

Impacting Lives

It's what we do

Annual Report 2012



Your Choice Bank

our vision our mission



Impacting lives. It's what we do.

We have never lost sight of the fact that we have the ability to impact the lives of our customers. With our strong values, resources and experience, we continuously bridge boundaries by tapping into our capabilities. The value of our services is experienced by a broad range of our customers with a variety of needs and expectations. From diversifying and upgrading products and services, exploring new business opportunities to meeting customers' needs as well as other groups that have a stake in the operations of Bank Rakyat, we have an obligation and an expressed intent to meet their expectations. It's what we do.



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'

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(l))



bankrakyatyour
choicebank

Our Vision, Our Mission	
Inside this report	003
About Us	004

management & perspective

Chairman's Statement	006
Managing Director's Review of Operations	010

highlights

Financial Highlights	018
Five-Year Financial Summary	019
Shareholders' Information	021
Corporate Information	024
Corporate Strategy	025
Group Corporate Structure	026
Statutes and Government Linkages	027

at a glance

Milestones 1954-2012	030
2012 Media Highlights	034
2012 Corporate Events	036
Awards & Recognitions	042
Legacy of Excellence	043

leadership

Board of Directors	048
Board of Directors Profile	050
Audit & Examination Committee	059
Shariah Committee Profile	060
Management Committee	062
Management Committee Profile	064

accountability

Statement on Corporate Governance	072
Risk Management	078
Audit & Examination Committee Report	088
Terms of Reference for Shariah Committee	091
Financial Calendar	094
Notice of Annual General Meeting	095

financial statements

Financial Statements	096
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other information (In Bahasa Malaysia version)

Head Office and Branches	218
Service Centres	232
Ar-Rahnu X'Change	233
Subsidiaries	238
Service Agent	239
Agencies under Ministry of Domestic Trade, Cooperatives and Consumerism	245

About Us



The cooperative movement in this country was started by the British colonial administration way back in the early 1920s and that provided the foundation and platform for the sector's dynamic growth three decades later. Thus on 28 September 1954, the first domestic cooperative bank which today takes on the name Bank Kerjasama Rakyat Malaysia Berhad or Bank Rakyat was born. Bank Rakyat came about due to the far-sightedness of those at the forefront of the cooperative movement who believed that progress in the sector would also help transform the country's economic landscape and thereafter, improve the economic well-being of the people.

During its early years Bank Rakyat operated along the lines of a cooperative that provided credit for the agricultural sector but now it's known as an Islamic cooperative bank that offers various services, products and facilities at par with commercial banks. The successes achieved by the Bank were not without hindrances but this path it had to take has contributed to its transformation, from being a conventional bank to an Islamic bank. The route to transformation that began in the early 1990s eventually achieved its objectives fully in 2002.

The bold and courageous decision by the management to meet the demands of members and customers for a full-fledged Islamic bank has placed Bank Rakyat where it is today – a Bank that is able to stand on its own feet while providing a multitude of products and services and various facilities to customers. It is worth noting that the move to provide the Ar-Rahnu Pawn Broking-i from the mid-1980s, a favourite choice with many customers today. Since then Ar-Rahnu has expanded to reach every nook and corner of the country while being a viable alternative to the conventional pawn-broking.

From a business perspective, the performance of Bank Rakyat in 2012 continued where 2011 left off, with its profit before tax and zakat recording RM2.11 billion for the year ending 31 December 2012, up from RM2.02 billion the year before, an improvement of 4.7 percent. During the same period the Bank's assets were worth RM79.21 billion compared to RM72.48 billion, an increase of 9.3 percent the previous year. This makes Bank Rakyat one of the most stable and strongest organisations in the country.

The Bank, which is an agency under the Ministry of Domestic Trade, Cooperatives and Consumerism, has continued to progress in line with the government's aspirations to make the cooperative sector a significant contributor to the national economy. The support provided by the ministry has put the Bank on the right track to achieve the objectives of its establishment.

As a bank that is fully responsible towards its members and customers, the management of Bank Rakyat remains committed to ensure that its touchpoints are always up-to-date and in tune with changing times. Similarly, its most prized assets, its human capital, continues to be a priority. The route taken by Bank Rakyat today must reflect a positive and mature corporate image for it to remain as "Your Choice Bank". It is thus not surprising that Bank Rakyat should be bestowed with various recognitions and awards from the government, cooperative and banking-related organisations.

Today the number of branches totals 141 with two Service Centres. The network is supported by more than 600 automatic teller machines and cash deposit machines. The Ar-Rahnu operations at the branches are backed by 59 Ar-Rahnu X'Change outlets, of which 36 are owned and managed by cooperatives and 23 are owned and managed by Bank Rakyat. To further ensure the needs of customers are met at all times, the Bank now provides the tele-Rakyat call centre which can be reached at **1-300-88-1BANK(12265)**. Internet banking is another service, available at **www.irakyat.com.my**. Those who wish to obtain corporate information and learn latest development on Bank Rakyat can do so by visiting our website at **www.bankrakyat.com.my**, Facebook or Twitter/myBankRakyat.



Bank Rakyat recorded
profit before tax and zakat of
RM2.11 billion for the
financial year ended
31 December 2012



Tan Sri Dato' Sri Sabbaruddin Chik
Chairman

CHAIRMAN'S STATEMENT

Dear Stakeholders,

It gives me great pleasure to present the Annual Report for the financial year ended 31 December 2012 (FY2012). I must first of all express my heartfelt gratitude on being appointed Chairman of Bank Rakyat beginning 9 April 2012. I am indeed honoured to be given the privilege and trust to chair such an esteemed group of experienced and distinguished Board of Directors, working hand in hand with dedicated individuals in the Management team.

I am pleased to report that Bank Rakyat has recorded commendable financial achievement for FY2012 despite operating in a challenging environment. We have made firm progress in the attainment of our strategic objectives – and indeed we have even surpassed our short-term goals. I take this opportunity to reiterate that Bank Rakyat remains firmly committed to its principles as Malaysia's leading Islamic cooperative Bank, and is anchored by decades of valuable experience as a Bank for and of the people. In view of the continuing economic transformation of our country, we will stay true to our vision of being our members' Choice Bank for all our product and service offerings. Our mission will likewise remain the same, we will help to improve the economic wellbeing of our members.

As always, we will promote thrift and savings in all our programmes, services and consumer outreach.

STERLING PERFORMANCE

Despite weaker exports resulting from ongoing global uncertainty, the Malaysian economy beat expected targets by achieving 5.6% Gross Domestic Product (GDP) growth in 2012. This growth was driven by the momentum of all sectors – particularly manufacturing and construction – and although exports contracted by 1.5% in Q4 2012, consumption was buoyed by strong domestic demand and increased government infrastructural expenditure.

In tandem with the nation's progress, our financial performance in 2012 was marked by exceptional growth and strong results.

Gross income for the year 2012 grew 13.2% to RM6.23 billion primarily on financing activities (accounting for RM4.96 billion or 79.6% of the total – an increase of 11.2% over the previous year), representing a record-breaking achievement for the Bank.

Chairman's Statement

Deposits grew 7.1% to RM62.67 billion driven by both retail and corporate deposits. Retail deposits remained as our focus with a growth of 50% year-on-year. This was fuelled in large part by specific market targeting, including a savings campaign (*Kempen Simpan & Menang*), attractive rates, an increase in customers contributions to retail deposits by 26.31% (RM409.13 million) year-on-year, as well as market and community outreach programmes.

Consequently, Bank Rakyat recorded its highest ever Profit Before Tax and Zakat of RM2.11 billion, a growth of 4.7% year on year, supported by healthy growth in income from financing and investing activities.

In view of the foregoing, Bank Rakyat is proud to declare a dividend payment of 18% for the financial year ended 31 December 2012. This marks our 14th consecutive year of dividend payments exceeding 15% and shows yet again our commitment both to sharing our success with our shareholders, and ensuring as high a dividend as possible through prudent management as a premier Islamic financial institution in Malaysia.

ACCOMPLISHMENTS

2012 bore witness to a slew of challenges in the global economic and financial markets with the deepening Eurozone crisis, continued political instability in the Middle East and flat global demand. We were fortunate to have remained relatively insulated from global market shocks due to our focus on development in the local market.

That said, we took cognisance of the need to buttress our plans for sustainable growth with strategies aimed at enhancing our risk management capabilities to maintain a healthy financial

performance, retain our personal financing leadership whilst growing other financing portfolios, and to develop a culture of extremely high performance throughout the Bank.

We made solid progress in the year under review with our personal financing portfolio, expansion of our Ar-Rahnu network, and the introduction of new wealth management products and uncallable negotiable Islamic debt certificates under the principle of *Tawarruq*, of which the Bank is the pioneer.

We also continued to strengthen our asset quality by achieving an impairment target of 2.5% and by implementing a new debt-service ratio (DSR) policy to reduce the number of highly leveraged borrowers, inter alia. We also centralised our processing operations and enhanced the process flow and credit risk management of our commercial financing, and improved our credit scoring system by undertaking regular review and back testing of customer profiles.

OUTLOOK FOR 2013

While Bank Rakyat garnered several awards in 2012 for continuing to exceed expectations, we will need to work even harder in the face of future challenges and increasing competition. In particular, we must continue to diversify our portfolios, strengthen our assets, improve customer DSR and promote deposit growth.

Key challenges will include maintaining our leadership in personal financing without sacrificing our competitiveness in other areas; keeping our impairment rates low while growing our underwriting capacity in various sectors; keeping track of our Basel II and III compliance programmes and ensuring that our funding composition stays strong; and



of course by innovating new products and services to stay ahead of the competitive curve.

Our efforts will be aided by positive external factors including a strong national financial position, continued growth in the Islamic securities markets, government initiatives such as *Projek Perumahan Rakyat 1Malaysia* (PR1MA) (of which Bank Rakyat is a panel bank) and the Economic Transformation Programme (ETP) generally, as well as our close relationship with all our stakeholders.

In fostering the spirit of community, I am proud to say that Bank Rakyat continues to undertake many corporate social responsibility (CSR) initiatives – and in 2012 these included zakat distribution and environmental conservation involving the deployment of used ATMs as artificial reefs.

Looking to the future, we must ensure that Bank Rakyat embodies an institutional tradition of excellence, such that it will remain relevant to successive generations of members and customers.



In the coming year we will no doubt pursue many new strategies, but these will not come at the expense of our strongest asset – our people. We remain committed to human capital development not just through Yayasan Bank Rakyat and our external CSR initiatives in education (such as seminars for pupils sitting the UPSR, PMR and SPM examinations) but also internally through an ongoing transformation of Bank Rakyat into a work environment for the future.

We will continue to seek quality human resources at all levels and we will focus on career development as well as skills training for the many dedicated and experienced staff who already call Bank Rakyat 'home'. As always, we will focus fully on the future and the young—after all, it is the future generation that will imagine, reach for, and attain Bank Rakyat's most exciting future milestones.

I take this opportunity to thank Yang Berhormat Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism and the Ministry of Domestic Trade, Cooperatives and Consumerism, the Ministry of Finance, Bank Negara Malaysia, and our loyal members and customers whose steadfast support continues to propel Bank Rakyat to new heights.

I also wish to acknowledge the tireless efforts and contributions of my predecessor, Tan Sri Dato' Dr. Syed Jalaludin Syed Salim whose nine years of stewardship as Chairman of Bank Rakyat has translated into the Bank's exceptional performance. I am also grateful for the excellent contributions of the Board of Directors, Management and employees of Bank Rakyat, whose continuous dedication is a source of inspiration and pride. Last but not least,

my gratitude to our former Managing Director, Dato' Yusof Abdul Rahman who has given excellent service in propelling Bank Rakyat to greater height. His contributions towards the success of this Bank will not go unnoticed.

I thank you all and look forward to an exciting and prosperous 2013.

Tan Sri Dato' Sri Sabbaruddin Chik
Chairman

A man with a mustache and goatee, wearing a dark suit, a light blue and white striped shirt, and a blue and white striped tie, stands in a hallway with his arms crossed. He is smiling slightly. The hallway has a patterned carpet and framed pictures on the wall. A semi-transparent grey box is overlaid on the right side of the image, containing the title text.

Managing Director's **Review Of Operations**

Datuk Mustafha Abd. Razak
Managing Director

Dear Stakeholders,

The year 2012 marked an exciting era in the evolution of Bank Rakyat. We made steady progress towards achieving our strategic objectives, surpassing a few short-term goals and manoeuvring a steady course through the great waves of change that continue to affect the local and global financial environments.

I built my career in Bank Rakyat and therefore it is an honour for me to have taken up my appointment as Managing Director from 1 April 2013. Like other predecessors, I welcome every challenge to do my best for the Bank's success. I am proud to say that I regard everyone at Bank Rakyat as a member of one big family. Deep friendships are developed and nurtured here and respect earned and proven over the years.

On the banking front, we are proud of our position as the number one Islamic financial institution in Malaysia and South East Asia and ranked 12th in the world. What differentiate us from the others, is we truly make a difference in our service. Those who have banked with us, love us. We now strive to win the hearts of new customers with our commitment to meet their needs.

There are many challenges ahead, and improving our Composite Risk Rating is key. I am confident that we will rise to the challenge of proving our worth and enhancing public perception. For a start, we will focus on meeting our key performance targets, and in time our quality will be our own advertisement.

In terms of financial results, once again our performance for the financial year ended 31 December 2012 proves that our focus and hard work have paid off, and that we are on the right track in building core strengths to realise our fullest potential.

Growth of the Bank's gross income by 13.2% to RM6.23 billion was a record-breaking achievement, while Profit Before Tax and Zakat rose 4.7% to RM2.11 billion, building strongly on the previous year's achievement of breaching the RM2.0 billion profit threshold for the first time. Consequently, for the 14th year in a row Bank Rakyat declared a dividend exceeding 15%. This performance is indeed a source of pride for the Bank, and it inspires us to continue making the greatest effort to provide the strongest returns to our members as a reward for their steadfast support.

Likewise, the Bank registered strong performances in its key financial indicators—Return On Assets (ROA), Return On Shareholders' Funds (ROSF), Core Capital Ratio (CCR) and Risk Weighted Capital Ratio (RWCR)—significantly outperforming the industry average in Malaysia, and contributing once again to a strong balance sheet position.

In terms of operations, Bank Rakyat kept up the pace of its expansion and the enhancement of its services in the ultra-competitive marketplace. In several instances the Bank exceeded the targets set, particularly in consumer penetration. The same commitment to excellence was also evident in the launching of a wide array of innovative new products and services targeted at meeting the needs and expectations of its customers. The early successes of these initiatives have already begun to generate value for the Bank, and we have every confidence that this value will be enhanced even further with the passage of time. Indeed, we are well on our way towards achieving our objective of being Malaysia's bank of choice.

OPERATING ENVIRONMENT

The Malaysian banking sector remained resilient and well capitalised in 2012, with Bank Negara Malaysia (BNM) focusing on managing excess liquidity and maintaining stable monetary conditions. As at December 2012, the industry's RWCR and CCR as recorded by BNM stood at 15.2% and 13.4% respectively, well above Basel III minimum levels.

The outlook for the global economy in 2012 has nevertheless presented several challenges to the banking industry worldwide, particularly due to financial and economic uncertainty in Europe, worries about the US fiscal cliff, political change in the Middle East, and generally weaker external demand and lower global commodity prices. While Bank Rakyat was fortunate to have minimised the risk of its exposure to these and other adverse global events, several continuing challenges in the local environment have provided us the opportunity to identify corresponding areas of growth and development in the medium term to achieve our strategic objectives for 2017.

Managing Director's Review Of Operations

FINANCIAL PERFORMANCE

The Bank registered strong financial performance in 2012 continuing the trend established in previous years. Consumer and commercial banking jointly grew 11% over 2011, with our Ar-Rahnu and Az-Zahab Pawn Broking-i services growing at 29%, credit card business at 19% and Aslah Personal Financing-i at 13% year-on-year. For the same period, term financing constituted 67.5% of commercial banking income, with syndicated, bridging and term financing experiencing the highest growth rates at 31%, 27% and 11% respectively.

The Bank also achieved several compliance targets stipulated to prevent credit overheating: BNM's debt-service-ratio (DSR) guidelines were implemented by Bank Rakyat in January 2012. As a result, the composition of highly leveraged Aslah Personal Financing-i customers has improved from 73.0% in 2010 to 65.0% in 2012. Bank Rakyat also implemented the government's 70.0% maximum loan value limit on financing for the purchase of the third house, with a centralised processing system for all home financing launched in October 2012. In the same month, the Bank also completed the implementation of a financing limit on personal credit cards at twice the customer's salary and has strengthened back office and credit risk management processes, leading to a marked improvement in impaired financing from 2.82% in 2011 to 2.52%.

Thus, at 31 December 2012, the Banks assets stood at RM79.21 billion. ROA at 2.8% was higher than the industry average of 1.6% year-on-year, while ROSF was a robust 22.6%, stronger than the industry average of 17.5%. The Bank continued to enjoy a strong capital position with RWCR of 17.1% and CCR at 16.5% higher than the industry averages of 15.2% and 13.4% respectively.

This has led to an improvement in Bank Rakyat's ratings by The Banker in their Top 1,000 World Banks report. The Tier 1 Capital, particularly, where Bank Rakyat stood at No. 6 in Malaysia, 311th in the world. We are top in Malaysia and 59th in the world for ROA, and the Bank's capital asset ratio is second in Malaysia, and 190th in the world. Locally, RAM Ratings reaffirmed the Bank's AA2/P1 ratings from the previous year, while the Kuala Lumpur Islamic Finance Forum (KLIFF) presented Bank Rakyat its Most Outstanding Islamic Retail Banking award.

OPERATIONAL HIGHLIGHTS

I am pleased to report that in 2012 Bank Rakyat met (and in many cases exceeded) the stipulated commercial and branch operational targets. Six new branches opened over the targeted five, bringing the total network to 141. We also maintained the expansion of our electronic channels with 79 new ATMs over the projected 50, bringing the total to 515; as well as 49 new CDM and CICO units over the projected 40.





In the same period the Bank established two new Service Centres : one is called *Pusat Servis* at Urban Transformation Centre (UTC) in Melaka and the other is *Pusat Perbankan Selesa* located in Gemas, Negri Sembilan. These service centres provide banking products and services to customers encompassing savings, investment and electronic current accounts, Tabung Haji accounts, financing repayment, and much more.

The mobile banking (*bank bergerak*) units have been introduced to the public in Dungun, Temerloh and Kuala Lumpur. For ease of banking for our corporate customers, an online desktop banking service was introduced.

The Bank unveiled several new products and programmes in 2012, chief of which were new *Aslah* Personal Financing-i packages MEGA, PR1MA, PLUS, and RIA. Through these, the Bank maintained banking industry dominance at 41.1% and held 44.4% of the local Islamic banking market.

Bank Rakyat also undertook its first *sukuk* issuance (of RM1 billion) in the year under review, with CIMB Investment Bank Berhad and Maybank Investment Bank Berhad acting as joint lead arrangers. Meanwhile RM770 million of its uncallable Negotiable Islamic Debt Certificates (NIDC) were captured by September. Other highlights also include the full implementation of TT and DD transaction services at all branches and the commencement of foreign exchange services at the Bank's Head Office.

The Bank's Cooperative Development (CDP) and Entrepreneurship Development Programmes (EDP) performed successfully on the whole and we exceeded our mandated targets in several strategic areas: the appointment of 12 new Bank Rakyat Service Agents, the issuance of 1,014,758 CO-OP Cards, over 80,000 Consumer Squad cards, and 1.04 million *Kad Siswa 1Malaysia* (KADS1M). The Ar-Rahnu X'Change outlets and the CO-OP Card merchant programmes experienced more moderate and steady growth.

The TUKAR-i and ATOM-i financing programmes (under which the Bank manages funds from the Ministry of Domestic Trade, Cooperatives and Consumerism to assist small-scale retailers and automotive workshops respectively) were on track for success throughout 2012 with 294 retailers and 110 workshops respectively benefitting from the availability of transformational funding as well as education, training and upgrading of expertise under the EDP.

In the year under review, the ministry has appointed the Bank as platform for the *Skim Pembiayaan Mikro Penjaja & Peniaga Kecil* (Mikro-i MPPK) which seeks to help small enterprises upgrade their businesses via financing of up to RM50,000.

We were also appointed as the issuer for the government's KADS1M, which seeks to help students of institutions of higher learning to cope with the burden of higher living costs through discounts at selected outlets and merchants.

Managing Director's Review Of Operations



Other highlights of Bank Rakyat's development programmes include the appointment of 284 *Rakan Koop* nationwide during the year, RM48.5 million in disbursements to micro-entrepreneurs (a 20.3% increase year-on-year) and RM552.4 million in commercial financing (up 19% over the same period), as well as an intensification of outreach in Shariah compliance and operational banking mentorship programmes.

In the area of corporate social responsibility, we continued to reach out to the Rakyat through a variety of initiatives designed to make positive changes. Highlights include our annual *zakat* distribution of RM40.62 million and our donation of Muslim funeral vans (*van jenazah*) as well as Yayasan Bank Rakyat's direct interventions to improve educational access via seminars for UPSR, PMR and SPM examination students. In the area of environmental conservation, we became the first bank

to redeploy used ATMs for the purpose of setting up artificial reefs off the coast of Pulau Tioman and Pulau Perhentian.

2013 PROSPECTS

The year 2013 will have us focus on consolidating our internal capabilities and strengths while remaining true to our plans for future sustainability. Particularly, we aim to expand our retail business by five to six per cent, including growth of our non-government personal financing business. In this aspect, our plan is to ensure that we remain as a responsible lender. For example, we will maintain 10-year tenures instead of 20 years and we will continue to ensure that all financing applicants have good credit records. Also, mitigating our risks at all levels will help us remain sustainable and stable.

In **consumer banking**, Bank Rakyat will strive to sustain our leadership in personal financing without jeopardising our ability

to compete in other consumer portfolios. In this regard, the Bank will focus on growing our *Aslah* portfolio in the high value market segment as well as intensify other retail products and services, namely home and property financing, vehicle, and micro financing. The Bank also welcomes increasing competition in the local Islamic pawn broking industry as an opportunity for growth. The Bank's burgeoning expertise in Islamic pawn broking also provides the potential for growth of the *Ar-Rahnu X'Change* programme in markets abroad.

We will also expand our mobile banking facilities (*bank bergerak*), particularly in Sabah and Sarawak, to provide better access to our rural customers. These facilities offer all counter services available at any Bank Rakyat branch, and the mobile units are equipped with broadband and satellite connections to facilitate transactions in remote and under served areas.



In **commercial banking**, the Bank will strive to achieve and maintain a low impairment rate, and enhance our capacity to underwrite commercial financing in a variety of sectors. Opportunities abound in the growth of the cooperative movement which underpins Bank Rakyat, as well as growth in demand for commercial financing in other sectors.

In the **management of assets and liabilities** Bank Rakyat is on track to complete the implementation of Basel II and III compliance programmes. At the same time, we must also improve and strengthen our funding composition and maintain a high quality of financing assets. Here, the Bank will look to growing its current accounts and savings accounts, retail deposits and other funding sources, as well as rolling out more fee-based products and services.

Of course, the most crucial factor in the Bank's long term growth and prosperity lies in **quality human capital**. Bank Rakyat has been fortunate to have a dedicated team of professionals at all levels, and as part of our continued growth and success, the Bank will continue to focus on career development via training and upskilling as well as bringing in fresh talent. As always we will encourage the best to succeed.

On behalf of Bank Rakyat, I wish to express my gratitude to Ministry of Domestic Trade, Cooperatives and Consumerism, the Ministry of Finance, and Bank Negara Malaysia for the continuous advice and support they have given us.

I also take this opportunity to express my deepest thanks to my fellow members of the Board whose wisdom and guidance have been invaluable, as well as to the Management and employees of Bank Rakyat whose dedication and commitment have been exemplary. On behalf of all our employees, I would like to extend my heartfelt appreciation and gratitude to our former Managing Director, Dato' Yusof Abdul Rahman, who has left the Bank in good stead to enable me to continue to manage it with more confidence. We will always remember him and appreciate his contributions towards the success of the Bank during his stay with us.

Above all, I wish to thank our growing number of members, customers, and stakeholders – it continues to be our deepest honour to serve you all.

Datuk Mustafha Abd. Razak
Managing Director



●● “It’s in our DNA. We have a history of serving our community and it gives us great joy and satisfaction to be able to give back a little something to the community.”

MAKING A DIFFERENCE

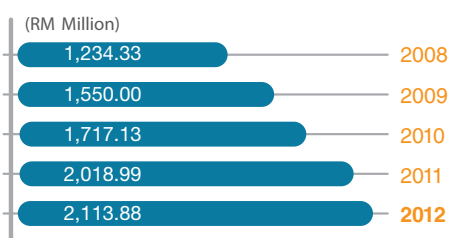
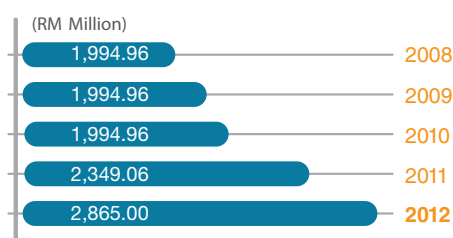
At Bank Rakyat we have a proud tradition of giving back to the community. Caring for the community comes naturally to us as we help to make a difference by focusing on educational programmes and other charitable activities.

