

BANK KERJASAMA RAKYAT MALAYSIA BERHAD
INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS			
Cash and balances with banks		5,173,397	3,847,809
Financial assets available-for-sale	1	10,364,449	9,797,317
Financial assets held-to-maturity	2	9,806,146	8,220,956
Financing and advances	3	55,513,390	55,233,276
Other assets	4	431,326	791,441
Investment in subsidiaries		43,500	43,500
Property and equipment		740,685	647,953
Investment properties		145,384	145,384
Prepaid lease payment		70,881	70,991
Deferred tax assets		410,000	410,000
TOTAL ASSETS		82,699,158	79,208,627
LIABILITIES			
Deposits from customers	5	65,627,566	62,666,004
Deposits and placements from other banks		850,000	200,000
Recourse obligations on financing sold to Cagamas		3,101,547	3,172,301
Debt securities issued		1,016,728	1,006,658
Other liabilities	6	1,627,935	1,570,329
Provision for taxation		66,046	46,684
Profit equalisation reserve (Investor)		221,065	220,538
TOTAL LIABILITIES		72,510,887	68,882,514
SHAREHOLDERS' FUND			
Share capital		2,954,792	2,865,004
Share redemption fund		53,671	53,671
Reserves	7	6,809,233	7,043,335
Profit equalisation reserve (Bank)		370,575	364,103
TOTAL SHAREHOLDERS' FUND		10,188,271	10,326,113
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		82,699,158	79,208,627
COMMITMENT AND CONTINGENCIES	13	2,573,773	2,548,578

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2013

	Note	31 March 2013 RM'000	31 March 2012 RM'000
Income	8	1,401,553	1,395,256
Expenditure	9	(577,044)	(559,111)
Net income		824,509	836,145
Allowance for impairment	10	(151,915)	(184,634)
Other operating income	11	107,542	100,125
Operating expenses	12	(240,616)	(236,272)
Profit before taxation and zakat		539,520	515,364
Taxation		(67,412)	(106,613)
Zakat		(21,842)	(6,290)
Profit after taxation and zakat		450,266	402,461
Net gain/(loss) on revaluation of financial assets available-for-sale		(5,709)	8,073
Net addition/(utilisation) of profit equalisation reserve		6,472	(423)
Other comprehensive income for the period		763	7,650
Total comprehensive income for the period		451,029	410,111

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2013

	Share capital RM'000	Share redem- ption fund RM'000	Capital reserve RM'000	Statutory reserve RM'000	Financial assets available- for-sale reserves RM'000	Profit equali- sation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2012	2,349,063	53,671	15,358	2,858,048	109,503	230,565	2,738,395	8,354,603
Total comprehensive income for the period	-	-	-	-	8,073	(423)	402,461	410,111
Issuance to new members	362,631	-	-	-	-	-	-	362,631
Dividend	-	-	-	-	-	-	(434,982)	(434,982)
At 31 March 2012	2,711,694	53,671	15,358	2,858,048	117,576	230,142	2,705,874	8,692,363
At 1 January 2013	2,865,004	53,671	15,358	3,304,452	178,283	364,103	3,545,242	10,326,113
Total comprehensive income for the period	-	-	-	-	(5,709)	6,472	450,266	451,029
Issuance to new members	89,788	-	-	-	-	-	-	89,788
Dividend	-	-	-	-	-	-	(494,981)	(494,981)
Adjustment for defined benefit plan	-	-	-	-	-	-	(183,877)	(183,877)
Overprovision of contribution to Yayasan Bank Rakyat	-	-	-	-	-	-	199	199
At 31 March 2013	2,954,792	53,671	15,358	3,304,452	172,574	370,575	3,316,849	10,188,271

