



UNDERPINNED BY TRANSPARENCY,
**EMBOLDENED
BY SINCERITY**

ANNUAL REPORT 2011



Your Choice Bank



Established over five decades ago, the success of Bank Rakyat has been remarkable, anchored by the values of transparency and sincerity.

Stemming from the value of transparency in our business operations, we implement a high standard of corporate governance.

Our real strength lies in the value we uphold most, that is, the trust that has been bestowed upon us by our stakeholders and giving importance to all aspects of that trust to ensure that the banking needs of our members and customers are met.

Our strength, growth, flexibility, and durability are synonymous with the strength and fortitude of the bamboo tree in the face of adversity.



No.1

Islamic financial
Institution in Malaysia
and Southeast Asia
based on the total asset
by *The Banker*

1

The only one
cooperative in Malaysia
listed in the Global
300 Cooperative
Alliance

No.1

Personal Financing-i
Aslah in Malaysia

No.5

employer of choice for
local banking category
in Malaysia's 100
Leading Graduate
Employer Awards

734%

Increase in profit before
tax and zakat since the
second millenium

3

consecutive years
winning the *Hadiah
Bahasa Institusi
Perbankan* Development
Financial Institution
Category from Dewan
Bahasa dan Pustaka

17

years operating
as Syariah Bank

15%

dividend for 13 years
consecutively

No.1

financial institution in
Malaysia that brands
itself at a height of
30,000 feet above sea
level as well as 30 feet
below sea level*

926,578

Bank Rakyat members


146,735


Bank Rakyat COOP
Card holders

*Air Asia wrap around and
Automatic Teller Machine
(ATM) anchored as artificial
reef at Pulau Perhentian and
Pulau Tioman

Bank Rakyat

Bangunan Bank Rakyat
Jalan Tangsi
P.O. Box 11024
50732 Kuala Lumpur

 03-2612 9600

 03-2612 9655

OUR VISION

Bank Rakyat is its members' Choice Bank for all its product and service offerings are the best compared with those provided by other competing financial institutions. Since membership in Bank Rakyat is very significant, there is no reason for them to look at others. This vision generates the tagline:-

'Bank Rakyat Your Choice Bank'

OUR MISSION

To help improve the economic well-being of members by providing financial 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.

(By-law Article 5(I))



FINANCIAL CALENDAR

24 FEBRUARY 2011

**Announcement of Financial
Performance and Dividend for the
Financial Year ended
31 December 2010**

2 APRIL 2011

**Bank Rakyat
Annual General Meeting 2011**

18 APRIL 2011

**Announcement of Financial
Performance for First Quarter of
2011 ended
31 March 2011**

18 JULY 2011

**Announcement of Financial
Performance for Second Quarter of
2011 ended
30 June 2011**

24 OCTOBER 2011

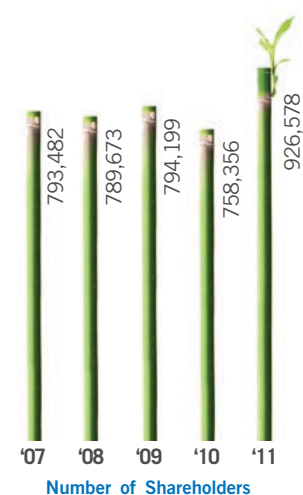
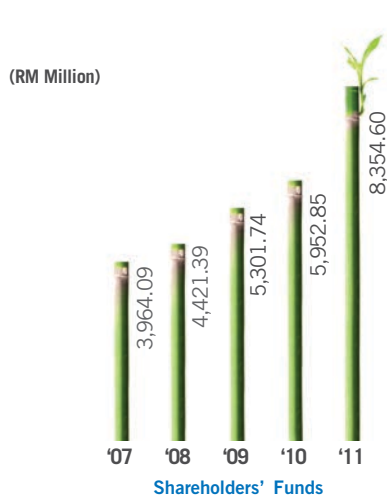
**Announcement of Financial
Performance for Third Quarter of
2011 ended
30 September 2011**

FINANCIAL HIGHLIGHTS

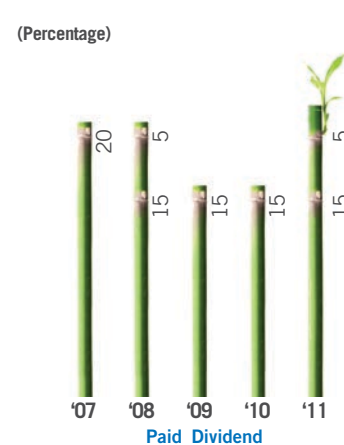
| Items | Year Ended 31 December 2011 (RM Million) | 2010 (RM Million) | Change % |
|---|--|----------------------|-------------|
| 1. Profit & Loss Account | | | |
| i. Total Income | 5,504.87 | 4,857.03 | 13.34 |
| ii. Profit Before Tax & Zakat | 2,018.99 | 1,717.13 | 17.58 |
| 2. Balance Sheet | | | |
| i. Total Assets Including Commitments and Contingencies | 74,814.89 | 64,241.67 | 16.46 |
| ii. Dealing and Investment Securities | 13,696.16 | 9,488.18 | 44.35 |
| iii. Financing and Advances | 49,179.25 | 44,983.02 | 9.33 |
| iv. Deposits and Savings | 58,507.09 | 49,567.68 | 18.03 |
| v. Deposits and Placements with Financial Institutions | 7,666.81 | 5,989.72 | 28.00 |
| vi. Shareholders' Funds | 8,354.60 | 5,952.85 | 40.35 |
| 3. Financial Ratio | Percentage | Percentage | |
| i. Returns Before Tax and Zakat on Average of Shareholders' Funds | 28.22 | 30.51 | (2.29) |
| ii. Returns Before Tax and Zakat on Average of Total Assets | 3.00 | 3.05 | (0.05) |
| iii. Financing and Advances On Total Deposit | 79.56 | 84.15 | (4.59) |
| iv. Risk Weighted Capital Ratio | 16.45 | 13.32 | 3.13 |
| v. Collective Impairment | 2.20 | 2.38 | (0.18) |
| vi. Loan Loss Coverage | 106.59 | 104.03 | 2.56 |
| vii. Gross Impaired Financing Ratio | 2.82 | 3.36 | (0.54) |

FIVE-YEAR FINANCIAL SUMMARY

| YEAR | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------|-----------|-----------|-----------|-----------|
| Profit Before Tax and Zakat (RM Million) | 828.83 | 1,234.33 | 1,550.00 | 1,717.13 | 2,018.99 |
| Shareholders' Funds (RM Million) | 3,964.09 | 4,421.39 | 5,301.74 | 5,952.85 | 8,354.60 |
| Number of Shareholders | 793,482 | 789,673 | 794,199 | 758,356 | 926,578 |
| Share Capital (RM Million) | 1,993.16 | 1,994.96 | 1,994.96 | 1,994.96 | 2,349.06 |
| Assets (RM Million) | 34,900.15 | 41,728.35 | 50,637.60 | 61,912.06 | 72,478.92 |
| Financing (RM Million) | 22,936.31 | 30,135.93 | 37,690.65 | 44,983.02 | 49,179.25 |



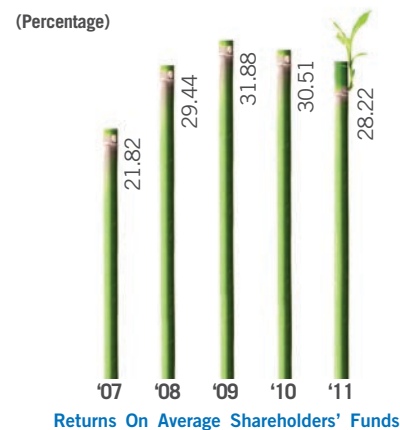
| YEAR | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------|-----------|-----------|-----------|-----------|
| Deposits & Cagamas (RM Million) | 29,585.62 | 35,031.80 | 41,420.40 | 53,457.62 | 61,810.48 |
| Liquidity Ratio (Percentage) | 30.86 | 24.42 | 25.31 | 26.83 | 31.54 |
| Paid Dividend | | | | | |
| – Cash (Percentage) | 20 | 15 | 15 | 15 | 15 |
| – Loyalty Cash (Percentage) | | 5 | | | |
| – Bonus Shares (Percentage) | | | | | 5 |
| Risk Weighted Capital Ratio (Percentage) | 19.19 | 14.96 | 14.29 | 13.32 | 16.45 |
| Returns On Shareholders' Funds (Percentage) | 20.91 | 27.92 | 29.24 | 28.85 | 24.17 |
| Returns On Average Shareholders' Funds (Percentage) | 21.82 | 29.44 | 31.88 | 30.51 | 28.22 |



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting 2012 of Bank Rakyat will be held at Grand Ballroom 1 & 2, Kuala Lumpur Convention Centre (KLCC) on Sunday, 8 April 2012 at 10.00 a.m.

MEETING AGENDA

1. To validate the minutes of the Annual General Meeting held on 2 April 2011;
2. To appoint a Committee of six representatives and four members of the Board, including Chairman to certify the draft of the minutes of the Annual General Meeting;
3. To present the Audited Financial Statements for the year ended 31 December 2011, together with the Board of Directors Report, Audit and Examination Committee Report, Auditor General's Report and Opinions of the Malaysia Cooperative Commission; and
4. To receive and deliberate on proposals from members received by the Board not less than seven days before the Annual General Meeting (if any).

By Order Of The Board


MUSTAFHA HAJI ABD. RAZAK
General Manager, Finance/Bank Secretary

SHAREHOLDERS' INFORMATION

| | | |
|--------|---|-----------------------|
| 17.60% | ● | RM500 – RM1,000 |
| 5.40% | ● | RM1,001 – RM2,000 |
| 2.04% | ● | RM2,001 – RM3,000 |
| 1.13% | ● | RM3,001 – RM4,000 |
| 1.13% | ● | RM4,001 – RM5,000 |
| 4.37% | ● | RM5,001 – RM10,000 |
| 17.81% | ● | RM10,001 – RM50,000 |
| 27.60% | ● | RM50,001 – RM100,000 |
| 11.60% | ● | RM100,001 – RM250,000 |
| 3.30% | ● | RM250,001 – RM500,000 |
| 8.00% | ● | RM500,001 – and above |

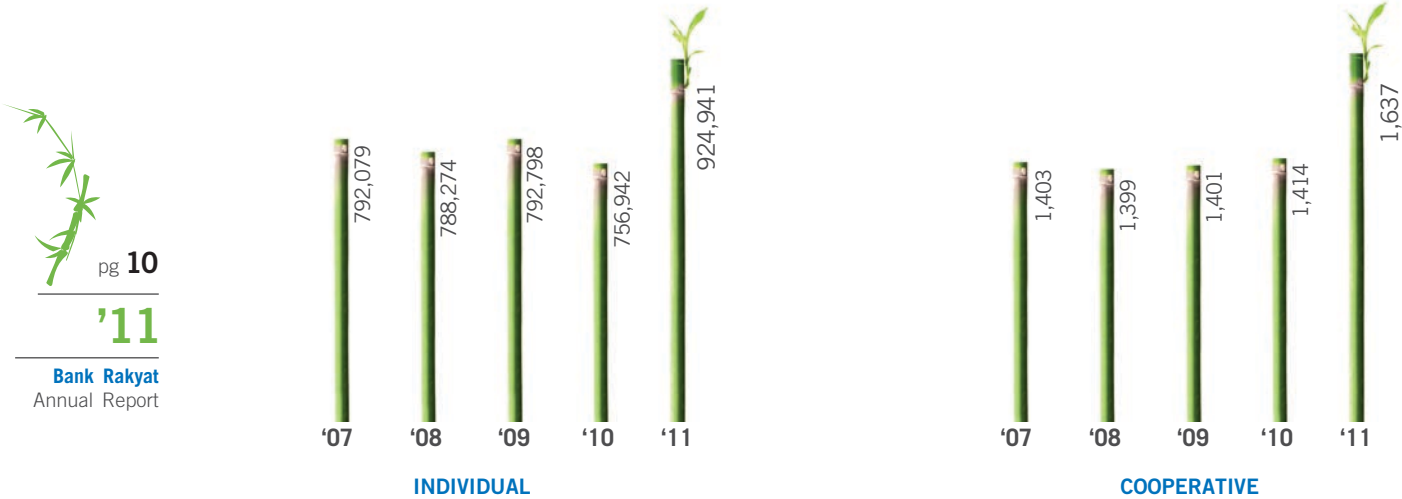


| Share Range (RM) | Individual | | Cooperative | | Grand Total | |
|---------------------|----------------|----------------------|--------------|--------------------|----------------|----------------------|
| | No. | Total (RM) | No. | Total (RM) | No. | Total (RM) |
| 500 – 1,000 | 752,776 | 415,211,644 | 260 | 260,000 | 753,036 | 415,471,644 |
| 1,001 – 2,000 | 95,572 | 126,853,060 | 71 | 110,050 | 95,643 | 126,963,110 |
| 2,001 – 3,000 | 19,640 | 47,834,131 | 29 | 75,409 | 19,669 | 47,909,540 |
| 3,001 – 4,000 | 7,624 | 26,536,367 | 26 | 95,887 | 7,650 | 26,632,254 |
| 4,001 – 5,000 | 5,656 | 25,962,584 | 106 | 494,641 | 5,762 | 26,457,225 |
| 5,001 – 10,000 | 14,341 | 99,366,787 | 377 | 3,254,891 | 14,718 | 102,621,678 |
| 10,001 – 50,000 | 19,143 | 410,137,469 | 376 | 8,339,330 | 19,519 | 418,476,799 |
| 50,001 – 100,000 | 7,809 | 628,262,746 | 259 | 19,864,521 | 8,068 | 648,127,267 |
| 100,001 – 250,000 | 2,040 | 257,994,000 | 96 | 14,673,526 | 2,136 | 272,667,526 |
| 250,001 – 500,000 | 209 | 70,334,931 | 21 | 7,132,277 | 230 | 77,467,208 |
| 500,001 – and above | 131 | 136,349,899 | 16 | 49,918,518 | 147 | 186,268,417 |
| Total | 924,941 | 2,244,843,618 | 1,637 | 104,219,050 | 926,578 | 2,349,062,668 |

SHAREHOLDERS' INFORMATION

NUMBER OF INDIVIDUAL AND COOPERATIVE SHAREHOLDERS (2007-2011)

| Year | Individual | Cooperative | Total |
|------|------------|-------------|---------|
| 2007 | 792,079 | 1,403 | 793,482 |
| 2008 | 788,274 | 1,399 | 789,673 |
| 2009 | 792,798 | 1,401 | 794,199 |
| 2010 | 756,942 | 1,414 | 758,356 |
| 2011 | 924,941 | 1,637 | 926,578 |



INDIVIDUAL AND COOPERATIVE SHARE CAPITAL (2007-2011)

| Year | Individual (RM Million) | Cooperative (RM Million) | Total (RM Million) |
|------|----------------------------|-----------------------------|-----------------------|
| 2007 | 1,913.39 | 79.77 | 1,993.16 |
| 2008 | 1,915.28 | 79.68 | 1,994.96 |
| 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 |

(RM Million)



INDIVIDUAL

(RM Million)



COOPERATIVE

CORPORATE INFORMATION

CHAIRMAN

Tan Sri Dato' Dr. Syed Jalaludin Syed Salim

MANAGING DIRECTOR

Datuk Kamaruzaman Che Mat

BOARD OF DIRECTORS

Dato' Dr. Syed Hussain Syed Husman

Dato' Mohd. Aini Haji Taib

Dato' Mangsor Saad

Ahmad Badri Mohd. Zahir
(until 31 August 2011)

Haji Amirul Rahman Abdul Rahim

Shahrol Anuwar Sarman
(beginning 1 September 2011)

Dato' Daud Tahir

Dato' Abdul Mutalib Alias

BANK SECRETARY

Mustafha Haji Abd. Razak

REGISTERED OFFICE

Bank Rakyat
Tingkat 3, Bangunan Bank Rakyat
Jalan Tangsi
P.O. Box 11024
50732 Kuala Lumpur

HEAD OFFICE

Bank Rakyat
Bangunan Bank Rakyat
Jalan Tangsi
P.O. Box 11024
50732 Kuala Lumpur
☎ 03-2612 9600
📠 03-2612 9655

WEBSITE

www.bankrakyat.com.my

AUDITOR

Ketua Audit Negara
No. 15, Aras 4
Persiaran Perdana, Presint 2
Pusat Pentadbiran Kerajaan
Persekutuan
62518 Putrajaya
☎ 03-8889 9000
📠 03-8888 9703

COOPERATIVE REGISTRATION NUMBER

2192



Customer-Centric Culture



Establishing a client-oriented organisational culture with the aim of inculcating and applying good values to ensure the Bank's future success.

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Business Innovations & Diversifications



Diversifying and upgrading products and services, as well as exploring new business opportunities to meet customers' needs and increase competitiveness.

Operational Efficiency



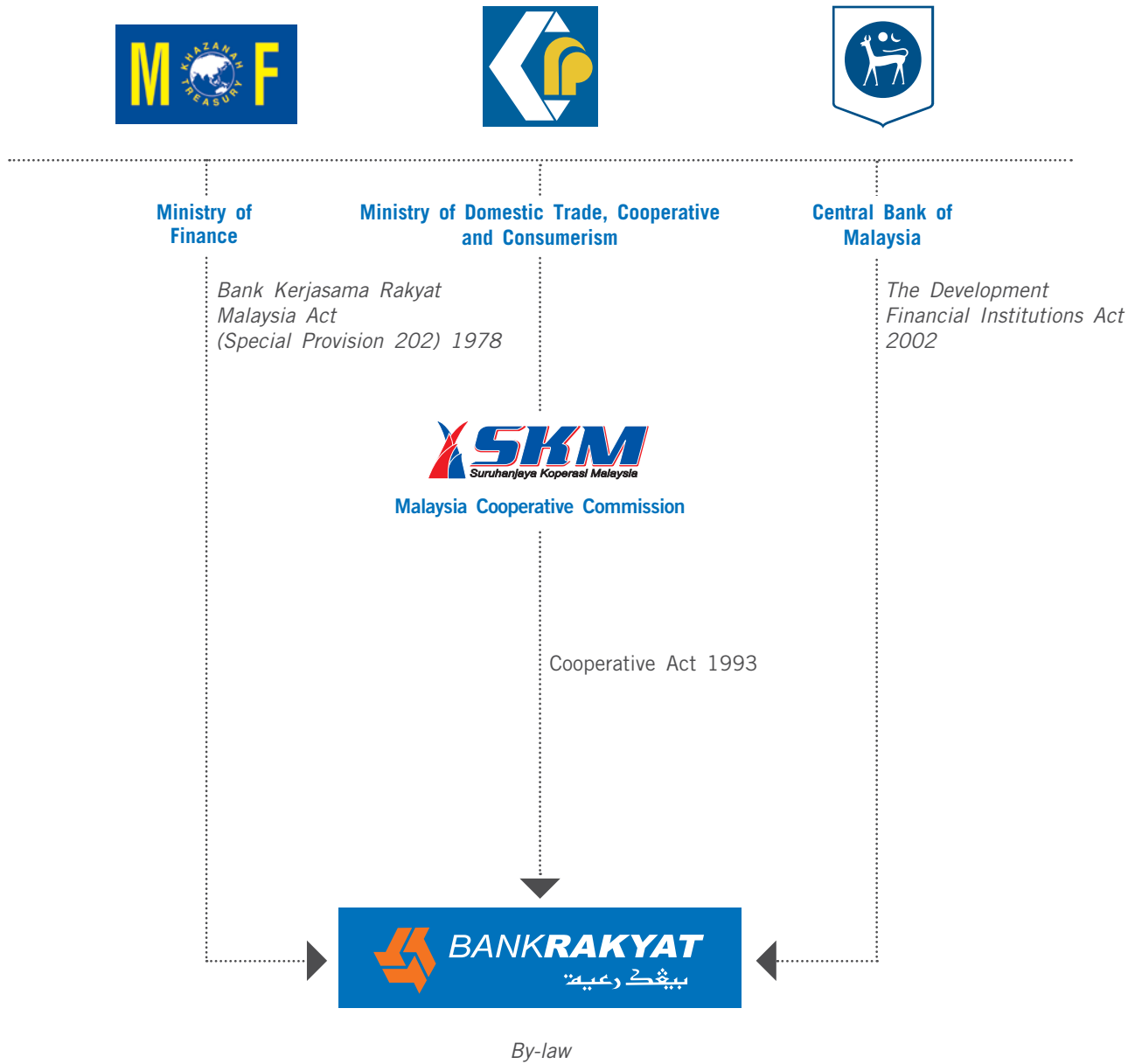
Increasing the level of skills in order to improve the quality of services, increase competitiveness, and ensuring optimum returns on investments in organisation resource.

Mandated Roles

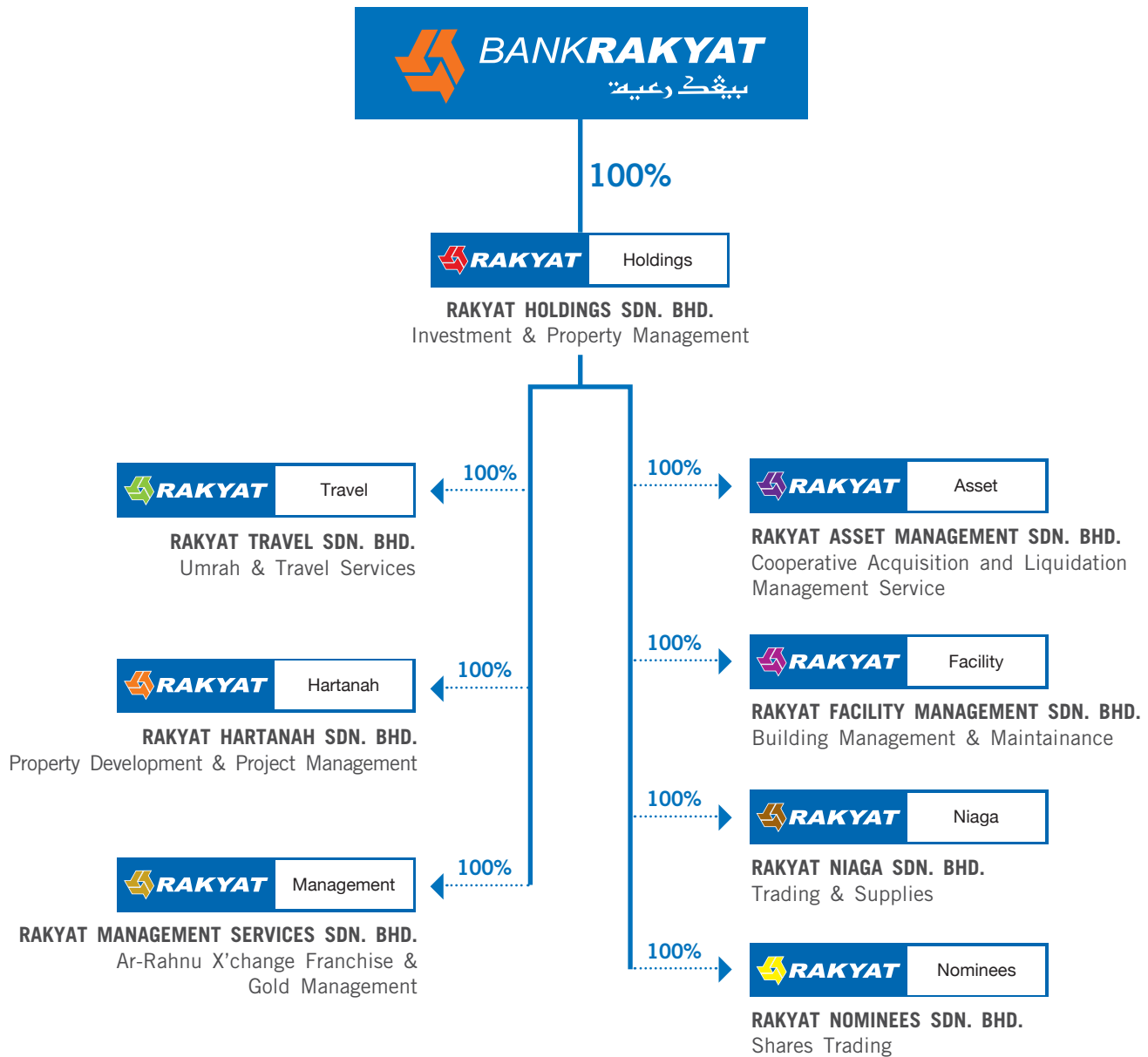


Carrying out the mandate given effectively, in order to align corporate strategies with government agenda as well as the strategies of statutory bodies/agencies.

STATUTES AND GOVERNMENT LINKAGES



GROUP CORPORATE STRUCTURE





WE STAND FIRM FOR OUR FOUNDATION IS SOUND.

Our strong presence in Malaysia is underpinned by decades of experience, strong management, dedicated employees, loyal members, and continuous customer support.



ABOUT US

As the biggest Islamic cooperative bank in Malaysia, Bank Rakyat has received various recognitions for its outstanding achievements and contributions to the Islamic banking sector.

Bank Rakyat was established on 28 September 1954 under the Cooperative Ordinance 1948. Today, Bank Rakyat is the biggest Islamic cooperative bank in Malaysia with assets totalling RM72.48 billion as at end of 2011.

The transformation in 2002 of the bank from a conventional banking system to a banking system based on Syariah has enabled the bank to record encouraging profits year after year. For the financial year ending 31 December 2011, we have recorded a pre-tax and pre-zakat profit of RM2.02 billion.

We continue to expand our product range and customer facilities that are varied and innovative. The products and facilities include consumer banking, commercial financing, savings, and investments as well as products of financial planning to satisfy the many demands of a wide spectrum of modern day customers.

Efficient delivery channels continue to be expanded and continuously improved. We continue to maintain a friendly corporate image to place us on a sound footing as Your Choice Bank.



We have received various recognitions as an industry player and as an outstanding cooperative organisation in Malaysia as well as internationally.

As an entity under the control of the Ministry of Domestic Trade, Cooperatives and Consumerism, we are committed to support the mission of the Ministry to consolidate the cooperatives sector as the mainstay of economic growth of the nation via all the efforts and steps that we have arranged.

To date, we have 134 branches, more than 500 automated teller machines (ATM) and cash deposit machines (CDM), and 35 Ar-Rahnu X'change nationwide. Bank Rakyat also operates our call centre, **tele-Rakyat: 1-300-88-1BANK(12265)** and **internet banking i-rakyat.com.my**. The official website of Bank Rakyat is **www.bankrakyat.com.my**. We can also be reached via Facebook, Bank Rakyat, *Bank Pilihan Anda*.



**For the financial year ended
31 December 2011,**

**Bank Rakyat recorded
profit before tax
and zakat of**

**RM2.02
billion**

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MILESTONES

from 1954 to 2011

1954

11 Union Banks merged on 28 September to become Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad or Bank Agong and was registered under the Cooperative Ordinance 1948. The Head Office was in Bukit Mertajam.

1964

The Bank moves its Head Office to Kuala Lumpur. Its Authorised Share Capital also was raised from RM2 million to RM20 million.

1967

To reflect its identity as a cooperative bank and also to widen its scope of activity, the name was again changed, to be known as Bank Kerjasama Malaysia Berhad or in short, Bank Kerjasama. Memberships were opened to individuals and cooperatives. The Bank's goals and functions were expanded to allow financing to these categories.

1973

As the national economy continues to grow, the Bank's name was changed to Bank Kerjasama Rakyat Malaysia Berhad or Bank Rakyat. The Bank's By-Laws were also amended to allow the Bank to venture into other business through its subsidiaries which include United Manufacturers Sdn. Bhd., Asean Chemical Fertilizers Sdn. Bhd., Pulp and Paper Industries Sdn. Bhd., Angkasaraya Development Sdn. Bhd., Aman Properties Sdn. Bhd. and Rakyat Corporation Sdn. Bhd.

1974

Bangunan Angkasaraya on Jalan Ampang was built by Angkasaraya Development Sdn. Bhd., a modern building that symbolises the rapid progress and growth experienced by Bank Rakyat. Change to the By-Laws allows the Bank's Authorised Share Capital to be raised to RM50 million.

1978

The Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provision) 1978 was enacted to enable the government to oversee and control the management and administration of the Bank. A loan of RM115 million was provided by the government to turn around the Bank. The Act also allows the Bank to give loans to non-members and companies. It further places the Bank under the supervision of the ministry in charge of overseeing the cooperatives sector.



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1979

The Head Office moves from Jalan Ipoh to a 22-storey building owned by the Bank at Jalan Tangsi, Kuala Lumpur. The Head Office remains here until today.

1989

As a strategy to widen its operation channel, the Bank's first mini-branch was opened at Bandar Tun Razak, Kuala Lumpur.

1993

The Bank makes a landmark decision by launching the Syariah Banking System at its branches in Alor Star, Jalan Ipoh, Kota Bharu and Sungai Besar, making it the first local bank to switch course from a conventional banking system to a Syariah compliant system. Bank Islam Malaysia Berhad was appointed as the consultant to implement the system.

1994

Bank Rakyat becomes the first local bank to have a fully Islamic banking branch in Jertih. Also introduced were the ATMs while the Authorised Share Capital was doubled to RM100 million.

An amendment to the Cooperatives Act 1993 sees the opening of Kota Kinabalu branch. The amendment allows cooperatives to operate in Sabah and Sarawak.

Syariah Advisory Council was established to ensure that our banking operations adhere to Islamic teachings, principles and concepts.

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MILESTONES

from 1954 to 2011

1999

Bank Rakyat increased its Authorised Share Capital to RM1 billion. The Integrated Retail Banking System was introduced to strengthen the Bank's competitiveness. Another milestone was achieved when all 80 branches became fully Syariah compliant.

2000

The first Ar-Rahnu outlet was launched in Kota Bharu to mark the start of the Bank's involvement in micro-credit activities.

2001

This year sees the introduction of a new logo with new corporate colour, off premise ATMs and the Bank succeeding in settling its loan with the government. A significant shift took place when the Bank was placed under the Development Financial Institutions Act 2002, which in turn placed the Bank under direct control of Bank Negara Malaysia.

2002

The Bank's Annual General Meeting was reconvened after a lapse of 16 years. The Bank operates as a fully Syariah compliant Bank after successfully converted 1.1% of its conventional assets balance to Syariah compliant assets.

2003

The Annual General Meeting approves a resolution to double the Authorised Share Capital to RM2 billion. Another development was the introduction of the first e-Rakyat, the Electronic Banking Centre, at Jalan Tangsi branch.

2004

The Bank was placed under the jurisdiction of the Ministry of Entrepreneur and Cooperative Development. Bank's participation in the Malaysian Electronic Payment System (MEPS) makes Bank Rakyat the first non-commercial bank to be part of the system.

2006

tele-Rakyat, the Bank's call centre, was introduced. Also introduced was the Ar-Rahnu X'change, the Bank's first Islamic pawnshop outlet in Sentul, Kuala Lumpur.



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2007

The introduction of i-Rakyat, an online banking facility, is yet another service to benefit customers.

Bank Rakyat's Ar-Rahnu was further expanded through the opening of Ar-Rahnu X'change premise in Klang, Selangor. It is operated by Koperasi Pembangunan Pulau Lumut Berhad (KPPLB) on franchise system.

2008

For the first time profit before tax and zakat surpassed the RM1 billion mark. Bank Rakyat Credit Card-i was launched and Tabung Haji services was offered to customers at all Bank Rakyat branches, ATMs and CDMs. Memorandum of Understanding with MobilityOne Sdn. Bhd. allows customers to reload their mobile phone pre-paid via ATMs and i-Rakyat. The first livery advertisement on the external body of an AirAsia aircraft further strengthens the Bank's corporate branding.

The Bank Rakyat Foundation was launched with the aim of providing financial assistance and consequently improve the education standards of Malaysians, particularly the Bank's members.

2009

The Launch of Bank Rakyat Twin Towers project on Jalan Travers kicked off. The project is estimated to cost RM460 million. The Bank was placed under the Ministry of Domestic Trade, Cooperatives and Consumerism.

2010

Bank Rakyat launched the CO-OP Card to drive the development and unity of the national cooperative members.

2011

Bank Rakyat raised its Authorised Share Capital to RM3 billion.

The Bank also launched Bank Rakyat Debit Card-i which is also known as **One Retail CasH Islamic** Debit Card or in short, Orchid Card.

2011 MEDIA HIGHLIGHTS

Guru sokong Bank Rakyat anjur Klinik UPSR

Oleh Mohd Fakhri Alias
fakhri@bankrakyat.com.my

GURU di sekitar sini menyambut baik dan menyokong usaha Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) menganjurkan Seminar SKOR A UPSR yang berlangsung di Institut Kemahiran Belia Negara, Putrajaya, Sabtu lalu.



RM50,000 untuk Zoo Negara

Bank Rakyat taja 15 nuri

ATM untuk ika

PENYE... melabuh... mesin jum...



UniRazak president and vice-chancellor Professor Datuk Dr Mohd Zabid Abdul Rashid (right) and Bank Rakyat chairman Professor Tan Sri Dr Syed Jalaludin Syed Salim

Bank signs training deal with UniRazak

UNIVERSITI Tun Abdul Razak's Centre for 'Active Education' has been appointed as a training programme for Bank Rakyat's managers.

These sessions will cover topics such as Corporate Grooming, Fundraising, Marketing, Business Development, Problem-Solving and Decision Making, Management Essentials, Customer Relationship Management, Leadership, Successful Negotiation Skills, Finance Professionals and Consumer Professionals and Negotiation Skills.

Program pendidikan bantu anak Orang Asli dirancang

SINCE 1980, Bank Rakyat has been running a programme to help Orang Asli children in the country. The programme is designed to help them in their studies and to provide them with the necessary skills to become self-reliant.



Kad debit ciri Islam

Kad Orchard Bank Rakyat hanya untuk transaksi halal

Bank Rakyat sasar untung RM2 bilion



Bisnes

Positif cecah F

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin



SAMBUTAN... Ismail memotong gulut kuning sambil diperhatikan Dr Sy...

(kini) dan Kamaruzaman (kanan), semalam.

pendapatan ini dapat dike... kalkan bagi tahun-tahun...

berikutnya. Katanya ketika berucap pada Majlis Ulang...

Tahun Bank Rakyat ke-57...

dan Sambutan Aidilfitri di Kuala Lumpur, semalam.

Turut hadir Perdana Menteri, Datuk Seri Najib Razak...

dan isteri, Datin Seri Rosmah...

Yakob.

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin

Bank Rakyat yakin keuntungan tahun kewangan semasa lebih b...

>>>Oleh Maimunah Mohamed Amin

Operasi ikut prosedur



13 francais bakal dibuka

Bank Rakyat sasar RM200 juta pengeluaran pinjaman



Bank expects higher profit for 2011

Bank expects higher profit for 2011



Bank expects higher profit for 2011

Bank expects higher profit for 2011

Bank expects higher profit for 2011

Bank expects higher profit for 2011



2011 CALENDAR OF EVENTS



7 January



11 – 13 February



8 February

7 January

Students and staff of Politeknik Merlimau, Melaka paid a visit to Bank Rakyat for a closer look at the operations of the Bank.

11 January

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism launched the Bank's Family Takaful comprising Takaful Murni, Takaful Didik and Takaful Amanah.

13 January

Bank Rakyat received delegates from Qatar Islamic Bank.

8 February

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism launched Bank Rakyat Debit Card-i known as Orchid Card.

10 February

Bank Rakyat received a delegation from the Inland Revenue Board of Malaysia to directly observe the operations of its Consumer Financing Collection Centre.

11 – 13 February

Bank Rakyat held its Annual Business Action Plan Meeting to set strategies and directions in determining greater success for the Bank.



24 February



22 March



3 March



26 March



16 March



30 March

24 February

The Bank announced its Financial Performance for the year ending 31 December 2010. The announcement was made by Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism.

3 March

Bank Rakyat played host to a delegation led by Iran's Deputy Minister of Islamic Cooperatives.

16 March

Bank Rakyat Foundation signed a Memorandum of Understanding with Berita Harian for an educational programme *Didik Rakyat* that benefits the children of Bank's members and members of school cooperatives in preparation for the UPSR, PMR, and SPM.

22 March

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism launched a 13 episode drama series, *Langsai*, sponsored by Bank Rakyat that highlight consumer issues.

26 March

Bank Rakyat launched a new look for its Nuri mascot in conjunction with *Kelab Nuri Bank Rakyat* Fourth Anniversary. The Bank also presented RM50,000 to Zoo Negara to sponsor the upkeep of 15 birds of various endangered species.

30 March

Bank Rakyat organised a Media Appreciation Night to honour the support given by media. Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism also graced the event.

2011 CALENDAR OF EVENTS



2 April



4 May



23 – 24 April



9 June

2 April

Bank Rakyat Annual General Meeting 2011 held at the Putra World Trade Centre, Kuala Lumpur was officiated by Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism.

9 April

In discharging its responsibility towards the conservation of the environment, three used ATMs were anchored to the seabed off Pulau Perhentian, Terengganu to form an artificial reef.

20 April

The Bank Rakyat Carnival entered its fourth year of organisation and will meet the public in Melaka, Kedah, Terengganu, Kelantan and Perak.

23 – 24 April

The first Bank Rakyat Carnival 2011 was held at Dataran Pahlawan, Melaka themed *Warnai Warisan* with activities such as marathon, *sepak raga*, decorative trishaws and other *Kelab Nuri* activities.

4 May

Bank Rakyat played host to delegation from International Cooperative Alliance.

19 May

Bank Rakyat held an appreciation cocktail for its corporate business partners at Shangri-La Hotel, Kuala Lumpur.

22 May

Bank Rakyat expanded its delivery channel through the appointment of service agent managed by Koperasi Pekerja Rapid Penang Berhad.

27 – 28 May

Bank Rakyat Carnival continued at Tapak Ekspo Taman Ria Jaya, Sungai Petani, Kedah, with the theme *Inspirasi Legenda*.

9 June

Bank Rakyat contributed RM1 million to the Innovation Foundation of Malaysia.



21 June



24 – 25 June



14 July

16 June

Students of Universiti Utara Malaysia paid a visit to Bank Rakyat for a closer look at the achievements of the biggest cooperative bank in the country.

21 June

Bank Rakyat received a delegation from the Association of Development Financing Institutions in the Asia and Pacific Region.

24 – 25 June

With the theme, *Cintai Alam*, the third Bank Rakyat Carnival 2011 was held at Dataran Shah Bandar, Kuala Terengganu, Terengganu. During the carnival, a 479.4 metre long *keropok lekor* made its way into the Malaysian Book of Records as the longest *keropok lekor* ever made.



15 July



18 July



22 – 24 July

14 July

Bank Rakyat distributed *zakat* to students from primary and secondary schools in Selangor.

15 July

Bank Rakyat held its Annual Dinner in appreciation for the contribution and loyalty of its employee at the Kuala Lumpur Convention Centre amidst a harmonious family atmosphere.

18 July

Bank Rakyat announced its financial performance for the first half of the 2011 financial year.

22 – 24 July

The 2011 Bank Rakyat Managers Conference was held to review the Bank's half-year performance and to discuss strategies for achieving the targets set for 2011.

2011 CALENDAR OF EVENTS



19 August



26 August



17 September

4 August

Bank Rakyat opened its 128th branch in Kapit, Sarawak.

19 August

Majlis Berbuka Puasa with the media ignite the spirit of Jalur Gemilang campaign.

23 August

The Bank's Board of Directors and Management hosted a *Majlis Berbuka Puasa* for Head Office employees in Kuala Lumpur.

26 August

Bank Rakyat continues its corporate social responsibility program with an annual visit to the paediatric ward in 17 government hospitals nationwide.

14 September

The Bank opened its 129th branch in Limbang, the 12th in Sarawak, to enable the surrounding communities to use the Bank's facilities and services.

17 September

Bank Rakyat celebrates Hari Raya Aidifitri with its employees in the Head Office. Throughout the month of Syawal, open houses were held at the branches for employees, customers and business partners.

19 September

Bank Rakyat received a delegation from Association of Credit Cooperatives in Malaysia. They were briefed on the Bank's development history and the current achievements of the Bank.



28 September



3 November

22 September

Bank Rakyat hosted a Hari Raya Aidilfitri reception to show appreciation for its business partners. Among the guests were Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism and representatives from agencies under the ministry.

28 September

Dato' Sri Haji Mohd. Najib Tun Abdul Razak, the Prime Minister of Malaysia, graced the Bank's 57th Anniversary and Aidilfitri celebrations with the Management, employees and orphans.

3 October

The opening of a branch in Gerik, Perak bringing the total number of branches in the country to 130.

21 – 22 October

Bank Rakyat Carnival continued at the Mini Stadium, Pasir Mas, Kelantan with the theme *Karnival Demo*. Among the activities held were *ayam serama* competition and *candik* bird singing competition.

3 November

The Bank played host to students from Universiti Teknologi Mara as part of a study tour.



3 – 4 December

4 November

The number of Bank Rakyat branches reached 131 with the opening of a branch in Kota Padawan, Sarawak.

3 – 4 December

The final leg of Bank Rakyat Carnival was held at Dataran Majlis Bandaraya Ipoh, Perak, with the theme *Moh Yop ke Karnival* with activities such as photography, art expression and embroidery art.

25 November

The opening of the 132nd branch in Permy Jaya, Miri, Sarawak.

23 December

Bank Rakyat expanded its branches network with the opening of the 133rd branch in Pendang, Kedah.

29 December

Bank Rakyat opened its 134th branch in Kuala Lipis, Pahang bringing the total number of branches in the state to ten.



WE GROW RAPIDLY FOR OUR RELATIONSHIP WITH OUR CUSTOMERS IS STRONG.

Our growth is rapid because we establish a close relationship with our customers, we are sensitive to their needs, and we offer value-added banking facilities that exceed their expectations.



AWARDS & ACCOLADES



2011

► **The Banker**
Top 500 Islamic Financial Institutions
Report
(November 2011 – November 2012)

- Ranked FIRST in Malaysia, FIRST South East Asia. 12th position in the world (in terms of total assets).