Financial Highlights

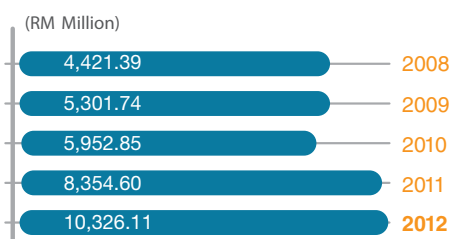
Items	Year Ended 31 December		Change %
	2012 RM Million	2011 RM Million	
1. Statement of Comprehensive Income			
i. Total Income	6,231.43	5,504.88	13.20
ii. Profit Before Tax & Zakat	2,113.88	2,018.99	4.70
2. Statement of Financial Position			
i. Total Assets Including Commitments and Contingencies	81,757.21	74,816.61	9.28
ii. Financial Assets	18,018.27	13,696.17	31.56
iii. Financing and Advances	55,233.28	49,179.25	12.31
iv. Deposits and Savings	62,666.00	58,507.09	7.11
v. Deposits and Placements with Financial Institutions	3,322.32	7,666.81	(56.67)
vi. Shareholders' Funds	10,326.11	8,354.60	23.60
3. Financial Ratio	Percentage	Percentage	
i. Returns Before Tax and Zakat on Average of Shareholders' Funds	22.63	28.22	(5.59)
ii. Returns Before Tax and Zakat on Average of Total Assets	2.79	3.00	(0.21)
iii. Financing and Advances On Total Deposit	88.14	84.06	4.08
iv. Risk Weighted Capital Ratio	17.14	16.25	0.89
v. Collective Impairment	2.19	2.20	(0.01)
vi. Loan Loss Coverage	106.39	106.59	(0.20)
vii. Gross Impaired Financing Ratio	2.52	2.82	(0.30)

Five-Year Financial Summary

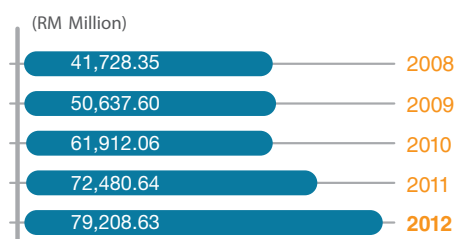
YEAR	2008	2009	2010	2011	2012
Net Profit Before Tax and <i>Zakat</i> (RM Million)	1,234.33	1,550.00	1,717.13	2,018.99	2,113.88
Shareholders' Funds (RM Million)	4,421.39	5,301.74	5,952.85	8,354.60	10,326.11
Number of Shareholders	789,673	794,199	758,356	926,578	947,541
Share Capital (RM Million)	1,994.96	1,994.96	1,994.96	2,349.06	2,865.00
Assets (RM Million)	41,728.35	50,637.60	61,912.06	72,480.64	79,208.63
Financing (RM Million)	30,135.93	37,690.65	44,983.02	49,179.25	55,233.28

Net Profit Before Tax and *Zakat*

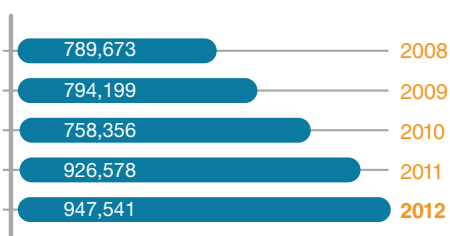
Share Capital



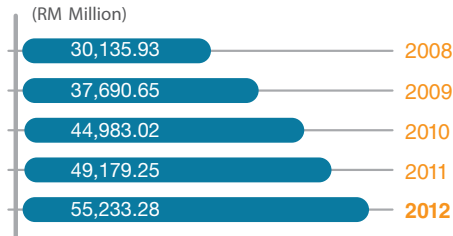
Shareholders' Funds



Assets



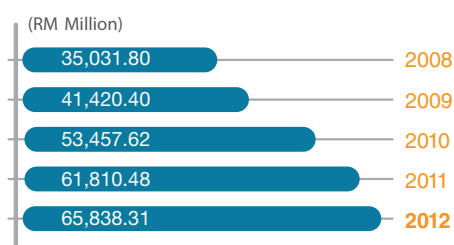
Number of Shareholders



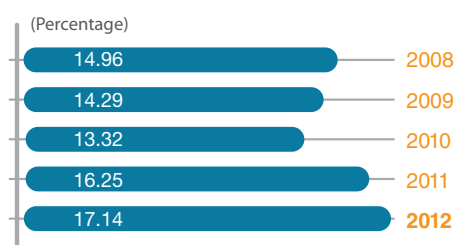
Financing

Five-year Financial Summary

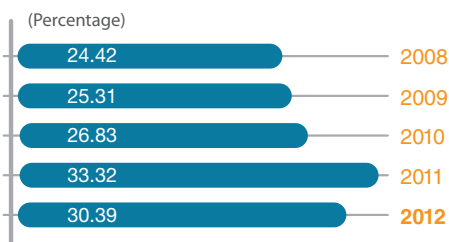
YEAR	2008	2009	2010	2011	2012
Deposits & Cagamas (RM Million)	35,031.80	41,420.40	53,457.62	61,810.48	65,838.31
Liquidity Ratio (Percentage)	24.42	25.31	26.83	33.32	30.39
Paid Dividend (Percentage)					
– Cash (Percentage)	15	15	15	15	16
– Loyalty Cash (Percentage)	5				
– Share Bonus (Percentage)				5	2
Risk Weighted Capital Ratio (Percentage)	14.96	14.29	13.32	16.25	17.14
Returns On Shareholders' Fund (Percentage)	27.92	29.24	28.85	24.17	20.47
Returns On Average Shareholders' Fund (Percentage)	29.44	31.88	30.51	28.22	22.63



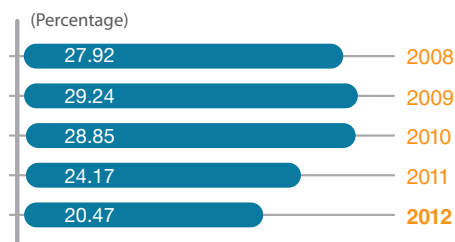
Deposits & Cagamas



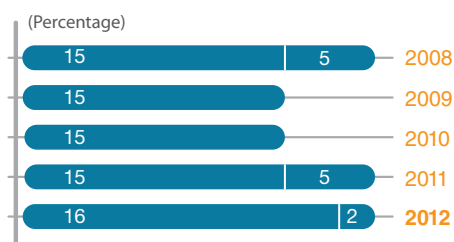
Risk Weighted Capital Ratio



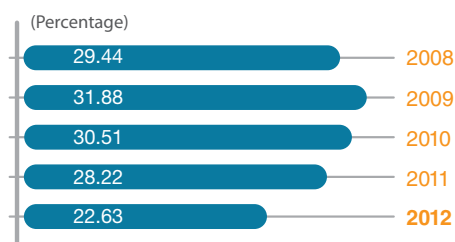
Liquidity Ratio



Returns On Shareholders' Fund

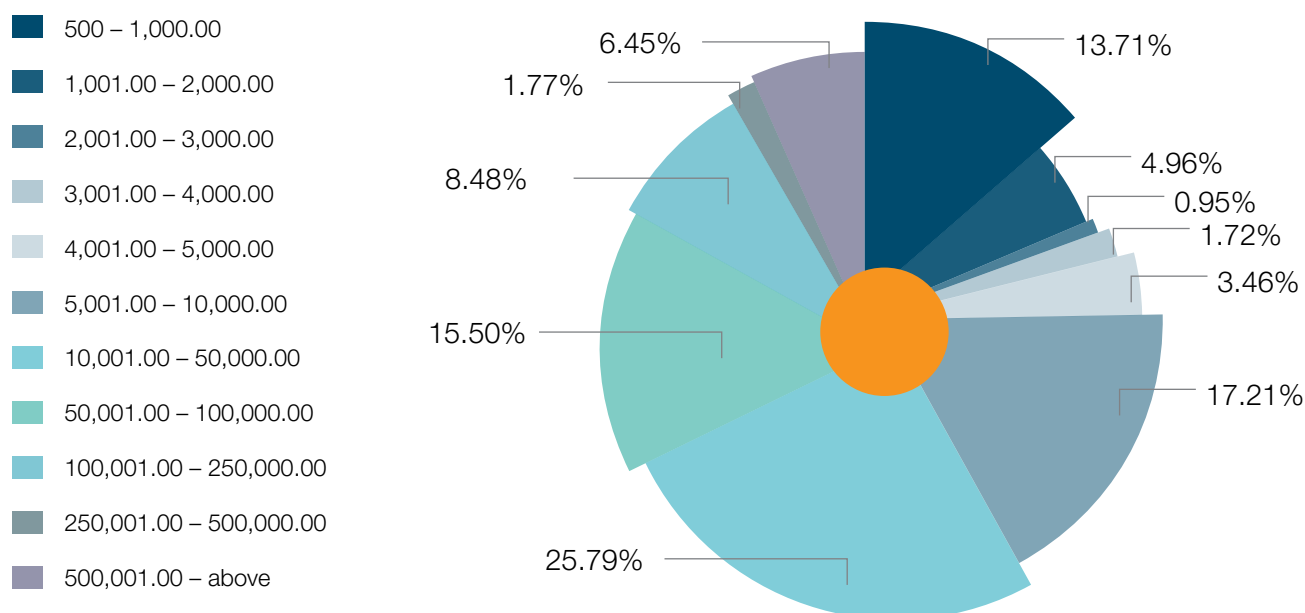


Paid Dividend



Returns On Average Shareholders' Fund

Shareholders' Information

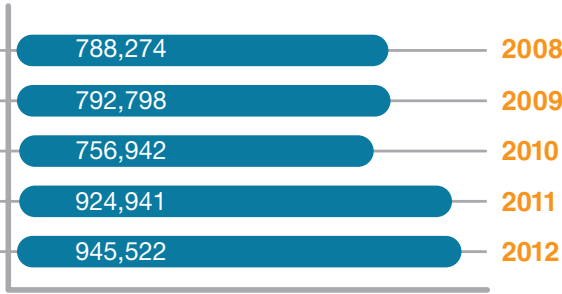


SHARE RANGE	INDIVIDUAL		COOPERATIVE		GRAND TOTAL	
	No.	Total (RM)	No.	Total (RM)	No.	Total (RM)
500 - 1,000	705,478	392,807,785.00	37	37,000.00	705,515	392,844,785.00
1,001 - 2,000	140,031	184,580,506.00	279	315,251.00	140,310	184,895,757.00
2,001 - 3,000	21,169	50,518,705.00	47	110,066.00	21,216	50,628,771.00
3,001 - 4,000	14,592	49,218,398.00	25	86,264.00	14,617	49,304,662.00
4,001 - 5,000	6,044	26,853,810.00	84	394,055.00	6,128	27,247,865.00
5,001 - 10,000	20,724	138,366,611.00	432	3,661,621.00	21,156	142,028,232.00
10,001 - 50,000	24,404	482,345,336.00	606	10,733,026.00	25,010	493,078,362.00
50,001 - 100,000	6,476	425,413,755.00	263	18,536,934.00	6,739	443,950,689.00
100,001 - 250,000	6,184	713,186,439.00	187	25,791,600.00	6,371	738,978,039.00
250,001 - 500,000	265	87,524,349.00	33	11,634,644.00	298	99,158,993.00
500,001 - and above	155	163,477,397.00	26	79,411,334.00	181	242,888,731.00
TOTAL	945,522	2,714,293,091.00	2,019	150,711,795.00	947,541	2,865,004,886.00

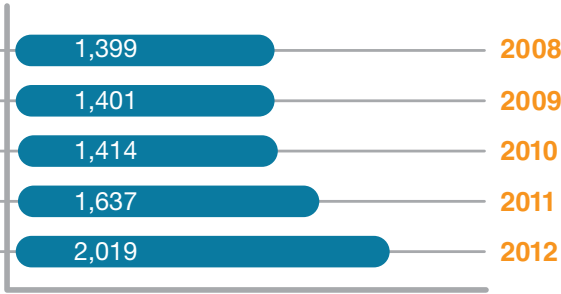
Shareholders' Information

NUMBER OF INDIVIDUAL AND COOPERATIVE SHAREHOLDERS (2008-2012)

Year	Individual	Cooperative	Total
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
2012	945,522	2,019	947,541



Individual

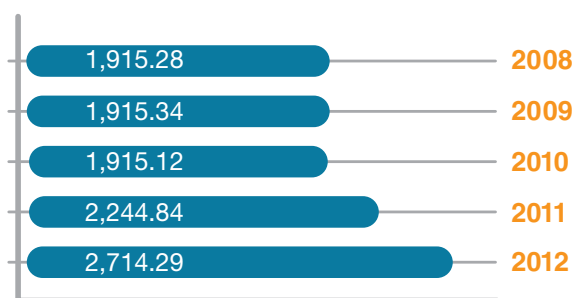


Cooperative

INDIVIDUAL AND COOPERATIVE SHARE CAPITAL (2008-2012)

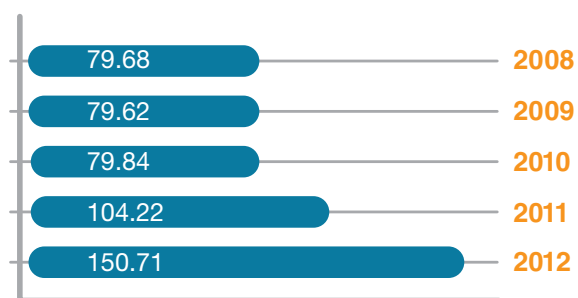
Year	Individual	Cooperative	Total (RM Million)
2008	1,915.28	79.68	1,994.96
2009	1,915.34	79.62	1,994.96
2010	1,915.12	79.84	1,994.96
2011	2,244.84	104.22	2,349.06
2012	2,714.29	150.71	2,865.00

(RM Million)



Individual

(RM Million)



Cooperative



Corporate Information

Chairman

Tan Sri Dato' Dr. Syed Jalaludin Syed Salim
(until 8 April 2012)

Tan Sri Dato' Sri Sabbaruddin Chik
(from 9 April 2012)

Managing Director

Dato' Yusof Abdul Rahman
(until 31 March 2013)

Datuk Mustafha Abd. Razak
(from 1 April 2013)

Board Of Directors

Dato' Saripuddin Kasim

Dato' Dr. Syed Hussain Syed Husman

Dato' Haji Amirul Rahman Abdul Rahim

Dato' Abdul Mutalib Alias

Dato' Mangsor Saad

Dato' Zuraidah Atan

Bank Secretary

Datin Suria Che Selia

Registered Office

Bank Rakyat
3rd Floor, 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
Tel : 03-2612 9600
Fax : 03-2612 9655

Website

www.bankrakyat.com.my

Facebook/Twitter

[/myBankRakyat](https://www.facebook.com/myBankRakyat)

Auditor

Auditor General
National Audit Department Malaysia
No. 15, Level 4
Persiaran Perdana, Presint 2
Federal Government Administrative Central
62518 Putrajaya
Tel : 03-8889 9000
Fax : 03-8888 9721

Cooperative Registration Number

2192



Corporate Strategy

Bank Rakyat focused its efforts to adopt four main strategies in addressing the challenges and tap various opportunities to sustain growth throughout 2012.

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.

Business Innovations & Diversifications

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

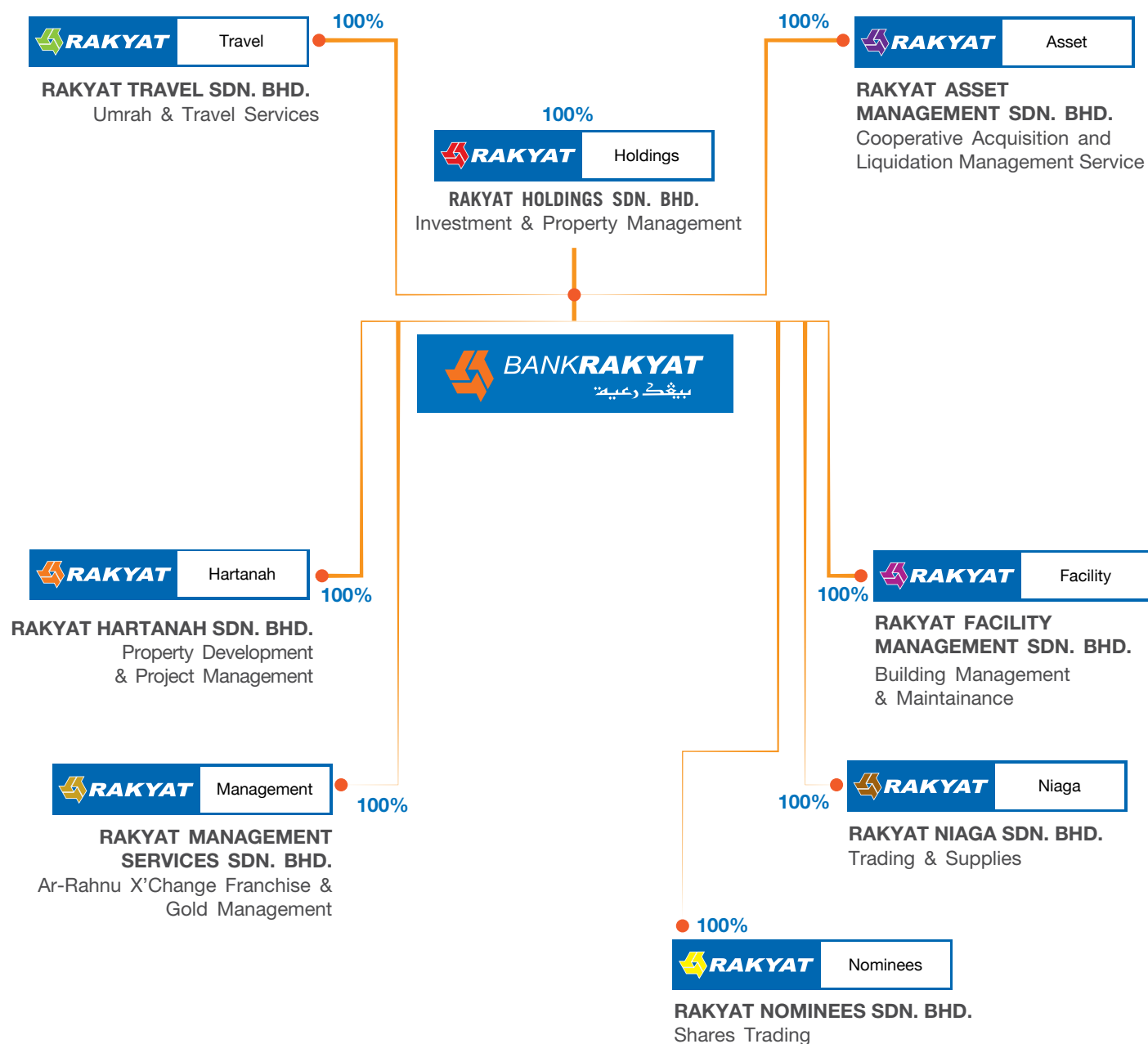
Operational Efficiency

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 mandated roles effectively, in order to align corporate strategies with government agendas as well as the strategies of statutory bodies/agencies.

Group Corporate Structure



Statutes And Government Linkages



Ministry of
Finance

Bank Kerjasama Rakyat
Malaysia Berhad Act
(Special Provision) 1978



By-law



Ministry of Domestic Trade,
Cooperative and Consumerism

Cooperative Act 1993




Malaysia Co-operative Societies Commission



Central Bank of
Malaysia

The Development
Financial Institutions Act 2002



 “Everyone wants convenience these days. And we provide convenience with our growing network of ATMs in the country.”

PROVIDING CONVENIENCE

We're continuing to make our presence felt nationwide by opening new branches and providing ATMs at various locations in the country. With a network of 141 branches, we are in a better position to serve our growing customer base.

Milestones 1954 - 2012

1954

- The country's first cooperative bank, Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggungan Berhad (Bank Agong), opens on 28 September. It is an amalgamation of 11 cooperative banks under the Cooperatives Ordinance 1948.
- The first Head Office is in Bukit Mertajam, its birthplace but moved to Padang Kota also in Pulau Pinang two years later.

1961

- After almost seven years in Pulau Pinang, Bank Agong shifts its Head Office to Kuala Lumpur, at a temporary location at the Cooperative Development Department on Jalan Swettenham (now Jalan Mahameru).

1968

- The first branch is opened in Sungai Petani, Kedah. This marks the first step in the development of Bank Kerjasama, following the decision to allow it to lend to individuals.

1973

- In line with the government's programme to restructure the economic composition of the people for it to further develop under the New Economic Policy, the name is again changed to Bank Kerjasama Rakyat Malaysia Berhad or simply Bank Rakyat, the name that it's known by till today.
- Amendments to the Bank's By-Laws are made to allow it to form subsidiaries in various sectors to earn revenue and increase profits. This led to the formation of United Manufacturers Sdn. Bhd., Asean Chemical Fertilizers Sdn. Bhd., Pulp and Paper Industries Sdn. Bhd., Angkasaraya Development Sdn. Bhd., Aman Properties Sdn. Bhd., Shahaz Travel & Tours Sdn. Bhd. and Rakyat Corporation Sdn. Bhd.

1979

- The Head Office moves to a 22-storey building on Jalan Tangsi. The building symbolises Bank Rakyat's rise and remains as the Head Office until today.

1989

- Throughout the 1980s, Bank Rakyat focuses on efforts to streamline its operations and strengthen its workforce to prepare them to meet any eventuality. Operationally it continues to expand via the opening of a mini branch in Bandar Tun Razak, Kuala Lumpur.

1964

- The Authorised Share Capital is increased from RM2 million to RM20 million.

1967

- To widen the scope of its business and activities in line with the progress of the cooperative movement, the name is changed to Bank Kerjasama Malaysia Berhad or Bank Kerjasama.
- The membership which previously was limited to cooperatives is now opened to individuals. This change allows the Bank to expand its lending activities to include both types of customers.
- The Bank moves to its own building on Jalan Ipoh.

1974

- Angkasaraya Development Sdn. Bhd. begins construction of the Angkasaraya Building, a modern 24-floor structure on Jalan Ampang, Kuala Lumpur. The building serves as a landmark of Bank Rakyat's achievements thus far.
- Bank Rakyat begins a joint-venture with First City Bank of New York with the opening of our merchant bank, Rakyat First Merchant Bankers Berhad. This venture is seen as an effort by Bank Rakyat to improve entrepreneurship amongst the Bumiputra in line with the policies of the government.

1978

- To allow the government to monitor and control the operations of Bank Rakyat and ensure that it remains on the right track, the Bank Kerjasama Rakyat Malaysia Berhad Act (Special Provisions) 1978 was passed by Parliament.
- Under the Act the government also loans RM115 million to the Bank to allow it to continue its operations unhindered.
- Additionally the Bank is now placed under the supervision and responsibility of the ministry that covers the development and progress of cooperatives in the country.

1993

- Shariah banking is launched at branches in Alor Star, Kota Bharu, Jalan Ipoh and Sungai Besar. This bold move makes Bank Rakyat the first bank to migrate in stages from a conventional banking system to one that is Shariah-based. Bank Islam Malaysia Berhad, a pioneer in Islamic banking in the country, is appointed consultant for this migration.
- The Ar-Rahnu Pawn Broking-i is introduced at our branches in Bandar Tun Razak, Mergong, Seremban, Butterworth, Muar and Kuala Terengganu under cooperation with the Malaysian Islamic Economic Development Foundation (YPEIM).

1994

- The climax to the programme to introduce Islamic banking to the public is the opening of a full-fledged Islamic banking branch in Jertih, making Bank Rakyat the first conventional bank to do so.
- The ATM service is offered in stages.
- The Bank's Authorised Share Capital is doubled to RM100 million.
- The first branch in Sabah is opened following an amendment to the Cooperatives Act 1993 which allows cooperatives to operate in Sabah and Sarawak and vice-versa.
- The Shariah Monitoring Council is formed to ensure that all of the Bank's operations adhere to Islamic laws and principles.

Milestones 1954 - 2012

1999

- The Authorised Share Capital is increased to RM1 billion.
- Bank Rakyat launches the integrated retail banking system that will improve our competitiveness and ability to service an ever increasing clientele.
- The Islamic banking service is now available at 80 branches.

2000

- The Ar-Rahnu Pawn Broking-i service expands further with the opening of the first Ar-Rahnu Shop in Kota Bharu. Prior to this the service was only available through the respective Bank branches.

2003

- A resolution to increase the Authorised Share Capital to RM2 billion is approved at the Annual General Meeting.
- The e-Rakyat or Electronic Banking Centre (EBC) is introduced at the Jalan Tangsi Branch, Kuala Lumpur.

2004

- Following changes affecting some ministries, Bank Rakyat is now placed under the Ministry of Entrepreneur and Cooperative Development.
- The Bank participates in the Malaysian Electronic Payment System or MEPS, making it the first non-commercial bank to offer this service.

2008

- A truly proud achievement. For the first time ever, Bank Rakyat's profit before tax and zakat exceeds RM1 billion.
- The Credit Card-i is launched while Tabung Haji services are available at the branches and via the ATM/CDM.
- Customers can now top-up their pre-paid handphone credit limit via the ATM and i-Rakyat Internet Banking.
- The Bank Rakyat Foundation is launched to provide financial aid and improve the quality of education of Malaysians, especially the Bank's members.

2009

- We achieved another milestone when work on a new landmark, the Bank Rakyat Twin Towers on Jalan Travers, Kuala Lumpur begins.
- The Bank now comes under the Ministry of Domestic Trade, Cooperatives and Consumerism.

2001

- A move towards enhancing our corporate image is taken with the introduction of a new corporate colour and logo.
- The Bank finally repays the loan extended by the government in 1978.
- The off-premise ATM service is launched as part of a programme to expand our services to customers.
- The Bank comes under the direct supervision of Bank Negara Malaysia under the Development of Financial Institutions Act 2002.

2002

- Bank Rakyat is able to call for its Annual General Meeting after a lapse of 16 years.
- The objective of becoming a full-fledged Islamic bank reaches a significant moment when the Bank is able to convert the remaining balance of its 1.1 percent conventional assets into fully Shariah assets.

2006

- To further improve our services, Bank Rakyat introduces the tele-Rakyat, its Call Centre.
- The first Ar-Rahnu X'Change outlet opens in Sentul.

2007

- The i-Rakyat Internet Banking is introduced to allow customers to conduct transactions without having to leave home.
- The first Ar-Rahnu X'Change franchise is opened, with the Koperasi Pembangunan Pulau Lumut Berhad as the franchisee.

2010

- Bank Rakyat has launched CO-OP Card which aims to encourage members of registered cooperatives to support businesses run by cooperatives, as well as reward card holders with returns in the form of dividends. The CO-OP Card comes in two versions namely the chip-based (smart card) and without chip version. The card can be used as an ATM card, MEPS e-Debit, discounts and loyalty card.
- The CO-OP Card also offers the opportunity for cooperatives to increase their businesses by actively involved as merchants and offer discounts to card holders.

2011

- The Authorised Share Capital of the Bank is raised to RM3 billion.
- The Orchid Card (One Retail Cash Islamic Debit Card), the Bank's Debit Card-i, is launched.

2012

- Bank Rakyat signs a Short-Term Islamic Programmes Note to issue sukuk worth RM1 billion. The Sukuk Musyarakah is to fund long-term financing and to prepare for the implementation of the Basel III guidelines by Bank Negara Malaysia.
- The 1Malaysia Students Discount Card (KADS1M) for those studying in all higher institutions of learning is introduced by the Ministry of Domestic Trade, Cooperatives and

Consumerism with a view of assisting them to reduce cost of living. Bank Rakyat has been appointed as card issuer.

- Bank Rakyat's contribution towards the conservation of marine life in Perhentian and Tioman Islands by deploying ATM machines on the seabed for use as an artificial reef is recognised as the 'First Bank To Deploy ATM As Artificial Reef' by the Malaysia Book Of Records.

2012 Media Highlights

Bank Rakyat launches sukuk worth RM1b

Bank Rakyat has successfully issued its first Islamic sukuk, worth RM1 billion, to the public. The sukuk, which are structured as Islamic bonds, were issued at a competitive rate of 8.1% per annum. The proceeds from the sukuk will be used to fund the bank's various business operations. Bank Rakyat's CEO, Datuk Yusof Abdul Rahman, expressed satisfaction with the successful launch of the sukuk, stating that it marks a significant milestone for the bank's Islamic finance business.

Dividen 20 peratus

Bank Rakyat akan membagikan dividen tunai dan zakat RM2.02b bagi tahun kewangan 2011. Bank Rakyat mengumumkan bahawa dividen tunai sebanyak RM2.02 bilion akan dibagikan kepada pemegang sahamnya. Selain itu, bank juga akan membayar zakat sebanyak RM200,000.00 kepada badan-badan kebajikan. Keputusan ini mencerminkan prestasi yang cemerlang Bank Rakyat dalam menjalankan operasi perniagaan pada tahun 2011.

