TRANSFORMATION

New strategies designed as part of the Bank's transformation programme were introduced to support the growth in financing activities. A re-evaluation of all aspects of our banking business resulted in an increase in financing activities as our main focus for 2014.

Consumer banking continues to be the mainstay of our financing business but we are introducing several new products to reduce overdependence on personal financing. Property financing, hire-purchase, credit card and pawnbroking are being re-branded and aggressively marketed. Despite personal financing being the Bank's key offering to government employees, we are moving away from their general misperception that Bank Rakyat is only about personal financing and introducing our latest and re-branded financial products to our existing database.

Commercial banking is another potential area of growth despite accounting for only 11% of the Bank's total financing portfolio. During the year under review, we have put in place improvements to our credit analysis capabilities, the knowledge as well as skills of our employees and approval procedures to ensure this prospective growth area continues to show a positive contribution to our income.

Given our large pool of members – more than 950,000 of them representing 2,000 co-operatives, only 40% of them have a banking relationship with the Bank. Going forward, our emphasis will be on growing this segment as we continue towards sustainable growth. Leveraging our humble beginnings as a consortium of 11 union banks, we are determined to become the main banker for all co-operatives in Malaysia.

As the Bank continued in the first phase - Strengthening capability and management of risk (2013 - 2014), of our five-year Strategic Direction Plan (2013 - 2017) we have to be resolute in our efforts towards diversifying and growing Bank Rakyat's core areas of consumer and commercial banking in order to sustain growth. Delivering value through all that we do is our path towards sustaining progress and maintaining our leadership position in the industry.

#### **DELIVERING VALUE IN ALL THAT WE DO**

Our theme for the 2014 Annual Report is 'Delivering value through excellence'. How did we achieve this? At Bank Rakyat, we delivered value through good customer service, we offered competitive rates, we capitalised on accessible delivery channels and we accomplished all of this through a positive corporate culture among our 4,640 employees. As a 100% Islamic bank we embrace Shariah principles in everything that we do and as such service with excellence is at the core of our dealings with customers, our members and stakeholders.

The Bank's exemplary score in its Customer Perception Index (CPI) - benchmarked against other leading industry players has proven that our customers endorsed our efforts to improve their banking experience. From a survey conducted in 2014, we learned that our customers are happy with the level of service that they receive at the front-line and there has been a marked improvement in the CPI benchmark - 7.27 in 2014 compared to 6.55 in 2008. This is commendable considering that the highest industry CPI achievement in 2014 was 7.54. However, it is imperative that the Bank improves our range of product offerings as well as our infrastructure to meet the expanding needs of sophisticated, younger customers within a burgeoning economy.

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Despite the laudable achievement this is not the time for resting on our laurels. We need to continue to provide competitive rates that outdo our competition, diversify our product offerings, continue to improve our customer service and our delivery channels to attract the various different profiles of an expanding customer base, many of whom are IT-literate. Our i-Rakyat Internet banking platform, is one such initiative that is aimed at attracting the younger customers from Generation 'Y' and offer Bank Rakyat as the most appropriate channel to engage with this empowered client base i.e. our official website, Facebook and Twitter.

#### DELIVERING VALUE THROUGH CUSTOMER SERVICE

Superior customer service is the foundation of success for any financial institution and this is no less so for Bank Rakyat, as we depend on customer satisfaction among our customers to drive our business.

The Bank's 2014 corporate strategy was built on our drive for service excellence to deliver value. We need to live up to our tag-line, 'Your Choice Bank' by continually delivering excellent service to our five million customers to enhance their banking experience with Bank Rakyat.

**Bank Rakvat** 60th Anniversary We are cognisant that to achieve service excellence our processes and procedures need to deliver efficiency at all levels but especially at the branches, where reducing waiting time and offering innovative products are but two of the strategies employed to excite our customers and keep them coming back to Bank Rakyat.

> Towards this, we are transforming our human capital – a key enabler of our 2014 corporate strategy, reviewing our systems and procedures, innovating new banking and financial products and expanding our branches as well as our capabilities to meet the increasing demands of our customers and potential customers.

> We also have a programme to re-locate our branches to new growth areas to optimise resources and continue to serve our customers where we are needed most.

> Despite the laudable achievement this is not the time for resting on our laurels. We need to continue to provide competitive rates that outdo our competition, diversify our product offerings, continuing to improve our customer service and our delivery channels to attract the various different profiles of an expanding customer base, many of whom are IT-literate. Our i-Rakyat Internet banking platform, is one such initiative, is aimed at attracting the younger customer from Generation 'Y' and offers Bank Rakyat the most appropriate channel to engage with this empowered client base i.e. our official website, Facebook and Twitter.

#### **DELIVERING VALUE THROUGH COMPETITIVE RATES**

During the year under review, Bank Rakyat's financing disbursement totalled RM12 billion, in line with our business objectives for 2014. The Bank's focus was to increase financing activities in other areas besides personal financing with new strategies as had been laid out in our Strategic Direction Plan 2013 - 2017.

Our goal was to strengthen the Bank's commercial banking capabilities to reduce our dependence on Personal Financing that has seen a drop to 40% of market share compared to 70% seven years ago. Property financing, hire purchase, credit card and pawnbroking activities now have dedicated sales teams to increase the Bank's presence in the market and to generate better revenue for the bank.

Delivering value through offering competitive rates provided a window of opportunity since Bank Rakyat's rates are five basis points higher than our competition.

#### DELIVERING VALUE THROUGH CORPORATE CULTURE

Bank Rakyat's corporate culture is driven by the Budaya R.A.K.Y.A.T. -Rajin; Amanah; Kompeten; Yakin; Akhlak mulia; and Tagwa, which was launched seven years ago to instil a positive working culture among our employees. In 2014 we re-launched Budaya Rakyat and revised those values and the HR mission to ensure alignment to the corporate agenda and deliver on our goal to deliver value through our enhanced corporate culture. As a result, the HR mission is now the trusted driver of human capital development corresponding with the business direction. The Budaya R.A.K.Y.A.T. values have been enhanced to be more meaningful and inspire employees:

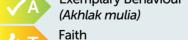
conduct

& D	Diligent
	(Rajin)
~	Trustwort

: Work diligently and proactively meet expectations : Trustworthy in every aspect of work

: Be an expert who is eager to learn and seek new knowledge

Confident : Possess knowledge required to gain trust and influence others **Exemplary Behaviour**: Constantly uphold the values of HR



(Amanah)

Competent

(Kompeten)

(Yakin)

(Taqwa)

: In daily interactions, to observe all Islamic values and consider the feelings of others



At Bank Rakyat, we recognise that the most crucial factor in the Bank's long term growth and prosperity lies in the quality of its human capital. A human resource governance review commissioned by the Bank identified key areas within the human resource infrastructure and processes which posed a risk to the Bank. As such, a HR Blueprint that aligns human resource investment with the Bank's strategy is pivotal to the success of the Bank's transformation. The 43 initiatives within the HR Blueprint designed to transform our human capital during the Strategic Plan (2013 - 2017) period will be the key enabler to the success of our strategy.

#### DELIVERING VALUE THROUGH INNOVATIVE DELIVERY CHANNELS

Technology and the internet have proven to be among the driving force behind most modern, transformation processes. For Bank Rakyat, we aim to identify delivery channels that can yield better productivity for the Bank, enhance efficiency and deliver better value to our customers.

Bank Rakyat's new corporate website launched on 2nd January 2014, now features a vibrant, contemporary and user-friendly design that offers improved customer/user interfacing. The new i-Rakyat banking platform, incorporating improved user experience, is envisaged to appeal to the sophisticated Generation 'Y' users who are a target market moving forward. With the innovative delivery channels being planned for and installed, we aim to increase our registered i-Rakyat users from the current 150,000 customers.

We have also expanded our branch network which now stands at 147 branches compared to 144 in the previous financial year. Our Automated Teller Machines (ATMs) and Cash Deposit Machines (CDMs) have also been increased expanded 700 during the year under review, to offer accessible banking facilities to our customers thereby delivering value to our customer experience.

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#### SIX DECADES OF ACHIEVEMENT

The Bank celebrated our Diamond Jubilee in September 2014 and this historic occasion was made significant with a dedicated marketing campaign to augment our 60 years' contribution to the nation's economic history. During these past 60 years, as Malaysia's biggest Islamic Co-operative Bank and the second largest Islamic bank, it is with humble pride that I declare that Bank Rakyat has made substantial strides in the nation's socio-economic landscape as a successful and caring corporate citizen.

#### MAINTAINING FINANCIAL SUSTAINABILITY

Initiatives undertaken to maintain safe and sound operating conditions

Strategic actions	Performance Target 2014	Actual Performance 2014
Issuance of SUKUK	Issuance of RM3.00bil	Issuance of RM3.00bil
Financing to Deposit Ratio	≤ 90%	88.04%
Retail : Corporate Deposit	20:80	20:80
Growth in Financing	5%	5.58%
Sustainable in profit	RM2.00bil	RM2.16bil
Return on Shareholders' Fund (ROSF)	≥ 15%	18.30%
Cash liquidity	Positive	Positive
Risk Weighted Capital Ratio (RWCR)	≥ 12%	19.63%
Non Performing Financing (NPF) Ratio (gross)	≤ 2.5%	2.05%
Return on Assets (ROA)	≥ 2%	2.52%
Top 10 depositors	≤ 30%	23.89%

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Alhamdulillah, we fulfilled our 2014 business objectives of increasing our profit before tax and zakat exceeding the RM 2 billion benchmark for yet another year - RM2.16 billion compared to RM2.13 billion for 2013, total assets of RM89.18 billion growing from RM82.88 billion in FYE 2013 and financing disbursement at RM12 billion. Risk management was improved due to capacity building; we recruited more talent for specialised jobs and strengthened our commercial banking capabilities.

It is most heartening to put on record that despite the inherent challenges and through our prudent banking practices we have been able to increase revenue and secure healthy reserves that served and maintain profits.



During the year under review, we successfully fulfilled our Key Performance Inidicators (KPIs) in five areas:

- Increased financing beneficiaries for our Program Transformasi Kedai Runcit (TUKAR) 305 compared to 266 in 2013
- Increased financing beneficiaries for our *Pemodenan Bengkel Automatif* (ATOM) programme 208 compared to 178 in 2013
- Increased the number of Ar-Rahnu X'change outets to seven compared to six in 2013
- Increased the number of co-operatives appointed as Bank Rakyat service representatives (WKBR) by six in addition to the nine representatives in 2013 o MPPK-i



I also have the privilege to announce that Bank Rakyat continues to receive accolades from the industry and for 2014, we were voted the Best Islamic Bank by the Global Islamic Finance Award (GIFA), Best Managed Bank Malaysia by the International Finance Magazine, CEO of the Year by National Award for Management Accounting (NAfMA), RAM financial institution rating - Long term: AA2 and short term: P1, Best Shariah programme by Mastercard, Business Manager of the Year (awarded to the General Manager of Rakyat Management Services) by NAfMA and 1st runner-up of Bursa Suq- Al-Sila Top CTP 2013 by Bursa Malaysia.

Before I conclude, I take this opportunity to record our deep appreciation to Yang Berhormat Dato' Sri Hasan Malek, the Minister of Domestic Trade, Co-operatives and Consumerism, the Malaysia Co-operative Societies Commission, the Ministry of Finance, Bank Negara Malaysia, our members and our customers for your continual support to Bank Rakyat.

At the same time, I would like to convey my deep gratitude to the Chairman, Board of Directors, members of the Shariah Committee and the Management Committee who have selflessly contributed their expertise, knowledge and time towards the achievement of our single-minded vision – to ensure our continued growth and sustainability.

Bank Rakyat 2014 Annual Report

Last, but certainly not least, I offer my heartfelt appreciation to my fellow employees - all 4,640 of them, for their dedication and commitment in consolidating all of the Bank's strategies during 2014, in exceeding our targets and supporting this illustrious institution that we value so much and pledge our loyalty to. May Allah bless our efforts.

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and

**DATUK MUSTAFHA HJ. ABD RAZAK**Managing Director/President





# E

### **Economic Environment in 2014**

Malaysia's economic growth was stronger in 2014 mainly benefitting from the recovery in export activity and sustained domestic demand. Malaysia registered an average growth of 6.4% year-on-year in terms of real Gross Domestic Product (GDP) in 1H 2014 (2H2013: 4.9%; 1H2013: 4.5%). Exports expanded robustly during the first two guarters of the year, supported by foreign demand for manufactured products, particularly the electrical and electronic (E&E) products. During the period, Malaysia's exports grew by 8.3% year-on-year (2H2013: 5.2%; 1H2013:-3.9%). Interestingly, the robust recovery in the external demand took place despite a weaker-than-anticipated US economic growth in 1Q 2014 in the most part due to bad weather conditions. Going into the latter half of the year, growth momentum was relatively slower than the first half. Both industrial production and export activity reported slower growth. Despite the slower momentum in the second half, Malaysia's economic was stronger than anticipated, growing by 6.0% during the year (2013: 4.7%). On the back of export recovery, the country's current account balance improved to 4.4% of GNI (2013: 3.6% of GNI).

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Apart from a more encouraging performance in the external sector, Malaysia's economic growth was supported by sustained expansion in domestic economic activities despite greater challenge from rising cost of living. On the price development, inflation rate had been trending higher, averaging around 3.4% in 1H 2014 (2H2013: 2.6%; 1H2013: 1.6%). The elevated inflation was due to adjustment in domestic prices, after the government continued its subsidy rationalisation programme. This resulted in upward adjustments in the electricty tariffs (in January 2014) and petrol prices (in October 2014), which contributed to higher cost of production for businesses. For the whole of 2014, consumer price inflation averaged at 3.1% (2013: 2.1%). Despite higher inflation, private consumption sustained a healthy expansion of 6.7% year-on-year in 1H 2014 (2H2013: 7.8%; 1H2013: 6.6%). The sustained increase was backed by income growth and favourable labour market conditions. Unemployment rate remained below 3% from April 2014, down from 3.3% at the start of the year. The positive employment growth had contributed to the decline in the unemployment rate. Ahead of the Goods and Services Tax (GST) implementation which will be in effect from April 2015, households might have brought forward their purchasing plans in view that the GST would further push inflation higher in 2015.

On the supply side, most economic sectors registered stronger expansion in 1H 2014, with construction maintaining a doubledigit growth and the services sector showing sustained growth at 6.4% (2H2013: 6.5%; 1H2013: 6.2%). Construction was particularly supported by ongoing infrastructure projects such as MRT and LRT extension and to a certain extent construction of residential properties. However, the property market has been in a cooling phase impacted by the tightening measures introduced by the government. Amid the sluggish market environment, developers had highlighted an increased property overhang and difficulty of purchasers to obtain financing following tighter credit standards adopted by banks. Meanwhile, the sustained growth in the services sector was contributed by stronger growth in the wholesale and retail sub-sector and stable growth in the communcation sub-sector, which benefited from the strong demand for data communication services. The manufacturing industry reported better growth driven by increased E&E output, while production in the agriculture sector improved on higher palm oil production.

Following the stronger growth performance and elevated price pressures in the first half of the year, Bank Negara Malaysia (BNM) hiked the Overnight Policy Rate (OPR) by 25 basis points to 3.25% after its July 2014 Monetary Policy Meeting. BNM also highlighted the risk of financial imbalance in keeping the interest rate at a low level, for too long. From the November 2014 meeting, the monetary authority kept the OPR unchanged at 3.25% and highlighted the heightened downside risks from the external economic environment. This can be explained by concern over slowdown in China and the continued struggle in the euro area to emerge out of sluggish economic condition accompanied by weakened demand condition, as reflected in subdued price pressures.

While the country saw growth momentum began to moderate in the latter half of 2014, the global crude oil prices went through a sharp correction especially in the final quarter of the year. The West Texas Intermediate (WTI) crude oil price declined and ended the year 40% lower from the highs of around US\$105 per barrel in the middle of the year. During the earlier part of the year, crude oil prices rose to above US\$100 per barrel pushed by concerns over the geo-political risks from the Russia-Ukraine tension and violence in Iraq and other Middle Eastern countries. However, the decline in oil prices intensified in the second half of the year due to oversupply in the global crude oil market, exacerbated by the decision by the OPEC countries to maintain their production levels. By January 2015, oil prices fell below US\$50 per barrel.



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In response to the changing economic environment, the Malaysian ringgit weakened due to concerns over the impact of low oil prices on the government's fiscal revenue as well as to the overall economy. The ringgit had depreciated and closed at a 5-year low of RM3.498 per US dollar by the end of the year. To a certain extent, this can be attributable to the capital outflows from the emerging markets, including Malaysia, as the US dollar strengthened against other currencies. The capital outflows from the emerging markets were driven by the expectations that the US Federal Reserve (Fed) will begin to hike its policy interest rate sooner as the US economy continued to recover and the US labour market condition continued to show improvement, with the unemployment rate falling to pre-Global Financial Crisis level.

One of the significant developments in the global financial market was the decision by the US Fed to end their asset purchase programme (quantitative easing, or QE in short) in October 2014, after paring down the purchase by US\$10 billion each month since January 2014. While this development was more supportive of the US dollar strength, the decisions by the European Central Bank and the Bank of Japan to inject additional liquidity to counter weak economic momentum in both the eurozone and Japan were seen to be supportive of the emerging market currencies.

## Our Financial Stability Analysis

During 2014, Bank Rakyat continued to strengthen its financial position. Prudent financing and strict risk management policies did not hinder the Bank from achieving positive results. The Bank's net profit increased 2.69% to RM1.96 billion compared to RM1.91 billion recorded in 2013, while profit before tax and zakat remained strong at RM2.16 billion, although revenues decreased 2.52% to RM5.41 billion compared to RM5.55 billion recorded in 2013. The Bank's tight cost management policies and higher revenues from other segments, has led to steady net profit growth during 2014.

In addition, the Bank's expenses decreased by 2.64%, operational expenses decreased by 2.73%, but operational income increased by 9.45%. The Bank also allocated RM709 million for impairment in 2014, lower than RM749 million made in 2013. All of which go to demonstrate that Bank Rakyat fiscal policies are providing stability and increased growth for the future.

### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

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	Bank	
	2014 RM'000	2013 RM'000
Income Expenditure	5,409,643 (2,151,521)	5,549,714 (2,209,887)
Net income Allowances for impairment Other operating income Operating expenses	3,258,122 (708,907) 571,562 (960,592)	3,339,827 (749,128) 522,263 (987,544)
Profit before taxation and zakat Taxation Zakat	2,160,185 (163,480) (39,000)	2,125,418 (184,974) (34,000)
Profit after taxation and zakat	1,957,705	1,906,444

For the year under review, the Bank's assets increased by 7.60% to RM89.18 billion compared to RM82.88 billion for the corresponding period of 2013. The expansion in assets was attributed to financing and advances activity which grew by 5.55% to RM60.48 billion compared to RM57.30 billion recorded in the previous year. Financial assets, available-for-sale, increased by 14.35% to RM11.96 billion compared to RM10.46 billion at end of 2013 with Government Investment Issues accounting for 56.81% from the total financial assets available-for-sale. Other components including Islamic debt securities, government bonds, Khazanah bonds, Cagamas bonds and quoted shares also recorded positive growth.

		Bank
	2014	2013
	RM'000	RM'000
ASSETS		
Cash and short-term funds	3,078,779	1,905,665
Deposits and placements	460.000	0.40.005
with financial institutions	160,099	942,295
Financial assets available-for-sale	11,958,602	10,457,907
Financial assets held-to-maturity	11,131,717	10,141,449
Financing and advances	60,482,549	57,304,177
Trade receivables	-	-
Other assets	851,118	725,904
Inventories	-	-
Asset classified as held-for-sale	-	-
Investment in subsidiaries	43,500	43,500
Property and equipment	739,321	874,882
Goodwill on consolidation	-	-
Investment properties	524,179	148,448
Prepaid lease payments	66,790	69,372
Deferred tax assets	140,000	266,000
TOTAL ASSETS	89,176,654	82,879,599

The Bank's Total Liabilities and Shareholders' Fund increased by 7.60% to RM89.18 billion compared to RM82.88 billion recorded in 2013 with the growth in deposits from customers remaining the major contributor to the increase in Total Liabilities and Shareholders' Fund. Deposits from customers increased to RM68.52 billion in 2014 compared to RM65.30 billion in 2013 and this positive trend provides the Bank with more cost-effective funds to expand its financing activities, and reflects a stronger acceptance of the Bank's deposit products.

	2014 RM'000	Bank 2013 RM'000
LIABILITIES		
Deposits from customers	68,522,973	65,297,767
Deposits and placements from banks and financial institutions	1,800,000	1,620,000
Trade payables	-	
Recourse obligations on		
financing sold to Cagamas	1,777,618	1,528,696
Debt securities issued	3,020,571	1,507,088
Other liabilities	1,592,597	1,490,679
Provision for taxation	-	-
Profit equalisation reserve	10.776	152115
(Investor)	18,776	152,145
Financing from other financial institutions	-	-
TOTAL LIABILITIES	76,732,535	71,596,375
SHAREHOLDERS' FUND		
Share capital	2,973,677	2,973,677
Share redemption fund	52,800	53,671
Reserves	9,387,777	8,001,382
Profit equalisation reserve (Bank)	29,865	254,494
TOTAL SHAREHOLDERS' FUND	12,444,119	11,283,224
TOTAL LIABILITIES AND SHAREHOLDERS' FUND	89,176,654	82,879,599
COMMITMENTS AND		

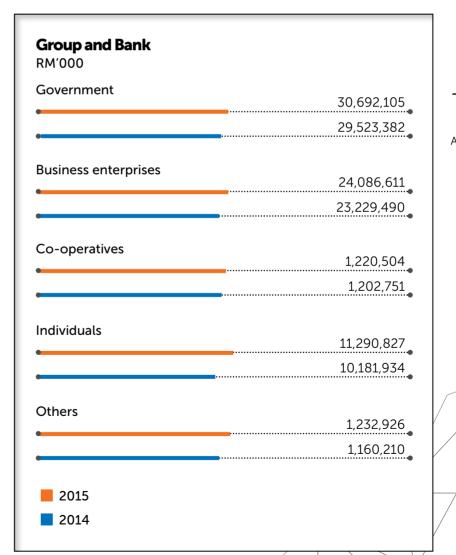
2,633,804

3,140,252

CONTINGENCIES

Out of the total RM68.52 billion deposits from customer, 97.36% constitutes Non-Mudarabah (term deposits, savings deposits and negotiable Islamic debt certificate) while 2.64% accounts for Mudarabah (savings deposits, general investment deposits and special investment deposits).

Individual deposits contributed significantly to the Bank's deposits growth. Deposits from individual customers increased by 10.89% to RM11.29 billion compared to RM10.18 billion recorded in 2013. Deposits from the government increased by 3.96% to RM30.69 billion compared to RM29.52 billion at the end of 2013 and accounted for 44.79% from the Bank's total deposits from customers.



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Our Financial Stability Analysis Bank Rakyat 60th Anniversary 116

Financing and advances activities continued to register growth although the banking sector faced a more competitive environment with the introduction of new financing guidelines from authorities. The Bank's financing and advances increased 5.55%, personal financing grew 7.70% to RM50.55 billion compared to RM46.94 billion in 2013, and hire-purchase receivables increased by 48.28% to RM536.56 million. Personal financing accounted for 81.40% of the Bank's total financing and advances.

		Bank
	2014 RM'000	2013 RM'000
	KM 000	KM 000
At amortised cost		
Term financing	4,739,780	5,284,458
Personal financing	50,551,046	46,937,581
Revolving credit	525,226	465,430
House financing	2,637,902	2,569,422
Hire-purchase receivables	536,556	361,859
Pawnbroking	1,662,191	1,762,602
Bridging	557,446	595,183
Syndicated financing	134,526	106,222
Credit card	468,833	452,991
Staff financing	286,115	273,207
Gross financing and advances,		
net of unearned income	62,099,621	58,808,955

Financing and advances activities for all regions also registered positive growth in 2014. This reflected a wider acceptance of the Bank's financing products with the Central Region remaining as the hub of financing and advances activities with total financing and advances of RM26.15 billion followed by the East Malaysia Region.

	Group and Bank	
	2014	2013
	RM'000	RM'000
Central Region	26,151,058	25,779,235
Southern Region	8,772,193	8,227,957
Eastern Region	8,958,123	8,242,686
Northern Region	7,857,861	7,070,647
East Malaysia Region	10,360,386	9,488,430
	62,099,621	58,808,955

Other financial indicators also showed improvements with 2.52% for Return on Assets (ROA), 18.38% for Return on Shareholders' Funds (ROSF), 18.26% for Core Capital Ratio (CCR), and 19.66% for Risk Weighted Capital Ratio (RWCR).

The 2014 financial statements have been prepared in accordance with the provisions of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Co-operative Societies Act 1993 (Act 502), Development Financial Institutions Act 2002 (Act 618) and the applicable Malaysian Financial Reporting Standards ("MFRS") with modifications based on guidelines issued by Bank Negara Malaysia ("BNM") and in compliance with the principles of Shariah as well as International Financial Reporting Standards ("IFRS").

In the current year, the Group and the Bank have applied a number of amendments to MFRSs and a new Interpretation issued by the Malaysian Accounting Standards Board (MASB) that are mandatorily effective for an accounting.

Bank Rakyat 2014 Annual Report





### Our Philanthropy



Now in its 60th year, Bank Rakyat still holds firm to its founding mandate "To help improve the economic well-being of our members by providing financial facilities at an affordable rate for business activities". As of 2014 Bank Rakyat is the largest co-operative Islamic bank in Malaysia and the only Islamic bank that is 100% Shariah compliant. The Bank continues to drive social and economic changes through it many products, services and initiatives that affect the lives of the communities, customers, shareholders, co-operative movement, workforce and country that it serves.

By contributing to the economic development of the communities we serve, we help elevate business activities that affect positive changes and contribute to creating job opportunities, to boosting the economic development of country and guaranteeing the sustainability of the Bank.

Due to the bank's strong financial performance, accessibility of funding and wise risk management, the Bank's ability to provide assistance to its members in forming strategic partnerships help diverse companies from different industrial sectors thrive.

To support our mission, the Bank offers 100% Shariah-compliant financing facilities to entrepreneurs, co-operatives, small and medium sized industries (SMI) and enterprises which require financing for project management and business expansion.

**Bank Rakyat** 60th Anniversary





The Banks shareholders also are beneficiaries of our success as the Bank's economic activities for the seventh consecutive year provided for a dividend payment of not less than 15% for our 924,551 shareholders.

But it's not just about profit for the Bank, it is about creating initiatives that GIVE BACK and create value in a tangible way for the communities we operate in.

Our GIVING BACK in the form of the Yayasan Bank Rakyat, for the provision of student's loans and Capital Development programmes, our programmes, the likes of the community bonding series, re-defining communities, energising co-operatives and our thought leadership initiative the International Islamic Banking Conference (iiBC) as well as numerous other activities that support and raise the standards of living for the communities and people that see Bank Rakyat as a 'Bank of Choice' will continue to be driven by a philosophy of care for the people and the communities we serve.

For 2014, Bank Rakyat disbursed RM21 million for the benefit of 431 scholars and 161 CSR initiatives on educational related programmes that impacted the lives of over 29,000 Malaysians. Bank Rakyat 2014 Annual Report

### Yayasan Bank Rakyat (YBR)

Lack of education opportunities have been observed as a key contributor to poverty in society. Bank Rakyat has devoted considerable resources towards enhancing access to education for qualified participants with the provision of student loans and Human Capital Development programmes with the aim of supporting Malaysia in achieving its developed nation status by 2020.

The funding for YBR activities are provided by each member that receives a yearly dividend, donating RM10 to the foundation. The contributions received from the members are then used for the funding of Scholarships and goes towards financing for the educational needs and development of disadvantaged Malaysian citizens irrespective of race, religion or background.

Since the foundation of YBR on 16th May 2007, it has sponsored 2,031 students and provided monetary assistance to the value of RM40.7 million up to year ending 31st December 2014, for both its Education Convertible Loan and educational programmes, with applications for sponsorship alone increasing by 6,972 from 2,174 in 2013 to 9,146 in 2014.

In 2014, the Foundations' Education convertible loan disbursement totaled RM14,636,611 assisting 402 students who qualified to pursue higher education programmes' of various levels that include certificate of proficiency, Diplomas, Degrees, Masters up to the level of PhD.

In the same year, 2014, YBR allocated RM6,631,393 for the implementation of 161 various educational programmes, such as Seminar Didik Rakyat, Program Kecemerlangan Minda, Program Pengurusan Stres Guru, Orang Asli bonding programmes and Finance Management seminars across all states in Malaysia

For students who have completed their studies and have not found a job, YBR has taken the initiative to create TALENT RAKYAT. The main objectives of this long-term programme is to train and develop graduates that show high levels of competency in the various soft and hard skills required for the financial industry. The programme also aims to increase the available talent pool for the banking sector.

Up to December 31st 2014, a total 383 students have successfully completed their studies and graduated from local Universities, public and private institutes of higher learning, with eligible students taken to serve in YBR or at Bank Rakyat.

YBR's activities hit to the very heart of Bank Rakyat's founding principals that of providing support for the communities the Bank serves, being aware of the areas where the Bank can support its members. At the same time, YBR activities allow the bank to positively impact the lives of the rakyat.

Bank Rakyat 60th Anniversary





## The Bank's First International Islamic Banking Conference



On the 27th and 28th of October 2014, Bank Rakyat together with the International Shariah Research Academy for Islamic Finance (ISRA) organised the International Islamic Banking Conference (IIBC). The conference was aimed at providing a platform for the sharing and exchanging of knowledge which will go towards establishing a genuine global Islamic banking industry. It was held at the Kuala Lumpur Convention Centre. The IIBC assembled international financial experts and academicians - both Islamic banking practitioners and scholars; to promote and uphold the value of honesty and transparency - the underpinning fundamentals of Islamic banking.

The conference themed 'Islamic Banking; Beyond Fundamentalism' launched by the Second Minister of Finance Dato' Seri Ahmad Husni Mohamad Hanadzlah, was organised in conjunction with Bank Rakyat's 60th Anniversary.

Resultant of the success of the IIBC, the Bank's Shariah Compliance department is optimistic in serving the global Islamic finance markets in harmonising Shariah opinions across nations. We aspire to achieve this by issuing Shariah resolutions in identified areas which are less highlighted and/or unresolved. A case in point being Bank Rakyat's Ar-Rahnu offering. Although established since 1993, it requires enhancement and leads the way for the Bank to seek a better solution for the product structure.

Bank Rakyat is confident that as the only fully-fledged Islamic bank in Malaysia, albeit without a global footprint, the Bank can impact knowledge transfer and sharing of ideas since there is a need for similar events to provide a platform for discussion on the global Islamic finance industry.

Given that IIBC is the first international conference of its kind to be single-handedly organised by a Malaysian bank, we are optimistic that Bank Rakyat can spearhead such conferences in the near future for the benefit of the global Islamic banking industry. Through the lessons learnt, it has given us the confidence to continue pushing forward with this remarkable initiative.

Bank Rakyat 2014 Annual Report





## Re-defining Communities

In its 60th year, Bank Rakyat continues to focus on providing opportunities for rural communities to thrive by providing innovative financial products and services that dispense benefits. The Bank works in partnership with various communities in delivering comprehensive programmes that improve their welfare and livelihoods.

#### ASSISTING ENTREPRENEURS

Initiatives undertaken in 2014:

1. Assistance for traders and micro-enterprises - Financing schemes for helping traders and small enterprises who encounter difficulty to obtain financial assistance from commercial banks.

These schemes provide easy access to financing facilities that preclude the need for the small businessmen to seek financing from illegal channels at exorbitant rates. This is very much in line with the fundamentals that led to the establishment of Bank Agong sixty years ago - the front-runner to Bank Rakyat. These financing schemes are underwritten by the Ministry of Domestic Trade, Co-operative and Consumerism (MDTCC) and enable traders and micro-enterprises to expand their business thereby improve their livelihoods.

The financing schemes include:

i. The Rural Economy Financing Scheme - SPED

This facility is founded on the Shariah concept of Al-Qardhul Hassan, providing finance without interest charges. Its aim is to increase the number of Bumiputera entrepreneurs in rural areas as a catalyst to improve the rural economy by enabling them to participate in more diverse and potentially viable business sectors. The Bank disbursed finance totalling RM9.51 million against a target of RM5 million set for 2014.

ii. Transformation of Sundry Shops - TUKAR-i.

This facility provides owners of sundry shops access to funding to modernise their outlets with the aim of increasing their competitiveness in the challenging retail environment. The scheme is supported by local and foreign hyper-markets that act as consultants. The Bank surpassed the target of 300 sundry shops set in 2014 by enabling the transformation of 305 - an increase of five.

iii. Modernisation of Automotive Workshops - ATOM

This facility allows for the modernisation and upgrading of traditional workshops to help them compete in the competitive automotive services sector. Automotive organisations and industry players act as consultants to provide support to the workshop owners. In 2014, the Bank set a target for the modernisation of 200 automotive workshops whereas 208 was achieved - an increase of eight.

iv. Micro traders and Hawkers scheme fund - MPPK-i

This fund provides access to micro-financing to be used for working capital or capital expenditure financing to assist entrepreneurs expand their operations with financing amounts of between RM1,000 to RM3,000. During the year under review, the Bank disbursed a total of RM3.67 million that benefitted 885 businesses. Since the fund started in March, 2013 Bank Rakyat has successfully financed 17,367 businesses for a total disbursement of RM72.15 million.

v. Ramadan Bazaar scheme - SBR

This fund is in support of petty traders and helps alleviate the financial difficulties they face during the holy month of Ramadan. The loans are interest-free and for SBR 2014, Bank Rakyat has disbursed RM30.8 million equating to 11,589 small traders and hawkers.

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vi. Micro-financing scheme - i - MUsK-i

The scheme is designed with the sole purpose of making funds available to micro-entrepreneurs to improve and expand their businesses. Financing is provided up to RM50,000 with RM52.2 million having been disbursed in 2014 where 3,837 businesses received the finance facility. In total, Bank Rakyat has disbursed RM299.8 million with 22,796 businesses benefitting from the fund since the scheme was initiated in 2007.

vii. Enrichment and Enhancement Programme - E2 (SME Corp)

The E2 programme provides access to micro-financing for micro-enterprises with viable business models where the funds are to be used for working capital or capital expenditure financing. In total, the Bank has disbursed RM3.5 million in support of 90 businesses.

2. Banking services to rural communities – In addition to our 147 branches, Internet banking i-Rakyat and our tele-Rakyat call centre, 2014 saw us continuing to provide mobile banking as part of our service offering to ensure customers easier access to our banking services.

This social initiative assures quality banking services to our customers in rural areas. It enables them to perform various banking transactions such as opening of accounts, cash deposits and withdrawals, bill payment, Tabung Haji transactions and offers ATM facilities. Our mobile banking facility also presents our customers the opportunity to obtain the latest information about our products and services.

Our mobile banking services are available at Felda Rasau Kerteh 3, Felda Ketengah Jaya, Felda Jerangau, Dungun in Terengganu and Felda Jenderak Utara, Kuala Krau, Felda Lakum Lanchang, Felda Sebertak, Bera and Felda Sungai Kemahal Triang in Pahang.

#### **CONSUMER SQUAD CARD**

Consumer Squad Discount Card offered by Bank Rakyat, is an initiative by the Ministry of Domestic Trade, Co-operatives and Consumer (MDTCC) for members to enjoy discounts on a wide range of services and products from merchants registered with MDTCC.

As at 31 December 2014, 164,319 users have registered for the Consumer Squad card with the number of merchants standing at 411.

#### **1MALAYSIA STUDENT DISCOUNT CARD**

The 1Malaysia Student Discount Card allows students of institutes of higher education enjoy discounts for the purchase of goods and services from selected trade partners to offset their educational expenses.

Launched in 2012, the card is available for all Malaysian students studying at public and private institutions of higher education both locally and abroad who are pursuing studies of not less than one year.

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As of 31st December 2014 a total of 1,734,162 discount cards had been issued.







### 1975

Annual General Meeting officiated by Prime Minister Tun Haji Abdul Razak Dato' Hussein



Developing the co-operative sector and protecting the well-being of our members are accorded the same level of importance. As the largest Islamic co-operative in Malaysia, we play a pivotal role in developing the sector as we share the government's aspiration of making the co-operative sector the third engine of economic growth after the private and public sector.

As our members are among the nation's oldest co-operatives, we continue to support initiatives that contribute to eradicate poverty thereby reducing the social and economic gap between urban and rural communities. In 2014, our contribution to the Co-operative Education Trust Fund was RM43.20million or 2% of our Profit Before Tax and Zakat and to the Co-operative Development Provident Fund, RM21.60million or 1% of our Profit Before Tax and Zakat

#### SHAREHOLDERS AND MEMBERS

For our 924,551 shareholders and members, whose finances and livelihoods have been entrusted to us, we are continually innovating products and services that generate consistent returns. For the year under review, the Bank distributed RM450 million or not less than 15% in dividends, the 16th consecutive year that we have done so. Our strong financial performance continues to drive value for our shareholders and members as our backing for the co-operative movement creates opportunities both in the job market and for entrepreneurs to thrive.

The initiatives developed to energise Bank Rakyat's co-operative customers and to provide value not only for our members, shareholders, co-operatives and the Bank, but also for national development, include:

#### **Opportunities in the Franchise Business**

The Ar-Rahnu X'change offers qualified co-operatives the opportunity to own a pawnbroking business based on Shariah principles under a franchise programme. Since the establishment of its pawnbroking operations in 1993, Bank Rakyat has experienced significant growth in this sector as it is seen as a more sustainable option compared to the conventional pawnbroking model.

The franchise model has garnered outstanding demand from Muslims and non-Muslims alike as it is a secure and proven system that offers attractive returns and the Bank is one of the nation's leading operators of Islamic pawnbroking services. This Shariah-compliant business offers enormous potential for participating co-operatives and as of 31st December 2014, 48 co-operatives - an increase of seven from 2013, has capitalised on the franchise programme and generated RM58.3 million up from RM44.5 million in 2013.

#### **Co-Operative Business Development Seminar**

As one of Bank Rakyat's ongoing initiatives in continuing to add value to co-operative members and entrepreneurs, 4 business development seminars where held between March to November 2014 at Batu Pahat - Johor, Sungai Petani - Kedah, Kuala Terengganu - Terengganu and Melaka.

The seminars concentrated on the Food and Beverage industry and the agricultural sector and offered guidance as well as training to attendees on how they could expand their business activities in collaboration with government and private agencies.

Those who attended the seminars were provided with information on how to improve the quality of packaging, labeling and branding of their products, the concept and the process of obtaining Halal certification from the authorities in terms of documentation, equipment, machine tools and the supply of products.

In addition, information on the implementation of hygiene practices was highlighted as it becomes a measure of quality for every product purchased by users. Guidance on how to formulate effective marketing strategies was also provided to enable them to explore and compete in the open market.

Bank Raykat will continue to push forward in 2015 with a full basket of initiatives to drive competency within the co-operative and SME markets to support the government's aspiration for a developed nation status by 2020.

#### **Islamic Credit System Seminar**

As the country's largest Islamic Co-operative Bank, Bank Rakyat has the capability, knowledge and technical expertise to help credit co-operatives develop their Shariah-compliant financing services and expand their activities into Islamic financing for the benefit of their members and the general public.

To this end, Bank Rakyat undertook numerous Islamic Credit System seminars during 2014 that provided counseling and training in supporting credit co-operatives to grow their business activities.

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These seminars delivered a complete briefing on the concept, implementation and management of a Shariah-compliant financing system and at the same time offered information on all available business opportunities which co-operatives can participate in to generate income, including opportunities created by the Bank.

In 2014, 17 credit co-operatives have implemented an Islamic financing system and the Bank expects to grow that figure by a further 25 in 2015.



#### **CO-OP Merchant Card**

CO-OP Merchant Card programme is one of Bank Rakyat's initivative to add value not just to the co-operatives and co-op members but also to the general public.

Members benefit when they patronise registered co-op merchants that offer attractive discounts for their products and services to CO-OP card members. Co-op merchants benefit from the free promotion of their participation in various marketing activities initiated by the Bank and access to the Bank's marketing network, which drives additional customer traffic and sales.

In addition, the co-op benefits by building stronger ties to the local business community and by reinforcing the special relationship a co-operative has with its members as well as by extending its reach.

The CO-OP Merchant Card programme continues to underline Bank Rakyat's commitment not only to the co-operative movement but also to its members and the general public at large by strenghtening ties within local communities whilst at the same time supporting the same communities society and the rakyat by helping to reduce financial burdens brought about by the increased cost of living.