► **The Banker**
Top 1,000 Banks in the World Report
(July 2011 – July 2012)

FIRST in Malaysia for:

- Returns on Assets
- Capital Asset Ratio
- Profit on Average Capital

► **The Asian Banker**
Global Islamic Banks Ranking
(November 2011 – November 2012)

FIRST in Malaysia for:

- Returns on Assets
- Biggest Islamic Bank (based on total asset)
- Highest Profit



1



2



3



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5

- 1 **National Annual Corporate Report Awards 2011 (NACRA)**
Certificate of Merit
- 2 **Hadiah Bahasa Institusi Perbankan 2011**
Development Financial Institution Category by Dewan Bahasa dan Pustaka
- 3 **Anugerah Kecemerlangan Perniagaan Beretika 2010/2011**
Malaysia Cooperative Commission
- 4 **Anugerah Koperasi Cemerlang (Kluster Besar)**
In conjunction with Hari Koperasi Negara 2011
- 5 **Malaysia Franchise Awards 2011**
Finalist Franchisor of The Year by Malaysia Franchise Association

OUTSTANDING LEGACY

2010

- Bank Rakyat's rating has been upgraded from AA3 to AA2 with stable prospects by Rating Agency Malaysia (RAM)
- *Anugerah Koperasi Cemerlang (Kluster Besar)* in conjunction with *Hari Koperasi Negara 2010*
- First Place in the List of 100 Top Cooperatives in Malaysia 2010 (Big Cluster) by Malaysia Cooperative Commission
- *Anugerah Kecemerlangan Perniagaan Beretika 2010/2011* by Companies Commission of Malaysia
- *Hadiah Bahasa Institusi Perbankan 2010* (Development Financial Institution Category) by *Dewan Bahasa dan Pustaka*
- Malaysian Business Leadership Award 2010 (Banking Sector Category)

2009

- The Asian Banker 300, 2009-2010
Ranked Second in Asia and first in Malaysia for Highest Returns on Assets

Ranked fourth strongest Bank in Malaysia

Ranked seventh for the Lowest Cost to Earnings Ratio in the Asia Pacific
- Most Outstanding Islamic Retail Banking Award in conjunction with the Kuala Lumpur Islamic Finance Forum 2009 (KLIFF 2009)
- Top 10 Cooperatives in Malaysia 2009 in conjunction with *Hari Koperasi Negara 2009* by Malaysia Cooperative Commission

- Performance-based Recognition in Special Category in conjunction with *Hari Koperasi Negara 2009* by Malaysia Cooperative Commission
- *Anugerah Pemberian Dividen Kluster Besar* in conjunction with *Hari Koperasi Negara 2009* by Malaysia Cooperative Commission
- *Hadiah Bahasa Institusi Perbankan 2009* (Development Financial Institution Category) by *Dewan Bahasa dan Pustaka*

2008

- The Asian Banker Islamic Bank 100 2008
12th Biggest Islamic Bank in the World based on Total Assets
- Malaysia HR Award 08-09
Awarded by Malaysian Institute of Human Resource Management (MIHRM)
- *Anugerah Majikan Prihatin (Syarikat Besar)* in conjunction with Labour Day 2008 celebrations
- Excellence Award 2008
Awarded by National Award for Management Accounting (NAfMA)
- RAM maintains its long-term and short-term financial institution rankings of AA3 and P1
- No. 12 among 150 banks in the world listed by the Asian Banker Research 2008
- Ranked seventh strongest bank in Malaysia by Asian Banker Research

2007

- Most Outstanding Islamic Retail Banking Award in conjunction with Kuala Lumpur Islamic Finance Forum 2007 (KLIFF 2007)
- Outstanding Financial Management Award based on Accountability Index 2007
Awarded by the National Audit Department of Malaysia in 2008
- RAM maintains its long-term and short-term financial institution rankings of AA3 and P1
- Listed 16th in Top 500 Islamic Institution by The Banker
- Best Practice Award 2007 for
(Non-Listed Company Category)
Awarded by the National Award for Management Accounting (NAfMA)
- International Cooperative Alliance (ICA) placed Bank Rakyat as the fourth biggest cooperative in its Developing 300 Report for the year 2007

2006

- Long-term and short-term rankings of AA3 and P1 by RAM

2005

- *Anugerah Prestasi Cemerlang*
in conjunction with the Takaful and Islamic Banking Week
- Champion of 'Q' Day Best Counter
in conjunction with the 'Q' Day celebrations organised by the Ministry of Entrepreneur and Cooperative Development (MECD)

▼ Tan Sri Dato' Dr. Syed Jalaludin
Syed Salim
Chairman



▼ Datuk Kamaruzaman Che Mat
Managing Director



▼ Dato' Daud Tahir




▼ Dato' Mohd. Aini Haji Taib



▼ Dato' Dr. Syed Hussain
Syed Husman



BOARD OF DIRECTORS



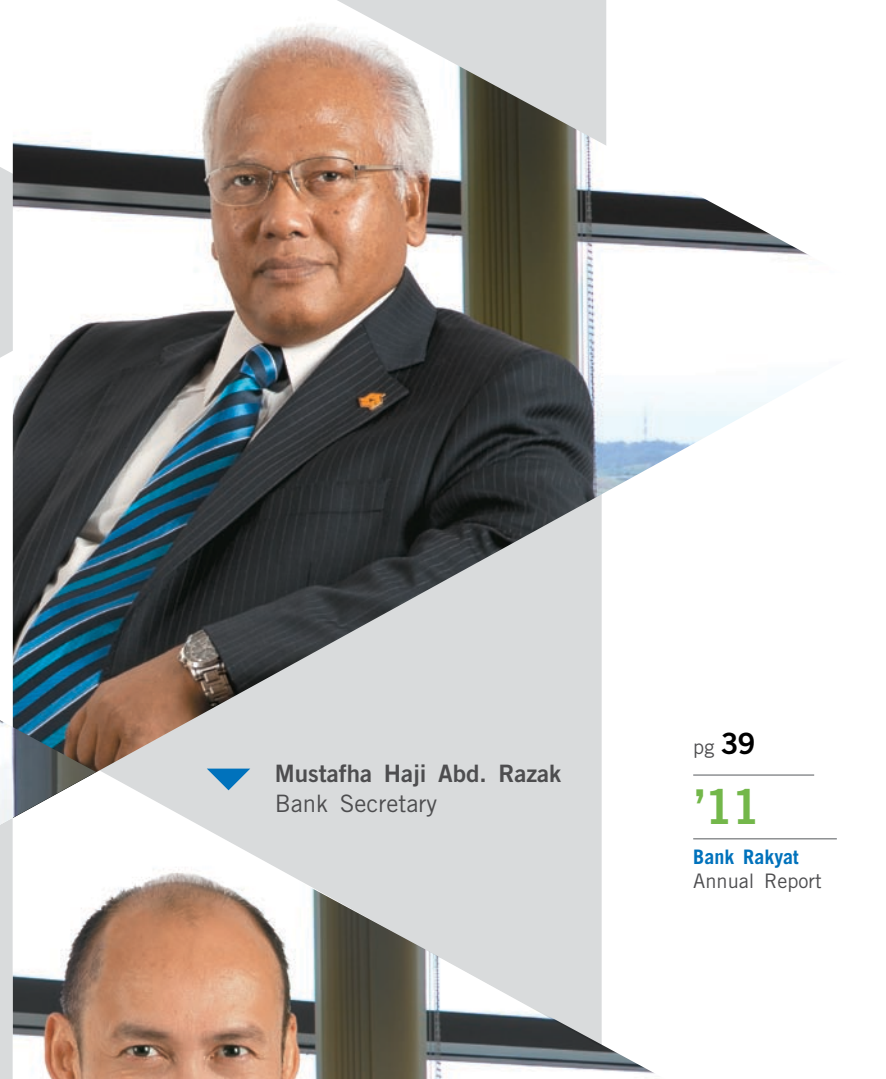
▼ Dato' Abdul Mutalib Alias




▲ Haji Amirul Rahman
Abdul Rahim



Dato' Mangsor Saad ▲



▼ Mustafha Haji Abd. Razak
Bank Secretary



▲ Shahrol Anuwar Sarman

BOARD OF DIRECTORS' PROFILE

Tan Sri Dato' Dr. Syed Jalaludin Syed Salim

Chairman

Academician Emeritus Professor Tan Sri Dato' Dr. Syed Jalaludin Syed Salim, aged 68, was appointed as the Chairman of Bank Rakyat on 8 January 2003 after retiring as Vice Chancellor of Universiti Putra Malaysia. He has a Doctorate from University of London and has been conferred five Honorary Doctorate Degree from the University of Hull, United Kingdom; Soka University, Japan; Thaksin University, Thailand; Open University Malaysia and Universiti Malaysia Perlis.

Tan Sri Dato' Dr. Syed Jalaludin's career in the academic world began in 1969 until 2001 and has brought about many improvement and innovations in the higher education and research sectors in Malaysia. In recognition of his contributions and devotions to the service, he has been bestowed the National Science Laureate in 1993 and the National Academician in 2008. Tan Sri Dato' Dr. Syed Jalaludin has subsequently been conferred the Emeritus Professor by Universiti Terengganu Malaysia and Universiti Putra Malaysia. Although he has officially retired from serving the institution of higher learning, he is still contributing to the higher education sector as the Chairman of Universiti Putra Malaysia and Universiti Tun Abdul Razak. Taylor's University has recently appointed him as its first Chancellor, while Akademi Sains Malaysia has also conferred him as Senior Fellow of the institution. He now carries the title Academician Emeritus Professor Tan Sri Dato' Dr. Syed Jalaludin Syed Salim.

Apart from education, he is also active in the corporate sector where he currently holds several positions in public and private companies including the Halal Industry Development Corporation (HDC) as its Chairman. For his services and great contributions towards the development of education sector in the country, Tan Sri Dato' Dr. Syed Jalaludin has been conferred the Panglima Setia Mahkota (P.S.M) and the Johan Setia Mahkota (J.S.M) by DYMM Seri Paduka Baginda Yang di-Pertuan Agong, Darjah Dato' Sultan Salahuddin Abdul Aziz Shah (D.S.S.A) by DYMM Sultan of Selangor and Darjah Dato' Paduka Mahkota Perlis (D.P.M.P) by DYMM Raja Perlis.



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Datuk Kamaruzaman Che Mat

Managing Director

Datuk Kamaruzaman Che Mat, aged 58, was appointed Managing Director of Bank Rakyat effective 1 March 2006. An accountant by profession, he graduated with a Diploma in Accountancy from Universiti Teknologi Mara before obtaining his professional qualification from Association of Chartered Certified Accountants (ACCA), United Kingdom. He is a Fellow of ACCA and a Member of the Malaysian Institute of Accountants.

As Managing Director and a member of the Board of Directors, Datuk Kamaruzaman sits on a number of Board Committees. Apart from the Bank Rakyat Group, he also serves as a Board or Council member in several organisations in Malaysia. They are the Islamic Banking and Finance Institute Malaysia (IBFIM), Malaysian Electronic Payment System (MEPS Sdn. Bhd.), MEPS Currency Management Sdn. Bhd., National Cooperative Negotiation Council, Association of Development Finance Institution (ADFIM) and Association of Islamic Banking Institutions Malaysia (AIBIM).

In addition, he also served as a committee member of Cooperative Education Trust Fund and Consultation Meeting Committee at Malaysia Cooperative Commission.

In his distinguished career, his contributions to the nation have earned him numerous titles and awards. These include the Darjah Kebesaran Panglima Jasa Negara (P.J.N), which carries the title Datuk. Other awards include Ahli Yang Pertama Bagi Darjah Kebesaran Setia Mahkota Kelantan Yang Amat Terbilang (S.P.S.K), Ahli Yang Kedua Bagi Darjah Kebesaran Setia Mahkota Kelantan Yang Amat Terbilang (D.P.S.K), Darjah Setia Mahkota Kelantan Yang Amat Terbilang (P.S.K) and Jaksa Pendamai Kelantan (J.P).

Despite a busy schedule, Datuk Kamaruzaman continues to spearhead an aggressive product branding campaign, tapping into the vast potential of new media to keep pace with the ever-changing modern lifestyle. He always emphasises on the welfare of the employees to ensure that their moral spirit is at their level best. This is inline with the Bank's tireless efforts to give members, customers and all stakeholders the most courteous service all the time.

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BOARD OF DIRECTORS' PROFILE

Dato' Dr. Syed Hussain Syed Husman

Dato' Dr. Syed Hussain Syed Husman, aged 55, was appointed to the Board of Bank Rakyat on 1 April 2006. He holds a Diploma in Business Studies from Universiti Teknologi Mara, Bachelor in Business Studies and Masters in Business Administration from Western Illinois University, United States, Diploma in Industrial Relations from the Institute of Personnel Management and a Doctor of Philosophy in Labour Relations from Warnborough University, London, United Kingdom. He also attended the Senior Management Programme at Harvard University, United States.

In 1997, he was appointed as the Director of Human Resources and Security Affairs by Rothmans of Pall Mall (Malaysia) Berhad. His notable contributions while with Rothmans was the company's success in achieving numerous awards namely MRP II – Class A, ISO9002 and ISO14002. He was part of the management team that successfully merged the Malayan Tobacco Company (MTC) and Rothmans of Pall Mall to form the British American Tobacco (BAT) Malaysia in 2000. In 2006, he was appointed as Group Director of Human Resources, Communications and IT for Ramunia Holdings Berhad. He joined Petrofield Malaysia as Director of Human Resources and Corporate Services on 1 June 2008. Subsequently in 2010, he was appointed the Executive Director, SVT Resources Sdn. Bhd.

Dato' Dr. Syed Hussain has been conferred the Darjah Indera Mahkota Pahang (D.I.M.P.), Pingat Masyarakat Cemerlang (P.M.C), Jaksa Pendamai (J.P), Accredited Public Relations Practitioner (APR) and HR Manager of the Year Award 1999 by Institute of Human Resource Management Malaysia and Ministry of Human Resource.

He is a Council Member of the Malaysian Employers Federation (MEF) and a Board Member of MEF Academy. As a member of the Board of Bank Rakyat, he also sits on the Remuneration Committee, Nominations Committee, Risk Management Committee, Audit and Examination Committee and Bank Rakyat Tender Board.



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Dato' Daud Tahir

Dato' Daud Tahir, aged 58, was appointed to the Board of Directors of Bank Rakyat on 1 November 2009. He holds a Bachelor of Science in Agribusiness from Universiti Putra Malaysia and a Masters in Business Administration from the University of Dubuque, United States.

With extensive experience in financial management and budgeting, he held senior positions at the Ministry of International Trade and Industry, National Institute of Public Administration and KL International Airport Berhad.

From 2001 to 2005, he was the Federal Financial Officer for Sabah before being appointed as the Assistant Director of Budgetary, Safety, Infrastructure and Public Amenity Sector in the Ministry of Finance.

Currently, Dato' Daud Tahir is the Deputy Secretary General (Domestic Trade), at the Ministry of Domestic Trade, Cooperatives and Consumerism. As a member of the Board, he also sits on the Audit and Examination Committee, the Nomination Committee and Remuneration Committee.



BOARD OF DIRECTORS' PROFILE

Dato' Mohd. Aini Haji Taib

Dato' Mohd. Aini Haji Taib, aged 64, has been a member of the Board of Bank Rakyat since 1 November 2009. A graduate from the University of Malaya with a Bachelor of Arts (Hons) in Economics, he went on to pursue a Masters in Development Administration from the Western Michigan University, United States.

He began his career as an Administrative and Diplomatic Officer in 1972 attached to the Ministry of Finance. During his long tenure in the government service, Dato' Mohd Aini held various senior positions. In 1986, he was appointed Deputy State Secretary of Selangor before assuming the position of State Financial Officer in 1993, a post he relinquished in 1995 to enter the political arena as State Executive Committee bearing the Financial and Budgetary and Local Government portfolio.

From 2000 until 2006, the Selangor State Government appointed him as the Managing Director of Brisdale Holdings Berhad, whilst concurrently serving as the Executive Chairman of the Selangor Medical Centre in Shah Alam.

Dato' Mohd. Aini continues to remain active as Chairman of Koperasi Serbaguna Anak-Anak Selangor Berhad which he founded since May 1991. He is also the Executive Chairman of Pusrawi-SMC and sits on the Boards of KPJ Selangor Specialist Hospital and Yayasan FAS.

In addition to that, he became the Executive Chairman of 2nd Port Logistics Sdn. Bhd. and the Board of Director of Sepang International Circuit since May 2010.

As a Board member of Bank Rakyat, he chairs the Audit and Examination Committee and sits on the Remuneration and Investment Committee. He is also member of the Board in two of Bank Rakyat's subsidiaries.

Haji Amirul Rahman Abdul Rahim

Haji Amirul Rahman Abdul Rahim, aged 38, is a graduate of Universiti Teknologi Mara with a Bachelor of Law, LL.B (Hons) qualification. He has over 13 years of working experience in the commercial and corporate sectors. On the strength of his vast experience and knowledge in legal matters, he was appointed as advocate and solicitor in the High Court of Malaya. He has also earned a Diploma in Public Administration from Universiti Teknologi Mara.

Haji Amirul was appointed to the Board on 1 May 2010 and henceforth, appointed to the Audit and Examination Committee on 2 August 2010. He also sits on the Remuneration Committee and Bank Rakyat Tender Board.

He is currently a Director of CH-9 Media Sdn. Bhd., a subsidiary of Media Prima Berhad as well as the Deputy Chief Executive cum Executive Director of Bewg (M) Sdn. Bhd. and Loyal Bewg Sdn. Bhd., a local joint-venture established with Beijing Enterprises Water Group Limited. Since 2005 to date, he has served as the Executive Director of the Loyal Group of Companies. From 2006 until 2008, Haji Amirul was also an independent Non-Executive Director of Boon Koon Group Berhad.



BOARD OF DIRECTORS' PROFILE

Dato' Abdul Mutalib Alias

Dato' Abdul Mutalib Alias, aged 51, graduated from the Northern Illinois University, United States in 1983 with a Bachelor of Science majoring in Accounting. He then proceeded to further his studies at the Governors State University, Illinois earning a Masters in Business Administration. He has 15 years of working experience in investment banking and the commercial sector. Among the various appointments that he had, he held the position of Vice President, Investment Banking at The Chase Manhattan Bank from 1994 until 2000.

He has also served various ministries, including the Ministry of Finance; Ministry of Technology, Science and Innovation; Ministry of Energy, Water and Communications; and Ministry of Works. Currently, Dato' Abdul Mutalib serves as the Chief Executive Officer of Perumahan Rakyat 1Malaysia (PR1M). He was appointed to the Board of Bank Rakyat on 1 July 2010.



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Dato' Mangsor Saad

Dato' Mangsor Saad, aged 61, was appointed to the Board of Bank Rakyat on 1 January 2011. He is a graduate of University of Malaya with a Bachelor of Economics (Hons) in Rural Economics. He also holds a Masters of Business Administration from Universiti Kebangsaan Malaysia. Whilst in government service, he pursued a Diploma in Purchasing and Supply Management from The Polytechnic of North London, England. With this qualification and on the strength of his work experience, he attained professional status from the Chartered Institute of Purchasing and Supply, United Kingdom.

In his 34 years of government service, Dato' Mangsor has held various significant positions, including that of Secretary General, Ministry of Entrepreneur and Cooperative Development (MECD), Executive Chairman of the Malaysia Cooperative Commission (SKM) and Chief Executive of the Small and Medium Industries Development Corporation (SMIDEC). As Director for ASEAN Economic Cooperation in the Ministry of International Trade and Industry, he was involved in consultations that led to the formation of the ASEAN Free Trade Area (AFTA).

At the Ministry of Finance, he was involved in the purchase of key assets on behalf of the Government. His extensive experience includes a stint at the International Islamic University of Malaysia, where he was involved in the initial development of the university's campus in Gombak.

Dato' Mangsor's experience in cooperatives goes back to his appointment as Secretary General at MECD and also his role as Chairman of the Cooperative College of Malaysia (MKM). Upon retirement from government service in 2007, he was appointed the first Executive Chairman of SKM in 2008, a tenure that lasted until 31 December 2010. He has been on the boards of SME Bank, Majlis Amanah Rakyat, Selangor Economic Development Corporation and was also the Chairman of DDEC, a subsidiary of Mara.

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Bank Rakyat
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BOARD OF DIRECTORS' PROFILE

Shahrol Anuwar Sarman

Shahrol Anuwar Sarman, aged 39, was appointed to the Board of Bank Rakyat on 1 September 2011. He has a Diploma in Banking and a Bachelor of Business Administration (Hons) in Finance from Universiti Teknologi Mara as well as a Diploma in Public Administration from Institut Tadbiran Awam Negara (INTAN). He then went on to pursue a Masters in Business Administration from Cardiff University in Wales, United Kingdom.

He began his career as an Assistant Secretary in the Loans Management and Financial Market Division of the Ministry of Finance. Upon returning from his studies in United Kingdom, he was appointed to the post of Assistant Director (Finance) Administration and Human Resource Management Division of the Anti Corruption Agency. Subsequently, he served as Chief Assistant Secretary, first in the Timber Industry Division in the Ministry of Plantation Industries and Commodities. He then served in the Finance and Administration Division in the Chief Minister's Office in Melaka in 2006. In 2007, he was transferred to the Ministry of Finance, where he was first appointed Senior Private Secretary and in 2010, became the Special Officer to the Secretary General of the Treasury, Ministry of Finance, a designation he holds to date.

In recognition of his contributions to the nation, he has received the Excellent Service Award and also conferred the title Darjah Bentara Setia Mahkota Kelantan (B.S.K), Darjah Setia Mahkota Pahang (S.M.P) and Bintang Cemerlang Melaka (B.C.M).

With regards to corporate involvement, he was once appointed as Alternate Director at Malaysia Timber Industry Board Director at Halal Industry Development Corporation (HDC). He was appointed as Federal Territory Sports Council Member from 2008 until now. He also sits on the Board of Amanah Raya Reits Managers Sdn. Bhd. representing the Ministry of Finance. He is also a Life Member of the Administrative and Diplomatic Officers, Malaysia.





Mustafha Haji Abd. Razak

Bank Secretary

Mustafha Haji Abd. Razak, aged 44, was appointed as Bank Secretary on 17 August 2009. He is a graduate of University of Wollongong, Australia where he earned a Bachelor in Commerce. He is also a member of the Australian Society of Accountants and the Malaysian Institute of Accountants.

Mustafha joined Bank Rakyat on 3 June 1991 as a Junior Executive at the Muar branch office. Since then he has been promoted to various higher executive posts before assuming managerial appointments at several departments of the bank. These include Internal Audit, Information Technology Audit, Systems and Methods Audit as well as Accounts and Budgetary Control. He was promoted to Audit Manager in 2003 and subsequently, became Manager of Treasury Department in 2004. On 1 July 2006, Mustafha was appointed Head, Accounts and Information Management before assuming the position of Assistant General Manager, Finance, on 1 September 2007.

He was then promoted to the post of General Manager, Finance on 20 January 2012.

Apart from being the Bank's Secretary, he also sits on the Boards of the Bank's subsidiaries, namely, Rakyat Holdings Sdn. Bhd., Rakyat Management Services Sdn. Bhd., Rakyat Asset Management Sdn. Bhd., Rakyat Niaga Sdn. Bhd., Rakyat Facility Management Sdn. Bhd. and Rakyat Nominees Sdn. Bhd.

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AUDIT & EXAMINATION COMMITTEE



Dato' Mohd. Aini Haji Taib
Chairman



Dato' Dr. Syed Hussain Syed Husman



Dato' Daud Tahir



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Haji Amirul Rahman
Abdul Rahim



Dato' Mangsor Saad



Rosli Rasul
Secretary



SYARIAH COMMITTEE PROFILE



Dato' Setia Haji Mohd. Tamyas Abd. Wahid
Chairman

Dato' Setia Haji Mohd. Tamyas, aged 61, earned a Bachelor of Arts (Hons) from Al-Azhar University as well as a Diploma in Arabic Studies from the 'Ain Shams University in Egypt.

Since March 1988, he has served as the Selangor Mufti and was appointed to the Bank's Syariah Committee on 1 September 2005. On 13 May 2011, he assumed the Chairmanship of the Committee.

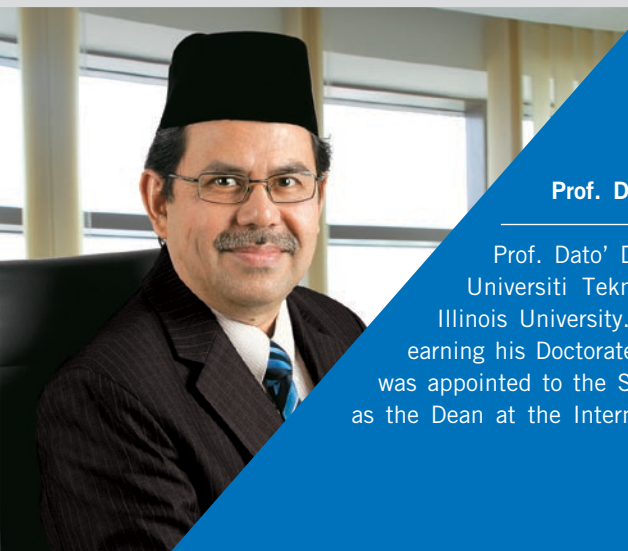
During his time of service, Dato' Setia Haji Mohd. Tamyas has held various senior positions at both state and national levels.



Datuk Abu Hasan Lebai Din Al-Hafiz

Appointed to this Committee on 1 September 2005, he began his career in 1977 as a Religious Research Officer at the Islamic Centre before being made the Chief Imam of Masjid Negara in the following year. This Bachelor of Arts (Usuluddin) graduate from Al-Azhar University also served as the Religious Officer of Istana Negara from 1984 till 2007.

Datuk Abu Hasan, aged 66, is a missionary who is active nationwide and given his specialized field and vast knowledge, he is much sought after to share his expertise on Islamic family and muamalat matters. He is also a keen writer, contributing extensively to newspapers and magazines and has written scripts for television programmes. In 1976, Datuk Abu Hasan secured a degree in Sheikhul Maqari (Qiraat) also from Al-Azhar.



Prof. Dato' Dr. Mohd. Azmi Omar

Prof. Dato' Dr. Mohd. Azmi Omar, aged 53, graduated with a Diploma in Banking Studies from Universiti Teknologi Mara in 1980. He is also a graduate in Financial Science from Northern Illinois University. He obtained a Masters in Business Administration from the same university before earning his Doctorate from the University of Wales, Bangor, United Kingdom. Prof. Dato' Dr. Mohd. Azmi was appointed to the Syariah Committee of Bank Rakyat on 1 November 2008, whilst concurrently serving as the Dean at the International Islamic University of Malaysia.

Dr. Siti Salwani Razali

Dr. Siti Salwani, aged 37, first obtained her Bachelor of Law, LL.B (Hons) and Bachelor of Syariah Law before graduating with Masters in Comparative Laws from International Islamic University of Malaysia. She then continued her education at Universiti Putra Malaysia, where she received a Doctorate in Business Law.

She is a prolific writer who has written three books and countless articles and research papers on Islamic Law. Currently Dr. Siti Salwani lectures at International Islamic University of Malaysia. She was appointed to the Syariah Committee on 1 January 2010.



Md. Yunus Abd. Aziz

Md. Yunus Abd. Aziz, aged 41, secured a Bachelor of Arts degree from the University of Malaya before furthering his studies at the Al-Bayt University of Jordan, where he earned his Masters in Fiqh and Usul Al-Fiqh.

He joined Universiti Sains Islam in 2001, where he is currently a Senior Lecturer at the Faculty of Syariah and Law. Md. Yunus has undertaken research in many areas drawing on his specialised knowledge and expertise and has lent his views in many panel discussions and workshops. He has also published four books. He was appointed to this Syariah Committee on 1 July 2011.



Wan Rumaizi Wan Husin

Wan Rumaizi Wan Husin, aged 37, graduated from the Al-Bayt University of Jordan with a Bachelor of Arts in Fiqh and Usul Al-Fiqh. He furthered his studies at the International Islamic University of Malaysia with a Masters of Arts in the same field.

He is currently a lecturer at the International Islamic University of Malaysia, specialising in Fiqh Muamalat and modern issues in Islamic economics. Apart from papers presented at various conferences and seminars, Wan Rumaizi has also lent his expertise to undertake consultancy work as a module developer for MS 1900:2005 Quality Management Systems on behalf of SIRIM. He also sits on the Syariah Committee of Yayasan Muamalat Belia.

Wan Rumaizi was appointed to this Syariah Committee on 1 September 2011.



Haji Mohd. Zaki Ibrahim Setiausaha

Haji Mohd. Zaki Ibrahim, aged 47, obtained a Bachelor of Syariah (Hons) from the University of Malaya before pursuing his Masters in Business Administration at Universiti Kebangsaan Malaysia in 2002.

Joined the Bank in November 1993 as a Syariah Executive in the Islamic Banking Department and was promoted 10 years later as the Manager of Syariah Consultation and Supervision Department and concurrently the Secretary to this committee.

In July 2011, he was appointed as Manager of Syariah Compliance Department to comply with the Syariah Governance Framework issued by Bank Negara Malaysia BNM/RH/GL_012_3.





1. **Datuk Kamaruzaman Che Mat**
(Managing Director)
2. **Yusof Abdul Rahman**
3. **Rahim Yunus**

4. **Mustafha Haji Abd. Razak**
5. **Rosli Rasul**
6. **Baharom Embi**
7. **Mahmud Muhayyidin Mohamed Nawi**



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MANAGEMENT COMMITTEE

8. Ahmad Suhaimee Mohammed Yassin

9. Roslan Hussin

10. Zul Hisham Mohd. Yusoff

11. Razin Murat

12. Zulkarnain Taman

13. Nor Haimee Zakaria (Secretary)



MANAGEMENT COMMITTEE PROFILE

1 Datuk Kamaruzaman Che Mat Managing Director

Datuk Kamaruzaman Che Mat, aged 58, was appointed Managing Director on 1 March 2006. He received a Diploma in Accountancy from Universiti Teknologi Mara before obtaining his professional qualification from Association of Chartered Certified Accountants (ACCA). He is a Fellow of the ACCA and a Member of the Malaysian Institute of Accountants.

As Managing Director, he sits on a number of Board Committees namely Nomination Committee, Risk Management Committee, Investment Committee and Tender Board of Bank Rakyat. He also sits on the Board of Bank Rakyat subsidiaries.

In May 2010, he received the Malaysian Business Leadership Award 2010 in the banking sector and in 2008, he was appointed as an Adjunct Professor of the College of Business in Universiti Utara Malaysia.



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Bank Rakyat
Annual Report

2 Yusof Abdul Rahman

Senior General Manager, Corporate Services

Yusof Abdul Rahman, aged 56, holds a Bachelor in Economics (Hons) from University of Malaya.

He started his career at Bank Pembangunan Malaysia Berhad in 1980, holding various senior positions in different departments from 1980 to 2000. Among the positions was the Branch Manager, Head of Human Resource and Administration Department, Head of Industrial Development Department and Head of Credit Supervision Department. He joined Bank Rakyat in 2000 as Head of Human Resource Development Sector and was subsequently appointed as Head of Operations dan Branch Business Sector in 2004. He was then appointed as Assistant General Manager, Consumer Products dan Services in 2006 and as General Manager, Consumer Banking in 2007. Yusof subsequently held the position of General Manager, Commercial Banking in 2009 and in November 2010 he was appointed as Senior General Manager, Corporate Services until now.

As Senior General Manager, Corporate Services, he is also the Chairman of the Promotion Committee 2, Operational Risk Management Committee, Bank Rakyat Business Zakat Committee, Bureau of the Public Complaints Committee and Financing Review Committee. He is the Alternate Chairman of the Management Committee, Asset and Liability Committee, Information Technology Steering Committee, Management Level Procurement Main Board Committee, Management Level Investment Committee, Menara Bank Rakyat Development Steering Committee (Management Level) and Promotion Committee 1.

3 Rahim Yunus

General Manager, Information Technology and Customer Facilities

Rahim Yunus, aged 51, is a graduate of Universiti Kebangsaan Malaysia with a Bachelor of Science (Hons). He then went on to pursue a Masters of Information Technologies from Universiti Teknologi Mara.

He started out as a System Analyst at Malaysia Airlines Berhad before embarking on a banking career in September 1992 when he joined Kwong Yik Bank as Manager of System Development. In August 1997, he moved on to RHB Bank Berhad as the Head of Information Technology (IT). Later that same year, he joined International Bank Malaysia Berhad in a similar capacity.

Rahim joined Bank Rakyat in February 1999 as the Senior Manager of IT and since then, he has held various senior positions within the Bank. From September 2000 until July 2003, he headed the Technology Banking System Division before he was promoted to helm the Information & Communication Technology Sector, a position he held for the next three years. In July 2006, he was promoted to be the Deputy General Manager, IT, System & Methods, before assuming his current position of General Manager, Information Technology and Customer Facilities on 11 September 2009.

4 Mustafha Haji Abd. Razak

General Manager, Finance/Bank Secretary

Mustafha Haji Abd. Razak, aged 44, is a graduate of Wollongong University, Australia where he earned a Bachelor in Commerce and is also a member of the Australian Society of Accountants and the Malaysian Institute of Accountants.

Mustafha began his career with Bank Rakyat on 3 June 1991 as a Junior Executive at the Muar branch office. Since then he has been promoted to various higher executive posts before assuming managerial appointments at several departments of the bank. These include Internal Audit, Information Technology Audit, Systems and Methods Audit as well as Accounts and Budgetary Control. He was promoted to Audit Manager in 2003 and subsequently, became Manager, Treasury Department in 2004.

On 1 July 2006, Mustafha was appointed Head, Accounts and Information Management before assuming the post of Assistant General Manager, Finance, on 1 September 2007 and Bank Secretary in August 2009. On 20 January 2012, he was promoted to the post of General Manager, Finance.





MANAGEMENT COMMITTEE PROFILE

5 Rosli Rasul Chief Internal Auditor

Rosli Rasul, aged 50, holds a Post Graduate Diploma in System Analysis from Universiti Teknologi Mara and Bachelor of Accountancy (Hons) from Universiti Kebangsaan Malaysia. He is a member of the Malaysian Institute of Accountants and a Certified Fraud Examiner of the Association of Certified Fraud Examiners, United States.

Rosli began his career as an Accounts Examiner with the Malaysian of Cooperative Development Department (now known as the Malaysia Cooperative Commission), Trainee Accountant with the Island & Peninsular Berhad, Trainee Executive with Permodalan Nasional Berhad, Senior Bank Examiner with Bank Negara Malaysia, Deputy General Manager/Chief Internal Auditor with Credit Corporation (M) Berhad and Group Manager, Audit/Internal Chief Auditor with Utusan Melayu (M) Berhad. He joined Bank Rakyat on 2 September 2003 as Chief Internal Auditor and he holds the post until today.

He is the Audit Committee member of the Malaysia Cooperative Commission since July 2008. He is also Secretary to the Audit and Examination Committee of the Bank.

6 Baharom Embi Assistant General Manager, Branch Operations

Baharom Embi, aged 52, is a graduate of Bachelor of Science in Economics and Finance and Masters in Business Administration (Decision Support System), both from New Hampshire College, Manchester, United States.

He joined Bank Rakyat in 1988 and assumed various posts such as Junior Executive, Head of Department, Regional Manager and Head of Division for various functions such as Human Resource, Corporate Planning, Money Market, Treasury and Regional Operations. Prior to his appointment as Assistant General Manager, Strategic Planning on 1 November 2009, he held positions as Secretary of the Bank's Management Committee and Head of Strategic Planning. Currently he is the Assistant General Manager, Branch Operations.

7 Mahmud Muhayyidin Mohamed Nawi Assistant General Manager, Human Resource

Mahmud Muhayyidin Mohamed Nawi, aged 52, holds a Diploma in Accountancy from Universiti Teknologi Mara as well as a Masters in Business Administration from UTM/ Ohio University.

Since joining Bank Rakyat in 1985 as an Executive in Internal Audit, he has held various positions within the Bank. In his long stint with the Bank, these include, among others, Head of Audit Department, Main Branch Manager, Eastern Region Manager, Head of Career Development Division, Head of Accounts and Information Management and Head of Commercial Financing Control.

In September 2009, he was appointed Assistant General Manager, Corporate Services and Financing Rehabilitation before moving on in July 2010 to his current position as Assistant General Manager, Human Resource.

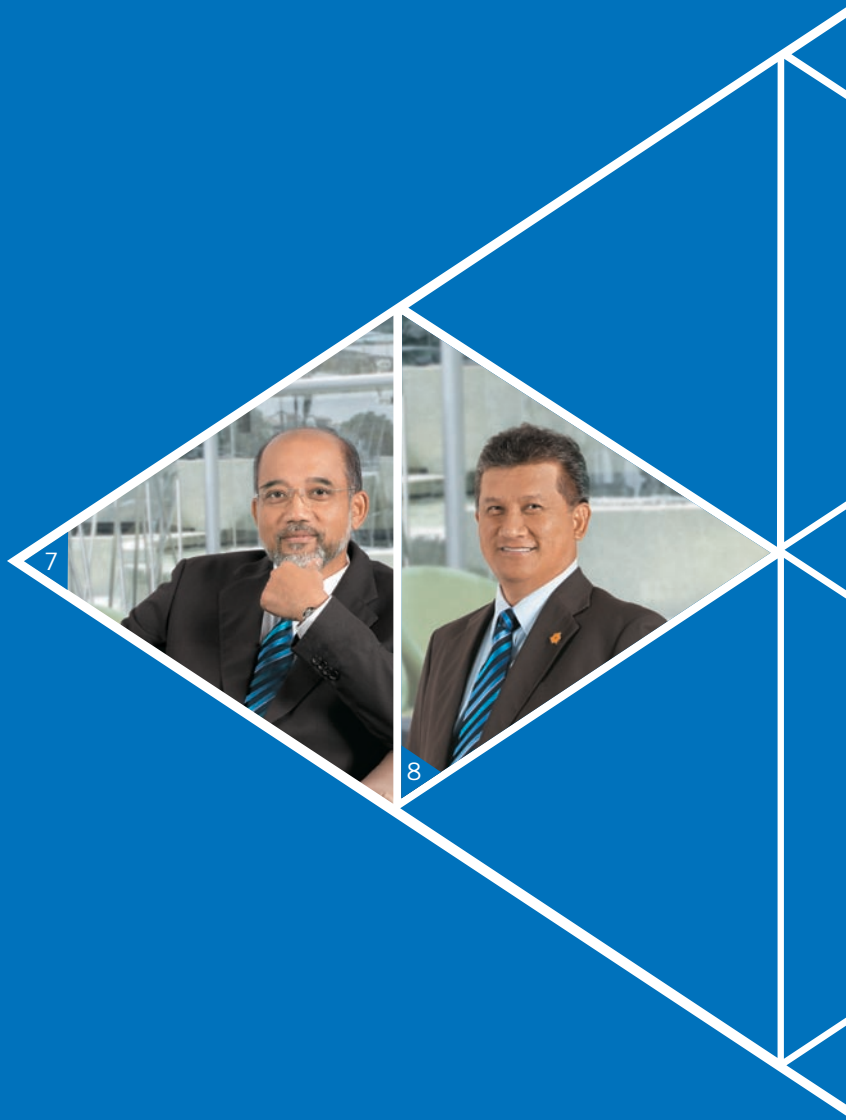
8 Ahmad Suhaimee Mohammed Yassin Assistant General Manager, Consumer Banking

Ahmad Suhaimee Mohammed Yassin, aged 55, obtained a Diploma in Banking Studies from Universiti Teknologi Mara in 1980. He began his career as a Credit Officer at Bank Bumiputera Malaysia Berhad.

In 1981, he continued his studies at the Northrop University, in United States, where he earned a Bachelor as well as a Master in Business Administration.

When he joined Bank Rakyat, he started out as an Executive Officer in the Corporate Planning Department. Since then, he has ascended the career ladder in various positions such as Manager of the Capital Markets Department, Manager of the Jalan Ipoh Branch office, Special Executive to the Managing Director, Head of Corporate Affairs Division, Head of Planning and Research Division and Head of Investment Division.

He was the Head of Consumer Products before he was appointed to his current position of Assistant General Manager, Consumer Banking, in January 2010.





MANAGEMENT COMMITTEE PROFILE

9 Roslan Hussin Assistant General Manager, Commercial Banking

Roslan Hussin, aged 45, is a graduate of Accountancy from the University of Wales, Aberystwyth, United Kingdom.

He began his career in Malayan Banking Berhad as an officer in Corporate Banking Department in 1991. In 1994, he moved to Bumiputra Merchant Bankers Berhad as Assistant Manager, Capital Markets Department. He then worked at BSN Merchant Bank Bhd. as Corporate Banking/ Capital Market Manager from 1996 until 2000. He also served as Head of Corporate Banking Department at Aseambankers Malaysia Berhad in 2000 until 2001 and in October 2001, he held position as Senior Manager (Head) Rehabilitation, Restructuring and Recovery Division at Alliance Merchant Bank Berhad until 2005.

He has over 20 years experience in banking including conventional loans, Islamic financing, project financing and restructuring, privatisation, debt restructuring and recovery financing.

He joined Bank Rakyat in 2005 as Head of Financing Division before the name changed to Head of Commercial and SME Financing in 2006. Subsequently Roslan was appointed as Assistant General Manager, Commercial Banking from October 2010 until now.

10 Zul Hisham Mohd. Yusoff Assistant General Manager, Services and Subsidiaries

Zul Hisham Mohd. Yusoff, aged 55, holds a Bachelor in Housing, Building and Planning (Hons) from Universiti Sains Malaysia. He also holds a Masters in Business Administration from the MIM-Bath University, United Kingdom.

He began his career with Urban Development Authority (UDA) and has over 25 years experience working in various sectors, particularly in property, having held various senior positions in companies listed on Bursa Malaysia such as Golden Hope Plantations Bhd. and Negara Properties (M) Bhd.

He is currently the Assistant General Manager, Services and Subsidiaries and Chief Executive Officer of Rakyat Holdings Sdn. Bhd., a subsidiary of Bank Rakyat.

11 Razin Murat

Assistant Manager, Strategic Planning

Razin Murat, aged 49, is a chartered having ACCA qualification. An Associate member since 1994, he became a Fellow of the ACCA in 1999.

He began his career as an auditor with Price Waterhouse, before joining Mobil Oil as Manager. During a one-year stint at Smithkline Beecham, he served as a Finance Manager (Singapore). In 1995, he joined Brown & Root as Senior Manager (Finance).

Since then, he has accumulated vast knowledge and experience in the banking and financial industry. Among the positions held, he was the Financial Controller of Mayban Life Assurance Berhad from 1997 until 1999. For the next nine years, he held various appointments within the Mayban Fortis Group as Head, Planning & Corporate Services; Head, Finance & Risk Management (Pre-M&A); and Head, Risk Management (Post-M&A). In 2008, he headed Maybank's Finance & Treasury Operations before moving on to be the Initiative Leader for Maybank's MIS Effectiveness Transformation Programme Upgrade. Subsequently, he was appointed as Head of MIS Initiative Finance Office/Transformation Programme of Maybank.