Taja RM150,000 bina taman permainan

Bank Rakyat telah meluluskan tajaan sebanyak RM150,000 untuk membina taman permainan di kawasan-kawasan yang kurang berkemudahan. Tajaan ini merupakan sebahagian daripada inisiatif Bank Rakyat untuk menyokong pembangunan komuniti dan meningkatkan kualiti hidup rakyat. Bank Rakyat berharap tajaan ini dapat memberi manfaat jangka panjang kepada masyarakat setempat.

Bank Rakyat 9-month

Bank Rakyat mencatatkan keuntungan bersih sebanyak RM1.62 bilion untuk tempoh sembilan bulan pertama tahun kewangan 2012. Keuntungan ini meningkat 8% berbanding dengan tempoh yang sama tahun sebelumnya. Bank Rakyat juga mencatatkan peningkatan dalam aset perniagaan dan penurunan dalam liabiliti, yang menunjukkan kekuatan kewangan bank.

Anugerah kali ketiga

Bank Rakyat, buat kali ketiga menerima anugerah sebagai "Bank Islam Runcit Paling Cemerlang" kerana kecemerlangan prestasinya dalam perkhidmatan pengguna. Anugerah ini disampaikan oleh Forum Kewangan Islam Kuala Lumpur Kesembilan 2012 oleh Ketua Setiausaha Kementerian Kewangan Datuk Wira Dr Serigar Irwan Mohd Abdullah kepada Pemangku Pengarah Urusan Bank Rakyat, Datuk Yusof Abdul Rahman. Bank itu turut menerima anugerah sama pada 2007 dan 2009, kata Bank Rakyat dalam satu kenyataan.

Bank Rakyat untung RM1.6b

Keuntungan sebelum cukai dan zakat bagi 9 bulan pertama Bank Rakyat meningkat 8% kepada RM1.62 bilion. Bank Rakyat mencatatkan keuntungan bersih sebanyak RM1.62 bilion untuk tempoh sembilan bulan pertama tahun kewangan 2012. Keuntungan ini meningkat 8% berbanding dengan tempoh yang sama tahun sebelumnya. Bank Rakyat juga mencatatkan peningkatan dalam aset perniagaan dan penurunan dalam liabiliti, yang menunjukkan kekuatan kewangan bank.

Bank Rakyat to add 10 Ar Rahnun outlets

Bank Rakyat mengumumkan bahawa bank akan menambah 10 outlet Ar Rahnun di seluruh negara. Ar Rahnun adalah platform perniagaan yang membolehkan pengguna meminjam wang dengan jaminan barang. Bank Rakyat berharap penambahan outlet ini dapat meningkatkan akses pengguna kepada perkhidmatan Ar Rahnun dan meningkatkan keuntungan bank.

Jalin kerjasama dengan Khairu

Bank Rakyat telah menjalin kerjasama dengan Khairu untuk meningkatkan perkhidmatan kepada pengguna. Kerjasama ini melibatkan Bank Rakyat dalam menyediakan perkhidmatan kewangan kepada pengguna Khairu, manakala Khairu akan menyediakan perkhidmatan insurans kepada pengguna Bank Rakyat. Bank Rakyat berharap kerjasama ini dapat meningkatkan kepuasan pengguna dan meningkatkan keuntungan bank.

Bank Rakyat's 9M profit rises 8% to RM1.62bil

Bank Rakyat mencatatkan keuntungan bersih sebanyak RM1.62 bilion untuk tempoh sembilan bulan pertama tahun kewangan 2012. Keuntungan ini meningkat 8% berbanding dengan tempoh yang sama tahun sebelumnya. Bank Rakyat juga mencatatkan peningkatan dalam aset perniagaan dan penurunan dalam liabiliti, yang menunjukkan kekuatan kewangan bank.

Bank Rakyat gets good response

Bank Rakyat menerima sambutan yang baik daripada pengguna untuk perkhidmatan Ar Rahnun. Bank Rakyat mencatatkan peningkatan dalam jumlah pinjaman Ar Rahnun yang diambil oleh pengguna. Bank Rakyat berharap sambutan yang baik ini dapat meningkatkan keuntungan bank dan meningkatkan akses pengguna kepada perkhidmatan Ar Rahnun.

YBR terus komited ke cemerlangan akademi

Bank Rakyat terus komited untuk meningkatkan prestasi akademik pelajar-pelajar di bawah naungan Bank Rakyat. Bank Rakyat akan menyediakan pelbagai program latihan dan pertandingan untuk meningkatkan prestasi akademik pelajar-pelajar. Bank Rakyat berharap program-program ini dapat meningkatkan prestasi akademik pelajar-pelajar dan meningkatkan reputasi Bank Rakyat.

Murid Orang Asli sertai Seminar Didik Rakyat

Bank Rakyat telah mengadakan Seminar Didik Rakyat untuk meningkatkan prestasi akademik pelajar-pelajar Orang Asli. Seminar ini melibatkan Bank Rakyat dalam menyediakan perkhidmatan kewangan kepada pelajar-pelajar Orang Asli, manakala Bank Rakyat akan menyediakan perkhidmatan insurans kepada pelajar-pelajar Orang Asli. Bank Rakyat berharap seminar ini dapat meningkatkan prestasi akademik pelajar-pelajar Orang Asli dan meningkatkan reputasi Bank Rakyat.

Bank Rakyat serah zakat RM4.4j

Bank Rakyat menyerahkan zakat sebanyak RM4.4 bilion kepada badan-badan kebajikan. Zakat ini merupakan sebahagian daripada inisiatif Bank Rakyat untuk menyokong pembangunan komuniti dan meningkatkan kualiti hidup rakyat. Bank Rakyat berharap zakat ini dapat memberi manfaat jangka panjang kepada masyarakat setempat.

Bank Rakyat's H2 profit soars to RM1.06bil

Bank Rakyat mencatatkan keuntungan bersih sebanyak RM1.06 bilion untuk tempoh enam bulan pertama tahun kewangan 2012. Keuntungan ini meningkat 8% berbanding dengan tempoh yang sama tahun sebelumnya. Bank Rakyat juga mencatatkan peningkatan dalam aset perniagaan dan penurunan dalam liabiliti, yang menunjukkan kekuatan kewangan bank.

Bank Rakyat profitable Islamic

Bank Rakyat mencatatkan keuntungan bersih sebanyak RM1.06 bilion untuk tempoh enam bulan pertama tahun kewangan 2012. Keuntungan ini meningkat 8% berbanding dengan tempoh yang sama tahun sebelumnya. Bank Rakyat juga mencatatkan peningkatan dalam aset perniagaan dan penurunan dalam liabiliti, yang menunjukkan kekuatan kewangan bank.

Profit before tax, zakat up 8.1%

2 billion in the previous corresponding period, an increase of 8.1%.

Bank Rakyat posted positive financial results with higher profit before tax and gross income of RM3.9 billion as at Sept 30, 2011, compared to RM3.6 billion in the corresponding period.

The bank's gross income of RM3.9 billion was up 8.1% from RM3.6 billion in the corresponding period. The bank's profit before tax of RM1.7 billion was up 8.1% from RM1.6 billion in the corresponding period.

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Bank Rakyat Travel jalankan perniagaan pelancongan

Fahmi ceburi bisnes

Bank Rakyat Travel (BRT) has launched its travel business, offering a wide range of services to its customers. The bank's travel division is now fully operational, providing a variety of travel packages and services to its customers.

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Bank Rakyat buka cawangan di Desa Sri Hartamas

Bank Rakyat has opened a new branch in Desa Sri Hartamas, Kuala Lumpur. The new branch is located at the corner of Jalan 1/107 and Jalan 1/108, and is the 10th branch of the bank in the area.

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Bank Rakyat periksa transaksi ke negara Islam

Ar-Rahnu Xchange ke luar negara

Bank Rakyat has implemented a new system to check transactions to Islamic countries. The system is designed to ensure that all transactions are in compliance with Islamic law.

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'Ronda sebulan sekali'

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Bank Rakyat sumbang 41 van jenazah

Bank Rakyat has donated 41 funeral vans to the government. The vans are being used to transport the deceased to the funeral homes.

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i-Aslah Mega kemudahan perbankan bijak

Bank Rakyat has launched a new service called i-Aslah Mega. The service is designed to provide a wide range of banking services to its customers.

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2012 Corporate Events



17 january

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism, attends *Majlis Makan Malam Mesra Agensi-Agensi* under the ministry and hosted by Bank Rakyat in Kuala Lumpur.

27-29 january

The Management of Bank Rakyat throughout the country sets the path of the Bank for 2012 at the Business Action Plan Meeting in Putrajaya.

2 february

The relationship with depositors in Klang and Port Klang is further enhanced at a Depositors Hi-Tea Session attended by the Head of Selangor Region.

3 february

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism launches the Kedai Rakyat 1Malaysia (KR1M) operated by Koperasi Kakitangan Bank Rakyat (SEKATARAKYAT) at the Bank Rakyat Building, Jalan Tangsi, Kuala Lumpur and launches the Menu Rakyat 1Malaysia (MR1M) at SEKATARAKYAT Cafe.

5 february

As in previous years, Bank Rakyat participates in Maulidur Rasul Celebrations 2012 at Putrajaya's Masjid Besi.

13 february

To further improve its services to customers, the Bank's Mergong branch in Alor Star, Kedah relocates to bigger and better premises and a more strategic location.

17-19 february

The Bank participates in an exhibition to launch the Gopeng RTC (Rural Transformation Centre) to support the government's efforts to improve the economy of the rural population.

2 march

To meet the increasing demands for the Ar-Rahnu Pawn Broking-i service, Ar-Rahnu X'Change opens a branch in Mentakab to serve the local community.

12 march

The success story and achievements of Bank Rakyat as a successful cooperative bank in the country has attracted Asean delegation from FICOBank, a leading cooperative bank from the Philippines, to visit the Head Office.

**26 MARCH****24 APRIL****7 MAY****20 march**

Bank Rakyat continues its expansion in Sabah by opening the 135th branch nation-wide at Jalan Tendek, Kota Marudu.

26 march

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism announces the Bank Rakyat 2011 Financial Performance and Dividend Payment.

27 march

Visit by the Brunei Trust Fund Corporation to Head Office to learn about the Bank's operations and foster closer ties between the two organisations.

29 march

The number of Bank Rakyat branches nation-wide rises to 136 with the opening of the Kerteh Branch in Terengganu.

2 april

The Muadzam Shah Branch, Pahang, relocates to provide better services in a much improved environment for the customers.

8 april

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism officiates the Bank Rakyat 2012 Annual General Meeting at the Kuala Lumpur Convention Centre, Kuala Lumpur.

24 april

The support and the role of media in reporting the progress and achievements of the Bank is recognised at the Media Appreciation Night 2012 in Kuala Lumpur.

7 may

The contributions of Tan Sri Dato' Dr. Syed Jalaludin Syed Salim in his nine years as Chairman of the Bank are appreciated and remembered at an Appreciation Dinner 2012 held in Kuala Lumpur.

11-13 may

The Bank joins others in offering job opportunities to youths through its participation in the BN Youth Job Fair 2012 held at the Bukit Jalil Stadium, Kuala Lumpur.

2012 Corporate Events

23 may

Long serving employees are feted at the Loyal Service Awards Presentation Ceremony 2012, Head Office level in Kuala Lumpur.

31 may-2 june

Bank Rakyat participates in the World Islamic Tourism Mart 2012 in Kuala Lumpur, an event also attended by companies from all over the world.

19 june

Residents from Muar district are now able to enjoy the Islamic Pawn Broking Services through the opening of a new Ar-Rahnu X'Change outlet.

20 june

A Memorandum of Agreement is signed between the Bank and Bank Rakyat Officers Union (PEBARA) at the Head Office.

2 july

Bank Rakyat participates in an exhibition in conjunction with the Launching of the 1Malaysia Student Discount Card (KADS1M) by the Deputy Prime Minister, Tan Sri Muhyiddin Yassin at the Putrajaya International Convention Centre, Putrajaya. Bank Rakyat has been appointed as the card issuer.

3 july

The Ar-Rahnu X'Change service continues to expand, with the opening of the outlet at Melaka Sentral, Malacca.

9 july

The Lahad Datu Branch in Sabah relocates as part of efforts to offer better services and more convenient premises to our customers.

13-15 july

As the country's ultimate cooperative bank, Bank Rakyat participates in the National Cooperative Day celebration officiated by the Prime Minister, Dato' Sri Najib Tun Razak at the Bukit Jalil Stadium, Kuala Lumpur.

18-20 july

Management of the Bank throughout the country meet again to decide on the Bank's business strategies for the second half of the year during the Managers Conference 2012 held in Malacca.



**12 AUGUST****3 SEPTEMBER****5 SEPTEMBER****24 july**

The Bank plays host to visitors from Central People's Credit Fund of Vietnam, a credit agency that assists the rural poor, during a visit to the Bank's Head Office.

6 august

Bank Rakyat signs a Memorandum of Agreement for the Mentor Mentee Programme with National Farmers Organisation (NAFAS) in Kuala Lumpur which commits both parties to efforts to further develop the agricultural sector.

10 august

The Bank hosts corporate depositors and customers to break their fast in Kuala Lumpur.

12 august

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism attends a breaking of fast ado with the Management and staff of Head Office in Kuala Lumpur.

25 august

Board of Directors, Management and Head Office staff gather for a Hari Raya Aidilfitri reception at ETCL, Dataran Merdeka, Kuala Lumpur.

28 august

The presentation of the 1Malaysia Student Discount Card (KADS1M) to the students of the Malaysian Cooperative College was held in Petaling Jaya.

30 august

The 13th Ar-Rahnu X'Change branch is opened in Balakong, Selangor following requests by residents and to provide a Shariah-based pawn-broking service as an alternative to the conventional pawn broking system.

31 august

The Management of the Bank joins national leaders at the Janji Ditepati Gathering in conjunction with the country's 55th Independence Celebrations.

3 september

Our corporate customers are feted at a Hari Raya open house at the Shangri La Hotel, Kuala Lumpur. Also present was the Minister of Domestic Trade, Cooperatives and Consumerism.

2012 Corporate Events



28 SEPTEMBER



1 NOVEMBER



15 NOVEMBER

5 september

The children at the Kuala Lumpur Hospital Paediatric Ward are never forgotten as the Bank's Management members pay them a visit to present hampers and Hari Raya pocket money as part of the annual corporate social responsibility activities.

6 september

The overwhelming response from the people towards the Ar-Rahnu Pawn Broking Services can be seen with the opening of 14th branch of Ar-Rahnu X'Change in Mergong, Alor Star, Kedah.

28 september

Bank Rakyat celebrates its 58th Anniversary by organising a thanksgiving prayer session at the Head Office.

5-7 october

The Bank participates in the Fiesta Bera in Pahang as efforts to introduce the range of products and services to the community.

1 november

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism presents 22 vans worth RM1.7 million to 20 mosques and Pertubuhan Kebajikan Anak-Anak Yatim Islam Mersing and Sekolah Menengah Agama Al-Ittifaqiyah, Guai, Temerloh, Pahang at a function at the Head Office.

12 november

Kota Samarahan Branch in Sarawak relocates to a new and comfortable premises which is more strategic to meet the increase in business in the area.

15 november

The staff of Bank Rakyat participate in the Maal Hijrah 2012 celebrations at the Putrajaya International Convention Centre, Putrajaya.

20 november

The Ar-Rahnu X'Change 18th outlet opens for operations in Kuala Pilah to serve the needs for the Islamic Pawn Broking Services of the local community.

20 november

Bank Rakyat has issued sukuk under Medium Term Islamic Programme Note to raise RM1 billion. The signing ceremony is held in Kuala Lumpur, where the Bank is the issuer of sukuk while CIMB Investment Bank Berhad and Maybank Investment Bank Berhad, both appointed as the planners and lead arrangers. The sukuk issuance would raise RM300 million under its three-year term and RM700 million under its five-year term notes.

24 november

The Bank, through Lahad Datu Branch in Sabah, assists the community in Kampung Long Danau, Lahad Datu, by repairing homes of poor fishermen as part of the corporate social responsibility activities.

4 december

Another Ar-Rahnu X'Change outlet is opened to serve the community in Batang Kali, Selangor.

6 december

The Ar-Rahnu X'Change under its franchise system expands further to Tangkak, Johor, through the opening of its 49th outlet to serve local community.

12 december

The Bank is getting overwhelming response from the people of Sabah, with the opening of Putatan Branch, the 137th nation-wide.

17 december

Bank Rakyat continues to expand its branch network through the opening of the 138th branch in Cyberjaya, Selangor.

19 december

Dato' Sri Ismail Sabri Yaakob, Minister of Domestic Trade, Cooperatives and Consumerism presented the 1,000,000th 1Malaysia Student Discount Card (KADS1M) to Malaysia's Olympic Medalist Pandeleda Rinong at a ceremony held at the University of Malaya, Kuala Lumpur.

27 december

The urban areas with high density population is considered as a strategic location and is not ignored as the Bank opens its 139th branch, in Kuala Lumpur's Desa Sri Hartamas.

28 december

The Bank launches its first service centre known as *Perbankan Selesa* in Gemas, Negri Sembilan.

31 december

Another target of the Bank are newly developed areas with growth potential such as the 140th branch opened in Nusajaya, Johor.

**20NOVEMBER****24NOVEMBER****27DECEMBER**

Awards & Recognitions



Legacy of Excellence

2012

RAM Ratings

Financial institution rating at AA2 and P1

The Banker

Top 1,000 World Banks

- Tier 1 Capital : No. 6 (Malaysia); No. 311 (World)
- Return On Asset : No. 1 (Malaysia); No. 59 (World)
- Capital Asset Ratio : No. 2* (Malaysia); No. 190 (World)
- Cost To Income Ratio : No. 2* (Malaysia)

* No. 1 without including Cagamas

Note: Top 1,000 World Banks 2012 ranking is evaluated based on Tier 1 Capital.

Kuala Lumpur Islamic Finance Forum (KLIFF)

Most Outstanding Islamic Retail Banking Award 2012

2011

RAM Ratings

Financial institution rating at AA2 and P1

The Banker

Top 1,000 World Banks

- Tier 1 Capital : No. 7 (Malaysia); No. 364 (World)
- Return On Asset : No. 1 (Malaysia); No. 65 (World)
- Capital Asset Ratio : No. 1 (Malaysia); No. 324 (World)
- Profit on Average Capital : No. 1 (Malaysia); No. 56 (World)

Note: Top 1,000 World Banks 2011 ranking is evaluated based on Tier 1 Capital.

Top 500 Islamic Financial Institutions

- Tier 1 Capital : No. 3 (Malaysia)
- Assets : No. 1 (Malaysia); No. 12 (World)
- Pre-tax Profits : No. 2 (Malaysia)
- Return On Asset : No. 4 (Malaysia)

Note: Top 500 Islamic Financial Institutions ranking is evaluated based on the size of total assets.

The Asian Banker

Global Islamic Largest Banks

- Assets : No. 1 (Malaysia); No. 10 (World)
- Return On Asset : No. 1 (Malaysia); No. 13 (World)
- Profit : No. 1 (Malaysia); No. 2 (World)
- Cost To Income Ratio: No. 2 (Malaysia); No. 11 (World)

Note: Global Islamic Largest Banks ranking is evaluated based on the size of total assets.

Association of Islamic Banking Institutions Malaysia (AIBIM)

The Most Profitable Islamic Bank For The Year 2010/11 Award

Kuala Lumpur Islamic Finance Forum (KLIFF)

Most Outstanding Islamic Retail Banking Award 2011

Malaysian Institute of Accountants/The Malaysian Institute of Certified Public Accountants/Bursa Malaysia Berhad
Certificate of Merit for National Annual Corporate Report Awards 2011 (NACRA)

Dewan Bahasa dan Pustaka

Hadiah Bahasa Institusi Perbankan 2011 (Development Financial Institutions Category)

Malaysia Co-operative Societies Commission

Anugerah Koperasi Cemerlang (Kluster Besar) 2011

Companies Commission of Malaysia

Anugerah Kecemerlangan Perniagaan Beretika 2010/2011

Malaysia Franchise Association

Malaysia Franchise Award 2011 (Finalist Franchisor of The Year)

Legacy of Excellence

2010

RAM Ratings

Financial institution rating has been upgraded to AA2 and P1

The Asian Banker Islamic Bank 100

- Asset : No. 1 (Malaysia); No. 13 (World)
- Strongest Islamic Banks : No. 2 (Malaysia); No. 4 (World)

Note: The Asian Banker Islamic Bank 100 ranking is evaluated based on the size of total assets.

The Asian Banker 500

- Asset : No. 8 (Malaysia); No. 49 (Asia Pacific)
- Return On Asset : No. 1 (Malaysia); No. 15 (Asia Pacific)
- Return On Equity : No. 4 (Malaysia); No. 56 (Asia Pacific)
- Cost to Income Ratio : No. 1 (Malaysia); No. 32 (Asia Pacific)

Note: The Asian Banker 500 Ranking is evaluated based on the size of total assets.

Malaysia Co-operative Societies Commission

- *Anugerah Koperasi Cemerlang (Kluster Besar)*
- First in the List of Top Cooperatives in Malaysia 2010 (Big Cluster)

Companies Commission of Malaysia

Anugerah Kecemerlangan Perniagaan Beretika 2010/2011

Dewan Bahasa dan Pustaka

Hadiah Bahasa Institusi Perbankan 2010 (Development Financial Institution Category)

Kuala Lumpur Malay Chamber of Commerce

Malaysian Business Leadership Award 2010 (Banking Sector Category)

2009

RAM Ratings

Financial institution rating at AA3 and P1

The Asian Banker 300, 2009/2010

- Return On Asset : No. 1 (Malaysia); No. 2 (Asia)
- Strongest Islamic Banks : No. 4 (Malaysia)
- Cost To Income Ratio : No. 7 (Asia Pacific)

Kuala Lumpur Islamic Finance Forum (KLIFF)

Most Outstanding Islamic Retail Banking Award 2009

Malaysia Co-operative Societies Commission

- Top 10 Cooperatives in Malaysia 2009
- Performance-based Recognition in Special Category
- *Anugerah Pemberian Dividen Kluster Besar*

Dewan Bahasa dan Pustaka

Hadiah Bahasa Institusi Perbankan 2009 (Development Financial Institution Category)

2008

RAM Ratings

Financial institution rating at AA3 and P1

The Asian Banker Islamic Bank 100, 2008

12th Biggest Islamic Bank in the world based on Total Assets

Asian Banker Research

Seventh Strongest Bank in Malaysia

Malaysian Institute of Human Resource Management (MIHRM)

Malaysia HR Award 08-09

Ministry of Human Resources

Anugerah Majikan Prihatin 2008 (Syarikat Besar)

National Award for Management Accounting (NAfMA)

Excellence Award 2008

2007

RAM Ratings

Financial institution rating at AA3 and P1

The Banker

16th In The Top 500 Islamic Institution

Kuala Lumpur Islamic Finance Forum (KLIFF)

Most Outstanding Islamic Retail Banking Award 2007

National Audit Department of Malaysia

Outstanding Financial Management Award based on Accountability Index 2007

National Award for Management Accounting (NAfMA)

Best Practice Award 2007 (for Non-Listed Company Category)

International Cooperative Alliance (ICA)

Fourth Biggest Cooperative in its Developing 300 Report for the year 2007

2006

RAM Ratings

Financial institution rating at AA3 and P1

2005

Takaful and Islamic Banking Week

Excellence Performance Award

Ministry of Entrepreneur and Cooperative Development (MECD)

Champion of 'Q' Day Celebrations



“I’ve been here 12 years. Throughout my time here I’m proud to have worked with some of the most committed and dedicated people I know.”

SERVING YOU BETTER

Our team of dedicated professionals are committed to serving customers to the best of their abilities. And we will continue to invest in human capital development to ensure our employees are equipped with the right skill sets and drive to continue striving for excellence.



08

06

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01

01

Tan Sri Dato' Sri Sabbaruddin Chik
Chairman

02

Datuk Mustafha Abd. Razak
Managing Director

03

Dato' Saripuddin Kasim

04

Dato' Dr. Syed Hussain Syed Husman

05

Dato' Haji Amirul Rahman Abdul Rahim

06

Dato' Abdul Mutalib Alias

07

Dato' Mangsor Saad

08

Dato' Zuraidah Atan

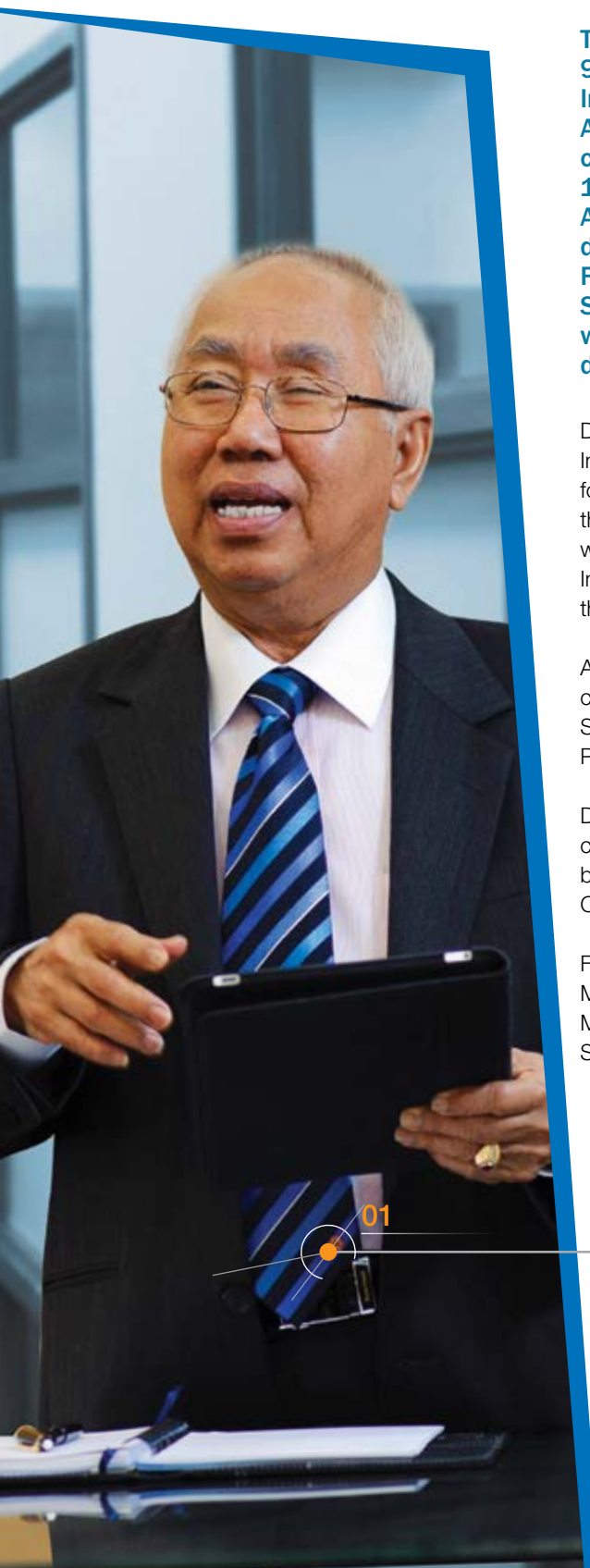
09

Datin Suria Che Selia
Secretary



board of directors

Board of Directors Profile



Tan Sri Dato' Sri Sabbaruddin Chik, 70, was appointed Chairman on 9 April 2012. He has a Masters in Public Administration from the Institute of Social Studies in the Hague, Holland and a Bachelor of Arts (Hons) from the University of Malaya. He began working in the civil service as an Assistant State Secretary of Negeri Sembilan in 1966. In 1967, he moved to the Ministry of Foreign Affairs as an Assistant Secretary and in the same year was made charge d'affaires at the Malaysian Embassy in Saigon, Vietnam until 1971. Following that Tan Sri Sabbaruddin was made Principal Assistant Secretary at the Prime Minister's Department. After five years, he was appointed as the Director of Planning, also at the same department.