For the year 2014, 12 co-operatives have registered as merchants bringing the total number of merchants to 88 with 1,717,664 co-op cards in circulation. The registered merchants offer a variety of discounts on products and services such as hotel rooms, homestays, food, beverages and tourism packages.

#### **Bank Rakyat Service Agents**

Created in 2007, this initiative helps co-operatives increase their revenue streams. By marketing certain Bank Rakyat financial products to co-op members and the general public, the co-operatives earn revenue from commissions paid on approved financing that they submitted.

This programme is open to all co-operatives and aims to support Bank Rakyat's aspiration of developing the co-operative sector. As of 31st December 2014, the total number of service agents stood at 74 - an increase of six on the 2013 figure of 68. Total disbursement of RM20.10 million for the year under review was a decrease from the funding disbursed in 2013 of RM47.68 million.

The decline in finance disbursement was due in part to policy changes in the financing period, increased competition that also offered personal financing and customers' preference for transacting business at branches.

For the coming year, Bank Rakyat will look to reverse this trend by encouraging co-operatives in public/private higher learning institutes to become Bank Rakyat Service Agents, increasing commissions for house financing (based on the cost of houses), retraining of current service agents and co-locating ATM machines at selective co-operative premises (39 ATMs co-located as of 31st December 2014).

With the strategies implemented Bank Rakyat expects a significant improvement in the financing disbursal amount by service agents.

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#### **Showcase Cabinet**

To further support and provide exposure for Cooperative/Entepreneur products, Bank Rakyat has launched showcase cabinets to display products at the branches.

This strategy is designed to highlight new products on a monthly basis and help promote them through the Bank's branch network.

The showcase cabinet will also create an opportunity to forge business relationships between producers, distributors and consumers through business matching sessions organised by Bank Rakyat and government agencies.

As at 31st December 2015, 51 co-operatives and 153 entrepreneurs have exhibited their products in the showcase cabinets in the Bank's branch network.

#### **CO-OP Partner Programme**

Bank Rakyat subscribes to the fact that for co-operatives to be competitive in today's market place there must be in place support for Human Capital development.

The CO-OP Partner programme initiated by the Bank comprises services and assistance to help small and medium scale co-operatives enhance their competitiveness by upgrading their management competency and diversifying business activities.

Assistance is provided in the form of consultancy, advisory and expertise in the implementation of Shariah-based business system that allows for the CO-OP to tap into Shariah-compliant financing for business expansion, marketing and promotion activities as well as other ancillary services.

The programme is offered free to the Co-operatives with practical training being given at the Bank's branches and up to 31st December 2014, 145 Co-operatives had availed from the assistance offered by the Bank.

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#### Memorandum Of Understanding Strategic Alliance Between Bank Rakyat and ANGKASA

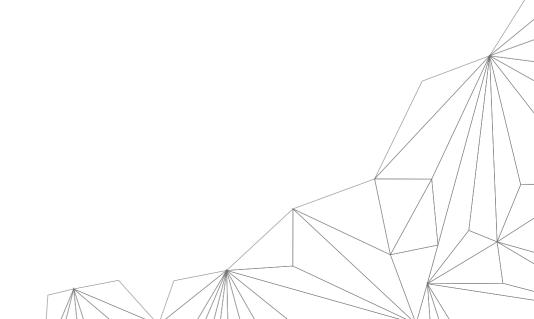
On 8th July 2014, Bank Rakyat entered into a strategic alliance with ANGKASA that among others, looks to stimulate the development of the co-operatives to contribute towards achieving the goals set out in the National Co-operative Policy. This agreement to work together was confirmed within a Memorandum of Understanding (MOU).

The alliance also seeks to provide new and alternative markets for co-operative products and services that will drive revenue not just for the Bank but for the co-operatives as well. At the same time, this alliance aims to leverage both Bank Rakyat's and ANGKASA's strength and understanding of the co-operative movement to provide timely assistance where and when it is needed.

Both parties will support each other in the most practical terms whereby Bank Rakyat will be offering its branch network, through its showcase cabinet for the promotion of the co-operatives' products. On its part, ANGKASA will provide information and assistance for Bank Rakyat to expand its customer base for its business financing facilities for the Bank's micro, small and medium and commercial enterprises.

The agreement similarly looks to support the co-operative movement and entrepreneurs through the Bank Rakyat Foundation and ANGKASA establishing an education programme to provide upskilling for success.

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In 2014, Bank Rakyat went nationwide with bringing the Bank to the community. Through Bank Rakyat's Bonding Programme Series, the Bank managed to reach out to the community and further strengthened the bond between the public and the Bank. Among the initiatives were:

#### Women's Development Council, Pengkalan Chepa

In conjunction with the International Women's Day, Bank Rakyat, together with the Women's Development Council, Pengkalan Chepa organised a CSR programme for Sekolah Kebangsaan Kem, Pengkalan Chepa Kota Bharu, Kelantan.

Through 'gotong-royong' activity, the programme involved painting the walls of the school as well as cleaning up the bushes of the cemetery. The programme also included the preparation of 'bekwah' (public feast) with the community, government bodies, and non-governmental organisations. Other activities that happened were Nuri colouring contest and highest money collection contest by Sekolah Kebangsaan Kem students.

Bank Rakyat managed to repair five damaged houses using the zakat funds, and the total cost of the programme was RM25,000.00

Present during the event was Dato' Rahim, Chief Officer of Information Technology.

#### 'Singgah Sahur', Labuan Branch

During Ramadan month, Bank Rakyat Labuan Branch held a 'Singgah Sahur' programme at six different locations, to distribute food for 'sahur'. The selected locations where;

- Labuan Hospital
- Labuan District Police Headquarters
- Bebuloh Police Station, Labuan
- Correctional Centre, Labuan
- Fire and Rescue, Labuan
- Labuan Maritime Office

The programme was held throughout the whole of Ramadan month and involved Bank Rakyat's Labuan branch staff members.

The total cost of the event was RM3,400.

#### Kota Bharu Branch and Kelab BALKIS Orphanage, Kota Bharu

Attended by the staff of Kota Bharu branch, they had a breaking fast ceremony with the children from Kelab BALKIS Orphanage. Apart from the breaking fast ceremony, we also gave out food items and daily necessities to the BALKIS children.

Bank Rakyat paid RM5,500.00 for the event.

#### Serving 'Bubur Lambuk' for Ramadan

To strengthen the bond between Bank Rakyat staff, the Bank organised a 'bubur lambuk' stirring activity during the month of Ramadan. The event was attended by Encik Md Khairuddin Hj Arshad, Dato Ahmad Suhaimee and Dato Mahmud Muhayyidin as well as the headquarters staff.

The total cost of the event was RM 25,000.00

#### World Senior Citizens' and Children's Day

The World Senior Citizen's and Children's Day celebration was held at Dewan Wawasan, Kedah with the Head of Region, En. Ahmad Mazlan A. Manaf.

It was filled with interactive programmes such as the Kelab Nuri colouring programme and the opening of booths to promote the products and facilities of Bank Rakyat, Jitra branch. The objective of the event was to celebrate senior citizens and children.

The whole programme cost RM18,500.00.

## Enhancing Access To Innovate & Value-Added Financial Services



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#### The banking sector is in a dichotomous world

The supposition that it is constantly evolving is a fallacy if it is accepted without acknowledgement of the inherent constraints; be it from the regulations it is subjected to or from internal processes, with their inefficiencies or constraints stemming from the pace in which competitors are moving at, that enables them to capture a larger market share or attract and retain new markets.

As Bank Rakyat comprehends the dichotomy of progression and constraint in which it is subjected to, the year 2014 saw the current operating model reviewed to ascertain two things:

- 1. Its relevance and agility to changing times.
- 2. Capability and capacity of human capital, processes and systems in their ability to respond to the changes.

The outcome of the review necessitated three approaches of which inroads were made to ensure their rollout in the next financial year. The approaches are:

- 1. To develop a new target operating model with strategic thrusts which will guide all programmes and projects to ensure Bank Rakyat's agility to respond to industry dynamics.
- 2. To strengthen the IT system as the industry moves into the digital space
- 3. To reassess the current state of services provided to the customers at all customers' touch points.

Enhancing access to innovate and value added financial services

#### The year 2014 is about putting up the building blocks to innovate

The new target operating model will be rolled out with its strategic thrusts being the innovator for products, services and customer experience provided through Bank Rakyat's delivery channels.

The thrusts will incorporate in their programmes and projects, initiatives on product diversification and solution based offerings to current and prospective customers. In response to increased competitiveness in the digital space the Bank is developing mobile apps promoting financial literacy, coupled with a structured approach in capturing market share through market segmentation and strengthening Bank Rakyat's frontline. This will be driven through service excellence and customer experience programmes through to the consolidation of business banking and establishing a clear line of sight on all delivery channels and their responsiveness to serve the needs of the clients with greater efficiency and effectiveness.

#### Greater attention to improving our productivity...

Bank Rakyat has over the years made continuous efforts to improve capacity and capability through a performance management system guided by the four guadrants of our balanced scorecard, with various internal projects monitored closely based on their timelines to completion. Targeted deliverables and updates were made to policies and procedures to not only ensure a compliance culture is being institutionalised but corrective actions were carried out to remain relevant in the industry.

#### We are going to continue evolving whilst having a disciplined approach to innovation and better manage constraints...

People remain the Bank's most valued asset. However, the definition of people in 2014 transcends the human capital aspect of the business as it includes our customers. This year, programmes are being created for better engagement with our customers and members as we explore various alternatives to engage with them. Concepts and frameworks are being built in areas of complaints and feedback management. This allows us to understand the changing needs and wants of customers and in the customer experience space to better deliver our products and services. As a cooperative, the Bank is committed to ensuring it meets the expectations of its members and adhering to the key principles of rewarding our members and giving back to the local community and general public.

The Bank will strengthen its efforts to transform. In our support of the National Financial Sector Blueprint, we pay great attention to the idea of inclusivity: no one shall be left behind. Everyone has the right to financial access, regardless of who they are and where they come from.

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### Caring for the Environment



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#### **5S Culture**

In line with the Bank's five-year transformation programme that was approved in November 2013, a Central Committee and a 5S Working Committee were established to make the "5S Quality Environment Practice" a reality.

The objective of the 5S initiative is to promote discipline and application of set standards in the workplace. The core values of 5S are - Set Apart, Systemise, Sweep, Uniformity and Continuous Practice. These principals will benefit the Bank and its employees by creating a conducive working environment, increasing safety at the workplace, reducing waste, effective organisational processes and optimising efficiency.

The 5S concept is a holistic approach to care and protects not only our employees and the environment but also our business, as green business practices and processes help promote efficiencies that can improve the bottom line.

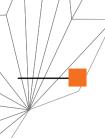
As part of the efforts to nurture and implement "5S Quality Environment Practice" among the workforce at Head office, several activities conducted include a logo and slogan competition, "Set Apart, Systemise, Sweep, Uniformity and Continuous Practice" activities and sub-zones competitions that were organised at the branches.

On 30th January 2015, Bank Rakyat was acknowledged as the first bank in Malaysia to be accredited by the Malaysian Productivity Corporation with the "5S Quality Practice Accreditation Certificate".









### **Board of Directors & Main Committee**

#### **BOARD OF DIRECTORS**

#### 1. Composition of Board

Currently there are 9 Directors on the Bank Rakyat's Board, comprising of:

- Six (6) Independent Non Executive Directors
- Two (2) Non Independent Non Executive Directors (Nominess from Ministry of Finance and Ministry of Domestic Trade, Co-operatives and Consumerism) with one, an Executive Director, designated as the Managing Director.
- One (1) Independent Non Executive Director was appointed from among the Co-operatives Members in 2014 to represent the co-operatives members interests on the Board of Bank Rakyat

The current Board composition complies with paragraph 2.18 of Bank Negara Malaysia's, Guidelines on Corporate Governance for Development Financial Institutions. More than half of the members are Independent Directors which provides an effective check and balance in the functioning of the Board.

The Directors are from diverse backgrounds with expertise and skills in banking, finance, accounting, business and economics, that provides the necessary experience needed to develop strategies and action plans to effectively overcome the challenges and obstacles faced in today's banking environment.

#### 2. Board Charter

In 2014, The Board formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set out in the guidelines issued by the regulatory authorities. The Board Charter also provides references for Directors and other Board Comittees in discharging their stewardship effectively and efficiently.

The Board Charter covers the following key areas:

- I. The Size and Composition of the Board
- II. New Appointment/Reappointment of the Directors
- III. The Role and Responsibilities of the Board
- IV. Code of Conduct for the Directors
- V. Conduct of the Board Meetings
- VI. Roles of Chairman
- VII. Roles of Managing Director
- VIII. Roles of Independent Non-Executive Directors
- IX. Roles of Board Committees

#### 3. Duties and Responsibilities

The Board members in carrying out their duties and responsibilities are firmly committed and compliant to the highest standards of corporate governance. This ensures the Bank continues to deliver a strong financial performance that serves to give long term and sustainable value to the stake holders. The Board has a fiduciary responsibility to act in the best interest of the Bank.

The duties and responsibilities of the Board are as follows:

#### a) Finance/Operations

- (i) Establish and maintain corporate governance standards and set Key Performance Indicators ("KPIs") to enhance business prosperity and corporate accountability.
- (ii) Review and approve all strategic and policy matters including the objectives, strategic business plan and significant operating policies of the Bank and monitor the Management's performance based on the Key Performance Indicators ("KPIs") approved by the Board.
- (iii) Review the adequacy and integrity of the Bank's accounting and financial reporting system and ensure appropriate controls are in place.

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- (iv) Review and approve the following matters, including but not limited to:-
  - Annual Business Plan and Budget of the Bank.
  - Management report which includes financial and business performance, update on credit impaired assets, material litigation and important events.
  - Any write-off proposal.
  - Any purchase and disposal of goods or fixed assets or any purchase or termination of services within limits stipulated in the procurement policy.
  - The development and implementation of new businesses, products and services.
- (v) Ensure that the operating structure, systems of control, systems for risk identification and management, financial and operational controls are in place and properly implemented.
- (vi) Review and approve significant business and operating policies including but not limited to the following:-
  - Dividend policy.
  - Salary and remuneration schemes.
  - Procurement policy.
  - Human resource and man power policy.
  - Shariah compliance policy.
  - Outsourcing policy.
  - Information Technology ("IT") security and other IT related policies.
- (vii) Review and approve the entry into, or variation of, any contract, transaction, arrangement or commitment with any related party or any transactions involving a conflict of interest situation.
- b) Risk Management
  - (i) Review and approve risk management framework and policies and ensure that the Bank establishes adequate internal controls and infrastructure to effectively manage the risks.
  - (ii) Review and approve the Bank's Business Continuity Management Policy in dealing with various extreme internal/external events and disasters.

- (iii) Evaluate the effectiveness of the Management in controlling and handling the risks of the Bank.
- c) Human Resource and Governance
  - (i) Review and approve the appointment, promotion, remuneration, compensation and removal of key senior management personnel.
  - (ii) Review and approve Human Resource policy including but not limited to; the succession plan for the elderly succession of senior management, new policies relating to staff benefits, code of conduct, whistle blowing procedures, disciplinary action procedures and grievance procedures.
  - (iii) Annually review the performance of the Chairman, Managing Director and Individual Directors and key senior management personnel and evaluate the effectiveness of the Board.
  - (iv) Making recommendations on remuneration packages, allowances, benefits, new appointments reappointments for directors.

d) Compliance

- (i) Review relevant reports or proposals to ensure the operations of the Bank are in compliance with the relevant laws, statutory acts, Shariah principles and established policies and procedures of the Bank.
- (ii) Uphold and observe all applicable laws, regulations, rules, directives, guidelines and circulars (including continuous disclosure) and ethical standards.
- (iii) Consider and provide any response, attestation, undertaking or confirmation as required by regulatory/ authorities in relation to compliance with regulatory requirements.

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### 4. Board Meetings

The Board holds regular meeting at least twelve (12) times a year. Special Board meetings are convened as and when necessary to facilitate important decisions that require the Board's expeditious review or consideration. Fourteen (14) Board meetings, that included two (2) Special Board Meetings, were held during the financial year ended on 31 December 2014.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and classified, would only be distributed to Directors at the Board meeting itself.

The minutes of Board meetings are circulated to all Directors for their perusal and confirmation of said minutes at the commencement of the following Board meeting.

The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the members at the Board meeting, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the previous meeting.

The Directors have a duty to declare immediately to the Board should they be any personal conflict of interest in any transaction to be entered into directly or indirectly by the Bank. An interested Director is required to abstain from deliberations and decisions of the Board on said transaction to guarantee he or she does not exercise any influence over the Board in respect of the transaction.

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2014, an attendance is as follows:

Name of Director	Attendance at Board Meetings
Tan Sri Sabbaruddin Chik (Chairman appointment until 9/4/2014)	4/4
Datuk Mat Noor Nawi (Chairman appointment on 28/4/2014)	14/14
Datuk Mustafha Hj. Abd. Razak Managing Director	14/14
Dato' Abdul Mutalib Alias (Appointment until 30/6/2014 and reappointment on 1/10/2014)	8/9
Dato' Zuraidah Atan (Appointment until 31/10/2014)	10/11
Tuan Haji Abdul Rahman Kasim (Appointment on 15/4/2014)	11/11
Dr. Roselan Baki (Appointment on 15/4/2014)	9/10
Tan Sri Dr. Alies Anor Abdul (Appointment on 17/7/2014)	7/7

### 5. Access to Information

The Directors have full and unrestricted access to all information pertaining to Bank Rakyat's business and affairs to enable them to discharge their duties effectively. All Directors have access to the Management and to their advice and services and they may also seek independent professional advice where necessary.

### 6. Appointment and Reappointment to the Board

The Board through the Nomination Committee's recommendations ensure that the level and make-up of its members are of the necessary credibility, integrity and calibre with the required skills and knowledge. According to the Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provision) 1978, the appointments and reappointments of all the directors are executed by the Minister in charge after verification by Bank Negara Malaysia on the fit and proper qualifications of the appointee.

The appoinment of the Directors is for a term not exceeding two years and any such appointee is eligible for re-appointment for a term not exceeding one year.

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### 7. Director's Remuneration

The remuneration and allowances of the Chairman and all other directors is determined by the Minister-in-charge and with the concurrence of the Ministry of Finance.

Directors' remuneration is reported in the notes to the accounts in Financial Statement section.

### 8. Board Training

Continuous training is vital for the Directors to gain insight and keep abreast with the development in the banking industry to further enhance their skills and knowledge in discharging their responsibilities effectively.

Any Director that is newly appointed to the Board will undergo a briefing by the Management on the business and its operations, organizational structure of the Bank and important regulations and laws. A Director's handbook and other relevant information is made available to the director.

All Directors of the Bank would be required to register for the Director's core training program under the Financial Institutions Directors' Education Program ("FIDE"). The Directors are also encouraged to attend other training that is relevant to enable them to discharge their responsibilities effectively. In this regard, focus would be on the elective training organised by FIDE as such training is structured based on areas that would be relevant to the banking industry. The Directors could also attend other training organised by local professional bodies and regulatory authorities in areas that are relevant to the Bank.

### 9. Committees of the Board

Members of the Board form the Audit and Examination Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee to assist the Board in executing its roles in an effective and efficient manner.

All these committees function in accordance with the terms of reference approved by the Board. All the committees are chaired by Non-Executive Directors and the Chairman of each committee must ensure the committee functions according to the terms of reference.

The terms of reference of each committee is revised to ensure the committee fulfils the Bank's overall objectives. The committees report to the Board on all their decisions. This ensures the Board understands every facet of the Bank's operations.

### a) Audit and Examination Committee

### 1. COMPOSITION AND TERMS OF REFERENCE

### 1.1. Composition

- a. The Audit and Examination Committee ("Committee") shall be appointed by the Board of Directors from its members and shall consist of not less than three members, all of whom shall be Non-Executive Directors. The majority of the Committee members shall be independent directors.
- b. At least one member of the Committee shall have working experience or knowledge in accounting, auditing practices and/or financial reporting requirements.

### 1.2. Frequency and Proceeding of Meetings

- a. Meetings shall be held at least once in three months.
- b. The Chairman may also convene a meeting upon request of any member, the Management, Internal or External Auditors to consider any matters that should be brought to the attention of the Board of Directors or members of Bank Rakyat.
- c. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the voting and proceedings of such meetings, the notice to be given of such meetings, the keeping of minutes, the custody, production and inspection of such minutes

### 1.3. Quorum

A guorum shall consist of three members.

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### Board of Directors and Main Committee

### 1.4. Secretary

The Secretary of the Committee shall be the Chief Internal Auditor.

### 1.5. Rights

The Committee shall, wherever necessary and reasonable for the performance of its duties, have the following rights and at the cost of Bank Rakyat:

- Have full access to any information pertaining to Bank Rakyat.
- Obtain independent professional or other advice.
- Invite to its meeting any Director who is not a Committee member and/or any employees of Bank Rakyat that it feels can assist to reach an informed decisions.
- Authority to investigate any matter within its terms of reference.
- Obtain the resources which are required to perform its duties.
- Direct communication channels with the external and internal auditors.
- Convene meetings with the external auditors.

### 1.6. DUTIES and RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:-

### a. Risk Management

To review the adequacy and effectiveness of risk management, systems of internal control and governance processes (which includes compliance with shariah) of Bank Rakyat (and its subsidiaries) including the scope of internal audit, internal audit programme, internal audit findings, and recommend action to be taken by the Management.

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### b. Internal Audit

- To approve the appointment, termination or transfer of Chief Internal Auditor and senior internal auditors.
- To evaluate the performance and decide on the remuneration package of the Chief Internal Auditor.
- To review the adequacy of internal audit plan, scope, functions and resources of Internal Audit Sector and that it has the necessary authority to carry out its work.
- To review and determine the deliverables of the Shariah audit function upon consultation with the Shariah Committee.
- To review the assessment and audit findings on the effectiveness of internal control system and Bank Rakyat's compliance with Shariah.
- To consider major findings of internal investigations and Management's responses.
- To ensure and regulate that the internal audit functions comply with Bank Negara Malaysia's (BNM) Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL/013-4).

### c. External Audit

- To review the external auditors' audit plan and scope, the system of internal accounting controls and the audit controls.
- To review the assistance given by Bank Rakyat's officers to the external auditors and any difficulties encountered in the course of audit works, including any restrictions on the scope of activities or access to required information.
- To review major audit findings raised by the external auditors and Management's responses, including the status of previous audit recommendations.

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### d. Financial Reporting

- To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies and bad and doubtful debts.
- To ensure fair and transparent reporting of the financial accounts for submission to the Board of Directors and ensure the prompt publication of annual accounts.

### e. Related Party Transactions

 To review any related party transactions that may arise between Bank Rakyat and its subsidiaries.

### f. Other Matters

- The Chairman of the Committee shall report all matters that require the attention of the Board of Directors or the members of Bank Rakyat.
- Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors.

### 2. ATTENDANCE AT MEETINGS

Nine (9) Committee meetings were held during 2014. The details of attendance of each member at the Committee meetings are as follows -

Name of Committee Members	Attendance at Committee Meetings	Percentage of Attendance
Datuk Hj. Mohd Idris Hj. Mohd Isa Chairman (appointed as a Member/Chairman with effect from 1 November 2014)	2/2	100%
Dato' Mangsor Saad  Chairman (re-designated to Member with effect from 1 November 2014 and ceased to be a Member with effect from 1 January 2015)	9/9	100%
Dato' Saripuddin Kasim Member (ceased to be a Member with effect from 1 January 2015)	8/9	89%
Datuk Mat Noor Nawi Member (ceased to be a Member with effect from 1 July 2014)	4/5	80%
Tn. Hj. Abdul Rahman Kasim Member (appointed as a Member with effect from 15 April 2014)	6/6	100%
Dato' Zuraidah Atan Member (appointed as a Member on 1 July 2014 and ceased to be a Member from 1 November 2014)	1/3	33%
Tan Sri Dr. Alies Anor Abdul Member (appointed as a Member with effect from 1 November 2014)	2/2	100%

### Board of Directors and Main Committee

### 3. SUMMARY OF ACTIVITIES

During the year, the Committee carried out the following activities in line with BNM's Guideline on Corporate Governance Standards on Directorship for Development Financial Institutions [BNM/RH/GL 005-4] -

### 3.1. Financial Reporting

Ensured that the accounts were prepared in a timely and accurate manner: with frequent reviews of the adequacy of provisions against contingencies and bad and doubtful debts. In addition, the Committee ensured fair and transparent reporting of the financial accounts for submission to the Board of Directors and ensured the prompt publication of annual accounts.

### 3.2. Internal Audit

- a. Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of Bank Rakyat and its subsidiaries and the resource requirements of Internal Audit Sector to carry out its functions.
- b. Reviewed the Internal Audit reports, audit recommendations and Management's responses to these recommendations.
- c. Reviewed the status report on actions implemented by Management to rectify the outstanding audit issues to ensure control lapses are addressed.
- d. Reviewed the monthly Internal Audit Achievements and Performance reports to ensure the progress, achievement, performance, coverage of the Internal Audit functions, training attended by internal auditors and noted the reasons for the resignation of internal auditors.
- e. Reviewed the audit reports issued by regulatory authorities, Management's responses to the Regulators' recommendations and the remedial actions taken to rectify the weaknesses detected.

- f. Reviewed the subsidiary companies for an overview of the risk management and internal control systems of those subsidiary companies.
- g. Approved the appointment of key positions in Internal Audit Sector.
- h. Instructed the conduct of investigation into activity or matter within its terms of reference.
- i. Reviewed the minutes of meetings of the Committee for an overview of the deliberation and remedial actions taken by Management on the control lapses raised by internal auditors.

### 3.3. External Audit

- a. Reviewed with the external auditors -
  - The Audit Planning Memorandum and scope of work for the year.
  - The results of the audit, the relevant audit reports and Audit Highlight Memorandum together with Management's responses/ comments to the findings.
- b. Reviewed the appointment of external statutory auditors for the provision of non-audit services. When considering the approvals for these services, the Committee took into consideration the process and requirements (including fee threshold) established under the policy for such appointments.
- c. Evaluated the performance of the external auditors and made recommendations to the Board of Directors on their reappointment.

### 3.4. Related Party Transactions

Reviewed the related party transactions entered into by Bank Rakyat and its subsidiaries.

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### 4. TRAINING

The training attended by members of the Committee is reported under the Statement on Corporate Governance on pages 138 to 148.

### 5. INTERNAL AUDIT FUNCTION

The Committee is supported by the Internal Audit Sector in the discharge of its duties and responsibilities. Internal Audit Sector provides independent and objective assessment on the adequacy and effectiveness of the risk management, internal controls and governance processes. Internal Audit Sector also carries out investigative audits where there are improper, illegal and dishonest acts reported.

The internal audit function reviews the effectiveness of internal control structures over the activities of Bank Rakyat and its subsidiaries focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually.

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits are to ensure that the established controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with Bank Rakyat's risk management policy. In performing such reviews, internal audit made recommendations for improvement and enhancements to the existing system of internal controls and work processes.

Internal Audit Sector also conducts audits on the information systems of Bank Rakyat to ensure that the computing resources are adequately secured to protect data integrity and confidentiality, availability of adequate measures to safeguard and provide for the continued availability of the system to support business operational needs.

Internal Audit Sector provides consulting or advisory functions in the evaluation of risk exposures of new systems, business products and services to assess the controls that should be in place to mitigate the risks identified prior to their implementation. In order to maintain its objectivity and independence, Internal Audit Sector is not involved in the system selection or implementation process when providing such consulting or advisory functions.

All auditing activities are conducted in line with Bank Rakyat's objectives and policies and in compliance with the relevant policies and guidelines issued by BNM and as guided by the Code of Ethics and International Standards for the Professional Practice of Internal Auditing (Standards) promulgated by The Institute of Internal Auditors (IIA)

During 2014, the activities undertaken by Internal Audit Sector were as follows –

- Developed an annual audit plan using a risk-based approach, taking into consideration Bank Rakyat's business expansion plan as well as inputs from Management and the Committee.
- Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management, internal control and governance processes through structured reviews of departments and operations identified in the annual audit plan.
- Conducted ad-hoc assignments and special reviews as instructed by the Committee, Management or BNM.
- Ascertained the level of compliance with established policies and procedures and statutory requirements.
- Recommended improvements and enhancements to the existing system of internal controls and work procedures/processes.
- Conducted investigation into activities or matters as instructed by the Committee and Management.

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### b) Nomination Committee

The Nomination Committee ensures the effectiveness of the Board of Directors in performing their duties. The committee evaluates the performance of Board Members and the Managing Director as well as recommending new appointments. The Nomination Committee consists of four members appointed from among the Non-Executive Directors. The committee held nine (9) meetings for the financial year ended 31 December 2014. Members of the Nomination Committee and the meeting attendance record is as follows:-

Name of Director	Attendance at Board Meetings
Tan Sri Sabbaruddin Chik (Appointment as Chairman until 9/4/2014)	3/3
Datuk Mat Noor Nawi (Appointment as Chairman on 27/5/2014)	6/6
Datuk Mustafha Hj. Abd. Razak Managing Director	9/9
Dato' Abdul Mutalib Alias (Appointment until 30/6/2014 and reappointment on 1/11/2014)	5/6
Dato' Mangsor Saad (Appointment until 31/12/2014)	9/9
Dato' Zuraidah Atan (Appointment until 1/11/2014)	6/7
Dato' Saripuddin Kasim (Appoinment on 1/7/2014 until 31/12/2014)	4/4

The terms of reference of the Nomination Committee are:

- To supervise the composition and selection of the Board.
- To evaluate the performance and effectiveness of Board members, Board Committees and main management positions.
- To recommend steps to increase the effectiveness of the Board and Board committees.
- To establish a formal evaluation mechanism for evaluating the effectiveness of the Board as a whole, the contribution of every Director towards the effectiveness of the Board, the contribution of every committee created by the Board, and the performance of the Managing Director.

- To recommend to the Board the dismissal of Directors/ Managing Director in the event they are found to be ineffective, involved in misconduct or negligent in the performance of their duties.
- To ensure that the Directors continually undergo appropriate human capital development training.
- To supervise the appointments and the succession plans of the Management and the evaluation of the performance of senior officers, and to recommend to the Board the necessary actions to be taken against them in the event they are found to be ineffective, engaged in misconduct or negligent in the performance of their duties.

### c) Remuneration Committee

The Remuneration Committee assists the Board of Directors in deciding the remuneration payment structure, identifying current trends and evaluating related remuneration issues to ensure the efficiency of the organisation. The committee also recommends salary increase, other remuneration packages and staff bonuses. The committee comprises of four Non-Executive Directors. The committee held eight (8) meetings in 2014. Members of the Remuneration Committee and the meeting attendance record is as follows:-

Name of Director	Attendance at Board Meetings
Dato' Saripuddin Kasim (Appointment as Chairman until 31/12/2014)	8/8
Datuk Mat Noor Nawi (Appointment until 1/7/2014)	4/4
Dato' Abdul Mutalib Alias (Appointment until 1/7/2014)	3/4
Dato' Zuraidah Atan (Appointment until 1/11/2014)	4/6
Dr. Roselan Baki (Appointment on 1/7/2014)	4/4
Dato' Mangsor Saad (Appointment on 1/7/2014 until 31/12/2014)	4/4

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The terms of reference of the Remuneration Committee are:

- To propose a framework for the remunerations of the Directors, Managing Director, General Managers and the Chief Internal Auditor.
- To propose remuneration packages for the Directors, Managing Director, General Managers and the Chief Internal Auditor.
- To ensure that the remuneration package for the Managing Director include gratuities that are commensurate with his corporate and individual performance to encourage higher levels.
- To ensure that the remuneration packages for the Non-Executive Directors are commensurate with their level of responsibilities and their contributions towards the effectiveness of the Board of Directors.

### d) Risk Management Committee

The Risk Management Committee ensures the application of best practices and highest standards for risk management. It also determines the risk strategies to protect the Bank's interest, members and depositors. The committee also strives to enhance the risk management culture at every level of the Bank. The committee held four (4) meetings in 2014. The committee comprises of five Non-Executive Directors. Members of the Risk Management Committee and the meeting attendance record is as follows:

Name of Director	Attendance at Board Meetings
Datuk Mat Noor Nawi (Appointment as Chairman on 1/7/2014 until 1/11/2014)	3/3
Dato' Abdul Mutalib Alias (Appointment until 1/7/2014 and appointment as Chairman on 1/11/2014)	2/2
Dato' Mangsor Saad (Appointment until 31/12/2014)	4/4
Dato' Zuraidah Atan (Appointment until 1/11/2014)	1/3
Dr. Roselan Baki (Appointment on 1/7/2014 until 1/11/2014)	2/2
Haji Abdul Rahman Kasim (Appointment on 1/7/2014)	3/3
Datuk Hj. Mohd Idris Hj. Mohd Isa (Appointment on 1/11/2014)	1/1

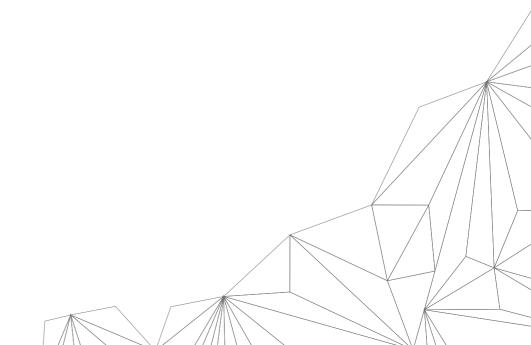
The terms of reference of the Risk Management Committee are:-

- To review and propose risk management strategies, policies, and risk tolerances for approval by the Board.
- To review and assess the adequacy of risk management policies and frameworks in identifying, quantifying, monitoring, and controlling risks as well as to determine how effective these policies and frameworks are.
- To ensure that the infrastructure, resources, and systems for risk management are prepared, and to ensure that employees responsible for the implementation of risk management systems are able to discharge their duties independently while carrying out risk-bearing activities of the Bank.
- To review all periodic management reports on risk exposure, risk profile composition and risk management activities.

### e. Investment Committee

The Investment Committee ensure effective investment decision making, and investment returns which commensurate with the Bank's financial aims and objectives. This includes investments in equity, fixed income, property and other investments deemed suitable by the committee. The committee also supervises the decisions made by the Investment Committee at Management Level. The Investment Committee held three (3) meetings in 2014. The committee comprises of five Non-Executive Directors. Members of the Investment Committee and the meeting attendance record is as follows:

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### Board of Directors and Main Committee

Name of Director	Attendance at Board Meetings
Tan Sri Sabbaruddin Chik (Appointment as Chairman until 9/4/2014)	1/1
Datuk Mat Noor Nawi (Appointment as Chairman on 9/4/2014)	1/2
<b>Datuk Mustafha Hj. Abd Razak</b> Managing Director	3/3
Dato' Abdul Mutalib Alias (Appointment until 1/7/2014)	1/1
Dato' Zuraidah Atan (Appointment until 1/7/2014)	0/1
Dr. Roselan Baki (Appointment on 1/7/2014)	2/2
Haji Abdul Rahman Kasim (Appointment on 1/7/2014)	2/2
Encik Mohd Fauzy Abdullah	3/3
Prof. Dr. Nor Hayati Binti Ahmad (Appointment on 1/7/2014)	2/2

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The terms of reference of the Investment Committee are:

- Formulate the Bank's investment policies and direction on equity investment.
- Determine the Bank's investment policies and guidelines, and evaluate new investments.
- Determine and approve the Bank's investment policies and guidelines based on the Bank's business objectives.
- Certify the Bank's investment in real estate.
- Approve the purchase of real estate for the Bank's operational purposes.

### 10 Other Committees

### **Tender Board**

The Tender Board evaluates quotations proposed to the Bank, and performs a comprehensive evaluation of each proposal by taking into account the Bank's interests, financial position, and the returns and values generated for the Bank. The Tender board comprises of three Non-Executive Directors. The committee held four (4) meetings in 2014. Members of the Tender Board and the meeting attendance record is as follows:

Name of Director	Attendance at Board Meetings
Dato' Mangsor Saad (Appointment as Chairman until 31/12/2014)	4/4
Datuk Mustafha Hj. Abd Razak Managing Director	4/4
Datuk Mat Noor Nawi (Appointment until 1/7/2014)	2/2
Dato' Saripuddin Kasim (Appointment until 31/12/2014)	3/4
Datuk Rahim Yunus (Appoinment on 1/4/2014 until 14/7/2014)	2/2
Dr. Roselan Baki (Appointment on 1/7/2014)	2/2
En. Nik Mohd Nasir Nik Rithauddeen (Appointment on 27/8/2014)	1/1

Among the responsibilities of the Tender Board are:

- To deliberate on and approve acquisitions via tender of values exceeding RM1.5 million (capital expenditure, renovation, and expenses).
- The Tender Board is empowered to call the suppliers/contractors to quote prices or to negotiate prices.

# Audit Committee Report

We, the Audit Committee carried out our inspection and evaluation review, on a periodic basis with the auditing Department within branches, subsidiaries and the Bank Rakyat Foundation during 2014. This was undertaken in order to ensure the adequacy and effectiveness of internal control systems, risk management and governance of the Bank was fulfilled and was Shariah-compliant.

In accordance with the requirements of Bank Negara Malaysia (BNM) stipulated in the guidelines BNM/RH/GL005-4 Guideline on Corporate Governance-Standards on Directorship for Development Financial Institutions, the Audit Committee Examination was held nine (9) times during the year 2014 to ensure banking operations were in accordance with prescribed policies and procedures.

We are satisfied with the risk-based audit approach that the management of Bank Rakyat, its operations, its subsidiaries and the Bank Rakyat Foundation have taken. A Risk-based audit approach includes reviewing the adequacy of the risk management and operational controls, compliance with laws and regulations, quality and effectiveness of the asset and the effectiveness of management. Risks identified, relating to the Bank's operations, its subsidiaries and the Bank Rakyat Foundation have been subject to the implementation of internal control measures taken by the Board to eradicate the risk. Areas of concern to the Board were documented and distributed to the concerned parties for corrective action to be taken.

The committee are also satisfied with the level of internal control and corrective actions taken by the Bank's Management over the audit findings reported. Nevertheless, the Internal Audit department will continue to pay careful attention to and review on a regular basis the areas under its purview. We aim to continually support increased accountability and integrity to assure that the interests of Bank Rakyat are uncompromised and protected in the face of a competitive environment.

In an effort to diversify the consultative functions of Internal Audit, three internal control advices, known as ICANs (Internal Control Advisory Note) were circulated to Headquarters, Regional and branch offices during 2014. ICANs are a channel for Internal Audit to provide advice/tips on identified issues in order to increase the level of awareness among staff.

The ICANs lists were distributed during the year 2014 are as

- Knowledge sharing Systems Audit Self-assessment Programme for Branches (PeKA)
- Raising awareness among staff regarding Customer Due Diligence (CDD)
- iii. Tips to detect Fraud through the review of the end of day report in the branch.

In order to enhance the level of awareness and the importance of internal controls at the branch operational level, Internal Audit has taken the initiative to implement Internal Control Awareness Seminars among the management at Ar-Rahnu X-change and Rakyat Xcess, across nine regions.

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Internal audit was also recognised for its thought leadership by being provided the opportunity to share its knowledge in the field of auditing, internal control and organisational governance. Bank Rakyat's Chief Internal Auditor was invited as a panellist/speaker by the Institute of Internal Auditors (IIA) for their seminar/conference on Internal Audit: Driving Strategic Business Value, as a speaker at 2014 Audit Conference: Shariah Key Pillar of Governance for Islamic Finance as well as moderator at Bank Rakyat's International Islamic Banking Conference (IIBC).





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The annoucement of the newly appointment Board of Directors, in line with the Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provisions 1978)

### Risk Management Committee

The Bank's momentum towards reinforcing its risk management philosophy and strengthening its risk management capability gained traction in 2014 amidst the rapidly evolving and highly competitive financial services industry. Leveraging on the strategic partnership with the business units, the Risk Management Sector continued to be the catalyst in institutionalising risk management as part of doing business as well as in strategic executive decision-making.

While the increased regulatory expectations on risk governance, risk-based capital and liquidity planning, risk-informed pricing, responsible financing and the national financial inclusion agenda posed a big challenge to the business, a deeper understanding of the risks involved had provided the Bank with foresights on its sources of competitive advantage. In this regard, the Risk Management Sector had been a compelling advocate in every key business decision through the provision of business advisory and outlooks on emerging risks in the Bank's internal and external environments.

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### INCULCATING THE RISK CULTURE

Continuing from its risk awareness campaign in 2013, the Bank had stepped up its effort towards inculcating the risk management culture amongst its people. In 2014, the Risk Management and Compliance Sectors joined forces to embark on the inaugural "Integrated Risk and Compliance Awareness and Education Program".