On 1 November 2011, Razin joined Bank Rakyat as the Assistant General Manager, Strategic Planning.

12 Zulkarnain Taman

Assistant General Manager, Risk Management

Zulkarnain Taman, aged 49, holds a Masters in Business Administration from Universiti Teknologi Mara. He began his career with Palm Oil Research Institute of Malaysia in 1987 before joining a number of banks and financial institutions such as United Malayan Banking Corporation Berhad, Sime Bank Berhad, Utama Merchant Bank Berhad and Cagamas Berhad for nearly 12 years.

He joined Bank Rakyat on 3 November 2003 as Manager, Risk Management and Supervision before being appointed as Head, Risk Management in November 2009. In August 2010, he was promoted to Assistant General Manager, Strategic Planning/Head of Risk Management.

In July 2011 he was appointed to his current position and he is also Secretary to the Risk Management Committee.

13 Nor Haimee Zakaria

Head, Accounts & Information Management/Secretary

Nor Haimee Zakaria, aged 45, is a Fellow Member of ACCA and Member of the Malaysian Institute of Accountants. He holds a Bachelor in Accountancy, Finance and Economics (Hons) from the University of Essex, United Kingdom.

Upon graduation in 1990, he worked as an auditor in United Kingdom before broadening his work experience as a Finance Manager cum Company Secretary with Arab Malaysian Development Berhad and Bank Islam Malaysia Berhad.

He joined Bank Rakyat on 2 October 2008 as Head, Accounts and Information Management and at end 2009, was also appointed Secretary to the Bank's Management Committee.

A stylized illustration of a bamboo plant. The bamboo stalks are vertical, with yellow leaves on the right side and blue leaves on the left side, mirroring the background color split. The leaves are elongated and pointed.

**JUST LIKE THE BAMBOO
TREE IS EVER PLIANT, SO ARE
WE IN OUR FLEXIBILITY AND
UNDERSTANDING.**

We dare to change in order to facilitate the way and to remain flexible because we understand that customers have diverse and varied tastes, wants, and needs.



STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (“Board”) will continue to play an active role to improve the corporate governance to the best of its ability and in a more transparent manner so as to ensure that the interests of the shareholders are well taken care of. The following statement explains how the Bank practices the Principles of Corporate Governance and the degree of compliance with the Best Practice provisions of the aforementioned Code.

DIRECTORS

Duties and Responsibilities of the Board

The Board is responsible for ensuring the efficient operations of the Bank. This responsibility includes the formulation of the overall strategic direction of the Bank, approving the performance targets, monitoring the achievement of the Management, providing overall guidance to the policies of the Bank as well as ensuring that the Bank has in place a policy and a procedure for the internal regulatory system, as well as a succession plan.

The Board is committed to transparency and strives to avoid any situation that involves a conflict of interests arising from transactions which may give rise to questions and doubts about the integrity of decisions made by the Board.

Composition

The composition of the Board consists of ten members, eight of whom are Non-Executive Directors (including Chairman of the Board). All the Non-Executive Directors are free to exercise considerations in determining strategies, performance, resources and the degree of action.

The background of the Directors in various fields such as accountancy, finance, banking, economy as well as their experience in the private and public sectors provides the Board with expertise and experience needed to execute its functions effectively.

Meetings and Provision of Information to the Board

The Board meets at least once a month, and additional meetings are held whenever necessary. The Board held 15 meetings during the financial year ending 31 December 2011, including three Special Board Meetings, to discuss various topics including the business performance of the Bank, risk profile, business planning, and other strategic issues affecting business.

The following are members of the Board:-

Tan Sri Dato’ Dr. Syed Jalaludin Syed Salim (Chairman)

Datuk Kamaruzaman Che Mat

Dato’ Dr. Syed Hussain Syed Husman

Ahmad Badri Mohd. Zahir
(until 31/08/2011)

Dato’ Daud Tahir

Dato’ Mohd. Aini Haji Taib

Haji Amirul Rahman Abdul Rahim

Dato’ Abdul Mutalib Alias

Dato’ Mangsor Saad

Shahrol Anuwar Sarman
(beginning 01/09/2011)

Agenda for every meeting, together with complete reports, proposal papers and supporting documents from the Management, are circulated to the Directors before the date of the meeting to give them sufficient time to study the matters to be discussed in the coming Board meeting and to help them make decisions.

Appointments of Members of the Board

According to the Bank Kerjasama Rakyat Malaysia Berhad (Special Provision 202) Act 1978, the appointments of all the members of the Board are executed by the Minister in charge. Every first appointment is for a renewable term of not more than two years.

Committees of the Board

In executing its duties the Board is assisted by a number of committees which are formed and operate in accordance with pre-determined terms of reference. The committees include the Audit and Examination Committee, Nomination Committee, Remuneration Committee, Risk Management Committee, and Investment Committee.

(a) Audit and Examination Committee

The Audit and Examination Committee is committed to ensuring that the financial standing and the operations of the Bank remain at the highest levels. This responsibility is discharged via independent monitoring of the risk management, internal control, and the governance process.

The composition of the Audit and Examination Committee consists of five members appointed from among the Non-Executive Directors who possess expertise and wide-ranging experience in various relevant fields.

The following is a list of Members of the Audit and Examination Committee:-

Dato' Mohd. Aini Haji Taib (Chairman)

Dato' Dr. Syed Hussain Syed Husman

Dato' Daud Tahir

Ahmad Badri Mohd. Zahir
(until 31/08/2011)

Haji Amirul Rahman Abdul Rahim

Dato' Mangsor Saad
(beginning 27/09/2011)

This Committee held 11 meetings during the financial year ending 31 December 2011 including three Special Audit and Examination Committee Meetings.

The terms of reference of the Audit and Examination Committee cover the following matters, among others:-

1. To ensure that the affairs of the Bank and its subsidiaries are conducted in accordance with the relevant objectives, laws and regulations as well as their respective policies and procedures.
2. To check the internal controls, including the scope of internal audit programme and audit findings, and to recommend corrective actions that the Management needs to take.

3. To check with External Auditors the scopes of their audit programmes, internal accounting control systems and audit reports.

(b) Nomination Committee

The Nomination Committee consists of members of the Board. The Nomination Committee met nine times during the financial year ending 31 December 2011.

The following is a list of Members of the Nomination Committee:-

Tan Sri Dato' Dr. Syed Jalaludin Syed Salim (Chairman)

Datuk Kamaruzaman Che Mat

Dato' Dr. Syed Hussain Syed Husman

Dato' Daud Tahir

Dato' Mangsor Saad

The following are the terms of reference of the Nomination Committee:-

1. To establish minimum requirements for Members of the Board and the Managing Director to execute their responsibilities effectively.
2. To evaluate and propose candidates to fill the committees created by the Board.
3. 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.
4. To recommend to the Board the dismissal of the Directors/Managing Director in the event they are found to be ineffective, involved in misconduct or negligent in the performance of their duties.
5. To ensure that the Directors continually undergo appropriate human capital development programme and training.
6. To supervise the appointments and the succession plans of the Management-level personnel and the evaluation of the performance of senior officers, and to recommend to the Board the necessary actions to be taken against these personnel in the event they are found to be ineffective, engaged in misconduct or negligent in the performance of their duties.

STATEMENT ON CORPORATE GOVERNANCE

(c) Remuneration Committee

The Remuneration Committee consists of Non-Executive Directors. The Remuneration Committee met four times during the financial year ending 31 December 2011.

The following is a list of Members of the Remuneration Committee:-

Dato' Dr. Syed Hussain Syed Husman (Chairman)

Dato' Daud Tahir

Dato' Mohd. Aini Haji Taib

Haji Amirul Rahman Abdul Rahim

The following are the terms of reference for the Remuneration Committee:-

1. To propose a framework for the remunerations of the Directors, Managing Director, General Managers and the Chief Internal Auditor.
2. To propose remuneration packages for the Directors, the Managing Director, General Managers, and the Chief Internal Auditor.
3. To ensure that the remuneration packages for the Managing Director include gratuities that are commensurate with his corporate performance and individual performance to encourage the attainment of a high standard of achievement.
4. To ensure that the remuneration packages for the Non-Executive Directors are commensurate with their levels of responsibilities and their contributions towards the effectiveness of the functions of the Board of Directors.

(d) Risk Management Committee

The Risk Management Committee met four times during the financial year ending 31 December 2011.

The following are Members of the Risk Management Committee and a record of their attendances in meetings:-

| Risk Management Committee | Attendance |
|---|------------|
| Dato' Abdul Mutalib Alias | 4/4 |
| Dato' Dr. Syed Hussain Syed Husman | 4/4 |
| Ahmad Badri Mohd. Zahir (until 31/08/2011) | 2/2 |
| Dato' Mangsor Saad (replacing Ahmad Badri Mohd. Zahir) | 2/2 |
| Datuk Kamaruzaman Che Mat | 4/4 |
| Yusof Abdul Rahman | 4/4 |
| Zulkarnain Taman | 4/4 |

Terms of Reference for the Risk Management Committee:-

1. To review and to propose risk management strategies, policies, and risk tolerances for approval by the Board.
2. To review and to 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.
3. To ensure that the infrastructure, resources, and systems for risk management have been readied, and to ensure that personnel tasked with the implementation of risk management systems are able to discharge their duties independently while carrying out risk-bearing activities of the Bank.
4. To review all periodic management reports on risk exposure, risk profile composition, and risk management activities.

(e) Investment Committee

The Investment Committee met three times during the financial year ending 31 December 2011.

The following is a list of Members of the Investment Committee:-

Tan Sri Dato' Dr. Syed Jalaludin Syed Salim (Chairman)

Datuk Kamaruzaman Che Mat

Dato' Mohd. Aini Haji Taib

Dato' Abdul Mutalib Alias

Datuk Mohd. Nasir Ahmad (External representative)

Fauzi Abdullah (External representative)

Yusof Abdul Rahman (Ex-Officio)

The following are the terms of reference of the Investment Committee:-

1. To determine and to approve investment policies and guidelines of the Bank based on the general business objectives of the Bank.
2. To approve any activity relating to new investments other than real estate investment.
3. To deliberate on and to verify investments in real estate before they are submitted to the Board of Directors for approval.
4. To approve the purchase of real estate to be used for the relocations of branches and others that are related to the activities of the Bank.

OTHER COMMITTEES

(a) Bank Rakyat Tender Board

The composition of the Tender Board consists of five members elected from the Board and the Management.

The following is a list of Members of the Tender Board:-

Dato' Mangsor Saad (Chairman)

Dato' Dr. Syed Hussain Syed Husman

Haji Amirul Rahman Abdul Rahim

Datuk Kamaruzaman Che Mat

Yusof Abdul Rahman

The following are the Duties and Responsibilities of the Bank Rakyat Tender Board:-

1. To deliberate on and approve acquisitions via tender of values exceeding RM1.5 million (capital expenditure, renovation operations, and expenses).
2. The Bank Rakyat Tender Board is empowered to call the suppliers/contractors to quote prices or to negotiate prices.
3. To make systematic and clear records of the bases and factors upon which selections and decisions are made, and to submit these records for the perusal of the Board.

(b) Syariah Committee

The Syariah Committee is established to provide advice, guidelines and view points to the Bank in all matters that are related to Syariah banking or Islamic banking.

The following is a list of Members of the Syariah Committee:-

Dato' Setia Haji Mohd. Tamyas Abd. Wahid (Chairman)

Datuk Abu Hasan Lebai Din Al-Hafiz

Prof. Dato' Dr. Mohd. Azmi Omar

Dr. Siti Salwani Razali

Md. Yunus Abdul Aziz

Wan Rumaizi Wan Husin

Duties and responsibilities of the Syariah Committee consist of the following matters, among others:-

1. The Syariah Committee should be clear about the duties and responsibilities of a Syariah Committee and should be responsible for all the decisions, views and confirmations that have been decided.
2. To provide advice, guidelines and views to the Board and the Management of the Bank in all operations related to Syariah.
3. To attend Committee meetings, which are held once every two months, with a minimum attendance rate of 75%.
4. To check and verify all guidelines and policies including the Manual of Syariah Compliance.
5. To verify all legal documents, including contracts and agreements, which are used in banking transactions.
6. To verify product manuals and guidelines, advertisements, sales media and brochures that are related to products, services, and activities of the Bank.
7. To verify applications for launching new products.
8. To act, when asked, as an advisor to relevant parties such as lawyers, auditors, and consultants of the Bank in matters associated with and related to Syariah laws.
9. To advise the Bank in negotiations with BNM Syariah Advisory Council on any matters related to Syariah that have not been resolved or confirmed by the BNM Syariah Advisory Council.
10. To record views on issues associated with Syariah. The Syariah Committee shall prepare in the written format views from the Syariah perspective in the following situations:-
 - (a) Where the Bank refers to the BNM Syariah Advisory Council to solicit advice; or
 - (b) Where the Bank submits to BNM applications for launching new products in compliance with product approval guidelines promulgated by BNM.
11. To monitor and to ensure that the Bank abides by and implements decisions issued by the BNM Syariah Advisory Council.

STATEMENT ON CORPORATE GOVERNANCE

12. To advise the Bank on the computation and distribution of zakat.
13. To assist Bank Rakyat in the series of briefings, courses, and lectures on Islamic banking targeted at the general public with the aim of popularising and expanding the business of the Bank.
14. To perform other duties associated with the requirements of Syariah such as those stated in *Syariah Governance Framework for Islamic Financial Institutions* issued by BNM.

ON GOING TRAINING AND DEVELOPMENT OF DIRECTORS

Members of the Board follow the latest developments in the banking industry by attending conferences and seminars organised by BNM.

The Directors are encouraged to attend lectures, trainings and seminars to acquire knowledge on the latest developments in the business environment. In addition, the Directors will always be briefed on the latest relevant laws and regulations in meetings of the Board.

SHAREHOLDERS

The Annual General Meeting (AGM) is the main dialogue forum of the shareholders. The meeting notification and the annual report are sent to the shareholders not later than 15 days before the date of the meeting. This give them sufficient time to study the report and, if they have any questions, to put forward their questions during the AGM. The Board and the Management are ready to provide responses to the questions put forward by the shareholders during the aforementioned meeting. The Bank has created a website www.bankrakyat.com.my to enable the shareholders to acquire comprehensive latest information about the Bank.

The Bank has used proper accounting principles which are applied consistently and supported by reasonable considerations and estimates. All accounting standards have been complied with to ensure that the integrity of the Bank remains intact at all times especially in the reports of the Annual Financial Statements.

Internal Control

The Board is wholly responsible for ensuring that the existing Internal Control System is able to provide guarantee for the effectiveness and efficiency of operations and for compliance with the laws, regulations, and internal policies and procedures.

The range and variety of the operations of the Bank require mitigation management of various risks. The variedness of these risks can expose the Bank to the possibility of unforeseeable and unavoidable losses. The Internal Control System of the Bank is established specifically to provide reasonable guarantee but not absolute guarantee against the risk of occurrence of mistake, fraud or loss. The Risk Management Committee shall ensure that the risk management accountability is directed at the relevant responsible parties and that the accountability is continually discussed in regular meetings.

The Audit and Examination Committee is responsible for ensuring the adequacy and effectiveness of the Internal Control System, risk management and governance of the Bank. This is accomplished through checking the financial control system, operations and compliance as well as the process of identifying and assessing the risks faced by the Bank. The Internal Audit executes overall check on policy and procedural compliance and the effectiveness of the internal control structure.

Relationship with Auditors

Through the Audit and Examination Committee, the Bank has established a transparent and appropriate relationship with the internal and external auditors. The Internal Audit Management is responsible for ensuring that corrective measures are taken promptly to address audit findings that have been reported by the Auditor.

ACCOUNTABILITY AND AUDIT

Financial Reports

The Board is committed to giving a balanced, clear and easily comprehensible assessment of the financial standing and prospects of the Bank in every declaration made to the shareholders and the authorities.

Enterprise Risk Management (ERM) is a strategic initiative developed to ensure the Bank's risk management is integrated and embedded throughout the Bank. Risk Management tools and methodologies are enhanced to support the aggressive business growth to keep pace with increasing business activities. Accordingly, the Bank has established guidelines and frameworks in its business to ensure effective risk management is in place and systematically managed within the risk limits and controls. The rapid changes in business and market environment require proactive management in various risks which include credit, market, liquidity, operational and also compliance risks.

In line with the wide range and competitiveness of business activities, the Bank has taken comprehensive approach to manage the risk exposure in an efficient manner across the Bank.

The Bank has established framework for identifying, managing and monitoring significant areas of risk. The risk management framework is supported by the following governance structure:-

| RISK MANAGEMENT FRAMEWORK | | | |
|--|----------------------------------|---|--------------------------------------|
| CREDIT RISK | MARKET RISK | OPERATIONAL RISK | COMPLIANCE |
| CREDIT RISK MANAGEMENT FRAMEWORK | MARKET RISK MANAGEMENT FRAMEWORK | OPERATIONAL RISK MANAGEMENT FRAMEWORK | COMPLIANCE RISK MANAGEMENT FRAMEWORK |
| • New Product Guidelines Framework | | • Internet Banking Framework | |
| • IT Risk Management Framework | | • Mobile Banking Framework | |
| • Syariah Risk Compliance Framework | | • Credit Card-i Framework | |
| • Business Continuity Management Framework | | • Wealth Management Framework | |
| | | • Capital Adequacy Framework For Islamic Bank | |
| CORPORATE GOVERNANCE | | | |

In managing the Bank's enterprise wide-risk management, the Bank has developed a comprehensive risk management system namely *Risk Management Automation System (RMA)* that will provide an information technology platform to monitor and manage risk more efficiently. The RMA system is able to monitor the overall risk exposure within the Bank. RMA supports the function of identification, analysis and monitoring of risk.

RISK MANAGEMENT

RMA System Structure

| | | |
|--|--|---|
| ALM Profiling <ul style="list-style-type: none"> Portfolio Concentration Portfolio Growth Scenario Analysis Profit Rates Forecasting Impact Forex Portfolio Earnings <ul style="list-style-type: none"> Earnings Distribution Sensitivity Test Scenario Analysis RoR Reporting and Analysis Liquidity <ul style="list-style-type: none"> Source of Fund Concentration Deposit Analysis NLF Simulations Basel III | Credit Profiling <ul style="list-style-type: none"> Portfolio Concentration Vintage Analysis Portfolio Impairment Default Monitor <ul style="list-style-type: none"> Impaired Asset Trend Impaired Asset Concentration Exposure and Limit <ul style="list-style-type: none"> Exposure and Migration Trend Limit Compliance Recovery and Provisions <ul style="list-style-type: none"> Provision Analysis Collection Scorecard Reschedule and Restructure Credit Origination <ul style="list-style-type: none"> Backtesting | <ul style="list-style-type: none"> Key Risk Indicator Risk Control Self Assessment Loss Event Data |
| ALM & Market Risk | Credit Risk | Operational Risk |
| Financing, Deposits, Money Market, Investment, Treasury, Equity, Branch Operation, Off-Balance Sheet items | | |

MARKET RISK MANAGEMENT

Market risk arises from uncertainty in market prices and rates (including profit rates, equity prices and foreign exchange rates), the correlations among them and their levels of volatility.

Market Risk Management Department has put in place an effective market risk management process, which includes identification, measurement, mitigation, monitoring and reporting. The Department's function includes developing and reviewing the framework and policy, establishing the risk tolerance level or limits, conducting market risk measurement based on appropriate methods and models, monitoring and reporting. This is to ensure that the Bank achieves its objective and the market risk is managed within the Bank's risk appetite.

At management level, Asset and Liability Committee (ALCO) is responsible to oversee the overall management of asset and liability, market and liquidity risk exposures.

Market Risk Measurement

The Bank has developed a market risk management system which is effective for monitoring of exposures in the trading and banking books. The measurement methods take into account the changes in market conditions and is reviewed and updated periodically.

The Bank uses scenario analysis in forecasting the Bank's income and balance sheet based on the current growth rate, budget and regression by using a comprehensive asset and liability management system. ALCO and Risk Management Committee (RMC) will review the results of scenario analysis from time to time.

The Modified Duration Analysis on the Rate of Return Risk Framework (RoR) also being implemented based on the Bank Negara Malaysia (BNM) requirement to manage the profit rate risk of the Bank. This framework is to monitor the future cash inflow for the balance sheet which is the present value of the assets belonging to the Bank in the event of movement in profit rate. Earnings at Risk is the profit for the year exposed to profit rate risk in the event profit rate increased by 200 basis points (2%).

In line with BNM requirement and the Bank's objective to improve the profit rate risk management, RMA supports the monitoring of rate of return risk exposure in effective and efficient manner.

The following are the main activities in 2011:-

- Implement Modified Duration Analysis on RoR.
- Simulate the RoR risk.
- Predict the income and balance sheet based on current growth rates, budget and regression parameters.
- Monitor the risk exposure of foreign currency exchange rates, particularly remittances activity.
- Validate the market risk exposure for Capital Adequacy Framework for Islamic Bank (CAFIB) report.
- Conduct the assessment on the downgraded Bonds/ Securities and Bond holdings by the Bank.
- Simulate on the profitability impact of Sukuk (Islamic Bond) issuance to the Bank.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of not being able to meet the obligation as they come due and to fund increase in asset without incurring unacceptable losses.

Risk Measurement And Monitoring For Liquidity Risk

The Bank has established a risk measurement system for monitoring liquidity needs and manages liquidity efficiently since June 2004. The system includes liquidity gap, warning indicator and stress testing based on current Bank's business and liquidity stress condition. The function of the New Liquidity Framework (NLF) is to determine the minimum liquidity level to be maintained by the Bank. The system monitors the liquidity position in 'up to 1-week' and '1-week to 1-month' buckets and conduct the projection of liquidity position for the next 30 days and 360 days. The system facilitates the Bank in managing liquidity risk comprehensively.

Contingency Funding Plan

The Bank has developed Contingency Funding Plan (CFP) for handling liquidity crisis situations which is updated and reviewed on a periodic basis (at least annually) to ensure that it remains robust over time and reflects the Bank's changing operating circumstances.

Basel III Liquidity Standards

In December 2010, the Basel Committee on Bank's Supervision issued International Framework for Liquidity Risk Measurement, Standards and Monitoring, which includes two measures of liquidity risk. Both liquidity measures aim to increase the Bank's institutional capacity to meet financial commitments at the maturity period.

The first liquidity measure is the Liquidity Coverage Ratio (LCR) which identifies the amount of unencumbered, high quality liquid assets a financial institution holds that can be used to offset the net cash outflows the institution would encounter under an acute 30-day stress scenario. The second liquidity measure is the Net Stable Funding Ratio (NSFR) which measures the amount of longer-term, stable sources of funding employed by a financial institution relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations over a one-year period. The Basel Committee expects the LCR to be implemented in January 2015 and the NSFR in January 2018, following observation periods beginning 2013.

Monitoring of Basel III has been implemented since November 2010 and several strategies have been formulated to meet Basel III requirement by January 2015.

The new framework will bring significant changes to the Bank's liquidity risk management. The Bank will continue to maintain a stable source of funds from retail depositors and highly liquid assets to manage the liquidity requirement. The Bank has also taken into account the requirements of Basel III to develop a business plan to ensure the readiness of the Bank in meeting the international liquidity standards.

RISK MANAGEMENT

The following are the main activities in 2011:-

- Daily monitoring on the Bank's liquidity position.
- Monitoring of compliance status report on the Bank's current policy.
- Conducting liquidity stress test.
- Monitoring the bank's top depositor's profile and funding concentration.
- Monthly monitoring of the Basel III development.
- Conducting simulation on international liquidity standards of Basel III framework.
- Assessing the implications of Basel III to the Bank's liquidity management.

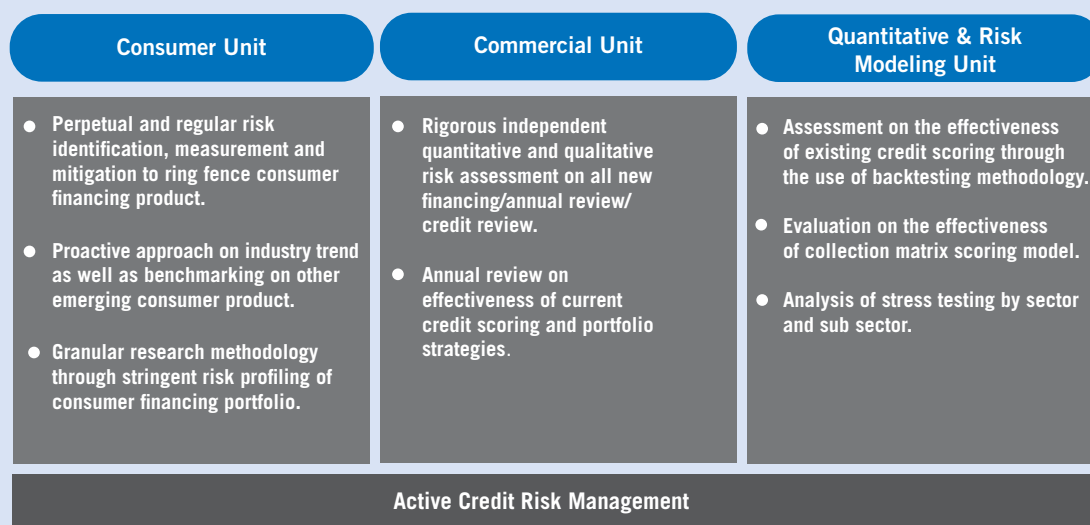
The strong management of credit risk aims to achieve a high quality credit portfolio and to balance between the opportunities and the risk undertaken by the Bank. Credit scoring model is an important tool in granting credit to customers. Credit scoring is a set of decision models with underlying techniques that assist the Bank in the process of granting credit effectively and systematically.

Apart from having a strong credit scoring model, independent risk assessment is undertaken to identify the potential impact on internal and external factors. In addition, periodic credit review is conducted to evaluate the existing financing capability and capacity of the obligor. The Bank also uses Internal Risk Rating (IRR) system to generate the risk rating as a tool to measure the level of credit worthiness. The IRR of each facility is reviewed on annual basis according to the risk profile of the financing.

CREDIT RISK MANAGEMENT

Credit risk arises from the inability or unwillingness of the customers to repay their financing and fulfill contractual obligation as agreed in the financing agreement. The main objective of effective credit risk management is to ensure credit exposure is within the agreed limits and in accordance with the credit risk appetite of the Bank.

Credit Structure



The Bank has in place a credit portfolio management to monitor the credit risk exposure, limit, concentration or adverse trends. Active credit monitoring is periodically performed to manage the customers risk exposure at an acceptable level. Findings and recommendation are then escalated to the respective approving authorities for deliberation and remedial action.

In strengthening the credit risk management process, the Bank has embarked on risk automation project and is expected to be completed by second quarter 2012. Under credit risk management, the automation assists the generation of Monthly Credit Risk for Consumer and Commercial, Backtesting and Credit Scoring Reports.

The following are the main activities in 2011:-

- Post Mortem Analysis towards Manzili Home Financing-i.
- Development and Backtesting of Scoring System for Collection Matrix i.e. Manzili Home Financing-i.
- Backtesting of Credit Scoring System for consumer and commercial financing product i.e. 1Aslah Personal Financing-i, Manzili Home Financing-i, Falah Education Financing-i, AnNaqlu Car Financing-i, Micro Financing-i and Credit Card-i.
- Backtesting of Scoring System for Collection Matrix.
- Assessment on the development of credit scoring system for new product.
- Independent risk assessment analysis on commercial financing facilities for credit review.
- Stress test analysis on commercial credit portfolio by sector and subsector.
- Validate the credit risk exposure for CAFIB report.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal process, people, systems and external events, causing damage to the Bank's operating income and capital. Accordingly, operational risk also includes legal, compliance, strategic and reputational risks.

Operational Risk Management is a cyclical process which includes identify, assess, mitigate, monitor and control operational risk, information technology, new business, products and services development/enhancement and outsourcing activities in a consistent manner across all operating units within the Bank.

Operational Risk Management Department (ORMD) plays a major role in identifying, analysing and reporting operational, legal, credit card frauds, customer complaints and information technology incidents on a monthly basis to the respective committees. ORMD also provide support in the products and services development, outsourcing activities, system development and strategic risk of venturing into new business.

Key operational management and business units are personally accountable for the risk exposures relating to their responsibilities. The implementation of Risk Control Self Assessment Program (RCSA) will strengthen the operational risk management process. RCSA is the primary method for facilitating the management of business environment and internal control factors. The end-to-end process of RCSA incorporates risk identification and assessment of the control environment; monitoring, reporting and escalating risk; quality assurance and data validation; and integration with the Bank's risk tolerance.

In addition, the development of Key Risk Indicators (KRI) will provides insight into the Bank's risk position. KRIs are statistics and/or metrics, which is reviewed on a periodic basis to alert the changes that may be indicative of the Bank's inherent risk exposure. Such indicators may include number of fraud cases; staff turnover rates; the frequency and severity of errors.

RISK MANAGEMENT

Operational Risk Structure



The major activities in managing operational risk are as follows:-

- Analyse the operational risk exposure and impact towards Bank's capital.
- Analyse the risk involving (inherent and residual risk) and determining expected/actual loss.
- Assess the credit card fraud, suggest the mitigation to control the risk and ensure internal policy in place to minimise residual risk.
- Analyse the reputational risk (Customer Complaints), monitor and ensure the exposure is well mitigated.
- Assess the products, services, outsourcing activities and system development/enhancement.
- Assess the new business venture.
- Developing the of Business Impact Analysis (BIA) database.
- Review the Operational Risk Management Framework.

COMPLIANCE

Compliance risk is the risk of impairment to the Bank's business model, reputation and financial conditions (resulting) from failure to meet laws, regulations, internal standards and policies, and expectations of key stakeholders such as customers, employees and society as a whole.

The Compliance Risk Management structure is based on the Compliance Risk Management Framework, approved by the Board of Directors and acts as an important guide to the Bank in implementing integrated compliance programmes.

In strengthening the monitoring of suspicious transactions, the Bank has improved the Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) system by developing customer risk profiling and reviewed the Politically Exposed Foreign Persons (PEPs) through World Check database. The Operational Compliance Unit (OCU) has developed branches risk profiles to identify the non-compliance risk exposure by monitoring and conducting non-compliance analysis. The Bank also monitors regulatory and statutory compliance requirements by conducting gap analysis. Based on the gap analysis, the management outlined action plans to ensure that the Bank's activities are in compliance with the requirements stipulated in the guidelines.

The following are five key elements established to ensure effective compliance:-

| Framework Element | Description |
|--|---|
| Governance & Culture | Establish effective corporate governance with a clear regulatory strategy and a positive compliance culture. |
| Structure Responsibility & Accountability | Establish effective compliance structure with clear roles, responsibilities and accountabilities through position descriptions, performance measurements and assessments. |
| Compliance Policies & Procedures | Set policy on key regulatory matters and create a control environment in which those policies can be implemented through end to end processes or procedures. |
| Monitoring, Testing & Reporting | Monitor, test, audit and report on compliance performance. Establish corrective action and appropriate escalation of issues or exceptions. |
| People | Determine competencies for all employees and create a professional practice infrastructure for training, communication and knowledge management. |

The following are the main activities in 2011:-

- Review the requirement of new guidelines issued by statutory and regulatory authorities.
- Ensure completeness of submission of documents for BNM notification or approval on proposed new products or outsourcing activities.
- Development of customer risk profiling and watch-list criteria for monitoring suspicious transactions.
- Evaluate the results of the Contingency and Business Continuity Plan; and Disaster Recovery Plan testing activities to ensure the compliance with BNM requirements.
- Development of Syariah Compliance Framework and enhancement of Risk Management Suspicious Transaction Framework.

RISK MANAGEMENT

CAPITAL MANAGEMENT

The objective of the Bank's capital management policy is to ensure the adequacy of capital level to support growth strategies within an acceptable risk tolerance, and to meet regulatory requirements and market expectations. The Bank manages its capital level, based on both regulatory and economic capital approaches.

The capital management and its adequacy level are reported to ALCO on a monthly basis. The Bank adopts the Standardised Approach for Credit and Market Risks, Basic Indicator Approach for its Operational Risk in assessing the capital adequacy as per CAFIB requirement.

In addition to satisfy the minimum regulatory capital requirements of CAFIB, the Bank seeks to constantly identify and quantify the various risks that are inherent in the normal course of its business and maintain appropriate internal capital levels as per the Internal Capital Adequacy Assessment Process (ICAAP) framework. The main objective of ICAAP is to ensure adequate capital to support the Bank's current and future business in the normal and stress conditions. The ICAAP process addresses Basel II-Pillar 2 risks such as business; credit concentration; liquidity; residual risk; and profit rate risk in the banking book. The ICAAP model framework and process is continuously reviewed to take into account the Bank's changing risk profile, business strategies, market conditions and stress test exercises.

The ICAAP model comprises of RWCR projections and stress test analysis to assess the potential impacts to earnings, liquidity and capital. Overall, the process covers assessments of all substantial risks to the Bank's operations under projected normal and stressed scenarios for effective capital management.

KEY DEVELOPMENTS IN 2012

In light of the prevailing global and regional challenging conditions, the Bank places highest priority on developing a robust risk management infrastructure for the year 2012. Key initiatives include:-

- Realign the existing policies and procedures based on best practices for credit, market, operational and compliance risk.
- Formulate new rigorous approval procedures and risk management systems and tools.
- Execute Syariah non-compliance risk assessment.
- Inculcate risk management culture throughout the Bank.
- Conduct RCSA and KRI throughout the Bank.
- Strengthen risk management processes and measurement methodologies.
- Conduct Bank-wide stress test.
- Conduct granular analysis on the Bank's risk exposures.

AUDIT AND EXAMINATION COMMITTEE REPORT

MEMBERSHIP AND ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2011, the Audit and Examination Committee of Non-Executive Board members have met 11 times, including three special meetings.

The details of meetings and attendance of members of the Audit and Examination Committee during the year 2011 are as follows:

| Audit and Examination Committee | Attendance | Percentage |
|---|------------|------------|
| Dato' Mohd. Aini Haji Taib (Chairman) | 11/11 | 100 |
| Dato' Dr. Syed Hussain Syed Husman | 11/11 | 100 |
| Dato' Daud Tahir | 6/11 | 55 |
| Ahmad Badri Mohd Zahir (until 31/08/2011) | 6/7 | 86 |
| Haji Amirul Rahman Abdul Rahim | 11/11 | 100 |
| Dato' Mangsor Saad (beginning 27/09/2011) | 4/4 | 100 |

TERMS OF REFERENCE

The terms of reference of the Audit and Examination Committee are:

Membership

The Audit and Examination Committee shall consist of Non-Executive Directors of the Board appointed by the Bank as required by Bank Negara Malaysia. The appointment of Audit and Examination Committee members shall be for a period not exceeding two years and eligible for re-appointment, subject to the term of office as members of the Board of Directors.

Rights

The Audit and Examination Committee shall have unrestricted access to all information and documents relevant to its activities, including those of the Internal Auditor, External Auditors, Bank Rakyat Management, and its company subsidiaries. The Audit and Examination Committee is also authorised to advise and make recommendations it considers necessary.

Functions

The duties and responsibilities of the Audit and Examination Committee are:

1. Fair and Transparent Reporting

- (i) To ensure that the Financial Report is provided in a fair and transparent manner and according to schedule.

2. Internal Controls

- (i) To review and evaluate the adequacy and effectiveness of internal control, risk management, and governance (including compliance with Syariah Principles) systems of the Bank and its subsidiary companies.
- (ii) To review and determine the functions and responsibilities of the Syariah Audit with reference to the Syariah Committee.

3. Internal Audit

- (i) To regulate and ensure that the functions of its internal audit comply with the Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL/013-4).
- (ii) To review the scope of its audit programme, audit findings, and to provide recommendations for corrective action to the Management.
- (iii) To appoint, determine remuneration, evaluate performance, and determine the transfer and termination of service of the Chief Internal Auditor.

4. External Audit

- (i) To evaluate objectives, performance and independence, and approval of non-audit services by the External Auditors.
- (ii) To review the External Auditors' management letter and the Bank's response to it.
- (iii) To ensure that appropriate and sufficient checks and balance are in place so that the non-audit services of the External Auditors are performed with impartiality.
- (iv) To carry out continuous review of audit findings and ensure that the necessary corrective measures are taken according to schedule.

AUDIT AND EXAMINATION COMMITTEE REPORT

- (v) To ensure direct communication with the External Auditors without the presence of the Management at least once a year.

5. Transactions of Stakeholders

- (i) To review and report stakeholder transactions to the Board.

Meetings

1. Members of the Audit and Examination Committee shall meet at least once every two months and such additional meetings as the Chairman shall decide to fulfill its responsibilities.
2. In addition, the Chairman may convene a meeting upon the request of any member of the Audit and Examination Committee, the Management or the Internal or External Auditor.
3. The Audit and Examination Committee members may invite any person to attend meetings as it considers appropriate to assist the Committee in exercising its independent judgment.
4. The Audit and Examination Committee members may appoint a secretary who shall be entrusted to record all proceedings and minutes of Audit and Examination Committee meetings. The Secretary shall be responsible for:
 - Preparing the agenda as approved by the Chairman for distribution, with supporting documents, to the Committee members prior to each meeting.
 - Keeping minutes of Audit and Examination Committee meetings.
 - Distributing minutes of meetings to members of the Audit and Examination Committee and Board of Directors.
 - Carry out follow-up action on pending matters.
5. The quorum for each meeting shall be three members of the Audit and Examination Committee.

Summary of Activities

During the fiscal year of 2011, the Audit and Examination Committee performed its duties as set forth in the terms of reference, as follows:

- Reviewing and approving the annual Audit plan, including the effectiveness of the audit process, manpower requirements, and training needs of the Internal Audit for the year 2012.
- Reviewing findings and recommendations as reported in the Audit report (including Audit Inquiries) as well as the Management review of audit findings and recommendations.
- Monitoring the status and progress of Internal Auditing as stated in the annual Audit plan.
- Monitoring the progress of implementation of recommendations by the Inspecting Officer, Bank Negara Malaysia, and External Auditors.
- Reviewing the performance of the Chief Internal Auditor and annual Internal Audit.
- Convening several meetings with the Regional Head and Branch Managers in Sabah, Sarawak, and the Northern Region (similar meetings with the Regional Heads and Branch Managers in the other regions will follow).

The Internal Auditor carried out over 292 assignments in 2011. These activities include audits at branches, departments at the Head Office, and subsidiary companies. It also covers audit support activities as well as other indirect activities. The audits were implemented in line with the Annual Audit Plan or on ad hoc basis on the request of the Management Committee or the Audit and Examination Committee.

Additionally, the Internal Auditor also took the initiative to hold briefings on Internal Controls at the various levels of office, such as Regional Heads, Branch Managers, and new Branch Managers as well as non-management employees at the Operations Branches by Region. The Internal Auditor also distributed two Internal Control Advisory Notes or iCANs to all the branches in 2011.

The Branch Audit Self-Assessment Programme (PeKA), which was introduced in 2006, is one of the Internal Audit initiatives to reduce risks in branch operations and to improve compliance of Bank policies and procedures of every branch. This programme was implemented throughout 2011.

Internal Audit Function

The Internal Audit is carried out by the Internal Auditor under the supervision of the Chief Internal Auditor who reports directly to the Audit and Examination Committee. The Internal Auditor is responsible for providing independent reporting to the Board of Directors and the Management Committee in order to ensure the adequacy and effectiveness of the system processes of internal controls, risk management, and governance of the Bank.

The Internal Auditor is answerable to the Audit and Examination Committee in providing an independent assessment of the Bank's internal control system to ensure that the Bank continues to maintain a sound and effective system of internal controls. The Internal Auditor adopts a risk-based approach in its annual audit planning and procedures as approved by the Audit and Examination Committee, and to report its findings to the Audit and Examination Committee at least once every two months.

The annual audit plan is based on the results of a systematic risk assessment process, which has identified, prioritised, and linked the Bank's risks with its auditable areas. The risk assessment process also allows the Internal Auditor to prioritise audit resources and areas to be audited.

The Audit Report shall be presented to the Audit and Examination Committee and then submitted to the Management Committee for their attention and action. The Management Committee is responsible for ensuring the implementation of recommendations and corrective actions within the stipulated time frame.

The Internal Auditor shall continuously monitor the implementation of audit recommendations through periodic follow-up. The Internal Auditor also works with the External Auditors to resolve any control issues and to assist the Management Committee in taking the appropriate steps.

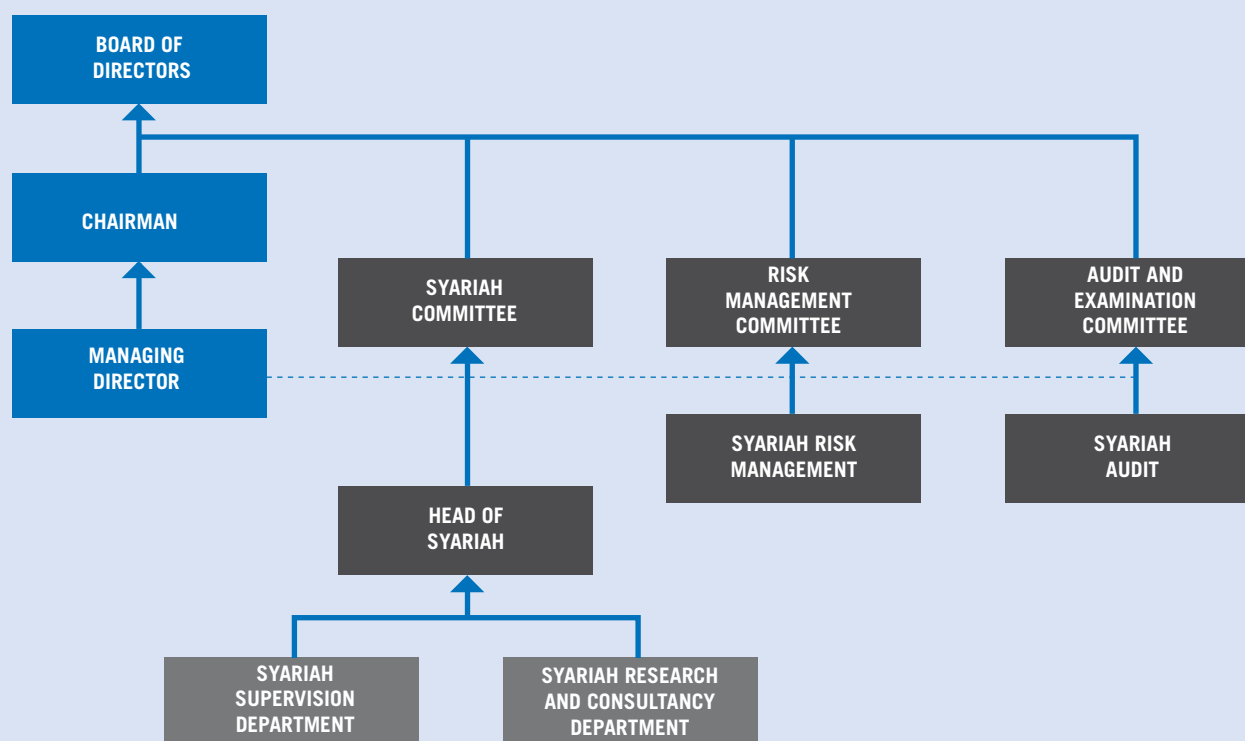
DUTIES AND RESPONSIBILITIES OF THE SYARIAH COMMITTEE

RIGHTS OF THE SYARIAH COMMITTEE

The Syariah Committee consist of a pool of experts with expertise in Syariah and Islamic economy who act as resident advisors to ensure that all the business transactions of the Bank are in conformance with the requirements of Syariah. Bank Negara Malaysia (BNM) upon recommendation of the Board of Directors of Bank Rakyat shall appoint members of the Syariah Committee.