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2013

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the period	450,266	402,461
Adjustments for:		
Allowance for impairment on financing and advances	151,915	184,634
Profit expense on debt securities issued	10,070	-
Taxation	67,412	106,613
Zakat	21,842	6,290
Depreciation of property and equipment	17,313	16,644
Loss on property and equipment written-off	61	21
Amortisation of prepaid lease payments	110	-
Provision for defined benefits plan	3,311	3,959
Loss on financing written-off	2,137	2,351
Allowance for doubtful debts	(5,347)	-
Allowance for impairment loss on financial assets held-to-maturity no longer required	(4,999)	(301)
Net gain on disposal of financial assets held-for-trading	-	(143)
Net loss on revaluation of financial assets held-for-trading	-	4
Net gain on disposal of financial assets available-for-sale	(3,678)	(5,040)
Net gain on redemption of financial assets held-to-maturity	(1,214)	(317)
Transfer from/(to) profit equalisation reserve	6,999	(500)
Profit expense on financing sold with recourse to Cagamas	30,166	31,655
Operating profit before working capital changes	746,364	748,331
(Increase)/Decrease in operating assets:		
Financing and advances	(434,166)	(1,008,735)
Other assets	(5,603)	(9,641)
	306,595	(270,045)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	2,961,562	4,485,923
Deposits from financial institutions	650,000	845,000
Other liabilities	(9,573)	(10,104)
Recourse obligation on financing sold to Cagamas	(100,920)	(125,569)
Cash generated from operations	3,807,664	4,925,205
Income tax paid	(48,050)	(88,351)
Zakat paid	(2,141)	(29,827)
Payment for retirement benefits	183,877	-
Net cash from operating activities	3,941,350	4,807,027

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UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2013

	Three Months Ended	
	31 March 2012 RM'000	31 March 2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of financial assets held-for-trading	-	10,501
Purchases of financial assets available-for-sale	(835,000)	(1,431,759)
Proceeds from disposal of financial assets available-for-sale	265,837	1,232,235
Purchases of financial assets held-to-maturity	(1,705,001)	(3,325,572)
Proceeds from disposal of financial assets held-to-maturity	126,024	713,958
Purchase of property and equipment	(110,106)	(59,020)
Net cash used in investing activities	(2,258,246)	(2,859,657)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issue of shares to members	89,788	355,888
Dividend paid	(494,981)	(428,003)
Fund received from government	47,677	11,025
Net cash from financing activities	(357,516)	(61,090)
Net decrease in cash and cash equivalents	1,325,588	1,886,280
Cash and cash equivalents at beginning of year	3,847,809	7,978,644
Cash and cash equivalents at end of year	5,173,397	9,864,924
Cash and cash equivalents		
Cash and short-term funds	5,173,397	9,864,924

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NOTE 1: FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 March 2013 RM'000	31 December 2012 RM'000
At fair value		
Islamic debt securities	2,344,810	2,253,273
Government investment issues	5,813,775	5,591,321
Government bonds	1,755,282	1,737,625
Khazanah bonds	22,075	21,877
Cagamas bonds	10,128	10,047
Negotiable Islamic debt certificates	249,602	-
Quoted shares	160,196	174,591
Unit trust funds	1,750	1,750
At cost, net of impairment loss		
Unquoted shares	6,831	6,833
	10,364,449	9,797,317

NOTE 2: FINANCIAL ASSETS HELD-TO-MATURITY

	31 March 2013 RM'000	31 December 2012 RM'000
At amortised cost		
Islamic debt securities	761,340	690,425
Government investment issues	7,873,642	6,649,152
Government bonds	801,038	521,435
Khazanah bonds	297,770	294,854
Cagamas bonds	353,465	351,278
Negotiable Islamic debt certificates	-	-
Islamic commercial papers	94,077	93,998
	10,181,332	8,601,142
Less: accumulated impairment losses		
Islamic debt securities	(301,971)	(306,971)
Islamic commercial papers	(73,215)	(73,215)
	(375,186)	(380,186)
	9,806,146	8,220,956

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NOTE 3: FINANCING AND ADVANCES