Due to his wide experience in planning, a year later Tan Sri Sabbaruddin was made International Trade Director at the Ministry of Trade and Industry, a post he held for four years. In 1980, he became the Deputy State Secretary of Selangor. During the 1982 General Election, he contested in the Temerloh Parliamentary seat and won and was subsequently appointed as the Deputy Finance Minister for five years. In 1987, he was promoted to Minister of Culture, Arts and Tourism. He remained there until 1999, when he retired from government service.

Apart from his experience in the public sector, he too has wide experience in the corporate sector and was previously the Senior General Manager at Pernas Trading Sdn. Bhd., and was also the Director of Eden Inc. Berhad and Chairman of Priceworth International Berhad.

Despite a busy schedule, Tan Sri Sabbaruddin has been active in social and community work and was the President of the Welfare Association of the Pahang-born in Kuala Lumpur, Malaysian Malays Football Association, Subang National Golf Club and patron of the Malaysia Motorsports Club.

For his contributions to the country, Tan Sri Sabbaruddin was conferred the Setia Mahkota Selangor and Darjah Sultan Ahmad Shah Pahang (1982), Seri Indera Mahkota Pahang (1988), Dato' Paduka Mahkota Selangor (1992), Sri Sultan Ahmad Shah Pahang (1988) and Panglima Setia Mahkota (2000).

Tan Sri Dato' Sri Sabbaruddin Chik
Chairman

Datuk Mustafha Abd. Razak, 45, was appointed as Bank Rakyat's 11th Managing Director on 1 April 2013. Prior to this appointment, he was the Senior General Manager, Banking Operations since July 2012.

During his career in the Bank, he has worked in various departments including Internal Audit, Accounts and Treasury. In 2006, he was appointed as Head of Accounts and Information Management, and subsequently General Manager of Finance and Bank Secretary until June 2012.

Datuk Mustafha is also a member of the Board of Directors of the Bank Rakyat subsidiaries namely Rakyat Management Services Sdn. Bhd., Rakyat Asset Management Sdn. Bhd., Rakyat Facility Management Sdn. Bhd., Rakyat Niaga Sdn. Bhd. and Rakyat Nominees Sdn. Bhd. since November 2009. He was subsequently appointed to the Board of Directors of Rakyat Holdings Sdn. Bhd. in April 2010.

He holds a Bachelor of Commerce (Accountancy), University of Wollongong, Australia. He is also a member of CPA Australia (Australian Society of Accountants) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

Datuk Mustafha Abd. Razak
Managing Director



Board of Directors Profile



Dato' Saripuddin Kasim was appointed as Bank Rakyat Board Member on 1 January 2013. He has a Masters in Business Administration from University of Hartford in the United States and a Bachelor in Economics (Hons) from University of Malaya.

He began his career as an Assistant Director at the Ministry of Trade and Industry in 1982 and from 1984 to 2001, was an Assistant Secretary at the Ministry of Public Enterprises, Assistant Registrar at the National Institute of Public Administration, Chief Assistant Director at the Public Services Department (PSD) and Special Officer to the PSD Director General.

In 2001 Dato' Saripuddin was at the Malaysian Embassy in Tokyo to serve as Adviser/Counsellor and after three years was posted to the High Commission in London as Education and Training Attaché. On his return to Kuala Lumpur in 2006, he was posted to the Ministry for Women Development, Family and Community as Under Secretary of the International Division and Deputy Secretary General before being made Director General of the Legal Affairs Department at the Prime Minister's Department in 2010.

A year later, Dato' Saripuddin was made Secretary General of the Ministry of Domestic Trade, Cooperatives and Consumerism, a position he currently holds. On 16 January 2012, he was appointed Chairman of the Companies Commission of Malaysia, member of the Malaysia Competition Commission and Member of Board Director of the Malaysia Co-operative Societies Commission and a member of *Pasukan Petugas Khas Pemudahcara Perniagaan* (PEMUDAH).

He is also on the Committee for Audit and Examination and Board Member of Rakyat Management Services Sdn. Bhd.

Dato' Saripuddin Kasim

Dato' Dr. Syed Hussain Syed Husman, 56, 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, United Kingdom. He also attended the Senior Management Programme at Harvard University.

In 1992, Dato' Dr. Syed Hussain was appointed Human Resources and External Affairs Director at Procter & Gamble (Malaysia/Singapore). He also was the Regional Talent Manager and Regulatory Affairs Manager for Asia Pacific. His key achievements were the Regional Talent Sourcing and Government Approvals for Business Operations and the setting up of Felda Procter & Gamble (FPG).

In 1997, he was appointed Director of Human Resources and Security Affairs by Rothmans of Pall Mall (Malaysia) Berhad. Dato' Dr. Syed Hussain's notable contribution 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 Malayan Tobacco Company and Rothmans of Pall Mall to form British American Tobacco (BAT) Malaysia in 2000. In 2006, he was appointed 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. Two years later he was appointed Executive Director at SVT Resources Sdn. Bhd.

Dato' Dr. Syed Hussain is a Board Member of Universiti Putra Malaysia (UPM) and Chairman of UPM's Yayasan Putra Business School. He is also a Council Member of the Malaysian Employers Federation, a member of the National Labour Advisory Council and a Nominee Director on Perbadanan Nasional Berhad (PNS). He also sits on the Boards of Rakyat Holdings Sdn. Bhd. and Rakyat Hartanah Sdn. Bhd. Dato' Dr. Syed Hussain is a member of the Bank's Committees on Nomination; Remuneration; Risk Management, Audit and Examination and also the Tender Board.

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



Board of Directors Profile



Dato' Haji Amirul Rahman Abdul Rahim, 39, has an LLB (Hons) and a Diploma in Public Administration from Universiti Teknologi Mara. He was appointed as an advocate and solicitor with the High Court of Malaya.

Dato' Haji Amirul Rahman was appointed to the board on 1 May 2010, and has been a member of the Audit & Examination Committee since 2 August 2010. Additionally he is on the Remunerations Committee, Risk Management Committee and a member of the Tender Board. He is also a board member of Rakyat Holdings Sdn. Bhd., Rakyat Hartanah Sdn. Bhd. and Chairman of Rakyat Niaga Sdn. Bhd.

Other than Bank Rakyat, Dato' Haji Amirul Rahman is a Director of Syarikat Televisyen Malaysia Berhad and Primeworks Studio Sdn. Bhd., both under Media Prima Berhad. As the Executive Director of the Loyal Group of Companies since 2005, his focus is on construction, real estate development, manufacturing fabrication and information technology.

His experience as a successful businessman, has also placed Dato' Haji Amirul Rahman in the forefront of BEWG (M) Sdn. Bhd. and LOYAL BEWG Sdn. Bhd. as Executive Director. These companies are a joint venture between a Malaysian local outfit and Beijing Enterprises Water Group Limited, a China government-linked company responsible for constructing the biggest underground waste treatment facility in Malaysia.

He was conferred the Darjah Setia DiRaja Kedah (D.S.D.K.), Kesatria Mahkota Wilayah (K.M.W.) and Pingat Jasa Kebaktian (P.J.K.).

03

Dato' Haji Amirul Rahman Abdul Rahim

Dato' Abdul Mutalib Alias, 52, obtained a Bachelor of Science in Accounting from Northern Illinois University, United States in 1983 before obtaining a Masters in Business Administration from Governors State University, Illinois. He has wide experience in investment and commercial banking and was the Vice President, Investment Banking at Chase Manhattan Bank from 1994 to 2000.

He was also with several ministries, including the Ministry of Finance, Ministry of Science, Technology and Innovations, Ministry of Energy, Water and Communications and the Ministry of Works. Dato' Mutalib is currently the Chief Executive Officer of Perumahan Rakyat 1Malaysia or PR1MA. He was appointed to the Bank Rakyat Board on 1 July 2010.

As a Board Member, Dato' Mutalib also chairs the Risk Management Committee and is a member of the several committees such as Investment Committee, Nomination Committee and Remuneration Committee.

Dato' Abdul Mutalib Alias



Board of Directors Profile



Dato' Mangsor Saad, 62, was appointed to the board on 1 January 2011. He graduated with a Bachelor of Economic (Hons) specialising in rural development from the University of Malaya and then a Masters in Business Administration from Universiti Kebangsaan Malaysia. While serving the government, Dato' Mangsor obtained a Diploma in Purchasing and Supply Management from the Polytechnic of North London, United Kingdom. This together with his work experience qualified him for professional status from the Chartered Institute of Purchasing and Supply, United Kingdom.

He was in the civil service for 34 years, holding positions that included Secretary General of the Ministry of Entrepreneurial and Cooperative Development (MECD), Chairman of the Malaysia Co-operative Societies Commission (SKM) and Chief Executive Officer of the Small and Medium Industries Development Corporation (SMIDEC). While at the Ministry of International Trade and Industry (MITI), Dato' Mangsor was the Director of Asean Division and was involved in talks that led to the implementation of the Asean Free Trade Area (AFTA).

At the Finance Ministry he was involved in acquisitions of strategic government assets. Dato' Mangsor was also with the International Islamic University and was involved in the development of its Gombak campus.

Following his retirement from the civil service in 2007, he was appointed the first Executive Chairman of SKM and was there until 31 December 2010. His involvement in cooperative development began upon his appointment as the Secretary General of MECD. In that capacity, he was appointed as Chairman of the Cooperative College of Malaysia. Dato' Mangsor also served on the Board of SME Bank, Majlis Amanah Rakyat (MARA), Selangor Economic Development Corporation and was Chairman of DDEC, a MARA subsidiary.

As a Bank Rakyat Board Member, he chairs the Tender Board and sits on the Audit & Examination Committee, Risk Management Committee and Nomination Committee. He is currently the Chairman of Rakyat Asset Management Sdn. Bhd. and a Board Member of Rakyat Hartanah Sdn. Bhd. and Rakyat Travel Sdn. Bhd., which are subsidiaries of Bank Rakyat.



Dato' Mangsor Saad

Dato' Zuraidah Atan, 54, was appointed to the Board of Bank Rakyat on 1 November 2012. She is an Advocate & Solicitor with her own legal firm, Chambers of Zuraidah Atan, established since 2004. She holds an LLB (Hons) from the University of Buckingham, England. Dato' Zuraidah, a former student of Tunku Kurshiah College, has more than 25 years experience in the banking industry and had served for four years (1999-2003) as President/Chief Executive Officer of Affin Merchant Investment Bank.

Dato' Zuraidah is an active member of various boards of directors, notably NCB Holdings Berhad, Northport (Malaysia) Berhad, Kenanga Islamic Investors Berhad, Syarikat Malacca Straits Inn Sdn. Bhd., a member of the Board of Governors of Universiti Sains Malaysia and Deputy Chairman, Melaka ICT Holdings Sdn. Bhd., a wholly-owned company of Melaka State Government. She was the first woman Independent Director on the Board of HSBC Bank Malaysia Berhad, Malaysia Building Society Berhad and was Chairman of FAMACO, a subsidiary of Federal Agricultural Marketing Authority (FAMA).

Dato' Zuraidah is a corporate adviser to certain state government and government agencies and was responsible for conducting strategic reviews, rationalisation and restructuring of investments and advises on cross-borders/international advisory. She was also instrumental in taking a Malaysian controlled company to be listed on the Alternative Investment Market (AIM), London Stock Exchange. She is an Arbitrator of the KL Regional Centre for Arbitration.

Dato' Zuraidah is also involved in various non-governmental organisation (NGOs) in the country, notably as Honorary Adviser, National Cancer Society of Malaysia (NCSM) and she chairs the Relay For Life Malaysia, a cancer awareness activity. She is also Chairman of the Board of Trustees/Directors of Yayasan Sukarelawan Siswa (YSS) student volunteers foundation, a wholly owned entity of the Ministry of Higher Education.

As a Member of the Board of Bank Rakyat, she is involved in several committees namely the Nomination Committee, Remuneration Committee, Investment Committee and a member of the Board of Trustees of Yayasan Bank Rakyat. She is also appointed as the Director of Rakyat Travel Sdn. Bhd. and Rakyat Management Services Sdn. Bhd. which are the subsidiaries of Bank Rakyat.



Dato' Zuraidah Atan

Board of Directors Profile



Datin Suria Che Selia serves as Bank Secretary from 1 August 2012. She is responsible for providing legal advisory and corporate secretarial services in ensuring proper corporate governance procedures of Bank Rakyat are adhered to.

She joined the Bank in October 1990 as Legal Executive and was promoted to Legal Manager in 1995. Datin Suria has held the position ever since until promoted to current position.

Prior to joining the Bank, she was a practising advocate and solicitor in Kuala Lumpur. She graduated from International Islamic University Malaysia with LLB (Hons) in 1989.

Datin Suria Che Selia
Bank Secretary

audit & examination committee



01

02

03

04

05

01

Dato' Mangsor Saad
Chairman

02

Dato' Saripuddin Kasim

03

**Dato' Dr. Syed Hussain
Syed Husman**

04

**Dato' Haji Amirul Rahman
Abdul Rahim**

05

Dr. Badrul Hisham Mohd Yusoff
Secretary



**Dato' Setia Haji Mohd
Tamyas Abd. Wahid**
Chairman



**Datuk Abu Hasan
Lebai Din Al-Hafiz**



Abdullaah Jalil

Shariah Committee Profile

Dato' Setia Haji Mohd Tamyas, 62, was appointed to the committee on 1 September 2005, and on 13 May 2011, was made its chairman. He is knowledgeable in muamalat matters and is currently the Mufti of Selangor, a post he has held since March 1998.

He obtained a Bachelor of Shariah (Hons.) at Cairo's Al-Azhar University in 1977 and a year later passed the Diploma in Arabic Education from the 'Ain Syams University, also in Cairo.

Throughout a long and distinguished career, Dato' Setia Haji Mohd Tamyas has served in various senior positions in Selangor and also the federal level. He also sits on the Shariah committee in other companies.

Datuk Abu Hasan Lebai Din Al-Hafiz, 67, is a scholar who is widely known as a missionary and who often gives his views on television and radio. He was appointed to the committee on 1 September 2005.

He first obtained a Bachelor of Usuluddin from Cairo's Al-Azhar University before gaining a Bachelor in Sheikhul Maqari from the same university.

Following his return home in 1977, Datuk Abu Hasan worked as a Research Officer with Pusat Islam before being made the Chief Imam of Masjid Negara. This was followed by the appointment as Religious Officer at Istana Negara, where he also served as Advisor to the King from 1984 to 2006.

His expertise is often sought by state governments and the private sector and is also often invited to present papers on muamalat and the family system at conferences both at home and abroad. Datuk Abu Hasan is also a regular contributor of articles to the print media and television.

Abdullaah Jalil, 33 a senior lecturer at the Economics and Muamalat Faculty of the Islamic Science University of Malaysia (USIM), was appointed to the committee on 1 April 2012. He has an MBA with a major in Banking and Islamic finance from the International Islamic University of Malaysia and a Bachelor of Syariah in Fiqh and Islamic Studies (Hons) from Jordan's Yarmouk University.

Abdullaah started his career as a tutor at USIM on returning from Jordan. In the same year he was made a lecturer at the Economics and Muamalat Faculty. In August 2011 Abdullaah was appointed a senior lecturer at the same faculty, a position he holds until today. However he is currently on sabbatical leave to complete his Doctorate in Islamic Finance at the International Centre for Education in Islamic Finance (INCEIF), Kuala Lumpur.

As an academician he is very much into writing and has had his research papers and articles published in journals and other academic publications. He is often invited to table working papers at seminars, apart from being active in research work related to his expertise.

**Dr. Siti Salwani Razali****Md. Yunus Abd. Aziz****Wan Rumaizi Wan Husin****Mohd. Fazli Masri**
Secretary

Associate Prof. Dr. Siti Salwani Razali, 38, is an academician who is also known as a prolific writer on Islamic law and muamalat. She has written three books and is in the process of completing a fourth, on Islamic law.

Additionally, she contributes articles to journals and magazines and also research findings on Islamic law. She is a regular face at seminars in the country and abroad, especially to discuss Islamic law.

This lecturer at the International Islamic University of Malaysia (UIAM) obtained her LLB (Hons) from the same university, a Bachelor in Shariah Law also from UIAM and a Ph.D in Business Law from Universiti Putra Malaysia.

Assoc. Prof. Dr. Siti Salwani was appointed to the committee on 1 January 2010. She also sits on the Shariah committee of a several other companies.

Md. Yunus Abd. Aziz, 42, was appointed to the committee on 1 July 2011. He obtained a Bachelor in Shariah (Hons.) from the University of Malaya before continuing his studies at Jordan's University Al-Bayt, where he graduated with a Masters in Fiqh and Usul Al-Fiqh.

Following that he returned home to lecture at the Islamic Science University of Malaysia (USIM) in Nilai, where he is a senior lecturer at its Shariah and Law Faculty.

He has written many articles, apart from conducting research in his area of expertise and presenting papers at seminars throughout the country.

Md. Yunus is a keen writer who has written three books to date and is a contributor to a USIM publication.

Wan Rumaizi Wan Husin, 38, is a lecturer at the International Islamic University of Malaysia (UIAM) in Fiqh Muamalat dan modern Islamic economic issues. He is a graduate in a Bachelor of Fiqh and Usul Al-Fiqh (Hons) from the University of Al-Bayt in Jordan and a Masters in Arts in the same specialisation from the same university.

He was appointed to the committee on 1 September 2011. Wan Rumaizi is often invited to present papers at seminars and conferences throughout the country. His expertise is also utilised by several companies for consultancy work, including for the development of the module for SIRIM's MS1900:2005.

Apart from Bank Rakyat, he serves on the Shariah Committee for the Muamalat Youth Foundation.

Mohd. Fazli Masri, joined the Bank as Head of Shariah on 2 February 2012, and is also the Secretary of the Bank's Shariah Committee. He is a graduate of the International Islamic University of Malaysia (UIAM) in Bachelor Degree of Islamic Revelation (Shariah/Fiqh/Usul Fiqh/Islamic Administration Political Science) with honours. He has 10 years of experience in the Shariah advisory and compliance aspect of Islamic finance sector with specialisation in domestic and international Shariah standards. He was attached previously at Kuwait Finance House (Malaysia) Berhad and Hong Leong Islamic Bank Berhad (HLISB) as the Head of Shariah.

Additionally he has wide experience in Shariah governance, with direct involvement in implementing a rebranding of Shariah sector through an integrated transformation programme. He also has expertise in Shariah consultancy relating to a restructuring of Islamic corporate financing and treasury instruments, Islamic investments and shareholding, and share issuance amongst others. He was also directly involved in Shariah consultations to structure the issuance of short term Islamic notes and Sukuk Musharakah Mudarabah which were recognised locally and internationally.

He used to provide his services as a consultant and module assessor of the Islamic Banking and Finance Institute of Malaysia (IBFIM), a trainer at Financial Sector Talent Enrichment Programme (FSTEP) and Bank Negara Malaysia as well as being on the committee member of the Association of Islamic Banking Institutions Malaysia (AIBIM) Shariah governance committee and a speaker of Islamic banking at several government departments and agencies.



Management Committee

01

**Datuk Mustafha
Abd. Razak**

Managing Director

02

Rosman Mohamed

03

Rosli Rasul

04

Rahim Yunus

05

Nazaruddin Zainal Abidin

06

Abdul Razak Abu Bakar



07
Zulkarnain Taman

08
Ahmad Suhaimee
Mohammed Yassin

09
Baharom Embi

10
Mahmud Muhayyidin
Mohamed Nawi

11
Dr. Badrul Hisham
Mohd Yusoff

12
Nik Mohd Nasir Nik
Rithauddeen

13
Nor Haimee Zakaria
Secretary

Management Committee Profile

01

Datuk Mustafha Abd. Razak

*Managing Director
(From 1 April 2013)*



Datuk Mustafha Abd. Razak, 45, is a graduate of Australia's University of Wollongong with a Bachelor of Commerce. He is also a member of CPA Australia (Australia Society of Accountants) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). On 1 April 2013, he was appointed as Managing Director to take over from Dato' Yusof Abdul Rahman who had retired.

Prior to this appointment, Datuk Mustafha was General Manager, Finance/Bank Secretary from January 2012. He was made Senior General Manager, Banking Operations in July 2012.

Datuk Mustafha began his career at Bank Rakyat as a Junior Executive at the Muar Branch in 1991 and had held several positions in various departments before being made Manager of the Information Technology Audit Department. Subsequently he was Manager in several departments, including Audit Systems and Management, Accounts and Budgetary Controls, Treasury and also as Head of Accounts and Information Management.

In September 2007, he was made Assistant General Manager, Finance and appointed as Bank Secretary two years later.

02

Rosman Mohamed *Senior General Manager, Corporate Services*



Rosman Mohamed, 52, began his career at Bank Rakyat as Senior General Manager, Corporate Services on 1 October 2012. He holds a Masters in Business Administration from St. Louis University, Missouri, United States, a Bachelor of Business Administration from Urbana University, Ohio, United States, a Diploma in Executive Marketing/Bank Sales Services from the International Management Centre, Buckingham, United Kingdom, and a Diploma in Accountancy from the Ungku Omar Polytechnic in Ipoh.

He has wide experience in the private sector and was formerly the Head of Training Development and Career of Maybank, Senior Manager with British American Tobacco (Malaysia), Regional Director for Human Resources and Organisational Development Cabot Asia Pacific, and Managing Director for Human Resources and ALJ Academy (Toyota) in Saudi Arabia.

03

Rosli Rasul*General Manager, Finance*

Rosli Rasul, 51, joined the Bank on 2 September 2003 as Chief Internal Auditor before being appointed to his current position on 1 October 2012. He has a post-graduate Diploma in System Analysis from Universiti Teknologi Mara and a Bachelor in Accountancy (Hons) from Universiti Kebangsaan Malaysia.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and the Association of Certified Fraud Examiners, based in Austin, United States.

Before Bank Rakyat, Rosli was an Accounts Examiner with the Cooperative Development Department (now the Malaysia Co-operative Societies Commission), a Trainee Accountant at Island & Peninsular Berhad, Executive Trainee at Permodalan Nasional Berhad, Senior Bank Examiner with Bank Negara Malaysia, Deputy General Manager/Chief Internal Auditor at Credit Corporation (M) Berhad and Group Manager of Audit/Chief Internal Auditor with Utusan Melayu (M) Berhad.

He is the Audit Committee member of the Malaysia Co-operative Societies Commission since July 2008.

04

Rahim Yunus*General Manager, Information Technology and Customer Facilities*

Rahim Yunus, 52, joined the Bank on 8 February 1999, as Senior Manager, Information Technology. He has a Masters in Information Management from Universiti Teknologi Mara and a Bachelor of Science (Hons) from Universiti Kebangsaan Malaysia and was with Malaysia Airlines Berhad prior to joining the banking industry.

He was with Kwong Yik Bank as Manager, Systems Development, Manager, Implementation & Support at RHB Bank and held the post of Head of Information Technology at International Bank Malaysia Berhad.

In 2000, Rahim was Head of the Banking Technology Systems Division and three years later made Head of Information Technology and Communications. He was Assistant General Manager, Information Technology and Operations Methods in 2003 before assuming his current position on 11 September 2009.

Management Committee Profile

05

Nazaruddin Zainal Abidin

*Assistant General Manager,
Branch Operations*



Nazaruddin Zainal Abidin, 53, Bachelor of Business Administration graduate from Indiana State University, United States, was appointed to this position in July 2012.

He joined Bank Rakyat on 1 April 1986, as an Executive at the Seremban Branch. Nazaruddin subsequently gained wide experience in banking operations when he was made Manager at the Subang Terminal 2 Branch, Banting, Bintulu and Klang. He was also the Head Sarawak Region and the Southern Region before being appointed to his present post.

06

Abdul Razak Abu Bakar

*Assistant General Manager,
Commercial Banking*



Abdul Razak Abu Bakar, 44, joined the Bank in this capacity on 15 October 2012.

He graduated with a Bachelor in Accountancy (Hons) from Universiti Utara Malaysia. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). Abdul Razak used to work as an Auditor with Azman Wong & Salleh before joining the banking sector.

In 19 years with the banking sector, Razak worked with the Maybank Group, RHB Bank Berhad, OCBC (M) Berhad and Bank Islam Malaysia Berhad. His past banking experience covers corporate banking, commercial banking, treasury operations, special projects management, international trade financing and structured financing.

07

Zulkarnain Taman

*Assistant General Manager, Risk
Management*



Zulkarnain Taman, 50, began his career at the Bank as Manager, Risk Management and Supervision Department in November 2003. This Masters in Business Administration graduate from Universiti Teknologi Mara had 23 years experience in the banking and financial sector prior to that, having worked with United Malayan Banking Corporation Berhad, Sime Bank Berhad, Utama Merchant Bank Berhad and Cagamas Berhad.

Zulkarnain was also the Head, Risk Management from November 2009 before being made Assistant General Manager, Strategic Planning/Head, Risk Management in August 2010 and then appointed to his present post on 19 July 2011.

08

**Ahmad Suhaimee
Mohammed Yassin***Assistant General Manager,
Consumer Banking*

Ahmad Suhaimee Mohammed Yassin, 55, joined the Bank in 1986 as an Executive with the Corporate Planning Department.

He has a Masters in Business Administration in Accountancy and Finance from Northrop University, Los Angeles, a Bachelor of Science in Business Administration from the same university and a Diploma in Banking Studies from Universiti Teknologi Mara.

At Bank Rakyat, Ahmad Suhaimee was Manager, Capital Markets Department, Investment Department, Jalan Ipoh branch, Special Executive to the Managing Director, Head, Corporate Affairs and Head, Investment.

From July 2003, he was appointed as head at several divisions before he was made Assistant General Manager, Consumer Banking in January 2010.

09

Baharom Embi*Assistant General Manager,
Strategic Planning*

Baharom Embi, 53, joined Bank Rakyat in 1988 as a Junior Executive in the Eastern Region Department. He has a Masters in Business Administration in Decision Support Systems from New Hampshire College, Manchester, United States and a Bachelor of Science in Economy from the same university. He served several departments at Head Office before being appointed Head of Corporate Planning in 1993.