From the structural perspective, the Syariah Committee shall report to the Board of Directors, while from the functional and responsibilities perspective, the Syariah Committee must be an independent body and not be bound by the decisions and wishes of the Board of Directors and the Management of the Bank. The Syariah Committee shall abide by the Syariah Governance Framework for Islamic Financial Institutions promulgated by the BNM.

SYARIAH GOVERNANCE STRUCTURE



MEMBERSHIP AND ATTENDANCE AT SYARIAH COMMITTEE MEETINGS

The Syariah Committee comprises seven members who met seven times during the financial year ended 31 December 2011.

Below are the records of their attendance at the meetings:-

| Syariah Committee | Attendance | Percentage |
|--|------------|------------|
| Dato' Setia Haji Mohd. Tamyas Abd. Wahid (Chairman) | 7/7 | 100 |
| Datuk Abu Hasan Lebai Din Al-Hafiz | 7/7 | 100 |
| Prof. Dr. Mohd. Radzi Othman@Abdul Rahman (as at 31/03/2011) | 1/1 | 100 |
| Prof. Dato' Dr. Mohd. Azmi Omar | 7/7 | 100 |
| Dr. Siti Salwani Razali | 7/7 | 100 |
| Md. Yunus Abd. Aziz (beginning 1/07/2011) | 4/5 | 80 |
| Wan Rumaizi Wan Husin (beginning 1/09/2011) | 3/3 | 100 |
| Haji Mohd. Zaki Ibrahim (Secretary) | 7/7 | 100 |

SYARIAH COMMITTEE TERMS OF REFERENCE

Membership

The composition of the Syariah Committee shall consist of a minimum of five members the majority of whom must possess academic qualifications of at least a bachelor degree in Syariah with subjects of study that include Islamic Jurisprudence (*Usul Fiqh*) or Islamic Commercial Law (*Fiqh Muamalat*).

- Members of the Syariah Committee must be individuals. A company or an institution is not qualified to be appointed as a member of the Syariah Committee.
- Individuals who do not possess qualification in the field of Syariah but who possess expertise in other fields such as finance and law and who are well-versed in Islamic finance can be considered for appointment to the Syariah Committee with the condition that they are not the majority in the Committee.

- Candidates who are already members of the BNM Syariah Advisory Council, Syariah Advisory Council of the Securities Commission, or the Syariah Committees of other financial institutions are not qualified from appointment to the Syariah Committee of Bank Rakyat.

- Members of the Syariah Committee shall come from a pool of experts who are knowledgeable and experienced; the majority of the members of the Syariah Committee shall be persons who are able to understand Arabic, Bahasa Malaysia, and English.

- The Chairman of the Syariah Committee shall be chosen from among members who are qualified in Syariah.

- Appointment to the Syariah Committee shall be for a renewable term of not more than two years.

Role, Functions and Responsibilities of Syariah Committee

The role, functions, and responsibilities of the Syariah Committee are based on the BNM Guidelines on the Governance of Syariah Committee for Islamic Financial Institutions ("BNM/RH/GL_012_3").

The aforementioned role, functions and responsibilities are:-

- The services that the Syariah Committee provides the Board of Directors and the Bank Management are advice, guidance and views on all matters relating to Syariah, and the Syariah Committee shall be responsible for all the decisions, viewpoints and verifications that have been decided.
- The Syariah Committee should understand its duties and responsibilities as a Syariah Committee as follows:-
 - To attend Committee meetings.
 - To examine and confirm all the guidelines and policies including the Syariah Compliance Manual.
 - To confirm all legal documents including contract agreements that are executed in banking transactions.
 - To confirm the product manuals and guidelines, marketing advertisements, sales media, and brochures that are related to the products, services, and activities of the Bank.

DUTIES AND RESPONSIBILITIES OF THE SYARIAH COMMITTEE

- 2.5 To confirm application for introduction of new products.
- 2.6 To act as advisors to related parties such as lawyers, auditors, and consultants of the Bank in matters relating to Syariah laws when asked.
- 2.7 To advise the Bank when the Bank is in consultations with the BNM Syariah Advisory Council on matters relating to Syariah which have not been resolved or confirmed by the BNM Syariah Advisory Council.
- 2.8 To record any views on issues related to Syariah. The Syariah Committee shall prepare written points of view from a Syariah perspective in the following circumstances:-
 - i. Whenever the Bank refers to the BNM Syariah Advisory Council for advice; or
 - ii. Whenever the Bank submits applications to BNM for new products to be approved in accordance with product approval guidelines issued by BNM.
- 2.9 To monitor and to ensure that the Bank abides by and implements the decisions issued by BNM Syariah Advisory Council.
- 2.10 To advise the Bank in the calculation and distribution *zakat*.
- 2.11 To assist Bank Rakyat in the series of briefings, courses, and lectures on Islamic banking targeted at the general public with the objective of introducing and expanding the business of the Bank.
- 2.12 The Syariah Committee should record and report to the Board of Directors about any issues that it worries is not in compliance with Syariah.
3. The Syariah Committee shall perform other duties that are related to the requirements of Syariah stated in the Syariah Governance Framework for Islamic Financial Institutions or other Guidelines and directions issued by BNM.

Meetings

Meetings of the Syariah Committee should be held from time to time and any decision relating to Syariah laws should be supported by two thirds of the members with qualifications in Syariah.

- 1.1 Members of the Syariah Committee should attend a minimum of 75% of the meetings held throughout the whole year.
- 1.2 The attendances of the members of the Syariah Committee shall be reported in the Annual Report of the Bank.
- 1.3 Minimum quorum for a meeting shall be a two thirds majority with the majority of the attendees having qualifications in Syariah.
- 1.4 The Syariah Committee shall meet at least once every two months.
- 1.5 Where the Permanent Chairman is unable to attend the meeting, an Alternate Chairman shall be chosen from among members with qualifications in Syariah.

Syariah Corporate Governance

1. All Syariah Audit Reports must be reported to the Syariah Committee and presented to the Audit and Examination Committee.
2. All Syariah risk reports must be reported to the Syariah Committee and must be submitted to the Management-Level Risk Management Committee.
3. All new products of the Bank require the approval of the Syariah Committee.

Advisor of Business Zakat Committee under Asnaf

One of the members of the Syariah Committee Dr. Siti Salwani Razali, has been appointed as an advisor of the Business Zakat Committee under Asnaf; in her monitoring and supervisory role she shall ensure that all the approved applications meet the criteria based on the eight groups of zakat recipients.

Members of the Business Zakat Committee under Asnaf are:

| | | |
|---|---|--------------------|
| a. Senior GM, Corporate Services | – | Chairman |
| b. GM/Assistant GM, Finance/Bank Secretary | – | Alternate Chairman |
| c. GM/Assistant GM, Branch Operations | – | Member |
| d. GM/Assistant GM, Human Resources | – | Member |
| e. GM/Assistant GM, Services and Subsidiary | – | Member |
| f. Head, Services and Administration | – | Member |
| g. Manager, Syariah Research and Consultancy Department | – | Secretary |

The Business Zakat Committee comprises six members who met nine times throughout the financial year ended 31 December 2011.

Below are the records of their attendance at the meetings:-

| Committee Member | Attendance | Percentage |
|---------------------------------|------------|------------|
| Yusof Abdul Rahman | 7/9 | 77 |
| Mustafha Haji Abd. Razak | 6/9 | 66 |
| Baharom Embi | 6/9 | 66 |
| Mahmud Muhayyidin | 8/9 | 88 |
| Mohamed Nawi | | |
| Zul Hisham Mohd. Yusof | 8/9 | 88 |
| Nik Mohd. Nasir Nik Rithauddeen | 9/9 | 100 |
| Haji Mohd. Zaki Ibrahim | 9/9 | 100 |

The background of the entire image is a solid orange color. On the left side, there is a vertical blue stripe. Overlaid on this stripe and the orange background are stylized, semi-transparent silhouettes of bamboo leaves and stalks. The leaves are depicted in two colors: a bright cyan blue and a golden yellow. They are arranged in a way that suggests growth and movement, with some leaves pointing upwards and others fanning out.

WE ARE UNWAVERING AND INDOMITABLE AS THE BAMBOO TREE WITH ITS EVERGREEN QUALITIES.

We are constantly forging ahead towards new records and milestones. We are ever ready to tackle any problems head-on and to turn any obstacles into opportunities. We are unshakeable in our stand and remain undeterred in facing new challenges.



CHAIRMAN'S STATEMENT



Tan Sri Dato' Dr. Syed Jalaludin Syed Salim
Chairman

Dear Stakeholders,

Riding the momentum already established, it is my pleasure to announce that Bank Rakyat closed another good year ended 31 December 2011. This was brought about by the commendable results achieved on both the financial and operational fronts, where significant headway was made in consolidating the Bank's position in the country's financial landscape.

The results achieved the past year were all the more commendable against the backdrop of a challenging business environment on both the domestic and international fronts.

As I gaze at the bamboo swaying in humility and harmoniously with the wind and never fight against it, I believe the foundation of Bank Rakyat remains as solid as the bamboo. In Bank Rakyat flexible and multi disciplinary attitude is our recipe of success. By staying ahead of others, we thrive and prosper together with the government, stakeholders, members, customers and society. Like the bamboo, we stand tall, believe in our own strength and knowing that we are stronger than ever.

SCALING NEW HEIGHTS WITH VITALITY

I am pleased to inform you that Bank Rakyat has achieved all the targets set forth under the 2011 Budget.

Each of the numbers that make up the year 2011 holds special significance for Bank Rakyat. For the year, we breached the RM2.0 billion target to record a profit before tax and zakat of RM2.02 billion.

On the strength of the Bank's commendable financial performance, the Board of Directors is pleased to declare a dividend of 20% in total, 15% paid as loyalty cash and another 5% as bonus shares for the financial year ended 31 December 2011. This is the 13th consecutive year the Bank has been declaring a minimum dividend pay-out of 15% and is manifestation of our strong commitment to share our success with our members.

We ensure that all benefits will be shared among our loyal members. This is evidenced in the Bank's efforts to progressively increase its paid-up capital. This objective has been achieved, with the Bank's paid-up capital now increased from RM2.0 billion to RM3.0 billion as at year-end 2011.

INSPIRED BY AWARDS AND RECOGNITION

Bank Rakyat's performance is strongly related to our achievement and recognition. During the course of the year, our standing and the headway we have made has been acknowledged by the industry. The Banker, a global financial intelligence outfit in its ranking of the Top 1,000 World Banks, July 2011/2012 Edition, placed Bank Rakyat number one in Malaysia in terms of return on assets, capital asset ratio as well as profit on average capital. Bank Rakyat was ranked 7th in terms of Tier 1 Capital which is the core measure of a bank's financial strength.

The Banker also listed the Top 500 Islamic Financial Institutions in the world in its November 2011/2012 Edition. With assets of USD 20.08 billion in the year 2010, Bank Rakyat was ranked number one in both Malaysia and Southeast Asia. In the world ranking, Bank Rakyat earned a very creditable 12th placing.

In the Asian Banker, Global Islamic Bank Report, Bank Rakyat was ranked first in Malaysia as the largest assets based Islamic Bank, return on assets and second lowest cost to income ratio.

Bank Rakyat also won the *Anugerah Koperasi Cemerlang* (Kluster Besar) for its placing amongst the 100 Best Cooperatives in Malaysia. The Companies Commission of Malaysia also bestowed upon the Bank an award for Excellence in Business Ethics.

Our subsidiary, Rakyat Management Services through Ar-Rahnu X' change was a finalist in the Malaysian Franchise Association's awards for the Best Franchise and the Best Home-grown Franchisor of the Year.

For the past three years, we were the recipient of the *Anugerah Hadiah Bahasa Institusi Kewangan* (Development Financial Institution Category) awarded by Dewan Bahasa dan Pustaka and 2011 has proven to be no exception.

It was also gratifying to be named one of the employers of choice among local banks, where we were placed fifth in Malaysia's 100 Leading Graduate Employers Awards 2011.

These recognition will inspire and vigour us on to achieve greatness in the future.

TOUCHING THE HEART OF MALAYSIANS

Besides being outstanding in financial performance, we have the privilege to see so much compassion and humanity in our work. At Bank Rakyat, we have a rich history of giving back to the community. In making a difference, we touch the heart and lives of multitudes of Malaysians from all different walks of life.

Caring for the community comes naturally as an integral part of conducting our businesses. From participating in the country's wildlife habitat conservation programme to helping the less fortunate amongst us. Our focus is on educational programmes, welfare, sports, health and other charitable causes.

CHAIRMAN'S STATEMENT

The Bank contributes RM200,000.00 towards the 38th Edition of the debate competition for the Prime Minister's Trophy organised by the Ministry of Education.

Under the auspices of the Bank Rakyat Foundation, we organise a series of educational and motivational programmes that have benefited students from schools and institutions of higher learning all over the country. At the end of the programme, we had sponsored 24,451 students at a cost of RM2.62 million. While 651 students of institutions of higher learning have received education financing of RM18.46 million. We have light up their lives through education programs that could well be the most important legacy of Bank Rakyat.

Nature's beauty are the bequest that we can give to our future generations. Environmental preservation and conservation continues to gain traction. From cleaning of the beaches at popular tourist destinations, construction of artificial reefs off the coasts and islands of Malaysia to the sponsorship of animals at Zoo Negara and to the construction of artificial reefs off the coast and island of Malaysia. I am also very proud to mention that we are the first bank in the country to deploy our used Automated Teller Machines at Pulau Perhentian dan Pulau Tioman as artificial reefs.

The Bank is also looking into avenues to ensure that its business activities are sustainable to address current environmental concerns. We have initiated awareness programmes among our staff to eliminate waste, whether it is the unwarranted use of paper or electricity.

Underscoring the premium the Bank places on innovation and creativity as key ingredients of future success, we have contributed RM1.0 million towards the Malaysian Foundation for Innovation (MFI) to organise various workshops, seminars and forums. Events organised by MFI in 2011 included the Kuala Lumpur Innovation Forum 2011, which was attended by over 500 high-level participants representing the public, private and civil sectors as well as academicians. With the theme, 'Youth and Innovation as Agents of Change', the ASEAN Youth Forum on Innovation and Creativity saw young people from all over the region convening in Labuan to discuss issues of leadership and innovation.

As the Bank that cares and for a Bank that subscribes to Islamic principles, substantial sums of money are set aside each year for the payment of *zakat* or tithes. In 2011, our total *zakat* payment amounted to RM39.97 million, and

this was channeled to all state Islamic Religious Council and eligible Asnaf. Following a tradition established in previous years, the Bank also helped bring festive cheer to more than 2,000 children warded at 16 hospitals throughout the country. At the Pediatrics Ward of the Kuala Lumpur Hospital, around 450 children received cash and hampers, helping ease the misfortune of being away from home during Aidilfitri.

THE ROAD AHEAD

I firmly believe that Bank Rakyat remains an exciting and resilient enterprise, with the best is yet to come. 2012 is already shaping up to be yet another exciting year. While fulfilling our mandated roles, plans are already in the pipeline to consolidate our nationwide foot-print with the roll-out of new products and services.

The adage that *only constant is change* continues to prevail in the sphere of the banking business. Offering new exciting initiatives that are beneficial to the customers' needs today, more than ever, is absolutely vital.

As we look ahead, the economic environment in 2012 is expected to be more rigorous. According to the International Monetary Fund, world economic growth is projected to moderate to around 4%, largely due to the economic slowdown in the United States, Euro Zone and Japan as well as the turmoils in the Middle Eastern region. While Malaysia's economic fundamentals remain strong, to cushion any possible knock-on impacts of global developments, the Government already put in place a raft of measures to stimulate domestic economic activities. Economic growth in 2012 is projected to be between 5% and 6%.

Nonetheless, cognizant of the dynamic environment in which we operate and our exposure to a variety of risks, the Bank will further strengthen its risk management infrastructure for the year 2012. We will continue to ensure that effective risk management mechanisms are in place and are systematically managed by determined risk limits and controls. In this regard, the Bank has a well-established framework to proactively identify, manage and monitor the pertinent areas of risk. To comply with the new regulatory regime, Bank Rakyat is also implementing new policies in line with the Basel Accord and a Capital Adequacy Framework for Islamic Banks (CAFIB).

In April 2011, the Government launched the Capital Market Masterplan 2, a strategic blueprint designed to transform the capital market over the next 10 years. Other policy measures will be introduced by the Government in the coming years to further enhance the capacity and capability of the Malaysian financial sector to keep pace with the needs of a high value-added and high-income economy. Being a true Malaysian, Bank Rakyat will play its part in supporting the country's transformation plan, which forms the main thrust of the Tenth Malaysia Plan, 2011-2015 (10MP).

The past decade has seen the rapid growth of the Islamic banking industry, which now accounts for 22% of total financial assets compared with just 6.9% in 2000 and 11% of total employment in the financial sector. Malaysia is also a pioneer in creating innovative Islamic finance products. With our standing in the Islamic Banking sector, Bank Rakyat is well placed to support the Government's efforts to transform Malaysia into a global hub for Islamic finance.

APPRECIATION

With a commitment to continuous improvement, our growth - like the growth of the bamboo is very remarkable as we look back at the bamboo's strength, flexibility and endurance.

Bank Rakyat recognises that the way to success is through the strength of our human resources, the 4,150 men and women who make up a formidable team. High levels of performance, professionalism and plain hard work on the part of management and staff were vital ingredients that delivered sustained results. I take this opportunity to congratulate our team for a job well done and to thank them for their contributions.

We also acknowledge the support and guidance from our regulators, notably the Ministry of Domestic Trade, Cooperatives and Consumerism, Ministry of Finance, Bank Negara Malaysia, as well as related statutory authorities and the respective government agencies.



CHAIRMAN'S STATEMENT

The Bank owes its success to the support and cooperation we have received from several quarters. Our cooperative members and growing legion of loyal customers deserve special mention; their unwavering support of our efforts has always been a source of inspiration for the Bank to strive even harder.

We are also fortunate in that we have a very experienced and engaging Board, whose members have always been generous with their insights and advice. There were several changes to the Board's composition during the year. Dato' Zainuddin Haji Abd. Rahman and Encik Ahmad Badri Mohd. Zahir completed their terms of office on 31 January and 31 August respectively. The Board thanks them for their contributions and wishes them every success in their future undertakings. Meanwhile, Encik Shahrol Anwar Sarman was appointed to the Board with effect from

1 September 2011. We bid him a very warm welcome and look forward to benefiting from his fresh ideas and perspectives.

We need to work on tomorrow today. With your continued support and cooperation, Bank Rakyat can look forward to 2012 with astounding confidence and optimism.

I thank all of you.



Tan Sri Dato' Dr. Syed Jalaludin Syed Salim
Chairman



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

“We continue to shape the Bank’s future with undiminished entrepreneurial foresight, creativity and energy to achieve our fullest potential”.



Datuk Kamaruzaman Che Mat
Managing Director

Dear Stakeholders,

The commendable results that were achieved for the financial year ended 31 December 2011 underscore the fundamental strengths and underlying potential of Bank Rakyat.

For over a decade, the Bank has achieved a year-on-year record growth in terms of profit before tax and zakat (PBTZ) and financial year 2011 has proven to be no exception. During the year under review, not only did we breach the RM2.0 billion profit threshold for the first time, but this was achieved one year ahead of our target set forth under the Gemilang 2012. The overall quality of the Bank’s balance sheet continued to improve and this was reflected in the key

financial indicators, such as the return on asset (ROA), return on shareholders fund (ROSF), core capital ratio (CCR) and risk weighted capital ratio (RWCR).

Operationally, the Bank continued to consolidate its nationwide foot-print with the opening of new branches during the year and expanding our electronic delivery channels. While we continue to invest in technology, we also intensified our efforts during the year to improve on the overall customer experience. Service excellence provides the extra edge in the competitive business we are in which live up to our vision of being ‘Your Choice Bank’.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Notwithstanding the success we been enjoying over the past years, we have a lot more to offer in upholding our vision and mission. We continue to shape the Bank's future with undiminished entrepreneurial foresight, creativity and energy to achieve our fullest potential. Bank Rakyat therefore will continue to be the model bank that is the pride of all Malaysians.

OPERATING ENVIRONMENT

Throughout 2011, the country's banking system and capital market remained robust, underpinned by strong capitalisation, increasing globalisation and firm asset quality reinforced by prudent risk management practices. As at end-July 2011, Malaysia RWCR and CCR stood at 16.07% and 14.82% respectively, which were well above the current regulatory minimum levels as well as the higher requirements under Basel III.

In the changing face of the country's financial environment, Bank Rakyat is able to enhance its competitiveness through sheer strength, flexibility, determination and endurance. With our vast experience and pragmatic approach in the banking industry, we have positioned ourselves as a dynamic Islamic cooperative bank offering sophisticated financial facilities through our nationwide network of branches and service agents.

We have shown yet again that we are resilient and well-placed to weather global or domestic challenges because we always turn all obstacles into opportunities.

FINANCIAL PERFORMANCE

Against this backdrop, Bank Rakyat was able to turn in a financial performance that surpassed the targets set forth in our Business Plan. For the year ended 31 December 2011, the Bank posted a PBTZ of RM2.02 billion, a 17.2% increase from RM1.72 billion recorded the previous year. We were able to breach the RM2.0 billion target for the first time and accomplished this significant achievement a year ahead of our Gemilang 2012 target. I take pride in pointing out that Bank Rakyat recorded a 734% growth in PBTZ since the new millennium.

It is always satisfying when our hard-work gets acknowledged. Our unparalleled achievement was recognised by The Asian Banker in its Global Islamic Bank 2011 report. Bank Rakyat was ranked first in Malaysia based on highest profit and largest asset.

The record PBTZ was achieved on the back of total income of RM5.5 billion, an increase of 16.9% when compared to RM4.86 billion registered previously. The improved numbers were attributed mainly to better performance across the Bank's lines of businesses, with consumer banking accounting for 91.4% of total revenue.

All other key financial indicators point to the solid fundamentals of the Bank. As at 31 December 2011 assets grew to RM72.28 billion, earning the Bank top position in Malaysia in The Banker's Top 500 Islamic Financial Institutions Report. By reducing our exposure to risks, the Bank's financing quality has remained sound with the gross impaired financing ratio easing further to a moderately low level of 2.8%. Return on equity improved to 28.22% on the back of a return on asset of 3.00%. The Bank also enjoyed a healthy capital position, closing the year with the RWCR and CCR at 16.5% and 15.2% respectively, well within the regulatory requirements. RAM also assessed the Bank's liquidity position as stability of the with its liquid-asset ratio standing at 33.32% as at end-December 2011.

To bolster the financial and banking sector in Malaysia, the Bank will continue to roll out elements such as healthy and ample liquidity, strong balance sheet, sound capitalisation and stable asset quality.

OPERATIONAL HIGHLIGHTS

Fulfilling Your Needs. To gain market share and meet the changing needs of a more discerning clientele, we have also diversified the breadth and depth of our products and services.

Bank Rakyat launched Debit Card-i or One Retail Cash Islamic Debit Card on 8 February 2011 better known by its acronym Orchid Card. In a tie-up with Mastercard Worldwide, the card enables holders to transact retail and online purchases as well as facilitate cash withdrawals at ATMs. Since the launch of the card, we have already reached 13,539 customer base.

Closer to you. In its mainstream banking business, the Bank continued to make important strides to stamp its presence in the country's financial landscape. Some seven new branches were opened at strategic locations throughout the country, bringing our total network to 134 as at year-end 2011. The Bank has also expanded its electronic delivery channels nation-wide, and with a tally of 436 ATMs, 149 CDMs, 30 CICOs and 123 EBCs, we are in a better position to serve our growing customer base.

In addition, our Ar-Rahnu or Islamic pawnbroking business has steadily expanded since commencing operations in 1993. At year-end, our network of Ar-Rahnu X'change outlets has expanded to 35, of which nine are wholly-owned by Bank Rakyat and managed by cooperatives under Rakyat Management Services Sdn. Bhd. (RMS) as franchisor.

Enriching the cooperative. During the year, Bank Rakyat continued to fulfil its cooperative cohesion to improve the standing of our members by creating cooperative entrepreneurs to reap the benefits of Malaysia's ongoing transformation into an industrialised nation. A key initiative is the Bank's Cooperative Development Programme (CDP) and Entrepreneurship Development Programme (EDP). The various components of the CDP includes a 'Mentor-Mentee' programme, with Bank Rakyat taking on the role of a mentor to help cooperatives improve on operational efficiencies.

Another initiative, Rakan KOOP was specifically tailored to assist small-to medium-scale enterprises enhance their competitiveness by upgrading management competencies and provision of financing facilities.

The Bank Rakyat Service Agent programme establishes a partnership with cooperatives to create business synergies.

A total of 45 cooperatives have signed up for this programme which establishes a win-win partnership between the Bank and the participating cooperatives, whereby each party gets to showcase their range of products and services.

Through the *Rakan Dagang* initiative, a panel of participating merchant with-in cooperatives are selected by the Bank to offer discounts on products and services to COOP Card holder. Apart from generating a new revenue source for merchants, card holders enjoy discounts on a range of products that include handicrafts, medication, food and drinks and various services such as those associated with tourism. To date, a total of 34 merchants with-in cooperatives are benefiting from this programme in various spheres of business.

Under our TUKAR-i and ATOM-i financing schemes, Bank also manages funds from the Ministry of Domestic Trade, Cooperatives and Consumerism to provide assistance to small scale retailers and operators of automotive workshops. It is in the form of a financing facility that can be used as capital, upgrading works or for the purchase of equipment. As part of the EDP, briefings and seminars are organised on a regular basis to educate and upgrade the knowledge and business skills of cooperatives in order to succeed in today's competitive environment.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

ENHANCING THE CUSTOMER EXPERIENCE

In an industry where businesses are constantly vying with one another, the difference usually comes down to one thing – going the extra mile to serve the customer better. I am reminded of a customer service quote that **'if we do not take care of our customers, someone else will'**. Thus throughout 2011, providing premier customer service remained one of our primary objectives. We were focused on rolling out initiatives to engender a customer experience that is differentiated, personalised and memorable across our network of 134 branches.

One of the areas that the Bank has channeled significant time and energy is in customer complaints and I am glad to report that the fruits of our labour have paid off. We started out with an initial 'SMS blast' of 3,000 customers randomly picked to gauge the Bank's standing in terms of customer satisfaction levels and the areas that required improvements. Over the period of April to November, this was followed up with another round of 'SMS blasts' reaching a wider targeted audience of 168,131 customers.

From the time we began our campaign in April up till December 2011, we have been monitoring the feed-back received from participants significantly.

BANKING ON OUR STRENGTHS

The results we have achieved this far stem from a strategic concentration of our many strengths. The theme of this year's report is centred on the bamboo and the attributes that make it a success story in the plant kingdom –

strength; growth and flexibility. The strength and growth of the Bank is clearly evidenced by our financial performance, balance sheet strength, accolades and our growing presence across the nation.

Like the bamboo, the Bank has the advantage of flexibility not enjoyed by an ordinary commercial bank. By virtue of the Bank's set-up, we are able to enjoy the best of two worlds. While operating in the mainstream banking business, we have never lost sight of the fact that we were established as a cooperative and the roles mandated to the Bank by the Government have become part of our business strategy and work culture.

Cooperatives continued to enjoy a degree of stability and security owing to their measured risk model and emphasis on services to members. The cooperative model therefore represents an important contribution to the economic and social well-being of communities.

We also consider, among our many strengths, the spirit of creativity and innovation innate in Bank Rakyat. For the past four years, we have been the only bank in Malaysia to celebrate World Creativity and Innovation Day. Observed by more than 46 countries across the globe on 21 April, the objective of this event is to awaken people's imaginations to generate new ideas to create a better future. I believe that creativity and innovation are the key ingredients that provide the extra edge in business; it requires a creative mind to see opportunities where others do not. Under the initiative, year-round programmes were organised to reinforce a culture of creativity and innovation. These included among others, a series of campaigns, competitions, courses,

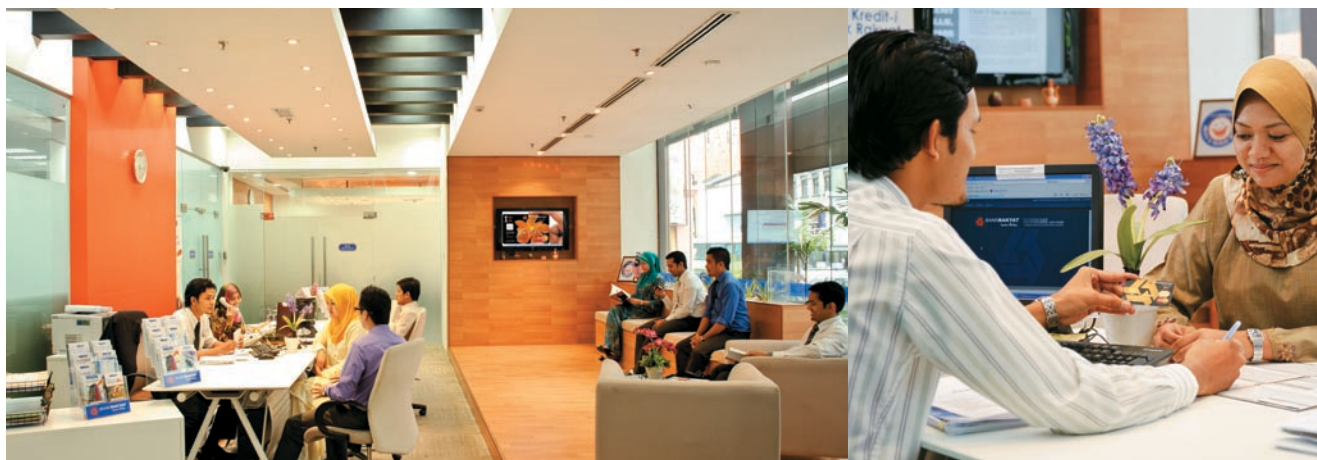


forums and Innovation News to keep staff abreast of developments. Going by the enthusiasm and response of staff, it is encouraging that Bank Rakyat is not short on creative and innovative ideas and talents.

The deep roots we have planted into the community is another source of competitive strength that cannot be dismissed and we will continue to invest time and effort to nurture this relationship. By ensuring our success is inclusive, we earn a place in the hearts and minds of the communities and this is eventually translated into goodwill. Whether it is assisting the orang asli community in Gua Musang, or restoring an old folks home in Kota Belud, a wakaf in Sungai Lembing or rehabilitating a children's

Ultimately, it is our people who will determine the success of Bank Rakyat and its destiny. The high priority placed on training and development of our human capital has undoubtedly been a major contributing factor to the Bank's success. For 2011, the Bank set aside RM24.6 million for the training effort, representing 4.9% of total emoluments. Our training objective to ensure that each employee receives a minimum of five man-days of training within a calendar year to improve the soft and hard skills required of their jobs. While we have our own pool of highly experienced trainers, we also depend on the specialised knowledge and expertise of external trainers, particularly in the more technical areas.

With our extensive experience and a pragmatic approach in the banking industry, we are positioning ourselves as a dynamic Islamic Cooperative Bank



play-ground at Masjid Tanah, we are simply upholding a long tradition of caring and sharing. Many of our staff have sacrificed time, effort and sometimes personal expense to participate in *gotong-royong* activities, such as the clean-up operation organised at Tanjung Malim. For the past several years, the Bank Rakyat Carnival has been a regular feature on the Bank's calendar of events. Held at strategic locations throughout the country, the carnival provides us with an opportunity to get to know our customers and clients better. In this way, the seeds for relationship building are sown.

The Bank's training curriculum covers a broad range of competencies and is specifically drawn up to ensure its relevance to both organisational and individual needs. For example, functional programmes have been designed to improve the technical competencies of staff to keep pace with the operational requirements of their jobs. As an employer that believes that the best is in our very own backyard, we have always been attentive to the career needs of our people. A career progression path is drawn up for candidates with high potential and this is reinforced with a rigorous training and development programme to enable these high-flyers to ascend a steep learning curve, and eventually take on higher positions within the organisation.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



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Bank Rakyat
Annual Report

We are also committed to mould an environment that is conducive to learning. Employees are encouraged to pursue certification programmes relevant to the banking industry so as to acquire the qualifications to move further up the corporate ladder. Many of our employees have taken this opportunity to pursue professional programmes such as those offered by Certified Credit Professional (CCP), Certificate in Internal Auditing for Financial Institutions (CIAFIN), and Chartered Islamic Finance Professional (CIFP).

In our human resource development efforts, we must not dismiss the importance of the softer aspects of developing people. Social gatherings such as Family Day, Hari Raya

festivities and Inter-Bank Games serve as an informal platform for team-building. In a convivial atmosphere away from the formality of an office environment, the sense of family is reinforced.

Last but not least, the values we uphold are also an ultimate and enduring source of competitive advantage. Encapsulated in the word RAKYAT, these values espouse time-honored virtues of diligence, honesty, competence, confidence, honour and piety. They form the bedrock elements of the Bank's corporate culture and must be embedded in all that we do.

TAKING YOU FURTHER

Moving into the new financial year, just how the future plays out is hard to predict. The extent of the Bank's earnings growth will no doubt be determined by general economic conditions. But with a proven business model and with all the right strategies and measures in place, and by leveraging on our strengths, the prospects for 2012 remain promising.

In the new financial year, our strategy will be to focus on several key priorities. The Bank will focus on ensuring broad revenue growth across our lines of business. More efforts will also be channeled to enhance the overall customer experience by improving infrastructure, technology, delivery channels, product range and service quality. At the same time, we will intensify efforts to reduce costs and improve productivity and efficiency by optimising processes and systems. While the Bank has many assets, in truth one of our strongest rests with our human capital. In this regard, we will continue to strengthen our pool of in-house talents and nurture a strong team-working pattern across the Bank to keep pace with the growing demands of the industry and exceed customer expectations.

We also plan to expand our nationwide footprint with the opening of at least five new branches, while the number of off premise ATMs and CDMs will each be increased by 50. The number of Ar-Rahnu X'change and service agents will also be increased by five and fifteen respectively.

Meanwhile, Bank Rakyat is set to become the first cooperative bank to provide Islamic foreign-exchange products and services when our foreign-exchange (forex) business is launched in 2012. In compliance with the newly enforced Money Services Business Act 2011, the necessary has already been submitted to Bank Negara Malaysia and we are presently awaiting the licence approval. The commencement of our forex business will further diversify our fee income.

APPRECIATION

In truth, our prime assets are the intellectual and creative capabilities of our people. We have a cohesive team of dedicated professionals who are committed to the continuing success of the Bank and to the ideals we stand for. It is my privilege to work with a great team and I thank all of you for your contributions

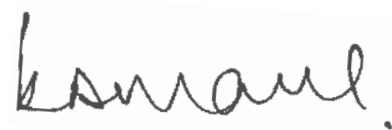
Bank Rakyat has established a good working relationship with the various government ministries and bodies, notably the Ministry of Domestic Trade, Cooperatives and Consumerism, Ministry of Finance and Bank Negara Malaysia. They have been very helpful and generous with their support and advice, and I thank them for their support over the years.

It has also been an honour to serve our growing numbers of members and customers and the respective communities in which we operate. Their loyalty, support and belief in the Bank have always been inspiring and helped us achieve our goals.

My fellow members on the Board have also been very generous with their wise counsel. They bring to the Board vast knowledge and experience that cuts across a broad spectrum of businesses in Corporate Malaysia and this has benefited the Bank immensely.

As we look forward to an exciting future, we will need the continuing support of all of you in the spirit of common purpose and determination.

Please accept my sincere gratitude and appreciation.



Datuk Kamaruzaman Che Mat
Managing Director

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**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
FOR THE YEAR ENDED 31 DECEMBER 2011**

The financial statements of Bank Kerjasama Rakyat Malaysia Berhad and the Group for the year ended 31 December 2011 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing. Those standards require an audit be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement or omission. The audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessment of the accounting principles used, significant estimates made by the management as well as evaluating the overall presentation of the financial statements. I believe that the audit provides a reasonable basis for my 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 2011 and of the results of its operations and its cash flows for the year ended in accordance with the approved accounting standards.

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 consolidated financial statements. I am satisfied that these 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, proper for the purposes of the preparation of the consolidated financial statements. I have received satisfactory information and explanations required by me for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect the consolidated financial statements.



(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
29 FEBRUARY 2012



STATEMENT OF CHAIRMAN AND MANAGING DIRECTOR

We, TAN SRI DATO' DR. SYED JALALUDIN BIN SYED SALIM and DATUK KAMARUZAMAN BIN CHE MAT, being the Chairman and one of the Board of Directors of Bank Kerjasama Rakyat Malaysia Berhad state that in our opinion, Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the accounts are drawn up so as to give a true and fair view of the state of affairs on 31 December 2011 and of its results and cash flows for the year ended on that date.

On behalf of the Board,



TAN SRI DATO' DR SYED JALALUDIN BIN SYED SALIM
Chairman



DATUK KAMARUZAMAN BIN CHE MAT
Managing Director

KUALA LUMPUR
Date: 27 February 2012

SHARIAH COMMITTEE'S REPORT

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Bank Kerjasama Rakyat Malaysia Berhad during the period ended 31 December 2011. We have also conducted our review to form an opinion as to whether Bank Kerjasama Rakyat Malaysia Berhad has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of Bank Kerjasama Rakyat Malaysia Berhad is responsible for ensuring that the financial institution conducts its business in accordance with Syariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of the bank.

We have assessed the work carried out by Syariah review and Syariah audit which included examining the relevant documentation and procedures adopted by Bank Kerjasama Rakyat Malaysia Berhad.

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 Kerjasama Rakyat Malaysia Berhad has not violated the Syariah principles.

In our opinion:

1. the contracts, transactions and dealings entered into by Bank Kerjasama Rakyat Malaysia Berhad during the year ended 31 December 2011 that we have reviewed are in compliance with the Syariah principles;
2. 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 Syariah principles;
3. the calculation of zakat is in compliance with Syariah principles.

We, DATO' SETIA HJ. MOHD TAMYES BIN ABD WAHID and DATUK HJ. ABU HASAN BIN LEBAI DIN, being two of the members of the Syariah Committee of Bank Kerjasama Rakyat Malaysia Berhad, do hereby confirm on Behalf of the members of the Council that in our opinion, the operations of the Bank for the financial year ended 31 December 2011 have been conducted in conformity with the Shariah principles.

On behalf of the Syariah Committee,



DATO' SETIA HJ. MOHD TAMYES BIN ABD WAHID
Chairman



DATUK HJ. ABU HASAN BIN LEBAI DIN
Committee Member

KUALA LUMPUR
Date: 27 February 2012

DECLARATION OF THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF BANK KERJASAMA RAKYAT MALAYSIA BERHAD

I, MUSTAFHA BIN ABD RAZAK, being the officer primarily responsible for the financial management of Bank Kerjasama Rakyat Malaysia Berhad do solemnly declare that the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the accounts 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 Declaration 1960,

Subscribed and solemnly declared)
by the above named, MUSTAFHA BIN ABD RAZAK)
at Kuala Lumpur on 27 February 2012)


MUSTAFHA BIN ABD RAZAK

Before me:



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

DIRECTORS' REPORT

The directors 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 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Syariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the year.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Bank for the financial year are as follows:

| | Group RM'000 | Bank RM'000 |
|--|-----------------|----------------|
| Profit before taxation and zakat | 2,040,196 | 2,018,992 |
| Taxation | 17,145 | 19,622 |
| Zakat | (33,682) | (33,640) |
| Profit after taxation and zakat | 2,023,659 | 2,004,974 |
| Statutory appropriations | (599,680) | (599,680) |
| Profit for the year | 1,423,979 | 1,405,294 |
| Other comprehensive income | 12,517 | 12,517 |
| Total comprehensive income for the year | 1,436,496 | 1,417,811 |
| Profit for the year attributable to: Equity holders of the Bank | 1,423,979 | 1,405,294 |

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 significant transfers to or from reserves or provision in the financial year, other than those disclosed in the financial statements.

DIVIDENDS

In the previous financial year, the Bank had declared a cash dividend of 20% amounting to RM398.0 million. However, the Bank was only allowed to pay up to 15% amounting to RM294.85 million that was paid in the current financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 15% amounting to RM330.0 million and bonus dividend of 10% amounting to RM210.0 million. The proposed final dividends are subject to the approval by the relevant authorities and have not been included as liabilities in the financial statements.

STATUTORY INFORMATION

In the opinion of the directors, the financial statements have been drawn up so as to give true and fair view of the state of affairs of the Group and of the Bank as of 31 December 2011.

Before the statements of financial position and the statements of comprehensive income were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Bank misleading.

At this date of this report, there does not exist:

- (a) 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 liabilities of any other person; or
- (b) 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 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 (3) of Co-operative Societies Act 1993.