(i) By type

	31 March 2013 RM'000	31 December 2012 RM'000
At amortised cost		
Term financing	5,285,767	5,349,912
Personal financing	44,931,806	43,951,408
Revolving credit	525,482	485,419
House financing	2,757,731	2,978,340
Hire-purchase receivables	387,870	420,621
Pawn broking	1,703,076	1,741,343
Bridging	772,365	819,219
Syndicated financing	149,109	323,060
Credit card	389,805	397,135
Staff financing	282,459	290,030
Gross financing and advances, net of unearned income	57,185,470	56,756,487
Allowance for impairment on financing and advances		
Individual impairment	(248,632)	(285,543)
Collective impairment	(1,423,448)	(1,237,668)
	(1,672,080)	(1,523,211)
Net financing and advances	55,513,390	55,233,276

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NOTE 3: FINANCING AND ADVANCES

(ii) By economic sector

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of securities	100,572	108,647
Purchase of landed property	2,546,291	2,614,660
Consumption credit	48,424,676	47,577,806
Agriculture	461,063	531,904
Mining and quarrying	98,631	100,820
Manufacturing	1,060,579	1,218,702
Electricity, gas and water	258	272
Construction	1,677,235	1,913,490
Wholesale & retail trade	140,816	137,568
Transportation & communication	266,112	223,594
Financial, insurance and business services	2,359,456	2,279,279
Community, social and personal services	49,781	49,745
	57,185,470	56,756,487

(iii) Impaired financing and advances by economic sector

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of securities	2,159	1,933
Purchase of landed property	269,835	273,144
Consumption credit	544,628	484,922
Agriculture	68,371	67,584
Manufacturing	58,486	57,242
Electricity, gas and water	139	132
Construction	144,034	163,360
Wholesale & retail trade	43,442	41,234
Transportation & communication	78,762	81,510
Financial, insurance, property and business services	259,118	259,660
Community, social and personal services	3,641	1,016
	1,472,615	1,431,737

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NOTE 3: FINANCING AND ADVANCES

(iv) Movement in impaired financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Opening balance	1,431,737	1,429,833
Classified as impaired during the period	407,902	1,892,376
Amount written-back in respect of recoveries	(367,024)	(1,397,794)
Amount written-off during the period	-	(492,678)
	40,878	1,904
Closing balance	1,472,615	1,431,737
Gross impaired financing and advances as a percentage of gross financing and advances	2.58%	2.52%

(v) Movement in allowance for individual impairment on financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Individual assessment impairment		
As of 1 January		
- As previously stated	285,543	416,509
- Transfer to collective assessment impairment	-	(296,717)
As of 1 January, as restated	285,543	119,792
Allowance made during the year	7,680	279,819
Amount written-back in respect of recoveries	(44,591)	(90,915)
Amount written-off during the year	-	(23,153)
	(36,911)	165,751
As of 31 December	248,632	285,543

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NOTE 3: FINANCING AND ADVANCES

(vi) Movement in allowance for collective impairment on financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Collective assessment impairment		
As of 1 January		
- As previously stated	1,237,668	1,107,497
- Transfer from individual assessment impairment	-	296,717
As of 1 January, as restated	1,237,668	1,404,214
Allowance made during the year	186,921	303,012
Amount written-off during the year	(1,140)	(469,558)
	185,781	(166,546)
As of 31 December	1,423,449	1,237,668
Collective impairment as a percentage of gross financing and advances after deduction of individual assessment impairment	2.49%	2.19%

NOTE 4: OTHER ASSETS

	31 March 2013 RM'000	31 December 2012 RM'000
Amount due from subsidiaries	2,986	2,889
Refundable deposits	6,148	6,132
Prepayments	15,941	24,670
Income receivable	62,710	62,469
Other receivables	246,305	416,204
Allowance for doubtful debts	(27,743)	(33,090)
Defined benefit plan	124,979	312,167
	431,326	791,441