Designed as a 3-year program, the first year was aimed at embedding the fundamentals of risk management and compliance throughout the Bank, and therefore instilling awareness and understanding of the risk and compliance aspects of Islamic banking business, the benefits of good risk and compliance culture as well as the responsibilities and expected behaviour of staff at all levels in the Bank.

For 2014, the structured training program kicked-off with an engagement with the Board of Directors, which sought to establish a consistent 'tone from the top'. By the end of the year, the programme had successfully covered the senior and middle management of the Bank as well as managers in Head Office, Regional Offices and branches.

### SETTING THE TONE FROM THE TOP

Throughout 2014, Risk Management continued to enhance the risk management culture and governance of the Bank. This initiative involved realignment of the Bank's risk management practices to improve Bank-wide appreciation of risk, through establishment of an Integrated Risk Management Framework. The framework provided an overarching tone for all risk management related policies and procedures, to ensure alignment with the broad risk management objectives and the three lines of defence model.

The Integrated Risk Management Framework also entails a revised governance and oversight structure to ensure the three lines of defence are prevalent across the organization. The clarity and enhancement of roles and responsibilities of each oversight committee, namely the Board Risk Committee, Management Risk Committee, Financing Review Committee and Operational Risk Management Committee translated into principle-focused deliberation and optimisation of resources, efficiency and productivity.

In guiding the Bank towards risk-based decision making, the Board of Directors had approved a broad Risk Appetite Statement that reflected the level of risk that the Bank is willing to take in pursuit of its business strategies and plans, as follows:

"The Bank's business strategy and risk-taking activities should always be within the capacity of the Bank. This is achieved by strengthening the following six dimensions – Risk Governance; Capital Adequacy and Shareholders' Value; Reputation as Islamic Bank; Asset Quality; Liquidity; and Operational Resilience."

Moving into 2015, Risk Management will continue to realign its risk tolerance in order to enhance monitoring and guide the Bank's business activities within the Risk Appetite Statement. The Banks risk tolerance translatesa broad appetite into measurable objectives for each business function, towards further improving the overall risk awareness of the Bank.

### EMPOWERING RISK MANAGEMENT DECISIONS THROUGH CAPITAL ASSESSMENT

Capital adequacy remains a key factor in decision making within a financial institution. The establishment of Risk-Based Capital Planning Department in 2014 demonstrates the Bank's recognition of the importance of having focused resources to conduct reliable risk-based capital adequacy assessment.

Cognizant of the benefits of adopting industry standards in capital adequacy measurement, the Bank benchmarked itself against BNM's Capital Adequacy Framework for Islamic Banks (CAFIB) and international capital adequacy standards of Basel II and Basel III, despite not being under the purview of such regulatory requirements. The Bank is on track towards achieving its target to commence CAFIB-based reporting in 2015.

Apart from reliability of capital adequacy measurement, capital resilience is also a key consideration of the Bank. In this regard, Risk Management had put in place the guiding principles on stress testing as one of the key tools to assess the resilience of the Bank's capital position. A Stress Test Framework that integrates credit, market and operational risk aspects was established to further increase the Bank's capability in identifying vulnerable areas and managing the risks. In this regard, the Bank voluntarily observed BNM's Guidelines on Stress Testing as a good practice. The Bank's next step is to gradually implement Pillar II elements of Basel II.

### **CREDIT CULTURE TRANSFORMATION**

Like other financial institutions, credit risk is one of the major types of risk faced by the Bank. What distinguishes this type of risk from others at Bank Rakyat is its leading position in personal financing to public sector employees by way of salary deduction via ANGKASA that dominates its portfolio. Notwithstanding a captive market with a long history of good quality, the Bank continued instilling robust credit culture at all levels within the Bank. As part of the process, and to guide its business plan within the Bank's appetite for forced risk, the Bank has enhanced its Retail Credit Risk Policy. This was aimed at strengthening underwriting standards and credit granting criteria. In reviewing this Policy, the Bank benchmarked itself against BNM's various prudential guidelines and the industry's best credit risk management practices. In addition, the Bank is guided by its Vulnerable Customer Policy in response to BNM's call to manage the level of household debts.

The Bank's exposure to business credit remains minimal given the current initial stage of the Bank's portfolio diversification plan. As a good practice, the Bank had enhanced its Corporate Credit Risk Policy to support its credit risk appetite. Following this, improvements in work processes were introduced with segregation of duties being observed diligently. To complement the robust policy and procedures, the Bank continued to strengthen capability and capacity of its resources to spearhead the Bank's diversification plan.

Providing value-added risk monitoring and assessment results to the Board of Directors and Management is essential to ensure sound decision making and effective risk oversight. In delivering constructive and informative risk assessment, the Bank continued to enhance its credit risk portfolio reporting throughout the year. This was aimed, amongst others, at providing insights and assessment on internal and external risk factors. Additionally, Risk Management also conducted validation and back-testing on credit scoring models to ensure their robustness and relevance. Findings and analysis were discussed at various risk committees prior to deployment of risk-based business strategies.

Ensuring top asset quality remains as one of the Bank's main focus in 2015. Whilst various initiatives where undertaken in 2014 to improve the underwriting standards, more internal policies are currently being developed for implementation in 2015.

Bank Rakyat 2014 Annual Report

### OPTIMISING BALANCE SHEET WHILE MAXIMISING SUSTAINABLE RETURNS

In achieving its financial objectives, the Bank charts its strategic business plan within the boundaries of its risk appetite, assuming an appropriate balance between the level of risk and reward to sustain the maximum return to shareholders. It entails proactive management of the Bank's balance sheet as well as prudent management of the Bank's resources, including funding and pricing, to support the growth of the Bank's economic value, maintain a sound capital base against structural risks inherent in all activities of the Bank.

To ensure sustainable growth and profitability, the Bank had established a pricing policy that aligns the pricing of its financing products based on their expected risk profiles. In addition, the pricing policy also incorporates the requirements of the Base Rate for floating rate retail financing in accordance with BNM's Risk-Informed Pricing Guidelines and Reference Rate Framework.

The Bank also continued to strengthen the management of its structural risks, namely liquidity and rate of return risks. Driven by a lucrative return in recent years, long term fixed rate personal financing formed the majority composition of the Bank's assets, which led to a higher Economic Value of Equity than the regulatory threshold. Due to changing market environment, the Bank positioned itself in relation to the existing market situation to effectively manage its Rate of Return Risk in the Banking Book; embarking on several measures that emphasised growth of floating rate retail financing as well as short-term assets such as trade finance and cash line on the back of growths in Current and Savings accounts and longer term fixed rate funding instruments. In addition to the organic growth strategies, the Bank has in place a reserving plan to address the matter expeditiously.

While addressing the appropriate mix of assets and liabilities, the Bank maintained the optimal liquidity position, due mainly to the fact that every financial transaction or commitment has direct and indirect implication to the Bank's liquidity. This had required the Bank to be attentive to the liquidity risk strategy and management approach and continuously enhance its efforts to effectively manage liquidity risk. In this regard, the Bank ensured its compliance with liquidity regulatory requirements and pro-actively strategising its readiness to observe Basel III liquidity ratios i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

### STRENGTHENING OPERATIONAL RISK MANAGEMENT

Operational risk management activities in the Bank continued to be governed by the Operational Risk Management Framework and Policy. To ensure adequate attention and focused oversight by senior management, operational risk matters were deliberated at length by a dedicated Operational Risk Management Committee prior to consolidation with other risk management activities for reporting to the Management Risk Committee and the Board Risk Committee.

The Bank continued to streamline its operational risk management structure by converging Shariah risk and technology risk under the ambit of operational risk management. Together with information security and business continuity management, the Bank manoeuvred with a holistic view of its operational risk exposures and efficient resource management by leveraging on common risk management processes and tools.

Operational risk profiling had been further enhanced using a top-down approach that facilitates the identification of key operational risk exposures at enterprise-level. With this the Bank was able to prioritise its resources towards managing the critical areas of vulnerabilities. The role of Risk Management was to validate the top-down operational risk profiling with the bottom-up Risk and Control Self-Assessment (RCSA) exercises.

As one of the pilot reporting institutions for BNM's Operational Risk Integrated Online Network (ORION), the Bank had been reporting its operational risk loss event data and key risk indicators to BNM since November 2014. The Bank stands to benefit from its participation in ORION given that the greater collaboration and information sharing among industry players would improve its monitoring of emerging operational risk exposures.

Also for 2014, the Bank enhanced its business continuity management by benchmarking against global sound practices without compromising its compliance with regulatory requirements.

**Bank Rakyat** 60th Anniversary

### **COMPLIANCE ASPIRATIONS**

The Bank continued to comply with laws, rules and regulatory requirements and recognises that strong compliance culture promotes competitive advantages. With this objective, the Bank developed the following mission statements:

- To preserve the integrity and reputation of the Bank through compliance with applicable laws, regulations, rules, guidelines and ethical standards in all markets and jurisdictions in that it operates;
- To meet the expectations of key stakeholders e.g. customers, employees, regulators, government and the public at large; and
- To improve the corporate image of the Bank as respectable organisation with regards to compliance.

Compliance with law and regulations is an integral part of the Bank's business strategy. Continuous improvements on compliance risk management processes and procedures were undertaken to manage compliance risks effectively. Product development process were enhanced to ensure robust product structuring activities and for the products to remain relevant and competitive.

### **New Legal Requirements**

The Bank is committed to ensure adequate measures are in place to protect Personal Data, consistent with the Personal Data Protection Act 2010 ("PDPA") that came into force in November 2013. As a participating Foreign Financial Institutions (FFIs) under the Foreign Account Tax Compliance Act (FATCA), the Bank had taken measures to comply with FATCA requirements.

### Anti-Money Laundering and Counter Financing of Terrorism Regime

The Bank's has in place policies and standards for managing risks associated with money laundering, terrorism financing and other illicit financial activities in compliance with the amended AMLATFA 2001. The policies and standards reinforced the roles and accountabilities for protecting the assets and reputation of the Bank and safeguarding the interests of stakeholders and customers. The implementation of an integrated customer acceptance process also includes identification and verification, in line with customer due diligence and enhanced due diligence requirements of the Act and BNM regulations. This, along with the provision of other anti-money laundering controls has further strengthened the Bank's risk-based capabilities for AML monitoring.

Bank Rakyat 2014 Annual Report

### Shariah Committee Report

In the name of Allah, the most Beneficent, the most Merciful

In carrying out the roles and responsibilities of Shariah Committee of Bank Rakyat, we submit the following report on Shariah compliance of Bank Rakyat's business activities and operations for the financial year ended 31st December 2014.

- 1. We have reviewed the principles and the contracts relating to the following products introduced by Bank Rakyat:
  - i. Micro-i Financing (Bazar Ramadan) based on Qard, Wakalah and Ujrah launched on 9th June 2014.
  - ii. Variation Vehicle-i Financing: Superbikes based on Al-Ijarah Thumma Al-Bai` launched on 16th June 2014.
  - iii. Cash Advance Term Deposit-i based on Tawarruq launched on 30th September 2014.
  - iv. Rakyat CARE Services based on Wakalah bil Ujrah launched on 1st December 2014.
- 2. We have reviewed the transactions, applications and dealings entered into by Bank Rakyat through the following processes:
  - i. Shariah review on product and departmental policies and procedures.
  - ii. Shariah review on Product Disclosure Sheet (PDS), legal documents, notices and marketing materials prior to publication.
  - iii. Shariah review on Shariah compliance status of commercial banking customers prior to approval of financing.
  - iv. Shariah review on subscription of Islamic government securities and Islamic Private Debt Securities (IPDS).
  - v. Shariah review on product operations at the level of branches and departments which involve review of legal documents executed and akad sequence.
  - vi. Shariah risk assessment on the new products or enhancement to the existing products, processes and procedures, business activities and operations.
  - vii. Shariah audit on the operation, documentation and application of IT systems of departments, branches and subsidiaries of Bank Rakyat.

- 3. The management of Bank Rakyat is responsible for ensuring that Bank Rakyat conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion based on our review of the Banks' operations and to report back to Bank Rakyat's management
- 4. We have assessed the work carried out by the Shariah Review Department and Shariah Audit Department which included examining on a sample basis, each type of transaction, the relevant documentations and procedures adopted by Bank Rakyat.
- 5. We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Bank Rakyat has not violated the Shariah principles.

### In our opinion:

- 1. The principles and the contracts implemented on products listed above are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.
- The transactions, applications and dealings entered into by Bank Rakyat that we have reviewed are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.
- 3. All confirmed Shariah Non-Compliant events have been rectified accordingly.
- 4. The transactions, applications and dealings which are subjected to further investigation and rectification will be carried out on an on-going basis.
- 5. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles.

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- 6. All earnings that have been realised from sources or by means prohibited by Shariah principles have been considered for disposal to charitable causes.
- 7. The calculation of zakat is in compliance with Shariah principles. The distributed amount of Bank Rakyat zakat on business for 2014 is RM 43,182,767.00.

We, the members of the Shariah Committee of Bank Rakyat, to the best of our knowledge, do hereby confirm that the operations of Bank Rakyat, to the best of its effort, for the year ended 31st December 2014 have been conducted in accordance to Shariah principles.

Annual Report of Bank Rakyat Shariah Committee 2014



Dato' Setia Mohd Tamyes Bin Abd Wahid Chairman, Shariah Committee of Bank Rakyat



Datuk Abu Hasan Bin L. Din Al Hafiz Shariah Committee Member



Prof Madya Dr Siti Salwani Binti Razali Shariah Committee Member



Ustaz Wan Rumaizi Bin Wan Husin Shariah Committee Member



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Ustaz Md Yunus Bin Abd Aziz Shariah Committee Member



Ustaz Abdullaah Bin Jalil Shariah Committee Member





### TERMS OF REFERENCE FOR SHARIAH COMMITTEE

### 1.0 OBJECTIVE OF SHARIAH COMMITTEE

The establishment of the Shariah Committee ("SC") of Bank Rakyat is a requirement by Bank Negara Malaysia ("BNM"). The purpose is to ensure all activities, products, transactions, operations and zakat management of Bank Rakyat and all of its subsidiaries are Shariah compliant at all times as a full-fledged Islamic financial institution incorporated in Malaysia.

### 2.0 FORMATION OF SHARIAH COMMITTEE

- 2.1 The SC shall report directly to the Board of Directors ("BOD") and shall be recognised as an independent committee.
- 2.2 The appointment of the SC members must obtain prior written approval from BNM and BOD upon recommendation by the Nomination Committee.
- 2.3 SC member must fulfill the 'fit and proper' criteria to become a SC member as described in the Shariah Governance Framework for Islamic Financial Institutions by BNM ("BNM/SGF").
- 2.4 The SC shall comprise of at least five (5) members as required by BNM/SGF.
- 2.5 The majority of members on the SC shall have a qualified Shariah background with at least a bachelor's degree in Shariah, which includes study in usul fiqh (origin of Islamic law) or fiqh muamalat (Islamic transaction/commercial law) from a recognized university.
- 2.6 Chairman of the SC shall have a qualified Shariah background.
- 2.7 The SC may comprise experts with diverse qualifications, experience and knowledge to support the depth and breadth of the Shariah deliberations.

- 2.8 The majority of members of SC should be able to demonstrate a strong proficiency and knowledge in written and verbal Arabic and have a good understanding of Bahasa Malaysia and English.
- 2.9 The SC member is not considered a member SC and is prohibited from performing the role of SC member upon expiry of his/her appointment term until fresh approval is obtained from BNM.

### 3.0 ROLES AND RESPONSIBILITIES

- 3.1 Responsible and accountable for all Shariah decisions, views and opinions issued on Shariah matters provided by the SC.
- 3.2 Advise, provide input and necessary assistance on Shariah matters to BOD, Bank Rakyat's stakeholders and parties associated with Bank Rakyat's business operations and activities including the activities of its subsidiaries and cooperatives regulated by Suruhanjaya Koperasi Malaysia ("SKM") which consult or refer to Bank Rakyat on case by case basis to ensure compliance with Shariah requirements at all time.
- 3.3 To adopt the resolutions of Shariah Advisory Council of Bank Negara Malaysia ("SAC/BNM") and Shariah Advisory Council of Securities Commission ("SAC/SECCOM") upon publication in deriving Shariah decisions and to inform the Management and BOD in the event SC invokes its right to adopt stringent decisions as permissible by BNM/SGF.
- 3.4 Perform oversight role on Shariah matters related to Bank Rakyat's business operations and activities including its subsidiaries and guide Bank Rakyat and its subsidiaries on the implementation of Shariah decisions issued.
- 3.5 Assess and validate works which include Shariah research, takyif fiqhi (application of Shariah ruling), reports and findings (carried out by the four (4) internal Shariah functions within the bank which are Research, Review, Risk and Audit), inclusive of Shariah Research and Consultation, Shariah Review, SRM and Shariah Audit in order to ensure Shariah compliance.

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- 3.6 Approve and provide written confirmation (or in the form of a certificate being signed off by all SC members) on Shariah compliance of Bank Rakyat's product proposal based on proper support of takyif fiqhi and confirmation whereby no conflict with a SAC/BNM ruling is identified in the product proposal for the purpose of new product approval submission to BNM.
- 3.7 Endorse all frameworks, policies, procedures and any other applicable documents relating to Shariah and ensure the contents do not contain any elements which are not in line with Shariah.
- 3.8 Endorse and validate all relevant documentation relating to products, business and operations including but not limited to legal documents, product policies and procedures, product manual and marketing collaterals to ensure compliance with Shariah requirements with exception of certain specific tasks empowered to any of the four (4) specific internal Shariah functions by recorded decision of SC in consensus.
- 3.9 Advise and assist Bank Rakyat on consulting with SAC/BNM and/or SAC/SECCOM when necessary in writing.
- 3.10 Advise Bank Rakyat on the calculation, allocation and distribution of zakat and validate the list of zakat recipient's post-decision of Jawatankuasa Zakat Perniagaan Bank di bawah Asnaf ("JZPBA").
- 3.11 Abstain from making decisions which are not in line with the rulings of the SAC/BNM that may violate the Central Bank of Malaysia Act 2009.
- 3.12 Must not act in a manner that would undermine the rulings and decisions made by SAC/BNM and the SC and required to respect and observe the published Shariah rulings issued by SAC/BNM and shall not go against the decisions of the SC that they represent in public.

- 3.13 Withdrawal of Shariah decisions issued by SC in the event of the issuance of new and/or revised Shariah resolutions and decisions made by SAC/BNM and SAC/SECCOM.
- 3.14 Balance the conflict between Shariah and legal approaches to gradually lead Bank Rakyat's practices towards the best globally accepted Shariah practices.
- 3.15 Validate and endorse all matters related to Shariah noncompliant events, rectification measures and purification processes including the list of beneficiaries of tainted income for further reporting to BOD.
- 3.16 Inform BNM on Shariah non-compliant activities in the event they are not effectively or adequately addressed or no rectification measures are made by Bank Rakyat.
- 3.17 Regularly inform the BOD on relevant Shariah matters.
- 3.18 Disclose sufficient information relating to Shariah as required by BNM in the annual SC report which is embedded in Bank Rakyat's annual report and endorse the annual report prior to publishment.
- 3.19 Act as Shariah spokesperson to respond on Shariah related inquiries during Bank Rakyat annual general meeting or any public events which involve Bank Rakyat.
- 3.20 Observe the principle of confidentiality in relation to Bank Rakyat's business, operations and affairs at all times whereby all information obtained shall not be used in the manner that could be detrimental to Bank Rakyat.
- 3.21 Other responsibilities being assigned by BOD from time to time or any Shariah matters that require SC's immediate attention.

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### 4.0 SHARIAH COMMITTEE MEETING

- 4.1 The SC meeting shall be held at least once in every two (2) months.
- 4.2 Minimum quorum of SC meeting shall be 2/3 where majority attending are Shariah qualified members.
- 4.3 In the event Chairman of SC is unable to attend the SC meeting, the members shall elect one (1) member among themselves to become the alternate Chairman with qualified Shariah background to preside over the meeting.
- 4.4 Any decisions during the SC meeting shall be passed on the basis of 2/3 of the members present where majority of the 2/3 votes shall come from Shariah qualified members.
- 4.5 Any dissenting view by member of SC shall be properly recorded with justification and he/she reserves the right to abstain from voting in decision making.
- 4.6 The SC members must attend at least 75% of the SC meetings held in each financial year, except with reasonable excuse, at official venue in Bank Rakyat's headquarters or other venue determined by Shariah Secretariat to SC in or outside Malaysia.
- 4.7 SC meeting can be facilitated by means of video or telephone conference as an alternative.
- 4.8 Managing Director ("MD"), Chief Risk Officer ("CRO"), Chief Internal Audit ("CIA") and other members of Management may be invited on per meeting invitation basis to provide explanation to SC on matters arising and/or papers presented.
- 4.9 Formal decision of SC shall be escalated to Management and BOD on quarterly basis and escalation to business and support units shall be done on post-meeting basis upon review by the Secretary to SC and validation by the Chairman of SC.
- 4.10 The number of SC meetings held in the particular year, as well as the attendance of every SC member shall be disclosed in the annual report.

### 5.0 ANNUAL SHARIAH COMMITTEE REPORT

- 5.1 SC is required to report all approved products for the year (which have been launched), disclose any Shariah non-compliant event and amount of income that has been purified and state the amount of zakat that has been distributed during the year.
- 5.2 The report must also address all information required by BNM under the 'Guidelines on Financial Reporting for Development Financial Institutions'.
- 5.3 The report shall be signed by all SC members.
- 5.4 Annual SC Report is included in Bank Rakyat's annual report.

### 6.0 REPRESENTATION IN BOARD OF DIRECTORS MEETING

- 6.1 A Representative of SC attends the BOD meeting to serve as a bridge or communicator between SC and BOD in matters pertaining to Shariah.
- 6.2 One (1) of the SC members is appointed as permanent representative while another one (1) as an alternate representative in the event the permanent representative is unavailable to attend the meeting.
- 6.3 The SC representative shall provide advice on Shariah related matters only without intervening into areas of business.
- 6.4 An allowance is paid to the SC representative who attends the meeting is subjected to BOD's approval and/ or review from time to time upon recommendation by the Remuneration Committee.

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### 7.0 ADVISOR TO JAWATANKUASA ZAKAT PERNIAGAAN BANK DI BAWAH ASNAF

- 7.1 One (1) of the SC members is appointed as an advisor to JZPBA to ensure the management of zakat is compliant to Shariah.
- 7.2 The SC representative or zakat advisor shall provide advise on zakat matters which cover the zakat calculation, allocation, distribution, issue of had kifayah (sufficient amount) and asnaf qualification related matters to be in line with Shariah principles and requirements.
- 7.3 An allowance is paid to the SC representative who serves as the advisor to JZPBA is subjected to BOD's approval and/ or review from time to time upon recommendation by the Remuneration Committee.

### 8.0 REMUNERATION OF SHARIAH COMMITTEE MEMBER

- 8.1 SC members are remunerated with fixed monthly retainer and an allowance which are paid based on their attendance of meetings.
- 8.2 The allowance paid for the attendance of meetings will include SC and all other meetings that require a SC member to be present.
- 8.3 Whenever a SC member is invited to attend a formal or informal Bank Rakyat event, attending a formal event on Bank Rakyat's behalf, invited as a trainer to Bank Rakyat's internal or external programme or any other event in the name of Bank Rakyat, the respective SC member is entitle to a fixed event fee and mileage claim.
- 8.4 Upon reappointment as a SC member, an increment to the respective SC member shall be considered.
- 8.5 Remuneration amount is subjected to BOD's approval and/ or review from time to time upon recommendation by the Remuneration Committee and it shall commensurate with the roles and responsibilities of the SC member.

### 7.0 ADVISOR TO JAWATANKUASA ZAKAT PERNIAGAAN BANK DI 9.0 SECRETARY AND SECRETARIAT TO SHARIAH COMMITTEE

- 9.1 Head of Shariah who is qualified Shariah personnel shall be appointed by SC as the Secretary to SC. Secretary to SC has no voting power in decision making by the SC.
- 9.2 Secretary to SC, or an alternate secretary appointed by the Secretary to SC in his/her absence with apology, should attend all SC meetings and should maintain accurate and adequate records of any action deliberated during the meetings. All records regarding SC meeting shall be reviewed by the Secretary prior to escalation.
- 9.3 The function of Shariah Secretariat to SC is assigned to SC Secretariat and Fatwa Research Section under the Department of Shariah Research and Consultation Department of Bank Rakyat.

Bank Rakyat 2014 Annual Report



### Financial Statements

Statement by Directors
Report of Shariah Committee
Statutory Declaration
Directors' Report
Statements of Financial Position
Statements of Profit or Loss and
Other Comprehensive Income

Report of the Auditor General

Statements of Changes in Equity
Statements of Cash Flows
Notes to the Financial Statements



### REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BANK KERJASAMA RAKYAT MALAYSIA BERHAD FOR THE YEAR ENDED 31 DECEMBER 2014

### Report on the Financial Statements

The financial statements of Bank Kerjasama Rakyat Malaysia Berhad and the Group for the year ended 31 December 2014 have been audited by my representative which comprise the Statements of Financial Position as at 31 December 2014 and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with approved financial reporting standards in Malaysia, guidelines issued by Bank Negara Malaysia, the requirements of the Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Cooperative Societies Act 1993 (Act 502) and the Development Financial Institutions Act 2002 (Act 618). The directors are also responsible for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Bank Kerjasama Rakyat Malaysia Berhad and the Group as at 31 December 2014 and their financial performance as well as cash flows for the year then ended in accordance with approved financial reporting standards in Malaysia.

I have considered the financial statements and the auditors' reports of the subsidiary companies of which I have not acted as auditor as indicated in the notes to the financial statements. I am satisfied that the financial statements of the subsidiary companies that have been consolidated with Bank Kerjasama Rakyat Malaysia Berhad's financial statements are in appropriate form and content for the purpose in the preparation of the financial statements. I have received satisfactory information and explanations required for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect the financial statements.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Cooperative Societies Act 1993 (Act 502) in Malaysia, I also report that in our opinion:

- The accounting and other records have been properly kept in accordance with Section 58 of the Act;
- ii. The receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Bank Kerjasama Rakyat Malaysia Berhad during the year ended 31 December 2014 are in accordance with the Act, the provision of Bank Kerjasama

Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202) and the by-laws of Bank Kerjasama Rakyat Malaysia Berhad; and

iii. The assets and liabilities, in all material respects, are fairly stated in accordance with the accounting policies.

(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)

KETUA AUDIT NEGARA MALAYSIA

PUTRAJAYA 26 FEBRUARY 2015



## Statement by Directors

We, **DATO' MAT NOOR NAWI** and **DATUK MUSTAFHA ABD. RAZAK,** being two of the Directors of Bank Kerjasama Rakyat Malaysia Berhad, do hereby state that:

- (i) The financial statements of the Bank have been prepared in accordance with Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978, the Cooperative Societies Act 1993, Development Financial Institutions Act 2002 (Act 618) and the applicable Malaysian Financial Reporting Standards ("MFRS") with modifications based on guidelines issued by Bank Negara Malaysia ("BNM") and in compliance with International Financial Reporting Standards ("IFRS");
- (ii) The financial statements of the subsidiary companies of the Bank have been prepared in accordance with MFRS, IFRS and provisions of the Companies Act, 1965 in Malaysia.

In the opinion of the Directors, the financial statements are drawn up so as to give true and fair view of state of affairs as at 31 December 2014 and of the results of the operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

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DATO' MAT NOOR NAWI

Kuala Lumpur

Chairman

Date: 24 February 2015

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**DATUK MUSTAFHA ABD. RAZAK**Managing Director/President

### Report of Shariah Committee

In carrying out the roles and responsibilities of Shariah Committee of Bank Rakyat, we hereby submit the following report on Shariah compliance of Bank Rakyat's business activities and operations for the financial year ended 31st December 2014.

- 1. We have reviewed the principles and the contracts relating to the following products introduced by Bank Rakyat:
  - i. Micro-i Financing (Bazar Ramadhan) based on Qard, Wakalah and Ujrah launched on 9th June 2014.
  - ii. Variation Vehicle-i Financing: Superbikes based on Al-Ijarah Thumma Al-Bai` launched on 16th June 2014.
  - iii. Cash Advance Term Deposit-i based on *Tawarruq* launched on 30th September 2014.
  - iv. Rakyat CARE Services based on Wakalah bil Ujrah launched on 1st December 2014.
- 2. We have reviewed the transactions, applications and dealings entered into by Bank Rakyat through the following processes:
  - i. Shariah review on product and departmental policies and procedures.
  - ii. Shariah review on Product Disclosure Sheet (PDS), legal documents, notices and marketing materials prior to publishment.
  - iii. Shariah review on Shariah compliance status of commercial banking customers prior to approval of financing.
  - iv. Shariah review on subscription of Islamic government securities and Islamic Private Debt Securities (IPDS).
  - v. Shariah review on product operations at the level of branches and departments which involve review on legal documents executed and *akad* sequence.
  - vi. Shariah risk assessment on the new products or enhancement to the existing products, processes and procedures, business activities and operations.
  - vii. Shariah audit on the operation, documentation and application of IT systems of departments, branches and subsidiaries of Bank Rakyat.
- 3. The management of Bank Rakyat is responsible for ensuring that Bank Rakyat conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of Bank Rakyat and to report to you.
- 4. We have assessed the work carried out by Shariah Review Department and Shariah Audit Department which included examining on a sample basis, each type of transaction, the relevant documentations and procedures adopted by Bank Rakyat.
- 5. We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Bank Rakyat has not violated the Shariah principles.

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In our opinion:

- 1. the principles and the contracts implemented on products listed above are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.
- the transactions, applications and dealings entered into by Bank Rakyat that we have reviewed are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.
- 3. all confirmed Shariah Non-Compliant events have been rectified accordingly.
- 4. the transactions, applications and dealings which are subjected to further investigation and rectification will be carried out on an on-going basis.
- 5. the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles.
- 6. all earnings that have been realised from sources or by means prohibited by Shariah principles have been considered for disposal to charitable causes.
- 7. the calculation of zakat is in compliance with Shariah principles. The distributed amount of Bank Rakyat zakat on business within 2014 is RM 43,182,767.00.

We, the members of the Shariah Committee of Bank Rakyat, to the best of our knowledge, do hereby confirm that the operations of Bank Rakyat, to the best of its effort, for the year ended 31st December 2014 have been conducted in conformity with the Shariah principles.

Date' Setia Mohd Tamves Rin Ah

Dato' Setia Mohd Tamyes Bin Abd Wahid Chairman, Shariah Committee of Bank Rakyat

Datuk Abu Hasan Bin L. Din Al Hafiz

Shariah Committee Member

Ustaz Wan Rumaizi Bin Wan Husin Shariah Committee Member Prof Madya Dr Siti Salwani Binti Razali

Shariah Committee Member

Ustaz Md Yunus Bin Abd Aziz Shariah Committee Member

**Ustaz Abdullaah Bin Jalil** Shariah Committee Member

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Date: 24 February 2015

## Statutory Declaration

I, **NOR HAIMEE ZAKARIA**, being the officer primarily responsible for the financial management of Bank Kerjasama Rakyat Malaysia Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 24 February 2015.

Hailus

**NOR HAIMEE ZAKARIA** 

Before me:



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Bank Rakyat 2014 Annual Report

# Directors' Report

The Directors of Bank Kerjasama Rakyat Malaysia Berhad ("the Bank") have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2014.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Bank and of its subsidiary companies during the year.

### **RESULTS OF OPERATIONS**

**Bank Rakyat** 60th Anniversary

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	Group RM'000	Bank RM'000
Profit before taxation and zakat	2,185,033	2,160,185
Taxation	(169,478)	(163,480)
Zakat	(39,710)	(39,000)
Profit after taxation and zakat	1,975,845	1,957,705
Statutory appropriations	(573,229)	(573,229)
Profit for the year after statutory appropriations	1,402,616	1,384,476
Other comprehensive income	(280,985)	(280,985)
Total comprehensive income for the year	1,121,631	1,103,491
Profit for the year attributable to:		
Equity holders of the Bank	1,121,631	1,103,491

In the opinion of the Directors, the results of operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### **RESERVES AND PROVISION**

There were no material transfer to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### **DIVIDENDS**

During the financial year, the Bank paid a final cash dividend of 15% amounting to RM441.05 million in respect of the previous financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 15% amounting to RM450.00 million. The proposed dividends are subject to the approval by the relevant authorities and have not been included as liabilities in the financial statements.

### OTHER STATUTORY INFORMATION

In the opinion of the Directors, the financial statements set out on pages 173 to 309 have been drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as of 31 December 2014 and of the results of their operations and cash flows for the year ended on that date.

The Directors are satisfied that before the statements of financial position and the statements of profit or loss and other comprehensive income of the Group and of the Bank were made out, reasonable steps have been taken on the following matters:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment provisions and allowance for doubtful debts and had satisfied themselves that all known bad financing and bad debts had been written off and that adequate impairment provisions for impaired financing and allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, within the knowledge of the Directors, they are not aware of any circumstances that would cause the following:

- (i) the amount written off for bad financing and bad debts or the amount of the impairment provisions and allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) the amount reported in the financial statements of the Group and of the Bank misleading; and
- (iv) any adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Bank Rakyat 2014 Annual Report

### **Bank Rakyat** 60th Anniversary

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### OTHER STATUTORY INFORMATION (CONTINUED)

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

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; and
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability which has not been discharged has been undertaken by the Group and the Bank, except as disclosed in Note 38 to the financial statements. No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Bank for the succeeding financial year.

The Directors do solemnly and sincerely declare that there were no other matters, within their knowledge, that are not disclosed in accordance with Section 59, Co-operative Societies Act 1993.

DATUK MUSTAFHA ABD. RAZAK

Managing Director/President

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' MAT NOOR NAWI

Chairman

Kuala Lumpur

Date: 24 February 2015

## Statements of Financial Position

As at 31 December 2014

		Group		Bank	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Cash and short-term funds	5	3,080,554	1,907,843	3,078,779	1,905,665
Deposits and placements with financial institutions	6	185,838	947,386	160,099	942,295
Financial assets available-for-sale	7	11,962,018	10,463,097	11,958,602	10,457,907
Financial assets held-to-maturity	8	11,131,717	10,141,449	11,131,717	10,141,449
Financing and advances	9	60,482,549	57,304,177	60,482,549	57,304,177
Trade receivables	10	6,484	9,048	-	-
Other assets	11	908,730	775,879	851,118	725,904
Inventories	12	9,484	12,368	-	-
Asset classified as held-for-sale	13	-	80,432	-	-
Investment in subsidiaries	14	-	-	43,500	43,500
Property and equipment	15	765,413	903,652	739,321	874,882
Goodwill on consolidation		13,185	13,185	-	-
Investment properties	16	539,288	160,474	524,179	148,448
Prepaid lease payments	17	80,674	79,782	66,790	69,372
Deferred tax assets	18	139,221	265,032	140,000	266,000
TOTAL ASSETS		89,305,155	83,063,804	89,176,654	82,879,599

Bank Rakyat 2014 Annual Report

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	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
LIABILITIES					
Deposits from customers	19	68,522,973	65,297,767	68,522,973	65,297,767
Deposits and placements from	20	4 000 000	4.620.000	4 000 000	4 620 000
banks and financial institutions Trade payables	20	1,800,000 3,348	1,620,000 6,900	1,800,000	1,620,000
Recourse obligations on financing		3,346	0,900	-	_
sold to Cagamas	21	1,777,618	1,528,696	1,777,618	1,528,696
Debt securities issued	22	3,020,571	1,507,088	3,020,571	1,507,088
Other liabilities	23	1,431,012	1,359,301	1,592,597	1,490,679
Provision for taxation		1,073	1,556	-	-
Profit equalisation reserve (Investor)	24	18,776	152,145	18,776	152,145
Financing from other financial institutions	25	-	39,602	-	-
TOTAL LIABILITIES		76,575,371	71,513,055	76,732,535	71,596,375
SHAREHOLDERS' FUND					
Share capital	26	2,973,677	2,973,677	2,973,677	2,973,677
Share redemption fund		52,800	53,671	52,800	53,671
Reserves	27	9,673,442	8,268,907	9,387,777	8,001,382
Profit equalisation reserve (Bank)	24	29,865	254,494	29,865	254,494
TOTAL SHAREHOLDERS' FUND		12,729,784	11,550,749	12,444,119	11,283,224
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		89,305,155	83,063,804	89,176,654	82,879,599
COMMITMENTS AND CONTINGENCIES	38	2,633,804	3,140,252	2,633,804	3,140,252

Group

Bank

**Bank Rakyat** 60th Anniversary

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# Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

		Group		Bank	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income Expenditure	28 29	5,486,299 (2,222,911)	5,604,170 (2,243,350)	5,409,643 (2,151,521)	5,549,714 (2,209,887)
Net income Allowances for impairment Other operating income Operating expenses	30 31 32	3,263,388 (708,907) 577,152 (946,600)	3,360,820 (749,128) 506,513 (973,540)	3,258,122 (708,907) 571,562 (960,592)	3,339,827 (749,128) 522,263 (987,544)
Profit before taxation and zakat Taxation Zakat	33 34	2,185,033 (169,478) (39,710)	2,144,665 (190,781) (34,304)	2,160,185 (163,480) (39,000)	2,125,418 (184,974) (34,000)
Profit after taxation and zakat		1,975,845	1,919,580	1,957,705	1,906,444
Statutory appropriations	35				
Transfer to statutory reserve: 25% (2013: 25%)		(499,177)	(485,111)	(499,177)	(485,111)
Contribution to the Co-operative Education Trust Fund: 2% (2013: 2%)		(43,204)	(42,508)	(43,204)	(42,508)
Contribution to the Co-operative Development Provident Fund: 1% (2013: 1%) Contribution to Bank Rakyat Foundation		(21,602) (9,246)	(21,254) (9,435)	(21,602) (9,246)	(21,254) (9,435)
		(573,229)	(558,308)	(573,229)	(558,308)
Profit for the year		1,402,616	1,361,272	1,384,476	1,348,136

Bank Rakyat 2014 Annual Report

### **Statements of Profit or Loss** and Other Comprehensive Income For the year ended 31 December 2014 (continued)

		Group		Bank	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:  Net loss on revaluation of					
financial assets available-for-sale	27	(55,565)	(200,132)	(55,565)	(200,132)
Utilisation of profit equalisation reserve (Bank)		(224,629)	(109,609)	(224,629)	(109,609)
Item that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plan	11(iii)	(791)	3,668	(791)	3,668
		(280,985)	(306,073)	(280,985)	(306,073)
Total comprehensive income for the year		1,121,631	1,055,199	1,103,491	1,042,063
Earnings per share (RM) Basic	36	0.66	0.65		

**Bank Rakyat** 60th Anniversary

### Statements of Changes in Equity For the year ended 31 December 2014

		✓ Non-distributable ——			→ D		
Group	Note	Share capital RM'000	Share redemption fund RM'000	(Bank)	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013		2,865,004	53,671	364,103	3,497,352	3,616,495	10,396,625
Profit after taxation and zakat Transfer to statutory reserve Contribution to the Co-operative			-		- -	1,919,580 (485,111)	1,919,580 (485,111)
Education Trust Fund Contribution to the Co-operative Development Provident Fund		-	-	-	-	(42,508) (21,254)	(42,508) (21,254)
Contribution to Bank Rakyat Foundation		-	-	-	-	(9,435)	(9,435)
Profit for the year Other comprehensive income		-	-	(109,609)	- (200,132)	1,361,272 3,668	1,361,272 (306,073)
Total comprehensive income for the year		-	-	(109,609)	(200,132)	1,364,940	1,055,199
Issuance to new members Transfer from retained profits Dividends	37	54,355 - 54,318	- - -	- -	- 485,111 -	- - (495,058)	54,355 485,111 (440,740)
Overprovision in contribution to Bank Rakyat Foundation		-	-	-	-	199	199
At 31 December 2013		2,973,677	53,671	254,494	3,782,331	4,486,576	11,550,749
		Note 26		Note 24	Note 27	Note 27	

**Bank Rakyat** 2014 Annual Report

**Profit** Share equalisation Share redemption reserve Other Retained fund Group capital (Bank) profits Total reserves RM'000 Note RM'000 RM'000 RM'000 RM'000 RM'000 At 1 January 2014 2.973.677 53,671 254,494 4,486,576 11,550,749 3,782,331 Profit after taxation and zakat 1,975,845 1,975,845 Transfer to statutory reserve (499,177)(499,177)Contribution to the Co-operative **Education Trust Fund** (43,204)(43,204)Contribution to the Co-operative Development Provident Fund (21,602)(21,602)Contribution to Bank Rakyat Foundation (9,246)(9,246)1,402,616 1,402,616 Profit for the year Other comprehensive income (224,629)(55,565)(791)(280,985)Total comprehensive income for the year (224,629)(55,565)1,401,825 1,121,631 Transfer from retained profits 499,177 499.177 Issuance to new members 4,581 4,581 Transfer to other liabilities (5,452)(5,452)Transfer to share capital 871 (871)Transfer to regulatory reserve 245,566 (245,566)37 Dividends (441,053)(441,053)Overprovision in contribution to Bank Rakyat Foundation 151 151