Signed on behalf of the Board in accordance with a resolution of the directors,



TAN SRI DATO' DR. SYED JALALUDIN BIN SYED SALIM



DATUK KAMARUZAMAN BIN CHE MAT

Kuala Lumpur
Date: 27 February 2012

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

| | | | Group | | Bank |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | Note | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | 5 | 4,578,724 | 5,425,236 | 4,566,919 | 5,417,441 |
| Deposits and placements with financial institutions | 6 | 3,515,000 | 915,523 | 3,515,000 | 914,720 |
| Financial assets held for trading | 7 | 10,362 | 10,179 | 10,362 | 10,179 |
| Financial assets available-for-sale | 8 | 10,833,332 | 4,878,650 | 10,833,332 | 4,878,650 |
| Financial assets held-to-maturity | 9 | 2,852,471 | 4,599,347 | 2,852,471 | 4,599,347 |
| Financing and advances | 10 | 49,179,249 | 44,983,021 | 49,179,249 | 44,983,021 |
| Other investments | | 10,387 | 10,387 | – | – |
| Trade receivables | 11 | 7,293 | 7,868 | – | – |
| Other assets | 12 | 473,013 | 291,846 | 432,345 | 245,623 |
| Inventories | 13 | 705 | 235 | – | – |
| Property development | 14 | 998 | 8,887 | – | – |
| Investment in subsidiaries | 15 | – | – | 43,500 | 55,972 |
| Property and equipment | 16 | 490,266 | 446,766 | 470,949 | 427,650 |
| Goodwill on consolidation | | 13,185 | 13,185 | – | – |
| Investment properties | 17 | 246,898 | 240,515 | 155,160 | 146,786 |
| Prepaid lease payment | 18 | 76,663 | 70,973 | 63,631 | 57,672 |
| Deferred tax assets | 19 | 355,496 | 174,496 | 356,000 | 175,000 |
| TOTAL ASSETS | | 72,644,042 | 62,077,114 | 72,478,918 | 61,912,061 |
| LIABILITIES | | | | | |
| Deposits from customers | 20 | 58,507,088 | 49,567,681 | 58,507,088 | 49,567,681 |
| Deposits and placements from banks and financial institutions | 21 | 595,000 | 649,999 | 595,000 | 649,999 |
| Trade payables | | 6,274 | 2,028 | – | – |
| Recourse obligations on financing sold to Cagamas | 22 | 3,303,393 | 3,889,940 | 3,303,393 | 3,889,940 |
| Other liabilities | 23 | 1,434,127 | 1,486,159 | 1,573,058 | 1,621,312 |
| Provision for taxation | | – | 46,940 | – | 46,379 |
| Profit equalisation reserve (Investor) | 24 | 145,776 | 183,904 | 145,776 | 183,904 |
| Financing from other financial institutions | 25 | 41,479 | 60,000 | – | – |
| TOTAL LIABILITIES | | 64,033,137 | 55,886,651 | 64,124,315 | 55,959,215 |
| SHAREHOLDERS' FUND | | | | | |
| Share capital | 26 | 2,349,063 | 1,994,960 | 2,349,063 | 1,994,960 |
| Share redemption fund | | 53,671 | 36,635 | 53,671 | 36,635 |
| Reserves | 27 | 5,977,606 | 3,868,131 | 5,721,304 | 3,630,514 |
| Profit equalisation reserve (Bank) | 24 | 230,565 | 290,737 | 230,565 | 290,737 |
| TOTAL SHAREHOLDERS' FUND | | 8,610,905 | 6,190,463 | 8,354,603 | 5,952,846 |
| TOTAL LIABILITIES AND SHAREHOLDERS' FUND | | 72,644,042 | 62,077,114 | 72,478,918 | 61,912,061 |
| COMMITMENT AND CONTINGENCIES | 38 | 2,335,970 | 2,329,610 | 2,335,970 | 2,329,610 |

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

| | | Group | Bank | | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Income | 28 | 5,187,388 | 4,505,820 | 5,112,672 | 4,466,145 |
| Expenditure | 29 | (1,918,901) | (1,456,078) | (1,869,855) | (1,420,840) |
| Net income | | 3,268,487 | 3,049,742 | 3,242,817 | 3,045,305 |
| Financing loss and allowances | 30 | (703,613) | (910,154) | (703,613) | (910,154) |
| Other operating income | 31 | 395,944 | 398,745 | 392,204 | 390,881 |
| Operating expenses | 32 | (920,622) | (808,556) | (912,416) | (808,899) |
| Profit before taxation and zakat | | 2,040,196 | 1,729,777 | 2,018,992 | 1,717,133 |
| Taxation | 33 | 17,145 | (326,866) | 19,622 | (323,557) |
| Zakat | 34 | (33,682) | (52,828) | (33,640) | (52,356) |
| Profit after taxation and zakat | | 2,023,659 | 1,350,083 | 2,004,974 | 1,341,220 |
| Statutory appropriations: | 35 | | | | |
| Transfer to statutory reserve: 25% (2010: 25%) | | (509,654) | (348,394) | (509,654) | (348,394) |
| Contribution to the Cooperative Education Trust Fund: 1% (2010: 2%) | | (20,190) | (34,343) | (20,190) | (34,343) |
| Contribution to the Cooperative Development Provident Fund: 1% (2010: 1%) | | (20,190) | (17,171) | (20,190) | (17,171) |
| Contribution to the Members Monetary Fund: 2% | | (40,380) | – | (40,380) | – |
| Contribution to Bank Rakyat Foundation | | (9,266) | – | (9,266) | – |
| | | (599,680) | (399,908) | (599,680) | (399,908) |
| Profit for the year | | 1,423,979 | 950,175 | 1,405,294 | 941,312 |
| Other comprehensive income | | | | | |
| Net gain on revaluation of financial assets available-for-sale | | 72,689 | 30,620 | 72,689 | 30,620 |
| Gain/(loss) transferred to profit equalisation reserve | | (60,172) | 11,747 | (60,172) | 11,747 |
| Other comprehensive income for the year | | 12,517 | 42,367 | 12,517 | 42,367 |
| Total comprehensive income for the year | | 1,436,496 | 992,542 | 1,417,811 | 983,679 |
| Earnings per share (RM) | | | | | |
| Basic | 36 | 0.90 | 0.68 | | |

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

| Group | Note | Share capital RM'000 | Share redemption fund RM'000 | Capital reserve RM'000 | Statutory reserve RM'000 | Other reserves RM'000 | Profit equalisation reserve RM'000 | Retained earnings RM'000 | Total RM'000 |
|---|------|-------------------------|---------------------------------|---------------------------|-----------------------------|--------------------------|---------------------------------------|-----------------------------|-----------------|
| At 1 January 2010 | | 1,994,960 | 52,806 | 14,617 | 2,000,000 | 6,194 | 278,990 | 916,131 | 5,263,698 |
| Total comprehensive income for the year | | – | – | – | – | 30,620 | 11,747 | 950,175 | 992,542 |
| Utilisation of share redemption | | – | (16,171) | – | – | – | – | – | (16,171) |
| Transfer to statutory reserve | | – | – | – | 348,394 | – | – | – | 348,394 |
| Dividend | 37 | – | – | – | – | – | – | (398,000) | (398,000) |
| At 31 December 2010 | | 1,994,960 | 36,635 | 14,617 | 2,348,394 | 36,814 | 290,737 | 1,468,306 | 6,190,463 |
| At 1 January 2011 | | 1,994,960 | 36,635 | 14,617 | 2,348,394 | 36,814 | 290,737 | 1,468,306 | 6,190,463 |
| Total comprehensive income for the year | | – | – | – | – | 72,689 | (60,172) | 1,423,979 | 1,436,496 |
| Issuance to new members | 26 | 354,103 | – | – | – | – | – | – | 354,103 |
| Addition of share redemption | | – | 17,036 | – | – | – | – | – | 17,036 |
| Transfer to statutory reserve | | – | – | – | 509,654 | – | – | – | 509,654 |
| Dividend | 37 | – | – | – | – | – | – | 103,153 | 103,153 |
| At 31 December 2011 | | 2,349,063 | 53,671 | 14,617 | 2,858,048 | 109,503 | 230,565 | 2,995,438 | 8,610,905 |
| Bank | | | | | | | | | |
| At 1 January 2010 | | 1,994,960 | 52,806 | 15,358 | 2,000,000 | 6,194 | 278,990 | 686,636 | 5,034,944 |
| Total comprehensive income for the year | | – | – | – | – | 30,620 | 11,747 | 941,312 | 983,679 |
| Utilisation of share redemption | | – | (16,171) | – | – | – | – | – | (16,171) |
| Transfer to statutory reserve | | – | – | – | 348,394 | – | – | – | 348,394 |
| Dividend | 37 | – | – | – | – | – | – | (398,000) | (398,000) |
| At 31 December 2010 | | 1,994,960 | 36,635 | 15,358 | 2,348,394 | 36,814 | 290,737 | 1,229,948 | 5,952,846 |
| At 1 January 2011 | | 1,994,960 | 36,635 | 15,358 | 2,348,394 | 36,814 | 290,737 | 1,229,948 | 5,952,846 |
| Total comprehensive income for the year | | – | – | – | – | 72,689 | (60,172) | 1,405,294 | 1,417,811 |
| Issuance to new members | 26 | 354,103 | – | – | – | – | – | – | 354,103 |
| Addition of share redemption | | – | 17,036 | – | – | – | – | – | 17,036 |
| Transfer to statutory reserve | | – | – | – | 509,654 | – | – | – | 509,654 |
| Dividend | 37 | – | – | – | – | – | – | 103,153 | 103,153 |
| At 31 December 2011 | | 2,349,063 | 53,671 | 15,358 | 2,858,048 | 109,503 | 230,565 | 2,738,395 | 8,354,603 |

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| CASH FLOWS FROM/(USED IN) | | | | |
| OPERATING ACTIVITIES | | | | |
| Profit for the year | 1,423,979 | 950,175 | 1,405,294 | 941,312 |
| Adjustments for: | | | | |
| Allowance for impairment on financing and advances | 627,365 | 757,216 | 627,365 | 757,216 |
| Transfer to statutory reserve | 509,654 | 348,394 | 509,654 | 348,394 |
| Overprovision of dividend in prior year | 103,153 | – | 103,153 | – |
| Allowance for impairment on financial assets held-to-maturity | 71,793 | 145,446 | 71,793 | 145,446 |
| Depreciation on property and equipment | 61,142 | 50,222 | 59,944 | 49,112 |
| Contribution to the Members Monetary Fund | 40,380 | – | 40,380 | – |
| Zakat | 33,682 | 52,828 | 33,640 | 52,356 |
| Contribution to the Cooperative Education Trust Fund | 20,190 | 34,343 | 20,190 | 34,343 |
| Contribution to the Cooperative Development Provident Fund | 20,190 | 17,171 | 20,190 | 17,171 |
| Provision for retirement benefits | 14,833 | 15,477 | 14,833 | 15,477 |
| Loss on financing written-off | 9,359 | 3,862 | 9,359 | 3,862 |
| Contribution to Bank Rakyat Foundation | 9,266 | – | 9,266 | – |
| Allowance for impairment on financial assets available-for-sale | 4,455 | 7,492 | 4,455 | 7,492 |
| Finance cost | 2,320 | – | – | – |
| Amortisation of prepaid lease payment | 1,650 | 1,449 | 1,381 | 1,111 |
| Property and equipment written-off | 811 | 235 | 247 | 211 |
| Allowance for doubtful debts | 374 | – | 8,538 | 2,644 |
| Loss on disposal of property and equipment | 1 | – | 1 | – |
| Investment in subsidiaries written-off | – | – | 12,472 | – |
| Provision for impairment loss on financial assets held-to-maturity no longer required | (38,707) | – | (38,707) | – |
| Taxation | (19,006) | 326,866 | (21,483) | 323,557 |
| Net gain on disposal of financial assets available-for-sale | (18,049) | (9,402) | (18,049) | (9,402) |
| (Gain)/Loss on revaluation of investment properties | (6,322) | 116 | (8,374) | – |
| Net gain on disposal of financial assets held-for-trading | (1,457) | – | (1,457) | – |
| Net (gain)/loss on redemption of financial assets held-to-maturity | (1,303) | 77 | (1,303) | 77 |
| Recoveries on provision of doubtful debts | (252) | – | (2,756) | – |
| Net (gain)/loss on revaluation of financial assets held-for-trading | (9) | 4 | (9) | 4 |
| Operating profit before working capital changes | 2,869,492 | 2,701,971 | 2,860,017 | 2,690,383 |

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

| | Group | | Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| (Increase)/Decrease in operating assets: | | | | |
| Deposits and placements with financial institutions | (2,599,477) | 341,441 | (2,600,280) | 341,638 |
| Financing and advances | (4,832,952) | (8,053,446) | (4,832,952) | (8,053,446) |
| Property development | 7,889 | (193) | – | – |
| Inventories | (470) | (47) | – | – |
| Trade receivables | 453 | (346) | – | – |
| Other assets | (21,022) | (107,093) | (44,699) | (104,764) |
| | (4,576,087) | (5,117,713) | (4,617,914) | (5,126,189) |
| Increase/(Decrease) in operating liabilities: | | | | |
| Deposits from customers | 8,939,407 | 9,982,706 | 8,939,407 | 9,982,706 |
| Deposits from financial institutions | (54,999) | (406,655) | (54,999) | (406,655) |
| Other liabilities | 80,278 | (584,826) | 84,346 | (615,234) |
| Trade payables | 4,246 | 185 | – | – |
| Cash generated from operations | 4,392,845 | 3,873,697 | 4,350,840 | 3,834,628 |
| Income tax paid | (299,917) | (332,982) | (284,538) | (329,383) |
| Zakat paid | (36,617) | (36,026) | (36,866) | (37,622) |
| Payment for retirement benefits | (85,857) | (77,500) | (85,857) | (77,500) |
| Net cash generated from operating activities | 3,970,454 | 3,427,189 | 3,943,579 | 3,390,123 |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | | | |
| Net repayment/(purchase) of recourse obligation on financing sold to Cagamas | (725,880) | 811,167 | (725,880) | 811,167 |
| Profit expense on financing sold with recourse to Cagamas | 139,333 | 141,300 | 139,333 | 141,300 |
| Addition in profit equalisation reserve | (98,300) | 15,600 | (98,300) | 15,600 |
| Purchase of property and equipment | (112,390) | (124,779) | (110,831) | (115,183) |
| Purchases of financial assets held-for-trading | (480,000) | (165,000) | (480,000) | (165,000) |
| Proceeds from disposal of financial assets held-for-trading | 481,283 | 154,817 | 481,283 | 154,817 |
| Purchases of financial assets available-for-sale | (14,346,145) | (8,751,763) | (14,346,145) | (8,751,763) |
| Proceeds from disposal of financial assets available-for-sale | 8,482,201 | 8,331,074 | 8,482,201 | 8,331,074 |
| Addition of investment properties | (61) | (85,339) | – | – |
| Addition of prepaid lease payments | – | (46) | – | – |
| Purchases of financial assets held-to-maturity | (7,451,970) | (10,390,436) | (7,451,970) | (10,390,436) |
| Proceeds from disposal of property and equipment | (404) | (374) | – | (2) |
| Proceeds from disposal of financial assets held-to-maturity | 9,162,608 | 7,466,530 | 9,162,608 | 7,466,530 |
| Proceeds from prepaid lease payments | – | 1,377 | – | – |
| Net cash used in investing activities | (4,949,725) | (2,595,872) | (4,947,701) | (2,501,896) |

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| CASH FLOWS FROM/(USED IN) | | | | |
| FINANCING ACTIVITIES | | | | |
| Proceeds from issue of shares to members | 371,139 | – | 371,139 | – |
| Utilisation of share redemption | – | (16,171) | – | (16,171) |
| Dividend paid | (294,847) | – | (294,847) | – |
| Fund received from government | 77,308 | 8,700 | 77,308 | 8,700 |
| Increase/(Decrease) in financing from other financial institutions | (15,000) | 15,000 | – | – |
| Addition in financing from other financial institutions | – | 45,000 | – | – |
| Repayment of financing from other financial institutions | (5,841) | – | – | – |
| Net cash from/(used in) financing activities | 132,759 | 52,529 | 153,600 | (7,471) |
| Net increase/decrease in cash and cash equivalents | (846,512) | 883,846 | (850,522) | 880,756 |
| Cash and cash equivalents at beginning of year | 5,425,236 | 4,541,390 | 5,417,441 | 4,536,685 |
| Cash and cash equivalents at end of year | 4,578,724 | 5,425,236 | 4,566,919 | 5,417,441 |
| Cash and cash equivalents | | | | |
| Cash and short-term funds | 4,578,724 | 5,425,236 | 4,566,919 | 5,417,441 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1. GENERAL INFORMATION

The Bank was established under Cooperative Act 1993 with the registered office address in 3rd Floor, Bangunan Bank Rakyat, Jalan Tangsi, P.O Box 11024, 50732 Kuala Lumpur.

The principal activities of the Bank are those of a co-operative that carries out banking activities based on Syariah principles through accepting deposits and providing financial services for retail and commercial needs.

The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of these principal activities during the year.

The Bank has a total of 134 branches as at 31 December 2011 (2010: 127).

The financial statements of the Group and of the Bank were approved by the Board of Directors for issuance in accordance with a resolution of the directors on 27 February 2012.

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, the Cooperative Act 1993, Development Financial Institutions Act 2002 (Act 618) and the applicable Financial Reporting Standards ("FRS") in Malaysia with modifications based on guidelines issued by Bank Negara Malaysia (BNM) and in compliance with the principles of Shariah.

The financial statements of the subsidiaries of the Bank have been prepared in accordance with the Financial Reporting Standards ("FRS") and 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.

Standards, amendments to published standards and interpretations that are effective and applicable

In the current financial year, the Group and the Bank adopted all the new and revised Standards and Issues Committee Interpretations ("IC Interpretations") issued by the Malaysian Accounting Standards Board ("MASB") which became effective on 1 January 2011 as follows:

| | |
|-----------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards (Revised) |
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters) |
| FRS 1 | First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for First-time Adopters) |
| FRS 3 | Business Combinations (Revised) |
| FRS 7 | Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) |
| FRS 101 | Presentation of Financial Statements (Revised) |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 132 | Financial Instruments: Presentation (Amendments relating to classification of rights issue) |
| FRS 139 | Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) |
| Improvements to FRSs (2010) | |
| IC Interpretation 4 | Determining Whether an Arrangement contains a Lease |
| IC Interpretation 13 | Customer Loyalty Programmes (Amendments relating to scope of IC Interpretation 13) |
| IC Interpretation 18 | Transfers of Assets from Customers |

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretation which were issued but not yet effective and not early adopted by the Group and the Bank as listed below:

| | |
|---------------------------|---|
| FRS 7 | Disclosures – Transfers of Financial Assets (Amendments to FRS 7) ² |
| FRS 101 | Presentation of Items of Other Comprehensive Income (Amendments to FRS 101) ³ |
| FRS 112 | Deferred Tax: Recovery of Underlying Assets (Amendments to FRS 112) ² |
| FRS 124 | Related Party Disclosure (Revised) ² |
| Improvements to FRSs 2010 | |
| IC Interpretation 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) ¹ |
| IC Interpretation 15 | Agreements for the Construction of Real Estate ⁴ |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments ¹ |

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Original effective date of 1 July 2010 deferred to 1 January 2012 via amendment issued by MASB on 30 August 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

Malaysian Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 agriculture (“MFRS 141”) and IC Interpretation 15 Agreements for Construction of Real Estate (“IC 15”), including its parent, significant investor and venturer (here in called “Transitioning Entities”). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

In presenting its MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Bank have been prepared under the historical cost basis, except for available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, and investment properties, which have been measured at fair values.

Historical cost is generally based on the fair value of the consideration involved in exchange for assets or liabilities.

3.2 Subsidiaries and basis of consolidation

Subsidiaries are companies in which the Bank directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are de-consolidated from the date on which control ceases.

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

The results of the subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income of the Group from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

Inter-company transactions, balances and intragroup gains on transactions between group companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The integration of the subsidiaries into the financial statements of the Group is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the Group's interest in the net fair value of the subsidiaries' identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

3.3 Financial instruments

In accordance with FRS 139, all financial assets and liabilities are recognised in the statements of financial position and measured in accordance with their assigned category.

Effective profit rate method

The effective profit rate method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments (Cont'd.)

3.3.1 Financial assets

(a) Financial assets held for trading

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 profit-taking.

Financial assets held for trading consist of government investment issues. 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 taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly 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'.

(b) Financial assets available-for-sale

Financial assets available-for-sale 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 interest rates, exchange rates or equity prices or that are not classified as financing and receivables, financial assets held-to-maturity or financial assets at fair value through profit or loss.

Financial assets available-for-sale are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised.

Financial assets available-for-sale that do not have a quoted market price in an active market whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

If financial assets available-for-sale are determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established.

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- (i) those that the Group upon initial recognition designates as at fair value through profit or loss;
- (ii) those that the Group designates as available-for-sale; and
- (iii) those that meet the definition of financing and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective profit method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments (Cont'd.)

3.3.1 Financial assets (Cont'd.)

(c) Financial assets held-to-maturity (Cont'd.)

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'.

(d) Financing and advances

Financing and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (i) those that the Group intends to sell immediately or in the short term, which are classified as held for trading; or
- (ii) those that the Group upon initial recognition designates as available-for-sale.

Financing and advances are initially recognised at fair value – which is the cash consideration to originate including any transaction costs – and measured subsequently at amortised cost using the effective profit rate method.

Profit on financing is included in profit or loss and is reported as 'Income from financing and advances'.

In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financing and recognised in profit or loss as 'Allowances for impairment on financing and advances'.

3.3.2 Financial liabilities

Financial liabilities that are not classified as at fair value through profit or loss fall into this category are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective profit method.

Financial liabilities measured at amortised cost include 'Recourse obligation on financing sold to Cagamas'.

3.3.3 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. In 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, using inputs existing at the end of the financial reporting period.

In cases when the fair value of unquoted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Financial instruments (Cont'd.)

3.3.3 Determination of fair value (Cont'd.)

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.

3.3.4 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

3.4 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.

3.5 Leases

Leases comprise of financial lease and operating lease. Leases are classified as finance lease if the Group assumes substantially all the risks and benefits of ownership of the assets. Lease of assets are classified as operating lease where a significant portion of the risks and rewards of ownership are retained by the lessor.

(a) Group as lessor

Outstanding amount from lessor under finance lease is recognised as a receivable at the net amount of the Group's lease investment. Lease income is charged to profit or loss over the term of the lease on a straight line basis on the net amount of the Group's lease investment.

(b) Group as lessee

Rental income from operating lease is recognised over the term of the lease on a straight line basis. Direct cost incurred during consultation and preparing the operating lease is included in the carrying amount of the leased asset and is recognised over the term of the lease on a straight line basis.

Asset under finance lease is recognised as Group's asset at the lower of present value of the minimum lease payments and the fair value of the leased asset at the beginning of the lease term. Lease payment is allocated between the liability and finance charges and included in the liabilities.

Finance charges is charged to profit or loss, and will be capitalised according to the Group's accounting policy for the borrowing cost if it has direct relation with the qualifying assets. However, contingency rental is recognised as expense in the year it incurred. Depreciation policy for the leased asset is based on the Group's accounting policy for the depreciation of property and equipment.

Rental payable under operating lease is charged to profit or loss over the term of the lease on a straight line basis. Incentives received and incentives receivable during the operating lease also charged over the term of the lease on a straight line basis. However, contingency rental derived from the operating lease is recognised as expenses according to the stipulated basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.6 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, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the case when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated 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.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

3.7 Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group is stated at historical cost less depreciation. 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 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 other operating expenses 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.

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 and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.8 Prepaid lease payments

Leasehold land that has an indefinite economic life and title that 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 20 to 98 years (2010: 21 to 99 years).

3.9 Employee benefits

3.9.1 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.

The liability recognised in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates of high-quality corporate bonds, and that have terms to maturity approximating the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to profit or loss over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the retirement benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

3.9.2 Defined contribution plan

For defined contribution plan, the Group pays contributions to Employees Provident Fund (EPF) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.10 Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

The Group and the Bank recognise no provisions for future operating losses. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.11 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.

3.12 Property development

Property development is stated at cost of freehold land and development expenditure plus attributable profits less any impairment losses net of progress billings.

The Group considers that portion of land and development expenditure on which development work has commenced and is expected to be completed within the normal operating cycle of one to two years as current assets.

3.13 Income tax

3.13.1 Current income tax

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.13.2 Deferred income tax

Deferred income tax is provided in full, using the "liability" method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from financing and advances, depreciation of property and equipment, revaluation of certain financial assets and liabilities, provision for retirement benefits and profit equalisation reserve. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Income tax (Cont'd.)

3.13.2 Deferred income tax (Cont'd.)

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax-effects of carry-forwards of unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on net basis.

3.14 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 in 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.

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.

3.15 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.

Dividend income from subsidiary companies and other investments are recognised when the Bank's rights to receive payment is established.

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

3.16 Dividend income

Dividends are recognised in profit or loss in ‘Dividend income’ when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.17 Impairment of financial assets

3.17.1 Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

If a financing or financial assets held-to-maturity has 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 may measure impairment on the basis of an instrument's fair value using an observable market price. 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, financial assets 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 financial asset are evaluated dependent on the availability of security for the financial asset. For unsecured financial assets, the fraction of exposure at default that will not be recovered following the default is taken in full.

For financial assets secured with collateral pledged to the Group, 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 financial asset would fall into default is computed based on average default rates for the last 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 financial assets with similar credit risk characteristics.

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 whilst impairment charges relating to financial assets held-to-maturity are classified in 'Allowance for impairment on financial assets'.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.17 Impairment of financial assets (Cont'd.)

3.17.2 Assets classified as available-for-sale

The Group assesses 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 financial assets available-for-sale, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.18 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.19 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 of depositors is classified as current liability and PER of the Bank is classified as a separate reserve in equity.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group'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 makes 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 FRS 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

4.1 Impairment losses on financing and advances

The Group reviews its financing and advances portfolio to determine whether impairment losses should be recorded 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.

There are two components of impairment allowance:

(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 interest 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 turns 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.

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

4.3 Financial assets held-to-maturity

The Group classifies 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 evaluates its intention and ability to hold such investments to maturity. If the Group 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 is 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 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.

The total carrying value of deferred tax assets recognised by the Group and the Bank amounted to RM355,496,000 (2010: RM174,496,000) and RM356,000,000 (2010: RM175,000,000) respectively.

5. CASH AND SHORT-TERM FUNDS

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Cash and balances with banks and other financial institutions | 422,627 | 350,236 | 415,114 | 342,441 |
| Money at call and deposit placements maturing within one month | 4,156,097 | 5,075,000 | 4,151,805 | 5,075,000 |
| | 4,578,724 | 5,425,236 | 4,566,919 | 5,417,441 |

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

| | Group | | Bank | |
|----------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Licensed banks | 3,515,000 | 915,523 | 3,515,000 | 914,720 |

7. FINANCIAL ASSETS HELD FOR TRADING

| | Group/Bank | |
|------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| At fair value | | |
| Government investment issues | 10,362 | 10,179 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

8. FINANCIAL ASSETS AVAILABLE-FOR-SALE

| | Group/Bank | |
|--|-------------------|------------------|
| | 2011 RM'000 | 2010 RM'000 |
| At fair value | | |
| Islamic debt securities | 1,525,173 | 589,985 |
| Quoted shares | 156,765 | 158,264 |
| Government investment issues | 5,764,041 | 3,201,027 |
| Government bonds | 1,660,655 | 360,827 |
| Khazanah bonds | 21,088 | 19,990 |
| Cagamas bonds | 10,054 | 422,332 |
| Negotiable Islamic debt certificates | 1,687,574 | 118,195 |
| Unit trust shares | 1,672 | 1,720 |
| At cost, net of impairment loss | | |
| Unquoted shares | 6,310 | 6,310 |
| | 10,833,332 | 4,878,650 |

9. FINANCIAL ASSETS HELD-TO-MATURITY

| | Group/Bank | |
|--|------------------|------------------|
| | 2011 RM'000 | 2010 RM'000 |
| At amortised cost | | |
| Government investment issues | 902,533 | 175,676 |
| Islamic commercial papers | 108,731 | 241,486 |
| Khazanah bonds | 49,810 | 47,358 |
| Cagamas bonds | 351,227 | 351,280 |
| Islamic debt securities | 807,991 | 957,968 |
| Negotiable Islamic debt certificates | 903,361 | 3,063,675 |
| | 3,123,653 | 4,837,443 |
| Less: accumulated impairment losses | | |
| Islamic commercial papers | (57,446) | (57,446) |
| Islamic debt securities | (213,736) | (180,650) |
| | (271,182) | (238,096) |
| | 2,852,471 | 4,599,347 |

9. FINANCIAL ASSETS HELD-TO-MATURITY (CONT'D.)

A reconciliation of accumulated impairment loss is as follows:

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| As of 1 January | 238,096 | 32,000 |
| Impairment loss during the year | 71,793 | 210,650 |
| Recoveries of impairment loss during the year | (38,707) | (4,554) |
| As of 31 December | 271,182 | 238,096 |

The maturity structures of the instruments are as follows:

| | Group/Bank | |
|----------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Maturity within one year | 1,022,137 | 3,474,222 |
| More than one year to five years | 660,303 | 1,185,127 |
| More than five years | 1,441,213 | 178,094 |
| | 3,123,653 | 4,837,443 |

10. FINANCING AND ADVANCES

(i) Financing and advances analysed by type are as follows:

| | Group/Bank | |
|--|-------------------|-------------------|
| | 2011 RM'000 | 2010 RM'000 |
| At amortised cost | | |
| Term financing | 6,896,794 | 6,427,006 |
| Personal financing | 64,469,391 | 57,662,379 |
| Revolving credit | 729,262 | 741,097 |
| House financing | 6,036,579 | 6,932,614 |
| Hire-purchase receivables | 711,634 | 986,006 |
| Lease receivables | 188,885 | 216,211 |
| Pawn broking | 1,572,035 | 1,126,893 |
| Bridging | 1,127,183 | 805,107 |
| Syndicated financing | 271,032 | 334,357 |
| Credit card | 1,073,225 | 777,039 |
| Staff financing | 348,616 | 286,282 |
| | 83,424,636 | 76,294,991 |
| Unearned income | (32,721,381) | (29,681,901) |
| Gross financing and advances | 50,703,255 | 46,613,090 |
| Allowance for impairment on financing and advances | | |
| Individual assessment impairment | (416,509) | (533,672) |
| Collective assessment impairment | (1,107,497) | (1,096,397) |
| | (1,524,006) | (1,630,069) |
| Net financing and advances | 49,179,249 | 44,983,021 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

10. FINANCING AND ADVANCES

(ii) Financing and advances analysed by concept are as follows:

| | Group/Bank | |
|------------------------|-------------------|-------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Bai' Al-Inah | 38,370,125 | 35,543,665 |
| Al-Tarkhis | 248 | 49,848 |
| Al-Ijarah | 100,653 | 1,007,301 |
| Bai' Bithaman Ajil | 4,076,135 | 3,641,369 |
| Ar-Rahnu | 1,572,051 | 1,126,892 |
| Al-Qardhul Hasan | 935 | 5,507 |
| Ijarah Thumma Al-Bai | 639,759 | 10,330 |
| Murabahah | 5,480,026 | 4,900,305 |
| Musyarakah Mutanaqisah | 70,027 | 64,302 |
| Tawarruq | 393,296 | 263,571 |
| | 50,703,255 | 46,613,090 |

(iii) Financing and advances analysed by economic sector are as follows:

| | Group/Bank | |
|--|-------------------|-------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Purchase of securities | 108,583 | 49,636 |
| Purchase of landed property | 3,062,271 | 3,606,194 |
| Consumption credit | 41,935,356 | 37,940,124 |
| Agriculture | 502,810 | 543,087 |
| Mining and quarrying | 153,240 | 102,077 |
| Manufacturing | 862,915 | 810,012 |
| Electricity, gas and water | 3,155 | 139,123 |
| Construction | 1,766,645 | 1,593,326 |
| Wholesale & retail trade | 125,146 | 170,471 |
| Transportation & communication | 196,261 | 222,971 |
| Financial, insurance and business services | 1,779,095 | 1,244,596 |
| Community, social and personal services | 207,778 | 190,933 |
| Others | – | 540 |
| | 50,703,255 | 46,613,090 |

10. FINANCING AND ADVANCES (CONT'D.)

(iv) Impaired financing and advances analysed by economic sector are as follows:

| | Group/Bank | |
|--|------------------|------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Purchase of securities | 5,168 | 7,338 |
| Purchase of landed property | 434,120 | 633,753 |
| Consumption credit | 420,661 | 406,265 |
| Agriculture | 64,882 | 180,346 |
| Mining and quarrying | – | 1,479 |
| Manufacturing | 53,333 | 4,935 |
| Electricity, gas and water | 2,524 | 99 |
| Construction | 100,981 | 233,191 |
| Wholesale & retail trade | 45,603 | 38,232 |
| Transportation & communication | 47,643 | 1,768 |
| Financial, insurance, property and business services | 253,591 | 57,237 |
| Community, social and personal services | 1,327 | 2,186 |
| Others | – | 58 |
| | 1,429,833 | 1,566,887 |

(v) Movements in impaired financing and advances are as follows:

| | Group/Bank | |
|---|------------------|------------------|
| | 2011 RM'000 | 2010 RM'000 |
| As of 1 January | 1,566,887 | 1,587,901 |
| Classified as impaired during the year | 2,227,550 | 3,685,144 |
| Amount written-back in respect of recoveries | (1,660,743) | (2,653,240) |
| Amount written-off during the year | (703,861) | (1,052,918) |
| | (137,054) | (21,014) |
| As of 31 December | 1,429,833 | 1,566,887 |
| Gross impaired financing and advances as a percentage of gross financing and advances | 2.82% | 3.36% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

10. FINANCING AND ADVANCES (CONT'D.)

(vi) Movements in allowance for individual assessment impairment on financing and advances are as follows:

| | Group/Bank | |
|--|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Individual assessment impairment | | |
| As of 1 January | 533,672 | 1,032,085 |
| Allowance made during the year (Note 30) | 716,245 | 752,509 |
| Amount written-back in respect of recoveries (Note 30) | (125,647) | (155,151) |
| Amount written-off during the year | (707,761) | (1,095,771) |
| | (117,163) | (498,413) |
| As of 31 December | 416,509 | 533,672 |

(vii) Movements in allowance for collective assessment impairment on financing and advances are as follows:

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Collective assessment impairment | | |
| As of 1 January | 1,096,397 | 968,920 |
| Allowance made during the year (Note 30) | 11,100 | 127,477 |
| As of 31 December | 1,107,497 | 1,096,397 |
| Collective impairment as a percentage of gross financing and advances after deduction of individual assessment impairment | 2.20% | 2.38% |

11. TRADE RECEIVABLES

| | Group/Bank | |
|------------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| At amortised cost | | |
| Trade receivables | 11,780 | 12,233 |
| Less: Allowance for doubtful debts | (4,487) | (4,365) |
| | 7,293 | 7,868 |

11. TRADE RECEIVABLES (CONT'D.)

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

The credit period granted for sale of goods is 30 days (2010: 30 days). No interest 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 RM6,113,000 (2010: RM5,129,000) that is past due at the end of the reporting date but against which the Group has not recognised allowance for doubtful debts as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables at the end of the reporting period:

| | 2011 RM'000 | Group 2010 RM'000 |
|--|----------------|-------------------------|
| Neither past due nor impaired | 1,180 | 2,739 |
| 31 – 60 days past due but not impaired | 1,554 | 1,253 |
| 61 – 90 days past due but not impaired | 1,215 | 711 |
| 91 – 120 days past due but not impaired | 571 | 1,068 |
| 121 – 150 days past due but not impaired | 2,773 | 2,097 |
| | 7,293 | 7,868 |
| Past due and impaired | 4,487 | 4,365 |
| Total trade receivables | 11,780 | 12,233 |

Movement in the allowance for doubtful debts are as follows:

| | 2011 RM'000 | Group 2010 RM'000 |
|---|----------------|-------------------------|
| As of 1 January | 4,365 | 6,726 |
| Impairment losses recognised on receivables | 374 | – |
| Amount recovered during the year | (252) | (57) |
| Bad debt written-off against allowance | – | (2,304) |
| As of 31 December | 4,487 | 4,365 |

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

12. OTHER ASSETS

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Amount due from subsidiaries (i) | – | – | 3,943 | 11,482 |
| Other receivables, deposits and prepayments | 156,838 | 135,817 | 112,786 | 78,112 |
| Defined benefit plan (ii) | 227,056 | 156,032 | 227,056 | 156,032 |
| Allowance for doubtful debts | (3) | (3) | (3) | (3) |
| Tax recoverable | 89,122 | – | 88,563 | – |
| | 473,013 | 291,846 | 432,345 | 245,623 |

(i) 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.

| | Bank | |
|------------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Outstanding balances | 22,418 | 24,296 |
| Less: Allowance for doubtful debts | (18,475) | (12,814) |
| | 3,943 | 11,482 |

Movements on allowance for doubtful debts are as follows:

| | Bank | |
|--|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| As of 1 January | (12,814) | (9,319) |
| Allowance during the year | (8,538) | (3,495) |
| Write back during the year | 2,756 | – |
| Bad debt written-off against allowance | 121 | – |
| As of 31 December | (18,475) | (12,814) |

(ii) Defined benefit plan

The Group contributes to a fully funded defined benefit plan. Under the fund, eligible employees are entitled to compensation based on last drawn salary and years of service with the Group upon retirement. The fund is separately held and managed by an appointed trustee.

Amounts recognised in the statements of financial position are as follows:

| | Group/Bank | |
|-------------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Present value of funded obligations | 219,955 | 178,627 |
| Fair value of plan assets | (419,894) | (334,659) |
| Unrecognised net actuarial loss | (27,117) | – |
| Net (asset) | (227,056) | (156,032) |

12. OTHER ASSETS (CONT'D.)

(ii) Defined benefit plan (Cont'd.)

Amounts recognised in profit or loss are as follows:

| | Group/Bank | |
|--------------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Current service cost | 11,753 | 11,036 |
| Finance cost | 11,344 | 10,459 |
| Expected return on plan assets | (8,264) | (6,018) |
| Total included in personnel expenses | 14,833 | 15,477 |

Movements in the defined benefit plan during the financial year are as follows:

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Net (asset) as of 1 January | (156,032) | (94,009) |
| Total included in personnel expenses | 14,833 | 15,477 |
| Contribution paid in the financial year | (85,857) | (77,500) |
| Net (asset) as of 31 December | (227,056) | (156,032) |

Movements in fair value of the defined benefit plan assets are as follows:

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Fair value as of 1 January | 334,659 | 258,687 |
| Expected return on plan assets | 8,264 | 6,018 |
| Contribution paid in the financial year | 85,857 | 77,500 |
| Benefits paid from defined benefit plan | (10,477) | (7,546) |
| Actuarial gain | 1,591 | — |
| Fair value as of 31 December | 419,894 | 334,659 |

Assumptions applied in actuarial valuation of the defined benefit plan are as follows:

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Normal retirement age : Male and Female | 56 | 56 |
| Discount rate | 6.50% | 6.50% |
| Long-term rate of return on assets | 2.50% | 2.50% |
| Rate of salary increases | 6.00% | 5.00% |

13. INVENTORIES

| | Group | |
|------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Trading inventories, at cost | 705 | 235 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

14. PROPERTY DEVELOPMENT

| | 2011 RM'000 | Group 2010 RM'000 |
|--------------------------------|----------------|-------------------------|
| Freehold land, at cost | | |
| As of 1 January | 1,012 | 1,012 |
| Addition during the year | 453 | – |
| | 1,465 | 1,012 |
| Development cost | | |
| As of 1 January | 8,834 | 8,642 |
| Cost incurred during the year | 358 | 439 |
| Cost charged to profit or loss | (8,700) | (247) |
| | 492 | 8,834 |
| Allowance for foreseeable loss | (959) | (959) |
| As of 31 December | 998 | 8,887 |

15. INVESTMENT IN SUBSIDIARIES

| | 2011 RM'000 | Bank 2010 RM'000 |
|--------------------------|----------------|------------------------|
| Unquoted shares, at cost | 43,500 | 55,972 |

Details of the subsidiaries, all incorporated in Malaysia, are as follows:

| Name | Equity interest 2011 % | 2010 % | Principal activities |
|------------------------------------|------------------------------|-----------|--|
| 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 | Share trading |
| Rakyat Niaga Sdn Bhd | 100 | 100 | Trading and supply of goods |

16. PROPERTY AND EQUIPMENT

| Group | 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 | | | | | | | | | |
| As of 1 January 2011 | 49,485 | 43,440 | 105,209 | 748 | 96,190 | 147,103 | 306,484 | 6,142 | 754,801 |
| Reclassifications | - | 10,576 | 10,372 | 120 | (33,844) | 12,776 | - | - | - |
| Additions | - | - | - | - | 60,333 | 7,019 | 44,133 | 905 | 112,390 |
| Disposals | - | - | - | - | - | - | (160) | - | (160) |
| Write-offs | - | - | - | - | - | (3,718) | (7,065) | (564) | (11,347) |
| Transfer to prepaid lease payment (Note 18) | - | - | (13,401) | - | - | - | - | - | (13,401) |
| As of 31 December 2011 | 49,485 | 54,016 | 102,180 | 868 | 122,679 | 163,180 | 343,392 | 6,483 | 842,283 |
| Accumulated depreciation | | | | | | | | | |
| As of 1 January 2011 | - | 5,608 | 25,146 | 214 | - | 73,588 | 200,879 | 2,600 | 308,035 |
| Depreciation for the year | - | 1,022 | 1,801 | 15 | - | 17,703 | 39,912 | 689 | 61,142 |
| Disposals | - | - | - | - | - | - | (156) | (407) | (563) |
| Write-offs | - | - | - | - | - | (3,666) | (6,870) | - | (10,536) |
| Transfer to prepaid lease payment (Note 18) | - | - | (6,061) | - | - | - | - | - | (6,061) |
| As of 31 December 2011 | - | 6,630 | 20,886 | 229 | - | 87,625 | 233,765 | 2,882 | 352,017 |
| Net book value | | | | | | | | | |
| As of 31 December 2011 | 49,485 | 47,386 | 81,294 | 639 | 122,679 | 75,555 | 109,627 | 3,601 | 490,266 |
| At cost | | | | | | | | | |
| As of 1 January 2010 | 49,304 | 37,529 | 100,623 | 748 | 92,004 | 103,559 | 268,120 | 6,754 | 658,641 |
| Adjustments | 179 | 4,306 | (55) | - | (6,046) | 2,292 | (1,246) | (1,723) | (2,293) |
| Additions | 2 | - | - | - | 64,978 | 10,767 | 47,708 | 1,324 | 124,779 |
| Disposals | - | - | (617) | - | - | - | (248) | (163) | (1,028) |
| Write-offs | - | - | - | - | - | (3,279) | (7,850) | (50) | (11,179) |
| Reclassifications | - | 1,605 | 19,377 | - | (54,746) | 33,764 | - | - | - |
| Transfer to prepaid lease payment | - | - | (14,119) | - | - | - | - | - | (14,119) |
| As of 31 December 2010 | 49,485 | 43,440 | 105,209 | 748 | 96,190 | 147,103 | 306,484 | 6,142 | 754,801 |
| Accumulated depreciation | | | | | | | | | |
| As of 1 January 2010 | - | 3,792 | 24,340 | 199 | 2,014 | 68,348 | 174,424 | 3,957 | 277,074 |
| Adjustments | - | (186) | 84 | - | (2,014) | (2,607) | (1,196) | (1,744) | (7,663) |
| Depreciation for the year | - | 2,002 | 966 | 15 | - | 11,088 | 35,550 | 601 | 50,222 |
| Disposals | - | - | (244) | - | - | - | (247) | (163) | (654) |
| Write-offs | - | - | - | - | - | (3,241) | (7,652) | (51) | (10,944) |
| As of 31 December 2010 | - | 5,608 | 25,146 | 214 | - | 73,588 | 200,879 | 2,600 | 308,035 |
| Net book value | | | | | | | | | |
| As of 31 December 2010 | 49,485 | 37,832 | 80,063 | 534 | 96,190 | 73,515 | 105,605 | 3,542 | 446,766 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

16. PROPERTY AND EQUIPMENT (CONT'D.)

| Bank | 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 | | | | | | | | | |
| As of 1 January 2011 | 49,353 | 43,440 | 98,073 | 748 | 88,752 | 145,342 | 303,870 | 815 | 730,393 |
| Additions | - | - | - | - | 60,148 | 6,803 | 43,880 | - | 110,831 |
| Disposals | - | - | - | - | - | - | (32) | - | (32) |
| Write-offs | - | - | - | - | - | (3,718) | (7,065) | - | (10,783) |
| Reclassifications | - | 10,576 | 10,372 | 120 | (33,844) | 12,776 | - | - | - |
| Transfer to prepaid lease payment | - | - | (13,401) | - | - | - | - | - | (13,401) |
| As of 31 December 2011 | 49,353 | 54,016 | 95,044 | 868 | 115,056 | 161,203 | 340,653 | 815 | 817,008 |
| Accumulated depreciation | | | | | | | | | |
| As of 1 January 2011 | - | 5,608 | 23,887 | 214 | - | 72,997 | 199,255 | 782 | 302,743 |
| Depreciation for the year | - | 1,022 | 1,799 | 15 | - | 17,450 | 39,639 | 19 | 59,944 |
| Disposals | - | - | - | - | - | - | (31) | - | (31) |
| Write-offs | - | - | - | - | - | (3,666) | (6,870) | - | (10,536) |
| Transfer to prepaid lease payment | - | - | (6,061) | - | - | - | - | - | (6,061) |
| As of 31 December 2011 | - | 6,630 | 19,625 | 229 | - | 86,781 | 231,993 | 801 | 346,059 |
| Net book value | | | | | | | | | |
| As of 31 December 2011 | 49,353 | 47,386 | 75,419 | 639 | 115,056 | 74,422 | 108,660 | 14 | 470,949 |
| At cost | | | | | | | | | |
| As of 1 January 2010 | 49,353 | 41,560 | 92,814 | 748 | 85,959 | 104,425 | 264,674 | 865 | 640,398 |
| Transfer to prepaid lease payment | - | - | (14,118) | - | - | - | - | - | (14,118) |
| Adjustments | - | 275 | - | - | - | - | - | - | 275 |
| Additions | - | - | - | - | 57,539 | 10,350 | 47,294 | - | 115,183 |
| Disposals | - | - | - | - | - | - | (248) | - | (248) |
| Write-offs | - | - | - | - | - | (3,197) | (7,850) | (50) | (11,097) |
| Reclassifications | - | 1,605 | 19,377 | - | (54,746) | 33,764 | - | - | - |
| As of 31 December 2010 | 49,353 | 43,440 | 98,073 | 748 | 88,752 | 145,342 | 303,870 | 815 | 730,393 |
| Accumulated depreciation | | | | | | | | | |
| As of 1 January 2010 | - | 3,606 | 23,109 | 199 | - | 65,219 | 171,816 | 814 | 264,763 |
| Depreciation for the year | - | 2,002 | 778 | 15 | - | 10,961 | 35,337 | 19 | 49,112 |
| Disposals | - | - | - | - | - | - | (246) | - | (246) |
| Write-offs | - | - | - | - | - | (3,183) | (7,652) | (51) | (10,886) |
| As of 31 December 2010 | - | 5,608 | 23,887 | 214 | - | 72,997 | 199,255 | 782 | 302,743 |
| Net book value | | | | | | | | | |
| As of 31 December 2010 | 49,353 | 37,832 | 74,186 | 534 | 88,752 | 72,345 | 104,615 | 33 | 427,650 |

16. PROPERTY AND EQUIPMENT (CONT'D.)

Land titles of certain freehold land of the Bank with carrying amount of RM14,122,334 (2010: RM19,933,162) have not been issued by the relevant authorities.