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NOTE 5: DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	31 March 2013 RM'000	31 December 2012 RM'000
Non-Mudharabah		
Demand deposits	22,718,716	10,248,802
Savings deposits	753,246	688,339
Negotiable Islamic debt certificate	3,583,154	3,014,379
	27,055,116	13,951,520
Mudharabah		
Savings deposits	3,034,900	2,708,999
General investment deposits	35,414,850	45,882,785
Special investment deposits	122,700	122,700
	38,572,450	48,714,484
	65,627,566	62,666,004

(ii) By type of customer

	31 March 2013 RM'000	31 December 2012 RM'000
Government	29,913,997	32,120,664
Business enterprises	24,727,903	15,763,095
Co-operatives	872,219	730,967
Individuals	8,485,193	7,349,836
Others	1,628,254	6,701,442
	65,627,566	62,666,004

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NOTE 6: OTHER LIABILITIES

	31 March 2013 RM'000	31 December 2012 RM'000
Amount due to subsidiaries	153,387	167,952
Other payables	313,191	251,530
Income payable	426,278	416,734
Other accruals	538,539	593,602
Government fund	122,763	86,435
Zakat payable	73,777	54,076
	1,627,935	1,570,329

NOTE 7: RESERVES

	31 March 2013 RM'000	31 December 2012 RM'000
Statutory reserve	3,304,452	3,304,452
Capital reserve	15,358	15,358
Retained profits	3,316,849	3,545,242
Financial assets available-for-sale reserves	172,574	178,283
	6,809,233	7,043,335

NOTE 8: INCOME

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of depositors' fund (i)	1,120,039	1,148,227
Income derived from investment of shareholders' fund (ii)	281,514	247,029
	1,401,553	1,395,256

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NOTE 8: INCOME

(i) Income derived from investment of depositors' fund

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Income from financing and advances	954,624	971,571
Income from deposits and placements with bank and other financial institutions	25,544	62,274
Income from financial assets	139,871	114,382
	1,120,039	1,148,227

(ii) Income derived from investment of shareholders' fund

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Income from financing and advances	239,938	209,023
Income from deposits and placements with bank and other financial institutions	6,420	13,398
Income from financial assets	35,156	24,608
	281,514	247,029

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NOTE 9: EXPENDITURE

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Income attributable to depositors *	529,808	527,956
Profit expense on financing sold with recourse to Cagamas	30,166	31,655
Transfer to/(from) profit equalisation reserve	7,000	(500)
Profit expense on debt securities issued	10,070	-
	577,044	559,111

* Income attributable to depositors

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Deposits from customers		
Mudharabah	346,363	497,238
Non-Mudhabarah	177,350	24,645
Deposits and placements from banks and other financial institutions		
Mudharabah	6,095	6,073
	529,808	527,956

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NOTE 10: ALLOWANCE FOR IMPAIRMENT

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Allowance for impairment on financing and advances (i)	151,915	184,634
Allowance for impairment on financial assets (ii)	-	-
	151,915	184,634

(i) Allowance for impairment on financing and advances

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Individual impairment	(36,911)	132,649
Individual impairment on rescheduled financing	1,906	3,985
Collective impairment	186,920	48,000
	151,915	184,634

(ii) Allowance for impairment on financial assets

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Financial assets available-for-sale	-	-
Financial assets held-to-maturity	-	-
	-	-

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NOTE 11: OTHER OPERATING INCOME

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Fees and commission (i)	28,008	19,001
Other income (ii)	79,534	81,124
	107,542	100,125

(i) Fees and commission

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Takaful commission	14,125	8,668
Wasiat commission	1,618	2,482
Other commission	6,309	1,653
Processing fees	960	655
ATM service fees	2,785	3,609
MEPS fees	984	1,107
Guarantee fees	410	63
Other fees	817	764
	28,008	19,001

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NOTE 11: OTHER OPERATING INCOME