Since then Baharom had been head at several departments before he was promoted to Assistant General Manager, Strategic Planning, then Assistant General Manager, Branch Operations. On 2 July 2012, he was appointed to his present post.

Management Committee Profile

10

**Mahmud Muhayyidin
Mohamed Naw**

*Assistant General Manager,
Human Resource*



Mahmud Muhayyidin Mohamed Naw, 54, started his career with Bank Rakyat as an Executive with Internal Audit Department in 1985 after a career with Bank Pembangunan Malaysia Berhad.

A Masters of Business Administration graduate from Universiti Teknologi Mara in collaboration with Ohio University, Mahmud was appointed Manager of the Audit Department in 1993 and also of several other departments before being made Manager of Region 5 in June 2000.

From September 2000 to September 2009, he was Head, Career Development Division, Head, Accounts and Information Management and also Head, Commercial Financing Control before being appointed as Assistant General Manager, Corporate Services and Financing Rehabilitation on 14 September 2009. In July the following year he was appointed to his current post.

11

**Dr. Badrul Hisham
Mohd Yusoff**

Chief Internal Auditor



Dr. Badrul Hisham, 39, joined Bank Rakyat in January 2013 as Chief Internal Auditor. He has a Doctorate in Business Administration from Universiti Utara Malaysia (UUM), Masters in Business Administration from Charles Sturt University, Australia and a Bachelor in Accounting (Hons) also from UUM.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a Certified Member of the Institute of Internal Auditors (CMIIA), an Associate Member of CPA Australia, Professional Member of Malaysian Institute of Management (MMIM) and Certification in Risk Management Assurance (CRMA) from Institute of Internal Auditors.

Dr. Badrul has served in several organisations before joining the Bank. Starting with Arthur Andersen & Co. as an Associate upon graduation in April 1997, three years later he moved to Bank Pembangunan dan Infrastruktur Malaysia Berhad as Senior Internal Auditor. In August 2001, he was employed as the Internal Audit Manager of Tradewinds (Malaysia) Berhad.

Dr. Badrul later joined Affin Investment Bank Berhad as Chief Internal Auditor in 2003. In the following years he was with PNB subsidiary, Kenanga Investment Bank Berhad and Bursa Malaysia all as Group Chief of Internal Auditor.

12

**Nik Mohd Nasir Nik
Rithauddeen***Assistant General Manager,
Services and Subsidiaries*

Nik Mohd Nasir Nik Rithauddeen, 56, has a post-graduate Diploma in Islamic Banking and Finance from the International Islamic University Malaysia and a Bachelor in Economics from the University of Malaya. He started his career with the Bank as a Senior Executive, Banking Department in January 1983.

Following that Nik Mohd Nasir was made Branch Manager in Kuantan, Kajang, Jalan Ipoh and Jalan Tangsi in Kuala Lumpur. Apart from this he was the Head of Region 6, Manager, Product Development Department and Head, Cooperative Development and Membership.

Before his present appointment, Nik Mohd Nasir was Head, Finance, Head, Financial Management and Head, Services and Administration. He was appointed to the current position as Assistant General Manager, Services and Subsidiaries on 1 September 2012.

13


Nor Haimee Zakaria*Head of Accounts &
Information Management/
Secretary*

Nor Haimee Zakaria, 46, started his career with Bank Rakyat on 2 October 2008, in his present capacity. From late 2009 he was made Secretary to the Management Committee.

Nor Haimee is a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He also has a Bachelor Degree in Accountancy, Finance and Economics (Hons) from the University of Essex.

He started his career as an Auditor with Coopers and Lybrand, United Kingdom in 1990 and later as the Finance Manager/Head of Finance at Arab Malaysian Development Bank and Bank Islam Malaysia Berhad, until September 2008.



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Statement on Corporate Governance

INTRODUCTION

The Board of Directors (Board) continue to play an active role to improve corporate governance and to be more transparent so as to ensure that the interest of the shareholders are well taken care of. The following statement explains how the Bank practices the Principle of Corporate Governance and the degree of compliance with Best Practice provisions of the codes namely the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Development Financial Institutions and the Malaysian Code on Corporate Governance.

DIRECTORS

Duties and Responsibilities of the Board

The Board is responsible in ensuring the efficient operations of the Bank. This responsibility includes the formulation of the overall strategic direction, approving the performance targets, monitoring the achievement of the Management, providing overall guidance to the policies of the Bank as well as ensuring that it 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 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.

Meeting 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 24 meetings during the financial year ending 31 December 2012, including seven Special Board Meetings to discuss business performance of the Bank, risk profile, business planning, and other strategic issues affecting the Bank's business.

The following are members of the Board:-

Name	Meeting Attendance
Tan Sri Dato' Dr. Syed Jalaludin Syed Salim (Chairman until 8/4/2012)	6/6
Tan Sri Dato' Sri Sabbaruddin Chik (Chairman from 9/4/2012)	18/18
Datuk Kamaruzaman Che Mat Managing Director (until 29/2/2012)	2/3
Dato' Yusof Abdul Rahman Managing Director (from 1/7/2012)	4/4
Dato' Dr. Syed Hussain Syed Husman	21/22
Dato' Daud Tahir (until 30/9/2012)	11/20
Dato' Mohd. Aini Haji Taib (until 31/10/2012)	21/21
Dato' Haji Amirul Rahman Abdul Rahim	21/24
Dato' Abdul Mutalib Alias	19/22
Dato' Mangsor Saad	24/24
Shahrol Anuwar Sarman (until 31/10/2012)	17/21
Dato' Zuraidah Atan (from 1/11/2012)	3/3

Agenda for every meeting, together with complete reports, proposal papers and supporting documents from the Management, are circulated to the Board seven days 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.

Appointment of Members of the Board

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

Committee 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 & Examination Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee.

(a) Audit & Examination Committee

The Audit & 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 & 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 are Members of the Audit & Examination Committee:

Name	Meeting Attendance
Dato' Mohd. Aini Haji Taib (Chairman until 31/10/2012)	12/12
Dato' Dr. Syed Hussain Syed Husman	11/13
Dato' Daud Tahir (until 30/9/2012)	9/11
Dato' Haji Amirul Rahman Abdul Rahim	11/13
Dato' Mangsor Saad	13/13

This Committee held 13 meetings during the financial year ending 31 December 2012 including five Special Audit & Examination Committee Meetings.

The Terms of Reference of the Audit & 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 scope of their audit programmes, internal accounting control systems and audit reports.

(b) Nomination Committee

The Nomination Committee consists of members of the Board and met 13 times during the financial year ending 31 December 2012.

The following are Members of the Nomination Committee:-

Name	Meeting Attendance
Tan Sri Dato' Sri Sabbaruddin Chik (Chairman from 9/4/2012)	10/10
Datuk Kamaruzaman Che Mat (until 29/2/2012)	2/2
Dato' Yusof Abdul Rahman (from 25/10/2012)	3/3
Dato' Dr. Syed Hussain Syed Husman	12/12
Dato' Daud Tahir (until 30/9/2012)	7/10
Dato' Mangsor Saad	13/13
Dato' Zuraidah Atan (from 6/12/2012)	1/1

The Terms of Reference of the Nomination Committee are as follows:-

1. To establish minimum requirements for Members of the Board and the Managing Director to execute their responsibilities effectively.

Statement On Corporate Governance

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 and the evaluation of the performance of senior officers, and to recommend to the Board the necessary actions to be taken against them in the event they are found to be ineffective, engaged in misconduct or negligent in the performance of their duties.

(c) Remuneration Committee

The Remuneration Committee consists of Non-Executive Directors. The Committee met ten times during the financial year ending 31 December 2012.

The following are Members of the Remuneration Committee:-

Name	Meeting Attendance
Dato' Dr. Syed Hussain Syed Husman (Chairman)	9/9
Dato' Daud Tahir (until 30/9/2012)	7/9
Dato' Mohd. Aini Haji Taib (until 31/10/2012)	9/9
Dato' Haji Amirul Rahman Abdul Rahim	9/10
Dato' Zuraidah Atan (from 25/10/2012)	1/1
Dato' Abdul Mutalib Alias (from 6/12/2012)	–

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, Managing Director, General Managers and the Chief Internal Auditor.
3. To ensure that the remuneration packages for the Managing Director include gratuities that 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 commensurate with their level 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 2012.

The following are Members of the Risk Management Committee:-

Name	Meeting Attendance
Dato' Abdul Mutalib Alias (Chairman)	4/4
Dato' Dr. Syed Hussain Syed Husman	4/4
Dato' Mangsor Saad	4/4
Dato' Haji Amirul Rahman Abdul Rahim (from 6/4/2012)	2/3

The Terms of Reference for the Risk Management Committee:-

1. To review and propose risk management strategies, policies, and risk tolerances for approval by the Board.
2. To review and assess the adequacy of risk management policies and frameworks in identifying, quantifying, monitoring, and controlling risks as well as to determine how effective these policies and frameworks are.

3. To ensure that the infrastructure, resources, and systems for risk management are prepared, and to ensure that employees responsible 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 two times during the financial year ending 31 December 2012.

The following are Members of the Investment Committee:-

Name	Meeting Attendance
Tan Sri Dato' Dr. Syed Jalaludin Syed Salim (Chairman until 8/4/2012)	1/1
Tan Sri Dato' Sri Sabbaruddin Chik (Chairman from 9/4/2012)	1/1
Dato' Yusof Abdul Rahman	2/2
Dato' Abdul Mutalib Alias	2/2
Dato' Mohd. Aini Haji Taib	2/2
Datuk Mustafha Abd. Razak	2/2
Mohd Fauzy Abdullah	2/2

The Terms of Reference of the Investment Committee is to formulate and direct the Bank's investments in the equity segment, including determining the investment guidelines and policies and new investments evaluation. This Committee will also supervise all decisions made by the Investment Committee by the Bank's Management.

OTHER COMMITTEES

(a) Tender Board

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

The following are Members of the Tender Board:-

Name	Meeting Attendance
Dato' Mangsor Saad (Chairman)	1/1
Dato' Yusof Abdul Rahman	1/1
Dato' Haji Amirul Rahman Abdul Rahim	1/1
Dato' Dr. Syed Hussain Syed Husman	1/1
Rosman Mohamed (from 1/10/2012)	0/1

The following are the duties and responsibilities of the Bank Tender Board:-

1. To deliberate on and approve acquisitions via tender of values exceeding RM1.5 million (capital expenditure, renovation, and expenses).
2. The 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) Shariah Committee

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

The following are Members of the Shariah Committee:-

Dato' Setia Haji Mohd. Tamyas Abd. Wahid (Chairman)
Datuk Abu Hasan Lebai Din Al-Hafiz
Associate Prof. Dr. Siti Salwani Razali
Md. Yunus Abd. Aziz
Wan Rumaizi Wan Husin
Abdullaah Jalil
Mohd. Fazli Masri (Secretary)

Statement On Corporate Governance

Duties and responsibilities of the Shariah Committee consist of the following matters:-

1. Responsible and accountable for all Shariah decisions, views and opinions issued on Shariah matters provided by the Committee.
2. Advice, provide input and necessary assistance on Shariah matters to the Board, Bank's stakeholders and parties associated with the Bank's business operations and activities including the activities of its subsidiaries and cooperatives regulated by *Suruhanjaya Koperasi Malaysia* (SKM) which consult or refer to the Bank on case-to-case basis to ensure compliance with Shariah requirements at all time.
3. To adopt the resolutions of Shariah Advisory Council (SAC)/BNM and/or SAC of Securities Commission (SECCOM) upon publication and to highlight to Management and Board in the event the Committee invokes its right to adopt stringent decisions as permissible by Shariah Governance Framework for Islamic Financial Institutions (SGF).
4. Perform oversight role on Shariah matters related to the Bank's business operations and activities including its subsidiaries and guide the Bank and its subsidiaries on the implementation of Shariah decisions issued.
5. Assess and validate works which include Shariah research, *takyif fiqhi*, report and finding carried out by all Shariah functions inclusive of Shariah Research, Shariah Review, Shariah Risk Management and Shariah Audit in order to ensure Shariah compliance.
6. Approve and provide written confirmation (or in a form of certificate being signed off by all Committee members) on Shariah compliance of the Bank's product proposal based on proper support of *takyif fiqhi* and confirmation whereby no contradiction against SAC/BNM ruling is identified in the product proposal for the purpose of new product approval submission to BNM.
7. Endorse all frameworks, policies, procedures and any other applicable documents relating to Shariah and ensure the contents do not contain any elements which are not in line with Shariah.
8. Endorse and validate all relevant documentations relating to products, business and operations including but not limited to legal documents, product policies and procedures, product manual and marketing collaterals ensuring compliance to Shariah requirements with exception to certain specific tasks empowered to a specific internal Shariah function by recorded decision of the Committee in consensus.
9. Advise and assist the Bank to consult SAC/BNM and/or SAC/SECCOM when necessary in a written form.
10. Advise the Bank on the calculation, allocation and distribution of *zakat* and validate the list of *zakat* recipients post-decision of *Jawatankuasa Zakat Perniagaan Bank di bawah Asnaf* (JZPBA).
11. Abstain from making decision which is not in line with the ruling of SAC/BNM which may violate the Central Bank of Malaysia Act 2009.
12. Retract of Shariah decision issued by the Committee in the event of issuance of new and/or revised Shariah resolutions and decisions made by SAC/BNM, SAC/SECCOM and/or other relevant authorities within the Bank's jurisdiction.
13. Harmonise the conflict between Shariah and legal approaches to gradually lead the Bank's practices towards the best globally accepted Shariah practices.
14. Validate and endorse all matters related to Shariah non-compliant event and purification process including the list of beneficiaries of tainted income.
15. Inform BNM on Shariah non-compliant activities which are neither effectively or adequately addressed nor rectified by the Bank upon communication to Management and Board without compromising Shariah compliance.
16. Disclose sufficient information relating to Shariah as required by BNM in the annual Committee report which is embedded in Bank's annual report and endorse the annual report prior to publication.
17. Act as Shariah spokesperson to respond on Shariah related inquiries during the Bank's Annual General Meeting or any public events involving the Bank.

18. Observe the principle of confidentiality in relation to the Bank's business, operations and affairs at all times whereby all information obtained shall not be used in the manner that could be detrimental to the Bank.
19. Other responsibilities being assigned by the Board from time to time or any Shariah matters that require the Committee's immediate attention.

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

SHAREHOLDERS

The Annual General Meeting 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 will give them sufficient time to study the report and ask questions, if any. 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 latest information about the Bank.

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.

The Bank has applied 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 & 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 structures.

Relationship with Auditors

Through the Audit & 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.

Risk Management

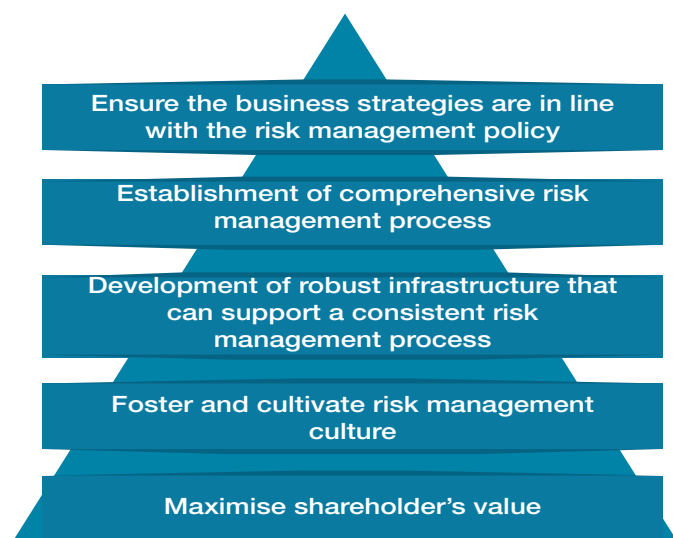
A robust and effective risk management system is critical to Bank Rakyat's continuing profitability and sustainable growth in business operations for today's globalised, yet inter-linked financial and economic environment.

Business units within the Bank are accountable for risk exposures relating to their responsibilities. Good risk management practices throughout are a core element of the Bank's operating philosophy and profitability.

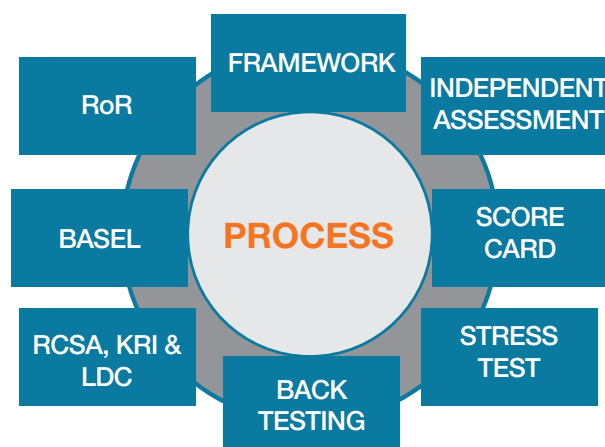
The Bank embraces risk management as an integral component of its business operations and decision-making processes. In ensuring that it achieves optimum returns whilst operating within a sound business environment, risk management are involved at the early stage of the risk-taking process by providing independent assessments particularly for credit independent review, new and enhanced product and services assessments and capital management strategies.

Generally, the objectives of the risk management activities are:

To manage the risk and maximise rewards while ensuring that the Bank is able to maintain its outstanding performance continuously.



During the year, the Bank embarked on numerous initiatives to strengthen the risk management process:-



In order to improve the quality of risk management to the next level, the Bank has developed and enhanced the following systems and infrastructure:-

Risk Automation	Stress Test	RCSA, KRI and LDC
Anti-Money Laundering Act (AMLA) Risk Profile	Statistical System	Basel II and III
RoR	Retail Credit Scoring	Treasury Risk Management (Q-Risk)

* RCSA: Risk Control Self Assessment; KRI: Key Risk Indicator;
LDC: Loss Data Collection
RoR: Rate of Return Risk

RISK GOVERNANCE

The governance framework adopted by the Bank is guided by the Bank Negara Malaysia (BNM) Guidelines on Corporate Governance Standards on Directorship for the Development of Financial Institutions (BNM/DFI/GP4).

The risk governance structure is established to strengthen risk evaluation and management, whilst also positioning the Bank to manage the dynamic regulatory and economic environment in an efficient and effective manner.

The Board of Directors has the overall responsibility for understanding the risks undertaken and ensuring that these risks are properly managed. The Board also reviews the risk exposures and concentration of risks to ensure that these are consistent with the Bank's risk appetite. While the Board of Directors are ultimately responsible for risk management, it has entrusted the Board Risk Management Committee (BRMC) to carry out its risk management functions.

The BRMC is chaired by an independent board member to oversee the overall risk management framework and its risk appetite, strategies, policies and procedures. In addition, BRMC is also to ensure that the risk frameworks are in line with regulatory requirements, corporate governance and industry best practices.

The Asset and Liability Management Committee (ALCO) is responsible for the strategic management of assets and liabilities as well as the profit and loss implications of balance sheet management actions.

The Risk Management Committee periodically reviews risk exposures, risks and rewards returns and monitors the development, implementation and effectiveness of the risk frameworks. The committee also considers reputational risks and any issues which could have an adverse material impact on the Bank.

The Shariah Committee is responsible for monitoring and ensuring that the business operations and activities are performed in accordance with Shariah requirements. The committee reviews Shariah related matters that are included in the Bank's Shariah policies and guidelines.

CREDIT RISK MANAGEMENT

Credit and counterparty risk is defined as the possibility of losses due to an obligor, market counterparty, issuer of securities or other instruments failing to perform their contractual obligations.

'Empowering credit risk through unifying efforts at business level as well as diversity and robustness in credit risk scoring.'

Credit risks arise primarily from financing activities as well as commitments to support clients' obligations. Credit risks may also arise due to the deterioration of credit quality and a decline in security value.

Without effective credit risk management, the impact of a potential loss can be overwhelming. The purpose of credit risk management is to keep credit risk exposures to an acceptable level vis-à-vis the capital, and to ensure that the returns commensurate with risks.

Credit Risk Management Framework

The Credit Risk Management Framework includes comprehensive credit risk policies and procedures, processes, tools and methodologies for identification, measurement, monitoring and control of credit risk on a consistent basis.

The Bank's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Credit Risk Management is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Bank to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

Currently all credit commercial applications are independently evaluated by the Credit Risk Management Department prior to submission to the Financing Committee and Board of Directors for approval. Adherence to and compliance with single customer, sector, large financing limits as well as assessment of the quality of collateral are also taken into consideration prior to approval. These approaches are adopted to address any concentration risk to a large sector or industry or to a particular counterparty group or individual. The Bank has also taken steps to ensure that only quality financing proposals are to be approved. In addition, the department conducts periodic credit reviews at least once a year, with updated information on the customer's financial position, market position, industry and economic conditions and conduct of account.

Risk Management

Established credit limits are monitored periodically by the Credit Risk Management Department. Movements in delinquency and non-performing financing would also be highlighted to the Financing Review Committee and Risk Management Committee respectively on a timely basis. In addition, monitoring are dynamically identified, analysed and discussed with the relevant business units for appropriate remedial and recovery actions.

Credit Scoring Model

The development of a Credit Scoring Model (CSM) allows the Bank to identify, assess and measure the consumer and commercial credit risk qualities.

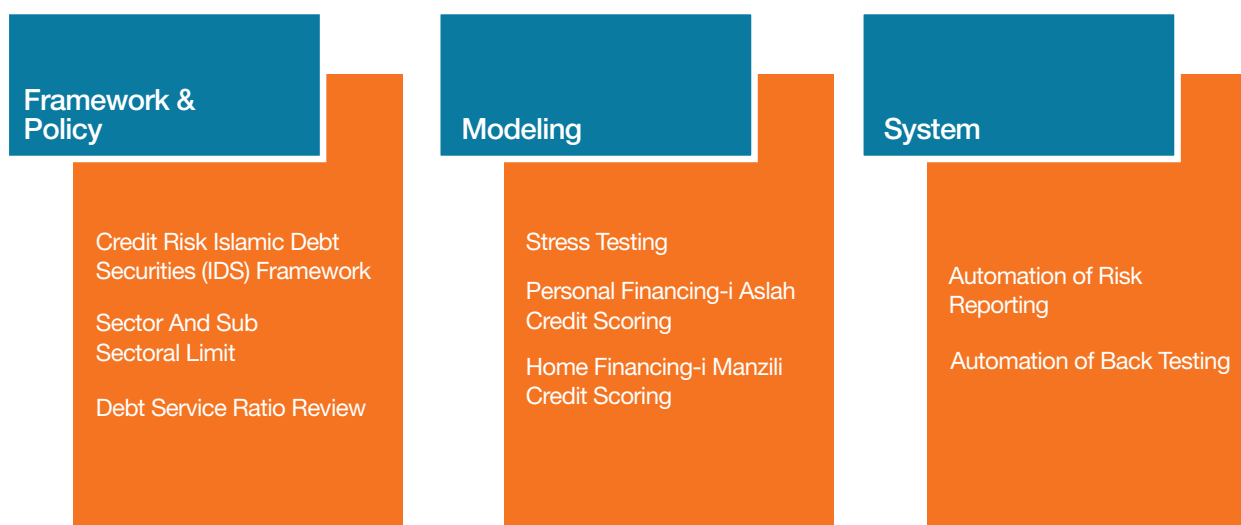
CSM is a statistical default prediction model. The models were developed and recalibrated to suit the Bank's environment using its past internal data. It is generated from a structured

rating process which consists of quantitative and qualitative factors. It is also based on historical financial data and supported by judgmental assessment by the relevant parties or business units.

The objective of developing a credit scorecard is to enhance the credit risk management process to achieve the following:-

- Control over quality asset and allowing portfolio management for back-testing and recalibration;
- Consistency and objectivity in credit risk assessment; and
- Improve turnaround time.

In 2012, the department has embarked on the following major activities to further improve its employment of credit risk mitigants:-



MARKET RISK MANAGEMENT

Market Risk

Market risk is defined as the risk of losses of on and off-balance sheet positions arising from changes in the value of market risk factors such as benchmark rates, currency exchange rates and stock prices fluctuation.

Sources of market risks are as follows:

Benchmark Rates Risk

The risk of loss resulting from changes in benchmark rates. As a result of a mismatch of rates on its assets and liabilities and/or timing differences in the maturity thereof, a financial institution may suffer a loss or a decline in profit due to changes.

Foreign Exchange Risk

The risk of loss resulting from the difference between assumed and actual foreign exchange rates, where a financial institution has a long position or short position on a net basis with regard to its assets and liabilities denominated in foreign currencies.