17. INVESTMENT PROPERTIES

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|----------------------------|----------------|-------------------------|----------------|------------------------|
| At fair value | | | | |
| As of 1 January | 240,515 | 155,292 | 146,786 | 146,786 |
| Additions during the year | 61 | 85,339 | – | – |
| Gain/(Loss) on revaluation | 6,322 | (116) | 8,374 | – |
| As of 31 December | 246,898 | 240,515 | 155,160 | 146,786 |

Investment properties include the following:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Freehold land | 4,308 | 4,119 | 4,226 | 3,866 |
| Buildings | 97,686 | 99,232 | 8,044 | 7,770 |
| Long-term leasehold land and buildings | 143,954 | 137,069 | 141,940 | 135,055 |
| Short-term leasehold land and buildings | 950 | 95 | 950 | 95 |
| | 246,898 | 240,515 | 155,160 | 146,786 |

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 of 31 December 2011 have been arrived at on the basis of a valuation carried out at that date by independent valuers who have appropriate qualification and recent experience in the valuation of properties in the relevant locations. The valuation was arrived by reference to current prices in an active market for similar properties in the same location and condition.

Land titles for certain freehold land and leasehold land of the Bank with fair value amounting to RM83,690,000 (2010: RM78,010,000) have not been issued to the Bank by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

18. PREPAID LEASE PAYMENTS

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|--------------------------------------|----------------|-------------------------|----------------|------------------------|
| Cost | | | | |
| As of 1 January | 76,933 | 64,254 | 60,279 | 46,160 |
| Transfer from property and equipment | 13,401 | 14,119 | 13,401 | 14,119 |
| Additions | – | 46 | – | – |
| Disposals | – | (1,486) | – | – |
| As of 31 December | 90,334 | 76,933 | 73,680 | 60,279 |
| Accumulated amortisation | | | | |
| As of 1 January | 5,960 | 4,620 | 2,607 | 1,496 |
| Transfer from property and equipment | 6,061 | – | 6,061 | – |
| Charge for the year | 1,650 | 1,449 | 1,381 | 1,111 |
| Disposals | – | (109) | – | – |
| As of 31 December | 13,671 | 5,960 | 10,049 | 2,607 |
| | 76,663 | 70,973 | 63,631 | 57,672 |

Prepaid lease payments include:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---------------------------|----------------|-------------------------|----------------|------------------------|
| Long-term leasehold land | 72,120 | 66,387 | 59,088 | 53,086 |
| Short-term leasehold land | 4,543 | 4,586 | 4,543 | 4,586 |
| | 76,663 | 70,973 | 63,631 | 57,672 |

The remaining period of the leasehold land of the Group and of the Bank as of 31 December 2011 ranges from 20 to 98 years (2010: 21 to 99 years) and 22 to 95 years (2010: 23 to 96 years) respectively.

The land titles of certain leasehold land of the Bank amounting to RM32,696,776 (2010: RM26,369,614) have not been issued to the Bank by the relevant authorities.

19. DEFERRED TAX ASSETS

Deferred tax assets of the Group and of the Bank are as follows:

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| At beginning of year | 174,496 | 174,496 | 175,000 | 175,000 |
| Transfer to/(from) profit or loss (Note 33): | | | | |
| Property and equipment | (27,000) | – | (27,000) | – |
| Investment properties | 10,000 | – | 10,000 | – |
| Financing and advances | 110,000 | – | 110,000 | – |
| Other receivables | (10,000) | – | (10,000) | – |
| Provision for retirement benefits | (6,000) | – | (6,000) | – |
| Other payables | 6,000 | – | 6,000 | – |
| Profit equalisation reserve | 98,000 | – | 98,000 | – |
| | 181,000 | – | 181,000 | – |
| At end of the year | 355,496 | 174,496 | 356,000 | 175,000 |

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Bank's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statements of financial position purposes:

| | Group | | Bank | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Deferred tax assets | 356,000 | 175,000 | 356,000 | 175,000 |
| Deferred tax liabilities | (504) | (504) | – | – |
| | 355,496 | 174,496 | 356,000 | 175,000 |

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FOR THE YEAR ENDED 31 DECEMBER 2011

19. DEFERRED TAX ASSETS (CONT'D.)

Deferred tax assets/(liabilities) presented in the statements of financial position are in respect of the tax effects of the following:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Deferred tax assets | | | | |
| Temporary differences arising from: | | | | |
| Financing and advances | 288,000 | 178,000 | 288,000 | 178,000 |
| Other receivables | – | 10,000 | – | 10,000 |
| Provision for retirement benefits | 5,000 | 11,000 | 5,000 | 11,000 |
| Other payables | 25,000 | 19,000 | 25,000 | 19,000 |
| Profit equalisation reserve | 98,000 | – | 98,000 | – |
| | 416,000 | 218,000 | 416,000 | 218,000 |
| Offsetting | (60,504) | (43,504) | (60,000) | (43,000) |
| Deferred tax assets (after offsetting) | 355,496 | 174,496 | 356,000 | 175,000 |
| Deferred tax liabilities | | | | |
| Temporary differences arising from: | | | | |
| Property and equipment | 60,504 | 33,504 | 60,000 | 33,000 |
| Investment properties | – | 10,000 | – | 10,000 |
| | 60,504 | 43,504 | 60,000 | 43,000 |
| Offsetting | (60,504) | (43,504) | (60,000) | (43,000) |
| Deferred tax liabilities (after offsetting) | – | – | – | – |

20. DEPOSITS FROM CUSTOMERS

| | 2011 RM'000 | Group/Bank 2010 RM'000 |
|-------------------------------------|----------------|------------------------------|
| Non-Mudharabah fund | | |
| Demand deposits | 115,584 | 333,994 |
| Savings deposits | 624,261 | 611,204 |
| Negotiable Islamic debt certificate | 1,011,313 | 1,243,346 |
| | 1,751,158 | 2,188,544 |
| Mudharabah fund | | |
| Savings deposits | 2,170,187 | 1,963,643 |
| General investment deposits | 54,472,643 | 45,318,894 |
| Special investment deposits | 113,100 | 96,600 |
| | 56,755,930 | 47,379,137 |
| | 58,507,088 | 49,567,681 |

20. DEPOSITS FROM CUSTOMERS (CONT'D.)

Deposits from customers are sourced from the following type of customers:

| | Group/Bank | |
|----------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Business enterprises | 53,495,002 | 45,678,410 |
| Individuals | 4,898,986 | 3,792,671 |
| Others | 113,100 | 96,600 |
| | 58,507,088 | 49,567,681 |

Maturity structure of deposits from customers are as follows:

| | Group/Bank | |
|-----------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Maturity within six months | 49,743,292 | 42,044,845 |
| More than six months to one year | 5,171,486 | 4,898,885 |
| More than one year to three years | 3,592,310 | 2,623,951 |
| | 58,507,088 | 49,567,681 |

21. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

| | Group/Bank | |
|------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Licensed Islamic banks | 595,000 | 649,999 |
| | 595,000 | 649,999 |

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22. RECOURSE OBLIGATIONS ON FINANCING SOLD TO CAGAMAS

This represents proceeds received from financing sold directly to Cagamas Berhad with recourse to the Bank. Type of financing involved are personal and housing.

Under these agreements, the Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy-back 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.

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FOR THE YEAR ENDED 31 DECEMBER 2011

23. OTHER LIABILITIES

| | Group | | Bank | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Amount due to subsidiaries (i) | – | – | 161,810 | 156,235 |
| Sundry creditors | 204,129 | 174,853 | 186,389 | 158,683 |
| Income payable | 407,106 | 304,283 | 407,106 | 304,283 |
| Other liabilities and accruals | 698,037 | 925,501 | 693,312 | 920,712 |
| Government fund | 75,338 | 29,070 | 75,338 | 29,070 |
| Zakat payable | 49,517 | 52,452 | 49,103 | 52,329 |
| | 1,434,127 | 1,486,159 | 1,573,058 | 1,621,312 |

(i) Amount due to subsidiaries

| | Bank | |
|---------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Al-Mudharabah investments | 161,035 | 155,745 |
| Al-Wadiah savings | 775 | 490 |
| | 161,810 | 156,235 |

Included in the amount due to subsidiaries is an amount of RM161,810,000 (2010: RM156,235,000) representing deposits placed with the Bank. The average profit rate paid/payable to subsidiaries is 3.49% per annum (2010: 3.26%).

24. PROFIT EQUALISATION RESERVE

| | Group/Bank | |
|--|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| As of 1 January | 474,641 | 459,040 |
| Net addition/(utilisation) during the year | (98,300) | 15,601 |
| As of 31 December | 376,341 | 474,641 |
| Apportioned between: | | |
| Investor | 145,776 | 183,904 |
| Bank | 230,565 | 290,737 |
| | 376,341 | 474,641 |

25. FINANCING FROM OTHER FINANCIAL INSTITUTIONS

| | 2011 RM'000 | Group 2010 RM'000 |
|------------------|----------------|-------------------------|
| Secured | | |
| Term financing-i | 41,479 | 45,000 |
| Unsecured | | |
| Cash line-i | – | 15,000 |
| | 41,479 | 60,000 |

The above financing facilities were obtained from other financial institutions under the concept of Bai' Al-Inah. Annual profit rate for the facilities is BFR minus 0.5%.

Remaining tenure on term financing-i is as follows:

| | 2011 RM'000 | Group 2010 RM'000 |
|--------------------|----------------|-------------------------|
| Within one year | 5,741 | 566 |
| More than one year | 35,738 | 44,434 |
| | 41,479 | 45,000 |

26. SHARE CAPITAL

| | 2011 RM'000 | Group/Bank 2010 RM'000 |
|--|------------------|------------------------------|
| Authorised – Ordinary shares of RM1 each | | |
| As of 1 January | 2,000,000 | 2,000,000 |
| Created during the year | 1,000,000 | – |
| As of 31 December | 3,000,000 | 2,000,000 |
| Issued and fully paid – Ordinary shares of RM1 each | | |
| As of 1 January | 1,994,960 | 1,994,960 |
| Issued during the year | 354,103 | – |
| As of 31 December | 2,349,063 | 1,994,960 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

26. SHARE CAPITAL (CONT'D.)

Membership as of 31 December is as follows:

| | Group/Bank | |
|--------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Individual | 924,941 | 756,942 |
| Co-operative | 1,637 | 1,414 |
| | 926,578 | 758,356 |

27. RESERVES

| | Group | | Bank | |
|-----------------------|------------------|----------------|------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Statutory reserve (i) | 2,858,048 | 2,348,394 | 2,858,048 | 2,348,394 |
| Capital reserve (ii) | 14,617 | 14,617 | 15,358 | 15,358 |
| Retained earnings | 2,995,438 | 1,468,306 | 2,738,395 | 1,229,948 |
| Other reserves | 109,503 | 36,814 | 109,503 | 36,814 |
| | 5,977,606 | 3,868,131 | 5,721,304 | 3,630,514 |

(i) Statutory reserve

The statutory reserve is maintained in compliance with Development Financial Institutions Act 2002 and is not distributable as dividend.

(ii) Capital reserve

This is reserve required to be maintained under Co-operative Act 1993 that consists of capital gain obtained from:

- (a) disposal of land or building, or both, under non-current assets; and
- (b) revaluation of land or buildings, or both, under non-current assets, with approval from Chief Registrar.

28. INCOME

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Income derived from investment of depositors' fund (i) | 4,099,210 | 3,403,590 | 4,099,210 | 3,403,590 |
| Income derived from investment of shareholders' fund (ii) | 1,013,462 | 1,062,555 | 1,013,462 | 1,062,555 |
| Income generated by subsidiary companies (iii) | 74,716 | 39,675 | – | – |
| | 5,187,388 | 4,505,820 | 5,112,672 | 4,466,145 |

(i) Income derived from investment of depositors' fund

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Income from financing and advances | 3,573,513 | 3,077,129 | 3,573,513 | 3,077,129 |
| Income from deposits and placements with banks and financial institutions | 167,709 | 119,016 | 167,709 | 119,016 |
| Income from financial assets | 357,988 | 207,445 | 357,988 | 207,445 |
| | 4,099,210 | 3,403,590 | 4,099,210 | 3,403,590 |

(ii) Income derived from investment of shareholders' fund

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Income from financing and advances | 883,492 | 960,639 | 883,492 | 960,639 |
| Income from deposits and placements with banks and other financial institutions | 41,463 | 37,155 | 41,463 | 37,155 |
| Income from financial assets | 88,507 | 64,761 | 88,507 | 64,761 |
| | 1,013,462 | 1,062,555 | 1,013,462 | 1,062,555 |

(iii) Income generated by subsidiary companies

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|----------------|----------------|-------------------------|----------------|------------------------|
| Agency income | 23,404 | 12,929 | – | – |
| Pawning income | 15,847 | 17,115 | – | – |
| Rental income | 13,498 | 2,831 | – | – |
| Management fee | 8,416 | 3,977 | – | – |
| Sale of goods | 5,529 | 1,541 | – | – |
| Sale of land | 7,830 | 870 | – | – |
| Other charges | 192 | 412 | – | – |
| | 74,716 | 39,675 | – | – |

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FOR THE YEAR ENDED 31 DECEMBER 2011

29. EXPENDITURE

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|--|------------------|-------------------------|------------------|------------------------|
| Income attributable to depositors (i) | 1,828,822 | 1,263,900 | 1,828,822 | 1,263,900 |
| Profit expense on financing sold with recourse to Cagamas | 139,333 | 141,340 | 139,333 | 141,340 |
| Transfer to/(from) profit equalisation reserve | (98,300) | 15,600 | (98,300) | 15,600 |
| Cost of sales | 49,046 | 35,238 | – | – |
| | 1,918,901 | 1,456,078 | 1,869,855 | 1,420,840 |

(i) Income attributable to depositors

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|--|------------------|-------------------------|------------------|------------------------|
| Deposits from customers | | | | |
| Mudharabah | 1,749,292 | 1,130,707 | 1,749,292 | 1,130,707 |
| Non-Mudharabah | 67,807 | 94,220 | 67,807 | 94,220 |
| Deposits and placements from banks and other financial institutions | | | | |
| Mudharabah | 11,723 | 38,973 | 11,723 | 38,973 |
| | 1,828,822 | 1,263,900 | 1,828,822 | 1,263,900 |

30. FINANCING LOSS AND ALLOWANCES

| | Group/Bank 2011 RM'000 | 2010 RM'000 |
|--|------------------------------|----------------|
| Allowance for impairment on financing and advances (i) | 627,365 | 757,216 |
| Allowance for impairment on financial assets (ii) | 76,248 | 152,938 |
| | 703,613 | 910,154 |

30. FINANCING LOSS AND ALLOWANCES (CONT'D.)

(i) Allowance for impairment on financing and advances

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Individual impairment | 590,598 | 597,358 |
| Individual impairment on rescheduled financing* | 25,667 | 32,381 |
| Collective impairment | 11,100 | 127,477 |
| | 627,365 | 757,216 |

* 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/Bank | |
|-------------------------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Financial assets available-for-sale | 4,455 | 7,492 |
| Financial assets held-to-maturity | 71,793 | 145,446 |
| | 76,248 | 152,938 |

31. OTHER OPERATING INCOME

| | Group | | Bank | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Fees and commission (i) | 91,968 | 100,824 | 91,968 | 100,824 |
| Other income (ii) | 303,976 | 297,921 | 300,236 | 290,057 |
| | 395,944 | 398,745 | 392,204 | 390,881 |

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FOR THE YEAR ENDED 31 DECEMBER 2011

31. OTHER OPERATING INCOME (CONT'D.)

(i) Fees and commission

| | Group | | Bank | |
|--------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Takaful commission | 33,355 | 43,713 | 33,355 | 43,713 |
| Wasiat commission | 13,526 | 22,693 | 13,526 | 22,693 |
| Other commission | 8,118 | 4,138 | 8,118 | 4,138 |
| Processing fees | 4,162 | 4,575 | 4,162 | 4,575 |
| ATM service fees | 19,004 | 16,243 | 19,004 | 16,243 |
| MEPS fees | 3,768 | 3,342 | 3,768 | 3,342 |
| Guarantee fees | 7,338 | 3,875 | 7,338 | 3,875 |
| Other fees | 2,697 | 2,245 | 2,697 | 2,245 |
| | 91,968 | 100,824 | 91,968 | 100,824 |

(ii) Other income

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Dividend from financial assets available-for-sale | 18,119 | 8,824 | 18,119 | 8,824 |
| Net gain/(loss) on disposal of financial assets held-for-trading | 1,457 | – | 1,457 | – |
| Net gain/(loss) on revaluation of financial assets held-for-trading | 9 | (4) | 9 | (4) |
| Net gain/(loss) on disposal of financial assets available-for-sale | 18,049 | 9,402 | 18,049 | 9,402 |
| Net gain/(loss) on redemption of financial assets held-to-maturity | 1,303 | (77) | 1,303 | (77) |
| Rental income | 7,116 | 6,818 | 7,116 | 6,818 |
| Late payment charges | 7,418 | 9,917 | 7,418 | 9,917 |
| Other service charges | 24,971 | 30,957 | 24,971 | 30,957 |
| Recoveries on financing written-off | 162,231 | 50,833 | 162,231 | 50,833 |
| Recoveries on provision of doubtful debts | 252 | – | 2,756 | – |
| Provision for impairment loss on financial assets held-to-maturity no longer required | 38,707 | – | 38,707 | – |
| Other income | 18,022 | 9,742 | 9,726 | 1,878 |
| Gain on revaluation of investment properties | 6,322 | – | 8,374 | – |
| Adjustment on defined benefit plan | – | 171,509 | – | 171,509 |
| | 303,976 | 297,921 | 300,236 | 290,057 |

32. OPERATING EXPENSES

| | Group | | Bank | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Personnel expenses (i) | 540,066 | 491,971 | 533,863 | 486,089 |
| Other overheads and expenditure (ii) | 380,556 | 316,585 | 378,553 | 322,810 |
| | 920,622 | 808,556 | 912,416 | 808,899 |

(i) Personnel expenses

| | Group | | Bank | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Salaries and wages | 186,695 | 165,555 | 181,663 | 163,352 |
| Allowances and bonuses | 223,396 | 203,168 | 222,888 | 202,097 |
| Defined benefit plan (Note 12(ii)) | 14,833 | 15,477 | 14,833 | 15,477 |
| Defined contribution plan – EPF | 68,716 | 60,458 | 68,450 | 60,201 |
| Social security contributions – SOCSO | 2,208 | 2,024 | 2,176 | 2,000 |
| Other staff related costs | 44,218 | 45,289 | 43,853 | 42,962 |
| | 540,066 | 491,971 | 533,863 | 486,089 |

(ii) Other overheads and expenditure

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Establishment costs | | | | |
| Rental | 17,637 | 12,916 | 17,334 | 16,698 |
| Depreciation and amortisation of prepaid lease payment | 62,792 | 51,671 | 61,325 | 50,223 |
| Repair and maintenance | 35,491 | 34,701 | 34,319 | 34,012 |
| Insurance | 7,943 | 6,775 | 7,913 | 6,739 |
| | 123,863 | 106,063 | 120,891 | 107,672 |
| Marketing expenses | | | | |
| Advertisement and publicity | 30,166 | 63,434 | 29,947 | 63,424 |
| Others | 13,186 | 11,989 | 13,175 | 11,714 |
| | 43,352 | 75,423 | 43,122 | 75,138 |

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32. OPERATING EXPENSES (CONT'D.)

(ii) Other overheads and expenditure (Cont'd.)

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Administration and general expenses | | | | |
| Legal and profesional fees | 18,189 | 7,954 | 18,096 | 7,425 |
| Auditors' remuneration | 1,019 | 828 | 972 | 759 |
| Communication expenses | 20,704 | 17,217 | 20,563 | 17,147 |
| Utilities expenses | 16,668 | 14,432 | 16,155 | 14,345 |
| Printing and stationery | 17,475 | 13,549 | 17,416 | 13,489 |
| Postage and courier | 8,316 | 5,215 | 8,276 | 5,204 |
| Security expenses | 11,549 | 10,336 | 11,549 | 10,120 |
| Service charges | 57,775 | 50,649 | 57,749 | 48,767 |
| Others | 61,646 | 14,919 | 63,764 | 22,744 |
| | 213,341 | 135,099 | 214,540 | 140,000 |
| | 380,556 | 316,585 | 378,553 | 322,810 |

The above expenditure includes the following statutory disclosures:

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Allowance for doubtful debts | 374 | – | 8,538 | 2,644 |
| Investment in subsidiaries written-off | – | – | 12,472 | – |
| Bad debt written-off | – | – | 1,385 | – |
| Amortisation of prepaid lease payment | 1,650 | 1,449 | 1,381 | 1,111 |
| Auditors' remuneration: | | | | |
| Current | 610 | 828 | 500 | 470 |
| Underprovision in prior year | 461 | – | 472 | – |
| Depreciation of property and equipment | 61,142 | 50,222 | 59,944 | 49,112 |
| Loss on financing written-off | 9,359 | 3,862 | 9,359 | 3,862 |
| Property and equipment written-off | 811 | 235 | 247 | 211 |
| Rental of premises | 18,575 | 12,916 | 17,334 | 16,698 |
| Loss on revaluation of investment properties | – | 116 | – | – |

Total number of staffs (excluding the Board of Directors) for the Group is 4,263 persons (2010: 4,114) and for the Bank is 4,150 persons (2010: 4,040).

32. OPERATING EXPENSES (CONT'D.)

(ii) Other overheads and expenditure (Cont'd.)

Inclusive in administration and general expenses is the following directors' remuneration:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|-------------------------------|----------------|-------------------------|----------------|------------------------|
| Executive Director | | | | |
| Salary and other remuneration | 632 | 579 | 632 | 579 |
| Bonuses | 847 | 729 | 847 | 729 |
| EPF contributions | 251 | 222 | 251 | 222 |
| | 1,730 | 1,530 | 1,730 | 1,530 |
| Non-Executive Director | | | | |
| Fees | 1,013 | 613 | 525 | 198 |
| Past Director | | | | |
| Fees | 69 | 3 | 69 | 3 |
| | 2,812 | 2,146 | 2,324 | 1,731 |

33. TAXATION

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|-----------------------------|------------------|-------------------------|------------------|------------------------|
| Malaysian income tax | | | | |
| Current year | 273,663 | 326,866 | 271,072 | 323,557 |
| Overprovision in prior year | (109,808) | – | (109,694) | – |
| | 163,855 | 326,866 | 161,378 | 323,557 |
| Deferred tax | | | | |
| Current year | 25,700 | – | 25,700 | – |
| Overprovision in prior year | (206,700) | – | (206,700) | – |
| | (181,000) | – | (181,000) | – |
| Total | (17,145) | 326,866 | (19,622) | 323,557 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

33. TAXATION (CONT'D.)

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:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---|----------------|-------------------------|----------------|------------------------|
| Profit before taxation and zakat | 2,040,196 | 1,729,777 | 2,018,992 | 1,717,133 |
| Taxation at statutory tax rate of 26% (2010: 26%) | 530,451 | 449,742 | 524,938 | 446,454 |
| Non-taxable income | (24,517) | – | (23,515) | – |
| Non-deductible expenses | 40,908 | 76,499 | 42,828 | 76,478 |
| Tax exempt under Section 65(A) | (247,479) | (199,375) | (247,479) | (199,375) |
| Overprovision in prior year: | | | | |
| Current tax | (109,808) | – | (109,694) | – |
| Deferred tax | (206,700) | – | (206,700) | – |
| | (17,145) | 326,866 | (19,622) | 323,557 |

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 current asset, net of current liabilities, and subjected to allowable adjustments.

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|---------------------------------------|----------------|-------------------------|----------------|------------------------|
| Provision for current year | 45,000 | 51,798 | 45,000 | 51,326 |
| Under/(Over) provision in prior years | (11,318) | 1,030 | (11,360) | 1,030 |
| As at 31 December | 33,682 | 52,828 | 33,640 | 52,356 |

35. STATUTORY APPROPRIATIONS

Maintenance of reserve fund is required under Development Financial Institutions Act 2002 (Act 618), whereas contributions to Cooperative Education and Development Provident Funds are made in compliance with Cooperative Act 1993 (Act 502).

36. EARNINGS PER SHARE

Basic earnings per ordinary share have been calculated based on the Group's profit after taxation and zakat of RM2,023,659,000 (2010: RM1,350,083,000) divided by the weighted average number of ordinary shares of 2,260,537,000 (2010: 1,994,960,000) of RM1 each in issue during the financial year.

37. DIVIDENDS

| | Group/Bank | |
|---|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| Cash dividend declared for the year (2010: 20%) | – | 398,000 |

In the previous financial year, the Bank had declared a cash dividend of 20% amounting to RM398.0 million. However, the Bank was only allowed to pay up to 15% amounting to RM294.85 million that was paid in the current financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 15% amounting to RM330.0 million and bonus dividend of 10% amounting to RM210.0 million. The proposed final 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 normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

| | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Contingent liabilities | | | | |
| Bank guarantee given in respect of banking facilities granted to customers | 286,251 | 485,323 | 286,251 | 485,323 |
| Claims for damages from litigation taken against the Bank | 18,719 | 42,287 | 18,719 | 42,287 |
| Commitments | | | | |
| Undrawn financing | 1,831,000 | 1,802,000 | 1,831,000 | 1,802,000 |
| Contribution to Central Liquidity Monetary Fund* | 200,000 | – | 200,000 | – |
| | 2,335,970 | 2,329,610 | 2,335,970 | 2,329,610 |

* This contribution is required under sub-section 42 (1) of Malaysian Co-operatives Commission Act 2007 (Act 665) either at the rate of 1% on the qualifying liability or RM200 million, whichever is lower, commencing the reporting period ending 31 December 2011.

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FOR THE YEAR ENDED 31 DECEMBER 2011

39. CAPITAL COMMITMENTS

Capital expenditure approved but not provided for in the financial statements are as follows:

| | Group | | Bank | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Capital expenditure | | | | |
| – approved and contracted for | 6,220 | 164,220 | 6,220 | 14,220 |
| – approved but not contracted for | 4,810 | – | 4,810 | – |
| | 11,030 | 164,220 | 11,030 | 14,220 |

40. 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:

40.1 Subsidiary Companies

Details of the subsidiary companies are shown in Note 15.

40.2 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 Directors 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 | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Short-term employee benefits: | | | | |
| Fees | 1,082 | 616 | 594 | 201 |
| Salary | 3,197 | 2,799 | 3,197 | 2,799 |
| Allowances | 399 | 371 | 399 | 371 |
| EPF contribution | 1,327 | 1,155 | 1,327 | 1,155 |
| Bonuses | 4,245 | 3,656 | 4,245 | 3,656 |
| | 10,250 | 8,597 | 9,762 | 8,182 |

40. RELATED PARTY TRANSACTIONS (CONT'D.)

40.2 Key Management Personnel (Cont'd.)

Included in the total compensation for key management personnel are the following items:

| | 2011 RM'000 | Group 2010 RM'000 | 2011 RM'000 | Bank 2010 RM'000 |
|------------------------------------|----------------|-------------------------|----------------|------------------------|
| Directors' remuneration (Note 32): | | | | |
| Bank's directors | 2,324 | 1,731 | 2,324 | 1,731 |
| Subsidiary companies' directors | 488 | 415 | – | – |
| | 2,812 | 2,146 | 2,324 | 1,731 |

40.3 Transactions with subsidiaries

All related party transactions are conducted on normal commercial terms which are not more favourable than those generally available to the public.

| | 2011 RM'000 | Bank 2010 RM'000 |
|------------------------------|----------------|------------------------|
| Income: | | |
| Rental income | 2,269 | 6,813 |
| Expenditure: | | |
| Rental expenses | 620 | 4,401 |
| Profit on Al-Wadiah deposits | 8 | 17 |
| | 628 | 4,418 |

41. FINANCIAL RISK MANAGEMENT

41.1 Overview

The Group's business activities involve the use of financial instruments that expose the Group to a variety of financial risks with the following as the primary risks:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk
- (d) Operational risk

41.2 Risk management framework

The Risk Management Committee (RMC) was established by the Board of Directors to oversee the management of risks associated with the Group 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 Group's risk management policies are established to identify and analyse the risks faced by the Group, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.2 Risk management framework (Cont'd.)

The Group, 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 Group's Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit 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 Committee.

41.3 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 Group's exposure to credit risk arises principally from financing granted to customers and trading and investment of funds with other counterparties.

41.3.1 Risk governance

RMC reviews the Group'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.

41.3.1 Management of credit risk

The Group'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 Group'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.

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.3 Credit risk (Cont'd.)

41.3.2 Financing to retail customers and Small and Medium Enterprises (SMEs)

Financing granted to retail customers and SMEs are individually underwritten by assessing historical repayment track record and current repayment 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.

41.3.3 Financing to corporate customers

Granting of credit to corporate customers is individually underwritten. Credit officers 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.

41.3.4 Credit risk from trading and investment activities

Credit risk in relation to trading or investing of the Group's surplus funds is managed by setting an issuer's credit limits which are specifically approved by the RMC. Moreover, the Group'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.

41.3.5 Credit risk exposure on financing and advances

| | 2011 RM'000 | Bank 2010 RM'000 |
|---|-------------------|------------------------|
| At amortised cost | | |
| Neither past due nor impaired | | |
| Up to 30 days | 42,220,153 | 36,915,390 |
| Past due but not impaired | | |
| 30 days/1 month and less than 60 days/2 months | 5,137,386 | 5,666,570 |
| 60 days/2 months and less than 90 days/3 months | 1,361,817 | 1,765,328 |
| 90 days/3 months and less than 120 days/4 months | 551,166 | 696,475 |
| 120 days/4 months and above | 2,901 | 2,440 |
| Past due and impaired | | |
| Up to 90 days/3 months | 56,738 | 51,148 |
| 90 days/3 months and less than 180 days/6 months | 441,434 | 536,284 |
| 180 days/6 months and less than 270 days/9 months | 226,858 | 218,047 |
| 270 days/9 months and above | 704,802 | 761,408 |
| | 50,703,255 | 46,613,090 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.3 Credit risk (Cont'd.)

41.3.6 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 Group determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the financing/investment security agreement(s).

41.3.7 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 interest or principal payments are past due, but the Group believes 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 Group.

41.3.8 Financing with renegotiated terms

Financing with renegotiated terms are financing that have been restructured due to deterioration in the borrower's financial position. In respect of some of these financing the Group has made concessions that it would not otherwise consider. Once the financing is restructured it remains in this category independent of satisfactory performance after restructuring.

41.3.9 Allowances for impairment

The Group 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, for assets measured at amortised cost, 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.

41.3.10 Write-off policy

The Group writes-off a financing or an investment security, and any related allowances for impairment losses, when the Group 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 borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

For smaller balance standardised financing, write-off decisions generally are based on a product-specific past due status.

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.3 Credit risk (Cont'd.)

41.3.11 Credit risk exposure on investment securities

| | 2011 RM'000 | Bank 2010 RM'000 |
|--------------------------------------|-------------------|------------------------|
| Rated securities | | |
| Islamic debt securities | | |
| Grade A | 96,634 | 1,390 |
| Grade AA | 325,846 | 597,954 |
| Grade AAA | 1,462,140 | 620,646 |
| Grade AA1 | 88,251 | 10,186 |
| Grade AA2 | 31,141 | 31,755 |
| Grade AA3 | 84,125 | 101,614 |
| Grade BB | 31,192 | 3,693 |
| Grade D | 99 | 63 |
| | 2,119,428 | 1,367,301 |
| Unrated securities | | |
| Government investment issues | 6,666,574 | 3,376,703 |
| Government bonds | 1,660,655 | 360,827 |
| Khazanah bonds | 70,898 | 67,348 |
| Cagamas bonds | 361,281 | 773,612 |
| Islamic commercial papers | 51,285 | 184,040 |
| Negotiable Islamic debt certificates | 2,590,935 | 3,181,870 |
| | 11,401,628 | 7,944,400 |
| Shares | | |
| Quoted and unit trust shares | 158,437 | 159,984 |
| Non-quoted shares | 6,310 | 6,310 |
| | 164,747 | 166,294 |

41.3.12 Credit grading for investment securities

Credit quality of financial instruments are assessed based on ratings from external credit ratings agencies.

At the reporting date, instruments rated with "Grade D" are those that have defaulted beyond their maturity period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

41.4.1 Management of liquidity risk

The Group's liquidity and funding position is supported by significant retail deposit base which comprises of savings and deposits from customers. In monitoring the liquidity risk, the Group 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 fund 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 Group 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 Group 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 highly liquid since there are repayable to the depositors on demand. This situation increases the Group's liquidity risk of which the Group actively manages through maintenance of competitive pricing rate and constant monitoring of market trends.

During the year, issuance of additional shares to public has further cushioned and stabilised the liquidity position of the Group.

41.4.2 Exposure to liquidity risk

The key measure used by the Group 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.

Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

| | Group/Bank | |
|----------------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 |
| At 31 December | 33.29% | 28.90% |
| Average for the year | 32.28% | 27.09% |
| Maximum for the year | 34.94% | 29.69% |
| Minimum for the year | 28.97% | 24.96% |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk (Cont'd.)

41.4.3 Liquidity risk of assets and liabilities by remaining contractual maturities

The main thrust of liquidity management is the projection up to one year of the maturity profile of the Group's assets, liabilities and off-balance sheet commitments from a given position.

The focus is on the ability of the Group 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.

| Group 2011 | 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 placement with financial institutions | 1,466,350 | 3,003,375 | 3,000,259 | 452,730 | 171,010 | – | 8,093,724 |
| Financial assets | 650,566 | 354,509 | 569,534 | 663,726 | 1,398,411 | 10,059,419 | 13,696,165 |
| Financing and advances | 61,227 | 727,052 | 1,733,660 | 2,575,711 | 3,601,423 | 40,480,176 | 49,179,249 |
| Other receivables, deposits and prepayments | – | – | – | – | – | 1,674,904 | 1,674,904 |
| | 2,178,143 | 4,084,936 | 5,303,453 | 3,692,167 | 5,170,844 | 52,214,499 | 72,644,042 |
| Liabilities | | | | | | | |
| Deposits from customers | 6,041,892 | 15,350,862 | 19,327,619 | 9,022,919 | 5,171,486 | 3,592,310 | 58,507,088 |
| Deposits and placement from financial institutions | 295,000 | 300,000 | – | – | – | – | 595,000 |
| Recourse obligations on financing sold to Cagamas | – | – | – | – | – | 3,303,393 | 3,303,393 |
| Other liabilities and payables | 50 | – | 71 | 15 | 566 | 1,626,954 | 1,627,656 |
| | 6,336,942 | 15,650,862 | 19,327,690 | 9,022,934 | 5,172,052 | 8,522,657 | 64,033,137 |
| Shareholders' fund | | | | | | | |
| | – | – | – | – | – | 8,610,905 | 8,610,905 |
| | – | – | – | – | – | 8,610,905 | 8,610,905 |
| Net maturity mismatch | | | | | | | |
| | (4,158,799) | (11,565,926) | (14,024,237) | (5,330,767) | (1,208) | 35,080,937 | – |

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41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk (Cont'd.)

41.4.3 Liquidity risk of contingent liabilities and commitment by remaining contractual maturities

| Group 2011 | 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) |
|--|--------------------------|--|--|---|---|---------------------------------|-------------------|
| Bank guarantee given in respect of banking facilities granted to customers | – | 10,000 | 22,440 | 46,571 | 73,225 | 134,015 | 286,251 |
| Claims for damages from litigation taken against the Bank | – | – | – | – | – | 18,719 | 18,719 |
| Undrawn financing | 366,000 | – | – | – | – | 1,465,000 | 1,831,000 |
| Contribution to Central Liquidity Monetary Fund | – | – | 200,000 | – | – | – | 200,000 |
| | 366,000 | 10,000 | 222,440 | 46,571 | 73,225 | 1,617,734 | 2,335,970 |

41.4.3 Liquidity risk of assets and liabilities by remaining contractual maturities

| Bank 2011 | 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 placement with financial institutions | 1,454,545 | 3,003,375 | 3,000,259 | 452,730 | 171,010 | – | 8,081,919 |
| Financial assets | 650,566 | 354,509 | 569,534 | 663,726 | 1,398,411 | 10,059,419 | 13,696,165 |
| Financing and advances | 61,227 | 727,052 | 1,733,660 | 2,575,711 | 3,601,423 | 40,480,176 | 49,179,249 |
| Other receivables, deposits and prepayments | – | – | – | – | – | 1,521,585 | 1,521,585 |
| | 2,166,338 | 4,084,936 | 5,303,453 | 3,692,167 | 5,170,844 | 52,061,180 | 72,478,918 |
| Liabilities | | | | | | | |
| Deposits from customers | 6,041,892 | 15,350,862 | 19,327,619 | 9,022,919 | 5,171,486 | 3,592,310 | 58,507,088 |
| Deposits and placement from financial institutions | 295,000 | 300,000 | – | – | – | – | 595,000 |
| Recourse obligations on financing sold to Cagamas | – | – | – | – | – | 3,303,393 | 3,303,393 |
| Other liabilities and payables | 50 | – | 71 | 15 | 566 | 1,718,132 | 1,718,834 |
| | 6,336,942 | 15,650,862 | 19,327,690 | 9,022,934 | 5,172,052 | 8,613,835 | 64,124,315 |
| Shareholders' fund | – | – | – | – | – | 8,354,603 | 8,354,603 |
| | – | – | – | – | – | 8,354,603 | 8,354,603 |
| Net maturity mismatch | (4,170,604) | (11,565,926) | (14,024,237) | (5,330,767) | (1,208) | 35,092,742 | – |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk (Cont'd.)