52,800

Non-distributable -

Bank Rakyat 60th Anniversary

At 31 December 2014

178

2,973,677

29,865

4,471,509

5,201,933 12,729,784

→ Distributable

		Non-distributable		→ D			
Bank	Note	Share capital RM'000	Share redemption fund RM'000	(Bank)	Other reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013		2,865,004	53,671	364,103	3,498,093	3,361,365	10,142,236
Profit after taxation and zakat Transfer to statutory reserve Contribution to the Co-operative			-			1,906,444 (485,111)	1,906,444 (485,111)
Education Trust Fund		-	-	-	-	(42,508)	(42,508)
Contribution to the Co-operative Development Provident Fund Contribution to Bank Rakyat		-	-	-	-	(21,254)	(21,254)
Foundation		-	-	-	-	(9,435)	(9,435)
Profit for the year Other comprehensive income		-	-	- (109,609)	- (200,132)	1,348,136 3,668	1,348,136 (306,073)
Total comprehensive income							
for the year		-	-	(109,609)	(200,132)	1,351,804	1,042,063
Issuance to new members		54,355	-	-	-	-	54,355
Transfer from retained profits		-	-	-	485,111	-	485,111
Dividends Overprovision in contribution to	37	54,318	-	-	-	(495,058)	(440,740)
Overprovision in contribution to Bank Rakyat Foundation		-	_	-		199	199
At 31 December 2013		2,973,677	53,671	254,494	3,783,072	4,218,310	11,283,224
		Note 26		Note 24	Note 27	Note 27	

Bank Rakyat 2014 Annual Report

Share redemption reserve Other Retained fund **Bank** capital (Bank) profits Total reserves RM'000 Note RM'000 RM'000 RM'000 RM'000 RM'000 At 1 January 2014 2,973,677 53,671 254,494 4,218,310 11,283,224 3,783,072 Profit after taxation and zakat 1,957,705 1,957,705 Transfer to statutory reserve (499,177)(499,177)Contribution to the Co-operative **Education Trust Fund** (43,204)(43,204)Contribution to the Co-operative Development Provident Fund (21,602)(21,602)Contribution to Bank Rakyat Foundation (9,246)(9,246)1,384,476 Profit for the year 1,384,476 Other comprehensive income (224,629)(55,565)(791)(280,985)Total comprehensive income for the year (224,629)(55,565)1,383,685 1,103,491 Transfer from retained profits 499,177 499.177 Issuance to new members 4,581 4,581 Transfer to other liabilities (5,452)(5,452)Transfer to share capital 871 (871)Transfer to regulatory reserve 245,566 (245,566)37 Dividends (441,053)(441,053)Overprovision in contribution to

Non-distributable -

Share equalisation

**Profit** 

Bank Rakyat 60th Anniversary

Bank Rakyat Foundation

At 31 December 2014

180

2,973,677

29,865

52,800

4,472,250

151

4,915,527 12,444,119

151

→ Distributable

# Statements of Cash Flows

For the year ended 31 December 2014

	Gre	oup	Bank		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit for the year	1,402,616	1,361,272	1,384,476	1,348,136	
Adjustments for:					
Transfer to statutory reserve	499,177	485,111	499,177	485,111	
Contribution to the Co-operative Education Trust Fund Contribution to the Co-operative Development	43,204	42,508	43,204	42,508	
Provident Fund	21,602	21,254	21,602	21,254	
Contribution to Bank Rakyat Foundation  Taxation	9,246 169,478	9,435 190,781	9,246 163,480	9,435 184,974	
Zakat	39,710	34,304	39,000	34,000	
Profit expense on debt securities issued	98,663	40,918	98,663	40,918	
Allowance for impairment on financing and advances Allowance for impairment on financial assets	698,875	747,982	698,875	747,982	
available-for-sale	10,032	1,146	10,032	1,146	
Depreciation of property and equipment	84,064	77,133	82,516	75,597	
Amortisation of prepaid lease payment Property and equipment written off	1,994 525	1,673 2,732	1,662 525	1,655 2,732	
Gain on disposal of property and equipment	(39)	(59)	(1)	(9)	
Gain on disposal of asset classified as held-for-sale	(4,568)	-	`-	-	
Loss on financing written off	9,212	12,357	9,212	12,357	
Provision for defined benefit plan	24,270	44,715	24,270	44,715	
Allowance for doubtful debts	5,219 839	- 2 275	5,228	-	
Finance cost (Gain)/Loss on revaluation of investment properties	(186,741)	2,275 157	(187,077)	(1,564)	
Allowance for doubtful debts no longer required	(106)	(15,581)	(106)	(15,513)	
Allowance for impairment loss on financial assets					
held-to-maturity no longer required	(4,388)	(109,511)	(4,388)	(109,511)	
Net gain on disposal of financial assets available-for-sale  Net gain on disposal of financial assets held-for-trading	(20,210)	(20,196)	(20,210)	(20,485)	
Net gain on disposal of financial assets held-to-maturity	(139)	(141) (792)	(139)	(141) (792)	
Transfer to profit equalisation reserve	(357,998)	(178,002)	(357,998)	(178,002)	
Profit expense on financing sold with recourse to Cagamas	62,526	104,159	62,526	104,159	
Operating profit before working capital changes	2,607,063	2,855,630	2,583,775	2,830,662	

Bank Rakyat 2014 Annual Report

Bank Rakyat
60th Anniversary

Gr	oup	Bank		
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
761,548 (3,886,459) 1,186 4,488 2,884	(688,406) (2,831,240) (545) 61,468 (7,573)	782,196 (3,886,459) - 10,613 -	(688,422) (2,831,240) - 61,376 -	
3,225,206 180,000 (3,552) 186,396 (162,917)	2,631,763 1,420,000 166 (1,747,764) (244,071)	3,225,206 180,000 - 186,396 (132,574)	2,631,763 1,420,000 - (1,747,764) (243,106)	
2,915,843	1,449,428	2,949,153	1,433,269	
(104,122) 107 (41,685) (106,270)	(202,965) 10,000 (41,592) (105,693)	(97,220) - (41,111) (106,270)	(197,215) 10,000 (41,410) (105,693)	
2,663,873	1,109,178	2,704,552	1,098,951	
(225,000) 225,139 (2,697,000) 1,152,692 (1,640,640) 654,760 (51) (141,743) 524 85,000	(380,000) 380,141 (1,933,745) 1,092,047 (2,756,870) 946,680 (40) (315,385) 458	(225,000) 225,139 (2,697,000) 1,150,918 (1,640,640) 654,760 - (135,477) 264	(380,000) 380,141 (1,933,430) 1,092,047 (2,756,870) 946,680 - (307,059) 274	
(2,586,319)	(2,966,714)	(2,667,036)	(2,958,217)	
	2014 RM'000 761,548 (3,886,459) 1,186 4,488 2,884 3,225,206 180,000 (3,552) 186,396 (162,917) 2,915,843 (104,122) 107 (41,685) (106,270) 2,663,873 (225,000) 225,139 (2,697,000) 1,152,692 (1,640,640) 654,760 (51) (141,743) 524 85,000	RM'000       RM'000         761,548 (3,886,459)       (688,406) (2,831,240)         1,186 4,488 2,884       61,468 (7,573)         3,225,206 180,000 (3,552)       2,631,763 1,420,000 (1,747,764) (244,071)         2,915,843       1,449,428         (104,122) 107 (41,685) (106,270)       (202,965) 10,000 (41,592) (105,693)         2,663,873       1,109,178         (225,000) 225,139 (2,697,000) 1,152,692 (1,640,640) 654,760 (51) (141,743) (515,385) 524 85,000       (380,000) -	2014 RM'000 RM'000 RM'000  761,548 (688,406) (3,886,459) (2,831,240) (3,886,459) (2,831,240) (3,886,459) (2,884 (7,573) - 3,225,206 (2,631,763 (7,573) - 3,225,206 (1,747,764) (132,574) (162,917) (244,071) (132,574)  2,915,843 1,449,428 2,949,153  (104,122) (202,965) (97,220) (106,270) (105,693) (106,270)  2,663,873 1,109,178 2,704,552  (225,000) (380,000) (225,000) (225,139 (380,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (2,697,000) (1,933,745) (1,640,640) (554,760 (946,680 (554,760 (1,640,640) (2,756,870) (1,640,640) (51) (40) (141,743) (315,385) (135,477) 524 (458 (264 85,000)	

	Gr	oup	Bank		
Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				_	
Proceeds from issue of shares to members Dividend paid Fund received from government Proceeds from debt securities issued Payment of profit expenses on debt securities issued Payment of financing from other financial institutions	4,581 (441,053) 157,250 1,500,000 (85,180) (34,746)	54,355 (440,740) 97,868 500,000 (40,488) (6,165)	4,581 (441,053) 157,250 1,500,000 (85,180)	54,355 (440,740) 97,868 500,000 (40,488)	
Net cash from financing activities	1,100,852	164,830	1,135,598	170,995	
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of year	1,178,406 1,902,148	(1,692,706) 3,594,854	1,173,114 1,905,665	(1,688,271) 3,593,936	
Cash and cash equivalents at end of year 5	3,080,554	1,902,148	3,078,779	1,905,665	

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## Notes to the Financial Statements

For the year ended 31 December 2014

### 1. GENERAL INFORMATION

The Bank was established under the Co-operative Societies Act 1993 with the registered office address at 35th Floor, Menara 1, Menara Kembar Bank Rakyat, No. 33, Jalan Rakyat, 50470 Kuala Lumpur.

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 14.

There have been no significant changes in the nature of these principal activities of the Bank and its subsidiary companies during the year.

The Bank has a total of 147 branches as of 31 December 2014 (2013: 145)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank have been prepared in accordance with the provisions of Bank Kerjasama Rakyat Malaysia Berhad (Special Provisions) Act 1978 (Act 202), the Co-operative Societies Act 1993 (Act 502), Development Financial Institutions Act 2002 (Act 618) and the applicable Malaysian Financial Reporting Standards ("MFRS") with modifications based on guidelines issued by Bank Negara Malaysia ("BNM") and in compliance with the principles of Shariah as well as International Financial Reporting Standards ("IFRS").

The financial statements of the subsidiary companies of the Bank have been prepared in accordance with MFRS, IFRS and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and are rounded to the nearest thousand ("000"), unless otherwise stated.

### Amendments to MFRSs and the new Interpretation that are mandatorily effective for the current year

In current year, the Group and the Bank have applied a number of amendments to MFRSs and a new Interpretation issued by the Malaysian Accounting Standards Board (MASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

### Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

The Group and the Bank have applied the amendments to MFRS 10, MFRS 12, and MFRS 127 *Investment Entities* for the first time in the current year. The amendments to MFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

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### Amendments to MFRSs and the new Interpretation that are mandatorily effective for the current year (cont'd)

### Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities (cont'd)

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have also been made to MFRS 12 and MFRS 127 to introduce new disclosure requirements for investment entities.

As the Bank is not an investment entity (assessed based on the criteria set out in MFRS 10 as at 1 January 2014), the application of these amendments has had no impact on the disclosures on the amounts recognised in the Group's consolidated financial statements.

### Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

The Group and the Bank have applied the amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to MFRS 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

The Group and the Bank have applied the amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements which is applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by MFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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### Amendments to MFRSs and the new Interpretation that are mandatorily effective for the current year (cont'd)

### Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

The Group and the Bank have applied the amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to MFRS 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### **IC Interpretations 21 Levies**

The Group and the Bank have applied IC Interpretations 21 Levies for the first time in the current year. IC Interpretations 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

### New and revised standards in issue but not yet effective

The Directors anticipate that the following Standards will be adopted in the annual financial statements of the Group and of the Bank when they become mandatorily effective for adoption. The adoption of these Standards is not expected to have a material impact on the financial statements of the Group and of the Bank except as further discussed below.

- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)<sup>5</sup>
- MFRS 15: Revenue from Contracts with Customers<sup>4</sup>
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception<sup>3</sup>
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup>
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations<sup>3</sup>
- Amendments to MFRS 101: Disclosure Initiative<sup>3</sup>
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation<sup>3</sup>
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions<sup>1</sup>

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### New and revised standards in issue but not yet effective (cont'd)

- Amendments to MFRS 127: Equity Method in Separate Financial Statements<sup>3</sup>
- Amendments to MFRSs: Annual Improvements to MFRSs 2010-2012 Cycle<sup>2</sup>
- Amendments to MFRSs: Annual Improvements to MFRSs 2011-2013 Cycle<sup>1</sup>
- Amendments to MFRSs: Annual Improvements to MFRSs 2012-2014 Cycle<sup>3</sup>
- Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
- Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

### **MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

### **Key requirements of MFRS 9:**

• all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and profit on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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### New and revised standards in issue but not yet effective (cont'd)

### MFRS 9 Financial Instruments (cont'd)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred
  credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses
  and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since
  initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are
  recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Group and of the Bank anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's and the Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group completes a detailed review.

### Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

The amendments to MFRS 10, MFRS 12 and MFRS 128 address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments make changes aimed at clarifying the following aspects:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by MFRS 12.

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### New and revised standards in issue but not yet effective (cont'd)

### Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception (cont'd)

As the Group and the Bank are not an investment entity (assessed based on the criteria set out in MFRS 10) and not an investor in an investment entity, the application of these amendments is not expected to have any impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

### Amendments to MFRS 11 Accounting for Acquisitions of Interest in Joint Operations

The amendments to MFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in MFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in MFRS 3 and other standards (e.g. MFRS 136 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has be allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by MFRS 3 and other standards for business combinations.

The amendments to MFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to MFRS 11 will have a material impact on the Group's consolidated financial statements.

### **Amendments to MFRS 101 Disclosure Initiative**

The amendments to MFRS 101 aim at clarifying MFRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

- They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality
  considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure,
  materiality considerations do apply.
- They introduce a clarification that the list of line items to be presented in the statement of financial position and the statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- They add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The Directors do not anticipate that the application of these amendments to MFRS 101 will have a material impact on the Group's consolidated financial statements as these amendments deal with the presentation of financial statements.

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### New and revised standards in issue but not yet effective (cont'd)

### Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 prohibit entities from using a revenue-based depreciation method for items of property and equipment. The amendments to MFRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a. when the intangible asset is expressed as a measure of revenue; or
- b. when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to MFRS 116 and MFRS 138 will have a material impact on the Group's consolidated financial statements.

### Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to MFRS 119 will have a significant impact on the Group's consolidated financial statements.

### Annual Improvements to MFRSs 2010-2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to MFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to MFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at the end of each reporting period, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustment) should be recognised in profit and loss. The amendments to MFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

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### New and revised standards in issue but not yet effective (cont'd)

### Annual Improvements to MFRSs 2010-2012 Cycle (cont'd)

The amendments to MFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of MFRS 13 clarify that the issue of MFRS 13 and consequential amendments to MFRS 139 and MFRS 9 did not remove the ability to measure short-term receivables and payables with no stated profit rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to MFRS 116 and MFRS 138 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to MFRS 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

### Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to MFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, MFRS 139 or MFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within MFRS 132.

The amendments to MFRS 140 clarify that MFRS 140 and MFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- a. the property meets the definition of investment property in terms of MFRS 140; and
- b. the transaction meets the definition of a business combination under MFRS 3.

The Directors do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

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### New and revised standards in issue but not yet effective (cont'd)

### Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below.

The amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operation adds specific guidance in MFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to MFRS 7 *Financial Instruments: Disclosures* clarify the applicability of the amendments to MFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to MFRS 119 *Employee Benefits* clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendments to MFRS 134 *Interim Financial Reporting* clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The Directors do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared on the historical cost basis, except for certain assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration involved in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

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### 3.1 Basis of preparation (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

### 3.2 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiary. Control is achieved when the Bank has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct
  the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders'
  meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

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### 3.2 Subsidiaries and basis of consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained profit and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

### 3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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### 3.3 Business combinations (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

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### 3.4 Goodwill on consolidation

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.5 Financial instruments

Financial assets and financial liabilities are recognised when, and only when the Group and the Bank become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Effective profit method

The effective profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating profit income or expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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### 3.5 Financial instruments (cont'd)

### 3.5.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' or financial assets 'held-for-trading', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'financing and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### 3.5.1.1 Financial assets held-for-trading or at fair value through profit or loss

A financial asset is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profittaking. They are recognised in the statements of financial position as 'Financial assets held-for-trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are recognised in profit or loss. Gains and losses arising from changes in fair value are recognised in profit or loss and are reported as 'Gains/(losses) on revaluation of financial assets held-for-trading'. Profit income on financial assets held-for-trading are included in 'Income from financial assets'.

### 3.5.1.2 Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in profit rates, exchange rates or equity prices or that are not classified as financing and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in other reserves, with the exception of impairment losses and profit calculated using the effective profit method which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other reserves is classified to profit or loss.

Available-for-sale equity instruments that do not have a quoted market price in an active market whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividend from available-for-sale equity investments are recognised in profit or loss when the Group's and the Bank's right to receive the dividend is established.

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### 3.5 Financial instruments (cont'd)

### 3.5.1 Financial assets (cont'd)

### 3.5.1.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and the Bank's management have the positive intent and ability to hold to maturity.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective profit method less any impairment.

Profit on financial assets held-to-maturity is included in profit or loss and reported as 'Income from financial assets'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the financial asset and recognised in profit or loss as 'Allowance for impairment on financial assets'.

### 3.5.1.4 Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financing and receivables are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method, less any impairment. Regular way recognition of financing and advances is recorded on settlement date, when all the conditions under financing contract have been fulfilled.

Profit on financing is recognised in profit or loss by applying the effective profit rate.

### 3.5.2 Impairment of financial assets

### 3.5.2.1 Financing and advances

Financing and advances ("financing") of the Group and of the Bank are classified as impaired when they fulfil any of the following criteria:

- (i) Principal or profits or both are past due for three (3) months or more;
- (ii) Where a financing is in arrears for less than three (3) months, the financing exhibits indications of credit weaknesses; or
- (iii) Where an impaired financing has been rescheduled or restructured, the financing will continue to be classified as impaired until financing payment based on the revised and/or restructured terms have been observed continuously for certain period of months.

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### 3.5 Financial instruments (cont'd)

### 3.5.2 Impairment of financial assets (cont'd)

### 3.5.2.1 Financing and advances (cont'd)

For determination of impairment on financing, the Group and the Bank assess at the end of each reporting period whether there is objective evidence that a financing or a group of financing is impaired. A financing or a group of financing is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (i.e. an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financing or a group of financing that can be reliably estimated.

The Group and the Bank first assess individually whether objective evidence of impairment exists individually for financing which are individually significant, or collectively for financing which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financing, the financing is then included in a group of financing with similar credit risk characteristics and collectively assessed for impairment. Financing that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financing's original effective profit rate. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Where appropriate, the calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financing are grouped on the basis of similar credit risk characteristics. Impairment for this group is assessed based on the historical financing loss experience in terms of default rate and estimated recovery rate.

Future cash flows of the financing are evaluated depending on the availability of security for the financing. For unsecured financing, the fraction of exposure at default that will not be recovered following the default is taken in full.

For financing secured with collateral pledged to the Group and the Bank, the fraction of exposure at default would take into account value of the security discounted based on the expected period of recovery of the security using the effective profit rate.

The likelihood that the financing would fall into default is computed based on average default rates for the latest number of years using historical data of outstanding balance that flow through to the following month. Similar rate of the likelihood of default is applied to the group of financing with similar credit risk characteristics.

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### 3.5 Financial instruments (cont'd)

### 3.5.2 Impairment of financial assets (cont'd)

### 3.5.2.1 Financing and advances (cont'd)

In conjunction with the convergence of the FRSs in Malaysia with the IFRSs, BNM's guideline on Classification and Impairment Provisions for Loans/Financing was revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of the Malaysian Financial Reporting Standard 139: Financial Instruments: Recognition and Measurement ["MFRS 139"]. Based on the revised guideline, the transitional arrangement on collective assessment is removed with effect from 1 January 2012. Thereafter, the Bank applies the basis for collective assessment impairment allowance by grouping of these financing with similar credit risk characteristics as explained above. On 4 February 2014, BNM issued letter requiring banking institutions to maintain, in aggregate, collective impairment provisions and regulatory reserves at minimum rate of 1.2% of total outstanding financing, net of individual impairment provisions. This move is to further strengthen buffers against potential credit losses.

When a financing is uncollectible, it is written off against the related allowance for financing impairment. Such financing are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to financing and advances to customers are classified in financing impairment charges.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

### 3.5.2.2 Available-for-sale financial assets

The Group and the Bank assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, cumulative gain or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of other reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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### 3.5 Financial instruments (cont'd)

### 3.5.2 Impairment of financial assets (cont'd)

### 3.5.2.3 Held-to-maturity investments

The Group and the Bank assess at the end of each reporting period whether objective evidence of impairment of financial investments held-to-maturity exists as a result of one or more loss events and that loss event has an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

When there is objective evidence of impairment, an impairment loss is recognised as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognised.

If held to maturity investments have a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group and the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

### 3.5.2.4 Rescheduled and restructured financing

Where a financing shows evidence of credit weaknesses, the Group and the Bank may seek to renegotiate the financing rather than to take possession of collateral. This may involve an extension of the payment arrangements via rescheduling or the renegotiation of new financing terms and conditions via restructuring. Management monitors the renegotiated financing to ensure that all the revised terms are met and that the financing payments are made promptly for a continuous period. Where an impaired financing is renegotiated, the customer must adhere to the revised and/or restructured financing payment terms for a continuous period of six months before the financing is classified as non-impaired. These financing continue to be subjected to individual or collective impairment assessment.

### 3.5.3 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Bank recognise their retained profit in the asset and an associated liability for amounts it may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collaterised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated under the heading of other reserves is recognised in profit or loss.

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### 3.5 Financial instruments (cont'd)

### 3.5.4 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instruments.

### 3.5.5 Equity instruments

An equity instrument is any contract that evidences a residual profit in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net a direct issue costs.

Repurchase of the Group's and of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and of the Bank's own equity instruments.

### 3.5.6 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at amortised cost include deposits from customers, deposits and placements from banks and financial institutions, trade and other payables, recourse obligation on financing sold to Cagamas, debt securities issued and other borrowed funds.

The effective profit method is a method of calculating the amortised cost of a financial liability and of allocating profit expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

### 3.5.7 Derecognition of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

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### 3.5 Financial instruments (cont'd)

### 3.5.8 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on Bursa Malaysia and broker quotes from Bond Pricing Agency.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. Under these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, and using inputs existing at the end of the reporting period.

In cases when the fair value of unquoted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

The fair value for financing and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

### 3.6 Cash and cash equivalents

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and money at call and deposit placements maturing within one month, are short term, highly liquid investments with maturities of one month or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

### 3.7 Leases

Leases comprise operating lease. Lease of assets is classified as operating lease where a significant portion of the risks and rewards of ownership is retained by the lessor.

### a) Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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### 3.7 Leases (cont'd)

### b) Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3.8 **Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group and the Bank, are classified as investment properties. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net disposal proceeds and the carrying amount of the assets), is included in profit or loss in the period which the property is derecognised.

### 3.9 **Property and equipment**

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use.

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### 3.9 Property and equipment (cont'd)

Depreciation of other property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	2%
Leasehold land and buildings	2%
Renovation	2% - 20%
Furniture, fittings and office equipment	20%
Motor vehicles	20%

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gains and losses arising on disposals are determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.10 Prepaid lease payments

Leasehold land that has an indefinite economic life which title is not expected to pass to the Group by end of the lease period is classified as operating lease.

The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised. The prepaid lease payments are amortised on a straight-line basis over the remaining lease terms, ranging from 17 to 95 years (2013: 18 to 96 years).

### 3.11 Assets classified as held-for-sale

Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal groups) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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### 3.12 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

### 3.13 Inventories

Inventories are valued at the lower of cost (determined using the first-in, first out method) and net realisable value. The cost of inventories comprises the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion. In arriving at net realisable value, due allowance is made for damaged, obsolete or slow-moving inventories.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the 'specific identification' method.

### 3.14 Property development

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The Group considers the portion of land and development expenditure on which development work has commenced and is expected to be completed within the normal operating cycle as current assets.

### 3.15 Profit income and expense

For all financial instruments measured at amortised cost and profit-bearing financial assets classified as held-for-trading and available-for-sale, income and expense are recognised under "Income" and "Expenditure" respectively using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or liability and of allocating the profit income or expense over the relevant period. The effective profit rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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### 3.15 Profit income and expense (cont'd)

The calculation takes into account all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. Significant fees and transaction costs integral to the effective profit rate, as well as premiums or discounts are also considered.

For impaired assets where the value of the financial assets has been written down as a result of an impairment loss, profit income continues to be recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

### 3.16 Fee and commission income

Financing arrangement fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

### 3.17 Dividend income

Dividends are recognised in profit or loss as 'dividend income' when the Group's right to receive payment is established.

### 3.18 Income tax

### 3.18.1 Current income tax

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

### 3.18.2 Deferred income tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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### 3.18 Income tax (cont'd)

### 3.18.2 Deferred income tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Bank intend to settle its current tax assets and liabilities on a net basis.

### 3.19 Employee benefits

### 3.19.1 Defined benefit plan

A defined benefit plan is a post-employment plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The Bank provides lump sum benefit at retirement for its employees who have completed at least 10 years of services. The retirement benefit payable is based on last drawn salary and years of service.

The Bank established a trust fund to provide such benefits to its eligible members. The trust fund is managed by Amanah Raya Berhad.

The Bank has a policy to contribute up to 5% of its annual profit before taxation and zakat to the trust fund. The trust fund is, however, not an Inland Revenue Board approved fund.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contribution.

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### 3.19 Employee benefits (cont'd)

### 3.19.1 Defined benefit plan (cont'd)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit actuarial cost method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding profit), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net profit is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- net profit expense or income; and
- remeasurement.

The Group and the Bank presents the first two components of defined benefit costs in profit or loss in the line item of personnel expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represent value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restricting costs.

The plan exposes the Bank to actuarial risks as follows:

### i. Investment

Present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively steady return from investment in fixed deposits.

### ii. Profit

A decrease in the bond profit rate will increase the plan liability. This is not partially offset since return on the plan asset in fixed deposits is relatively stable.

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### 3.19 Employee benefits (cont'd)

### 3.19.1 Defined benefit plan (cont'd)

### iii. Longevity

Present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### iv. Salary

Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### 3.19.2 Defined contribution plan

For defined contribution plan, the Group and the Bank pay contributions to Employees Provident Fund (EPF) on a mandatory basis. The Group and the Bank have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

### 3.19.3 Short-term employee benefits

Wages, salaries, paid annual leaves, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Bank. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

### 3.20 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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### 3.20 Impairment of non-financial assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 3.21 Profit equalisation reserve (PER)

PER is a mechanism to enable the Bank to mitigate the downside risk of income reduction and to maintain competitive rates of returns or deposit rates. This is in line with "Guidelines on Profit Equalisation Reserve" as prescribed by Bank Negara Malaysia.

PER is created by setting aside an amount out of total gross income before distribution to depositors and the Bank.

PER is segregated between the portion belonging to the depositors and the Bank based on the contractual profit sharing ratio at the point of creation. PER for depositors is classified as other liability and PER for the Bank is classified as a separate reserve in equity.

Utilisation of PER shall be appropriated from both the depositors' and the Bank's portion based on the contractual profit sharing ratio at the point of utilisation.

In line with the transition plan for implementation of classification of Islamic deposits and investment accounts under Islamic Financial Services Act 2013 (IFSA 2013), banks are required to replace all deposit products applying Shariah concepts of which non-principal contract is guaranteed, for example Mudarabah and Wakalah, with products that comply with the new requirements under IFSA.

In this respect, the Bank has taken steps by offering term deposits under concept Tawarruq which is in line with the requirements of the transition plan. In effect, deposit products under Mudarabah contract has declined resulting in the reduction of PER through its utilisation in accordance with guidelines on PER.

### 3.22 Zakat

In computing for zakat, the Group and the Bank have been applying the working capital method based on the rate of 2.5%. This method applies the rate on asset, net of liabilities and subjected to allowable adjustments.

It is an obligatory amount payable on the business on behalf of the shareholders and/or business entity depending on the ownership characteristics.

Zakat is distributed according to Shariah principal and being extended through Islamic Religious Council of the respective states and other rightful beneficiaries or asnaf.

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's and the Bank's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with MFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's and the Bank's results and financial situation due to their materiality.

#### 4.1 Impairment losses on financing and advances

The Group and the Bank review their financing and advances portfolio to determine whether impairment losses should be recognised in profit or loss.

Financing is considered as impaired when there is objective evidence of impairment as a result of loss event that has affected future estimated cash flows of the financing subsequent to its initial recognition.

Components of impairment allowance are as follows:

#### (i) Individual impairment

Where an account has exceeded certain number of arrears or when the account has fulfilled certain criteria that indicates credit weaknesses, the account is individually assessed for impairment.

Individual allowance is measured as the difference between carrying amount of the financing and present value of estimated future cash flows that are discounted at the effective profit rate.

Expectation on future cash flows is established by applying the best estimate formed on reliable and objective evidence. This process involves significant and reasonable judgement.

#### (ii) Collective impairment

Collective impairment is applicable to a group of financing with similar credit risk characteristics, and which is not classified under individual impairment as described above.

Collective allowance takes into account probability of financing turning into default (or probability of default) and estimated loss on default (or loss given default) of any particular financing.

Probability of default is the resultant of cumulative trend of default for a specified period, whereas loss given default is measured by considering value of collateral to the financing and estimated recovery period from the collateral.

Probability of default is reflective of business sectors for the financing and is refined to the extent of gravity in terms of defaults shown by the financing. Derivation of the rate for probability of default takes into account risk aspect of the business sector.

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### 4.2 Impairment of financial assets available-for-sale

At the end of each reporting period, management will assess if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment.

#### (i) Impairment for debt securities

A debt security is impaired if there is an indication that a loss event has occurred since initial recognition. This normally has a negative impact on the estimated future cash flows in relation to the repayment of the securities.

#### (ii) Impairment for equity securities

For equity instrument, impairment is not identified based on analysis of projected cash flows similar to debt instrument above. It arises due to establishment of the following events:

- a) significant decline in fair value of the securities below original cost (30%); or
- b) prolonged decline in fair value of the securities below original cost (9 months)

The above is considered objective evidence for provision of impairment on the equity securities.

# 4.3 Financial assets held-to-maturity

The Group and the Bank classify some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement.

In making this judgement, the Group and the Bank evaluate their intention and ability to hold such investments to maturity. If the Group and the Bank were to fail to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - the Group and the Bank are required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

#### 4.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profit together with future tax planning strategies.

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### 5. CASH AND SHORT-TERM FUNDS

	G	roup	Ва	ink
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and balances with banks and other financial institutions  Money at call and deposit placements	956,994	746,196	955,219	744,018
maturing within one month	2,123,560	1,161,647	2,123,560	1,161,647
	3,080,554	1,907,843	3,078,779	1,905,665

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	G	roup	Ва	nk
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and short-term funds Bank overdrafts (Note 25)	3,080,554 -	1,907,843 (5,695)	3,078,779	1,905,665
	3,080,554	1,902,148	3,078,779	1,905,665

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### 6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	G	roup	Ва	nk
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Licensed banks	185,838	947,386	160,099	942,295

# 7. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	G	roup	Ва	nk
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At fair value				
Islamic debt securities	2,652,177	2,287,255	2,652,177	2,287,255
Government investment issues	6,793,223	6,209,785	6,793,223	6,209,785
Government bonds	2,162,419	1,747,170	2,162,419	1,747,170
Khazanah bonds	85,259	22,500	85,259	22,500
Cagamas bonds	53,627	-	53,627	-
Quoted shares	203,347	183,245	203,347	182,472
Unit trust shares	1,717	1,892	1,717	1,892
At cost, net of impairment loss				
Unquoted shares	10,249	11,250	6,833	6,833
Net carrying amount	11,962,018	10,463,097	11,958,602	10,457,907

# 8. FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	2014 RM'000	2013 RM'000
At amortised cost		_
Islamic debt securities	767,814	565,505
Government investment issues	8,673,072	8,574,372
Government bonds	1,078,786	903,555
Khazanah bonds	449,742	306,684
Cagamas bonds	122,835	-
Negotiable Islamic debt certificates	248,719	-
Islamic commercial papers	57,036	62,008
	11,398,004	10,412,124
Less: accumulated impairment losses		
Islamic debt securities	(209,251)	(213,639)
Islamic commercial papers	(57,036)	(57,036)
	(266,287)	(270,675)
Net carrying amount	11,131,717	10,141,449

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# 8. FINANCIAL ASSETS HELD-TO-MATURITY (CONTINUED)

Movement of accumulated impairment losses for financial assets held-to-maturity is as follows:

	Group a	nd Bank
	2014 RM'000	2013 RM'000
As of 1 January Recoveries of impairment loss during the year (Note 31(ii))	270,675 (4,388)	380,186 (109,511)
As of 31 December	266,287	270,675

The maturity structures of the instruments are as follows:

	Group	Group and Bank	
	2014 RM'000	2013 RM'000	
Maturity within one year  More than one year to five years  More than five years	1,005,642 6,846,551 3,545,811	598,590 4,682,099 5,131,435	
	11,398,004	10,412,124	

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# 9. FINANCING AND ADVANCES

Financing and advances analysed by type

	Group a	nd Bank
	2014 RM'000	2013 RM'000
At amortised cost		
Term financing	4,739,780	5,284,458
Personal financing	50,551,046	46,937,581
Revolving credit	525,226	465,430
House financing	2,637,902	2,569,422
Hire-purchase receivables	536,556	361,859
Pawn broking	1,662,191	1,762,602
Bridging	557,446	595,183
Syndicated financing	134,526	106,222
Credit card	468,833	452,991
Staff financing	286,115	273,207
Gross financing and advances, net of unearned income	62,099,621	58,808,955
Allowance for impairment on financing and advances:		
Individual assessment impairment	(492,436)	(212,222)
Collective assessment impairment	(1,124,636)	(1,292,556)
- Collective assessment impairment	(1,124,030)	(1,232,330)
	(1,617,072)	(1,504,778)
Net financing and advances	60,482,549	57,304,177

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(ii) Financing and advances analysed by concept

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Bai` Inah Bai Bithaman Ajil Ar-Rahn Qard Ijarah Thumma Al-Bai Murabahah Musyarakah Tawarruq	38,617,340 2,957,581 1,662,191 221 536,563 5,341,542 51,351 12,932,832	43,503,470 3,137,380 1,762,602 416 355,359 5,886,027 72,027 4,091,674	
	62,099,621	58,808,955	

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(iii) Financing and advances analysed by geographical distribution

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Central Region Southern Region Eastern Region Northern Region East Malaysia Region	26,151,058 8,772,193 8,958,123 7,857,861 10,360,386	25,779,235 8,227,957 8,242,686 7,070,647 9,488,430	
	62,099,621	58,808,955	

(iv) Financing and advances analysed by economic sector

	Group and Bank	
	2014 RM'000	2013 RM'000
Purchase of securities	67,180	96,140
Purchase of property	2,370,866	2,348,971
Consumption credit	54,339,439	50,468,948
Agriculture	437,215	444,941
Mining and quarrying	87,259	88,420
Manufacturing	598,011	761,932
Electricity, gas and water	100,074	82
Construction	1,399,162	1,589,424
Wholesale and retail trade	165,101	111,241
Transportation and communication	297,254	328,488
Financial, takaful and business services	2,197,824	2,519,567
Community, social and personal services	40,236	50,801
	62,099,621	58,808,955

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Financing and advances analysed by remaining contractual maturity

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Maturity within one year More than one year to three years More than three years to five years More than five years	3,135,719 1,958,391 4,370,862 52,634,649	3,512,768 2,424,576 3,490,441 49,381,170	
	62,099,621	58,808,955	

(vi) Financing and advances analysed by customer type

	<b>Group and Bank</b>	
	2014 RM'000	2013 RM'000
Individuals	56,724,284	52,869,164
Business enterprises	3,366,931	3,779,153
Non-bank financial institutions:		
Co-operatives	1,869,353	1,819,046
Others	51,279	54,927
Foreign entities	36,566	267,869
Other entities	51,174	18,740
Banking institutions	34	56
	62,099,621	58,808,955

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(vii) Financing and advances analysed by profit rate sensitivity

	2014 RM'000	2013 RM'000
Fixed rate		
Personal financing	39,286,310	43,766,471
House financing	1,620,286	2,314,941
Others	4,296,655	4,236,154
Floating rate		
Personal financing	11,264,736	3,171,108
House financing	1,017,616	254,466
Others	4,614,018	5,065,815
	62,099,621	58,808,955

**Group and Bank** 

(viii) Impaired financing and advances analysed by geographical distribution

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Central Region Southern Region Eastern Region Northern Region East Malaysia Region	1,034,558 70,459 50,756 74,865 36,669	939,346 119,323 84,055 101,975 60,420	
	1,267,307	1,305,119	

(ix) Impaired financing and advances analysed by economic sector

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Purchase of securities	345	1,346	
Purchase of property	127,240	188,545	
Consumption credit	344,204	559,145	
Agriculture	71,532	69,046	
Mining and quarrying	87,259	-	
Manufacturing	137,078	30,952	
Electricity, gas and water	9	-	
Construction	348,588	213,592	
Wholesale and retail trade	37,858	38,714	
Transportation and communication	322	276	
Financial, takaful, property and business services	109,676	200,038	
Community, social and personal services	3,196	3,465	
	1,267,307	1,305,119	

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(x) Movement in impaired financing and advances are as follows:

	<b>Group and Bank</b>	
	2014 RM'000	2013 RM'000
As of 1 January	1,305,119	1,431,737
Classified as impaired during the year Amount written back in respect of recoveries Amount written off during the year	1,794,281 (1,256,871) (575,222)	2,086,386 (1,457,955) (755,049)
	(37,812)	(126,618)
As of 31 December	1,267,307	1,305,119
Gross impaired financing and advances as a percentage of gross financing and advances	2.04%	2.22%

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(xi) Movement in allowance for individual assessment impairment losses on financing and advances are as follows:

	Group and Bank	
	2014 RM'000	2013 RM'000
Individual assessment impairment		
As of 1 January	212,222	285,543
Allowance made during the year (Note 30(i)) Amount written back in respect of recoveries (Note 30(i)) Amount written off during the year	497,265 (210,463) (6,588)	623,034 (259,516) (436,839)
	280,214	(73,321)
As of 31 December	492,436	212,222

(xii) Movement in allowance for collective assessment impairment on financing and advances are as follows:

	Group and Bank	
	2014 RM'000	2013 RM'000
Collective assessment impairment		_
As of 1 January	1,292,556	1,237,668
Allowance made during the year (Note 30(i)) Amount written back in respect of recoveries (Note 30(i)) Amount written off during the year	1,316,981 (920,416) (564,485)	1,511,284 (1,138,225) (318,171)
	(167,920)	54,888
As of 31 December	1,124,636	1,292,556
Collective impairment (inclusive of regulatory reserve) as a percentage of gross financing and advances after deduction of individual assessment impairment	2.22%	2.21%

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### **10. TRADE RECEIVABLES**

	Gro	Group	
	2014 RM'000	2013 RM'000	
At amortised cost			
Trade receivables Less: Allowance for doubtful debts	7,983 (1,499)	9,169 (121)	
	6,484	9,048	

#### 10. TRADE RECEIVABLES (CONTINUED)

Trade receivables are classified as financing and receivables and are therefore measured at amortised cost. The credit period granted for sale of goods is 30 days (2013: 30 days). No profit is charged on trade receivables. Allowance for doubtful debts is recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group has trade receivables totalling RM4,348,000 (2013: RM7,741,000) that are past due at the end of the reporting period for which the Group has not recognised allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Group

The table below is an analysis of trade receivables at the end of the reporting period:

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired 1 day to less than 1 month	2,136	1,307
Past due but not impaired 2 months to less than 3 months 3 months to less than 4 months 4 months and above	1,558 699 2,091	2,032 1,980 3,729
	4,348	7,741
Past due and impaired	1,499	121
	7,983	9,169

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### 10. TRADE RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts are as follows:

	Gro	Group	
	2014 RM'000	2013 RM'000	
As of 1 January Impairment losses recognised during the year (Note 32(ii)) Amount recovered during the year (Note 31(ii)) Amount written off during the year	121 1,378 - -	190 - (68) (1)	
As of 31 December	1,499	121	

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

#### 11. OTHER ASSETS

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due from subsidiaries (i) Other receivables, deposits and prepayments (ii) Defined benefit plan (iii) Tax recoverable	475,034 274,146 159,550	- 483,257 192,937 99,685	1,325 416,350 274,146 159,297	2,688 430,722 192,937 99,557
	908,730	775,879	851,118	725,904

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#### **Amount due from subsidiaries**

The amount due from subsidiaries is non-trade in nature, not subject to financing charges and has no fixed terms of repayment

	Ва	Bank	
	2014 RM'000	2013 RM'000	
Outstanding balances Less: Allowance for doubtful debts	21,308 (19,983)	21,284 (18,596)	
	1,325	2,688	

Movement in the allowance for doubtful debts are as follows:

	Bank	
	2014 RM'000	2013 RM'000
As of 1 January Impairment losses recognised during the year (Note 32(ii))	18,596 1,387	18,596 -
As of 31 December	19,983	18,596

### Other receivables, deposits and prepayments

	G	roup	Ва	nk
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables Allowance for doubtful debts * Refundable deposits Prepayments Contribution to Central Liquidity Monetary Fund **	206,213	216,719	201,514	213,407
	(15,371)	(17,688)	(15,260)	(17,577)
	59,389	57,889	9,344	8,902
	24,803	26,337	20,752	25,990
	200,000	200,000	200,000	200,000
	475,034	483,257	416,350	430,722

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#### Other receivables, deposits and prepayments (cont'd)

\* Movement in the allowance for doubtful debts are as follows:

	G	roup	Ва	nk
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
As of 1 January Impairment losses recognised during the year	17,688	33,201	17,577	33,090
(Note 32(ii)) Amount recovered during the year (Note 31(ii)) Amount written off during the year	3,841 (106) (6,052)	- (15,513) -	3,841 (106) (6,052)	- (15,513) -
As of 31 December	15,371	17,688	15,260	17,577

\*\* This contribution is required under sub-section 42(i) of Malaysian Co-operatives Commission Act 2007 (Act 665) either at a rate of 1% on the qualifying liability or RM200 million, whichever is lower, commencing in the financial period beginning on or after 1 January 2012.