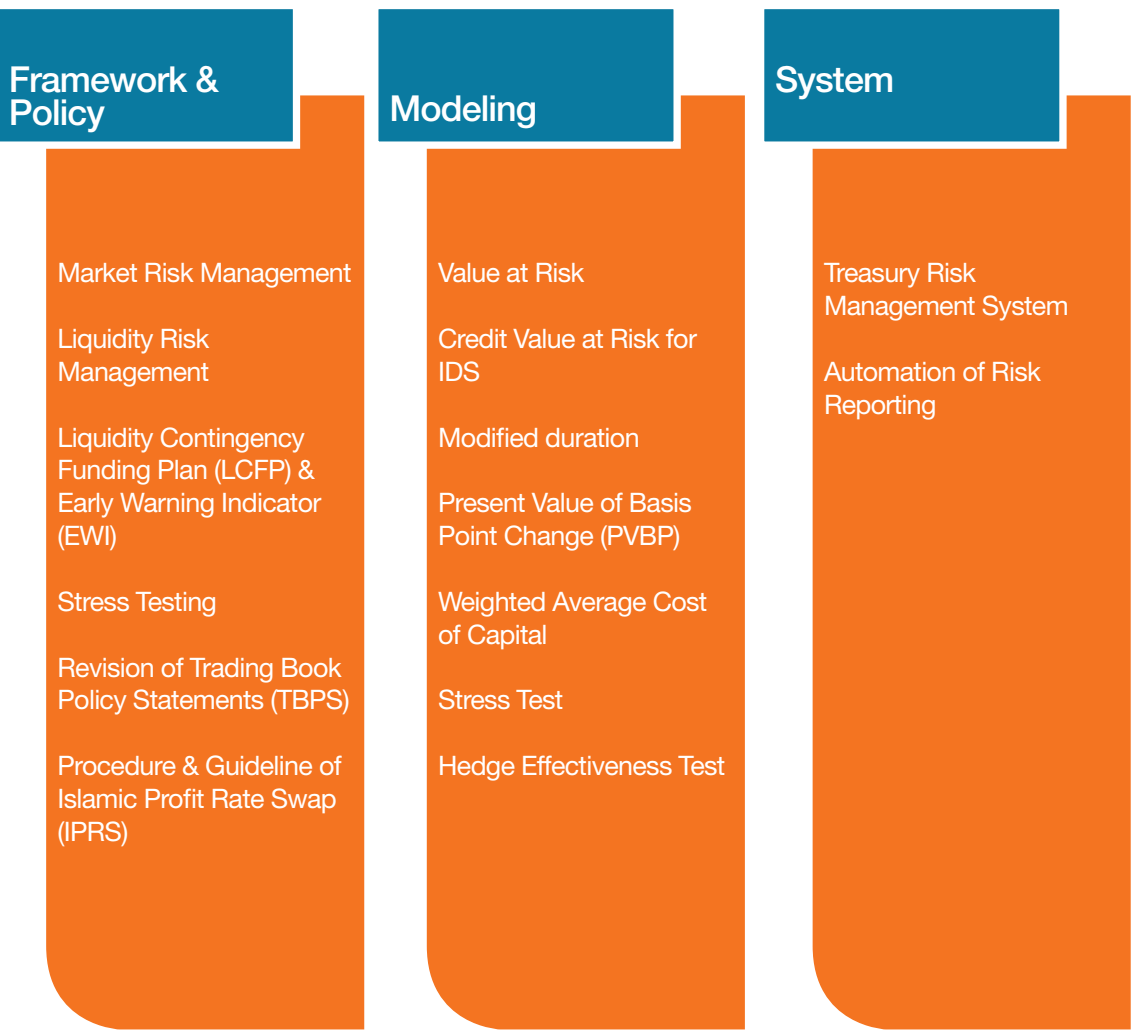
Price Risk

The risk of loss resulting from a decline in the value of asset due to changes in the price of securities

Risk Management

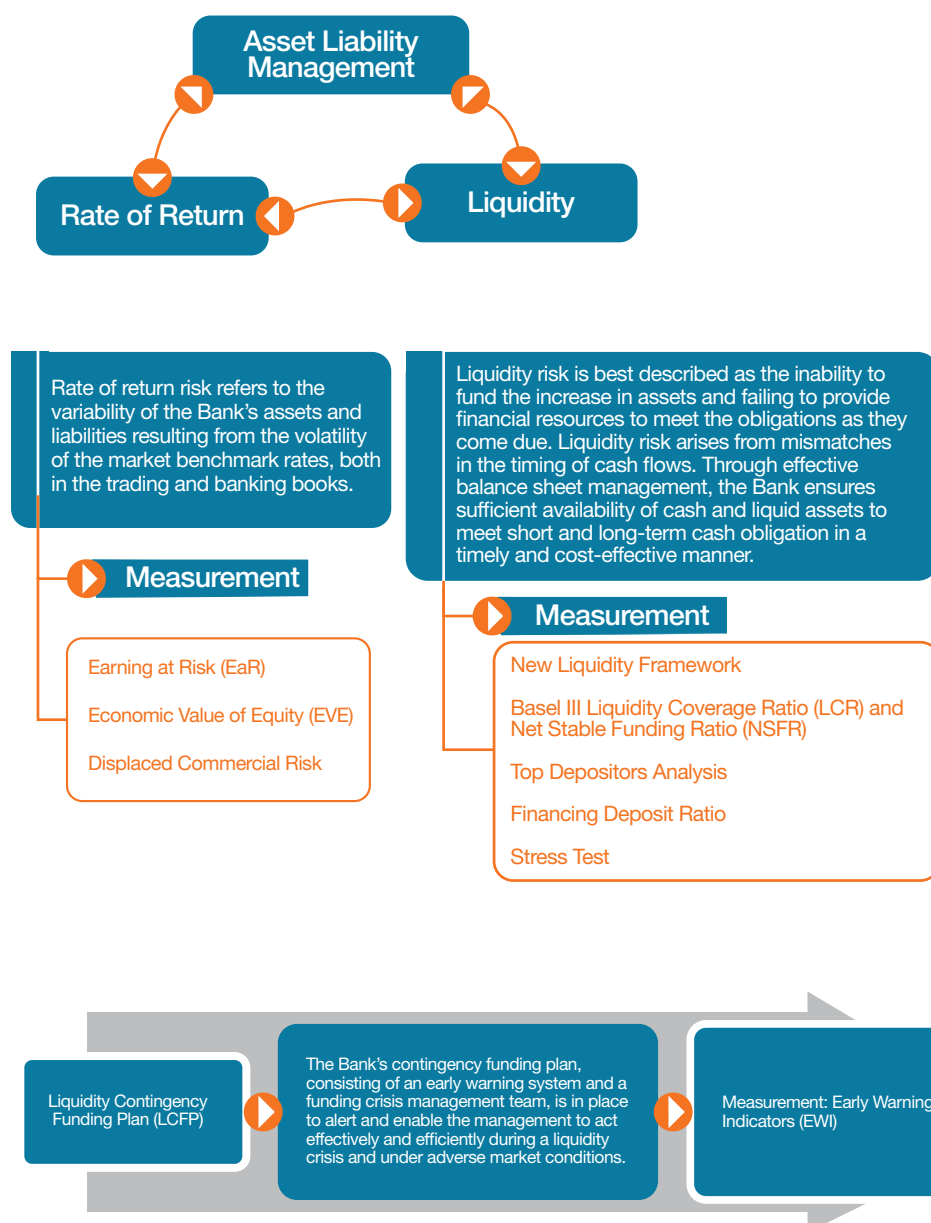
The key objective of market risk management and Asset Liability Management (ALM) is to manage and control market risk exposures in order to optimise returns on risk while maintaining a market profile consistent with the Bank's strategic plan.

The Bank's effective market risk and ALM process include risk identification, measurement, mitigation, monitoring and reporting which are translated into the following initiatives for 2012:-



ASSET LIABILITY MANAGEMENT

Asset Liability Management is a practice in managing risks that arise due to mismatches between assets and liabilities. The Bank will be exposed to the losses of earnings generated as well as capital deterioration which in turn, shall lead to structural risk. Structural risk on the other hand comprises of two main risk elements, namely liquidity and rate of return risks.



Risk Management

OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. Operational risks are inherent in the Bank's business activities.

Operational risk appetite is defined by financial and non-financial threshold. Losses from operational risks of a small significance are managed through standard controls. For significant losses, the Bank seeks to reduce the likelihood in accordance with its risk appetite.

The management of operational risk has two key objectives:

- To minimise the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of large extreme (or unexpected) loss; and
- To improve the effective risk management and strengthen the Bank's image and external reputation.

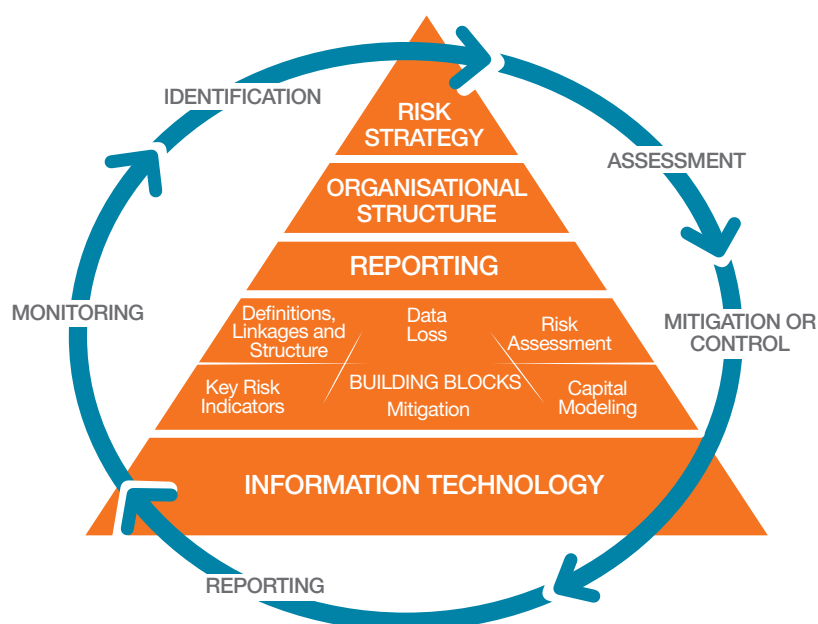
Operational risk comprises a number of specific key risk areas as follows:



Operational risks will result in financial and non-financial impacts including legal, regulatory breaches and reputational damage. The Operational Risk Committee is the senior executive body responsible for the oversight and management of operational risks.

Operational Risk Management Framework (ORMF)

This framework includes the following elements:



The Bank has developed a detailed operational risk framework in accordance with regulatory guidelines, best practices and Basel II. The framework articulates clearly defined roles and responsibilities of individuals and units across different functions of the Bank involved in performing various operational risk management tasks. The ORMF ensures that operational risks are properly identified, monitored, reported and actively managed. Key elements of the framework include operational risk management process, management of operational loss database, key risk indicators, business unit level self assessment, risk analysis and risk management reporting.

New product introduction is subject to risk review, where all relevant risks are identified and assessed to minimise the risk exposure. In addition, variations of existing products are subject to a similar process. Business and support units are

responsible for managing risks in their respective functional areas. They operate within the Bank's ORMF and ensure that risk is being actively identified, monitored and managed within their respective business units. The day-to-day operational risk is managed through a system of internal controls, supported by policies and procedures to monitor business transaction positions and documentation, as well as maintenance of key backup procedures and a business contingency plan which are all regularly assessed and tested.

In line with the best practices for the management of operational risks, the Bank adopts the following tools:

- Risk Control Self Assessment
- Key Risk Indicator
- Loss Data Collection

Risk Management

Risk management also ensures that the operational risk awareness is conducted on an on-going basis. The approaches of increasing awareness are as follows:



COMPLIANCE

Compliance risk is defined as the risk of legal or regulatory action, financial loss or loss to the Bank's reputation due to non-compliance with legislation, regulations, standards, policies and procedures and codes of conduct or good practices.

To strengthen the function of compliance, the Compliance Department is appointed as the liaison to deal with BNM on proposals for new products and services, composite risk rating or with regard to compliance with established procedures or new guidelines by BNM or other regulators.

In order to ensure that the Bank's activities comply with rules and regulations set by the authorities, the role of the Compliance Department is strengthened by the following:-

The Shariah Risk Unit is established to comply with the Shariah Governance Framework. Shariah Risk Management is a function to systematically identify, measure, monitor and control Shariah non-compliance risks to mitigate any possibility of non-compliance, without exposing the Bank to an unacceptable level of risks.

Anti-Money Laundering Act (AMLA) profiling system has been developed to systematically monitor and detect suspicious transactions. The system is conducted to detect a customer with suspicious transactions and is ranked based on customer criticality. This profiling system helps the Bank detect suspicious transactions more accurately.

STRATEGIC INITIATIVE OF RISK MANAGEMENT IN 2013

The Bank aims to further strengthen risk management practices by expanding its capabilities and pursuing continuous improvements. These include the following initiatives:



Audit & Examination Committee Report

MEMBERSHIP AND ATTENDANCE

For the financial year ended 31 December 2012, the Audit & Examination Committee which comprises of five non-executive members of the Board of Directors met 11 times to ensure adequacy and effectiveness of the Internal Control, Risk Management and Governance systems.

Details on the attendance of members for 2012 are as follows:

	Attendance	Percentage
Dato' Mohd Aini Haji Taib (Chairman)*	10/10	100
Dato' Dr. Syed Hussain Syed Husman**	10/11	91
Dato' Daud Tahir***	8/9	89
Dato' Hj. Amirul Rahman Abdul Rahim	10/11	91
Dato' Mangsor Saad	11/11	100

* Appointment ended on 31 October 2012

** Appointment as Alternate Chairman effective 27 November 2012 (Board of Directors meeting No. 11/2012)

*** Appointment ended on 30 September 2012

TERMS OF REFERENCE

The Terms of Reference include amongst others:-

Membership

Members are appointed from amongst the non-executive members of the Board of Directors as per guidelines of Bank Negara Malaysia. An appointment is for a period of not more than two years, with a possibility of a re-appointment as members of the Board.

Rights

The Committee shall be given unlimited access to all information and documents related to its scope of responsibility, covering the access to Internal and External Auditor, the Bank's Management and its subsidiaries. Members are also empowered to offer advice and professional opinions whenever necessary.

Functions

Amongst the roles and responsibilities of the Committee are as follows:-

1. Fair and transparent reporting

- Ensure that the financial report is prepared in a fair and transparent manner and within the recommended deadlines.

2. Internal Controls

- Review and evaluate the adequacy and effectiveness of the Internal Control, Risk Management and Governance systems (including compliance with Shariah principles) of the Bank and its subsidiaries.
- Review and determine the functions and responsibilities of the Shariah audit by referring to the Shariah Committee.

3. Internal Audit

- Ensure and regulate that the internal audit functions comply with the Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL/013-4).
- Review the adequacy of the internal audit plan and scope, functions and resources, Internal Audit Charter and that it has the necessary authority to carry out its work.
- Approve the appointment or termination, determine the remunerations, assess the performance and also determine the transfer of Chief Internal Auditor.

4. External Auditor

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board.
- Assess the qualification, expertise, resources and effectiveness of the external auditors.
- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- Review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan.

- Review major audit findings raised by the external auditors and Management's responses, including the status of previous audit recommendations.
- Approve non audit services provided by the external auditors.

5. Related Party Transactions

- To review and report to the Board of Directors any transactions that may arise by related party.

Meetings

1. The Committee must meet at least once every two months. The Chairman is empowered to suggest any additional meetings, if so required.
2. The Chairman may also convene a meeting if requested by any member, the Management, Internal or External Auditors.
3. The Committee is empowered to invite anyone that it feels can assist to reach an informed decisions.
4. The Committee shall have a Secretary who is entrusted with recording all decisions and minutes of meetings. The Secretary is responsible for:
 - Preparing an agenda approved by the Chairman and distributing it to all members together with supporting documents before each meeting.
 - Preparing and maintaining minutes of meetings.
 - Distributing the minutes to all members and the Board of Directors.
 - Follow-up on all unresolved matters.
5. The quorum for each meeting must be three members.

Summary of Activities

During the financial year, the Committee managed to fulfil its responsibilities according to the Terms of Reference as follows:

- Scrutinised and approved the Annual Audit Plan, including the effectiveness of the auditing process, internal audit manpower requirements and training needs for the year;
- Reviewed the findings and recommendations in the Audit Report (including the Audit Investigation Report), and the Management's response on the audit's findings and recommendations;

- Monitored the status of implementation and progress of Internal Audit as outlined in the Annual Audit Plan;
- Monitored the progress of implementation of recommendations from examiners, Bank Negara Malaysia and External Auditors; and
- Scrutinised the performance of Chief Internal Auditor and the annual achievements of Internal Audit.

Throughout the financial year, Internal Audit undertook 353 assignments, inclusive of auditing at the branches, departments at the Head Office and subsidiaries. Internal Audit also took the initiative to organise briefings on internal controls for various levels of employees involved in the branch operations. Internal Audit has distributed two Internal Control Advisory Notes or iCANs to all branches during the year. The objective of distributing iCANs is to give advisory tips regarding internal control matters in efforts to instil awareness culture among the staff.

The Branch Audit Self-Assessment Programme or PeKA which was introduced in 2006 is one of the initiative by Internal Audit to reduce operational risks at the branches while enhancing compliance culture towards the branches. PeKA continued to be implemented throughout 2012 with improvements aimed in assisting the Regional Heads on their monitoring function, apart from internal controls system over the regular reviews implemented by the Branch Managers and Assistant Branch Managers.

Functions of Internal Audit

The functions of Internal Audit are implemented under the supervision of the Chief Internal Auditor who reports directly to the Committee. Internal Audit is responsible to provide independent assurance to the Board of Directors and the Management Committee on the adequacy and effectiveness of Internal Control System, Risk Management and Governance System of the Bank.

The Internal Audit functions reviews the effectiveness of the internal control structures over the Bank's activities focusing on risk areas as determined in the Annual Audit Plan approved by the Committee.

Audit & Examination Committee Report

The Annual Audit Plan is prepared based on the results of the assessment of systematic risk that identifies, prioritises and links the Bank's risk with its auditable areas. The risk assessment process also allows Internal Audit to give priority to the limitation of audit resources and areas to be audited.

The Audit Report is tabled to the Committee and then submitted to the Management, which is responsible to ensure that recommendations and corrective action on weaknesses identified by Internal Audit has been implemented within the time-frame given.

Internal Audit has continuously monitored the implementation of its recommendations through a scheduled follow-up evaluation. Internal Audit also has collaborated with External Audit on matters relating to internal controls and assists the Management Committee to undertake appropriate action.

ACCOUNTABILITY AND AUDIT

Financial Report

The Board of Directors is committed to provide an assessment that is balanced, clear and understandable with regards to the Bank's financial situation and its prospects in every disclosure to shareholders and the authorities.

The Bank has adopted an appropriate accounting policy that is consistent and supported by considerations and estimates that are acceptable. All accounting standards applied have been complied with to ensure that the Bank's integrity is continuously guaranteed, especially with regards to the Annual Financial Report.

With the kind assistance of this Committee, the Board of Directors has scrutinised every information to be disclosed to ensure that it is correct, sufficient, complete and transparent.

Internal Controls

The Board of Directors is fully responsible to identify, assess and scrutinise the adequacy and integrity of existing internal controls to guarantee the effectiveness and efficiency of Bank's operations and compliance with the law, regulations, policies and internal procedures.

The size and diversity of the Bank's operations require the management of various risk mitigations. The diversity of the risks can cause the Bank to suffer unexpected and unavoidable losses. The Bank's internal control system is devised specifically to provide reasonable assurance but not absolute assurance against the risk of a mistake, cheating or losses incurred. The Risk Management Committee will ensure that accountability of the risk management that has been decided is under the responsibility of the parties involved and continually discussed during the scheduled meetings.

The Audit & Examination Committee is responsible to ensure the adequacy and effectiveness of the Internal Control, Risk Management and Governance systems of the Bank are complied with and in accordance with Shariah. This is done through an examination of the financial controls system, operations, compliance with the law and regulations, implementation of the Shariah Audit function and the identification and assessment of the risks associated to the Bank. Internal Audit also conducts a review of the compliance with policies and procedures and overall effectiveness of the Bank's internal control structure as a whole.

Relationship With Auditors

The Bank, through the Audit & Examination Committee, has established a relationship that is transparent and appropriate with both, Internal and External Auditors. The Audit Management is responsible to ensure that corrective actions are taken without delay on the audit findings reported by auditors.

Terms Of Reference For Shariah Committee

1.0 OBJECTIVE OF SHARIAH COMMITTEE

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

2.0 FORMATION OF SHARIAH COMMITTEE

- 2.1 The Committee shall report directly to the Board of Directors (Board) and shall be recognised as an independent committee.
- 2.2 The appointment of the Committee members must obtain prior written approval from BNM and the Shariah Advisory Council (SAC) of BNM and the Board upon recommendation by the Nomination Committee.
- 2.3 The Committee member must fulfill the 'fit and proper' criteria as described in Shariah Governance Framework for Islamic Financial Institutions (SGF).
- 2.4 The Committee shall comprise of at least five members as required by SGF.
- 2.5 Majority members in this Committee shall have qualified Shariah background with at least bachelor's degree in Shariah, which includes study in *usul fiqh* (origin of Islamic law) or *fiqh muamalat* (Islamic transaction/commercial law) from a recognised university.
- 2.6 Chairman of the Committee shall have qualified Shariah background.
- 2.7 The Committee may comprise experts with diverse qualification, experience and knowledge to support the depth and breadth of the Shariah deliberations.
- 2.8 Majority members of the Committee should be able to demonstrate strong proficiency and knowledge in written and verbal Arabic and have good understanding of Bahasa Malaysia and English.
- 2.9 The Committee member is not considered a Committee member and disallowed to perform the roles of the Committee upon expiry of the appointment term until fresh approval is obtained from BNM.

3.0 ROLES AND RESPONSIBILITIES

- 3.1 Responsible and accountable for all Shariah decisions, views and opinions issued on Shariah matters provided by the Committee.
- 3.2 Advise, provide input and necessary assistance on Shariah matters to Board, Bank Rakyat's stakeholders and parties associated with the Bank's business operations and activities including the activities of its subsidiaries and cooperatives regulated by Malaysia Co-operative Societies Commission which consult or refer to the Bank on case-to-case basis to ensure compliance with Shariah requirements at all time.
- 3.3 To adopt the resolutions of SAC/BNM and/or SAC of Securities Commission (SECCOM) upon publication and to highlight to Management and Board in the event the Committee invokes its right to adopt stringent decisions as permissible by SGF.
- 3.4 Perform oversight role on Shariah matters related to the Bank's business operations and activities including its subsidiaries and guide the Bank and its subsidiaries on the implementation of Shariah decisions issued.
- 3.5 Assess and validate works which include Shariah research, *takyif fiqhi* (adaptation of the law), report and finding carried out by all Shariah functions inclusive of Shariah Research, Shariah Review, Shariah Risk Management and Shariah Audit in order to ensure Shariah compliance.
- 3.6 Approve and provide written confirmation (or in a form of certificate being signed off by all Committee members) on Shariah compliance of the Bank's product proposal based on proper support of *takyif fiqhi* and confirmation whereby no contradiction against SAC/BNM ruling is identified in the product proposal for the purpose of new product approval submission to BNM.
- 3.7 Endorse all frameworks, policies, procedures and any other applicable documents relating to Shariah and ensure the contents do not contain any elements which are not in line with Shariah.
- 3.8 Endorse and validate all relevant documentations relating to products, business and operations including but not limited to legal documents, product policies and procedures, product manual and marketing collaterals ensuring compliance to Shariah requirements with exception to certain specific tasks empowered to a specific internal Shariah function by recorded decision of the Committee in consensus.

Terms Of Reference For Shariah Committee

- 3.9 Advise and assist the Bank to consult SAC/BNM and/or SAC/SECCOM when necessary in a written form.
- 3.10 Advise the Bank on the calculation, allocation and distribution of *zakat* and validate the list of *zakat* recipients post-decision of *Jawatankuasa Zakat Perniagaan Bank di bawah Asnaf* (JZPBA).
- 3.11 Abstain from making decision which is not in line with the ruling of SAC/BNM which may violate the Central Bank of Malaysia Act 2009.
- 3.12 Retract of Shariah decision issued by the Committee in the event of issuance of new and/or revised Shariah resolutions and decisions made by SAC/BNM, SAC/SECCOM and/or other relevant authorities within the Bank's jurisdiction.
- 3.13 Harmonise the conflict between Shariah and legal approaches to gradually lead the Bank's practices towards the best globally accepted Shariah practices.
- 3.14 Validate and endorse all matters related to Shariah non-compliant event and purification process including the list of beneficiaries of tainted income.
- 3.15 Inform BNM on Shariah non-compliant activities which are neither effectively or adequately addressed nor rectified by the Bank upon communication to Board and Management without compromising Shariah compliance.
- 3.16 Disclose sufficient information relating to Shariah as required by BNM in the annual Committee report which is embedded in Bank Rakyat's annual report and endorse the annual report prior to publication.
- 3.17 Act as Shariah spokesperson to respond on Shariah related inquiries during the Bank's Annual General Meeting or any public events which involve the Bank.
- 3.18 Observe the principle of confidentiality in relation to the Bank's business, operations and affairs at all times whereby all information obtained shall not be used in the manner that could be detrimental to the Bank.
- 3.19 Other responsibilities being assigned by BOD from time to time or any Shariah matters that require the Committee's immediate attention.

4.0 SHARIAH COMMITTEE MEETING

- 4.1 The Committee meeting shall be held at least once in every two months.
- 4.2 Minimum quorum of the Committee to commence meeting shall be two thirds with majority attending are Shariah qualified members.
- 4.3 In the event Chairman of the Committee is unable to attend the meeting, the members (with qualified Shariah background) shall elect one member among themselves to become the alternate Chairman to preside over the meeting.
- 4.4 Any decisions during the meeting shall be made on the basis of two thirds of the members present with majority of the two thirds votes shall come from Shariah qualified members.
- 4.5 Any dissenting view by member of Committee shall be properly recorded with justification and he/she reserves the right to abstain from voting in decision making.
- 4.6 The Committee members must attend at least 75% of the meetings held in each financial year at official venue in the Bank's Head Office or other venue determined by Shariah Secretariat in or outside Malaysia.
- 4.7 Chief Risk Officer (CRO) and Chief Internal Auditor (CIA) are invited as permanent attendees according to Shariah governance best practice. Other members of management may be invited on per meeting invitation basis to provide explanation to the Committee on matters arising and/or papers presented.
- 4.8 Formal decision of the Committee shall be escalated to Management and Board on quarterly basis and escalation to business and support unit shall be done on post-meeting basis upon review by the Secretary of the Committee and validation by the Chairman of the Committee.
- 4.9 The number of meetings held in the particular year, as well as the attendance of every Committee members shall be disclosed in the annual report.

5.0 ANNUAL SHARIAH COMMITTEE REPORT

- 5.1 The Annual Committee Report is included in the Bank's annual report.
- 5.2 The Committee is required to report all approved products launched for the year, disclose any Shariah non-compliant event and amount of income that has been purified, state the amount of *zakat* that has been distributed during the year and other Shariah related matters as required by BNM.
- 5.3 The report shall be signed by all Committee members.

6.0 REPRESENTATION IN BOARD OF DIRECTORS MEETING

- 6.1 Representative of this Committee attends the Board meeting to serve as a bridge or communicator between the Committee and Board in matters pertaining to Shariah.
- 6.2 One of the Committee members is appointed as permanent representative while another one as an alternate representative in the event the permanent representative is unable to attend the meeting.
- 6.3 The Committee representative shall provide advice on Shariah related matters only.
- 6.4 Meeting allowance paid to the Committee representative who attends the meeting is subjected to Board's approval and/or review from time to time upon recommendation by the Remuneration Committee.

7.0 ADVISOR TO JAWATANKUASA ZAKAT PERNIAGAAN BANK DI BAWAH ASNAF (JZPBA)

- 7.1 One of the Committee members is appointed as an advisor to JZPBA to ensure the management of *zakat* is Shariah compliant.
- 7.2 The Committee representative or *zakat* advisor shall provide advice on *zakat* matters which cover the *zakat* calculation, allocation, distribution, issue of *had kifayah* and *asnaf* qualification related matters to be in line with Shariah principles and requirements.

- 7.3 Meeting allowance paid to the Committee representative who serves as the advisor to JZPBA is subjected to Board's approval and/or review from time to time upon recommendation by the Remuneration Committee.

8.0 REMUNERATION OF SHARIAH COMMITTEE MEMBER

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

9.0 SECRETARY AND SECRETARIAT TO SHARIAH COMMITTEE

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

Financial Calendar

26 MARCH 2012 Announcement of Financial Performance
and Dividend for the Financial Year
ended **31 December 2011**

4 MAY 2012 Announcement of Financial Performance for
First Quarter of 2012
ended **31 March 2012**

30 JULY 2012 Announcement of Financial Performance
for Second Quarter of 2012
ended **30 June 2012**

30 OCTOBER 2012 Announcement of Financial Performance
for Third Quarter of 2012
ended **30 September 2012**

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting 2013 of Bank Rakyat will be held at Dewan Merdeka, Level 4, Putra World Trade Centre, Jalan Putra, Kuala Lumpur on Saturday, 6 April 2013 at 10.00 a.m.