41.4.3 Liquidity risk of contingent liabilities and commitment by remaining contractual maturities

| Bank 2011 | 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) |
|--|--------------------------|--|--|---|---|---------------------------------|-------------------|
| Bank guarantee given in respect of banking facilities granted to customers | – | 10,000 | 22,440 | 46,571 | 73,225 | 134,015 | 286,251 |
| Claims for damages from litigation taken against the Bank | – | – | – | – | – | 18,719 | 18,719 |
| Undrawn financing | 366,000 | – | – | – | – | 1,465,000 | 1,831,000 |
| Contribution to Central Liquidity Monetary Fund | – | – | 200,000 | – | – | – | 200,000 |
| | 366,000 | 10,000 | 222,440 | 46,571 | 73,225 | 1,617,734 | 2,335,970 |

41.4.3 Liquidity risk of assets and liabilities by remaining contractual maturities

| Group 2010 | 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 placement with financial institutions | 350,236 | 5,075,000 | 755,539 | 159,984 | – | – | 6,340,759 |
| Financial assets | 742,862 | 954,114 | 715,217 | 1,035,057 | 477,919 | 5,563,007 | 9,488,176 |
| Financing and advances | 73,731 | 650,379 | 1,389,626 | 2,308,700 | 3,347,622 | 37,212,963 | 44,983,021 |
| Other receivables, deposits and prepayments | – | 3 | – | – | – | 1,265,155 | 1,265,158 |
| | 1,166,829 | 6,679,496 | 2,860,382 | 3,503,741 | 3,825,541 | 44,041,125 | 62,077,114 |
| Liabilities | | | | | | | |
| Deposits from customers | 4,456,291 | 12,664,129 | 17,360,992 | 7,563,433 | 4,898,885 | 2,623,951 | 49,567,681 |
| Deposits and placement from financial institutions | 100,000 | – | 400,000 | 149,999 | – | – | 649,999 |
| Recourse obligations on financing sold to Cagamas | – | – | – | – | – | 3,889,940 | 3,889,940 |
| Other liabilities and payables | 114 | – | 152 | 102 | 244 | 1,778,419 | 1,779,031 |
| | 4,556,405 | 12,664,129 | 17,761,144 | 7,713,534 | 4,899,129 | 8,292,310 | 55,886,651 |
| Shareholders' fund | | | | | | | |
| | – | – | – | – | – | 6,190,463 | 6,190,463 |
| | – | – | – | – | – | 6,190,463 | 6,190,463 |
| Net maturity mismatch | (3,389,576) | (5,984,633) | (14,900,762) | (4,209,793) | (1,073,588) | 29,558,352 | – |

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41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk (Cont'd.)

41.4.3 Liquidity risk of contingent liabilities and commitment by remaining contractual maturities

| Group 2010 | 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) |
|--|--------------------------|--|--|---|---|---------------------------------|-------------------|
| Bank guarantee given in respect of banking facilities granted to customers | 954 | 2,465 | 94,295 | 15,313 | 108,882 | 263,414 | 485,323 |
| Claims for damages from litigation taken against the Bank | – | – | – | – | – | 42,287 | 42,287 |
| Undrawn financing | 360,000 | – | – | – | – | 1,442,100 | 1,802,000 |
| | 360,954 | 2,465 | 94,295 | 15,313 | 108,882 | 1,747,801 | 2,329,610 |

41.4.3 Liquidity risk of assets and liabilities by remaining contractual maturities

| Bank 2010 | 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 placement with financial institutions | 342,441 | 5,075,000 | 755,539 | 159,181 | – | – | 6,332,161 |
| Financial assets | 742,862 | 954,114 | 715,217 | 1,035,057 | 477,919 | 5,563,007 | 9,488,176 |
| Financing and advances | 73,731 | 650,379 | 1,389,626 | 2,308,700 | 3,347,622 | 37,212,963 | 44,983,021 |
| Other receivables, deposits and prepayments | – | 3 | – | – | – | 1,108,700 | 1,108,703 |
| | 1,159,034 | 6,679,496 | 2,860,382 | 3,502,938 | 3,825,541 | 43,884,670 | 61,912,061 |
| Liabilities | | | | | | | |
| Deposits from customers | 4,456,291 | 12,664,129 | 17,360,992 | 7,563,433 | 4,898,885 | 2,623,951 | 49,567,681 |
| Deposits and placement from financial institutions | 100,000 | – | 400,000 | 149,999 | – | – | 649,999 |
| Recourse obligations on financing sold to Cagamas | – | – | – | – | – | 3,889,940 | 3,889,940 |
| Other liabilities and payables | 114 | – | 152 | 102 | 244 | 1,850,983 | 1,851,595 |
| | 4,556,405 | 12,664,129 | 17,761,144 | 7,713,534 | 4,899,129 | 8,364,874 | 55,959,215 |
| Shareholders' fund | | | | | | | |
| | – | – | – | – | – | 5,952,846 | 5,952,846 |
| | – | – | – | – | – | 5,952,846 | 5,952,846 |
| Net maturity mismatch | (3,397,371) | (5,984,633) | (14,900,762) | (4,210,596) | (1,073,588) | 29,566,950 | – |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.4 Liquidity risk (Cont'd.)

41.4.3 Liquidity risk of contingent liabilities and commitment by remaining contractual maturities

| Bank 2010 | 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) |
|--|--------------------------|--|--|---|---|---------------------------------|-------------------|
| Bank guarantee given in respect of banking facilities granted to customers | 954 | 2,465 | 94,295 | 15,313 | 108,882 | 263,414 | 485,323 |
| Claims for damages from litigation taken against the Bank | – | – | – | – | – | 42,287 | 42,287 |
| Undrawn financing | 360,000 | – | – | – | – | 1,442,100 | 1,802,000 |
| | 360,954 | 2,465 | 94,295 | 15,313 | 108,882 | 1,747,801 | 2,329,610 |

41.5 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 interest rates and equity prices, would affect financial position or cash flows of the Group. In managing market risk, risk exposure can be controlled within the acceptable parameters, while optimising rate of return.

41.5.1 Management of market risk

The Group manages market risk by separating exposure to market risk between trading and non-trading portfolios. Trading portfolios are mainly held by treasury and capital market consist of financial assets that are managed on fair value basis.

Exposure of the Group 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.

41.5.2 Profit rate risk

Investment in debt securities and financing are exposed to a risk of change in profit rates that would result in change 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 effort in mitigating this risk is by diversifying by investing mainly in fixed-income securities with different duration. However, the Group 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 Group's financial assets and liabilities to various standard and non-standard profit rate scenarios.

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41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.5 Market risk (Cont'd.)

41.5.2 Profit rate risk (Cont'd.)

The following shows the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and constant financial position.

| Sensitivity of projected net profit income | Group/Bank | | | |
|--|-----------------------------|-----------------------------|----------------------------|----------------------------|
| | Increase by 100 bp (RM'000) | Decrease by 100 bp (RM'000) | Increase by 50 bp (RM'000) | Decrease by 50 bp (RM'000) |
| 2011 | | | | |
| Year ended 31 December | (277,538) | 275,271 | (138,484) | 137,918 |
| Average for the year | (304,968) | 303,416 | (152,287) | 151,904 |
| Maximum for the year | (327,802) | 325,164 | (163,565) | 162,915 |
| Minimum for the year | (273,706) | 271,888 | (136,618) | 136,178 |
| 2010 | | | | |
| Year ended 31 December | (265,872) | 263,506 | (132,640) | 132,048 |
| Average for the year | (273,157) | 285,509 | (153,864) | 143,679 |
| Maximum for the year | (308,334) | 305,756 | (290,837) | 160,799 |
| Minimum for the year | (145,091) | 261,411 | (130,905) | 130,874 |

41.5.3 Exposure to profit rate

Whilst the primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallise, a number of assets and liabilities experience premature upliftments, or conversely, regular rollover characteristics in their normal course of business, thus deviating in reality from their contractual maturity.

Adjustments are made in these assets and liabilities to reflect instead their behavioural maturity. This scenario exposes the Group to the varying maturity of financial instruments of profit-bearing nature as shown in the following schedule.

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.5 Market risk (Cont'd.)

41.5.3 Exposure to profit rate risk on profit-bearing financial instruments as categorised by behavioural maturities

| Group | Non-trading book | | | | | | | | Trading book | Total |
|---|-----------------------|-------------------------------------|---------------------------------------|--|--------------------------------------|---------------------------|-------------------------------|----------|--------------|-------|
| | 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) | Non-profit sensitive (RM'000) | (RM'000) | | |
| Assets | | | | | | | | | | |
| Cash, deposit and placement with financial institutions | 1,051,236 | 3,003,375 | 3,000,259 | 452,730 | 171,010 | - | 415,114 | - | 8,093,724 | |
| Financial assets | 650,566 | 354,509 | 569,534 | 663,726 | 1,398,411 | 10,049,057 | - | 10,362 | 13,696,165 | |
| Financing and advances | 61,227 | 727,052 | 1,733,660 | 2,575,711 | 3,601,423 | 40,480,176 | - | - | 49,179,249 | |
| Other receivables, deposits and prepayments | - | - | - | - | - | 780,404 | 894,500 | - | 1,674,904 | |
| | 1,763,029 | 4,084,936 | 5,303,453 | 3,692,167 | 5,170,844 | 51,309,637 | 1,309,614 | 10,362 | 72,644,042 | |
| Liabilities | | | | | | | | | | |
| Deposits from customers | 93,151 | 280,951 | 392,427 | 153,079 | 36,796 | 2,850,132 | 54,700,552 | - | 58,507,088 | |
| Deposits and placement from financial institutions | 295,000 | 300,000 | - | - | - | - | - | - | 595,000 | |
| Recourse obligations on financing sold to Cagamas | - | - | - | - | - | 3,303,393 | - | - | 3,303,393 | |
| Other liabilities and payables | - | - | - | - | - | - | 1,627,656 | - | 1,627,656 | |
| | 388,151 | 580,951 | 392,427 | 153,079 | 36,796 | 6,153,525 | 56,328,208 | - | 64,033,137 | |
| Shareholders' fund | - | - | - | - | - | - | 8,610,905 | - | 8,610,905 | |
| | - | - | - | - | - | - | 8,610,905 | - | 8,610,905 | |
| On-balance sheet profit sensitivity gap | 1,374,878 | 3,503,985 | 4,911,026 | 3,539,088 | 5,134,048 | 45,156,112 | (63,629,499) | 10,362 | - | |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - | |
| Total profit sensitivity gap | 1,374,878 | 3,503,985 | 4,911,026 | 3,539,088 | 5,134,048 | 45,156,112 | (63,629,499) | 10,362 | - | |



41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.5 Market risk (Cont'd.)

41.5.3 Exposure to profit rate risk on profit-bearing financial instruments as categorised by behavioural maturities (Cont'd.)

| Bank 2011 | Non-trading book | | | | | | | Trading book (RM'000) | Total (RM'000) |
|--|-----------------------------|--|--|---|---|---------------------------------|-------------------------------------|-----------------------------|-------------------|
| | 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) | Non-profit sensitive (RM'000) | | |
| Assets | | | | | | | | | |
| Cash, deposit and placement with financial institutions | 1,039,431 | 3,003,375 | 3,000,259 | 452,730 | 171,010 | - | 415,114 | - | 8,081,919 |
| Financial assets | 650,566 | 354,509 | 569,534 | 663,726 | 1,398,411 | 10,049,057 | - | 10,362 | 13,696,165 |
| Financing and advances | 61,227 | 727,052 | 1,733,660 | 2,575,711 | 3,601,423 | 40,480,176 | - | - | 49,179,249 |
| Other receivables, deposits and prepayments | - | - | - | - | - | 343,662 | 1,177,923 | - | 1,521,585 |
| | 1,751,224 | 4,084,936 | 5,303,453 | 3,692,167 | 5,170,844 | 50,872,895 | 1,593,037 | 10,362 | 72,478,918 |
| Liabilities | | | | | | | | | |
| Deposits from customers | 93,151 | 280,951 | 392,427 | 153,079 | 36,796 | 2,801,422 | 54,749,262 | - | 58,507,088 |
| Deposits and placement from financial institutions | 295,000 | 300,000 | - | - | - | - | - | - | 595,000 |
| Recourse obligations on financing sold to Cagamas | - | - | - | - | - | 3,303,393 | - | - | 3,303,393 |
| Other liabilities and payables | - | - | - | - | - | - | 1,718,834 | - | 1,718,834 |
| | 388,151 | 580,951 | 392,427 | 153,079 | 36,796 | 6,104,815 | 56,468,096 | - | 64,124,315 |
| Shareholders' fund | | | | | | | | | |
| | - | - | - | - | - | - | 8,354,603 | - | 8,354,603 |
| | - | - | - | - | - | - | 8,354,603 | - | 8,354,603 |
| On-balance sheet profit sensitivity gap | 1,363,073 | 3,503,985 | 4,911,026 | 3,539,088 | 5,134,048 | 44,768,080 | (63,229,662) | 10,362 | - |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - |
| Total profit sensitivity gap | 1,363,073 | 3,503,985 | 4,911,026 | 3,539,088 | 5,134,048 | 44,768,080 | (63,229,662) | 10,362 | - |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.5 Market risk (Cont'd.)

41.5.3 Exposure to profit rate risk on profit-bearing financial instruments as categorised by behavioural maturities (Cont'd.)

| Group | Non-trading book | | | | | | | Trading book | Total |
|---|-----------------------|-------------------------------------|---------------------------------------|--|--------------------------------------|---------------------------|-------------------------------|--------------|------------|
| | 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) | Non-profit sensitive (RM'000) | | |
| Assets | | | | | | | | | |
| Cash, deposit and placement with financial institutions | 2,101,408 | 3,040,994 | 755,539 | 100,377 | - | - | 342,441 | - | 6,340,759 |
| Financial assets | 742,862 | 954,114 | 715,217 | 1,035,057 | 477,919 | 5,563,007 | - | - | 9,488,176 |
| Financing and advances | 73,731 | 650,379 | 1,389,626 | 2,308,700 | 3,347,622 | 37,212,963 | - | - | 44,983,021 |
| Other receivables, deposits and prepayments | - | 3 | - | - | - | 393,660 | 871,495 | - | 1,265,158 |
| | 2,918,001 | 4,645,490 | 2,860,382 | 3,444,134 | 3,825,541 | 43,169,630 | 1,213,936 | - | 62,077,114 |
| Liabilities | | | | | | | | | |
| Deposits from customers | 216,763 | 369,789 | 486,692 | 345,478 | 279,776 | 2,120,184 | 45,748,999 | - | 49,567,681 |
| Deposits and placement from financial institutions | 100,000 | - | 400,000 | 149,999 | - | - | - | - | 649,999 |
| Recourse obligations on financing sold to Cagamas | - | - | - | - | - | 3,889,940 | - | - | 3,889,940 |
| Other liabilities and payables | - | - | - | - | - | - | 1,779,031 | - | 1,779,031 |
| | 316,763 | 369,789 | 886,692 | 495,477 | 279,776 | 6,010,124 | 47,528,030 | - | 55,886,651 |
| Shareholders' fund | | | | | | | | | |
| | - | - | - | - | - | - | 6,190,463 | - | 6,190,463 |
| | - | - | - | - | - | - | 6,190,463 | - | 6,190,463 |
| On-balance sheet profit sensitivity gap | 2,601,238 | 4,275,701 | 1,973,690 | 2,948,657 | 3,545,765 | 37,15,506 | (52,504,557) | - | - |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - |
| Total profit sensitivity gap | 2,601,238 | 4,275,701 | 1,973,690 | 2,948,657 | 3,545,765 | 37,159,506 | (52,504,557) | - | - |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.5 Market risk (Cont'd.)

41.5.3 Exposure to profit rate risk on profit-bearing financial instruments as categorised by behavioural maturities (Cont'd.)

| Bank 2010 | Non-trading book | | | | | | | Trading book (RM'000) | Total (RM'000) |
|--|-----------------------------|--|--|---|---|---------------------------------|-------------------------------------|-----------------------------|-------------------|
| | 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) | Non-profit sensitive (RM'000) | | |
| Assets | | | | | | | | | |
| Cash, deposit and placement with financial institutions | 2,092,810 | 3,040,994 | 755,539 | 100,377 | - | - | 342,441 | - | 6,332,161 |
| Financial assets | 742,862 | 954,114 | 715,217 | 1,035,057 | 477,919 | 5,563,007 | - | - | 9,488,176 |
| Financing and advances | 73,731 | 650,379 | 1,389,626 | 2,308,700 | 3,347,622 | 37,212,963 | - | - | 44,983,021 |
| Other receivables, deposits and prepayments | - | 3 | - | - | - | 237,205 | 871,495 | - | 1,108,703 |
| | 2,909,403 | 4,645,490 | 2,860,382 | 3,444,134 | 3,825,541 | 43,013,175 | 1,213,936 | - | 61,912,061 |
| Liabilities | | | | | | | | | |
| Deposits from customers | 216,763 | 369,789 | 486,692 | 345,478 | 279,776 | 2,120,184 | 45,748,999 | - | 49,567,681 |
| Deposits and placement from financial institutions | 100,000 | - | 400,000 | 149,999 | - | - | - | - | 649,999 |
| Recourse obligations on financing sold to Cagamas | - | - | - | - | - | 3,889,940 | - | - | 3,889,940 |
| Other liabilities and payables | - | - | - | - | - | - | 1,851,595 | - | 1,851,595 |
| | 316,763 | 369,789 | 886,692 | 495,477 | 279,776 | 6,010,124 | 47,600,594 | - | 55,959,215 |
| Shareholders' fund | | | | | | | | | |
| | - | - | - | - | - | - | 5,952,846 | - | 5,952,846 |
| | - | - | - | - | - | - | 5,952,846 | - | 5,952,846 |
| On-balance sheet profit sensitivity gap | 2,592,640 | 4,275,701 | 1,973,690 | 2,948,657 | 3,545,765 | 37,003,051 | (52,339,504) | - | - |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - |
| Total profit sensitivity gap | 2,592,640 | 4,275,701 | 1,973,690 | 2,948,657 | 3,545,765 | 37,003,051 | (52,339,504) | - | - |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group'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 overall Group'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 insurance where this is effective.

Compliance with Group'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 Committee and senior management of the Group.

41.7 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statements 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 Group'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.

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41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.7 Capital management (Cont'd.)

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines under New Liquidity Framework developed by the Bank Negara Malaysia. The required information is filed with the Bank Negara Malaysia on a monthly basis.

The Group maintains a ratio of total regulatory capital to their risk-weighted assets above a minimum level agreed with the Bank Negara Malaysia which takes into account the risk profile of the Group.

The regulatory capital requirements are strictly observed when managing economic capital.

The Group's regulatory capital comprises of two tiers:

- (i) Tier 1 capital: share capital, statutory reserve, retained earnings and reserves created by appropriations of retained earnings; and
- (ii) Tier 2 capital: collective impairment allowances and unrealised gains arising on the fair valuation of financial instruments held as available for sale.

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 statements of financial position.

The Group'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 Group 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.

41.7.1 Capital adequacy

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.

| | 2011 | Bank 2010 |
|--------------------------------------|--------|--------------|
| Core capital ratio | 15.21% | 11.89% |
| Risk-weighted capital adequacy ratio | 16.45% | 13.32% |

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.7 Capital management (Cont'd.)

41.7.1 Capital adequacy (Cont'd.)

The above ratios are derived by taking into account the core capital and capital base against the risk weighted asset of the Bank. Components of the capital are as follows:

| | 2011 RM'000 | Bank 2010 RM'000 |
|------------------------------------|------------------|------------------------|
| Tier I capital | | |
| Paid-up share capital | 2,349,063 | 1,994,960 |
| Retained earnings | 2,738,395 | 1,229,948 |
| Other reserves | 2,982,909 | 2,400,566 |
| Total Tier I capital (core) | 8,070,367 | 5,625,474 |
| Tier II capital | | |
| Collective impairment* | 808,048 | 806,018 |
| Total Tier II capital | 808,048 | 806,018 |
| Total capital | 8,878,415 | 6,431,492 |
| Less: Investment in subsidiaries | (43,500) | (55,972) |
| Less: Investment properties | (102,862) | (70,739) |
| Total capital base | 8,732,053 | 6,304,781 |

* This is surplus amount allowable after taking into account collective impairment allowance on impaired financing of the Bank.

Assets in various categories are risk-weighted as follows:

| | 2011 RM'000 | Group/Bank 2010 RM'000 |
|--|-------------------|------------------------------|
| Total assets assigned 10% risk-weighted | 128,067 | – |
| Total assets assigned 20% risk-weighted | 1,877,927 | 2,037,338 |
| Total assets assigned 50% risk-weighted | 1,768,610 | 1,994,161 |
| Total assets assigned 100% risk-weighted | 49,301,427 | 43,296,809 |
| | 53,076,031 | 47,328,308 |

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FOR THE YEAR ENDED 31 DECEMBER 2011

41. FINANCIAL RISK MANAGEMENT (CONT'D.)

41.7 Capital management (Cont'd.)

41.7.2 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Group Risk and Credit, and is subject to review by the Group Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision-making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of 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 reporting date.

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 a range of methodologies and assumptions regarding 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 FRS 132 ('Financial Instruments: Disclosure and Presentation') which requires the fair value information to be disclosed.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

| | Carrying amount | | Fair value | |
|---|-----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Group | | | | |
| Financial assets | | | | |
| Cash and short-term funds | 4,578,724 | 5,425,236 | 4,578,724 | 5,425,236 |
| Deposits and placements with financial institutions | 3,515,000 | 915,523 | 3,515,000 | 915,523 |
| Financial assets held for trading | 10,362 | 10,179 | 10,362 | 10,179 |
| Financial assets available-for-sale | 10,833,332 | 4,878,650 | 10,833,332 | 4,878,650 |
| Financial liabilities | | | | |
| Deposits from customers | 58,507,088 | 49,567,681 | 58,507,088 | 49,567,681 |
| Deposits and placements from banks and financial institutions | 595,000 | 649,999 | 595,000 | 649,999 |
| Bank | | | | |
| Financial assets | | | | |
| Cash and short-term funds | 4,566,919 | 5,417,441 | 4,566,919 | 5,417,441 |
| Deposits and placements with financial institutions | 3,515,000 | 914,720 | 3,515,000 | 914,720 |
| Financial assets held for trading | 10,362 | 10,179 | 10,362 | 10,179 |
| Financial assets available-for-sale | 10,833,332 | 4,878,650 | 10,833,332 | 4,878,650 |
| Financial liabilities | | | | |
| Deposits from customers | 58,507,088 | 49,567,681 | 58,507,088 | 49,567,681 |
| Deposits and placements from banks and financial institutions | 595,000 | 649,999 | 595,000 | 649,999 |

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

42.1 Cash and short-term funds and deposits and placements with financial institutions

The carrying amount of cash and short-term funds approximate fair value due to the relatively short maturity of the financial instruments.

42.2 Financial assets held-for-trading, financial assets available-for-sale and financial assets held-to-maturity

The fair values of these financial instruments are estimated based on quoted or observable market prices. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where the discounted cash flow technique is used, the expected future cash flows are discounted using effective interest rates for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

42.3 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 interest rates for similar deposits from customers.

The fair values of Islamic deposits are deemed to approximate their carrying amounts as profit rates are determined at the end of their holding periods based on the profit generated from the assets invested.

42.4 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.

42.5 Valuation of financial assets and financial liabilities

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- (a) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (b) 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.
- (c) 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.

42. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D.)

42.5 Valuation of financial assets and financial liabilities (Cont'd.)

| | Carrying amount RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 |
|--|------------------------------|-------------------|-------------------|-------------------|
| Group/Bank 2011 | | | | |
| Financial assets held for trading | | | | |
| Government investment issues | 10,362 | – | 10,362 | – |
| | 10,362 | – | 10,362 | – |
| Financial assets available-for-sale | | | | |
| Islamic debt securities | 1,525,173 | – | 1,525,173 | – |
| Quoted shares | 156,765 | 156,765 | – | – |
| Government investment issues | 5,764,041 | – | 5,764,041 | – |
| Government bonds | 1,660,655 | – | 1,660,655 | – |
| Khazanah bonds | 21,088 | – | 21,088 | – |
| Cagamas bonds | 10,054 | – | 10,054 | – |
| Negotiable Islamic debt certificates | 1,687,574 | – | 1,687,574 | – |
| Unit trust shares | 1,672 | – | 1,672 | – |
| Unquoted shares | 6,310 | – | – | 6,310 |
| | 10,833,332 | 156,765 | 10,670,257 | 6,310 |
| Group/Bank 2010 | | | | |
| Financial assets held for trading | | | | |
| Government investment issues | 10,179 | – | 10,179 | – |
| | 10,179 | – | 10,179 | – |
| Financial assets available-for-sale | | | | |
| Islamic debt securities | 589,985 | – | 589,985 | – |
| Quoted shares | 158,264 | 158,264 | – | – |
| Government investment issues | 3,201,027 | – | 3,201,027 | – |
| Government bonds | 360,827 | – | 360,827 | – |
| Khazanah bonds | 19,990 | – | 19,990 | – |
| Cagamas bonds | 422,332 | – | 422,332 | – |
| Negotiable Islamic debt certificates | 118,195 | – | 118,195 | – |
| Unit trust shares | 1,720 | – | 1,720 | – |
| Unquoted shares | 6,310 | – | – | 6,310 |
| | 4,878,650 | 158,264 | 4,714,076 | 6,310 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

43. RECLASSIFICATION

During the year, the following items have been reclassified in the Statement of Comprehensive Income as compared to the previous year.

| | As previously stated RM'000 | Reclas- sification RM'000 | As restated RM'000 |
|--|--------------------------------------|---------------------------------|--------------------------|
| Statement of Comprehensive Income | | | |
| Bank | | | |
| Financing loss and allowances | (757,216) | (152,938) | (910,154) |
| Other operating income | 237,684 | 153,197 | 390,881 |
| Operating expenses | (808,640) | (259) | (808,899) |
| Group | | | |
| Financing loss and allowances | (757,216) | (152,938) | (910,154) |
| Other operating income | 245,548 | 153,197 | 398,745 |
| Operating expenses | (808,297) | (259) | (808,556) |

ALAMAT IBU PEJABAT DAN CAWANGAN

HEAD OFFICE AND BRANCHES ADDRESSES

IBU PEJABAT/HEAD OFFICE

BANK RAKYAT




BANGUNAN BANK RAKYAT, JALAN TANGSI
PETI SURAT 11024, 50732 KUALA LUMPUR

 : 03-26129600
 : 03-26129655
 : www.bankrakyat.com.my
tele-Rakyat : 1-300-88-1BANK (12265), 03-21179000
i-Rakyat : www.irakyat.com.my
 : Bank Rakyat, Bank Pilihan Anda

CAWANGAN-CAWANGAN/BRANCHES




PEJABAT WILAYAH UTARA/ NORTHERN REGION OFFICE

Bangunan Bank Rakyat
No. 66, Tingkat 2, Jalan Langgar
05460 Alor Setar, Kedah

 : wil_utara@bankrakyat.com.my
 : 04-7351669
 : 04-7351673




SUNGAI PETANI

No. 28, Jalan Patani
08000 Sungai Petani, Kedah

 : sgpetani@bankrakyat.com.my
 : 04-4212170
 : 04-4217979




ALOR SETAR

No. 66, Jalan Langgar
05460 Alor Setar, Kedah

 : alorsetar@bankrakyat.com.my
 : 04-7331240
 : 04-7335313


BALING

Tingkat Bawah, Bangunan UMNO
Pekan Baru, 09100 Baling, Kedah

 : baling@bankrakyat.com.my
 : 04-4701615
 : 04-4701544




JITRA

No. 247 & 248
Jalan PJ 2/2, Pekan Jitra 2
06000 Jitra, Kedah

 : jitra@bankrakyat.com.my
 : 04-9171009
 : 04-9173958




LANGKAWI

No. 140 & 142
Persiaran Bunga Raya
Langkawi Mall
07000 Kuah
Langkawi, Kedah

 : langkawi@bankrakyat.com.my
 : 04-9666518
 : 04-9667998




MERGONG

No. 7 & 8, Susuran Tuanku Haminah
Tuanku Haminah Business
Centre Mergong
05150 Alor Setar, Kedah

 : mergong@bankrakyat.com.my
 : 04-7331268
 : 04-7316829




KULIM

No. 203 & 204, Jalan Lunas
Taman Seluang, Kelang Lama
09000 Kulim, Kedah

 : kulim@bankrakyat.com.my
 : 04-4907789
 : 04-4901141




GURUN

No. 19C & 19D, Jalan Sungai Petani
08300 Gurun, Kedah

 : gurun@bankrakyat.com.my
 : 04-4683702
 : 04-4683754




KUALA NERANG

No. 32-33, Pekan Baru
Jalan Semeliang
06300 Kuala Nerang, Kedah

 : kualanerang@bankrakyat.com.my
 : 04-7860375
 : 04-7860385




PENDANG

No. 9 – 11, Pendang Square
06700 Pendang, Kedah

 : pendang@bankrakyat.com.my
 : 04-7596260
 : 04-7596270

KANGAR

No. 13, Jalan Hospital
01000 Kangar, Perlis

 : kangar@bankrakyat.com.my
 : 04-9761877
 : 04-9762928

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ALAMAT IBU PEJABAT DAN CAWANGAN

ARAU

No. 6, 8 & 10, Jalan Pauh
Taman Pauh Utama
02600 Pekan Pauh, Perlis

✉ : arau@bankrakyat.com.my
☎ : 04-9864841
📠 : 04-9863700

SEBERANG JAYA

No. 1, Tingkat Bawah & 1
Jalan Todak 1
Pusat Bandar Seberang Jaya
13700 Prai, Pulau Pinang

✉ : seberang_jaya@bankrakyat.com.my
☎ : 04-3988670
📠 : 04-3988985

GEORGETOWN

No. 137, Jalan Magazine
10300 Georgetown, Pulau Pinang

✉ : georgetown@bankrakyat.com.my
☎ : 04-2627731
📠 : 04-2625419

BUKIT MERTAJAM

No. 22 & 24, Jalan Perda Selatan
Bandar Perda, 14000 Bukit Mertajam
Pulau Pinang

✉ : bukitmertajam@bankrakyat.com.my
☎ : 04-5307380
📠 : 04-5307390

BAYAN BARU

No. 49, 51 & 53, Block H
Persiaran Mahsuri 1/3
Sunway Avenue
11950 Bayan Baru
Pulau Pinang

✉ : bayanbaru@bankrakyat.com.my
☎ : 04-6420197
📠 : 04-6420205

JELUTONG

No. 13 & 13A, Metro Avenue
Jelutong Express Way
11600 Pulau Pinang

✉ : jelutong@bankrakyat.com.my
☎ : 04-2839735
📠 : 04-2839399

JAWI

No. 56 & 58, Jalan Jawi Jaya 1
Taman Jawi Jaya
14200 Sungai Jawi
Seberang Perai Selatan
Pulau Pinang

✉ : jawi@bankrakyat.com.my
☎ : 04-5826313
📠 : 04-5826352

KEPALA BATAS

No. 8, Jalan Dagangan 2
Pusat Bandar Bertam Perdana
13200 Kepala Batas, Pulau Pinang

✉ : kepalabatas@bankrakyat.com.my
☎ : 04-5741036
📠 : 04-5741060

PEJABAT WILAYAH TENGAH/ CENTRAL REGION OFFICE

Tingkat 14, Bangunan Perkim
No. 150, Jalan Ipoh
51200 Kuala Lumpur

✉ : wil_tengah@bankrakyat.com.my
☎ : 03-40272403
📠 : 03-40272498

BAGAN SERAI

No. 132, Jalan Setia, Pusat Bandar
34300 Bagan Serai, Perak

✉ : baganserai@bankrakyat.com.my
☎ : 05-7215023
📠 : 05-7211644

TELUK INTAN

No. 187, Jalan Intan 5, Bandar Baru
36000 Teluk Intan, Perak

✉ : telukintan@bankrakyat.com.my
☎ : 05-6221000
📠 : 05-6212554

MEDAN GOPENG

No. 37 & 39, Medan Gopeng 1
Jalan Raja Dr. Nazrin Shah
Peti Surat 494
30750 Ipoh, Perak

✉ : medangopeng@bankrakyat.com.my
☎ : 05-3123166
📠 : 05-3125886

TAIPING

Lot 2478 & 2482
Jalan Berek
34000 Taiping, Perak

✉ : taiping@bankrakyat.com.my
☎ : 05-8085808
📠 : 05-8072988

MANJUNG

No. 41, 43 & 45, Persiaran PM 3/2
Pusat Bandar Seri Manjung
Seksyen III, 32040 Seri Manjung
Perak

✉ : manjung@bankrakyat.com.my
☎ : 05-6881881
📠 : 05-6881199

JELAPANG

No. 61 & 63, Lengkok Kledang Jaya
Taman Kledang Jaya
30100 Ipoh, Perak

✉ : jelapang@bankrakyat.com.my
☎ : 05-5271924
📠 : 05-5271958






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Laporan Tahunan
Bank Rakyat

HEAD OFFICE AND BRANCHES ADDRESSES




TAPAH

No. 56 & 57, Jalan Besar
35000 Tapa, Perak

 : tapah@bankrakyat.com.my
 : 05-4015536
 : 05-4015539



KUALA KANGSAR

No. 1 & 2, Bangunan Bank Rakyat
Jalan Daeng Selili
33000 Kuala Kangsar, Perak

 : kualakangsar@bankrakyat.com.my
 : 05-7774122
 : 05-7774049



GREENTOWN

No. 8 & 10, Jalan Greentown 5
Greentown Nova, 30450 Ipoh, Perak

 : greentown@bankrakyat.com.my
 : 05-2439296
 : 05-2439301




TANJUNG MALIM

Lot 27 & 29, Jalan Permai 1
Taman Ketoyong Permai 2
35900 Tanjung Malim, Perak

 : tanjung_malim@bankrakyat.com.my
 : 05-4584205
 : 05-4584211




SERI ISKANDAR

No. 24 & 26, Jalan Maju 1
Taman Maju
32610 Bandar Seri Iskandar, Perak

 : sriiskandar@bankrakyat.com.my
 : 05-3713164
 : 05-3712632




GERIK

No. 1, Jalan Indah 1, Taman Indah
33000 Gerik, Perak

 : grik@bankrakyat.com.my
 : 05-7917735
 : 05-7917727




JALAN IPOH

No. 140, Jalan Ipoh
51200 Kuala Lumpur

 : jalanipoh@bankrakyat.com.my
 : 03-40423244
 : 03-40428142



JALAN TANGSI

Tingkat Bawah
Bangunan Bank Rakyat, Jalan Tangsi
50480 Kuala Lumpur

 : jalandangsi@bankrakyat.com.my
 : 03-26173888
 : 03-26982109




BANDAR TUN RAZAK

G11, G12, 01-11 & 01-12
Wisma Zelan, Bandar Tun Razak
56000 Kuala Lumpur

 : btazak@bankrakyat.com.my
 : 03-91717727
 : 03-91723178




JALAN PINANG (ANGKASA RAYA)

No. 19-1-1, Tingkat Bawah
& 19-1-1A, Mezzanine Floor
UOA Centre, No. 19 Jalan Pinang
50450 Kuala Lumpur

 : jalanpinang@bankrakyat.com.my
 : 03-21612453
 : 03-21612459




BANGSAR BARU

No. 60 & 62, Tingkat Bawah
1 & 2, Jalan Maarof, Bangsar Baru
59100 Kuala Lumpur

 : bangsar@bankrakyat.com.my
 : 03-22831259
 : 03-22831258




DESA PANDAN

No. 33 & 35, Jalan 1/76
Desa Pandan
55100 Kuala Lumpur

 : desapandan@bankrakyat.com.my
 : 03-92863214
 : 03-92811394




SELAYANG

Tingkat Bawah, Blok B
KIP Corporate Tower
Jalan Kuching, 68100 Selayang

 : selayang@bankrakyat.com.my
 : 03-62596809
 : 03-62596815




PUDU

Blok A, Lot 498-0-6, Lot 498-1-6
Tingkat Bawah & 1
Wisma Indah, Jalan Tun Razak
50400 Kuala Lumpur

 : pudu@bankrakyat.com.my
 : 03-92812136
 : 03-92863541

SETAPAK

No. 1, Jalan 2/50
Diamond Square
Off Jalan Gombak
53000 Kuala Lumpur

 : setapak@bankrakyat.com.my
 : 03-40254476
 : 03-40254501




PUTRAJAYA

Blok A, T-00-U-06 & 07
Jalan P8C/2, Presint 8
62250 Putrajaya

 : putrajaya@bankrakyat.com.my
 : 03-88895268
 : 03-88895273

KEPONG

No. 11 & 15
Jalan Rimbanan Raya 1
Laman Rimbanan Raya 1
Kemping, 52100 Kuala Lumpur

 : kepong@bankrakyat.com.my
 : 03-62525244
 : 03-62523722

ALAMAT IBU PEJABAT DAN CAWANGAN

PRESINT 15, PUTRAJAYA

No. 22 & 24, Jalan Diplomatik 3/1
Presint 15, 62050 Putrajaya

✉ : presint15@bankrakyat.com.my
☎ : 03-88903393
📠 : 03-88903353

PEJABAT WILAYAH SELANGOR/ SELANGOR REGION OFFICE

No. 9 & 11, Tingkat 3
Jalan Tengku Ampuan Zabedah H/9H
Seksyen 9, 40000 Shah Alam
Selangor

✉ : wil_selangor@bankrakyat.com.my
☎ : 03-55125594
📠 : 03-55125603

SUNGAI BESAR

No. A12 & A13, Jalan Menteri
45300 Sungai Besar, Selangor

✉ : sgbesar@bankrakyat.com.my
☎ : 03-32242208
📠 : 03-32242299

KAJANG

No. 18 & 19, Jalan Jelok 3
Off Jalan Bukit Kajang
43000 Kajang, Selangor

✉ : kajang@bankrakyat.com.my
☎ : 03-87368098
📠 : 03-87367800

BANTING

No. 239, Jalan Sultan Abdul Samad
42700 Banting, Selangor

✉ : banting@bankrakyat.com.my
☎ : 03-31872007
📠 : 03-31872581

BANDAR BARU KLANG

No. 28 & 30, Jalan Tiara 2C
Bandar Baru Klang
41500 Klang, Selangor

✉ : klang@bankrakyat.com.my
☎ : 03-33422776
📠 : 03-33427433

SUBANG PERDANA

No. 39, Jalan Dinar GU 3/G
Seksyen U3, Taman Subang Perdana
40150 Shah Alam, Selangor

✉ : subangperdana@bankrakyat.com.my
☎ : 03-78465196
📠 : 03-78465195

MELAWATI

No. 326, Jalan Bandar Melawati
Melawati Square
Pusat Bandar Melawati
68000 Ulu Klang, Selangor

✉ : melawati@bankrakyat.com.my
☎ : 03-41051569
📠 : 03-41054568

PETALING JAYA

No. 1-1, Jalan 14/22
Wisma Federal Academy Ballet
46100 Petaling Jaya, Selangor

✉ : seksyen14@bankrakyat.com.my
☎ : 03-79584944
📠 : 03-79584931

KELANA JAYA

Ground Floor, Wisma Glomac
Glomac Business Centre
Jalan SS 5/1, Kelana Jaya
47301 Petaling Jaya, Selangor

✉ : kelanajaya@bankrakyat.com.my
☎ : 03-78048154
📠 : 03-78048159

DAMANSARA UTAMA

No. 1, Jalan SS 21/56B
Damansara Utama
47400 Petaling Jaya, Selangor

✉ : damansara@bankrakyat.com.my
☎ : 03-77298205
📠 : 03-77298193

SUNGAI BULOH

Lot 101, Pusat Komersil TSB
Jalan Nautika B, U20/B
Seksyen U20, Sungai Buloh
40160 Shah Alam, Selangor

✉ : sgbuloh@bankrakyat.com.my
☎ : 03-61571663
📠 : 03-61571662

BANDAR BARU AMPANG

Unit 1A, 1B, 1C & 1D
Pusat Komersil Ara Ampang
Jalan Ampang, 68000 Ampang
Selangor

✉ : ampang@bankrakyat.com.my
☎ : 03-42528402
📠 : 03-42510396

SHAH ALAM

No. 9 & 11, Jalan Tengku Ampuan
Zabedah H/9H, Seksyen 9
40000 Shah Alam, Selangor

✉ : shahalam@bankrakyat.com.my
☎ : 03-55108540
📠 : 03-55104210

USJ 9, SUBANG JAYA




No. 22 & 24, Jalan USJ 9/5Q, UEP
47600 Subang Jaya, Selangor

✉ : taipan@bankrakyat.com.my
☎ : 03-80237681
📠 : 03-80251984

HEAD OFFICE AND BRANCHES ADDRESSES




PORT KLANG

Lot 2 & 4, Harbour Point
Commercial Center, Jalan Sungai Aur
42000 Port Klang, Selangor

 : portklang@bankrakyat.com.my
 : 03-31657104
 : 03-31657078




PUCHONG

No. 28 & 30, Jalan Puteri 4/2
Bandar Puteri, 47100 Puchong
Selangor

 : puchong@bankrakyat.com.my
 : 03-80606677
 : 03-80683953




P.J. STATE

No. 11 & 13, Jalan Yong Shook Lin
Seksyen 52, 46200 Petaling Jaya
Selangor

 : jalamothman@bankrakyat.com.my
 : 03-79546349
 : 03-79577600




BANDAR BARU BANGI

Lot 1.01 & 2.01
Tingkat Bawah & 1
Wisma UNIKEB
43609 Bangi, Selangor

 : bangi@bankrakyat.com.my
 : 03-89223225
 : 03-89223229




KUALA SELANGOR

No. 2, Jalan Bendahara 1/1
Taman Bendahara
45000 Kuala Selangor, Selangor

 : kualaselangor@bankrakyat.com.my
 : 03-32811431
 : 03-32811434




SERDANG RAYA

No. C1-00-28
Seksyen 9, Jalan SR 1/9
Taman Serdang Raya
43300 Seri Kembangan, Selangor