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### (iii) Defined benefit plan

The Bank sponsors a funded defined benefit plan for all of its qualifying employees. The defined benefit plan is administrated by a separate Fund that is legally separated from the Bank. Under the Fund, the eligible employees are entitled to compensation based on last drawn salary and years of service with the Bank upon their retirement.

The principal assumptions used for the purposes of the actuarial valuation are as follows:

	Group a	Group and Bank	
	2014	2013	
Normal retirement age: Male and Female (years)	60	60	
Discount rate	5.75%	5.50%	
Rate of salary increases	8-9%	8-10%	

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# (iii) Defined benefit plan (cont'd)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	Group and Bank	
	2014 RM'000	2013 RM'000
Service cost:		
Current service cost	34,881	31,485
Past service cost	-	20,286
Net profit income	(10,611)	(7,056)
Components of defined benefit costs recognised in profit or loss (Note 32(i))	24,270	44,715
Remeasurement on the net defined benefit liability:		
Actuarial gain/(loss) arising from changes in financial assumptions	1,245	(20,695)
Actuarial (loss)/gain arising from changes in experience adjustments	(6,937)	6,544
Net return on plan assets	6,483	10,483
Components of defined benefit costs recognised in other comprehensive income	791	(3,668)
Total	25,061	41,047

Amount recognised in the statements of financial position arising from the Bank's obligation in respect of its defined benefit plan is as follows:

	Group and Bank	
	2014 RM'000	2013 RM'000
Present value of funded obligations Fair value of plan assets	(501,195) 775,341	(454,879) 647,816
Net assets	274,146	192,937

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# (iii) Defined benefit plan (cont'd)

Movement in the present value of funded obligations are as follows:

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
As of 1 January	454,879	402,777	
Current service cost	34,881	31,485	
Past service cost	-	20,286	
Finance cost	24,896	21,980	
Actuarial gain/(loss) arising from changes in financial assumptions	1,245	(20,695)	
Actuarial (loss)/gain arising from changes in experience adjustments	(6,937)	6,544	
Benefits paid	(7,769)	(7,498)	
As of 31 December	501,195	454,879	

Movement in the fair value of plan assets are as follows:

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
As of 1 January Profit income Contributions paid during the year Benefits paid from defined benefit plan Net return on plan assets	647,816 35,507 106,270 (7,769) (6,483)	531,068 29,036 105,693 (7,498) (10,483)	
As of 31 December	775,341	647,816	

The fair value of the plan assets at the end of the reporting period is as follows:

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Term deposits	775,341	647,816	
	775,341	647,816	

The actual return on plan assets was RM29,024,000 (2013: RM18,553,000).

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#### (iii) Defined benefit plan (cont'd)

#### Sensitivity analysis on defined benefit plan

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate reduces (increases) by 1%, the defined benefit obligation would increase by 14% (decrease by 12%);
- If the expected salary growth rate increases (decreases) by 1%, the defined benefit obligation would increase by 14% (decrease by 12%);

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statements of financial position.

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# 230 12. INVENTORIES

Inventories consist of the following:

	Gr	Group	
	2014 RM'000	2013 RM'000	
Trading inventories, at cost Property development cost * Completed property units	5,140 - 4,344	8,105 4,263 -	
	9,484	12,368	

#### 12. INVENTORIES (CONTINUED)

\* Movement for property development is as follows:

	Group	
	2014 RM'000	2013 RM'000
Freehold land, at cost		
As of 1 January	453	1,424
Charged to profit or loss	-	(23)
Reclassification to development cost	-	(948)
Completed property units	(453)	-
As of 31 December	-	453
Development cost		
As of 1 January	3,810	2,758
Cost incurred during the year	81	499
Charged to profit or loss	-	(395)
Reclassification from freehold land	-	948
Completed property units	(3,891)	-
As of 31 December	-	3,810
Total	-	4,263

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#### 13. ASSET CLASSIFIED AS HELD-FOR-SALE

	Gro	Group	
	2014 RM'000	2013 RM'000	
As of 1 January Transfer from investment properties (Note 16) Disposal	80,432 - (80,432)	80,432 -	
As of 31 December	-	80,432	

On 3 December 2013, a subsidiary entered into a sale and purchase agreement with a third party for the disposal of a freehold hotel land and building for a cash consideration of RM85,000,000. Accordingly, the said freehold hotel land and building was classified as asset held-for-sale as of 31 December 2013. The said disposal was completed during the year upon the surrender of vacant possession to the purchaser. The gain arising from the said disposal is disclosed in Note 31(ii).

### 14. INVESTMENT IN SUBSIDIARIES

	Ва	nk
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	43,500	43,500

Details of the subsidiaries, all incorporated in Malaysia, are as follows:

Name	Equity i	nterest	Principal activities
	2014 %	2013 %	
Directly owned			
Rakyat Holdings Sdn Bhd *	100	100	Investment and property management
Indirectly owned through Rakyat Holdings Sdn Bhd			
Rakyat Hartanah Sdn Bhd *	100	100	Property development and project management
Rakyat Management Services Sdn Bhd *	100	100	Management of Ar-Rahnu business and franchise
Rakyat Asset Management Sdn Bhd *	100	100	Management services and co-operative administrator
Rakyat Facility Management Sdn Bhd *	100	100	Building management and maintenance
Rakyat Travel Sdn Bhd *	100	100	Transportation and travelling services
Rakyat Nominees Sdn Bhd *	100	100	Dormant
Rakyat Niaga Sdn Bhd *	100	100	Trading and supply of goods

<sup>\*</sup> The financial statements of these subsidiary companies were not audited by the Auditor General of Malaysia.

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# 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

# **Composition of the Group**

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of Incorporation and Operation		of directly subsidiary	Number of indirectly owned subsidiaries		
		2014	2013	2014	2013	
Investment and property management	Malaysia	1	1	-	-	
Property development and project management	Malaysia	-	-	1	1	
Management of Ar-Rahnu business and franchise	Malaysia	-	-	1	1	
Management services and co-operative administrator	Malaysia	-	-	1	1	
Building management and maintenance	Malaysia	-	-	1	1	
Transportation and travelling services	Malaysia	-	-	1	1	
Trading and supply of goods	Malaysia	-	-	1	1	
Dormant	Malaysia	-	-	1	1	
		1	1	7	7	

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# 15. PROPERTY AND EQUIPMENT

Group 2014	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	50,553	60,631	124,176	868	497,941	198,651	433,676	7,990	1,374,486
Additions	-	-	-	-	68,632	8,037	63,900	1,174	141,743
Disposals	-	-	-	-	-	-	(250)	(662)	(912)
Write-offs	-	(510)	-	-	-	-	(2,004)	-	(2,514)
Reclassifications	-	360,129	1,405	-	(378,493)	13,052	3,907	-	-
Transfer to prepaid lease			/a = .=\						(0 - 4-)
payments (Note 17)	-	-	(8,343)	-	-	-	-	-	(8,343)
Transfer to investment			(22.040)		(4.02.005)				(205.047)
properties (Note 16) Transfer from investment	-	-	(22,848)	-	(182,995)	-	-	-	(205,843)
properties (Note 16)	1,388		3,325						4,713
properties (Note 10)	1,300		3,323	-					4,/13
At 31 December	51,941	420,250	97,715	868	5,085	219,740	499,229	8,502	1,303,330
Accumulated depreciation									
At 1 January		10,292	24,844	286		129,070	302,510	7 072	470,834
Charge for the year		4,764	2,262	16	_	24,395	51,695	3,832 932	84,064
Disposals	_	-,,,,	2,202	-	_	27,333	(247)	(180)	(427)
Write-offs	_	(19)	_	_	_	_	(1,970)	(100)	(1,989)
Transfer to prepaid lease		(==)					(=,5; 0)		(=/505/
payments (Note 17)	_	-	(77)	-	_	-	_	-	(77)
Transfer to investment			` '						` ,
properties (Note 16)	-	-	(14,488)	-	-	-	-	-	(14,488)
At 31 December	-	15,037	12,541	302	-	153,465	351,988	4,584	537,917
Net book value									
At 31 December	51,941	405,213	85,174	566	5,085	66,275	147,241	3,918	765,413

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# 15. PROPERTY AND EQUIPMENT (CONTINUED)

Group 2013	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January Additions	50,553	58,291	106,869 5,712	868	280,107 242,390	185,958 6,023	396,847 59,960	7,383 1,300	1,086,876 315,385
Disposals	_	_	-	_	-		(24)	(693)	(717)
Write-offs	-	-	-	-	-	(1,910)	(23,107)	-	(25,017)
Reclassifications	-	3,840	12,136	-	(24,556)	8,580	-	-	-
Transfer to prepaid lease payments (Note 17) Transfer to investment	-	-	(37)	-	-	-	-	-	(37)
properties (Note 16)	-	(1,500)	(504)	-	-	-	-	-	(2,004)
At 31 December	50,553	60,631	124,176	868	497,941	198,651	433,676	7,990	1,374,486
Accumulated depreciation									
At 1 January	_	8,334	22,534	254	-	108,411	273,507	3,179	416,219
Charge for the year	-	1,958	2,225	32	-	22,479	49,492	947	77,133
Disposals	-	-	-	-	-	-	(24)	(294)	(318)
Write-offs	-	-	-	-	-	(1,820)	(20,465)	-	(22,285)
Transfer to prepaid lease payments (Note 17) Transfer to investment	-	-	(1)	-	-	-	-	-	(1)
properties (Note 16)	-	-	86	-	-	-	-	-	86
At 31 December	-	10,292	24,844	286	-	129,070	302,510	3,832	470,834
Net book value									
At 31 December	50,553	50,339	99,332	582	497,941	69,581	131,166	4,158	903,652

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# 15. PROPERTY AND EQUIPMENT (CONTINUED)

Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
50,421 - - - -	60,631 - - (510) 360,129 -	96,679 - - - (1,680) (21,223)	868 - - - -	-	-	430,429 63,690 (250) (2,004) 3,907	1,729 260 (260) - - -	1,337,283 135,477 (510) (2,514) - (1,680) (200,109)
50,421	420,250	73,776	868	7,631	217,500	495,772	1,729	1,267,947
- - - -	10,292 4,764 - (19)	22,776 1,866 - - (14,055)	286 16 - -	- - - -	127,842 24,230 - -	300,200 51,457 (247) (1,970)	1,005 183 - -	462,401 82,516 (247) (1,989) (14,055)
-	15,037	10,587	302	-	152,072	349,440	1,188	528,626
50.421	405.213	63.189	566	7.631	65.428	146.332	541	739,321
	S0,421	land RM'000 RM'000  50,421 60,631 (510) - 360,129 50,421 420,250  - 10,292 - 4,764 (19) 15,037	Freehold land and buildings RM'000 RM	Freehold land land and buildings RM'000 RM'000 RM'000  50,421 60,631 96,679 868	Treehold   Leasehold   Leasehold   Leasehold   Leand and   Leand and   Leasehold   Leand and   Leand	Freehold   land and   land and land   land and   land and   land and   land and   land   la	Freehold	Freehold   Iand and   Iand   Iand

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# 15. PROPERTY AND EQUIPMENT (CONTINUED)

Bank 2013	Freehold land RM'000	Buildings RM'000	Long-term leasehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	50,421	58,291	96,716	868	271,793	183,830	393,794	1,413	1,057,126
Additions	-	-	-	-	240,630	6,023	59,766	640	307,059
Disposals	-	-	-	-	-	-	(24)	(324)	(348)
Write-offs	-	-	-	-	-	(1,910)	(23,107)	-	(25,017)
Reclassifications	-	3,840	-	-	(12,420)	8,580	-	-	-
Transfer to prepaid lease									
payments (Note 17)	-	-	(37)	-	-	-	-	-	(37)
Transfer to investment									
properties (Note 16)	-	(1,500)	-	-	-	-	-	-	(1,500)
At 31 December	50,421	60,631	96,679	868	500,003	196,523	430,429	1,729	1,337,283
Accumulated depreciation									
At 1 January	-	8,334	20,888	254	-	107,383	271,449	865	409,173
Charge for the year	-	1,958	1,889	32	-	22,279	49,240	199	75,597
Disposals	-	-	-	-	-	-	(24)	(59)	(83)
Write-offs	-	-	-	-	-	(1,820)	(20,465)	-	(22,285)
Transfer to prepaid lease									
payments (Note 17)	-	-	(1)	-	-	-	-	-	(1)
At 31 December	-	10,292	22,776	286	-	127,842	300,200	1,005	462,401
Net book value									
At 31 December	50,421	50,339	73,903	582	500,003	68,681	130,229	724	874,882

Land titles of certain freehold land of the Bank with carrying amount of RM3,611,933 (2013: RM7,017,267) have not been issued by the relevant authorities.

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### **16. INVESTMENT PROPERTIES**

	G	roup	Bank		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
At fair value					
As of 1 January Additions Gain/(Loss) on revaluation (Note 31(ii), Note 32(ii)) Transfer from property and equipment (Note 15) Transfer from prepaid lease payments (Note 17) Transfer to property and equipment (Note 15) Transfer to asset classified as held-for-sale (Note 13)	160,474 51 186,741 191,355 5,380 (4,713)	236,581 40 (157) 1,918 2,524 - (80,432)	148,448 - 187,077 186,054 2,600	145,384 - 1,564 1,500 - -	
As of 31 December	539,288	160,474	524,179	148,448	

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Investment properties include the following:

	Group		Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Freehold land Buildings Leasehold land and buildings	5,539	4,779	6,845	4,697
	305,880	19,022	291,844	8,942
	227,869	136,673	225,490	134,809
	539,288	160,474	524,179	148,448

Investment properties of the Group and of the Bank are stated at fair value and are situated in Malaysia.

The fair values of the Group's and of the Bank's investment properties as at 31 December 2014 and 31 December 2013 have been arrived at on the basis of a valuation carried out by independent valuers who have appropriate qualification and recent experience in the valuation of properties in the relevant locations. The fair value was arrived at by reference to current prices in an active market for similar properties in the same location and condition. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

## 16. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's and the Bank's investment properties and information about the fair value hierarchy are as follows:

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group					
As of 31 December 2014 As of 31 December 2013	<b>539,288</b> 160,474	<b>539,288</b> 160,474	-	<b>539,288</b> 160,474	-
Bank					
As of 31 December 2014 As of 31 December 2013	<b>524,179</b> 148,448	<b>524,179</b> 148,448	-	<b>524,179</b> 148,448	-

Land titles for certain freehold land and leasehold land of the Bank with fair value amounting to RM950,000 (2013: RM890,000) have not been issued to the Bank by the relevant authorities.

The investment properties held by the Bank are let under operating leases to third parties, from which rental income of RM6,993,431 (2013: RM6,213,684) has been earned during the year.

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#### 17. PREPAID LEASE PAYMENTS

	G	roup	Bank		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Cost					
As of 1 January Transfer from property and equipment (Note 15) Transfer to investment properties (Note 16)	96,772 8,343 (11,433)	99,259 37 (2,524)	82,642 1,680 (7,642)	82,605 37 -	
As of 31 December	93,682	96,772	76,680	82,642	
Accumulated amortisation					
As of 1 January Transfer from property and equipment (Note 15) Transfer to investment properties (Note 16) Charge for the year (Note 32 (ii))	16,990 77 (6,053) 1,994	15,316 1 - 1,673	13,270 - (5,042) 1,662	11,614 1 - 1,655	
As of 31 December	13,008	16,990	9,890	13,270	
	80,674	79,782	66,790	69,372	

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Prepaid lease payments include:

	G	roup	Bank		
	2014	2013	2014	2013	
	RM'000	RM'000	RM'000	RM′000	
Long-term leasehold land	58,500	60,896	58,500	60,896	
Short-term leasehold land	22,174	18,886	8,290	8,476	
	80,674	79,782	66,790	69,372	

The remaining period of the leasehold land of the Group and of the Bank ranges from 17 to 95 years (2013: 18 to 96 years) and 19 to 92 years (2013: 20 to 93 years) respectively.

The land titles of certain leasehold land of the Bank amounting to RM16,926,226 (2013: RM14,843,434) have not been issued to the Bank by the relevant authorities.

# **18. DEFERRED TAX ASSETS**

Deferred tax assets of the Group and of the Bank are as follows:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
As of 1 January	265,032	408,494	266,000	410,000
Transfer to/(from) profit or loss (Note 33)				
Property and equipment Financing and advances Provision for retirement benefits Other payables Profit equalisation reserve Trade receivables	(2,027) (6,000) 3,000 (31,000) (90,000) 216	(8,462) (164,000) 8,000 71,000 (50,000)	(2,000) (6,000) 3,000 (31,000) (90,000)	(9,000) (164,000) 8,000 71,000 (50,000)
	(125,811)	(143,462)	(126,000)	(144,000)
As of 31 December	139,221	265,032	140,000	266,000

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# 18. DEFERRED TAX ASSETS (CONTINUED)

Deferred tax assets/(liabilities) presented in the statements of financial position are in respect of the tax effects of the following:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets				
Temporary differences arising from: Financing and advances Provision for retirement benefits Other payables Profit equalisation reserve Trade receivables	118,000 18,000 73,000 12,000 216	124,000 15,000 104,000 102,000	118,000 18,000 73,000 12,000	124,000 15,000 104,000 102,000
Offsetting	221,216 (81,995)	345,000 (79,968)	221,000 (81,000)	345,000 (79,000)
Deferred tax assets (after offsetting)	139,221	265,032	140,000	266,000
Deferred tax liabilities				
Temporary differences arising from: Property and equipment	81,995	79,968	81,000	79,000
Offsetting	(81,995)	(79,968)	(81,000)	(79,000)
Deferred tax liabilities (after offsetting)	-	-	-	-

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# 19. DEPOSITS FROM CUSTOMERS

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Non-Mudarabah			
Term deposits	52,494,140	38,691,634	
Savings deposits	3,585,232	683,594	
Negotiable Islamic debt certificate	10,633,679	5,992,899	
	66,713,051	45,368,127	
Mudarabah			
Savings deposits	-	2,582,332	
General investment deposits	1,627,722	17,188,608	
Special investment deposits	182,200	158,700	
	1,809,922	19,929,640	
	68,522,973	65,297,767	

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Deposits from customers are sourced from the following type of customers:

	Group a	<b>Group and Bank</b>	
	2014 RM'000	2013 RM'000	
Government Business enterprises Co-operatives Individuals Others	30,692,105 24,086,611 1,220,504 11,290,827 1,232,926	29,523,382 23,229,490 1,202,751 10,181,934 1,160,210	
	68,522,973	65,297,767	

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#### 19. DEPOSITS FROM CUSTOMERS (CONTINUED)

Maturity structure of deposits from customers is as follows:

	Group a	<b>Group and Bank</b>	
	2014 RM'000	2013 RM'000	
Maturity within six months  More than six months to one year  More than one year to five years	56,791,442 8,765,853 2,965,678	55,199,677 7,387,793 2,710,297	
	68,522,973	65,297,767	

### 20. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Licensed Islamic banks	1,800,000	1,620,000	
	1,800,000	1,620,000	

### 21. RECOURSE OBLIGATIONS ON FINANCING SOLD TO CAGAMAS

This represents proceeds received from financing sold directly to Cagamas Berhad with recourse to the Bank. Types of financing involved are personal financing and house financing. Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to replace any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad.

Recourse obligations on financing sold to Cagamas are stated at amortised cost.

#### 22. DEBT SECURITIES ISSUED

		Group and Bank	
		2014 RM'000	2013 RM'000
Issued under the RM1.0 billion IMTN Programme:			
First tranche:			
RM300 million IMTN due in 2015	(i)	301,896	301,864
Second tranche:			
RM700 million IMTN due in 2017	(i)	704,683	704,590
Issued under the RM9.0 billion IMTN Programme:			
First tranche:			
RM200 million IMTN due in 2016	(ii)(a)	200,220	200,248
Second tranche:			
RM300 million IMTN due in 2018	(ii)(a)	300,330	300,386
Third tranche:			
RM575 million IMTN due in 2017	(ii)(b)	581,589	-
Fourth tranche:			
RM425 million IMTN due in 2019	(ii)(b)	430,188	-
Fifth tranche:			
RM150 million IMTN due in 2019	(ii)(c)	150,484	-
Sixth tranche:			
RM350 million IMTN due in 2021	(ii)(c)	351,181	
		3,020,571	1,507,088

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(i) On 26 September 2012, the Bank obtained the approval from the Securities Commission for the establishment of a Senior Islamic Medium Term Notes (IMTNs) Programme to issue a Sukuk Musyarakah of up to RM1.0 billion. The issuance was made via a Special Purpose Vehicle (SPV), Imtiaz Sukuk Berhad. The Senior IMTNs Programme has a tenor of up to 10 years from the date of the first issuance and shall be issued for a maturity of up to 10 years provided that the Senior IMTNs mature prior to the expiry of the Senior IMTNs Programme.

On 23 November 2012, the Bank issued RM1.0 billion Sukuk Musyarakah under the RM1.0 billion Senior IMTNs Programme made in two tranches. The first tranche of RM300 million in nominal value of Senior IMTNs for a tenor of 3 years with profit distribution rate at 3.88% and maturity date at 23 November 2015. The second tranche of RM700 million in nominal value of Senior IMTN for a tenor of 5 years with profit distribution rate at 4.08% and maturity date at 23 November 2017. The profit is payable semi-annually each year commencing 23 May 2013.

#### 22. DEBT SECURITIES ISSUED (CONTINUED)

(ii) On 25 October 2013, the Bank obtained the approval from the Securities Commission for the establishment of a Senior IMTNs Programme to issue a Sukuk Musyarakah of up to RM9.0 billion via Imtiaz Sukuk (II) Berhad. The Senior IMTNs Programme has a tenor of up to 10 years from the date of the first issuance and shall be issued for a maturity of up to 10 years as the Issuer may select provided that the Senior IMTNs mature prior to the expiry of the Senior IMTNs Programme.

The Bank has issued the Sukuk Musyarakah under the RM9.0 billion Senior IMTNs Programme which consists of following tranches:

- (a) On 20 December 2013, the Bank issued the first tranche and second tranche of RM200 million in nominal value and RM300 million in nominal value of the Senior IMTNs. The first tranche has a tenor of 3 years with profit distribution rate at 4.30% and maturity date on 20 December 2016 and the second tranche has a tenor of 5 years with profit distribution rate at 4.45% and maturity date on 20 December 2018. The profit is payable semi-annually each year commencing 20 June 2013.
- (b) On 24 March 2014, the Bank issued the third tranche and forth tranche of RM575 million in nominal value and RM425 million in nominal value of the Senior IMTNs. The third tranche has a tenor of 3 years with profit distribution rate at 4.30% and maturity date on 24 March 2017 and the fourth tranche has a tenor of 5 years with profit distribution rate at 4.60% and maturity date on 22 March 2019. The profit is payable semi-annually each year commencing 24 September 2013.
- (c) On 24 November 2014, the Bank issued the fifth tranche and the sixth tranche of RM150 million in nominal value and RM350 million in nominal value of Senior IMTNs. The fifth tranche has a tenor of 5 years with profit distribution rate at 4.50% and maturity date on 22 November 2019 and the sixth tranche has a tenor of 7 years with profit distribution rate at 4.65% and maturity date on 24 November 2021. The profit is payable semi-annually each year commencing 25 May 2015.

The proceeds from the issuances were utilised by the Bank for Shariah-compliant working capital and general corporate purposes.

The Sukuk Musyarakah constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves and at least pari passu with all other unsecured and unsubordinated obligations of the Issuer, subject to the provisions of the Transaction Documents and those preferred by law.

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# 23. OTHER LIABILITIES

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due to subsidiaries (i) Sundry creditors Income payable Other liabilities and accruals Government fund Zakat payable	243,138 421,314 520,576 200,803 45,181	- 219,692 426,854 584,270 81,329 47,156	194,846 217,804 421,314 513,275 200,803 44,555	170,731 187,619 426,854 577,480 81,329 46,666
	1,431,012	1,359,301	1,592,597	1,490,679

### Amount due to subsidiaries

	Group a	Group and Bank	
	2014 RM'000	2013 RM'000	
Term deposits Savings deposits	189,410 5,436	167,458 3,273	
	194,846	170,731	

The amount due to subsidiaries of RM194,846,000 (2013: RM170,731,000) represents deposits placed with the Bank. The average profit rate paid/payable to subsidiaries is 3.49% (2013: 3.18%) per annum.

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#### 24. PROFIT EQUALISATION RESERVE

	Group a	ind Bank
	2014 RM'000	2013 RM'000
As of 1 January Net utilisation during the year (Note 29)	406,639 (357,998)	584,641 (178,002)
As of 31 December	48,641	406,639
Apportioned between: Investor Bank	18,776 29,865	152,145 254,494
	48,641	406,639

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#### 25. FINANCING FROM OTHER FINANCIAL INSTITUTIONS

	G	iroup
	2014 RM'000	
Secured Term financing Bank overdraft (Note 5)		33,907 5,695
	-	39,602

As of 31 December 2013, one of the subsidiaries had a term financing and other unutilised credit facilities totalling RM61,000,000 obtained from certain local bank, which bore profit at a rate of 4.80% per annum.

The term financing and other credit facilities of the subsidiary were secured by:

- (i) First party pledge of fixed return investment Account-I Certificate with a principal amount of not less than RM3.6 million;
- (ii) First party legal charge over the investment properties of the subsidiary.

## 26. SHARE CAPITAL

	Group and Bank		
	2014 RM'000	2013 RM'000	
Authorised			
3,000,000,000 ordinary shares of RM1 each	3,000,000	3,000,000	
Issued and fully paid - Ordinary shares of RM1 each			
As of 1 January	2,973,677	2,865,004	
Net issuance during the year	4,581	54,355	
Bonus issues during the year	-	54,318	
Transfer to other liabilities	(5,452)	-	
Transfer from share redemption fund	871	-	
As of 31 December	2,973,677	2,973,677	

Membership as of 31 December is as follows:

	Group a	Group and Bank		
	2014	2013		
Individual Co-operative	922,452 2,099	941,383 2,081		
	924,551	943,464		

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## 27. RESERVES

	<b>←</b>	No	on-distributak	ole ———	<b>→</b> [	Distributable	
Group	Capital reserve RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	14,617	3,304,452	178,283	-	3,497,352	3,616,495	7,113,847
Profit after taxation and zakat	-	-	-	-	-	1,919,580	1,919,580
Transfer from retained profits	-	485,111	-	-	485,111	(485,111)	-
Contribution to the Co-operative							
Education Trust Fund	-	-	-	-	-	(42,508)	(42,508)
Contribution to the Co-operative							
Development Provident Fund	-	-	_	-	-	(21,254)	(21,254)
Contribution to Bank Rakyat Foundation	-	-	_	-	-	(9,236)	(9,236)
Remeasurement of defined benefit plan	-	_	_	-	-	3,668	3,668
Unrealised net loss on evaluation of							
financial assets available-for-sale	-	-	(200,132)	-	(200,132)	-	(200,132)
Dividends	-	-	-	-	-	(495,058)	(495,058)
At 31 December 2013	14,617	3,789,563	(21,849)	-	3,782,331	4,486,576	8,268,907
At 1 January 2014	14,617	3,789,563	(21,849)	-	3,782,331	4,486,576	8,268,907
Profit after taxation and zakat	-	-	-	-	<u>-</u>	1,975,845	1,975,845
Transfer from retained profits	-	499,177	-	245,566	744,743	(744,743)	-
Contribution to the Co-operative							
Education Trust Fund	-	-	-	-	-	(43,204)	(43,204)
Contribution to the Co-operative							
Development Provident Fund	-	_	-	-	_	(21,602)	(21,602)
Contribution to Bank Rakyat Foundation	_	_	_	-	-	(9,095)	(9,095)
Remeasurement of defined benefit plan	-	_		-	-	(791)	(791)
Unrealised net loss on revaluation of						( )	( <b>-</b> )
financial assets available-for-sale	_	_	(55,565)	_	(55,565)	_	(55,565)
Dividends	-	-	-	-	-	(441,053)	(441,053)
At 31 December 2014	14,617	4,288,740	(77,414)	245,566	4,471,509	5,201,933	9,673,442

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## 27. RESERVES (CONTINUED)

	•	No	on-distributat	ole	<b>→</b> [	Distributable	
Group	Capital reserve RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Regulatory reserve RM'000	Total other reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	15,358	3,304,452	178,283	-	3,498,093	3,361,365	6,859,458
Profit after taxation and zakat	-	-	-	-	-	1,906,444	1,906,444
Transfer from retained profits	-	485,111	-	-	485,111	(485,111)	-
Contribution to the Co-operative							
Education Trust Fund	-	-	-	-	-	(42,508)	(42,508)
Contribution to the Co-operative							
Development Provident Fund	-	-	-	-	-	(21,254)	(21,254)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	(9,236)	(9,236)
Remeasurement of defined benefit plan	-	-	-	-	-	3,668	3,668
Unrealised net loss on revaluation of							
financial assets available-for-sale	-	-	(200,132)	-	(200,132)	-	(200,132)
Dividends	-	-	-	-	-	(495,058)	(495,058)
At 31 December 2013	15,358	3,789,563	(21,849)	-	3,783,072	4,218,310	8,001,382
At 1 January 2014	15,358	3,789,563	(21,849)	-	3,783,072	4,218,310	8,001,382
Profit after taxation and zakat	-	-	-	-	-	1,957,705	1,957,705
Transfer from retained profits	-	499,177	-	245,566	744,743	(744,743)	-
Contribution to the Co-operative							
Education Trust Fund	-	-	-	-	-	(43,204)	(43,204)
Contribution to the Co-operative							
Development Provident Fund	-	-	-	-	-	(21,602)	(21,602)
Contribution to Bank Rakyat Foundation	-	-	-	-	-	(9,095)	(9,095)
Remeasurement of defined benefit plan	-	-		-	-	(791)	(791)
Unrealised net loss on revaluation of							
financial assets available-for-sale	-	-	(55,565)	-	(55,565)	-	(55,565)
Dividends	-	-	-	-	-	(441,053)	(441,053)
At 31 December 2014	15,358	4,288,740	(77,414)	245,566	4,472,250	4,915,527	9,387,777

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#### 27. RESERVES (CONTINUED)

#### (i) Statutory reserve

The statutory reserve is maintained in compliance with Development Financial Institutions Act 2002 (Act 618) and is not distributable as dividend.

## (ii) Capital reserve

This is a reserve required to be maintained under Co-operative Societies Act 1993 and consists of capital gain from disposal of land or building, or both, under non-current assets.

#### (iii) Fair value reserve

This reserve relates to unrealised fair value gains and losses on financial assets available-for-sale.

#### (iv) Regulatory reserve

The regulatory reserve is maintained as an additional credit risk buffer to ensure the robustness of the financing impairment assessment methodology.

#### (v) Retained profits

Included in retained profits is an amount of RM400,000,000 earmarked to improve the Rate of Return Risk (ROR) exposure as part of asset and liability management strategies.

#### 28. INCOME

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income derived from investment of depositors' fund (i)	4,308,216	4,478,978	4,308,216	4,478,978
Income derived from investment of shareholders' fund (ii)	1,101,427	1,070,736	1,101,427	1,070,736
Income generated by subsidiary companies (iii)	76,656	54,456	-	-
	5,486,299	5,604,170	5,409,643	5,549,714

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## 28. INCOME (CONTINUED)

## Income derived from investment of depositors' fund

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income from financing and advances * Income from deposits and placements	3,611,173	3,776,899	3,611,173	3,776,899
with banks and financial institutions Income from financial assets	49,226 647,817	97,163 604,916	49,226 647,817	97,163 604,916
	4,308,216	4,478,978	4,308,216	4,478,978

#### Income derived from investment of shareholders' fund

	Group		Bank		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Income from financing and advances * Income from deposits and placements	923,223	902,899	923,223	902,899	
with banks and other financial institutions Income from financial assets	12,585 165,619	23,227 144,610	12,585 165,619	23,227 144,610	
	1,101,427	1,070,736	1,101,427	1,070,736	

\* Included in income from financing and advances for the current year is profit accrued on impaired financing of RM67,307,561 (2013: RM72,927,365)

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# 28. INCOME (CONTINUED)

# (iii) Income generated by subsidiary companies

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Agency income Pawning income Rental income	14,812 45,474 6,377	15,993 15,104 9,684	-	- - -
Management fee Sale of goods Other charges	9,993 - -	11,286 558 1,831		- - -
	76,656	54,456	-	-

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## 29. EXPENDITURE

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income attributable to depositors (i) Profit expense on financing sold with recourse	2,342,563	2,237,204	2,348,330	2,242,812
to Cagamas	62,526	104,159	62,526	104,159
Transfer from profit equalisation reserve (Note 24)	(357,998)	(178,002)	(357,998)	(178,002)
Profit expense on debt securities issued	98,663	40,918	98,663	40,918
Cost of sales	77,157	39,071	-	-
	2,222,911	2,243,350	2,151,521	2,209,887

## 29. EXPENDITURE (CONTINUED)

# Income attributable to depositors

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits from customers				
Mudarabah Non-Mudarabah	372,238 1,920,119	1,070,725 1,144,541	378,005 1,920,119	1,076,333 1,144,541
Deposits and placements from banks and other financial institutions				
Mudarabah Non-Mudarabah	50,022 184	21,921 17	50,022 184	21,921 17
	2,342,563	2,237,204	2,348,330	2,242,812

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## **30. ALLOWANCES FOR IMPAIRMENT**

	Group a	Group and Bank		
	2014 RM'000	2013 RM'000		
Allowance for impairment on financing and advances (i) Allowance for impairment on financial assets (ii)	698,875 10,032	747,982 1,146		
	708,907	749,128		

## **30. ALLOWANCES FOR IMPAIRMENT (CONTINUED)**

## (i) Allowance for impairment on financing and advances

	Group a	Group and Bank		
	2014 RM'000	2013 RM'000		
Individual impairment (Note 9(xi)) Individual impairment on rescheduled financing * Collective impairment (Note 9(xii))	286,802 15,508 396,565	363,518 11,405 373,059		
	698,875	747,982		

\* This refers to individual impairment on rescheduled accounts during the year that was adjusted against balance of financing and advances.

# (ii) Allowance for impairment on financial assets

	Group and Bank	
	2014 RM'000	2013 RM'000
Financial assets available-for-sale	10,032	1,146
	10,032	1,146

## 31. OTHER OPERATING INCOME

	Group		Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fees and commission (i) Other income (ii)	63,036	82,243	63,036	82,243
	514,116	424,270	508,526	440,020
	577,152	506,513	571,562	522,263

## Fees and commission

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Takaful commission	14,789	37,985	14,789	37,985
ATM service fees	11,474	11,053	11,474	11,053
Wasiat commission	5,366	5,942	5,366	5,942
Other commission	12,634	10,336	12,634	10,336
Processing fees	937	2,863	937	2,863
MEPS fees	8,439	5,827	8,439	5,827
Guarantee fees	5,753	4,576	5,753	4,576
Other fees	3,644	3,661	3,644	3,661
	63,036	82,243	63,036	82,243

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## 31. OTHER OPERATING INCOME (CONTINUED)

## (ii) Other income

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	8,481	8,145	8,481	8,145
Net gain on disposal of financial assets held-for-trading	139	141	139	141
Net gain on disposal of financial assets	133	141	133	171
available-for-sale	20,210	20,196	20,210	20,485
Net gain on redemption of financial assets				
held-to-maturity	-	792	-	792
Others				
Rental income				
Investment properties	7,007	6,214	6,994	6,214
Other properties	-	125	-	107
Compensation for late payment	6,810	7,546	6,810	7,546
Charges from credit card services	18,035	16,194	18,035	16,194
Other service charges	10,789	8,034	10,789	8,034
Recoveries on financing written off	205,916	206,477	205,916	206,477
Allowance for doubtful debts no longer required				
Trade receivables (Note 10)	-	68	-	-
Other receivables (Note 11(ii))	106	15,513	106	15,513
Allowance for impairment loss on financial assets	4 700	100 511	4 700	100 511
held-to-maturity no longer required (Note 8)	4,388 39	109,511 59	4,388 1	109,511 9
Gain on disposal of property and equipment Gain on disposal of asset classified as held-for-sale	4,568	59	1	9
Other income	40,887	25,255	39,580	39,288
Gain on revaluation of investment properties	40,007	23,233	39,300	33,200
(Note 16)	186,741	-	187,077	1,564
	514,116	424,270	508,526	440,020

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## **32. OPERATING EXPENSES**

	Group		Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Personnel expenses (i) Other overheads and expenditure (ii)	483,681	531,462	474,980	523,762
	462,919	442,078	485,612	463,782
	946,600	973,540	960,592	987,544

## (i) Personnel expenses

	Group		Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries and wages Allowances and bonuses Defined benefit plan (Note 11(iii)) Defined contribution plan - EPF Social security contributions - SOCSO Other staff related costs	235,504	210,241	229,813	205,909
	107,281	154,892	105,558	152,648
	24,270	44,715	24,270	44,715
	65,429	63,968	64,711	63,400
	2,725	2,555	2,666	2,500
	48,472	55,091	47,962	54,590
	483,681	531,462	474,980	523,762

Total number of staffs (excluding the Board of Directors) for the Group is 4,790 persons (2013: 4,826) and for the Bank is 4,640 persons (2013: 4,695).