MEETING AGENDA

1. To validate the minutes of the Annual General Meeting held on 8 April 2012;
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 2012, together with the Board of Directors Report, Audit and Examination Committee Report, Auditor General's Report and Opinions of the Malaysia Co-operative Societies Commission; and
4. To receive and deliberate on proposals from members received by the Board not less than seven days before the Annual General Meeting (if any).

By Order Of The Board



DATIN SURIA CHE SELIA

Bank Secretary

FINANCIAL STATEMENTS

Certificate of the Auditor General	097
Statement by Chairman and Managing Director	099
Report of Shariah Committee	100
Statutory Declaration	103
Directors' Report	104
Statements of Financial Position	107
Statements of Comprehensive Income	109
Statements of Changes in Equity	110
Statements of Cash Flows	112
Note to the Financial Statements	115



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
BANK KERJASAMA RAKYAT MALAYSIA BERHAD
FOR THE YEAR ENDED 31 DECEMBER 2012**

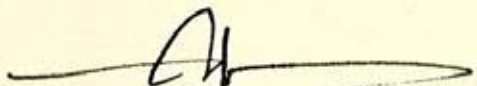
The financial statements of Bank Kerjasama Rakyat Malaysia Berhad and the Group for the year ended 31 December 2012 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

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 2012 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

27 FEBRUARY 2013



Statement by Chairman and Managing Director

We, **TAN SRI DATO' SRI SABBARUDDIN CHIK** and **DATO' YUSOF ABDUL RAHMAN**, being two of the Directors of Bank Kerjasama Rakyat Malaysia Berhad, do hereby state that:

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

In the opinion of the Directors, the financial statements are drawn up so as to give true and fair view of state of affairs as at 31 December 2012 and of the results of the operations and cash flows for the year ended on that date.

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



TAN SRI DATO' SRI SABBARUDDIN CHIK
Chairman



DATO' YUSOF ABDUL RAHMAN
Managing Director

Kuala Lumpur
Date: 14 February 2013

Report of Shariah Committee



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

In carrying out the roles and responsibilities of Shariah Committee of Bank Rakyat, we hereby submit the following report on Shariah compliance of Bank Rakyat's business activities and operations for the financial year ended 31 December 2012.

1. We have reviewed the principles and the contracts relating to the following products introduced by Bank Rakyat:
 - i. General Investment Account-i Tasleem based on wakalah bi al-istithmar launched on 15 March 2012;
 - ii. Deposit Account-i Makeen based on *tawarruq* launched on 20 November 2012;
 - iii. NICD Ziyadah based on *bai' bithaman ajil* launched on 23 November 2012; and
 - iv. Sukuk Imtiaz based on *musharakah* issued on 23 November 2012.
2. We have reviewed the transactions, applications and dealings entered into by Bank Rakyat through the following processes:
 - i. Shariah review on product and departmental policies and procedures;
 - ii. Shariah review on Product Disclosure Sheet (PDS), legal documents and marketing materials prior to publishment;
 - iii. Shariah review on Shariah compliance status of commercial banking customers prior to approval of financing;
 - iv. Shariah review on subscription of Islamic government securities and Islamic Private Debt Securities (IPDS);
 - v. Shariah review on product operations at the level of branches and departments which involve review on legal documents executed and *'aqad* sequence;
 - vi. Shariah risk assessment on the new products or enhancement to the existing products, processes and procedures, business activities and operations;
 - vii. Shariah audit on the operation of branches and commercial banking;
 - viii. Audit on the documents related to Shariah governance which include Shariah Governance Framework of Bank Rakyat, governance of Shariah Committee and Zakat. Committee and Terms of Reference for Shariah Committee; and
 - ix. Audit on the rescheduling and restructuring exercise of commercial banking.

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

In our opinion:

1. the principles and the contracts relating to product listed above are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us;
2. the transactions, applications and dealings entered into by Bank Rakyat that we have reviewed are in compliance with the Shariah principles and Shariah resolutions issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us;
3. the transactions, applications and dealings which are subjected to further investigation and rectification will be carried out on an on-going basis;
4. the allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Shariah principles;
5. all earnings that have been realised from sources or by means prohibited by the Shariah principles totaling RM387,093.32 have been considered for disposal to charitable causes; and
6. the calculation of zakat is in compliance with Shariah principles. Total amount of zakat that has been distributed was RM41,022,680.50.

We, the members of the Shariah Committee of Bank Rakyat, to the best of our knowledge, do hereby confirm that the operations of Bank Rakyat, to the best of its effort, for the year ended 31 December 2012 have been conducted in conformity with the Shariah principles.

Report of Shariah Committee

Chairman of the Shariah Committee:



Dato' Setia Haji Mohd Tamyas Bin Abd Wahid



Datuk Abu Hasan Bin L. Din

Members of the Shariah Committee:



Prof Madya Dr Siti Salwani Binti Razali



Ustaz Md Yunus Bin Abd Aziz



Ustaz Wan Rumaizi Bin Wan Husin



Ustaz Abdullaah Bin Jalil

Date: 14 February 2013

Statutory Declaration

I, **ROSLI RASUL**, being the officer primarily responsible for the financial management of Bank Kerjasama Rakyat Malaysia Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 14 February 2013



ROSLI RASUL

Before me:



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

Directors' Report

The directors of Bank Kerjasama Rakyat Malaysia Berhad ("the Bank") have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2012.

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 of the Bank and its subsidiary companies during the year.

RESULTS OF OPERATIONS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	2,117,193	2,113,883
Taxation	(333,237)	(328,268)
Zakat	(45,880)	(45,626)
Profit after taxation and zakat	1,738,076	1,739,989
Statutory appropriations	(497,923)	(497,923)
Profit for the year	1,240,153	1,242,066
Other comprehensive income	202,318	202,318
Total comprehensive income for the year	1,442,471	1,444,384
Profit for the year attributable to: Equity holders of the Bank	1,240,153	1,242,066

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, other than the changes in accounting policies as disclosed in Note 2 of the financial statements.

RESERVES AND PROVISION

There were no material transfer to or from reserves or provision during the financial year other than disclosed in the financial statements.

DIVIDENDS

During the financial year, the Bank paid a final cash dividend of 15% amounting to RM322.34 million and a bonus dividend of 5% amounting to RM106.13 million in respect of the previous financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 18% amounting to RM495.00 million and a bonus dividend of 2% amounting to RM55.00 million. The proposed dividends are subject to the approval by the relevant authorities and have not been included as liabilities in the financial statements.

OTHER STATUTORY INFORMATION

In the opinion of the Directors, the financial statements set out on pages 107 to 217 have been drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as of 31 December 2012 and of the results of their operations and cash flows for the year ended on that date.

The Directors are satisfied that before the statements of financial position and the statements of comprehensive income of the Group and of the Bank were made out, reasonable steps have been taken on the following matters:

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

At the date of this report, within the knowledge of the Directors, they are not aware of any circumstances that would cause the following:

- (i) the amount written off for bad financing and bad debts or the amount of the impairment provisions and allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) the amount reported in the financial statements of the Group and of the Bank misleading; and
- (iv) any adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONTINUED)

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

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liability of any other person; and
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability which has not been discharged has been undertaken by the Group and the Bank, except as disclosed in Note 39 to the financial statements. No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.

The Directors do solemnly and sincerely declare that there were no other matters, within their knowledge, that are not disclosed in accordance with Section 59, Co-operative Societies Act 1993.

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



TAN SRI DATO' SRI SABBARUDDIN CHIK



DATO' YUSOF ABDUL RAHMAN

Kuala Lumpur
Date: 14 February 2013

Statements of Financial Position

as at 31 December 2012

			Group			Bank	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS							
Cash and short-term funds	5	3,597,488	4,475,449	5,337,728	3,593,936	4,463,644	5,329,933
Deposits and placements with financial institutions	6	258,980	3,515,000	915,523	253,873	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	9,802,481	10,843,719	4,889,037	9,797,317	10,833,332	4,878,650
Financial assets held-to-maturity	9	8,220,956	2,852,471	4,599,347	8,220,956	2,852,471	4,599,347
Financing and advances	10	55,233,276	49,179,249	44,983,021	55,233,276	49,179,249	44,983,021
Trade receivables	11	8,435	7,293	7,868	–	–	–
Other assets	12	841,479	578,012	381,088	791,441	537,344	334,865
Inventories	13	613	705	235	–	–	–
Property development	14	4,182	998	8,887	–	–	–
Investment in subsidiaries	15	–	–	–	43,500	43,500	55,972
Property and equipment	16	670,657	490,266	446,766	647,953	470,949	427,650
Goodwill on consolidation		13,185	13,185	13,185	–	–	–
Investment properties	17	236,581	246,898	240,515	145,384	155,160	146,786
Prepaid lease payments	18	83,943	76,663	70,973	70,991	63,631	57,672
Deferred tax assets	19	408,494	355,496	174,496	410,000	356,000	175,000
TOTAL ASSETS		79,380,750	72,645,766	62,078,848	79,208,627	72,480,642	61,913,795

Statements of Financial Position

as at 31 December 2012

	Note	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	Bank 31.12.2011 RM'000	1.1.2011 RM'000
LIABILITIES							
Deposits from customers	20	62,666,004	58,507,088	49,567,681	62,666,004	58,507,088	49,567,681
Deposits and placements from banks and financial institutions	21	200,000	595,000	649,999	200,000	595,000	649,999
Trade payables		6,734	6,274	2,028	–	–	–
Recourse obligations on financing sold to Cagamas	22	3,172,301	3,303,393	3,889,940	3,172,301	3,303,393	3,889,940
Debt securities issued	23	1,006,658	–	–	1,006,658	–	–
Other liabilities	24	1,439,966	1,435,851	1,487,893	1,570,329	1,574,782	1,623,046
Provision for taxation		47,616	–	46,940	46,684	–	46,379
Profit equalisation reserve (Investor)	25	220,538	145,776	183,904	220,538	145,776	183,904
Financing from other financial institutions	26	40,431	41,479	60,000	–	–	–
TOTAL LIABILITIES		68,800,248	64,034,861	55,888,385	68,882,514	64,126,039	55,960,949
SHAREHOLDERS' FUND							
Share capital	27	2,865,004	2,349,063	1,994,960	2,865,004	2,349,063	1,994,960
Share redemption fund		53,671	53,671	36,635	53,671	53,671	36,635
Reserves	28	7,297,724	5,977,606	3,868,131	7,043,335	5,721,304	3,630,514
Profit equalisation reserve (Bank)	25	364,103	230,565	290,737	364,103	230,565	290,737
TOTAL SHAREHOLDERS' FUND		10,580,502	8,610,905	6,190,463	10,326,113	8,354,603	5,952,846
TOTAL LIABILITIES AND SHAREHOLDERS' FUND		79,380,750	72,645,766	62,078,848	79,208,627	72,480,642	61,913,795
COMMITMENT AND CONTINGENCIES	39	2,549,528	2,335,970	2,329,610	2,548,578	2,335,970	2,329,610

Statements of Comprehensive Income

for the year ended 31 December 2012

		Group		Bank	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income	29	5,857,990	5,187,388	5,798,419	5,112,672
Expenditure	30	(2,492,972)	(1,918,901)	(2,460,008)	(1,869,855)
Net income		3,365,018	3,268,487	3,338,411	3,242,817
Financing loss and allowances	31	(638,270)	(703,613)	(633,862)	(703,613)
Other operating income	32	420,116	395,944	433,007	392,204
Operating expenses	33	(1,029,671)	(920,622)	(1,023,673)	(912,416)
Profit before taxation and zakat		2,117,193	2,040,196	2,113,883	2,018,992
Taxation	34	(333,237)	17,145	(328,268)	19,622
Zakat	35	(45,880)	(33,682)	(45,626)	(33,640)
Profit after taxation and zakat		1,738,076	2,023,659	1,739,989	2,004,974
<u>Statutory appropriations</u>	36				
Transfer to statutory reserve : 25% (2011: 25%)		(446,404)	(509,654)	(446,404)	(509,654)
Contribution to the Cooperative Education Trust Fund : 1% (2011: 1%)		(21,139)	(20,190)	(21,139)	(20,190)
Contribution to the Cooperative Development Provident Fund: 1% (2011: 1%)		(21,139)	(20,190)	(21,139)	(20,190)
Contribution to the Members Monetary Fund: Nil (2011: 2%)		–	(40,380)	–	(40,380)
Contribution to Bank Rakyat Foundation		(9,241)	(9,266)	(9,241)	(9,266)
		(497,923)	(599,680)	(497,923)	(599,680)
Profit for the year		1,240,153	1,423,979	1,242,066	1,405,294
Other comprehensive income					
Net gain on revaluation of financial assets available-for-sale		68,780	72,689	68,780	72,689
Gain/(Loss) transferred to profit equalisation reserve		133,538	(60,172)	133,538	(60,172)
Other comprehensive income for the year		202,318	12,517	202,318	12,517
Total comprehensive income for the year		1,442,471	1,436,496	1,444,384	1,417,811
Earnings per share (RM)					
Basic	37	0.63	0.90		

Statements of Changes In Equity

for the year ended 31 December 2012

Group	Note	Share capital RM'000	Share redemp- tion fund RM'000	Capital reserve RM'000	Statutory reserve RM'000	Other reserves RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
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	27	354,103	-	-	-	-	-	-	354,103
Addition of share redemption		-	17,036	-	-	-	-	-	17,036
Transfer to statutory reserve		-	-	-	509,654	-	-	-	509,654
Adjustment on dividends	38	-	-	-	-	-	-	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
At 1 January 2012		2,349,063	53,671	14,617	2,858,048	109,503	230,565	2,995,438	8,610,905
Total comprehensive income for the year		-	-	-	-	68,780	133,538	1,240,153	1,442,471
Issuance to new members	27	409,816	-	-	-	-	-	-	409,816
Transfer to statutory reserve		-	-	-	446,404	-	-	-	446,404
Adjustment on dividends		-	-	-	-	-	-	(6,746)	(6,746)
Dividends	27 & 38	106,125	-	-	-	-	-	(428,473)	(322,348)
At 31 December 2012		2,865,004	53,671	14,617	3,304,452	178,283	364,103	3,800,372	10,580,502

Bank	Note	Share capital RM'000	Share redemp- tion fund RM'000	Capital reserve RM'000	Statutory reserve RM'000	Other reserves RM'000	Profit equalisation reserve RM'000	Retained profits RM'000	Total RM'000
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	27	354,103	-	-	-	-	-	-	354,103
Addition of share redemption		-	17,036	-	-	-	-	-	17,036
Transfer to statutory reserve		-	-	-	509,654	-	-	-	509,654
Adjustment on dividends	38	-	-	-	-	-	-	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
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 year		-	-	-	-	68,780	133,538	1,242,066	1,444,384
Issuance to new members	27	409,816	-	-	-	-	-	-	409,816
Transfer to statutory reserve		-	-	-	446,404	-	-	-	446,404
Adjustment on dividends		-	-	-	-	-	-	(6,746)	(6,746)
Dividends	27 & 38	106,125	-	-	-	-	-	(428,473)	(322,348)
At 31 December 2012		2,865,004	53,671	15,358	3,304,452	178,283	364,103	3,545,242	10,326,113

Statements of Cash Flows

for the year ended 31 December 2012

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	1,240,153	1,423,979	1,242,066	1,405,294
Adjustments for:				
Transfer to statutory reserve	446,404	509,654	446,404	509,654
Contribution to the Cooperative Education Trust Fund	21,139	20,190	21,139	20,190
Contribution to the Cooperative Development Provident Fund	21,139	20,190	21,139	20,190
Contribution to Bank Rakyat Foundation	9,241	9,266	9,241	9,266
Contribution to the Members Monetary Fund	–	40,380	–	40,380
Allowance for impairment on financing and advances	507,093	627,365	507,093	627,365
Overprovision of dividend in prior year	–	103,153	–	103,153
Profit expense on debt securities issued	6,658	–	6,658	–
Taxation	333,237	(17,145)	328,268	(19,622)
Zakat	45,880	33,682	45,626	33,640
Allowance for impairment on financial assets held-to-maturity	116,646	71,793	116,646	71,793
Allowance for impairment on financial assets available-for-sale	14,531	4,455	10,123	4,455
Depreciation of property and equipment	69,701	61,142	68,149	59,944
Loss on property and equipment written-off	163	811	158	247
Loss/(Gain) on disposal of property and equipment	(129)	1	–	1
Amortisation of prepaid lease payments	1,645	1,650	1,565	1,381
Provision for defined benefits plan	15,839	14,833	15,839	14,833
Loss on financing written-off	10,921	9,359	10,921	9,359
Finance cost	2,185	2,320	–	–
Allowance for doubtful debts	33,310	374	33,087	8,538
Allowance for doubtful debts no longer required	(191)	(252)	–	(2,756)
Allowance for impairment loss on financial assets held-to-maturity no longer required	(7,643)	(38,707)	(7,643)	(38,707)
Investment in subsidiaries written-off	–	–	–	12,472
Net gain on disposal of financial assets available-for-sale	(17,082)	(18,049)	(17,082)	(18,049)
(Gain)/Loss on revaluation of investment properties	4,754	(6,322)	2,781	(8,374)
Net gain on disposal of financial assets held for trading	(933)	(1,457)	(933)	(1,457)
Net gain on revaluation of financial assets held-for-trading	–	(9)	–	(9)
Net gain on redemption of financial assets held-to-maturity	(433)	(1,303)	(433)	(1,303)
Transfer from/(to) profit equalisation reserve	208,300	(98,300)	208,300	(98,300)
Profit expense on financing sold with recourse to Cagamas	111,199	139,333	111,199	139,333
Property development costs written-off	41	–	–	–
Operating profit before working capital changes	3,193,768	2,912,386	3,180,311	2,902,911

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
(Increase)/Decrease in operating assets:				
Deposits and placements with financial institutions	3,256,020	(2,599,477)	3,261,127	(2,600,280)
Financing and advances	(6,572,040)	(4,832,952)	(6,572,040)	(4,832,952)
Property development	(3,225)	7,889	–	–
Inventories	92	(470)	–	–
Trade receivables	(1,063)	453	–	–
Other assets	(300,577)	(126,021)	(290,636)	(149,698)
	(427,025)	(4,638,192)	(421,238)	(4,680,019)
Increase/(Decrease) in operating liabilities:				
Deposits from customers	4,158,916	8,939,407	4,158,916	8,939,407
Deposits from financial institutions	(395,000)	(54,999)	(395,000)	(54,999)
Other liabilities	(125,611)	82,002	(134,225)	86,070
Recourse obligation on financing sold to Cagamas	(242,291)	(725,880)	(242,291)	(725,880)
Trade payables	460	4,246	–	–
Cash generated from operations	2,969,449	3,606,584	2,966,162	3,564,579
Income tax paid	(249,596)	(301,778)	(247,021)	(286,399)
Zakat paid	(40,953)	(36,617)	(40,653)	(36,866)
Payment for retirement benefits	(100,950)	(85,857)	(100,950)	(85,857)
Net cash from operating activities	2,577,950	3,182,332	2,577,538	3,155,457
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchases of financial assets held-for-trading	(570,000)	(480,000)	(570,000)	(480,000)
Proceeds from disposal of financial assets held for trading	581,295	481,283	581,295	481,283
Purchases of financial assets available-for-sale	(3,762,454)	(14,346,145)	(3,762,454)	(14,346,145)
Proceeds from disposal of financial assets available-for-sale	4,875,023	8,482,201	4,874,208	8,482,201
Purchases of financial assets held-to-maturity	(8,464,480)	(7,451,970)	(8,464,480)	(7,451,970)
Proceeds from disposal of financial assets held-to-maturity	2,987,425	9,162,608	2,987,425	9,162,608
Proceeds from disposal of investment properties	1,270	–	1,270	–
Addition of investment properties	(1,432)	(61)	–	–
Purchase of property and equipment	(253,851)	(112,390)	(248,511)	(110,831)
Proceeds from disposal of property and equipment	525	(404)	–	–
Net cash used in investing activities	(4,606,679)	(4,264,878)	(4,601,247)	(4,262,854)

Statements of Cash Flows

for the year ended 31 December 2012 (CONTINUED)

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from debt securities issued	1,000,000	–	1,000,000	–
Proceeds from issue of shares to members	409,816	371,139	409,816	371,139
Dividend paid	(329,094)	(294,847)	(329,094)	(294,847)
Fund received from government	73,279	77,308	73,279	77,308
Repayment of financing from other financial institutions	(5,867)	(20,841)	–	–
Net cash from financing activities	1,148,134	132,759	1,154,001	153,600
Net decrease in cash and cash equivalents	(880,595)	(949,787)	(869,708)	(953,797)
Cash and cash equivalents at beginning of year	4,475,449	5,425,236	4,463,644	5,417,441
Cash and cash equivalents at end of year	3,594,854	4,475,449	3,593,936	4,463,644
Cash and cash equivalents				
Cash and short-term funds	3,594,854	4,475,449	3,593,936	4,463,644

Notes to the Financial Statements

for the year ended 31 December 2012

1. GENERAL INFORMATION

The Bank was established under the Cooperative Societies Act 1993 with the registered office address at 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 Shariah 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 of the Bank and its subsidiary companies during the year.

The Bank has a total of 140 branches as of 31 December 2012 (2011: 134).

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 Societies Act 1993, Development Financial Institutions Act 2002 (Act 618) and the applicable Malaysian Financial Reporting Standards (MFRS) with modifications based on guidelines issued by Bank Negara Malaysia (BNM) and in compliance with the principles of Shariah as well as International Financial Reporting Standards (IFRS).

The financial statements of the subsidiary companies of the Bank have been prepared in accordance with MFRS, IFRS and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM) and are rounded to the nearest thousand ('000), unless otherwise stated.

Adoption of Malaysian Financial Reporting Standards (MFRS Framework)

The Group's and the Bank's financial statements for the year ended 31 December 2012 have been prepared in accordance with MFRS for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards (FRS) with modifications based on guidelines issued by Bank Negara Malaysia.

The transition to MFRS is accounted for in accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards with 1 January 2011 as the date of transition. The adoption of MFRSs has not affected the amounts presented in the financial statements of the Group and of the Bank. Consequently, reconciliations of its equity reported in accordance with FRSs to its equity in accordance with MFRSs for the date of transition to MFRSs in the Group's and of the Bank's most recent annual financial statements not being presented.

Notes to the Financial Statements

for the year ended 31 December 2012

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective

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

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)] ¹
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Offsetting Financial Assets and Liabilities) ²
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2009) ³
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2010) ³
MFRS 10	Consolidated Financial Statements ²
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance) ²
MFRS 11	Joint Arrangements ²
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance) ²
MFRS 12	Disclosures of Interests in Other Entities ²
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Transition Guidance) ²
MFRS 13	Fair Value Measurement ²
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) ⁴
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011) ²
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011) ²
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) ²
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ⁵
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine ²

Amendments to MFRSs contained in the document entitled Annual Improvements 2009–2011 cycle²

¹ Effective immediately on issuance date of 1 March 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to “Mandatory Effective Date of MFRS 9 and Transition Disclosures” on 1 March 2012

⁴ Effective for annual periods beginning on or after 1 July 2012

⁵ Effective for annual periods beginning on or after 1 January 2014

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective (cont'd)

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 and of the Bank 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 and of the Bank in the period of initial application, except as discussed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group and the Bank have not entered into any such agreements or similar arrangements. However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) (MFRS 9) relating to “Mandatory Effective Date of MFRS 9 and Transition Disclosures” which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Notes to the Financial Statements

for the year ended 31 December 2012

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective (cont'd)

Key requirements of MFRS 9 are described as follows:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of MFRS 9 may have significant impact on amounts reported in respect of the Group's and the Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128

In November 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, comprising MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as amended by IASB in May 2011) and MFRS 128 (IAS 28 as amended by IASB in May 2011).

Key requirements of these five Standards are described below.

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. IC Int.112 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of MFRS 10. Under MFRS 10, there is only one basis for consolidation, that is, control. In addition, MFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective (cont'd)

MFRS 10, MFRS 11, MFRS 12, MFRS 127 and MFRS 128 (cont'd)

MFRS 11 replaces MFRS 131 Interests in Joint Ventures. MFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. IC Int. 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of MFRS 11. Under MFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under MFRS 131, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under MFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under MFRS 131 can be accounted for using the equity method of accounting or proportionate consolidation.

MFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in MFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the application of these MFRSs for the first time.

MFRS 13

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under MFRS 7 *Financial Instruments: Disclosures* will be extended by MFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

Notes to the Financial Statements

for the year ended 31 December 2012

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective (cont'd)

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income (cont'd)

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the “statement of comprehensive income” is renamed “statement of profit or loss and other comprehensive income” and the “income statement” is renamed the “statement of profit or loss”.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 119 (IAS 19 as amended by IASB in June 2011)

The amendments to MFRS 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statements of financial position to reflect the full value of the plan deficit or surplus. Further, the interest cost and expected return on plan assets used in the previous version of MFRS 119 are replaced with a “net-interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to MFRS 119 require retrospective application. Based on the directors’ preliminary assessment, when the amendments to MFRS 119 is applied for the first time for the year ending 31 December 2013, the unrecognised actuarial loss of RM183,877,000 would be recognised by adjusting the retained profits as of 1 January 2013. This effect reflects full recognition of actuarial loss through retained profits and decrease in the net defined asset surplus.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and IC Interpretations issued but not yet effective (cont'd)

Amendments to MFRSs: Annual Improvements 2009 – 2011 Cycle

The *Annual Improvements 2009 – 2011 Cycle* include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 101 *Presentation of Financial Statements*;
- Amendments to MFRS 116 *Property, Plant and Equipment*; and
- Amendments to MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 101

MFRS 101 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to MFRS 101 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Hence, the adoption of the amendments when it becomes effective will affect the presentation of the third statement of financial position and related notes in the future periods.

Amendments to MFRS 116

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have no significant effect on the Group's and the Bank's financial statements.

Amendments to MFRS 132

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 *Income Taxes*. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's and the Bank's financial statements as this treatment has already been adopted.

Notes to the Financial Statements

for the year ended 31 December 2012

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 certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in accounting policies below.

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

The principal accounting policies are set out below.

3.2 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including special purpose entities) controlled by the Bank (its subsidiaries). Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Subsidiaries and basis of consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Bank's separate financial statements.

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Business combinations (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Business combinations (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Goodwill on consolidation

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Financial instruments

Financial assets and financial liabilities are recognised when, and only when the Group and the Bank become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

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.

3.5.1 Financial assets

Financial assets are classified into the following specified categories: “financial assets at fair value through profit or loss or financial assets held-for-trading”, held to maturity investments, available-for-sale financial assets and financing and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

(a) Financial assets held for trading or at fair value through profit or loss

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. They are recognised in the statements of financial position as ‘Financial assets held for trading’.