 : serdangraya@bankrakyat.com.my
 : 03-89430887
 : 03-89430932




RAWANG

No. 73, Jalan Bandar Rawang 2
Pusat Bandar Rawang
48000 Rawang, Selangor

 : rawang@bankrakyat.com.my
 : 03-60925236
 : 03-60927385

SEKSYEN 23, SHAH ALAM

No. 23 & 25, Jalan Pelabur B/23 B
Seksyen 23, 40300 Shah Alam
Selangor

 : sek23shahalam@bankrakyat.com.my
 : 03-55411619
 : 03-55411624




TANJUNG KARANG

No. 1 & 3, Jalan Makmur 1
Taman Makmur, Batu 7
45500 Tanjung Karang, Selangor

 : tanjungkarang@bankrakyat.com.my
 : 03-32690552
 : 03-32690566




PEJABAT WILAYAH SELATAN/ SOUTHERN REGION OFFICE

No. 4-5 & 6-5, Jalan KC 1
Kota Cemerlang
75450 Ayer Keroh, Melaka

 : wil_selatan@bankrakyat.com.my
 : 06-2310275
 : 06-2310331




MUAR

No. 5-1 & 5-2, Jalan Ibrahim
84000 Muar, Johor

 : muar@bankrakyat.com.my
 : 06-9510330
 : 06-9516416




PONTIAN

No. 11, Jalan Delima 2
Pusat Perdagangan Pontian
82000 Pontian, Johor

 : pontian@bankrakyat.com.my
 : 07-6871515
 : 07-6870781




JOHOR BAHRU

Podium 2, Unit 2B, Menara Ansar
No. 65, Jalan Trus, Peti Surat 112
80000 Johor Bahru, Johor

 : johorbahru@bankrakyat.com.my
 : 07-2239169
 : 07-2234845




BATU PAHAT

No. 3 & 4, Jalan Maju Barat
Taman Maju, Bukit Pasir
83000 Batu Pahat, Johor

 : batupahat@bankrakyat.com.my
 : 07-4314422
 : 07-4319691




KOTA TINGGI

No. 24 & 26,
Jalan Jaya 1, Taman Jaya
81900 Kota Tinggi, Johor

 : kotatinggi@bankrakyat.com.my
 : 07-8832144
 : 07-8831109

SEGAMAT

No. 123 & 124, Jalan Genuang
85000 Segamat, Johor

 : segamat@bankrakyat.com.my
 : 07-9319214
 : 07-9319210

ALAMAT IBU PEJABAT DAN CAWANGAN

LARKIN PERDANA

No. 61 & 63
Susur Larkin Perdana 1
Persiaran Larkin Perdana
Taman Larkin Perdana
80350 Johor Bahru, Johor

✉ : jalantebrau@bankrakyat.com.my
☎ : 07-2360595
📠 : 07-2360635

KLUANG

No. 27 & 29, Jalan Md. Lazim Saim
86000 Kluang, Johor

✉ : kluang@bankrakyat.com.my
☎ : 07-7743545
📠 : 07-7743542

TAMAN UNIVERSITI, SKUDAI

No. 1 & 3, Jalan Kebudayaan 1
Taman Universiti
81300 Skudai, Johor

✉ : skudai@bankrakyat.com.my
☎ : 07-5207024
📠 : 07-5207048

MASAI

No. 31, Jalan Suria 3
Bandar Seri Alam, 81750 Masai
Johor

✉ : masai@bankrakyat.com.my
☎ : 07-2525776
📠 : 07-2525815

MERSING

No. 29 & 30, Jalan Ismail
86800 Mersing, Johor

✉ : mersing@bankrakyat.com.my
☎ : 07-7997228
📠 : 07-7997219

YONG PENG

No. 226 & 228, Jalan Besar
Taman Sembrong Baru
83700 Yong Peng, Johor

✉ : yongpeng@bankrakyat.com.my
☎ : 07-4678454
📠 : 07-4678615

KULAI

No. 4 & 5, Jalan Anggerik 1
Taman Kulai Utama
81000 Kulai, Johor

✉ : kulai@bankrakyat.com.my
☎ : 07-6625457
📠 : 07-6631625

MELAKA

Bangunan Bank Rakyat
Jalan Hang Tuah
Peti Surat No. 354, 75760 Melaka

✉ : melaka@bankrakyat.com.my
☎ : 06-2846395
📠 : 06-2848940

MASJID TANAH

MT 2893-2895, Jalan Taman Bandar
Baru Utama, Taman Bandar Baru
78300 Masjid Tanah, Melaka

✉ : masjidtanah@bankrakyat.com.my
☎ : 06-3845863
📠 : 06-3845866

JASIN

JA-9943G, Jalan Bandar Jasin 3
77000 Jasin, Melaka

✉ : jasin@bankrakyat.com.my
☎ : 06-5298505
📠 : 06-5298511

AYER KEROH

No. G-4 & G-6
Jalan KC 1, Kota Cemerlang
75450 Ayer Keroh, Melaka

✉ : ayerkeroh@bankrakyat.com.my
☎ : 06-2519191
📠 : 06-2519192

SEREMBAN

Lot 5750, Jalan Tuanku Munawir
70000 Seremban, Negeri Sembilan

✉ : seremban@bankrakyat.com.my
☎ : 06-7638943
📠 : 06-7637703

BAHAU

No. 25 & 26, Tingkat Bawah & 1
Pusat Perniagaan Bahau, Jalan Masjid
72100 Bahau, Negeri Sembilan

✉ : bahau@bankrakyat.com.my
☎ : 06-4544479
📠 : 06-4543481

LUKUT

No. 137 & 138, Jalan D8 1/11
Bandar Dataran Segar, 71010 Lukut
Port Dickson, Negeri Sembilan

✉ : lukut@bankrakyat.com.my
☎ : 06-6512840
📠 : 06-6512495

TAMPIN

No. 1135, Taman Sri Intan
73000 Tampin, Negeri Sembilan

✉ : tampin@bankrakyat.com.my
☎ : 06-4432914
📠 : 06-4432919

NILAI

PT 7436, Jalan BBN 1/2F
Bandar Baru Nilai
71800 Nilai, Negeri Sembilan

✉ : nilai@bankrakyat.com.my
☎ : 06-7999134
📠 : 06-7997045

SENAWANG

No. 156 & 157, Blok L
Senawang Commercial Park
70450 Seremban, Negeri Sembilan

✉ : senawang@bankrakyat.com.my
☎ : 06-6786648
📠 : 06-6792655



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Laporan Tahunan
Bank Rakyat

HEAD OFFICE AND BRANCHES ADDRESSES

PEJABAT WILAYAH TIMUR/ EASTERN REGION OFFICE

A137 & A139, Tingkat 1
Sri Dagangan Kuantan
Jalan Tun Ismail
25000 Kuantan, Pahang

✉ : wil_timur@bankrakyat.com.my
☎ : 09-5138400
📠 : 09-5138359

KOTA BHARU

Lot 206 & 207, Jalan Pengkalan
Chepa, 15400 Kota Bharu
Kelantan

✉ : kotabharu@bankrakyat.com.my
☎ : 09-7441022
📠 : 09-7447051

MACHANG

Lot 90-92, Bangunan Usahasama
Sentosa, Jaya Dev. Sdn. Bhd.
Jalan Bakat, 18500 Machang
Kelantan

✉ : machang@bankrakyat.com.my
☎ : 09-9752577
📠 : 09-9751355

PASIR MAS

PT 315 & PT 316, Wisma Majlis
Daerah Pasir Mas, Jalan Pasir Pekan
17000 Pasir Mas, Kelantan

✉ : pasirmas@bankrakyat.com.my
☎ : 09-7907690
📠 : 09-7907939

KUBANG KERIAN

Lot PT 1709 & 1710
Jalan Raja Perempuan Zainab 2
Bandar Baru Kubang Kerian
16150 Kota Bharu, Kelantan

✉ : kubangkerian@bankrakyat.com.my
☎ : 09-7640148
📠 : 09-7640878

GUA MUSANG

Lot PT 7841 & PT 7842
Jalan Persiaran Raya, Taman Mesra
18300 Gua Musang, Kelantan

✉ : guamusang@bankrakyat.com.my
☎ : 09-9124254
📠 : 09-9125595

WAKAF CHE YEH

Lot J-105 & J-106
Zon Komersial Wakaf Che Yeh
15050 Kota Bharu, Kelantan

✉ : wakafcheyeh@bankrakyat.com.my
☎ : 09-7480796
📠 : 09-7480978

TANAH MERAH

Lot PT 237 & PT 238
Bandar Tanah Merah
17500 Tanah Merah, Kelantan

✉ : tanahmerah@bankrakyat.com.my
☎ : 09-9556400
📠 : 09-9556202

TEMERLOH

No. 7 & 9, Jalan Sudirman 2
Bandar Sri Semantan
28000 Temerloh, Pahang

✉ : temerloh@bankrakyat.com.my
☎ : 09-2961420
📠 : 09-2961076

KUANTAN

G15, Mahkota Square, Jalan Mahkota
25000 Kuantan, Pahang

✉ : kuantan@bankrakyat.com.my
☎ : 09-5144666
📠 : 09-5150941

JENGKA

Lot 92, Jalan Zamrud Nadi Kota
26400 Bandar Jengka, Pahang

✉ : jengka@bankrakyat.com.my
☎ : 09-4662711
📠 : 09-4662699

RAUB

No. 25 & 26, Bandar Raub Perdana
Jalan Lipis, 27600 Raub, Pahang

✉ : raub@bankrakyat.com.my
☎ : 09-3556299
📠 : 09-3556298

JERANTUT

No. 1, Jalan Pine 1
Taman Pine, 27000 Jerantut, Pahang

✉ : jerantut@bankrakyat.com.my
☎ : 09-2666548
📠 : 09-2666551

PEKAN

G-1, Bangunan UMNO
Bahagian Pekan, Jalan Teng Quee
26600 Pekan, Pahang

✉ : pekan@bankrakyat.com.my
☎ : 09-4228078
📠 : 09-4226799

MUADZAM SHAH

MM 23 & 24, Medan Mewah
26700 Bandar Muadzam Shah
Pahang

✉ : muadzamshah@bankrakyat.com.my
☎ : 09-4528542
📠 : 09-4523231

BANDAR INDERA MAHKOTA

No. B56 & B58
Persiaran Sultan Abu Bakar
Taman Sri Mahkota
25000 Kuantan, Pahang

✉ : inderamahkota@bankrakyat.com.my
☎ : 09-5739500
📠 : 09-5735244

BERA

No. 13, 15 & 17, Jalan Angsana 1
Taman Angsana, Bandar Bera
28200 Bera, Pahang

✉ : bera@bankrakyat.com.my
☎ : 09-2508100
📠 : 09-2508200

ALAMAT IBU PEJABAT DAN CAWANGAN

KUALA LIPIS

Lot 2891, Jalan BBKL 2/3/1
Bandar Baru Kuala Lipis
27200 Kuala Lipis, Pahang

✉ : kualalipis@bankrakyat.com.my
☎ : 09-3126134
📠 : 09-3126132

KUALA TERENGGANU

No. 8 & 9, Pusat Niaga Paya Keladi
Kuala Terengganu
20000 Terengganu

✉ : terengganu@bankrakyat.com.my
☎ : 09-6309989
📠 : 09-6309979

KEMAMAN

Lot K12086 & K12087
Jalan Kubang Kurus
24000 Kemaman, Terengganu

✉ : kemaman@bankrakyat.com.my
☎ : 09-8596534
📠 : 09-8596532

JERTIH

Lot 4123 & 4124,
Jalan Pasar Bandar Jertih
22000 Jertih, Terengganu

✉ : jertih@bankrakyat.com.my
☎ : 09-6973112
📠 : 09-6973115

DUNGUN

PT 12477 & 12448
Taman Saujana, Sura Gate
23000 Dungun, Terengganu

✉ : dungun@bankrakyat.com.my
☎ : 09-8457036
📠 : 09-8481762

GONG BADAK

No. 1, 2 & 3, Taman Tanjung Permata
Kampung Gong Badak
Jalan Batu Rakit, 21300
Kuala Terengganu, Terengganu

✉ : gongbadak@bankrakyat.com.my
☎ : 09-6673076
📠 : 09-6670202

PEJABAT WILAYAH SABAH/ SABAH REGION OFFICE

Tingkat 5, Lot 20 & 21
Blok B, Harbour City
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu, Sabah

✉ : wil_sabah@bankrakyat.com.my
☎ : 088-487623
📠 : 088-487635

KOTA KINABALU

Lot 20 & 21, Blok B, Harbour City
Jalan Pantai Baru, Sembulan
88000 Kota Kinabalu, Sabah

✉ : kotakinabalu@bankrakyat.com.my
☎ : 088-487613
📠 : 088-487610

TAWAU

TB 4615-4617
Pusat Komersil Ba Zhong
Jalan Tawau Lama, 91000 Tawau
Sabah

✉ : tawau@bankrakyat.com.my
☎ : 089-750391
📠 : 089-750393

SANDAKAN

Lot 4 & 5, Fasa 2 Sandakan
Harbour Square, Jalan Prayer
90000 Sandakan, Sabah

✉ : sandakan@bankrakyat.com.my
☎ : 089-224727
📠 : 089-224741

LIKAS

No. 1, Blok A
Plaza Juta, Jalan Tuaran
88400 Kota Kinabalu, Sabah

✉ : likas@bankrakyat.com.my
☎ : 088-422000
📠 : 088-422434

LABUAN

Unit No. E001, Tingkat Bawah
Financial Park Labuan Complex
Jalan Merdeka
87000 Wilayah Persekutuan, Labuan

✉ : labuan@bankrakyat.com.my
☎ : 087-422831
📠 : 087-425990

KENINGAU

Lot 7 & 8, Blok C
Plaza Keningau, Peti Surat 910
89008 Keningau, Sabah

✉ : keningau@bankrakyat.com.my
☎ : 087-341501
📠 : 087-341503

LAHAD DATU

Lot 62, 63 & 64, Blok 5
Bandar Wilayah, 91100 Lahad Datu
Sabah

✉ : lahaddatu@bankrakyat.com.my
☎ : 089-885600
📠 : 089-880094

KOTA BELUD

Lot 3 & 4, Block E
Yick Ming Commercial Centre
89157 Kota Belud, Sabah

✉ : kotabelud@bankrakyat.com.my
☎ : 088-972213
📠 : 088-972219

PENAMPANG

No. 49 & 50, Block H
Donggongan Square
Penampang, 89507 Kota Kinabalu
Sabah

✉ : penampang@bankrakyat.com.my
☎ : 088-731027
📠 : 088-731041

BEAUFORT

Lot 21 & 22
Block C, New Beaufort Jaya
89800 Beaufort, Sabah

✉ : beaufort@bankrakyat.com.my
☎ : 087-222146
📠 : 087-222143




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Laporan Tahunan
Bank Rakyat

HEAD OFFICE AND BRANCHES ADDRESSES




PEJABAT WILAYAH SARAWAK/ SARAWAK REGION OFFICE

Tingkat 3, No. 9 & 10
Blok 16, KCLD, Jalan Tun Jugah
93350 Kuching, Sarawak

 : wil_sarawak@bankrakyat.com.my
 : 082-463378
 : 082-464378




KUCHING

Lot 504, Section 6, KTLD
Jalan Kulas Tengah
93400 Kuching, Sarawak

 : kuching@bankrakyat.com.my
 : 082-237159
 : 082-237161

MIRI

Lot 1111 & 1112
Bangunan Tabung Baitul Mal
Sarawak Pelita Commercial Central
98000 Miri, Sarawak

 : miri@bankrakyat.com.my
 : 085-435314
 : 085-435106

BINTULU

Lot 22 & 23, Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak

 : bintulu@bankrakyat.com.my
 : 086-313097
 : 086-314017




SIMPANG TIGA

Tingkat Bawah & 1
No. 9 & 10, Blok 16
KCLD, Jalan Tun Jugah
93350 Kuching, Sarawak

 : simpangtiga@bankrakyat.com.my
 : 082-572149
 : 082-575893




SIBU

Lot 12E & 12F, Blok 4
Jalan Kampung Datu
96000 Sibu, Sarawak

 : sibu@bankrakyat.com.my
 : 084-342227
 : 084-342229




SRI AMAN

Lot 1467 & 1468, Seksyen 3 S.T.D
Jalan Hospital, 95000 Sri Aman
Sarawak

 : sriaman@bankrakyat.com.my
 : 083-321649
 : 083-321654




SARIKEI

Lot 2114 & 2115
Block 36, SLD 22
Lorong Tun Razak 1
96100 Sarikei, Sarawak

 : sarikei@bankrakyat.com.my
 : 084-657134
 : 084-656950




KOTA SAMARAHAN

No. 4 & 5
Jalan Datuk Mohamed Musa
Desa Ilmu Commercial Centre
94300 Kota Samarahan, Sarawak

 : samarahan@bankrakyat.com.my
 : 082-662120
 : 082-662178




MUKAH

No. 1152 & 1153, Blok C
Mukah Town Extension Phase II
96400 Mukah, Sarawak

 : mukah@bankrakyat.com.my
 : 084-874119
 : 084-874127




MATANG JAYA

No. 3 & 4, Taman Lee Ling
Commercial Centre, Jalan Matang
93050 Kuching, Sarawak

 : matangjaya@bankrakyat.com.my
 : 082-647221
 : 082-647223




KAPIT

Lot 542 & 543
Wisma Ngieng Ping Toh
Jalan Airport, 96800 Kapit, Sarawak

 : kapit@bankrakyat.com.my
 : 084-797636
 : 084-798631

LIMBANG

Lot 11 & 12, Limbang Town District
Jalan Padaruan
98700 Limbang, Sarawak

 : limbang@bankrakyat.com.my
 : 085-215357
 : 085-211357

KOTA PADAWAN

No. 42 & 43, Lot 2551 & 2552
M10 Commercial Centre
Batu 10, Jalan Kuching-Serian
93250 Kuching, Sarawak

 : kotapadawan@bankrakyat.com.my
 : 082-618015
 : 082-627018

PERMYJAYA, MIRI

Lot 7971 & 7972, Pusat Bandar
Phase 3, Bandar Baru Permyjaya
98000 Miri, Sarawak

 : permyjaya@bankrakyat.com.my
 : 085-491725
 : 085-491728

ALAMAT AR-RAHNU X'CHANGE

AR-RAHNU X'CHANGE ADDRESSES

KEDAH

ALOR SETAR

No. 47, Lorong PSK Satu
Pekan Simpang Kuala
05400 Alor Setar, Kedah

✉ : rahnu_alorstar@bankrakyat.com.my
☎ : 04-7710715
📠 : 04-7710754

SUNGAI PETANI

No. 21F, Jalan Ibrahim
08000 Sungai Petani, Kedah

☎ : 04-4214025
📠 : 04-4214029

Koperasi Jabatan Kesihatan Kedah Berhad

No. 111, Taman Bunga Sena
Main Road, 06400 Pokok Sena
Kedah

☎ : 04-7823749
📠 : 04-7823732

PERAK

TELUK INTAN

Peti Surat 88, Jalan Selat
36000 Teluk Intan, Perak

☎ : 05-6212498
📠 : 05-6212501

Koperasi Wawasan Malaysia Berhad

No. 70, Medan Stesen 18/11
Station 18, Jalan Pasir Puteh
31650 Ipoh, Perak

☎ : 05-3214624
📠 : 05-3214653

SELANGOR

BANDAR BARU AMPANG

No. 53 G, Jalan Wawasan 2/1
Bandar Baru Ampang
68000 Ampang, Selangor

✉ : rahnu_ampang@bankrakyat.com.my
☎ : 03-42926600
📠 : 03-42929600

Koperasi Pembangunan Pulau Lumut Berhad

No. 24, Jalan Batu Unjur 1
Bayu Perdana
41200 Klang, Selangor

☎ : 03-33245838
📠 : 03-33242558

Koperasi Serbaguna Iman Malaysia Berhad

No. 83, Jalan SG 3/10
Pusat Bandar Sri Gombak
68100 Batu Caves, Selangor

☎ : 03-61894387
📠 : 03-61892387

Koperasi Kakitangan Bank Rakyat

No. 23, Jalan Othman
46000 Petaling Jaya, Selangor

☎ : 03-77814878
📠 : 03-77815878

Koperasi Pekerja-Pekerja Jabatan Perdana Menteri (M) Berhad

No. 19, Tingkat Bawah
Jalan Pasar Baru, 43500 Semenyih
Selangor

☎ : 03-87231380
📠 : 03-87231385

Koperasi Kesatuan Guru-Guru Melayu Malaysia Barat Berhad

No. 7-G, Jalan Cheras Maju
Pusat Perniagaan Cheras Maju
43200 Balakong, Selangor

☎ : 03-90754904
📠 : 03-90804904

Koperasi Hidayah Malaysia Berhad

No. 26, Jalan Mesra 25/66
Seksyen 25, Taman Sri Muda
40400 Shah Alam, Selangor

☎ : 03-51225311
📠 : 03-51224311

Koperasi New Straits Times Press (M) Berhad

No. A-G-1, Blok A, Arena Mentari
Jalan PJS 8/15, Dataran Mentari
46180 Petaling Jaya, Selangor

☎ : 03-56377277
📠 : 03-56377677

Koperasi Wawasan Pekerja-Pekerja Berhad

No. 24-G, Jalan Bandar Rawang 11
Bandar Baru Rawang
48000 Rawang, Selangor

☎ : 03-60918590
📠 : 03-60918541

Koperasi Serbaguna Anak-Anak Selangor Berhad

No. 15, Blok A, Jalan PJS 5/30
Petaling Jaya Commercial Centre
46000 Petaling Jaya, Selangor

☎ : 03-77817849
📠 : 03-77818960



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Laporan Tahunan/
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Bank Rakyat

AR-RAHNU X'CHANGE ADDRESSES

Koperasi Pembangunan Pulau Lumut Berhad

No. 24-G, Jalan PU 7/3
Pusat Bandar Puchong Utama
22 KM Jalan Puchong
47000 Puchong, Selangor

☎ : 03-80683211

📠 : 03-80683213

Koperasi Pembangunan Daerah Petaling Berhad

No. 3A-G, Blok A
Jalan Teknologi 3/9
Bestari Kota PJU 5
47810 Kota Damansara
Petaling Jaya, Selangor

☎ : 03-61406176

📠 : 03-61406345

Koperasi Wawasan Malaysia Berhad

No. 53, Jalan Medan Pusat 2D
Seksyen 9, 43650
Bandar Baru Bangi, Selangor

☎ : 03-89258011

📠 : 03-89258013

KUALA LUMPUR

BANDAR BARU SENTUL

No. 22, Jalan 14/48A
Off Jalan Sentul
Bandar Baru Sentul
51000 Kuala Lumpur

✉ : rahnu_sentul@bankrakyat.com.my

☎ : 03-40434781

📠 : 03-40442546

Koperasi Pendidikan Islam Malaysia Berhad

No. 20, Tingkat Bawah
Lorong Medan Tuanku 1
50300 Kuala Lumpur

☎ : 03-26927773

📠 : 03-26927776

Koperasi Pegawai-Pegawai Melayu Malaysia Berhad

No. 40-1-1, Jalan Megan Setapak
Sri Rampai, 53300 Kuala Lumpur

☎ : 03-41425336

📠 : 03-41426548

Koperasi Telekom Malaysia Berhad

No. 3-G, Jalan Perubatan 2
Off Jalan Pandan Utama
55100 Kuala Lumpur

☎ : 03-42954842

📠 : 03-42954849

Koperasi Staf CIDB (M) Berhad

No. 22, Tingkat Bawah
Platinum Walk, Jalan Langkawi
Setapak, 53300 Kuala Lumpur

☎ : 03-41436901

📠 : 03-41436902

Koperasi Wawasan Malaysia Berhad

No. 45, Jalan Dwitasik 1
Dataran Dwitasik
Bandar Tasik Permaisuri
56100 Kuala Lumpur

☎ : 03-91712498

📠 : 03-91713984

NEGERI SEMBILAN

Koperasi Serbamaaju Daerah Jempol Berhad

No. 209, Jalan Serting Utama 5/1
Pusat Perniagaan Jempol
72120 Bandar Seri Jempol
Negeri Sembilan

☎ : 06-4581054

📠 : 06-4582054

Koperasi Pegawai-Pegawai Melayu Malaysia Berhad

No. 27A, Jalan Besar Pekan Mantin
71700 Mantin, Negeri Sembilan

☎ : 06-7587232

📠 : 06-7587231

JOHOR

ULU TIRAM

Unit S-18-B, Tingkat Bawah
Jalan Tembusu
81800 Ulu Tiram, Johor

✉ : rahnu_ut@bankrakyat.com.my

☎ : 07-8619297

📠 : 07-8619391

Koperasi Wawasan Malaysia Berhad

No. 26, Jalan Padi Emas 6/1
Bandar Baru Uda
81200 Tampoi, Johor

☎ : 07-2323404

📠 : 07-2323460

ALAMAT AR-RAHNU X'CHANGE

PAHANG

KUANTAN

No. 166, Tingkat Bawah
Jalan Besar
25000 Kuantan, Pahang

✉ : rahnu_kuantan@bankrakyat.com.my
☎ : 09-5165867
📠 : 09-5165934

KELANTAN

KOTA BHARU

Tingkat Bawah
Lot PT 68, Bangunan Yabmud
Jalan Kebun Sultan
15350 Kota Bharu, Kelantan

✉ : rahnu_kb@bankrakyat.com.my
☎ : 09-7430875
📠 : 09-7430877

Koperasi Wawasan Malaysia Berhad

Tingkat Bawah, PT2223
Jalan Long Yunus
15200 Kota Bharu, Kelantan

☎ : 09-7461722
📠 : 09-7461721

Koperasi Guru-Guru DTC Malaysia Berhad

Tingkat Bawah
Lot PT1460, H.S(M) 1219
Mukim Baung Jajahan Kota Bharu
Taman Bendahara, Pengkalan Chepa
16100 Kota Bharu, Kelantan

☎ : 09-7743451
📠 : 09-7743452

TERENGGANU

KEMAMAN

No. 22, Jalan Sulaimani
24000 Kemaman
Terengganu

✉ : rahnu_kemaman@bankrakyat.com.my
☎ : 09-8594761
📠 : 09-8594726

Koperasi Al-Raudhah Terengganu Berhad

No. 29B, Tingkat Bawah
Wisma Awang Chik
Jalan Sultan Mahmud
20400 Kuala Terengganu
Terengganu

☎ : 09-6316707
📠 : 09-6319707

SABAH

Koperasi Pekerja-Pekerja Kerajaan Sabah Berhad

Wisma KOPEKS
Lot 42, Blok F
Tingkat Bawah
Kompleks Sadong Jaya
Karamunsing, Peti Surat 11418
88815 Kota Kinabalu, Sabah




☎ : 088-243773
📠 : 088-270011

ALAMAT SUBSIDIARI

SUBSIDIARIES ADDRESSES

RAKYAT HOLDINGS SDN. BHD.

No. 155, Tingkat Bawah, Wisma Perkeso
Jalan Tun Razak, 50400 Kuala Lumpur

 : admin@rakyatholdings.com.my
 : 03-26815255
 : 03-26819155

RAKYAT MANAGEMENT SERVICES SDN. BHD.

Suite 8-2, Tingkat 8, Bangunan PERKIM
150, Jalan Ipoh, 51200 Kuala Lumpur

 : rms@bankrakyat.com.my
 : 03-40418700
 : 03-40414700
 : www.arrahnuxchange.com

RAKYAT TRAVEL SDN. BHD.

No. 155, Tingkat Bawah, Wisma Perkeso
Jalan Tun Razak, 50400 Kuala Lumpur

 : info@rakyatrtravel.com.my
 : 03-26812761
 : 03-26812764
 : www.rakyatrtravel.com.my

RAKYAT FACILITY MANAGEMENT SDN. BHD.

No. 155, Tingkat Bawah, Wisma Perkeso
Jalan Tun Razak, 50400 Kuala Lumpur

 : admin@rakyatholdings.com
 : 03-26815266
 : 03-26819155




RAKYAT HARTANAH SDN. BHD.

Lot PT 34060, Jalan Sungai Ramal Luar
43000 Kajang, Selangor

 : info@rakyathartanah.com
 : 03-87344828
 : 03-87370828

RAKYAT NIAGA SDN. BHD.

No. 155, Tingkat Bawah, Wisma Perkeso
Jalan Tun Razak, 50400 Kuala Lumpur

 : admin@rakyatholdings.com
 : 03-26815255
 : 03-26819155



RAKYAT ASSET MANAGEMENT SDN. BHD.

No. 21-23, Jalan Medan Tuanku
Peti Surat 11339, 50742 Kuala Lumpur

 : admin@rakyatholdings.com
 : 03-26988267
 : 03-26988118

RAKYAT NOMINEES SDN. BHD.

Tingkat 1, Bangunan Bank Rakyat
Jalan Tangsi, 50732 Kuala Lumpur

 : 03-26129444
 : 03-26913466

ALAMAT WAKIL KHIDMAT BANK RAKYAT

BANK RAKYAT SERVICE AGENT ADDRESSES

KEDAH

KOPERASI UNIVERSITI UTARA MALAYSIA BERHAD

Pejabat Urusan
No. 66, Tingkat 1
Pekan Changlun 2
06010 Changlun, Kedah

☎ : 04-9285507
📠 : 04-9242539

KOPERASI GURU-GURU MELAYU KEDAH BERHAD

Bangunan Guru
Persiaran Sultan Abdul Hamid
05050 Alor Setar, Kedah

☎ : 04-7773371
📠 : 04-7711215

Cawangan/Branch

Hotel Darulaman
Bandar Darulaman
06000 Jitra, Kedah

☎ : 04-9183868
📠 : 04-9183866

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA PULAU BELANTIK SIK BERHAD

Felcra Pulau Belantik, Kota Aur
08210 Sik, Kedah

☎ : 04-7521440
📠 : 04-7521773 (Pejabat Felcra)

PULAU PINANG

KOPERASI UNIVERSITI SAINS MALAYSIA BERHAD

Universiti Sains Malaysia
11800 Minden, Pulau Pinang

☎ : 04-6533888 samb 3229/3230
📠 : 04-6575688

KOPERASI KOLEJ KEMAHIRAN TINGGI BALIK PULAU BERHAD

Genting, 11000 Balik Pulau
Pulau Pinang

☎ : 04-8665805
📠 : 04-8665741

Cawangan/Branch

Cemara Halal House, Lot 23
Taman Pasir Emas, Jalan Balik Pulau
11000 Balik Pulau, Pulau Pinang

☎ : 04-8691917

KOPERASI PEKERJA RAPID PENANG BERHAD

Mezzanine Floor
Wisma MIC Pulau Pinang
657, Jalan Dato, Keramat
10460 Pulau Pinang

☎ : 04-2279007
📠 : 04-2278007

PERAK

KOPERASI KAKITANGAN KERAJAAN HULU PERAK BERHAD

Aras 2, Bangunan Wisma KOSEK
Jalan Takong Datok
33300 Grik, Perak

☎ : 05-7911887
📠 : 05-7911887

KOPERASI SELAMA BERHAD

Lot No. 4, Jalan Besar Selama
34100 Selama, Perak

☎ : 05-8394532
📠 : 05-8392940

KOPERASI BINA BERSAMA KAMPONG GAJAH PERAK BERHAD

No. 14A, Medan Koperasi
36800 Kampong Gajah, Perak

☎ : 05-6311368
📠 : 05-6311368

SELANGOR

KOPERASI KAKITANGAN UNIVERSITI TEKNOLOGI MARA BERHAD

B13-2, Jalan Lazuardi 7/9, Seksyen 7
40000 Shah Alam, Selangor

☎ : 03-55195912
📠 : 03-55130540

KOPERASI PEMBANGUNAN PEKERJA INDUSTRI SELANGOR BERHAD

Suite 1-17, Jalan Dagang B/3A
Taman Dagang
68000 Ampang, Selangor

☎ : 03-42704331
📠 : 03-42707659

KOPERASI PENEROKA SUNGAI TENGI BERHAD

Bangunan Stesen Minyak BH Petrol
Jalan Merdeka, Desa Maju Sungai Tengi
44010 Kuala Kubu Bharu, Selangor

☎ : 03-60421034

KOPERASI UNIKEB BERHAD

Wisma UNIKEB
Universiti Kebangsaan Malaysia
43600 Bangi, Selangor

☎ : 03-89252540
📠 : 03-89257177

KOPERASI PEMBANGUNAN PULAU LUMUT BERHAD

No. 24A, Jalan Batu Unjur 1
Bayu Perdana, 41200 Klang, Selangor

☎ : 03-33242728
📠 : 03-33242558

KOPERASI UNIVERSITI PUTRA MALAYSIA BERHAD

Tingkat 1, Bangunan Pusat Perniagaan
Beg Berkunci 260, Pejabat Pos UPM
Universiti Putra Malaysia
43400 Serdang, Selangor

☎ : 03-89467980
📠 : 03-89489796



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Laporan Tahunan/
Annual Report
Bank Rakyat

BANK RAKYAT SERVICE AGENT ADDRESSES

KOPERASI PELABURAN PEKERJA PROTON BERHAD

Kedai Koperasi Pelaburan
Pekerja Proton Berhad
Seksyen 26, Shah Alam, Selangor

☎ : 03-51925611
📠 : 03-51026148

WILAYAH PERSEKUTUAN

KOPERASI SERBAGUNA PEKERJA FELDA BERHAD

No. 2F, Jalan Gurney
54000 Kuala Lumpur

☎ : 03-26984202
📠 : 03-26934511

KOPERASI KAKITANGAN BANK RAKYAT BERHAD

No. 74B & 74C, Tingkat 2 & 3
Jalan Kampung Attap
Off Jalan Sulaiman
50460 Kuala Lumpur

☎ : 03-22733314
📠 : 03-22741314

KOPERASI PEKERJA-PEKERJA BANK MALAYSIA BERHAD

Lot No. 1108-1109B
Tingkat 11, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur

☎ : 03-20314933
📠 : 03-20317298

KOPERASI KEDAI BUKU UNIVERSITI MALAYA BERHAD

Bangunan Perdanasiswa
Universiti Malaya, Peti Surat 1127
Jalan Pantai Baru
59700 Kuala Lumpur

☎ : 03-79552595
📠 : 03-79547040

NEGERI SEMBILAN

KOPERASI MELAYU BERJAWATAN KERAJAAN NEGERI SEMBILAN BERHAD

No. 39 & 40, Wisma Bukit
Taman Bukit Ampangan
70400 Seremban, Negeri Sembilan

☎ : 06-6791633
📠 : 06-6791733

KOPERASI SERBAMAJU DAERAH JEMPOL BERHAD

No. 10 (Tingkat Atas)
Jalan Beringin 2
72200 Batu Kikir, Negeri Sembilan

☎ : 06-4548621

Cawangan/Branch

Stesen ESSO Serting
Lot 511 Bandar Serting
72120 Bandar Seri Jempol
Negeri Sembilan

☎ : 06-4581454
📠 : 06-4585101

MELAKA

KOPERASI KAKITANGAN PENJARA MELAKA BERHAD

2S & 2S-1, Jalan Seri Emas 17
Taman Seri Telok Emas
75460 Melaka

☎ : 06-2617429
📠 : 06-2619261

JOHOR

KOPERASI PELABURAN PEKERJA- PEKERJA KEJORA BERHAD

No. 15, Bangunan Kedai
Pusat Bandar
81930 Bandar Penawar
Kota Tinggi, Johor

☎ : 07-8221394
📠 : 07-8221394

KOPERASI PERUNDING TAKAFUL IKHLAS MALAYSIA BERHAD

No. 3, Jalan Langsung
Peti Surat 142, 88000 Kluang, Johor

☎ : 07-7719788
📠 : 07-7744788

Cawangan/Branch

No. K-5 Jalan Jadi, Taman Jadi
Tanjung Gemok
26820 Kuala Rompin, Pahang

☎ : 09-4131382
📠 : 09-4131384

KOPERASI KEMAJUAN TANAH NEGERI JOHOR BERHAD

No. 8, Tingkat 1
Wisma KKTNJB (KOPKETA)
Jalan Persiaran Dato, Ismail Hassan
86000 Kluang, Johor

☎ : 07-7764076
📠 : 07-7765527

Cawangan/Branch

No. 67, Impiana Avenue
Jalan Seri Impian 1/2
Taman Seri Impian
86000 Kluang, Johor

KOPERASI KONTRAKTOR DAN USAHAWAN MELAYU LEDANG BERHAD

No. 166, Tingkat Bawah
Jalan Muar, 84900 Tangkak
Ledang, Johor

☎ : 06-9783719
📠 : 06-9791119

KOPERASI PENULIS DAN PEMBACA MUAR BERHAD

TL MBP 115, Parit Raja, KM5
Jalan Temenggong Ahmad
84000 Muar, Johor

☎ : 06-9811226
📠 : 06-9811292

ALAMAT WAKIL KHIDMAT BANK RAKYAT

PAHANG

KOPERASI GURU-GURU MELAYU PAHANG BARAT BERHAD

No. 3C, Tingkat 2
Bangunan KGMPB
Komplek Lipis Inn
27200 Kuala Lipis, Pahang

☎ : 09-3121800

📠 : 09-3123877

KOPERASI PEMBANGUNAN DAERAH GOTONG ROYONG MARAN BERHAD

No. 2, Tingkat 2
Bangunan Wisma Pemuda UMNO
Jalan Perpustakaan
26500 Maran, Pahang

☎ : 019-9667186

KOPERASI PESERTA-PESERTA FELCRA GUGUSAN SRI MAKMUR BERHAD

Felcra Sri Makmur
26030 Kuantan, Pahang

☎ : 09-5468878

📠 : 09-5461040

KOPERASI FELDA SUNGAI KOYAN III RAUB BERHAD

d/a Felda Sungai Koyan 3
27650 Raub, Pahang

☎ : 09-3401442

📠 : 09-3401442

KOPERASI MUKMIN CAMERON HIGHLANDS BERHAD

Jalan Besar Brinchang
39200 Brinchang
Cameron Highlands, Pahang

☎ : 05-4911425

TERENGGANU

KOPERASI PEMBANGUNAN DAERAH SETIU BERHAD

Wisma KPD, Bandar Permaisuri
22100 Setiu, Terengganu

☎ : 09-6092333

📠 : 09-6092332

KOPERASI PEKERJA BANK (COBE) BERHAD

No. 102B, Tingkat 3
Jalan Engku Embong Fatimah
20200 Kuala Terengganu
Terengganu

☎ : 09-6222796

📠 : 09-6241498

KOPERASI FELCRA KAWASAN HULU BERANG HULU TERENGGANU BERHAD

Lot 3765, Kampung Matang
Jalan Felda Mengkawang
21800 Ajil, Hulu Terengganu
Terengganu

☎ : 09-6124845

KELANTAN

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA GUGUSAN GEMANG BERHAD

PT 2103/C Bandar Baru Bukit Bunga
17700 Air Lanas, Kelantan

☎ : 09-9468799

📠 : 09-9468513

SABAH

KOPERASI ANAK WATAN RANAU BERHAD

Blok B, Lot 10
Bangunan Kedai SEDCO
89300 Ranau, Sabah

☎ : 088-879539

📠 : 088-876073

KOPERASI PEKERJA YAYASAN SABAH BERHAD

Lot 7-3, Tingkat 3
Bunga Raja Shopping Complex
Lorong Bunga Raja 5
Off Jalan Lintas
88845 Kota Kinabalu, Sabah

☎ : 088-386258

📠 : 088-383258

KOPERASI BELIA TENOM BERHAD

Asia Rasa Bed & Breakfast
Jalan Tun Mustafa, W.D.T 32
89907 Tenom, Sabah

☎ : 013-8516198

KOPERASI UNIVERSITI MALAYSIA SABAH BERHAD

Bangunan Pusat Perkhidmatan Pelajar
(Anjung Siswa)
Universiti Malaysia Sabah
88999 Kota Kinabalu, Sabah

☎ : 088-320714

SARAWAK

KOPERASI KOPERKASA BERHAD

No. 16-19, Wisma KOPERKASA
Jalan Simpang Tiga
93300 Kuching, Sarawak

☎ : 082-415611

📠 : 082-231650

KOPERASI BUMIPUTERA KANOWIT BERHAD

Lot 125, Pekan Kanowit
96700 Kanowit, Sarawak

☎ : 019-865 2539

KOPERASI SHARIF MASHOR SEBUYAU BERHAD

Lot 178, Pasar Baru
94850 Sebuyau, Sarawak

☎ : 013-8951553

KOPERASI SARATOK BERHAD

d/a Lot 379, Stesen Minyak Petronas
Saratok Town District
95400 Saratok, Sarawak

☎ : 019-8778589



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Laporan Tahunan
Bank Rakyat

AGENSI-AGENSI DI BAWAH KEMENTERIAN PERDAGANGAN DALAM NEGERI, KOPERASI DAN KEPENGGUNAAN

AGENCIES UNDER MINISTRY OF DOMESTIC TRADE, COOPERATIVES AND CONSUMERISM



KEMENTERIAN PERDAGANGAN DALAM NEGERI, KOPERASI DAN KEPENGGUNAAN (KPDNKK)

13, Persiaran Perdana, Presint 2
62623 Putrajaya

 : 03-88825500
 : 03-88825762
Hotline : 1-800-886-800



MAKTAB KOPERASI MALAYSIA (MKM)

103, Jalan Templer
46700 Petaling Jaya, Selangor

 : 03-79649000
 : 03-79570434


SURUHANJAYA SYARIKAT MALAYSIA (SSM)

Menara SSM@Sentral
No. 7, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50623 Kuala Lumpur

 : 03-22994400
 : 03-22994411
Hotline : 03-22995500

BANK RAKYAT

Bangunan Bank Rakyat
Jalan Tangsi, Peti Surat 11024
50732 Kuala Lumpur

 : 03-26129600
 : 03-26129655
tele-Rakyat : 1-300-88-1BANK (12265)




PERBADANAN NASIONAL BERHAD (PNS)

Level 13A, Menara PNS
Tower 7, Avenue 7
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

 : 03-20827788
 : 03-20827787
Hotline : 1-800-22-1767


SURUHANJAYA PERSAINGAN MALAYSIA (MYCC)

Aras 3, Wisma Glomac 3
SS 7/19, Kelana Jaya
Petaling Jaya
47301 Selangor

 : enquiries@mycc.gov.my
 : 03-78032611
 : 03-78032637



SURUHANJAYA KOPERASI MALAYSIA (SKM)

Tingkat 10-15, 17-19
Putra Place, 100 Jalan Putra
50350 Kuala Lumpur

 : 03-40474000
 : 03-40474100

PERBADANAN HARTA INTELEK MALAYSIA (MYIPO)

Unit 1-7, Aras Bawah
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

 : 03-22998400
 : 03-22998989

www.bankrakyat.com.my

Bank Kerjasama Rakyat Malaysia Berhad
Coop Reg. No. 2192

Bangunan Bank Rakyat
Jalan Tangsi
P.O. Box 11024
50732 Kuala Lumpur

☎ 03-2612 9600
📠 03-2612 9655