## (ii) Other overheads and expenditure

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Establishment				
Rental Depreciation of property and equipment	20,458	18,529	24,346	21,111
and amortisation of prepaid lease payments Repair and maintenance Takaful	86,058 85,293 8,149	78,806 70,889 8,436	84,178 85,098 7,981	77,252 70,655 8,328
	199,958	176,660	201,603	177,346

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# (ii) Other overheads and expenditure (cont'd)

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Promotion				
Advertisement and publicity	40,098	51,538	38,537	51,343
	40,098	51,538	38,537	51,343
General expenses				
Legal and professional fees Auditors' remuneration Communication expenses Utilities expenses Printing and stationery Postage and courier Security expenses Service charges Loss on financing written off Property and equipment written off Commission expenses Travelling and transportation Others	6,506 606 26,116 24,962 15,207 14,383 20,258 38,746 9,212 525 40,681 4,460 21,201	4,243 1,366 22,831 9,234 18,025 11,855 14,612 32,142 12,357 2,732 51,965 13,817 18,701	6,341 421 25,884 24,788 15,001 14,348 20,158 50,195 9,212 525 40,681 14,340 23,578	8,617 1,216 22,633 9,089 17,839 11,793 14,516 47,674 12,357 2,732 51,965 13,633 21,029
	222,863	213,880	245,472	235,093
	462,919	442,078	485,612	463,782

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# (ii) Other overheads and expenditure (cont'd)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Impairment losses on:				
Trade receivables (Note 10)	1,378	_	-	_
Amount due from subsidiaries (Note 11(i))	-	_	1,387	_
Other receivables, deposits and prepayments				
(Note 11(ii))	3,841	-	3,841	_
Auditors' remuneration:				
Current year:				
Statutory audit fees	820	750	660	600
Other services	366	616	341	616
Overprovision in prior year	(580)	-	(580)	-
Amortisation of prepaid lease payment (Note 17)	1,994	1,673	1,662	1,655
Depreciation of property and equipment (Note 15)	84,064	77,133	82,516	75,597
Property and equipment written off	525	2,732	525	2,732
Loss on revaluation of investment properties				
(Note 16)	-	157	-	-
Finance cost on financing from other				
financial institutions	839	2,275	-	-
Rental of premises	20,432	18,111	24,346	21,111
Rental of equipment	26	5	-	-

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# (ii) Other overheads and expenditure (cont'd)

Included in general expenses are the following Directors' remuneration:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive Director				
Salary and other remuneration Bonuses EPF contributions Other emoluments	926 682 274 7	771 729 257 9	926 682 274 7	771 729 257 9
	1,889	1,766	1,889	1,766
Non-Executive Directors				
Fees Other emoluments	1,060 217	1,173 600	808 217	745 600
	1,277	1,773	1,025	1,345
	3,166	3,539	2,914	3,111

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# (ii) Other overheads and expenditure (cont'd)

Total remuneration of the Directors is as follows:

	Remuneration received from Bank			Remuneration received from Subsidiary Companies			Group	
2014	Salary and Bonus RM'000	Fees RM'000	Other Emolu- ments RM'000	Total RM'000	Fees RM'000	Other Emolu- ments RM'000	Total RM'000	Total RM'000
Executive Director								
Datuk Mustafha Abd Razak	1,882	-	7	1,889	47	-	-	1,936
	1,882	-	7	1,889	47	-	-	1,936
Non-Executive Directors								
Dato' Mat Noor Nawi Dato' Abdul Mutalib Alias Dato' Mangsor Saad Datuk Seri Saripuddin Kasim Dr Roselan Baki Hj. Abdul Rahman Kasim Datuk Seri Alies Anor Abdul Datuk Mohd. Idris Mohd. Isa Dato' Abdullah Abas  Former Non-Executive Directors	- - - - - -	154 71 124 108 70 75 41 22 16	9 9 52 27 9 10 2 2 11	163 80 176 135 79 85 43 24 27	41 - 42 - 10 21 - - 3	- - - - - -	- - - - - -	204 80 218 135 89 106 43 24 30
Tan Sri Dato' Sabbaruddin Chik Dato' Zuraidah Atan Dato' Amirul Rahman Abdul Rahim	-	45 82 -	15 21 50	60 103 50	68 20 -	- - -	- - -	128 123 50
	-	127	86	213	88	-	-	301
	1,882	808	224	2,914	252	-	-	3,166

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## (ii) Other overheads and expenditure (cont'd)

I	Remuneration received from Bank			Remuneration received from Subsidiary Companies			Group
Salary and Bonus RM'000	Fees RM'000	Other Emolu- ments RM'000	Total RM'000	Fees RM'000	Other Emolu- ments RM'000	Total RM'000	Total RM'000
632	-	7	639	54	-	54	693
632	-	7	639	54	-	54	693
1,125 1,125	171 95 112 104 98 53 633	17 70 38 10 77 3 215	188 165 150 114 175 56 848 1,127	179 - 52 19 10 - 260	- - - - -	179 - 52 19 10 - 260	367 165 202 133 185 56 1,108
-	63 49	21 26	84 75	48 48	-	48 48	132 123
-	-	338	338	-	-	-	338
- 1 757					-		593 3,539
	Salary and Bonus RM'000	Salary and Bonus Fees RM'000  632 - 632 - 171 - 95 - 112 - 104 - 98 - 133 - 633 - 633 - 1,125 - 1,125 - 1,125 - 1,125 - 1,125 - 1,125 - 112 - 1,125 - 112 - 1,125 - 112 - 1,125 - 112	Salary and Bonus RM'000         Fees RM'000         Other Emoluments RM'000           632         -         7           632         -         7           -         171 17 17 17 17 17 17 17 17 17 17 17 17	Salary and Bonus RM'000         Fees RM'000         Chter Emoluments RM'000         Total RM'000           632         -         7         639           632         -         7         639           -         171         17         188           -         95         70         165           -         112         38         150           -         104         10         114           -         98         77         175           -         53         3         56           -         633         215         848           1,125         -         2         1,127           1,125         -         2         1,127           -         633         215         848           -         63         215         848           -         63         21         84           -         63         21         84           -         63         21         84           -         63         21         84           -         63         21         84           -         49         66         75     <	Salary and Bonus   Fees   Emolu-   Emolu-   RM'000   RM	Salary and Bonus RM'000         Fees RM'000         Cother Emoluments RM'000         Total RM'000         Fees RM'000         RM'000         RM'000         Fees RM'000         RM'000         Cother Emoluments RM'000           632         -         7         639         54         -           -         171         17         188         179         -           -         95         70         165         -         -           -         112         38         150         52         -           -         1104         10         114         19         -           -         98         77         175         10         -           -         98         77         175         10         -           -         633         215         848         260         -           1,125         -         2         1,127         18         -           -         633         215         848         260         -           -         -         2         1,127         18         -           -         -         3         21         84         48         -	Salary and Bonus   Fees   RM'000   RM

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#### 33. TAXATION

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian income tax				
Current year Overprovision in prior years	63,782 (20,115)	176,214 (128,895)	57,468 (19,988)	170,352 (129,378)
	43,667	47,319	37,480	40,974
Deferred tax (Note 18)				
Current year Underprovision in prior years	115,841 9,970	75,904 67,558	116,000 10,000	76,000 68,000
	125,811	143,462	126,000	144,000
Total	169,478	190,781	163,480	184,974

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A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation and zakat	2,185,033	2,144,665	2,160,185	2,125,418
Tax expense at statutory tax rate of 25% (2013: 25%)	546,258	536,166	540,046	531,354
Non-taxable income	(57,127)	(13,311)	(55,747)	(13,239)
Non-deductible expenses	30,948	56,703	29,625	55,677
Tax exempt under Section 65(A)	(340,456)	(327,440)	(340,456)	(327,440)
(Over)/Underprovision in prior years:				
Current tax	(20,115)	(128,895)	(19,988)	(129,378)
Deferred tax	9,970	67,558	10,000	68,000
	169,478	190,781	163,480	184,974

## 34. ZAKAT

In computing for zakat, the Group and the Bank have been applying the working capital method based on the rate of 2.5%. This method applies the rate on asset, net of liabilities and subjected to allowable adjustments.

	Group		Bank	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM′000
Provision for current year	41,626	43,190	41,000	43,684
Overprovision in prior years	(1,916)	(8,886)	(2,000)	(9,684)
	39,710	34,304	39,000	34,000

#### 35. STATUTORY APPROPRIATIONS

Maintenance of statutory reserve fund is required under Development Financial Institutions Act 2002 (Act 618), whereas contributions to Co-operative Education Trust Fund and Co-operative Development Provident Funds are made in compliance with Co-operative Societies Act 1993 (Act 502).

Contribution to Bank Rakyat Foundation is made under paragraph 65(ii) of Undang-Undang Kecil Bank Kerjasama Rakyat Malaysia Berhad, which states that net profit for the year can be utilised towards a fund meant for welfare and benefits of members.

#### **36. EARNINGS PER SHARE**

Basic earnings per ordinary share have been calculated based on the Group's profit after taxation and zakat of RM1,975,845,000 (2013: RM1,919,580,000) divided by the weighted average number of ordinary shares of 2,974,681,000 (2013: 2,956,390,000) of RM1 each in issue during the financial year.

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#### 37. DIVIDENDS

	Group a	Group and Bank		
	2014 RM'000	2013 RM'000		
Cash dividend of 15% for the year ended 31 December 2013 (2012: 16%) Bonus dividend of 0% for the year ended 31 December 2013 (2012: 2%)	441,053	440,740 54,318		
	441,053	495,058		

During the financial year, the Bank paid a final cash dividend of 15% amounting to RM441.05 million in respect of the previous financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 15% amounting to RM450.00 million. The proposed dividends are subject to the approval by the relevant authorities and have not been included as liabilities in the financial statements.

#### 38. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group a	Group and Bank		
	2014 RM'000	2013 RM'000		
Contingent liabilities				
Bank guarantee given in respect of banking facilities granted to customers Claims for damages from litigation taken against the Bank	509,375 7,594	541,630 3,362		
Commitments				
Undrawn financing	2,116,835	2,595,260		
	2,633,804	3,140,252		

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## **39. CAPITAL COMMITMENTS**

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure				
<ul><li>approved and contracted for</li><li>approved but not contracted for</li></ul>	13,337 30,372	4,876 -	467	4,876 -
	43,709	4,876	467	4,876

## **40. OPERATING LEASES**

**Bank Rakyat** 60th Anniversary The Bank leases a number of premises under operating leases. None of the leases include contingent rentals. Total future minimum lease payments under these non-cancellable operating leases are as follows:

	Bank		
	2014 RM'000	2013 RM'000	
Within one year Between one and two years Between two to three years More than three years	684 153 - -	1,051 670 153 1	
	837	1,875	

#### 41. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both.

The related parties of the Group and of the Bank are:

## 41.1 Subsidiary Companies

Details of the subsidiary companies are shown in Note 14.

#### 41.2 Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel of the Group and of the Bank includes Executive Director and Non-Executive Directors of the Bank and certain members of senior management of the Bank and heads of major subsidiary companies of the Group.

Remuneration of Directors and other members of key management are as follows:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits				
Fees Salary Allowances EPF contribution Bonuses Other emoluments	1,153 3,393 300 943 2,211 289	1,162 3,180 246 971 2,318 827	808 2,935 300 868 1,860 224	745 3,180 246 971 2,318 600
	8,289	8,704	6,995	8,060

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## 41. RELATED PARTY TRANSACTIONS (CONTINUED)

# 41.2 Key Management Personnel (cont'd)

Included in the total compensation for key management personnel are the following items:

	Group		Bank	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' remuneration				
Bank's directors Subsidiary companies' directors	2,914 252	3,111 428	2,914 -	3,111
	3,166	3,539	2,914	3,111

## 41.3 Transactions with subsidiaries

All related party transactions within the Bank Rakyat group are conducted on normal commercial terms which are not more favourable than those generally available to the public.

	Ва	Bank		
	2014 RM'000	2013 RM'000		
Expenditure incurred				
Profit expenses  Management fee expenses  Rental expenses  Purchase of goods and services	5,767 9,467 4,293 8,261	5,605 5,394 3,054 9,679		
Travelling and transportation	9,287 37,075	12,075 35,807		

#### 42. FINANCIAL RISK MANAGEMENT

#### 42.1 Overview

The Bank's business activities involve the use of financial instruments that expose the Bank to a variety of financial risks with the following as the primary risks:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk
- iv) Operational risk

#### 42.2 Risk management framework

The Risk Management Committee (RMC) was established by the Board of Directors to oversee the management of risks associated with the Bank's operations and activities. The RMC has both executive and non-executive members and report regularly to the Board of Directors on their activities. The RMC is responsible to implement sound risk management policies, strategies and procedures.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit and Examination Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Audit and Examination Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Examination Committee.

#### 42.3 Credit risk

Credit risk is the risk of financial loss due to failure by customers or counterparties to financial instruments to meet their contractual obligations. The Bank's exposure to credit risk arises principally from financing granted to customers and trading and investment of funds with other counterparties.

### 42.3.1 Risk governance

RMC reviews the Bank's credit risk framework and policies, aligns credit risk management with business strategies and planning, reviews credit profile of credit portfolios and recommends necessary actions to ensure that credit risk remains within established risk tolerance level.

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#### 42.3 Credit risk (cont'd)

#### 42.3.2 Management of credit risk

The Bank's credit risk management includes establishment of comprehensive credit risk policies, guidelines and procedures that document financing standards, credit risk rating, acceptable collateral and valuation, and compliance with regulatory and statutory requirements.

These policies also outline discretionary power for financing approval which is allocated to divisional heads, whereas large facilities require approval by the Board of Directors, together with guidelines for rehabilitation and restructuring of problematic and delinquent financing accounts.

All credit approving officers are guided by credit policies, guidelines and procedures that are periodically reviewed to ensure their continued relevance.

There is a section within Risk Management Department that has functional responsibility for credit risk management which includes formulating and reviewing the Bank's risk policies, guidelines and procedures, as well as managing credit portfolios and ensuring the risk policies are implemented and complied with.

Independent credit reviews are performed regularly to complement risk identification as well as to evaluate quality of credit appraisals and the competency of credit personnel. Internal risk management reports are presented to RMC, containing information on quality of credit portfolios, results of independent credit review, results of credit profiling, significant credit exposures to related parties and credit concentration by economic sectors and by large single customers.

With these information, RMC would be able to identify adverse credit trends, take corrective actions and formulate business strategies accordingly.

#### 42.3.3 Financing to retail customers and Small and Medium Enterprises (SMEs)

Financing granted to retail customers and SMEs are individually underwritten by assessing historical financing payment track record and current financing payment capacity of the customer. This process is assisted by internal credit rating score sheets.

The credit approving authority and credit approving officers have the responsibility to ensure that credit risk is properly assessed and all crucial credit information of the customer is included in the financing application.

#### 42.3.4 Financing to corporate customers

Granting of credit to corporate customers is individually underwritten. The credit approving authority would identify and assess the credit risks of large corporate customers, or customer groups, by taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support such as bank or corporate guarantees. These factors would influence the risk level of any financing to these customers.

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#### 42.3 Credit risk (cont'd)

#### 42.3.5 Credit risk from trading and investment activities

Credit risk in relation to trading or investing of the Bank's surplus funds is managed by setting an issuer's credit limits which are specifically approved by the RMC. Moreover, the Bank's investment policies also stipulates minimum investment grade for debt securities, types of permissible transactions and the maximum tenure. This investment policy is subjected to regular review.

## 42.3.6 Impaired financing and investment debt securities

Individually impaired financing and investment securities are financing and advances and investment securities (other than those carried at fair value through profit or loss) for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and profits due according to the contractual terms of the financing/investment security agreement(s).

#### 42.3.7 Neither past due nor impaired financing and investment securities

These are financing and investment securities from which contractual payment of profit or principal have not defaulted and therefore are not impaired since there is no objective evidence of impairment.

#### 42.3.8 Past due but not impaired financing and investment securities

Past due but not impaired financing and investment securities, other than those carried at fair value through profit or loss, are those for which contractual profits or principal payments are past due, but it is believed that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank.

#### 42.3.9 Financing with renegotiated terms

Financing with renegotiated terms are financing that have been restructured due to deterioration in the customer's financial position. Once the financing is restructured it remains in this category independent of satisfactory performance after restructuring.

#### 42.3.10 Allowances for impairment

The Bank establishes an allowance for impairment losses on assets carried at amortised cost that represents estimate of incurred losses in its financing and investment security portfolio.

The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective financing loss allowance established for the group of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

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#### 42.3 Credit risk (cont'd)

#### 42.3.11 Write-off policy

The Bank writes-off a financing or an investment security, and any related allowances for impairment losses, when the Bank determines that the financing or investment security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the customer's/issuer's financial position such that the customer/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

#### 42.3.12 Collateral on financing and advances

In mitigating credit risk on financing and advances granted to customers, collaterals are obtained as follows:

- i) House financing charges over residential properties
- ii) Commercial property financing charges over the properties being financed
- iii) Vehicle financing ownership claims over the vehicles being financed
- iv) Other financing and advances charges over business assets such as premises, trade receivables or deposits

#### 42.3.13 Credit grading for investment securities

Credit quality of financial instruments are assessed based on ratings from external credit ratings agencies.

At the end of the reporting period, instruments rated with "Grade D" are those that have defaulted beyond their maturity period.

#### 42.3.14 Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments.

For on-balance sheet assets, the exposure to credit risk equals the carrying amount.

For credit commitments, maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

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## 42.3 Credit risk (cont'd)

# 42.3.14 Maximum exposure to credit risk (cont'd)

Group		Bank		
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
			_	
3,080,554	1,907,843	3,078,779	1,905,665	
185,838	947,386	160,099	942,295	
11,962,018	10,463,097	11,958,602	10,457,907	
11,131,717	10,141,449	11,131,717	10,141,449	
60,482,549	57,304,177	60,482,549	57,304,177	
6,484	9,048	-	-	
190,842	199,031	187,579	198,518	
87,040,002	80,972,031	86,999,325	80,950,011	
2,116,835	2,595,260	2,116,835	2,595,260	
89,156,837	83,567,291	89,116,160	83,545,271	
	2014 RM'000 3,080,554 185,838 11,962,018 11,131,717 60,482,549 6,484 190,842 87,040,002	2014 RM'000 RM'000  3,080,554 1,907,843  185,838 947,386 11,962,018 10,463,097 11,131,717 10,141,449 60,482,549 57,304,177 6,484 9,048 190,842 199,031  87,040,002 80,972,031	2014 RM'000 RM'000 RM'000  3,080,554 1,907,843 3,078,779  185,838 947,386 160,099 11,962,018 10,463,097 11,958,602 11,131,717 10,141,449 11,131,717 60,482,549 57,304,177 60,482,549 6,484 9,048 - 190,842 199,031 187,579  87,040,002 80,972,031 86,999,325	

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# 42.3 Credit risk (cont'd)

# 42.3.15 Credit risk exposure on financing and advances

	Ва	Bank		
	2014 RM'000	2013 RM'000		
At amortised cost				
Neither past due nor impaired				
0 month	57,646,752	53,704,255		
	57,646,752	53,704,255		
Past due but not impaired				
1 month 2 months 3 months More than 3 months	2,086,642 667,764 430,193 963	2,611,576 767,691 417,733 2,581		
	3,185,562	3,799,581		
Past due and impaired				
Less than 4 months 4 months to 6 months 7 months to 9 months More than 9 months	190,414 324,076 300,995 451,822	219,144 341,090 196,012 548,873		
	1,267,307	1,305,119		
Gross financing and advances	62,099,621	58,808,955		

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## 42.3 Credit risk (cont'd)

# 42.3.16 Credit risk exposure on investment securities

Group 2014	Financial assets available- for-sale RM'000	Financial assets held- to-maturity RM'000	Total RM'000
Rated securities			
Islamic debt securities			
Grade AA	-	-	-
Grade AA+	-	-	-
Grade AAA	2,292,341	456,444	2,748,785
Grade AA1	299,387	30,743	330,130
Grade AA2	35,424	-	35,424
Grade AA3	25,025	71,376	96,401
Cagamas bonds	2,652,177	558,563	3,210,740
Grade AAA	53,627	122,835	176,462
<b>Negotiable Islamic debt certificates</b> Grade AA1	-	248,719	248,719
	2,705,804	930,117	3,635,921
Unrated securities			
Government investment issues	6,793,223	8,673,072	15,466,295
Government bonds	2,162,419	1,078,786	3,241,205
Khazanah bonds	85,259	449,742	535,001
	9,040,901	10,201,600	19,242,501
Shares			
Quoted and unit trust shares Unquoted shares	205,064 10,249	- -	205,064 10,249
	215,313	-	215,313
	11,962,018	11,131,717	23,093,735

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## 42.3 Credit risk (cont'd)

## 42.3.16 Credit risk exposure on investment securities (cont'd)

Bank 2014	Financial assets available- for-sale RM'000	Financial assets held- to-maturity RM'000	Total RM'000
Rated securities			
Islamic debt securities			
Grade AA Grade AA+	-	-	-
Grade AAA	2,292,341	- 456,444	- 2,748,785
Grade AAA  Grade AA1	2,292,341	30,743	330,130
Grade AA2	35,424	30,743	35,424
Grade AA3	25,025	71,376	96,401
Communication	2,652,177	558,563	3,210,740
Cagamas bonds	F7 C27	122.075	176 460
Grade AAA	53,627	122,835	176,462
Negotiable Islamic debt certificates Grade AA1	_	248,719	248,719
		2 10,713	
	2,705,804	930,117	3,635,921
Unrated securities			
Government investment issues	6,793,223	8,673,072	15,466,295
Government bonds	2,162,419	1,078,786	3,241,205
Khazanah bonds	85,259	449,742	535,001
	9,040,901	10,201,600	19,242,501
Shares			
Overland and one's toward above	205.064		205.064
Quoted and unit trust shares	205,064	-	205,064
Unquoted shares	6,833	-	6,833
	211,897	-	211,897
	11,958,602	11,131,717	23,090,319

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## 42.3 Credit risk (cont'd)

## 42.3.16 Credit risk exposure on investment securities (cont'd)

Group 2013	Financial assets available- for-sale RM'000	Financial assets held- to-maturity RM'000	Total RM'000
Rated securities			
Islamic debt securities Grade AA Grade AA+ Grade AAA Grade AAA	- - 2,033,286 253,969	- - 305,604 35,894	- - 2,338,890 289,863
Grade AA2 Grade AA3 Grade BBB+ and below	- - -	10,345 23	10,345 23
Cagamas bonds Grade AAA	2,287,255	351,866 -	2,639,121
<b>Islamic commercial papers</b> Grade AAA	-	4,972	4,972
	2,287,255	356,838	2,644,093
Unrated securities			
Government investment issues Government bonds Khazanah bonds	6,209,785 1,747,170 22,500	8,574,372 903,555 306,684	14,784,157 2,650,725 329,184
	7,979,455	9,784,611	17,764,066
Shares			
Quoted and unit trust shares Unquoted shares	185,137 11,250	- -	185,137 11,250
	196,387	-	196,387
	10,463,097	10,141,449	20,604,546

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## 42.3 Credit risk (cont'd)

## 42.3.16 Credit risk exposure on investment securities (cont'd)

Bank 2013	Financial assets available- for-sale RM'000	Financial assets held- to-maturity RM'000	Total RM'000
Rated securities			
Islamic debt securities Grade AA Grade AA+ Grade AAA Grade AAA	- - 2,033,286 253,969	- - 305,604 35,894	- - 2,338,890 289,863
Grade AA2 Grade AA3 Grade BBB+ and below	- - -	10,345 23	10,345 23
Cagamas bonds Grade AAA	2,287,255	351,866 -	2,639,121
Islamic commercial papers Grade AAA	-	4,972	4,972
	2,287,255	356,838	2,644,093
Unrated securities			
Government investment issues Government bonds Khazanah bonds	6,209,785 1,747,170 22,500	8,574,372 903,555 306,684	14,784,157 2,650,725 329,184
	7,979,455	9,784,611	17,764,066
Shares			
Quoted and unit trust shares Unquoted shares	184,364 6,833	-	184,364 6,833
	191,197	-	191,197
	10,457,907	10,141,449	20,599,356

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#### 42.4 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

#### 42.4.1 Management of liquidity risk

The Bank's liquidity and funding position is supported by significant retail deposit base which comprises savings and deposits from customers. In monitoring the liquidity risk, the Bank applies maturity mismatch analysis showing concentration of these funding. Liquidity positions are reported to Asset and Liability Committee (ALCO) on monthly basis.

In mitigating this risk, management has arranged for a diversity in source of funds in addition to the core deposit base. This is besides the adoption of a policy in prudent management of assets with purpose to boost liquidity, apart from daily monitoring of future cash flows and liquidity. This shows orderly internal control processes and proper contingency plans were drawn up in managing this risk.

As a regulatory requirement, the Bank maintains liquidity level by complying to guidelines on new liquidity framework as prescribed by Bank Negara Malaysia.

Daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Bank relies on deposits from customers and corporations, and from selling of financing with recourse to Cagamas as source of funding. These sources of funding are of high liquidity since they are repayable to the depositors on demand. This situation increases the Bank's liquidity risk of which the Bank actively manages through maintenance of competitive pricing rate and constant monitoring of market trends.

During the year, issuance of additional shares to the members and public has further cushioned and stabilised the liquidity position of the Bank.

## 42.4.2 Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

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#### 42.4 Liquidity risk (cont'd)

#### 42.4.2 Exposure to liquidity risk (cont'd)

Details of the reported Bank ratio of net liquid assets to deposits from customers at the end of the reporting period and during the year were as follows:

	Bank		
	2014	2013	
At 31 December Average for the year Maximum for the year Minimum for the year	33.33% 32.21% 33.89% 30.63%	31.49% 33.34% 34.51% 31.49%	

### 42.4.3 Liquidity risk of assets and liabilities

The main thrust of liquidity management is the projection of up to one year of the maturity profile of the Bank's assets, liabilities and off-balance sheet commitments from a given position.

The focus is on the ability of the Bank to match its short-term liquidity requirement arising from maturing obligations with maturing assets, followed by a medium-term assessment of liquidity up to one year.

The primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallise.

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# 42.4 Liquidity risk (cont'd)

# 42.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

Bank 2014	Up to 1 week RM'000	More than 1 week - 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 6 months RM'000	More than 6 months - 1 year RM'000	More than 1 year RM'000	Total RM'000
Assets							
Cash, deposits and placements with financial institutions Investment securities Financing and advances Other receivables, deposits and prepayments	1,807,326 211,897 158,574	1,271,453 5,084 943,278	160,099 263,920 2,009,699	318,078 3,072,012	977,085 4,330,909	- 21,314,255 49,968,077 2,364,908	3,238,878 23,090,319 60,482,549 2,364,908
ани ргерауттентѕ						2,304,300	2,304,300
	2,177,797	2,219,815	2,433,718	3,390,090	5,307,994	73,647,240	89,176,654
Liabilities							
Deposits from customers Deposits and placements from banks and	9,246,607	17,214,757	18,280,967	11,646,593	9,123,276	3,010,773	68,522,973
financial institutions Recourse obligations on	1,400,000	400,000	-	-	-	-	1,800,000
financing sold to Cagamas	-	-	-	-	599,565	1,178,053	1,777,618
Debt securities issued	-	-	-	-	301,896	2,718,675	3,020,571
Other liabilities and payables	-	-	-	-	-	1,611,373	1,611,373
	10,646,607	17,614,757	18,280,967	11,646,593	10,024,737	8,518,874	76,732,535
Shareholders' fund	-	-	-	-	-	12,444,119	12,444,119
	-	-	-	-	-	12,444,119	12,444,119
Net maturity mismatch	(8,468,810)	(15,394,942)	(15,847,249)	(8,256,503)	(4,716,743)	52,684,247	-

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#### 42.4 Liquidity risk (cont'd)

#### 42.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (cont'd)

Bank 2014	Up to 1 week RM'000	More than 1 week - 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 6 months RM'000	More than 6 months - 1 year RM'000	More than 1 year RM'000	Total RM'000
Commitment and contingencies							
Bank guarantee given in respect of banking facilities granted to customers Claims for damages from litigation taken against the	-	2,730	-	41,317	240,502	224,826	509,375
Bank	-	-	_	-	-	7,594	7,594
Undrawn financing	-	-	-	-	-	2,116,835	2,116,835
	-	2,730	-	41,317	240,502	2,349,255	2,633,804

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### 42.4 Liquidity risk (cont'd)

#### 42.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (cont'd)

Bank 2013	Up to 1 week RM'000	More than 1 week - 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 6 months RM'000	More than 6 months - 1 year RM'000	More than 1 year RM'000	Total RM'000
Assets							
Cash, deposits and placements with							
financial institutions	1,494,193	411,472	485,575	456,720	-	-	2,847,960
Investment securities	191,197	-	540,421	393,025	798,144	18,676,569	20,599,356
Financing and advances	131,477	844,818	1,874,956	2,935,870	3,947,704	47,569,352	57,304,177
Other receivables, deposits							
and prepayments	-	-	-	-	-	2,128,106	2,128,106
	1,816,867	1,256,290	2,900,952	3,785,615	4,745,848	68,374,027	82,879,599
Liabilities							
Deposits from customers Deposits and placements from banks and	8,923,997	16,894,748	18,312,215	10,807,139	7,491,370	2,868,298	65,297,767
financial institutions Recourse obligations on	950,000	670,000	-	-	-	-	1,620,000
financing sold to Cagamas	_	_	_	_	_	1,528,696	1,528,696
Debt securities issued	_	_	_	9,799	_	1,497,289	1,507,088
Other liabilities and payables	-	-	-	-	-	1,642,824	1,642,824
	9,873,997	17,564,748	18,312,215	10,816,938	7,491,370	7,537,107	71,596,375
Shareholders' fund	-	-	-	-	-	11,283,224	11,283,224
	-	-	-	-	-	11,283,224	11,283,224
Net maturity mismatch	(8,057,130)	(16,308,458)	(15,411,263)	(7,031,323)	(2,745,522)	49,553,696	-

#### 42.4 Liquidity risk (cont'd)

#### 42.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (cont'd)

Bank 2013	Up to 1 week RM'000	More than 1 week - 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 6 months RM'000	More than 6 months - 1 year RM'000	More than 1 year RM'000	Total RM'000
Commitment and contingencies							
Bank guarantee given in respect of banking facilities granted to customers	_	_	23,634	8,271	16,860	492,865	541,630
Claims for damages from litigation taken against the Bank	_	_		-	-	3,362	3,362
Undrawn financing	-	-	-	-	-	2,595,260	2,595,260
	-	-	23,634	8,271	16,860	3,091,487	3,140,252

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#### 42.5 Market risk

Market risk is the risk that fluctuation in future cash flows or fair value of financial instruments due to changes in market variables, such as profit rates and equity prices, would affect financial position or cash flows of the Bank. In managing market risk, risk exposure can be controlled within the acceptable parameters, while optimising rate of return.

#### 42.5.1 Management of market risk

The Bank manages market risk by separating exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by treasury department which consist of financial assets that are managed on fair value basis.

Exposure of the Bank to the foreign exchange rates is minimal since operations of foreign currency unit is limited to remittance services only.

Overall authority in management of market risk is vested in ALCO.

#### 42.5 Market risk (cont'd)

#### 42.5.2 Profit rate risk

Investment in debt securities and financing are exposed to a risk of change in profit rates that would result in changes in cash flows. On the other hand, investment in equity securities and other short-term receivables and payables are not significantly exposed to profit rate risk.

Among other efforts in mitigating this risk is by diversifying investment mainly in fixed-income securities with different duration. However, the Bank has not practised hedging through profit rate swap during the year.

Management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard profit rate scenarios.

The following shows the Bank's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and constant financial position.

#### Bank

Sensitivity of projected net profit income	Increase	Decrease	Increase	Decrease
	by 100 bp	by 100 bp	by 50 bp	by 50 bp
	RM'000	RM'000	RM'000	RM'000
2014 Year ended 31 December Average for the year Maximum for the year Minimum for the year	(274,546)	274,578	(137,277)	137,285
	(312,270)	299,190	(156,141)	149,589
	(354,741)	326,484	(177,377)	163,238
	(270,619)	269,053	(135,317)	134,519
2013 Year ended 31 December Average for the year Maximum for the year Minimum for the year	(360,162)	360,216	(180,088)	180,101
	(373,767)	373,831	(186,891)	186,908
	(429,795)	429,862	(214,906)	214,923
	(358,746)	358,812	(179,381)	179,398

#### 42.5.3 Exposure to profit rate

Among other controls to ensure that market risk exposures remain within tolerable levels include stress testing, rigorous new product approval procedures and listing of permissible instruments that can be traded.

Stress test results are produced monthly to determine the impact of changes in profit rate and other risk factors on the Bank's profitability, capital adequacy and liquidity.

The stress test provides an assessment of the financial impact of identified extreme events on the market risk exposures to the Bank.

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#### 42.5 Market risk (cont'd)

#### 42.5.4 Exposure to profit rate risk on profit-bearing financial instruments

	•		— Non-trac	ling book —		<b></b>		
Bank 2014	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with								
financial institutions	3,078,779	160,099	-	-	-	-	-	3,238,878
Financial assets								
available-for-sale	5,084	10,153	800,703	5,463,611	5,467,154	-	211,897	11,958,602
Financial assets								
held-to-maturity	-	253,768	494,460	6,837,678	3,545,811	-	-	11,131,717
Financing and								
advances	46 700 044	0.477	440.070	7 550 777	70 455 007	4 (40 47)		60 070 74 4
<ul><li>Non-impaired</li><li>Impaired, net of</li></ul>	16,320,011	9,433	148,978	3,338,/33	39,155,023	1,640,136	-	60,832,314
allowances	_	_			_	(349,765)	_	(349,765)
Other non-profit						(373,703)		(343,703)
sensitive balances	-	-	-	-	_	2,364,908	-	2,364,908
						,,		, ,
	19,403,874	433,453	1,444,141	15,860,022	48,167,988	3,655,279	211,897	89,176,654

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#### 42.5 Market risk (cont'd)

#### 42.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

	<b>←</b>		Non-trad	ing book —		<b></b>		
Bank 2014	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers Deposits and placements from banks and financial	23,977,397	18,278,718	20,713,232	5,434,588	119,038	-	-	68,522,973
institutions Recourse obligations on financing sold	1,800,000	-	-	-	-	-	-	1,800,000
to Cagamas Debt securities issued	-	-	599,565 301,896	1,178,053 2,367,494	- 351,181	-	-	1,777,618 3,020,571
Other non-profit sensitive balances	-	-	-	-	-	1,611,373	-	1,611,373
	25,777,397	18,278,718	21,614,693	8,980,135	470,219	1,611,373	-	76,732,535
Shareholders' fund	-	-	-	-	-	12,444,119	-	12,444,119
On-balance sheet profit sensitivity gap Off-balance sheet profit sensitivity gap	(6,373,523)	(17,845,265) -	(20,170,552)	6,879,887	47,697,769	(10,400,213)	211,897	-
Total profit sensitivity gap	(6,373,523)	(17,845,265)	(20,170,552)	6,879,887	47,697,769	(10,400,213)	211,897	-

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#### 42.5 Market risk (cont'd)

#### 42.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

	■ Non-trading book							
Bank 2013	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash, deposits and placements with								
financial institutions	1,905,662	485,575	456,723	-	-	-	-	2,847,960
Financial assets available-for-sale	-	334,053	878,425	4,519,920	4,534,312	-	191,197	10,457,907
Financial assets								
held-to-maturity Financing and	-	15,172	312,744	4,682,099	5,131,434	-	-	10,141,449
advances								
- Non-impaired	10,758,785	43,152	215,355	3,793,840	42,692,704	-	-	57,503,836
<ul> <li>Impaired, net of allowances</li> </ul>	_	_	_	_	_	(199,659)	_	(199,659)
Other non-profit						(133,003)		(133,003)
sensitive balances	-	-	-	-	-	2,128,106	-	2,128,106
	12,664,447	877,952	1,863,247	12,995,859	52,358,450	1,928,447	191,197	82,879,599

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#### 42.5 Market risk (cont'd)

#### 42.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

	<b>←</b>		Non-trad	ing book —		<b></b>		
Bank 2013	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers Deposits and placements from banks and financial	25,977,446	18,312,215	18,298,509	2,641,581	68,016	-	-	65,297,767
institutions Recourse obligations on financing sold	1,620,000	-	-	-	-	-	-	1,620,000
to Cagamas	-	-	-	1,528,696	-	-	-	1,528,696
Debt securities issued	-	-	-	1,507,088	-	-	-	1,507,088
Other non-profit sensitive balances	-	-	-	-	-	1,642,824	-	1,642,824
	27,597,446	18,312,215	18,298,509	5,677,365	68,016	1,642,824	-	71,596,375
Shareholders' fund	-	-	-	-	-	11,283,224	-	11,283,224
On-balance sheet profit sensitivity gap Off-balance sheet profit sensitivity	(14,932,999)	(17,434,263)	(16,435,262)	7,318,494	52,290,434	(10,997,601)	191,197	-
gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(14,932,999)	(17,434,263)	(16,435,262)	7,318,494	52,290,434	(10,997,601)	191,197	-

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#### 42.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of an overall Bank's standards for the management of operational risk in the following areas:

- i) requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- ii) requirements for the reconciliation and monitoring of transactions;
- iii) compliance with regulatory and other legal requirements;
- iv) documentation of controls and procedures;
- v) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- vi) requirements for the reporting of operational losses and proposed remedial action;
- vii) development of contingency plans;
- viii) training and professional development;
- ix) ethical and business standards; and
- x) risk mitigation, including Takaful where this is effective.

Compliance with the Bank's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit and Examination Committee and senior management of the Bank.

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#### 42.7 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- i) To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;
- ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines under the New Liquidity Framework developed by Bank Negara Malaysia. The required information is filed with Bank Negara Malaysia on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with Bank Negara Malaysia which takes into account the risk profile of the Bank. The regulatory capital requirements are strictly observed when managing economic capital.

The Bank's regulatory capital comprises two tiers:

- ) Tier 1 capital: share capital, statutory reserve, capital reserve and retained profits; and
- ii) Tier 2 capital: collective impairment allowances on non-impaired financing and regulatory reserve.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and exposures not recognised in the statement of financial position.

The Bank's policy is to maintain a strong capital base so as to ensure investors', creditors' and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

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#### 42.7 Capital management (cont'd)

#### 42.7.1 Capital adequacy ratio

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The Bank was in compliance with all prescribed capital ratios throughout the period.

	Ва	nk
	2014	2013 Restated
Before proposed dividend  Core capital ratio  Risk-weighted capital adequacy ratio	18.26% 19.66%	17.61% 17.83%
After proposed dividend Core capital ratio Risk-weighted capital adequacy ratio	17.59% 18.99%	16.90% 17.13%

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#### 42.7 Capital management (cont'd)

#### 42.7.1 Capital adequacy ratio (cont'd)

The above ratios are derived by taking into account the core capital and capital base against the risk weighted assets of the Bank. Components of the capital are as follows:

	Ва	nk
	2014 RM'000	2013 RM'000
Tier I capital Paid-up share capital Retained profits Other reserves	2,973,677 4,915,527 4,304,098	2,973,677 4,218,310 3,804,921
Total Tier I capital (core)	12,193,302	10,996,908
Tier II capital Collective impairment * Regulatory reserve	731,757 245,566	675,933 -
Total Tier II capital	977,323	675,933
Total capital	13,170,625	11,672,841
Less: Investment in subsidiaries Less: Investment in property and equipment **	(43,500) -	(43,500) (492,344)
	(43,500)	(535,844)
Total capital base	13,127,125	11,136,997

This is a surplus amount allowable after taking into account the collective impairment allowance on impaired financing of the Bank.

\*\* The amount was excluded since the construction of Menara Kembar Bank Rakyat in Jalan Rakyat, Kuala Lumpur has been completed as of 31 December 2014.

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#### 42.7 Capital management (cont'd)

#### 42.7.1 Capital adequacy ratio (cont'd)

Assets in various categories are risk-weighted as follows:

	Ва	nk
	2014 RM'000	2013 RM'000
Total assets assigned 20% risk-weighted Total assets assigned 50% risk-weighted Total assets assigned 100% risk-weighted Off-Balance Sheet claims assigned 50% risk-weighted Off-Balance Sheet claims assigned 100% risk-weighted	541,768 1,352,334 63,521,927 - 1,356,114	421,783 1,275,974 59,174,808 1,038,104 541,630
	66,772,143	62,452,299

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#### 43. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting period.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132 ('Financial Instruments: Disclosure and Presentation') which requires the fair value information to be disclosed.

#### 43.1 Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Group determines fair values using valuation techniques.

There were no financial liabilities of the Group at the end of the reporting period that were measured at fair value.