(ii) Other income

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Dividend from investment securities	197	616
Net gain on disposal of financial assets held-for-trading	-	143
Net (loss) on revaluation of financial assets held-for-trading	-	(4)
Net gain on disposal of financial assets available-for-sale	3,678	5,040
Net gain on redemption of financial assets held-to-maturity	1,214	317
Rental income	1,619	1,638
Compensation for late payment	2,127	1,689
Other service charges	2,131	4,096
Recoveries on financing written-off	50,100	59,977
Recoveries on provision of doubtful debts	5,347	-
Provision for impairment loss on financial assets held-to-maturity no longer required	4,999	301
Other income	8,122	7,311
	79,534	81,124

NOTE 12: OPERATING EXPENSES

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Personnel expenses (i)	138,839	144,071
Other overheads and expenditure (ii)	101,777	92,201
	240,616	236,272

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NOTE 12: OPERATING EXPENSES

(i) Personnel expenses

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Salaries and wages	48,047	49,939
Allowances and bonuses	56,453	62,783
Defined benefit plan	3,311	3,959
Defined contribution plan - EPF	16,967	17,295
Social security contributions - SOCSO	610	584
Other staff related costs	13,451	9,511
	138,839	144,071

(ii) Other overheads and expenditure

	Three Months Ended	
	31 March 2013 RM'000	31 March 2012 RM'000
Establishment costs		
Rental	4,515	4,813
Depreciation and amortisation of prepaid lease payment	17,413	16,644
Repair and maintenance	10,735	10,404
Takaful protection	2,446	1,600
	35,109	33,461
Marketing expenses		
Advertisement and publicity	8,018	9,476
Administration and general expenses		
Legal and professional fees	1,904	2,749
Auditors' remuneration	405	363
Communication expenses	13,328	7,849
Utilities expenses	3,570	4,688
Printing and stationery	3,423	3,769
Postage and courier	2,451	1,680
Security expenses	1,504	2,950
Service charges	13,405	11,636
Loss on financing written-off	2,137	2,351
Loss on property and equipment written-off	61	21
Commission expenses	6,910	3,183
Travelling and transportation	3,214	3,521
Others	6,338	4,504
	58,650	49,264
	101,777	92,201

NOTE 13: COMMITMENT AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	31 March 2013 RM'000	31 December 2012 RM'000
Contingent liabilities		
Bank guarantee given in respect of banking facilities granted to customers	453,778	441,781
Claims for damages from litigation taken against the Bank	9,857	14,219
Commitments		
Undrawn financing	2,110,138	2,092,578
	2,573,773	2,548,578

NOTE 14: 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.

	31 March 2013 RM'000	31 December 2012 RM'000
Core capital ratio	16.58%	16.53%
Risk-weighted capital adequacy ratio	17.07%	17.14%

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NOTE 14: CAPITAL ADEQUACY

The capital ratios are derived by taking into account the core capital and capital base against the risk weighted assets of the Bank. Components of the capital are as follows:

	31 March 2013 RM'000	31 December 2012 RM'000
Tier I capital		
Paid-up share capital	2,954,792	2,865,004
Retained earnings	3,545,242	3,545,242
Other reserves	3,319,810	3,319,810
Total Tier I capital (core)	9,819,844	9,730,056
Tier II capital		
Collective impairment *	672,217	686,274
Total Tier II capital	672,217	686,274
Total capital	10,492,061	10,416,330
Less: Investment in subsidiaries	(43,500)	(43,500)
Less: Investment in fixed asset **	(338,790)	(284,439)
	(382,290)	(327,939)
Total capital base	10,109,771	10,088,391

* This is surplus amount allowable after taking into account collective impairment allowance on impaired financing of the Bank.

** This refers to cumulative payment for the construction of Menara Berkembar Bank Rakyat in Jalan Travers, Kuala Lumpur.

Assets in various categories are risk-weighted as follows:

	31 March 2013 RM'000	31 December 2012 RM'000
Total assets assigned 10% risk-weighted	304,832	145,222
Total assets assigned 20% risk-weighted	425,263	450,440
Total assets assigned 50% risk-weighted	1,458,304	1,568,002
Total assets assigned 100% risk-weighted	57,029,225	56,698,506
	59,217,624	58,862,170