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#### 43.2 Valuation of financial instruments at fair value

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group 2014					
Cash and short-term funds	3,080,554	3,080,554	-	-	3,080,554
Deposits and placements with financial institutions	185,838	185,838	-	-	185,838
Financial assets available-for-sale					
Islamic debt securities	2,652,177	2,652,177	-	2,652,177	-
Government investment issues	6,793,223	6,793,223	-	6,793,223	-
Government bonds	2,162,419	2,162,419	-	2,162,419	-
Khazanah bonds	85,259	85,259	-	85,259	-
Cagamas bonds	53,627	53,627	-	53,627	-
Quoted shares	203,347	203,347	203,347	-	-
Unit trust shares	1,717	1,717	-	1,717	-
Unquoted shares	10,249	10,249	-	-	10,249
	11,962,018	11,962,018	203,347	11,748,422	10,249
Financial assets held-to-maturity Government bonds	1 070 706	1 OFF 176			1 OFF 176
Government investment issues	1,078,786 8,673,072	1,055,176 8,465,937	-	-	1,055,176 8,465,937
Islamic debt securities	558,563	549,705	<u>-</u>	-	549,705
Khazanah bonds	449,742	448,453	_	_	448,453
Cagamas bonds	122,835	121,340	_	_	121,340
Negotiable Islamic debt certificates	248,719	248,732	-	_	248,732
	11,131,717	10,889,343	-	-	10,889,343
Financing and advances	60,482,549	68,993,458	-	-	68,993,458
Trade receivables	6,484	6,484	-	-	6,484
Other receivables and deposits	450,231	450,231	-	-	450,231
	87,299,391	95,567,926	203,347	11,748,422	83,616,157

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group 2014					
Financial liabilities					
Deposits from customers	68,522,973	68,522,973	-	-	68,522,973
Deposits and placements from					
banks and financial institutions	1,800,000	1,800,000	-	-	1,800,000
Recourse obligations on					
financing sold to Cagamas	1,777,618	1,654,215	-	-	1,654,215
Debt securities issued	3,020,571	2,588,032	-	-	2,588,032
Trade payables	3,348	3,348	-	-	3,348
Other liabilities	1,431,012	1,431,012	-	-	1,431,012
	76,555,522	75,999,580	-	-	75,999,580

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group 2013					
Cash and short-term funds	1,907,843	1,907,843	-	-	1,907,843
Deposits and placements with financial institutions	947,386	947,386	-	-	947,386
Financial assets available-for-sale					
Islamic debt securities	2,287,255	2,287,255	-	2,287,255	-
Government investment issues	6,209,785	6,209,785	-	6,209,785	-
Government bonds	1,747,170	1,747,170	-	1,747,170	-
Khazanah bonds	22,500	22,500	-	22,500	-
Quoted shares	183,245	183,245	183,245	-	-
Unit trust shares	1,892	1,892	-	1,892	-
Unquoted shares	11,250	11,250	-	-	11,250
	10,463,097	10,463,097	183,245	10,268,602	11,250
Financial assets held-to-maturity					
Government bonds	903,555	881,543	-	-	881,543
Government investment issues	8,574,372	8,337,792	-	-	8,337,792
Islamic debt securities	351,866	345,798	-	-	345,798
Khazanah bonds	306,684	303,025	-	-	303,025
Islamic Commercial papers	4,972	4,972	-	-	4,972
	10,141,449	9,873,130	-	-	9,873,130
Financing and advances	57,304,177	66,944,853	-	-	66,944,853
Trade receivables	9,048	9,048	-	-	9,048
Other receivables and deposits	456,920	456,920	-	-	456,920
	81,229,920	90,602,277	183,245	10,268,602	80,150,430

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group 2013					
Financial liabilities					
Deposits from customers	65,297,767	65,297,767	-	-	65,297,767
Deposits and placements from					
banks and financial institutions	1,620,000	1,620,000	-	-	1,620,000
Recourse obligations on					
financing sold to Cagamas	1,528,696	1,360,720	-	-	1,360,720
Debt securities issued	1,507,088	1,299,898	-	-	1,299,898
Financing from other financial					
institutions	39,602	36,270	-	-	36,270
Trade payables	6,900	6,900	-	-	6,900
Other liabilities	1,359,301	1,359,301	-	-	1,359,301
	71,359,354	70,980,856	-	-	70,980,856

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank 2014					
Cash and short-term funds	3,078,779	3,078,779	-	-	3,078,779
Deposits and placements					
with financial institutions	160,099	160,099	-	-	160,099
Financial assets available-for-sale					
Islamic debt securities	2,652,177	2,652,177	-	2,652,177	-
Government investment issues	6,793,223	6,793,223	-	6,793,223	-
Government bonds	2,162,419	2,162,419	-	2,162,419	-
Khazanah bonds	85,259	85,259	-	85,259	-
Cagamas bonds	53,627	53,627	-	53,627	-
Quoted shares	203,347	203,347	203,347	-	-
Unit trust shares	1,717	1,717	-	1,717	-
Unquoted shares	6,833	6,833	-	-	6,833
	11,958,602	11,958,602	203,347	11,748,422	6,833
Financial assets held-to-maturity					
Government bonds	1,078,786	1,055,176	-	-	1,055,176
Government investment issues	8,673,072	8,465,937	-	-	8,465,937
Islamic debt securities	558,563	549,705	-	-	549,705
Khazanah bonds	449,742	448,453	-	-	448,453
Cagamas bonds	122,835	121,340	-	-	121,340
Negotiable Islamic debt certificates	248,719	248,732	-	-	248,732
	11,131,717	10,889,343	-	-	10,889,343
Financing and advances	60,482,549	68,993,458	-	-	68,993,458
Other receivables and deposits	395,598	395,598	-	-	395,598
	87,207,344	95,475,879	203,347	11,748,422	83,524,110

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank 2014					
Financial liabilities Deposits from customers	68,522,973	68,522,973	-	-	68,522,973
Deposits and placements from banks and financial institutions Recourse obligations on	1,800,000	1,800,000	-	-	1,800,000
financing sold to Cagamas	1,777,618	1,654,215	_	_	1,654,215
Debt securities issued	3,020,571	2,588,032	-	-	2,588,032
Other liabilities	1,592,597	1,592,597	-	-	1,592,597
	76,713,759	76,157,817	-	-	76,157,817

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank 2013					
Cash and short-term funds	1,905,665	1,905,665	-	-	1,905,665
Deposits and placements					
with financial institutions	942,295	942,295	-	-	942,295
Financial assets available-for-sale					
Islamic debt securities	2,287,255	2,287,255	-	2,287,255	-
Government investment issues	6,209,785	6,209,785	-	6,209,785	-
Government bonds	1,747,170	1,747,170	-	1,747,170	-
Khazanah bonds	22,500	22,500	-	22,500	-
Quoted shares	182,472	182,472	182,472	-	-
Unit trust shares	1,892	1,892	-	1,892	-
Unquoted shares	6,833	6,833	-	-	6,833
	10,457,907	10,457,907	182,472	10,268,602	6,833
Financial assets held-to-maturity					
Government bonds	903,555	881,543	-	-	881,543
Government investment issues	8,574,372	8,337,792	-	-	8,337,792
Islamic debt securities	351,866	345,798	-	-	345,798
Khazanah bonds	306,684	303,025	-	-	303,025
Islamic Commercial papers	4,972	4,972	-	-	4,972
	10,141,449	9,873,130	-	-	9,873,130
Financing and advances	57,304,177	66,944,853	-	-	66,944,853
Other receivables and deposits	404,732	404,732	-	-	404,732
	81,156,225	90,528,582	182,472	10,268,602	80,077,508

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#### 43.2 Valuation of financial instruments at fair value (cont'd)

	Carrying amount RM'000	Fair value RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Bank 2013					
Financial liabilities					
Deposits from customers	65,297,767	65,297,767	-	-	65,297,767
Deposits and placements from					
banks and financial institutions	1,620,000	1,620,000	-	-	1,620,000
Recourse obligations on					
financing sold to Cagamas	1,528,696	1,360,720	-	-	1,360,720
Debt securities issued	1,507,088	1,299,898	-	-	1,299,898
Other liabilities	1,490,679	1,490,679	-	-	1,490,679
	71,444,230	71,069,064	-	-	71,069,064

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#### 43.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required)

Set out below is a comparison of the carrying amount and fair value of financial instruments that are not measured at fair value in the financial statements.

	Carrying amount 2014 RM'000	Fair value 2014 RM'000	Carrying amount 2013 RM'000	Fair value 2013 RM'000
Group				
Financial assets				
Cash and short-term funds Deposits and placements with	3,080,554	3,080,554	1,907,843	1,907,843
financial institutions	185,838	185,838	947,386	947,386
Financial assets held-to-maturity	11,131,717	10,889,343	10,141,449	9,873,130
Financing and advances	60,482,549	68,993,458	57,304,177	66,944,853
Trade receivables	6,484	6,484	9,048	9,048
Other receivables and deposits	450,231	450,231	456,920	456,920
Financial liabilities				
Deposits from customers	68,522,973	68,522,973	65,297,767	65,297,767
Deposits and placements from banks and financial institutions	1 000 000	1 000 000	1 (20 000	1 (20 000
Recourse obligations on financing	1,800,000	1,800,000	1,620,000	1,620,000
sold to Cagamas	1,777,618	1,654,215	1,528,696	1,360,720
Debt securities issued	3,020,571	2,588,032	1,507,088	1,299,898
Financing from other financial institutions	-	_,000,002	39,602	36,270
Trade payables	3,348	3,348	6,900	6,900
Other liabilities	1,431,012	1,431,012	1,359,301	1,359,301

**Bank Rakyat** 60th Anniversary

#### 43.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (cont'd)

	Carrying amount 2014 RM'000	Fair value 2014 RM'000	Carrying amount 2013 RM'000	Fair value 2013 RM'000
Bank				
Financial assets				
Cash and short-term funds Deposits and placements with	3,078,779	3,078,779	1,905,665	1,905,665
financial institutions	160,099	160,099	942,295	942,295
Financial assets held-to-maturity	11,131,717	10,889,343	10,141,449	9,873,130
Financing and advances	60,482,549	68,993,458	57,304,177	66,944,853
Other receivables and deposits	395,598	395,598	404,732	404,732
Financial liabilities				
Deposits from customers Deposits and placements from	68,522,973	68,522,973	65,297,767	65,297,767
banks and financial institutions	1,800,000	1,800,000	1,620,000	1,620,000
Recourse obligations on financing				
sold to Cagamas	1,777,618	1,654,215	1,528,696	1,360,720
Debt securities issued	3,020,571	2,588,032	1,507,088	1,299,898
Other liabilities	1,592,597	1,592,597	1,490,676	1,490,676

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

#### 43.3.1 Cash and short-term funds

The carrying amounts of cash and short-term funds approximate fair values due to the relatively short maturity of the financial instruments. This is similar to deposits and placements with financial institutions maturing within one month that have relatively short maturity period.

#### 43.3.2 Deposits and placements with financial institutions

The fair values of deposits and placements with financial institutions are not materially sensitive to changes in market profit rate because of their limited term to maturity.

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#### 43.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (cont'd)

#### 43.3.3 Financial assets held-to-maturity

Financial assets held-to-maturity are carried at amortised cost at the end of the reporting period. Fair values for these financial instruments are estimated based on broker quotes from Bond Pricing Agency.

#### 43.3.4 Financing and advances

Financing and advances are carried at amortised cost at the end of the reporting period. Fair valuation of these financial instruments are estimated based on discounted financing payment to be received in the future using effective profit rate for each financing type.

#### 43.3.5 Trade and other receivables

The carrying amounts of trade and other receivables reported in the statement of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

#### 43.3.6 Deposits from customers

The fair values of deposits payable on demand (demand and savings deposits), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on effective profit rates for similar deposits from customers.

However, since all deposits received can be classified as Islamic deposits, their fair values are deemed to approximate their carrying amounts as profit rates are determined at the end of the maturity period based on the sharing of profits generated from investments of the deposits.

#### 43.3.7 Deposits and placements from banks and financial institutions

The fair values of these financial instruments with remaining maturity of less than one year approximate their carrying amounts due to the relatively short maturity of the financial instruments.

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#### 43.3 Valuation of financial instruments not carried at fair value (but fair value disclosures are required) (cont'd)

#### 43.3.8 Recourse obligations on financing sold to Cagamas

The fair values for recourse obligations sold to Cagamas that have remaining maturity of one year are estimated to approximate their carrying amounts. For remaining maturity of more than one year, they are estimated using discounted cash flows based on prevailing Cagamas rates.

#### 43.3.9 Debt securities issued

Debt securities issued are measured at amortised cost at the end of the reporting period. The fair value of the securities are derived by referring to the present value of the expected amount due in the future by applying the effective profit rate for the debt securities.

#### 43.3.10 Financing from other financial institutions

Financing from other financial institutions is stated at amortised cost at the end of the reporting period. Fair value is estimated using effective profit rate for the financing which was used in discounting present value for the future determinable payment of the financing.

#### 43.3.11 Trade and other liabilities

The carrying amounts of trade and other liabilities reported in the statement of financial position approximate their fair values due to the relatively short-term maturity of these instruments.

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# Corporate Office & Branches

#### **■** CORPORATE OFFICE

#### **BANK RAKYAT**

Tower 1, Bank Rakyat Twin Towers, No. 33, Jalan Rakyat, 50470 Kuala Lumpur

Tel: 03-2612 9600

Website: www.bankrakyat.com.my Tele-Rakyat: 1-300-80-5454 i-Rakyat: www.irakyat.com.my Twitter/Fb:/myBankRakyat

#### **■** BRANCHES

### **REGION OFFICE 1** (SELANGOR)

No. 9 & 11, Level 3, Jalan Tuanku Ampuan Zabedah H/9H, Section 9, 40000 Shah Alam, Selangor

Tel: 03-5512 5641 Fax: 03-5512 5603

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**Bank Rakvat** 

#### **SUBANG PERDANA**

No. 39, Jalan Dinar GU 3/G, Section U3, Taman Subang Perdana, 40150 Shah Alam, Selangor Tele-Rakyat: 1-300-80-5454 Fax: 03-7846 5195

#### KELANA JAYA

Ground Floor, Wisma Glomac, Glomac Business Centre, Jalan SS 5/1, Kelana Jaya, 47301 Petaling Jaya, Selangor

Tel: 03-7804 8154 Fax: 03-7804 8159

#### **KAJANG**

No. 18 & 19, Jalan Jelok 3, Off Jalan Bukit Kajang 43000 Kajang, Selangor Tele-Rakyat : 1-300-80-5454

Fax: 03-8736 7800

#### **BANTING**

No. 239, Jalan Sultan Abdul Samad, 42700 Banting, Selangor

Tel: 03-3187 2007 Fax: 03-3187 2581

#### **BANDAR BARU KLANG**

No. 28 & 30, Jalan Tiara 2C, Bandar Baru Klang, 41500 Klang, Selangor Tel: 03-3342 7433

Fax: 03-3342 2776

#### **PETALING JAYA**

No. 1-1, Jalan 14/22, Wisma Federal Academy Ballet, 46100 Petaling Jaya, Selangor Tele-Rakyat: 1-300-80-5454

Fax: 03-7958 4931

#### **DAMANSARA UTAMA**

42G, 44G, Jalan SS21/35, Damansara Utama, 47400 Petaling Jaya, Selangor Tele-Rakyat: 1-300-80-5454 Fax: 03-7729 8193

#### **AMPANG**

Unit 1A,1B,1C & 1D, Ara Ampang Commercial Centre, Jalan Ampang, 68000 Ampang, Selangor Tele-Rakyat: 1-300-80-5454 Fax: 03-4252 8402

#### **SHAH ALAM, SECTION 9**

No. 9 & 11, Jalan Tuanku Ampuan Zabedah H/9H, Section 9, 40000 Shah Alam, Selangor Tele-Rakyat : 1-300-80-5454

Fax: 03-5510 4210

#### **USJ, SUBANG JAYA**

No. 22 & 24, Jalan USJ 9/5Q, UEP, 47600 Subang Jaya, Selangor Tele-Rakyat : 1-300-80-5454 Fax : 03-8025 1984

#### **SUNGAI BESAR**

A12 & A13, Jalan Menteri, 45300 Sungai Besar, Selangor Tel: 03-3224 2208

Fax: 03-3224 2299

#### **MELAWATI**

No. 326, Jalan Bandar Melawati, Melawati Square, Pusat Bandar Melawati, 68000 Ulu Klang, Selangor Tele-Rakyat : 1-300-80-5454

Fax: 03-4105 4568

#### **PUCHONG**

No. 28 & 30, Jalan Puteri 4/2, Bandar Puteri, 47100 Puchong, Selangor Tel: 03-8060 6677

Fax: 03-8068 3953

#### **PORT KLANG**

No. 2 & 4, Harbour Point, Commercial Centre, Jalan Sungai Aur, 42000 Port Klang, Selangor

Tel: 03-3165 7104 Fax: 03-3165 7078

#### **SUNGAL BULOH**

Lot 101, TSB Commercial Centre, Jalan Nautika B U20/B, Section U20,Sungai Buloh, 40160 Shah Alam, Selangor Tele-Rakyat: 1-300-80-5454

Fax: 03-6157 1662

#### P.J. STATE

No. 11 & 13, Jalan Yong Shook Lin, Section 52, 46200 Petaling Jaya, Selangor Tele-Rakyat: 1-300-80-5454

Fax: 03-7957 7600

#### **BANDAR BARU BANGI**

Lot 1.01 & 2.01, Tingkat Bawah & Satu, Wisma UNIKEB 43609 Bandar Baru Bangi, Selangor

Tel: 03-8920 1064 Fax: 03-8922 3229

#### **SERDANG RAYA**

No. C1-00-28, Section 9, Jalan SR 1/9, Taman Serdang Raya, 43300 Seri Kembangan, Selangor

Tel: 03-8943 0890 Fax: 03-8943 0932

#### **KUALA SELANGOR**

No. 70, Jalan Melati 3/1, Bandar Melawati, 45000 Kuala Selangor, Selangor

Tel: 03-3281 1431 Fax: 03-3281 1434

#### **RAWANG**

No.73, Jalan Bandar Rawang 2, Rawang City Centre, 48000 Rawang, Selangor Tel: 03-6092 5236

Fax: 03-60927385

#### **SHAH ALAM, SECTION 23**

No. 23 & 25, Jalan Pelabur B/23B, Section 23 Shah Alam, 40300 Shah Alam, Selangor

Tel: 03-5541 1609 Fax: 03-5541 1624

#### **TANJONG KARANG**

No. 1 & 3, Jalan Makmur 1, Taman Makmur, Batu 7, 45500 Tanjong Karang, Selangor Tel: 03-3269 0552

Fax: 03-3269 0566

#### **CYBERJAYA**

Unit F03 & F03A, Fasa 1, Glomac Cyberjaya, Persiaran APEC, 63000 Cyberjaya, Selangor

Tel: 03-8318 1655 Fax: 03-8318 2369

### REGION OFFICE 2 (KL/PUTRAJAYA)

Level 6, No. 140, Bank Rakyat Building, 51200 Kuala Lumpur Tel : 03-4041 0025

#### JALAN TANGSI, KL

Fax: 03-4040 0680

Ground Floor, Bank Rakyat Building, Jalan Tangsi, 50732 Kuala Lumpur Tele-Rakyat : 1-300-80-5454 Fax : 03-2698 2109

#### JALAN IPOH, KL

No. 140, Bank Rakyat Building, Jalan Ipoh, 51200 Kuala Lumpur Tele-Rakyat : 1-300-80-5454 Fax : 03-4042 8142

#### **BANDAR TUN RAZAK**

G11, G12, 01-11 & 01-12, Wisma Zelan, Bandar Tun Razak, 56000 Kuala Lumpur Tele-Rakyat : 1-300-80-5454

Fax: 03-9172 3178

#### JALAN PINANG, KL

19-1-1 Ground Floor& 19-1-1A Mezzanine Floor, UOA Centre, No. 19 Jalan Pinang, 50450 Kuala Lumpur Tele-Rakyat: 1-300-80-5454 Fax: 03-2161 2459

#### **BANGSAR BARU**

No. 60 & 62, Ground Floor, Level 1 & 2, Jalan Maarof, 59100 Bangsar Baru, Kuala Lumpur Tele-Rakyat: 1-300-80-5454 Fax: 03-2283 1258

#### **DESA PANDAN**

No. 33 & 35 Jalan 1/76, Desa Pandan , 55100 Kuala Lumpur Tele-Rakyat : 1-300-80-5454 Fax : 03-9281 1394

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#### SHAMELIN (FORMERLY KNOWN AS PUDU)

No. 68-1-1 & 68-1-2, Jalan 4/91, Dataran Shamelin, Taman Shamelin Perkasa, 56100 Kuala Lumpur Tele-Rakyat : 1-300-80-5454 Fax : 03-9286 3541

**SELAYANG** 

Ground Floor, Block B, KIP Tower, Jalan Kuching, 68100 Kuala Lumpur Tele-Rakyat : 1-300-80-5454 Fax : 03-6259 6815

SETAPAK

No.1, Jalan 2/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur Tele-Rakyat : 1-300-80-5454

Fax: 03-4025 4501

#### **KEPONG**

No. 11 & 15, Jalan Rimbunan Raya 1, Laman Rimbunan Raya 1, Laman Rimbunan, 52100 Kepong, Kuala Lumpur Tele-Rakyat : 1-300-80-5454

Fax: 03-6252 3722

#### **PUTRAJAYA**

Ayer @ 8, Lot 3 & 3A, Blok B8C1, Jalan P8G, Presint 8, 62250 Putrajaya Tele-Rakyat: 1-300-80-5454

Fax: 03-8861 7250

#### PRESINT 15, PUTRAJAYA

No. 22 & 24, Jalan Diplomatik 3/1, 62050 Presint 15, Putrajaya, Wilayah Persekutuan Tele-Rakyat : 1-300-80-5454

Fax: 03-8890 3353

#### **DESA SRI HARTAMAS**

Lot B-02 & B-03, Galeria Hartamas, Jalan 26/70A, Desa Seri Hartamas, 50480 Kuala Lumpur

Tel: 03-6201 0720 Fax: 03-6201 0514

#### **TWIN TOWERS**

Ground Floor, Bank Rakyat Twin Towers, No. 33, Jalan Rakyat, 50470 Kuala Lumpur Tele-Rakyat : 1-300-80-5454

Fax: 03-2260 1219

### **REGION OFFICE 3** (KEDAH/PULAU PINANG/PERLIS)

No. 66, Level 2, Jalan Langgar, 05460 Alor Setar, Kedah Tel : 04-735 1669

Fax: 04-735 1673

#### **BALING**

Ground Floor, UMNO Building, Pekan Baru, 09100 Baling, Kedah

Tel: 04-470 1615 Fax: 04-470 1544

#### **KULIM**

No. 203 & 204, Jalan Lunas, Taman Seluang, Kelang Lama, 09000 Kulim, Kedah Tel: 04-495 0529

#### **MERGONG**

Fax: 04-490 1141

No 7 & 8, Tuanku Haminah Business Centre, Mergong, 05150 Alor Setar, Kedah Tel : 04-730 6995

Fax: 04-731 6829

#### **JITRA**

No. 247 & 248, Jalan PJ 2/2, Pekan Jitra 2, 06000 Jitra, Kedah Tel : 04-917 0242 Fax : 04-917 3958

#### LANGKAWI

No. 140 & 142, Persiaran Bunga Raya, Langkawi Mall, 07000 Kuah, Langkawi, Kedah Tel : 04-966 6518 Fax : 04-966 7998

#### **SUNGAI PETANI**

No. 28, Jalan Petani, 08000 Sungai Petani, Kedah Tel : 04-421 1697 Fax : 04-421 7979

#### **ALOR SETAR**

66, Jalan Langgar, 05460 Alor Setar, Kedah Tele-Rakyat : 1-300-80-5454 Fax : 04-733 5313

#### **KUALA NERANG**

No. 32-33 Pekan Baru, Jalan Semeliang, 06300 Kuala Nerang, Kedah

Tel: 04-786 0375 Fax: 04-786 0385

#### **GURUN**

No.19 C & 19 D, Jalan Sg. Petani, 08300 Gurun, Kedah Tel : 04-468 3700

Fax: 04-468 3754

#### **PENDANG**

Lot 9-11 Pendang Square, 06700 Pendang, Kedah Tel: 04-759 6262 Fax: 04-759 6270

#### **SEBERANG JAYA**

No.1, Ground Floor & Level 1, Jalan Todak 1, City Centre, Seberang Jaya, 13700 Prai, Pulau Pinang Tel: 04-398 8750

Fax: 04-398 8985

#### **GEORGETOWN**

No.137, Jalan Magazine, 10300 Georgetown, Pulau Pinang Tele-Rakyat: 1-300-88-12265 Fax: 04-262 5419

#### **BUKIT MERTAJAM**

No. 22 & 24, Jalan Perda Selatan, Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang

Tel: 04-530 7380 Fax: 04-530 7390

#### **BAYAN BARU**

No. 49, 51 & 53, Block H, Persiaran Mahsuri 1/3, Sunway Avenue, 11950 Bayan Baru, Pulau Pinang Tel: 04-642 0197

JELUTONG

Fax: 04-642 0205

No.13 & 13A, Metro Avenue, Jelutong Express Way, 11600 Pulau Pinang

Tel: 04-283 9735 Fax: 04-283 9399

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#### **JAWI**

No. 56 & 58, Jalan Jawi Jaya 1, Taman Jawi Jaya,14200 Sungai Jawi, Seberang Perai Selatan

Tel: 04-582 6313 Fax: 04-582 6352

#### **KEPALA BATAS**

No. 8, Jalan Dagangan 2, Bertam Perdana City Centre, 13200 Kepala Batas, Pulau Pinang

Tel: 04-574 1036 Fax: 04-574 1060

#### **KANGAR**

No.13, Jalan Hospital, 01000 Kangar, Perlis

Tele-Rakyat: 1-300-80-5454

Fax: 04-976 2928

#### **ARAU**

No. 6, 8 & 10, Jalan Pauh, Taman Pauh Utama, 02600 Pekan Pauh, Perlis Tel: 04-986 4841

Fax: 04-986 3700

### **REGION OFFICE 4** (MELAKA/JOHOR)

No. 4-5 & 6-5, Level 5, Jalan KC 1, Kota Cemerlang, 75450 Air Keroh, Melaka

Tel: 06-231 0273 Fax: 06-231 0331

#### **MELAKA**

Bank Rakyat Building, Jalan Hang Tuah, P.O Box No. 354, 75760 Melaka Tele-Rakyat: 1-300-80-5454

Fax: 06-284 8940

JASIN

JA 9943 Bandar Baru Jasin III, 77000 Jasin, Melaka

Tel: 06-529 8505 Fax: 06-529 8511

#### **MASJID TANAH**

MT 2893-2895, Jalan Taman Bandar Baru Utama, Taman Bandar Baru Masjid Tanah, 78300 Masjid Tanah, Melaka

Tel: 06-3845863 Fax: 06-3845866

#### **AYER KEROH**

No. G-4 & G-6, Jalan KC 1, Kota Cemerlang, 75450 Ayer Keroh, Melaka

Tel: 06-251 9191 Fax: 06-251 9192

#### MASAI

No. 31, Jalan Suria 3, Bandar Seri Alam, 81750 Masai, Johor Tele-Rakyat: 1-300-80-5454 Fax: 07-252 5815

#### **JOHOR BAHRU**

Podium 2, Unit 2B, Ansar Tower, No. 65, Jalan Trus, P.O. Box 112, 80000 Johor Bahru, Johor Tele-Rakyat: 1-300-80-5454

Fax: 07-223 4845

#### MUAR

No. 222, Jalan Abdullah, 84000 Muar, Johor Darul Takzim

Tel: 06-951 0330 Fax: 06-951 6416

#### **BATU PAHAT**

No. 3 & 4, Jalan Maju Barat, Taman Maju, Bukit Pasir, 83000 Batu Pahat, Johor Tel: 07-431 4422

Fax: 07-431 9691

#### **PONTIAN**

No. 11, Jalan Delima 2, Pontian Trade Centre, 82000 Pontian, Johor

Tel: 07-687 1515 Fax: 07-687 0781

#### **KOTA TINGGI**

No. 24 & 26, Jalan Jaya 1, Taman Jaya 81900 Kota Tinggi, Johor Tel: 07-883 2144

Fax: 07-883 1109

#### **SEGAMAT**

No. 123 & 124, Jalan Genuang, 85000 Segamat, Johor Tel: 07-931 9214

Fax: 07-931 9210

#### **LARKIN PERDANA**

No. 61 & 63, Susur Larkin Perdana 1, Persiaran Larkin Perdana, Taman Larkin Perdana, 81100 Johor Bahru, Johor

Tel: 07-2360595 Fax: 07-2360635

#### **KLUANG**

No. 27 & 29, Jalan Md Lazim Saim, 86000 Kluang, Johor Tel: 07-774 3545

Fax: 07-774 3542

#### TAMAN UNIVERSITI, SKUDAI

No. 1 & 3, Jalan Kebudayaan 1, Taman Universiti, 81300 Skudai, Johor Tel: 07-520 7024

Fax: 07-520 7048

#### KULAI

No.4 & 5, Jalan Anggerik Satu, Taman Kulai Utama 81000 Kulai, Johor Darul Takzim Tele-Rakyat : 1-300-80-5454 Fax :07-663 1625

#### **MERSING**

No 6 & 7, Jalan Ismail 86800 Mersing, Johor Darul Takzim Tele-Rakyat : 1-300-80-5454

Fax:07-799 7219

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#### YONG PENG

No.5 & 6,Jalan Tropika Utama Taman Bukit Tropika, 83700 Yong Peng, Johor Darul Takzim Tele-Rakyat: 1-300-80-5454 Fax: 07-467 8615

#### **NUSAJAYA**

Lot 1610, Indahwalk 2 Jalan Indah 15/2, Bukit Indah 81200 Johor Bahru, Johor. Tele-Rakyat: 1-300-80-5454 Fax: 07-234 4586

#### **LABIS**

No. 4A & 4B Jalan Segamat 85300 Labis, Johor Tele-Rakyat : 1-300-80-5454 Fax : 07-925 2087

### **REGION OFFICE 5** (SABAH)

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Tingkat 5, Block B, Harbour City, Lot 20 & 21, Jalan Pantai Baru, Sembulan, 88000 Kota Kinabalu, Sabah

Tel: 088-48 7636 Fax: 088-48 7635

#### **KOTA KINABALU**

Lot 20 & 21, Blok B, Harbour City, Jalan Pantai Baru, Sembulan, 88000, Kota Kinabalu, Sabah Tele-Rakyat: 1-300-80-5454 Fax: 088-487610

#### LAHAD DATU

Lot 27 & 28, Block D, Airport Plaza, Fajar Centre, Jalan Segama, 91100 Lahad Datu, Sabah Tel: 089-88 5600

Fax: 089-88 0094

#### **TAWAU**

TB 4615-4617, Ba Zhong Commercial Centre, Jalan Tawau Lama, 91000 Tawau, Sabah Tel: 089-75 0391

Fax: 089-75 0391

#### **BEAUFORT**

Lot 21 & 22, Block C, Commercial Lot, New Beaufort Jaya, Beaufort Bridge, 89800 Beaufort, Sabah Tel: 087-22 2145 Fax: 087-22 2143

#### **SANDAKAN**

Lot 4 & 5, Phase 2, Sandakan Square Jalan Prayer, 90000 Sandakan, Sabah Tel : Tiada

Fax: 089-22 4741

#### **PENAMPANG**

No. 49 & 50, Block H, Donggongan Square, Penampang, Kota Kinabalu, Sabah Tel: 088-73 1040 Fax: 088-731041

#### LIKAS

No. 1, Block A, Plaza Juta, Jalan Tuaran, 88400 Kota Kinabalu, Sabah Tel : 088-420 011 Fax : 088-422 434

#### **KOTA BELUD**

Lot 3 & 4, Block E, Yick Ming Commercial Centre, 89157 Kota Belud, Sabah Tel: 088-97 2213 Fax: 088-97 2219

#### **LABUAN**

Tingkat Bawah, Bangunan UMNO, Pekan Baru, Unit No. E001, Ground Floor, Financial Park Labuan Complex, Jalan Merdeka, 87000 Wilayah Persekutuan, Labuan Tel: 087-42 2831 Fax: 087-42 5990

#### **KOTA MARUDU**

No. 6 & 7, WTK Phase 2, 89108 Kota Marudu, Sabah Tel : 088-66 3810 Fax : 088-66 3819

#### **KENINGAU**

Lot 7 & 8, Block C, Keningau Plaza, P.O. Box 910, 89008 Keningau, Sabah Tel: 087-34 1501

Fax: 087-34 1503

#### **PUTATAN**

Lot 5 & 6, Tapak Putatan Baru, Jalan Putatan, 88300 Kota Kinabalu, Sabah Tel: 088-76 7771 Fax: 088-77 4477

#### **SEMPORNA**

Lot D2 & A19, Jalan Bubul, Bandar Utama Semporna, 91308 Semporna, Sabah

Tel: 089-78 4111 Fax: 089-78 4222

### **REGION OFFICE 6** (KELANTAN/TERENGGANU)

No. 25 & 26, Level 4, Bazar Maidan, Jalan Masjid Abidin, 20100 Kuala Terengganu Tel: 09-622 0699 Fax: 09-622 1176

#### **KOTA BHARU**

Lot 206 & 207, Jalan Pengkalan Chepa, 15400 Kota Bharu, Kelantan Tele-Rakyat : 1-300-80-5454 Fax : 09-744 7051

#### **PASIR MAS**

Fax: 09-790 7939

PT 315 & PT 316, Wisma Majlis Daerah Pasir Mas, Jalan Pasir Pekan, 17000 Pasir Mas, Kelantan Tel: 09-790 7690

#### **MACHANG**

Lot 90-92, Bangunan Usahasama Sentosa Jaya Dev. Sdn Bhd, Jalan Bakat, 18500 Machang, Kelantan

Tel: 09-975 2577 Fax: 09-975 1355

#### **GUA MUSANG**

Lot PT 7841 & PT 7842, Jalan Persiaran Raya, Taman Mesra, 18300 Gua Musang, Kelantan

Tel: 09-9124254 Fax: 09-9125595

#### **KUBANG KERIAN**

Lot PT 1709 & 1710, Jalan Raja Perempuan Zainab 2, Bandar Baru Kubang Kerian, 16150 Kelantan

Tel: 09-764 0877 Fax: 09-765 0918

#### **TANAH MERAH**

Lot PT 237 & PT 238, Bandar Tanah Merah, 17500 Tanah Merah, Kelantan

Tel: 09-955 6400 Fax: 09-955 6202

#### **WAKAF CHE YEH**

No. J-105 & J-106 Wakaf Che Yeh Commercial Zone, 15050 Kota Baharu, Kelantan

Tel: 09-748 0796 Fax: 09-748 0978

#### **KUALA KRAI**

No. PT 5572 & PT 5573, KM 2, Jalam Kuala Krai - Gua Musang, 18000 Kuala Krai, Kelantan Tel: 09-960 4400

Fax: 09-960 4004

#### **KUALA TERENGGANU**

No. 8 & 9, Paya Keladi Business Centre, Jalan Paya Keladi, 20000 Kuala Terengganu, Terengganu Tele-Rakyat: 1-300-80-5454

Fax: 09-630 9979

#### DUNGUN

PT 12447 & 12448, Taman Saujana, Sura Gate, 23000 Dungun, Terengganu

Tel: 09-845 7036 Fax: 09-848 1762

#### **KEMAMAN**

Lot K12086 & K12087, Jalan Kubang Kurus, 24000 Kemaman, Terengganu

Tel: 09-859 6534 Fax: 09-859 6532

#### **GONG BADAK**

No. 1, 2 & 3, Taman Tanjung Permata, Kampung Gong Badak, Jalan Batu Rakit, 21300 Kuala Terengganu, Terengganu

Tel: 09-667 3076 Fax: 09-667 0202

#### **JERTIH**

Lot 4123 & 4124, Jalan Pasar, Bandar Jertih, 22000 Jertih, Terengganu Tel: 09-697 3112

Fax: 09-697 3115

#### **KUALA BERANG**

PT 11282 & 11283, Batu 23, Jalan Kuala Berang, 21700 Kuala Berang, Terangganu

Tel: 09-681 1710 Fax: 09 681 1792

#### **MARANG**

Lot 8996 & 8997, Marang Commercial Complex, 21600 Marang, Terengganu Tel: 09-618 1434 Fax: 09-618 1776

#### **KERTEH**

Lot PT14507, 14508 & 14509, Kampung Baru, Mukim Kerteh, 24300 Kerteh, Kemaman, Terengganu

Tel: 09-826 2333 Fax: 09-826 2777

### **REGION OFFICE 7** (PAHANG/NEGERI SEMBILAN)

B160 & B162, Level 1, Jalan IM 8/33, Indera Mahkota City, 25000 Kuantan, Pahang Tel: 09-573 2007

Fax: 09-573 0176

#### KUANTAN

G 15, Mahkota Square, Jalan Mahkota, 25000 Kuantan, Pahang Tele-Rakyat : 1-300-80-5454

Fax: 09-515 0941

#### **TEMERLOH**

No. 7 & 9, Jalan Sudirman 2, Bandar Sri Semantan, 28000 Temerloh, Pahang Tel: 09-296 1420

Fax: 09-296 1076

#### **JENGKA**

Lot 92, Jalan Zamrud Nadi Kota, 26400 Bandar Jengka, Pahang

Tel: 09-466 2711 Fax: 09-466 2699

#### **JERANTUT**

No. 1, Jalan Pine 1, Taman Pine, 27000 Jerantut, Pahang

Tel: 09-266 6548 Fax: 09-266 6551

#### **RAUB**

No. 25 & 26, Bandar Raub Perdana, Jalan Lipis, 27600 Raub, Pahang Tel: 09-355 6299

Fax: 09-355 6298

#### **PEKAN**

G-1, UMNO Building, Bahagian Pekan, Jalan Teng Quee, 26600 Pekan, Pahang Tel: 09-422 8078

Fax: 09-422 6799

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#### **MUADZAM SHAH**

No. 117, 118 & 119, Jalan Medan Mewah 7, Medan Mewah, 26700 Bandar Muadzam Shah, Pahang

Tel: 09-452 2102 Fax: 09-452 3231

#### **BANDAR INDERA MAHKOTA**

No. B 56 & B 58, Persiaran Sultan, Abu Bakar,Bandar Indera Mahkota, 25000 Kuantan, Pahang

Tel: 09-573 9500 Fax: 09-573 5244

#### **BERA**

No. 13, 15 & 17, Jalan Angsana 1, Taman Angsana, Bandar Bera, 28200 Bera, Pahang

Tel: 09-250 8344 Fax: 09-250 8348

#### **KUALA LIPIS**

Lot 2891, Jalan BBKL, 2-3-1, No. 2-3-1, Bandar Baru Kuala Lipis, 27200 Kuala Lipis, Pahang

Tel: 09-312 6136 Fax: 09-312 6132

#### **BENTONG**

No. P18 & P19, Jalan Prima 1, Bentong Prima, 28700 Bentong, Pahang

Tel: 09-222 2192 Fax: 09-222 1504

#### **SEREMBAN**

Bank Rakyat Building, Lot 5750, Jalan Tuanku Munawir, Peti Surat 70, 70000 Seremban, Negeri Sembilan Tele-Rakyat: 1-300-80-5454 Fax: 06-763 7703

#### BAHAU

No. 25 & 26, Ground Floor & Level 1, Bahau Business Centre, Jalan Masjid, 72100 Bahau, Negeri Sembilan

Tel: 06-454 4479 Fax: 06-454 3481

#### LUKUT

No. 137 & 138, Jalan D8 1/11, Bandar Dataran Segar, 71010 Lukut, Port Dickson, Negeri Sembilan

Tel: 06-651 2840 Fax: 06-651 2495

#### **TAMPIN**

No. 1135 Taman Seri Intan, 73000 Tampin, Negeri Sembilan

Tel: 06-443 2914 Fax: 06-443 2919

#### NILAI

PT 7436, Jalan BBN 1/2F, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Tel : 06-799 9134

Fax: 06-799 7045

#### **SENAWANG**

No.156 & 157, Block L, Senawang Commercial Park, 70450 Seremban, Negeri Sembilan

Tel: 06-678 6648 Fax: 06-679 2655

#### **REGION OFFICE 8**

#### (PERAK)

No. 47B, Jalan Meru Bestari A2, Medan Meru Bestari, 30020 Ipoh, Perak Tel: 05-526 3758 Fax: 05-526 0979

#### **TELUK INTAN**

No.187, Jalan Intan 5, Bandar Baru, 36000 Teluk Intan, Perak Tel: 05-622 1000 Fax: 05-621 2554

#### **MEDAN GOPENG**

No. 37 & 39, Medan Gopeng 1, Jalan Raja Dr Nazrin Shah, Peti Surat 494, 30750 Ipoh, Perak Tele-Rakyat: 1-300-80-5454 Fax: 05-312 5886

#### **BAGAN SERAI**

No. 132, Jalan Setia, Pusat Bandar, 34300 Bagan Serai, Perak Tel: 05-721 5023

Fax: 05-721 1644

#### **TAIPING**

Lot 2478 & 2482, Jalan Berek, 34000 Taiping, Perak
Tel: 05-808 5808

Fax: 05-807 2988

#### **MERU RAYA**

No. 42 & 44, Jalan Meru, Impian A1, Meru Impian Business Centre, Bandar Meru Raya, 30010 Ipoh, Perak Tel: 05-527 1924

Fax: 05-527 1958

#### MANJUNG

No.41, 43 & 45, Persiaran PM 3/2, Seri Manjung City Centre, Sectioon III, 32040 Seri Manjung, Perak Tel: 05-688 4912

Fax: 05-688 1199

#### **TAPAH**

No. 56 & 57, Jalan Besar, 35000 Tapah, Perak Tel: 05-401 5536 Fax: 05-401 5539

#### **KUALA KANGSAR**

No. 1 & 2, Bank Rakyat Building, Jalan Daeng Selili, 33000 Kuala Kangsar, Perak Tel: 05-777 4122

Fax: 05-777 4049

#### SRI ISKANDAR

No. 24 & 26, Jalan Maju Satu, Taman Maju, Bandar Sri Iskandar, 32610 Bandar Seri Iskandar, Perak

Tel: 05-371 3164 Fax: 05-371 2632

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#### **TANJUNG MALIM**

Lot 27 & 29, Jalan Permai 1, Taman Ketoyong Permai 2, 35900 Tanjung Malim, Perak

Tel: 05-458 4205 Fax: 05-458 4211

#### **GREENTOWN**

No. 8 & 10, Jalan Greentown 5, Greentown Nova, 30450 Ipoh, Perak Tel: 05-243 9296

Fax: 05-243 9301

#### **GRIK**

No. 1, Jalan Indah 1, 33600 Grik, Perak Tel: 05-791 7735 Faks: 05-791 7727

### **REGION OFFICE 9** (SARAWAK)

Level 3, Sublot 9 & 10, Lot 427, Block 16, KCLD, Jalan Tun Jugah 93350 Kuching, Sarawak Tel: 082-46 3378

Fax: 082-46 4378

#### **SIMPANG TIGA**

Ground Floor & Level 1, No. 9 & 10, Block 16, KCLD, Jalan Tun Jugah, 93350 Kuching, Sarawak
Tel: 082-57 2149

Fax: 082-57 5893

#### SATOK (FORMERLY KNOW AS KUCHING)

Lot 504, Section 6, KTLD, Jalan Kulas Tengah, 93400 Kuching, Sarawak Tel: 082-237159

Fax: 082-23 9634

#### **SIBU**

Lot 12 E & 12 F, Block 4, Jalan Kampung Datu, 96000 Sibu, Sarawak Tel: 084-34 2227

Fax: 084-34 2229

#### MIRI

Lot 1111 & 1112, Tabung Baitul Mal Building, Sarawak Pelita Commercial Central, 98000 Miri, Sarawak Tel: 085-43 5314

#### **SRI AMAN**

Lot 1467 & 1468, Section 3 S.T.D, Jalan Hospital, 95000 Sri Aman, Sarawak

Tel: 083-32 1649 Fax: 083-32 1654

Fax: 085-43 5106

#### **BINTULU**

Lot 22 & 23, Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak.

Tel: 086-31 3097 Fax: 086-31 4017

#### **SARIKEI**

No. 22 & 22A, Lorong Tun Razak 1, 96100 Sarikei, Sarawak

Tel: 084-65 7134 Fax: 084-65 6950

#### **KOTA SAMARAHAN**

Lot 18 & 19, Uni Capital Commercial Centre, Kuching/Kota Samarahan Express Way, 94300 Kota Samarahan, Sarawak

Tel: 082-61 4126 Fax: 082-61 4105

#### MUKAH

No. 1152 & 1153, Block C, Mukah Town Extension Phase II, 96400 Mukah, Sarawak Tel: 084-87 4119

Fax: 084-87 4119

#### **MATANG JAYA**

No. 3 & 4, Taman Lee Ling, Commercial Centre, Jalan Matang, 93050 Kuching, Sarawak

Tel: 082-64 7221 Fax: 082-64 7223

#### **KAPIT**

Lot 542 & 543, Wisma Ngieng Ping Toh, Jalan Airport, 96800 Kapit, Sarawak Tel: 084-79 7600

Fax: 084-79 8631

#### **LIMBANG**

Lot 11 & 12, Limbang Town District, Jalan Pandaruan, 98700 Limbang, Sarawak

Tel: 085-21 4358 Fax: 085-21 1464

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#### **KOTA PADAWAN**

Lot 42 & 43, 10th Mile Commercial Centre, Jalan Kuching-Serian, Kota Padawan, 93250 Kuching, Sarawak

Tel: 082-62 6018 Fax: 082-62 7018

#### **PERMYJAYA**

Lot 7971 & 7972, Phase 3 City Centre, Bandar Baru Permyjaya, 98000 Miri, Sarawak Tel: 085-49 1725

Fax: 085-49 1728

# **Bank Rakyat Service Centre**

#### **BANK RAKYAT**

Lot 1-04, Wisma UTC, Jalan Tan Chav Yan. Off Jalan Hang Tuah. 75300 Melaka

Tel: 06-281 9902 Fax: 06-281 9904

## Ar-Rahnu X'change

#### **KELANTAN**

#### AR-RAHNU X'CHANGE JELAWAT

Lot 164, Pekan Jelawat, 16070 Bachok, Kelantan Tel: 09-778 2971

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Fax: 09-778 2972

#### AR-RAHNU X'CHANGE KOTA BHARU

Ground Floor, Lot PT 68, Yabmud Building, Jalan Kebun Sultan, 15350 Kota Bharu, Kelantan

Tel: 09-743 0875 Fax: 09-743 0877

#### **SELANGOR**

#### AR-RAHNU X'CHANGE AMPANG

No. 53G, Jalan Wawasan 2/1, Bandar Baru Ampang,

68000 Ampang, Selangor Tel: 03-4292 6600

Fax: 03-4292 9600

#### AR-RAHNU X'CHANGE BALAKONG

No. 7G, Jalan Cheras Maju, Cheras Maju Business Centre, 43200 Balakong, Selangor

Tel: 03-9074 0526 Fax: 03-9074 0604

#### AR-RAHNU X'CHANGE BATANG KALI

No. 37, Jalan Mahogani 7/1, Section 4, Bandar Utama Batang Kali, 4430, Batang Kali, Selangor Tel: 03-6057 0981 Fax 03-6057 0985

#### AR-RAHNU X'CHANGE ULU KELANG

No. 3-G, Ground Floor, Ukay Boulevard, Jalan Lingkaran Tengah 2, 68000 Hulu Klang, Selangor Tel: 03-4105 1446

Fax: 03-4105 1390

#### **TERENGGANU**

#### AR-RAHNU X'CHANGE KEMAMAN

No. 22, Jalan Sulaimi Chukai, 24000 Chukai, Kemaman, Terengganu

Tel: 09-859 4761 Fax: 09-859 4726

#### **PAHANG**

#### AR-RAHNU X'CHANGE KUANTAN

No. 99, Ground Floor, Jalan Tun Ismail, 25000 Kuantan, Pahang Tel: 09-516 5867

Fax: 09-516 5934

#### AR-RAHNU X'CHANGE MENTAKAB

No. 119, Ground Floor, Jalan Temerloh, 28400 Mentakab, Pahang Tel: 09-277 1844 / 09-277 0991 /

09-277 0453 Fax: 09-277 1496

#### AR-RAHNU X'CHANGE KUALA ROMPIN

No 70 & 71 Jalan Pasar Bandar Baru Rompin, 26800 Kuala Rompin, Pahang Tel: 09-414 1792, 09-414 1793

Fax: 09-414 1809

#### **KEDAH**

#### AR-RAHNU X'CHANGE SG. PETANI

No. 21 F, Jalan Ibrahim, 08000 Sg. Petani, Kedah Tel: 04-421 4020

Fax: 04-421 4029

#### AR-RAHNU X'CHANGE ALOR SETAR

No. 47, Jalan PSK Satu, Pekan Simpang Kuala, 05400 Alor Setar, Kedah

Tel: 04-771 0715 Fax: 04-771 0754

#### AR-RAHNU X'CHANGE MERGONG

No. 19, Lorong Putih 9, Taman Rakyat Mergong, 05150 Alor Setar, Kedah

Tel: 04-730 2712 Fax: 04-730 4190

#### AR-RAHNU X'CHANGE LANGKAWI

No. 66, Persiaran Dayang 1, Dayang Business Center, 07000 Langkawi, Kedah

Tel: 04-966 0037 Fax: 09-966 3019

#### AR-RAHNU X'CHANGE CHANGLUN

No. 61-A & B, Pekan Baru, Jalan Kodiang, 06010 Changlun, Kedah

Tel: 04-924 2737 Fax: 04-924 2743

#### **MELAKA**

#### AR-RAHNU X'CHANGE MELAKA SENTRAL

No. 49, Ground Floor, Jalan PMS 1, Plaza Melaka Sentral, 75400 Melaka

Tel: 06-286 0102 Fax: 06-286 0105

#### AR-RAHNU X'CHANGE SUNGAI UDANG

No. 2, Ground Floor, Jalan Pahlawan 7, Taman Pahlawan, 76300 Sungai Udang, Melaka

Tel: 06-351 3644 Fax: 06-351 3593

#### **JOHOR**

#### AR-RAHNU X'CHANGE ULU TIRAM

Unit S-18-B, Ground Floor, Jalan Tembusu, 81800 Ulu Tiram, Johor Tel: 07-861 9297

Fax: 07-861 9391

#### AR-RAHNU X'CHANGE MUAR

No. 25-2, Jalan Majidi, 84000 Muar, Johor Tel : 06-951 4650

Fax: 06-951 4661

#### AR-RAHNU X'CHANGE KLUANG

No. 22, Ground Floor, Jalan Pesona 2, Taman Pesona, 86000 Kluang, Johor Tel: 07-776 5364

Fax: 07-776 1101

#### AR-RAHNU X'CHANGE TANGKAK

No. 9, Ground & Mezzanine Floor, Jalan Muar, 84900 Tangkak, Johor

Tel: 06-978 4192 Fax: 06-978 4201

#### AR-RAHNU X'CHANGE PAGOH

No. 1-15, Ground Floor, Taman Bukit Pasir, 84300 Muar, Johor

Tel: 06-985 0792 Fax: 06-985 0840

#### AR-RAHNU X'CHANGE MASAI

No.16, Jalan Sejambak 14, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor

Tel: 07-252 5834 Fax: 07-252 5310

#### **KUALA LUMPUR**

#### AR-RAHNU X'CHANGE SENTUL

No. 22, Jalan 14/48 A, Sentul Raya Boulevard, 51000 Kuala Lumpur Tel: 03-4043 4781 Fax: 03-4044 2546

### AR-RAHNU X'CHANGE JALAN RAKYAT MKBR

Tower 1, Bank Rakyat Twin Towers No 33 Ground Floor, Jalan Rakyat, Kuala Lumpur.

Tel: 03-2612 0992Fax: 03-2260 1284

#### **PERAK**

#### AR-RAHNU X'CHANGE TELUK INTAN

Jalan Selat, 36000 Teluk Intan, Perak Tel : 05-621 2498

#### AR-RAHNU X'CHANGE PEKAN SIMPANG

No. 31, Ground Floor, Susur Simpang Jalan Kg. Dew, 34700 Simpang, Perak

Tel: 05-847 1453 Fax: 05-847 1429

Fax: 05-621 2501

#### AR-RAHNU X'CHANGE BATU GAJAH

No. 5, Ground Floor, Jalan Dewangsa, 31000 Batu Gajah, Perak

Tel: 05-365 4561 Fax: 05-365 1446

#### AR-RAHNU X'CHANGE SITIAWAN

No. 25, Ground Floor, Taman Sentosa, Jalan Lumut, 32000 Sitiawan, Perak

Tel: 05-691 5895 Fax: 05-691 5821

#### **NEGERI SEMBILAN**

#### AR-RAHNU X'CHANGE KUALA PILAH

No. 511, Ground Floor, Taman Sentosa, 72000, Kuala Pilah, Negeri Sembilan

Tel: 06-481 0621 Fax: 06-481 1402

#### AR-RAHNU X'CHANGE REMBAU

No. 990, Ground Floor, Jalan Terentang, 71300 Rembau, Negeri Sembilan

Tel: 06-685 3378 Fax: 06-685 3375

#### AR-RAHNU X'CHANGE ENSTEK

No 78, Bandar Baru Enstek, 71670, Seremban Negeri Sembilan Tel : 06-794 0723 / 06-794 0736

Fax: 06-794 2001

#### **SARAWAK**

#### AR-RAHNU X'CHANGE SATOK

Lot 497, Section 6, KTLD Jalan Kulas Tengah, 93400 Kuching, Sarawak

Tel: 082-23 7232 Fax: 082-23 3140 Bank Rakyat 2014 Annual Report

### Subsidiaries

#### No.155, Ground Floor, Wisma PERKESO,

Jalan Tun Razak, 50400 Kuala Lumpur

Email: admin@rakyatholdings.com.my Tel: 03-2681 6255 / 6255 / 8255

Fax: 03-2681 9155

### RAKYAT FACILITY MANAGEMENT SDN.BHD.

No.155, Ground Floor, Wisma PERKESO, JalanTunRazak, 50400 Kuala Lumpur

Email: admin@rakyatholdings.com.my Tel: 03-2681 5255 / 6255 / 8255

Fax: 03-2681 9155

#### **RAKYAT TRAVEL SDN.BHD.**

Level 11, Tower 2, Bank Rakyat Twin Towers, No. 33, Jalan Rakyat, 50470 Kuala Lumpur

Email: info@rakyatravel.com.my

Tel: 03-2276 6980 Fax: 03-2276 5233

#### **RAKYAT NIAGA SDN. BHD.**

Level 11, Tower 2, Bank Rakyat Twin Towers, No. 33, Jalan Rakyat, 50470 Kuala Lumpur

Email: admin@rakyatholdings.com.my

Tel: 03-2276 4517

#### RAKYAT HARTANAH SDN. BHD.

Lot P.T 34060, Jalan Sungai RamalLuar, 43000 Kajang, Selangor

Tel: 03-8736 5573, 8734 4828

Fax: 03-8737 0828

### RAKYAT MANAGEMENT SERVICES SDN.BHD.

Suite 8-1, Level 8, PERKIM Building, No. 150, Jalan Ipoh, 51200 Kuala Lumpur Tel: 03-4041 6700 / 8700 / 9700

Fax: 03-4048 1320

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## Service Agents

#### **KEDAH**

#### KOPERASI UNIVERSITI UTARA MALAYSIA BERHAD

Management's Office, No. 66, Level 1, Pekan Changlun 2, 06010 Changlun, Kedah

Tel: 04-928 5507 Fax: 04-924 2539

#### KOPERASI GURU-GURU MELAYU KEDAH BERHAD

Teacher's Building, Persiaran Sultan Abdul Hamid, 05050 Alor Star, Kedah

Tel: 04-777 3373 Fax: 04-771 1215

#### **BRANCH**

Hotel Darulaman, Bandar Darul Aman, 06000 Jitra, Kedah Tel : 04-918 3868

Fax: 04-918 3866

#### KOPERASI PESERTA-PESERTA RANCANGAN FELCRA PULAU BELANTIK SIK BERHAD

Felcra Pulau Belantik, Kota Aur,

08210 Sik, Kedah Tel: 04-752 1440

Fax: 04-752 1773 (Felcra's Office)

#### KOPERASI PASAR MINGGUAN GUAR CHEMPEDAK BERHAD

No. 3 Level 1, Arked Building, 08800 Guar Chempedak, Kedah

Tel: 04-468 1697 Fax: 04-468 1697

#### KOPERASI PEKEBUN KECIL DAERAH KUBANG PASU BERHAD

No. 167, Jalan Hosba 7, Taman Sri Hosba, KM 18, North-South Expressway, Pekan Napoh,

06000 Jitra, Kedah Tel : 04-917 2172

#### **PULAU PINANG**

#### KOPERASI UNIVERSITI SAINS MALAYSIA BERHAD

Universiti Sains Malaysia, 11800 Minden, Pulau Pinang

Tel: 04-653 3888 Fax: 04-657 5688

### KOPERASI POS DAN TELEKOM PULAU PINANG BERHAD

No. 80, Jalan Rangoon, 10400 Georgetown, Pulau Pinang

Tel: 04-226 1346 Fax: 04-227 1346

#### KOPERASI KOLEJ KEMAHIRAN TINGGI BALIK PULAU BERHAD

Jalan Genting, 11000 Balik Pulau, Pulau Pinang

Tel: 04-866 5805 Fax: 04-866 5741

#### KOPERASI PEKERJA PRASARANA MALAYSIA BERHAD

Block 228A-2-1, Fortune Court, Bandar Baru Farlim, Jalan Thean Teik 11400, Pulau Pinang

Tel: 04-827 9006 Fax: 04-829 6007

#### KOPERASI GURU AGAMA KERAJAAN NEGERI PULAU PINANG BERHAD

2640, Level 1, Taman Haji Ahmad Jamil, 13300 Tasek Gelugor, Seberang Perai, Pulau Pinang

Tel: 04-575 9566 Fax: 04-575 9566

#### **PERAK**

#### KOPERASI KAKITANGAN KERAJAAN HULU PERAK BERHAD

Level 2, Wisma KOSEK Building, Jalan Takong Datok, 33300 Grik, Perak

Tel: 05-791 1887 Fax: 05-791 1887

#### KOPERASI SELAMA PERAK BERHAD

Lot No. 4, Jalan Besar Selama, 34100 Selama, Perak Tel: 05-839 4532

Fax: 05-839 2940

#### KOPERASI BINA BERSAMA KAMPONG GAJAH PERAK BERHAD

No. 14A, Medan Koperasi, 36800 Kampong Gajah, Perak

Tel: 05-631 1368 Fax: 05-631 1368

#### KOPERASI GURU-GURU MELAYU KERIAN DAN SELAMA BERHAD

No. 1, Jalan Helang, Pekan Baru, 34200 Parit Buntar, Perak

#### **BRANCH**

No. 41, JalanWawasan 3, Taman Wawasan Jaya, 34200 Parit Buntar, Perak

Tel: 05-716 1157 Fax: 05-716 1287

#### KOPERASI PESERTA-PESERTA RANCANGAN FELCRA SEBERANG PERAK BERHAD

Lot 4271, Co-op Business Centre (CBC), Lebuh Paduka, Bandar Seberang Perak, 36800 Kampung Gajah, Perak

Tel: 05-655 8101 Fax: 05-655 8100

#### **SELANGOR**

#### KOPERASI KAKITANGAN UNIVERSITI TEKNOLOGI MARA BERHAD

B13-2, Jalan Lazuardi 7/9, Section 7, 40000 Shah Alam, Selangor

Tel: 03-5519 5912 Fax: 03-5513 0540 Bank Rakyat 2014 Annual Report

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#### KOPERASI PEMBANGUNAN PEKERJA INDUSTRI SELANGOR BERHAD

Suite 1-17, Jalan Dagang B/3A, Taman Dagang, 68000 Ampang, Selangor

Tel: 03-4270 4331 Fax: 03-4270 7659

#### KOPERASI PENEROKA SUNGAI TENGI BERHAD

BH Petrol Station Building, Jalan Merdeka, Desa Maju Sungai Tengi, 44010 Kuala Kubu Bharu, Selangor Tel: 03-6042 1034

#### **KOPERASI UNIKEB BERHAD**

Wisma UNIKEB, Universiti Kebangsaan Malaysia, 43600 Bangi, Selangor Tel: 03-8925 2540

Fax: 03-8925 2540

#### KOPERASI MEMBELI DAN MEMBUKA TANAH SERI CHEEDING BERHAD

Lot 6665, Jalan Merak, Kampung Seri Cheeding, 42700 Banting, Kuala Langat, Selangor

Tel: 03-3191 4729 Fax: 03-3191 4729

#### KOPERASI TERAS SEMENYIH SELANGOR BERHAD

24 & 25, Section 2, Jalan Besar, 43500 Semenyih, Selangor

Tel: 03-8723 8615 Fax: 03-8723 4479

### KOPERASI PEMBANGUNAN PULAU LUMUT BERHAD

No. 24A, Jalan Batu Unjur 1, Bayu Perdana, 41200 Klang, Selangor

Tel: 03-3324 2728 Fax: 03-3324 2558

#### KOPERASI UNIVERSITI PUTRA MALAYSIA BERHAD

Level 1, Business Centre Building, P.O. Box 260, UPM Post Office, Universiti Putra Malaysia, 43400 Serdang, Selangor Tel: 03-8946 7980

Fax: 03-8948 9796

### KOPERASI PELABURAN PEKERJA PROTON BERHAD

Investment Co-op Store, Pekerja Proton Berhad, Section 26, Shah Alam, Selangor

Tel: 03-5192 5611 Fax: 03-5102 6148

#### KOPERASI KAKITANGAN UNIKL MIAT SEPANG BERHAD

Lot 2891, Jalan Jenderam Hulu, 43800 Dengkil, Selangor Tel: 03-8768 0804

Fax: 03-8768 8485

#### KOPERASI WANITA BISTARI PANTAI SEPANG PUTRA SEPANG BERHAD

No. 7, Jalan Perling 2, PantaiSepang Putra, 43950 Sg Pelek, Sepang, Selangor

Tel: 03-3141 3054 Fax: 03-3141 3054

#### **WILAYAH PERSEKUTUAN**

#### KOPERASI PEKERJA FELDA MALAYSIA BERHAD

No. 2F, Jalan Gurney, 54000 Kuala Lumpur Tel: 03-2698 4202 Fax: 03-2693 4511

#### KOPERASI KAKITANGAN BANK RAKYAT BERHAD (SEKATARAKYAT)

No. 74B & 74C, Level 2 & 3, Jalan Kampung Attap, Off JalanSulaiman, 50460 Kuala Lumpur

Tel: 03-2273 3314 Fax: 03-2274 1314

#### KOPERASI PEKERJA-PEKERJA BANK MALAYSIA BERHAD

Lot No. 1108-1109B, Level 11, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur

Tel: 03-2031 4933 Fax: 03-2031 7298

#### KOPERASI KEDAI BUKU UNIVERSITI MALAYA BERHAD

Perdanasiswa Building, Universiti Malaya, Mailbox 1127, Jalan Pantai Baru, 59700 Kuala Lumpur

Tel: 03-7955 2595 Fax: 03-7954 7040

#### KOPERASI SIMPANAN DAN KREDIT BERSATU MALAYSIA BERHAD

A-G-5, Block A, Glomac Damansara, No 699, Jalan Damansara, 60000 Kuala Lumpur Tel: 03-7732 9102

#### **NEGERI SEMBILAN**

#### KOPERASI MELAYU BERJAWATAN KERAJAAN NEGERI SEMBILAN BERHAD

No. 39 & 40, Wisma Bukti, Taman Bukti Ampangan, 70400 Seremban, Negeri Sembilan

Tel: 06-679 1633 Fax: 06-679 1733

#### KOPERASI SERBAMAJU DAERAH JEMPOL BERHAD

Level 10, Jalan Beringin 2, 72200 Batu Kikir, Negeri Sembilan Tel : 06-454 8621

#### **BRANCH**

ESSO Serting Station, Lot 511 Bandar Serting, 72120 Bandar Seri Jempol, Negeri Sembilan

Tel: 06-458 1454 Fax: 06-458 5101

#### **KOPERASI JELAI TIGA GEMAS BERHAD**

Co-op Petrol Station, Kampung Felda Jelai Tiga, 73480 Gemas, Negeri Sembilan

Tel: 06-434 7495 Fax: 06-434 7495

#### **MELAKA**

#### KOPERASI KAKITANGAN PENJARA MELAKA BERHAD

2S & 2S-1, Jalan Seri Emas 17, Taman Seri Telok Emas, 75460 Melaka

Tel: 06-261 7429 Fax: 06-261 9261

#### **JOHOR**

### KOPERASI PELABURAN PEKERJA-PEKERJA KEJORA BERHAD

No. 15, Shop Building, City Center, 81930 Bandar Penawar, Kota Tinggi, Johor

Tel: 07-822 1394 Fax: 07-822 1394

### KOPERASI PERUNDING TAKAFUL IKHLAS MALAYSIA BERHAD

No. 3, Jalan Langsat, Mailbox 142, 88000, Kluang, Johor

Tel: 07-771 9788 Fax: 07-774 4788

### KOPERASI KONTRAKTOR DAN USAHAWAN MELAYU LEDANG BERHAD

No. 166, Ground Floor, Jalan Muar, 84900 Tangkak, Ledang, Johor

Tel: 06-978 3719 Fax: 06-979 1119

### KOPERASI PENULIS DAN PEMBACA MUAR BERHAD

TL MBP 115, Parit Raja, KM5, Jalan Temenggong Ahmad, 84000 Muar, Johor

Tel: 06-981 1226 Fax: 06-981 1292

#### KOPERASI FELDA LOK HENG TIMUR BERHAD

Co-op Building, Felda Lok Heng Timur, 81909 Kota Tinggi, Johor

Tel: 07-894 7889 Fax: 07-894 7452

#### **PAHANG**

#### KOPERASI GURU-GURU MELAYU PAHANG BARAT BERHAD

No. 3C, Level 2, KGMPB Building, Lipis Inn Complex, 27200 Kuala Lipis, Pahang

Tel: 09-312 1800 Fax: 09-312 3877

#### KOPERASI PEMBANGUNAN DAERAH MARAN BERHAD

No. 2, Level 2, Wisma Pemuda UMNO Building, Jalan Perpustakaan, 26500 Maran, Pahang Tel: 019-966 7186

#### KOPERASI PESERTA-PESERTA FELCRA GUGUSAN SRI MAKMUR BERHAD

Felcra Sri Makmur, 26030 Kuantan, Pahang Tel: 09-546 8878 Fax: 09-546 1040

#### KOPERASI FELDA SUNGAI KOYAN III RAUB BERHAD

c/o Felda Sungai Koyan 3, 27650 Raub, Pahang Tel : 09-340 1442 Fax : 09-340 1442

### KOPERASI MUKMIN CAMERON HIGHLANDS BERHAD

Jalan Besar Brinchang, 39200 Brinchang, Cameron Highlands, Pahang

Tel: 05-491 1425

#### KOPERASI SERBAGUNA FELDA CHINI TIMUR SATU BERHAD

Felda Chini Timur Satu, 26690 Chini, Pekan, Pahang

Tel: 09-457 1266 Fax: 09-457 1266

#### KOPERASI SERBAGUNA FELDA KERATONG TIGA BERHAD

Felda Keratong Tiga, 26900 Bandar Tun Abdul Razak, Pahang

Tel: 09-445 7452 Fax: 09-445 7452

#### KOPERASI PENEROKA FELDA TEMBANGAU SATU KEMAYAN PAHANG BERHAD

Felda Tembangau Satu Co-op Office, 28380 Kemayan, Pahang

Tel: 06-468 5406 Fax: 06-468 5406

#### **TERENGGANU**

#### KOPERASI PEMBANGUNAN DAERAH SETIU BERHAD

Wisma KPD, Permaisuri City, 22100 Setiu, Terengganu

Tel: 09-609 2333 Fax: 09-609 2332

#### **KOPERASI COBE PANTAI TIMUR BERHAD**

No. 102B, Level 2, Cobe Building, Jalan Engku Embong Fatimah, 20200 Kuala Terengganu, Terengganu

Tel: 09-622 2796 Fax: 09-624 1498

#### KOPERASI FELCRA KAWASAN HULU BERANG HULU TERENGGANU BERHAD

Lot 3765, Kampung Matang, Jalan Felda Mengkawang, 21800 Ajil, Hulu Terengganu, Terengganu

Tel: 09-612 4845

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#### **KELANTAN**

### KOPERASI PESERTA-PESERTA RANCANGAN FELCRA GUGUSAN GEMANG BERHAD

PT 2103/C Bandar Baru Bukit Bunga, 17700 Air Lanas, Kelantan

Tel: 09-946 8799 Fax: 09-946 8513

### KOPERASI PEKEBUN KECIL PASIR PUTEH BERHAD

Lot 455, PKINK Building, Jalan Nara, 16800 Pasir Puteh, Kelantan

Tel: 09-786 7302 Fax: 09-786 2717

#### KOPERASI PESERTA-PESERTA FELCRA GUGUSAN BUKIT TANDAK KELANTAN BERHAD

c/o Felcra Berhad Office, Kawasan Bukit Tandak,

17200 Rantau Panjang, Kelantan

Tel: 013-933 5259 Fax: 09-958 4288

#### KOPERASI PENEROKA FELDA KEMAHANG 1 BERHAD

c/o Felda Kemahang 1, 17500 Tanah Merah, Kelantan

Tel: 09-958 2007 Fax: 09-958 4288

#### SABAH

**Bank Rakvat** 

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#### KOPERASI ANAK WATAN RANAU BERHAD

Block B, Lot 10, SEDCO Shop Building, 89300 Ranau, Sabah Tel: 088-87 9539

Fax: 088-87 6073

#### KOPERASI PEKERJA YAYASAN SABAH

BERHAD Lot 7-3, Level 3, Bunga Raja Shopping Complex, Lorong Bunga Raja 5, Off Jalan Lintas, 88845 Kota Kinabalu, Sabah

Tel: 088-38 9258 Fax: 088-38 3258

#### **KOPERASI BELIA TENOM BERHAD**

Asia Rasa Bed & Breakfast, Jalan Tun Mustafa, W.D.T 32, 89907 Tenom, Sabah Tel: 013-851 6198

#### KOPERASI UNIVERSITI MALAYSIA SABAH BERHAD

Student Services Centre Building (Anjung Siswa), Universiti Malaysia Sabah, 88999 Kota Kinabalu, Sabah Tel: 088-320 714

### KOPERASI SERBAGUNA SANYA BERHAD (KOSAN)

Block 2-4, Block B, Wisma KOSAN Likas, KM 7, JalanTuaran, 88992 Kota Kinabalu, Sabah

#### **BRANCH**

KOSAN Tuaran Clothing Company, Batu19 1/2, Jalan Tuaran, Mailbox 34, 89207 Tuaran, Sabah

Tel: 088-43 2855 Fax: 088-42 3475

#### KOPERASI CITRA WAWASAN BELURAN BERHAD

Lot 6, Ground Floor, SEDCO Shop, Mailbox 16, 90107 Beluran, Sabah Tel: 012-810 5035 Fax: 089-51 2595

#### KOPERASI ANAK WAWASAN KOTA KINABALU BERHAD

Lot 3A 34, Level 3, Central Shopping Plaza, Jalan Banjaran, 88200 Kota Kinabalu, Sabah

Tel: 088-25 4534 Fax: 088-25 4534

#### **SARAWAK**

#### SARAWAK KOPERASI KOPERKASA BERHAD

No. 16-19, Wisma KOPERKASA, Jalan Simpang Tiga, 93300 Kuching, Sarawak

Tel: 082-41 5611 Fax: 082-23 1650

#### KOPERASI BUMIPUTERA KANOWIT BERHAD

Lot 125, Pekan Kanowit, 96700 Kanowit, Sarawak Tel: 019-865 2539

#### **KOPERASI SHARIF MASHOR SEBUYAU**

BERHAD Lot 178, Pasar Baru, 94850 Sebuyau, Sarawak Tel: 013-895 1553

#### **KOPERASI SARATOK BERHAD**

c/o Lot 379, Petronas Petrol Station, Saratok Town District, 95400 Saratok, Sarawak Tel: 083-43 8385

#### KOPERASI SINARAN LAWAS BERHAD

Batu 1/4, Jalan Punang, 98850 Lawas, Sarawak Tel : 085-28 4340

### KOPERASI PERDAGANGAN DAN PERINDUSTRIAN BARAM MIRI BERHAD

Lot 337, Pasar Marudi, 98050 Baram, Sarawak Tel: 019-856 1461 Fax: 085-75 6526

#### **KOPERASI DAERAH JULAU BERHAD**

Lot 42, Jalan Lim Ah Din, 96600 Julau, Sarawak Tel : 019-817 5566

Fax: 084-73 4299

# Rakyat Xcess & Ar-Rahnu X'change

#### **RAKYAT XCESS**

#### **JOHOR**

#### **RAKYAT XCESS BENUT**

No. 39, Ground Floor, Jalan Mutiara 4, Benut Business Centre, 82200 Benut, Johor Tel: 07-690 2290

Fax: 07-690 2270

#### **RAKYAT XCESS PARIT RAJA**

No. 52, Jalan Universiti 1, Taman Universiti, 86400 Parit Raja, Johor

Tel: 07-453 5254 Fax: 07-453 5173

#### **KEDAH**

#### **RAKYAT XCESS SIMPANG KUALA**

No 33 & 34 Jalan SPK 1, Pekan Simpang Kuala, 05400 Alor Setar, Kedah Tel : 04-771 0715 / 04-771 0750

Fax: 04-771 0754

#### **KELANTAN**

#### **RAKYAT XCESS JELI**

Lot 6491, Lower & Upper Floor, Opposite Fire and Rescue Station, Taman Haji Hamat, 17600 Jeli, Kelantan Darul Naim Tel: 09-944 0314 / 09-944 0315 / 09-944 0316

Fax: 09-944 0025

#### **NEGERI SEMBILAN**

#### **RAKYAT XCESS GEMAS**

Lot 4642, Ground Floor, Pekan Gemas, 73400 Gemas, Negeri Sembilan Tel: 07-948 1937 / 948 1939 Fax: 07-948 1940

#### **PAHANG**

#### **RAKYAT XCESS MENTAKAB**

No. 121, Ground Floor, Jalan Temerloh, 28400 Mentakab, Pahang

Tel: 09-277 1844 Fax: 09-277 1496

#### **SELANGOR**

#### **RAKYAT XCESS BANDAR TASIK PUTERI**

No. 69-G, Jalan 7A/3, Bandar Tasik Puteri, 48020 Rawang, Selangor Tel: 03-6034 1413 Fax: 03-6034 4163

#### **RAKYAT XCESS BANGI**

Lot 1.01 Ground Floor Wisma UNIKEB 43609 Bangi, Selangor Darul Ehsan Tel: 03-8922 3226 / 03-8922 3225 Fax: 03-8922 3229

#### **RAKYAT XCESS BERANANG**

No. 27-G, Jalan TPS 2/1, Taman Pelangi Semenyih 2, 43700 Baranang, Selangor Tel: 03-8727 5459

Fax: 03-8727 5133

#### **RAKYAT XCESS SAUJANA UTAMA**

No. 1-G-50, Jalan Bidara 6/3, Bandar Saujana Utama, 47000 Sungai Buloh, Selangor Tel: 03-6038 7163

Fax: 03-6038 7160

#### **TERENGGANU**

RAKYAT XCESS CHABANG TIGA No. 2 & 3, Ground Floor, Wisma KY Kg. Chabang Tiga, Simpang Tok Ku, 21000 Kuala Terengganu, Terengganu

Tel: 09-620 1142 / 620 5835

Fax: 09-620 5832

#### **AR-RAHNU X'CHANGE**

#### **JOHOR**

#### **AR-RAHNU X'CHANGE BENUT**

No. 40, Ground Floor, Jalan Mutiara 4, Benut Business Centre, 82200 Benut, Johor

Tel: 07-690 7780 Fax: 07-690 7790

#### AR-RAHNU X'CHANGE PARIT RAJA

No. 53, Jalan Universiti 1, Taman Universiti, 86400 Parit Raja, Johor Tel: 07-453 5152

Fax: 07-453 5068

KEDAH

#### AR-RAHNU X'CHANGE SIMPANG KUALA

No 33 & 34 Jalan SPK 1, Pekan Simpang Kuala, 05400 Alor Setar, Kedah

Tel: 04-771 0715 / 04-771 0750

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#### **KELANTAN**

AR-RAHNU X'CHANGE JELI Lot 6491, Lower and Upper Floor Opposite Fire and Rescue Station Taman Haji Hamat 17600 Jeli, Kelantan Darul Naim

Tel: 09-944 0314 / 09-944 0315 / 09-944 0316

Fax: 09-944 0025

#### **PAHANG**

#### AR-RAHNU X'CHANGE MENTAKAB

No. 119, Ground Floor, Jalan Temerloh, 28400 Mentakab, Pahang

Tel: 09-277 1844 Fax: 09-277 1496

#### **NEGERI SEMBILAN**

#### **AR-RAHNU GEMAS**

Lot 4642, Level 1, Pekan Gemas, 73400 Gemas, Negeri Sembilan Tel : 07-948 1937 / 948 1939

Fax: 07-948 1940

#### **SELANGOR**

### AR-RAHNU X'CHANGE BANDAR TASIK PUTERI

No. 69-G & 1, Jalan 7A/3, Bandar Tasik Puteri, 48020 Rawang, Selangor Tel: 03-6034 4125

Fax: 03-6034 4163

#### AR-RAHNU X'CHANGE BANGI

Lot 1.01 Ground Floor Wisma UNIKEB 43609 Bangi, Selangor

Tel: 03-8922 3226 / 03-8922 3225

Fax: 03-8922 3229

#### AR-RAHNU X'CHANGE BERANANG

No. 27-G & 1, Jalan TPS 2/1, Taman Pelangi Semenyih 2, 43700 Baranang, Selangor

Tel: 03-8727 5459 Fax: 03-8727 5133

#### AR-RAHNU X'CHANGE SAUJANA UTAMA

No. l-G-52, Jalan Bidara 6/3, Saujana Utama 3, 47000 Sungai Buloh, Selangor

Tel: 03-6038 7168 Fax: 03-6038 7166

#### **TERENGGANU**

#### AR-RAHNU X'CHANGE CHABANG TIGA

No. 2 & 3, Ground Floor, Wisma KY Kg. Chabang Tiga, Simpang Tok Ku, 21000 Kuala Terengganu, Terengganu

Tel: 09-620 5836 Fax: 09-620 5832

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## Rakyat Xcess

#### **KEDAH**

#### **RAKYAT XCESS SG PETANI**

No. 21F, Jalan Ibrahim, 08000 Sungai Petani, Kedah Darul Aman Tel: 04-421 4020 / 4214 025 / 4214 026 Fax: 04-421 4029

#### **NEGERI SEMBILAN**

#### **RAKYAT XCESS GEMAS**

Lot PT 4642, Ground Floor, Pekan Gemas, 73400 Gemas, Negeri Sembilan Tel: 07-948 1936

Fax: 07-948 1940

#### **RAKYAT XCESS SEREMBAN 2**

No. 115, Ground Floor, Jalan S2 F2, Garden Homes Seremban 2, 70000 Seremban, Negeri Sembilan

Tel: 06-631 4482 Fax: 06-631 1141

#### **PAHANG**

#### **RAKYAT XCESS CAMERON HIGHLANDS**

No. 6-1, Marigold Square, Tanah Rata, 39000 Cameron Highlands, Pahang Tel: 05-491 4694

Fax: 05-491 4732

#### **SARAWAK**

#### **RAKYAT XCESS SERIAN**

No. 11, Ground Floor, Louis Junction, Batu 39, Jalan Kuching-Serian, 94700 Serian, Sarawak Tel: 082-87 2401

Fax: 082-87 2363

## Susulan Berpusat Selangor 1 (SBS1)

#### SUSULAN BERPUSAT SELANGOR 1 (SBS 1)

Level 3, Bank Rakyat Building, Sungai Buloh Branch, Lot 101, TSB Commercial Centre, Jalan Nautika B U20/B, Section U20, Sungai Buloh, 40160 Shah Alam, Selangor

Tel: 03-6145 7400 Fax: 03-6145 7450

# Agencies under the Ministry of Domestic Trade, Cooperatives and Consumerism

#### MINISTRY OF DOMESTIC TRADE, COOPERATIVES, AND CONSUMERISM (KPDNKK)

13, Persiaran Boulevard, Presint 2, 62623 Putrajaya

Tel: 03-8000 8000 Fax: 03-8882 5983 Hotline: 1-800-886-800

#### **BANK RAKYAT**

Tower 1, Bank Rakyat Twin Towers, No. 33, Jalan Travers, 50470 Kuala Lumpur Tel: 03-2202 4500

Tele-Rakyat: 1-300-88-12265

### CO-OPERATIVE COLLEGE OF MALAYSIA (MKM)

103, Jalan Templer,46700 Petaling Jaya, Selangor

Tel: 03-7964 9000 Fax: 03-7957 0434

### INTELLECTUAL PROPERTY CORPORATION OF MALAYSIA (MYIPO)

Unit 1-7, Ground Floor, Tower B, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur

Tel: 03-2299 8400 Fax: 03-2299 8989

### MALAYSIA CO-OPERATIVE SOCIETIES COMMISSION (SKM)

c/o Menara Suruhanjaya Koperasi Malaysia, Changkat Semantan, Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur

Tel: 03-2083 4000 Fax: 03-2083 4100

Fax: 03-2082 7789

#### PERBADANAN NASIONAL BERHAD (PNS)

Level 13A, Menara PNS Tower 7, Avenue 7, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Tel: 03-2082 7788

### COMPANIES COMMISSION OF MALAYSIA (SSM)

Menara SSM@Sentral, No. 7, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50623 Kuala Lumpur Tel: 03-2299 4400

Fax: 03-2299 4411 Hotline: 03-7721 4000

### MALAYSIA COMPETITION COMMISSION (MYCC)

Level 15, Menara SSM@Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50623 Kuala Lumpur Tel: 03-2273 2277

Fax: 03-2272 2293

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