Financial instruments included in this category are recognised initially at fair value; transaction costs are recognised in profit or loss. Gains and losses arising from changes in fair value are recognised in profit or loss and are reported as ‘Gains/(losses) on revaluation of financial assets held for trading’. Profit income on financial assets held for trading are included in ‘Income from financial assets’.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in profit rates, exchange rates or equity prices or that are not classified as financing and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

(b) Available-for-sale financial assets (cont'd)

Available-for-sale financial assets are initially recognised at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in other reserves, with the exception of impairment losses and profit calculated using the effective profit rate method which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other reserves is classified to profit or loss.

Available-for-sale equity instruments that do not have a quoted market price in an active market whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividend from available-for-sale equity investments are recognised in profit or loss when the Group's and the Bank's right to receive the dividend is established.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and the Bank's management have the positive intent and ability to hold to maturity.

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

Profit on financial assets held-to-maturity is included in profit or loss and reported as 'Income from financial assets'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the financial asset and recognised in profit or loss as 'Allowance for impairment on financial assets'.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

(d) Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financing and receivables are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective profit method, less any impairment. Regular way recognition of financing and advances is recorded on settlement date, when all the conditions under financing contract have been fulfilled.

Profit on financing is recognised in profit or loss by applying the effective profit rate.

3.5.2 Impairment of financial assets

3.5.2.1 Financing and advances

Financing and advances (financing) of the Group and of the Bank are classified as impaired when they fulfil any of the following criteria:

- (i) Principal or interest or both are past due for three (3) months or more;
- (ii) Where a loan is in arrears for less than three (3) months, the loan exhibits indications of credit weaknesses; or
- (iii) Where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for certain period of months.

For determination of impairment on financing, the Group and the Bank assess at the end of each reporting period whether there is objective evidence that a financing or a group of financing is impaired. A financing or a group of financing is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (i.e. an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financing or a group of financing that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.2 Financing and advances (cont'd)

3.5.2.1 Financing and advances (cont'd)

The Group and the Bank first assess individually whether objective evidence of impairment exists individually for financing which are individually significant, or collectively for financing which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financing, the financing is then included in a group of financing with similar credit risk characteristics and collectively assessed for impairment. Financing that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financing's original effective profit rate. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Where appropriate, the calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financing are grouped on the basis of similar credit risk characteristics. Impairment for this group is assessed based on the historical financing loss experience in terms of default rate and estimated recovery rate.

Future cash flows of the financing are evaluated depending on the availability of security for the financing. For unsecured financing, the fraction of exposure at default that will not be recovered following the default is taken in full.

For financing secured with collateral pledged to the Group and the Bank, the fraction of exposure at default would take into account value of the security discounted based on the expected period of recovery of the security using the effective profit rate.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.2 Impairment of financial assets (cont'd)

3.5.2.1 Financing and advances (cont'd)

The likelihood that the financing would fall into default is computed based on average default rates for the latest number of years using historical data of outstanding balance that flow through to the following month. Similar rate of the likelihood of default is applied to the group of financing with similar credit risk characteristics.

In previous years, for collective assessment of financing, the Bank has applied the transitional arrangement issued by BNM via its guideline on Classification and Impairment Provisions for Loans/Financing, whereby collective assessment impairment allowance is maintained at a minimum of 1.5% of total outstanding financing, net of individual assessment allowance.

In conjunction with the convergence of the FRSs in Malaysia with the IFRSs, BNM's guideline on Classification and Impairment Provisions for Loans/Financing was revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of the Malaysian Financial Reporting Standard 139: Financial Instruments: Recognition and Measurement ["MFRS 139"]. Based on the revised guideline, the transitional arrangement on collective assessment is removed with effect from 1 January 2012. Thereafter, the Bank applies the basis for collective assessment impairment allowance by grouping of these financing with similar credit risk characteristics as explained above.

When a financing is uncollectible, it is written off against the related allowance for financing impairment. Such financing are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to financing and advances to customers are classified in financing impairment charges.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.2 Impairment of financial assets (cont'd)

3.5.2.2 Available-for-sale financial assets

The Group and the Bank assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, cumulative gain or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated other reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3.5.2.3 Held-to-maturity investments

The Group and the Bank assess at the end of each reporting period whether objective evidence of impairment of financial investments held-to-maturity exists as a result of one or more loss events and that loss event has an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

Where there is objective evidence of impairment, an impairment loss is recognised as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognised.

If held to maturity investments have a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group and the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.2 Impairment of financial assets (cont'd)

3.5.2.4 Rescheduled and restructured financing

Where a financing shows evidence of credit weaknesses, the Group and the Bank may seek to renegotiate the financing rather than to take possession of collateral. This may involve an extension of the payment arrangements via rescheduling or the renegotiation of new financing terms and conditions via restructuring. Management monitors the renegotiated financing to ensure that all the revised terms are met and that the repayments are made promptly for a continuous period. Where an impaired financing is renegotiated, the borrower must adhere to the revised and/or restructured repayment terms for a continuous period of six months before the financing is classified as non-impaired. These financing continue to be subjected to individual or collective impairment assessment.

3.5.3 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts it may have to pay. The Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated equity is recognised in profit or loss.

3.5.4 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.5 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at amortised cost include deposits from customers, deposits and placements from banks and financial institutions, trade and other payables, recourse obligation on financing sold to Cagamas, debt securities issued and other borrowed funds.

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

3.5.6 Derecognition of financial liabilities

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

3.5.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on Bursa Malaysia and broker quotes from Bond Pricing Agency.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. Under these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, and using inputs existing at the end of the reporting period.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (cont'd)

3.5.7 Determination of fair value (cont'd)

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

The fair value for financing and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

3.6 Cash and cash equivalents

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and money at call and deposit placements maturing within one month, are short term, highly liquid investments with maturities of one month or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

3.7 Leases

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

a) Group as lessor

Outstanding amount from lessor under finance lease is recognised as a receivable at the net amount of the Group's and the Bank'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 and the Bank'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 the Group's and the Bank'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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (cont'd)

(b) Group as lessee (cont'd)

Finance charges is charged to profit or loss, and will be capitalised according to the Group's and the Bank'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 is incurred. Depreciation policy for the leased asset is based on the Group's and the Bank'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 is 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.

3.8 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group and the Bank, are classified as investment properties. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between net disposal proceeds and the carrying amount of the assets), is included in profit or loss in the period which the property is derecognised.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use.

Depreciation of other property and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	2%
Leasehold land and buildings	2%
Renovation	2% – 20%
Furniture, fittings and office equipment	20%
Motor vehicles	20%

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gains and losses arising on disposals are determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.10 Prepaid lease payments

Leasehold land that has an indefinite economic life 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 19 to 97 years (2011: 20 to 98 years)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

3.12 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.

3.13 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.

3.14 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.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Profit income and expense (cont'd)

The calculation takes into account all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. Significant fees and transaction costs integral to the effective profit rate, as well as premiums or discounts are also considered.

For impaired assets where the value of the financial assets has been written down as a result of an impairment loss, profit income continues to be recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

3.15 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.

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 as 'Dividend income' when the Group's right to receive payment is established.

3.17 Income tax

3.17.1 Current income tax

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

3.17.2 Deferred income tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (cont'd)

3.17.2 Deferred income tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

3.18 Employee benefits

3.18.1 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.

Notes to the Financial Statements

for the year ended 31 December 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Employee benefits (cont'd)

3.18.1 Defined benefit plan (cont'd)

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.

3.18.2 Defined contribution plan

For defined contribution plan, the Group and the Bank pay contributions to Employees Provident Fund (EPF) on a mandatory basis. The Group and the Bank have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

3.19 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Impairment of non-financial assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.20 Profit equalisation reserve (PER)

PER is a mechanism to enable the Bank to mitigate the downside risk of income reduction and to maintain competitive rates of returns or deposit rates. This is in line with "Guidelines on Profit Equalisation Reserve" as prescribed by Bank Negara Malaysia.

PER is created by setting aside an amount out of total gross income before distribution to depositors and the Bank.

PER is segregated between the portion belonging to the depositors and the Bank based on the contractual profit sharing ratio at the point of creation. PER for depositors is classified as current liability and PER for the Bank is classified as a separate reserve in equity.

Utilisation of PER shall be appropriated from both the depositors' and the Bank's portion based on the contractual profit sharing ratio at the point of utilisation.

Notes to the Financial Statements

for the year ended 31 December 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's and the Bank's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with MFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's and the Bank's results and financial situation due to their materiality.

4.1 Impairment losses on financing and advances

The Group and the Bank review their financing and advances portfolio to determine whether impairment losses should be recognised in profit or loss.

Financing is considered as impaired when there is objective evidence of impairment as a result of loss event that has affected future estimated cash flows of the financing subsequent to its initial recognition.

Components of impairment allowance are as follows:

(i) Individual impairment

Where an account has exceeded certain number of arrears or when the account has fulfilled certain criteria that indicates credit weaknesses, the account is individually assessed for impairment.

Individual allowance is measured as the difference between carrying amount of the financing and present value of estimated future cash flows that are discounted at the effective profit rate.

Expectation on future cash flows is established by applying the best estimate formed on reliable and objective evidence. This process involves significant and reasonable judgement.

(ii) Collective impairment

Collective impairment is applicable to a group of financing with similar credit risk characteristics, and which is not classified under individual impairment as described above.

Collective allowance takes into account probability of financing turning into default (or probability of default) and estimated loss on default (or loss given default) of any particular financing.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Impairment losses on financing and advances (cont'd)

(ii) Collective impairment (cont'd)

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.

Pain previous years, the Bank has applied the transitional arrangement issued by BNM via its guideline on Classification and Impairment Provisions for Loans/Financing, whereby collective assessment impairment allowance is maintained at a minimum of 1.5% of total outstanding financings, net of individual assessment allowance.

In conjunction with the convergence of the FRSs in Malaysia with the IFRSs, BNM's guideline on Classification and Impairment Provisions for Loans/Financing was revised on 9 November 2011 to align the requirements on the determination of collective assessment allowance with that of the Malaysian Financial Reporting Standard 139: Financial Instruments: Recognition and Measurement (MFRS 139). Based on the revised guideline, the transitional arrangement on collective assessment was removed with effect from 1 January 2012. Thereafter, the Bank applies the basis for collective assessment impairment allowance by grouping of these financing on the basis of similar credit risk characteristics as explained in Note 3.5.2.1. To align its implementation of collective impairment with the revised guidelines, the Bank has reclassified certain portfolio of financing into collective impairment in view of their similar credit risk characteristics and has allocated individual impairment provisions for financing that are capable of being individual assessed.

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.

Notes to the Financial Statements

for the year ended 31 December 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment of financial assets available-for-sale (cont'd)

(ii) Impairment for equity securities

For equity instrument, impairment is not identified based on analysis of projected cash flows similar to debt instrument above. It arises due to establishment of the following events:

- a) significant decline in fair value of the securities below original cost (30%); or
- b) prolonged decline in fair value of the securities below original cost (9 months)

The above is considered objective evidence for provision of impairment on the equity securities.

4.3 Financial assets held-to-maturity

The Group and the Bank classify some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement.

In making this judgement, the Group and the Bank evaluate their intention and ability to hold such investments to maturity. If the Group and the Bank were to fail to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - the Group and the Bank are required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

4.4 Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that 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.

5. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	529,046	319,352	525,494	311,839
Money at call and deposit placements maturing within one month	3,068,442	4,156,097	3,068,442	4,151,805
	3,597,488	4,475,449	3,593,936	4,463,644

For the purpose of the statements of cash flows, cash and cash equivalent comprise of the following:

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	3,597,488	4,475,449	3,593,936	4,463,644
Bank overdrafts (Note 26)	(2,634)	–	–	–
	3,594,854	4,475,449	3,593,936	4,463,644

6. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Licensed banks	258,980	3,515,000	253,873	3,515,000

7. FINANCIAL ASSETS HELD FOR TRADING

	Group and Bank	
	2012	2011
	RM'000	RM'000
At fair value		
Government investment issues	–	10,362

Notes to the Financial Statements

for the year ended 31 December 2012

8. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At fair value				
Islamic debt securities	2,253,273	1,525,173	2,253,273	1,525,173
Government investment issues	5,591,321	5,764,041	5,591,321	5,764,041
Government bonds	1,737,625	1,660,655	1,737,625	1,660,655
Khazanah bonds	21,877	21,088	21,877	21,088
Cagamas bonds	10,047	10,054	10,047	10,054
Negotiable Islamic debt certificates	–	1,687,574	–	1,687,574
Quoted shares	175,347	158,336	174,591	156,765
Unit trust shares	1,750	1,672	1,750	1,672
At cost, net of impairment loss				
Unquoted shares	11,241	15,126	6,833	6,310
Net carrying amount	9,802,481	10,843,719	9,797,317	10,833,332

9. FINANCIAL ASSETS HELD-TO-MATURITY

	Group and Bank	
	2012	2011
	RM'000	RM'000
At amortised cost		
Islamic debt securities	690,425	807,991
Government investment issues	6,649,152	902,533
Government bonds	521,435	–
Khazanah bonds	294,854	49,810
Cagamas bonds	351,278	351,227
Negotiable Islamic debt certificates	–	903,361
Islamic commercial papers	93,998	108,731
	8,601,142	3,123,653
Less: accumulated impairment losses		
Islamic debt securities	(306,971)	(213,736)
Islamic commercial papers	(73,215)	(57,446)
	(380,186)	(271,182)
Net carrying amount	8,220,956	2,852,471

9. FINANCIAL ASSETS HELD-TO-MATURITY (CONTINUED)

A reconciliation of accumulated impairment loss is as follows:

	Group and Bank	
	2012	2011
	RM'000	RM'000
As of 1 January	271,182	238,096
Impairment loss during the year (Note 31(ii))	116,646	71,793
Recoveries of impairment loss during the year	(7,642)	(38,707)
As of 31 December	380,186	271,182

The maturity structures of the instruments are as follows:

	Group and Bank	
	2012	2011
	RM'000	RM'000
Maturity within one year	1,000,138	1,022,137
More than one year to five years	2,779,162	660,303
More than five years	4,821,842	1,441,213
	8,601,142	3,123,653

Notes to the Financial Statements

for the year ended 31 December 2012

10. FINANCING AND ADVANCES

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
At amortised cost		
Term financing	5,349,912	4,640,201
Personal financing	43,951,408	38,179,814
Revolving credit	485,419	583,431
House financing	2,978,340	3,382,410
Hire-purchase receivables	420,621	618,191
Lease receivables	–	131,324
Pawn broking	1,741,343	1,572,051
Bridging	819,219	775,961
Syndicated financing	323,060	151,020
Credit card	397,135	393,296
Staff financing	290,030	275,556
Gross financing and advances, net of unearned income	56,756,487	50,703,255
Allowance for impairment on financing and advances:		
Individual assessment impairment	(285,543)	(416,509)
Collective assessment impairment	(1,237,668)	(1,107,497)
	(1,523,211)	(1,524,006)
Net financing and advances	55,233,276	49,179,249

10. FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Bai Innah	44,138,071	38,370,373
Ijarah	–	100,653
Bai Bithaman Ajil	3,541,378	4,076,135
Rahnu	1,741,343	1,572,051
Qard	508	935
Ijarah Thumma Al-Bai'	413,206	639,759
Murabahah	6,406,820	5,480,026
Musharakah	118,027	70,027
Tawarruq	397,134	393,296
	56,756,487	50,703,255

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Purchase of securities	108,647	108,583
Purchase of landed property	2,614,660	3,062,271
Consumption credit	47,577,806	41,935,356
Agriculture	531,904	502,810
Mining and quarrying	100,820	153,240
Manufacturing	1,218,702	862,915
Electricity, gas and water	272	3,155
Construction	1,913,490	1,766,645
Wholesale & retail trade	137,568	125,146
Transportation & communication	223,594	196,261
Financial, insurance and business services	2,279,279	1,779,095
Community, social and personal services	49,745	207,778
	56,756,487	50,703,255

Notes to the Financial Statements

for the year ended 31 December 2012

10. FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Purchase of securities	1,933	5,168
Purchase of landed property	273,144	434,120
Consumption credit	484,922	420,661
Agriculture	67,584	64,882
Manufacturing	57,242	53,333
Electricity, gas and water	132	2,524
Construction	163,360	100,981
Wholesale & retail trade	41,234	45,603
Transportation & communication	81,510	47,643
Financial, insurance, property and business services	259,660	253,591
Community, social and personal services	1,016	1,327
	1,431,737	1,429,833

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
As of 1 January	1,429,833	1,566,887
Classified as impaired during the year	1,892,376	2,227,550
Amount written-back in respect of recoveries	(1,397,794)	(1,660,743)
Amount written-off during the year	(492,678)	(703,861)
	1,904	(137,054)
As of 31 December	1,431,737	1,429,833
Gross impaired financing and advances as a percentage of gross financing and advances	2.52%	2.82%

10. FINANCING AND ADVANCES (CONTINUED)

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

	Group and Bank 2012 RM'000	2011 RM'000
Individual assessment impairment		
As of 1 January		
- As previously stated	416,509	533,672
- Transfer to collective assessment impairment	(296,717)	–
As of 1 January, as restated	119,792	533,672
Allowance made during the year (Note 31(i))	279,819	716,245
Amount written-back in respect of recoveries (Note 31(i))	(90,915)	(125,647)
Amount written-off during the year	(23,153)	(707,761)
	165,751	(117,163)
As of 31 December	285,543	416,509

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

	Group and Bank 2012 RM'000	2011 RM'000
Collective assessment impairment		
As of 1 January		
– As previously stated	1,107,497	1,096,397
– Transfer from individual assessment impairment	296,717	–
As of 1 January, as restated	1,404,214	1,096,397
Allowance made during the year (Note 31(i))	303,012	11,100
Amount written-off during the year	(469,558)	–
	(166,546)	11,100
As of 31 December	1,237,668	1,107,497
Collective impairment as a percentage of gross financing and advances after deduction of individual assessment impairment	2.19%	2.20%

Notes to the Financial Statements

for the year ended 31 December 2012

11. TRADE RECEIVABLES

	Group	
	2012 RM'000	2011 RM'000
At amortised cost		
Trade receivables	8,625	11,780
Less: Allowance for doubtful debts	(190)	(4,487)
	8,435	7,293

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 (2011: 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 RM4,261,000 (2011: RM6,113,000) that are past due at the end of the reporting period 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:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired		
1 day to less than 1 month	4,174	1,180
Melebihi tempoh tetapi tidak terjejas		
1 month to less than 2 months	1,401	1,554
2 months to less than 3 months	481	1,215
3 months to less than 4 months	427	571
4 months and above	1,952	2,773
	4,261	6,113
Past due and impaired	190	4,487
	8,625	11,780

11. TRADE RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts are as follows:

	Group	
	2012	2011
	RM'000	RM'000
As of 1 January	4,487	4,365
Impairment losses recognised on receivables (Note 33(ii))	112	374
Amount recovered during the year (Note 32(ii))	(191)	(252)
Bad debt written-off against allowance	(4,218)	–
As of 31 December	190	4,487

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

12. OTHER ASSETS

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries (i)	–	–	2,889	3,943
Other receivables, deposits and prepayments (ii)	529,213	261,834	476,385	217,782
Defined benefit plan (iii)	312,167	227,056	312,167	227,056
Tax recoverable	99	89,122	–	88,563
	841,479	578,012	791,441	537,344

Notes to the Financial Statements

for the year ended 31 December 2012

12. OTHER ASSETS (CONTINUED)

(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	
	2012 RM'000	2011 RM'000
Outstanding balances	21,485	22,539
Less: Allowance for doubtful debts	(18,596)	(18,596)
	2,889	3,943

Movements on allowance for doubtful debts are as follows:

	Bank	
	2012 RM'000	2011 RM'000
As of 1 January	18,596	12,935
Impairment losses recognised on receivables	–	8,538
Amount recovered during the year	–	(2,756)
Bad debt written-off against allowance	–	(121)
As of 31 December	18,596	18,596

12. OTHER ASSETS (CONTINUED)**(ii) Other receivables, deposits and prepayments**

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Other receivables	328,913	236,732	278,673	192,680
Allowance for doubtful debts *	(33,201)	(3)	(33,090)	(3)
	295,712	236,729	245,583	192,677
Contribution to Central Liquidity Monetary Fund **	200,000	–	200,000	–
Refundable deposits	7,957	5,814	6,132	5,814
Prepayments	25,544	19,291	24,670	19,291
	529,213	261,834	476,385	217,782

* Movements on allowance for doubtful debts are as follows:

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
As of 1 January	3	3	3	3
Impairment losses recognised on receivables (Note 33(ii))	33,198	–	33,087	–
As of 31 December	33,201	3	33,090	3

** This contribution is required under sub-section 42(i) of Malaysian Co-operatives Commission Act 2007 (Act 665) either at rate of 1% on the qualifying liability or RM200 million, whichever is lower, commencing the financial period beginning on or after 1 January 2012.

Notes to the Financial Statements

for the year ended 31 December 2012

12. OTHER ASSETS (CONTINUED)

(iii) Defined benefit plan

The Bank 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 Bank 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 and Bank	
	2012	2011
	RM'000	RM'000
Present value of funded obligations	(402,777)	(219,955)
Fair value of plan assets	531,067	419,894
Unrecognised net actuarial loss	183,877	27,117
Net assets	312,167	227,056

Amounts recognised in statements of comprehensive income are as follows:

	Group and Bank	
	2012	2011
	RM'000	RM'000
Current service cost	15,288	11,753
Finance cost	14,096	11,344
Expected return on plan assets	(13,545)	(8,264)
Total included in personnel expenses (Note 33(i))	15,839	14,833

Movement of present value of funded obligations:

	Group and Bank	
	2012	2011
	RM'000	RM'000
As of 1 January	219,955	178,627
Current service cost	15,288	11,753
Finance cost	14,096	11,344
Actuarial loss	163,740	28,708
Benefits paid	(10,302)	(10,477)
As of 31 December	402,777	219,955

12. OTHER ASSETS (CONTINUED)**(iii) Defined benefit plan (cont'd)**

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Net asset as of 1 January	227,056	156,032
Total included in personnel expenses (Note 33(i))	(15,839)	(14,833)
Contributions paid during the year	100,950	85,857
Net asset as of 31 December	312,167	227,056

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Fair value as of 1 January	419,894	334,659
Expected return on plan assets	13,545	8,264
Contributions paid during the year	100,950	85,857
Benefits paid from defined benefit plan	(10,302)	(10,477)
Actuarial gain on plan assets	6,980	1,591
Fair value as of 31 December	531,067	419,894

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Normal retirement age : Male and Female	56	56
Discount rate	5.50%	6.50%
Long-term rate of return on assets	3.25%	2.50%
Rate of salary increases	8-10%	6.00%

Notes to the Financial Statements

for the year ended 31 December 2012

13. INVENTORIES

	Group 2012 RM'000	2011 RM'000
Trading inventories, at cost	613	705

14. PROPERTY DEVELOPMENT

	Group 2012 RM'000	2011 RM'000
Freehold land, at cost		
As of 1 January	1,465	1,012
Addition during the year	–	453
Written-off during the year (Note 33(ii))	(41)	–
As of 31 December	1,424	1,465
Development cost		
As of 1 January	492	8,834
Cost incurred during the year	2,266	358
Cost charged to profit or loss	–	(8,700)
As of 31 December	2,758	492
Allowance for foreseeable loss	–	(959)
	4,182	998

15. INVESTMENT IN SUBSIDIARIES

	Bank 2012 RM'000	2011 RM'000
Unquoted shares, at cost	43,500	43,500

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name	Equity interest		Principal activities
	2012 %	2011 %	
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

Notes to the Financial Statements

for the year ended 31 December 2012

16. PROPERTY AND EQUIPMENT

Group 2012	Freehold land RM'000	Buildings RM'000	Long- term leasehold land and buildings RM'000	Short- term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	49,485	54,016	102,180	868	122,679	163,180	343,392	6,483	842,283
Additions	-	-	148	-	185,636	8,679	57,628	1,760	253,851
Disposals	-	-	-	-	-	-	(46)	(860)	(906)
Write-offs	-	-	-	-	-	(1,025)	(4,127)	-	(5,152)
Reclassifications	1,068	3,585	7,996	-	(28,208)	15,559	-	-	-
Transfer to prepaid lease payments (Note 18)	-	-	(8,925)	-	-	-	-	-	(8,925)
Transfer from/(to) investment properties (Note 17)	-	690	5,470	-	-	(435)	-	-	5,725
At 31 December	50,553	58,291	106,869	868	280,107	185,958	396,847	7,383	1,086,876
Accumulated depreciation									
At 1 January	-	6,630	20,886	229	-	87,625	233,765	2,882	352,017
Depreciation for the year	-	1,704	1,648	25	-	21,796	43,767	761	69,701
Disposals	-	-	-	-	-	-	(46)	(464)	(510)
Write-offs	-	-	-	-	-	(1,010)	(3,979)	-	(4,989)
At 31 December	-	8,334	22,534	254	-	108,411	273,507	3,179	416,219
Net book value									
At 31 December	50,553	49,957	84,335	614	280,107	77,547	123,340	4,204	670,657

16. PROPERTY AND EQUIPMENT (CONTINUED)

Group 2011	Freehold land RM'000	Buildings RM'000	Long- term leasehold land and buildings RM'000	Short- term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	49,485	43,440	105,209	748	96,190	147,103	306,484	6,142	754,801
Additions	–	–	–	–	60,333	7,019	44,133	905	112,390
Disposals	–	–	–	–	–	–	(160)	–	(160)
Write-offs	–	–	–	–	–	(3,718)	(7,065)	(564)	(11,347)
Reclassifications	–	10,576	10,372	120	(33,844)	12,776	–	–	–
Transfer to prepaid lease payments (Note 18)	–	–	(13,401)	–	–	–	–	–	(13,401)
At 31 December	49,485	54,016	102,180	868	122,679	163,180	343,392	6,483	842,283
Accumulated depreciation									
At 1 January	–	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 payments (Note 18)	–	–	(6,061)	–	–	–	–	–	(6,061)
At 31 December	–	6,630	20,886	229	–	87,625	233,765	2,882	352,017
Net book value									
At 31 December	49,485	47,386	81,294	639	122,679	75,555	109,627	3,601	490,266

Notes to the Financial Statements

for the year ended 31 December 2012

16. PROPERTY AND EQUIPMENT (CONTINUED)

Bank 2012	Freehold land RM'000	Buildings RM'000	Long- term leasehold land and buildings RM'000	Short- term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	49,353	54,016	95,044	868	115,056	161,203	340,653	815	817,008
Additions	-	-	50	-	182,026	8,528	57,309	598	248,511
Disposals	-	-	-	-	-	-	(46)	-	(46)
Write-offs	-	-	-	-	-	(1,025)	(4,122)	-	(5,147)
Reclassifications	1,068	3,585	5,077	-	(25,289)	15,559	-	-	-
Transfer to prepaid lease payments (Note 18)	-	-	(8,925)	-	-	-	-	-	(8,925)
Transfer from/(to) investment (Note 17)	-	690	5,470	-	-	(435)	-	-	5,725
At 31 December	50,421	58,291	96,716	868	271,793	183,830	393,794	1,413	1,057,126
Accumulated depreciation									
At 1 January	-	6,630	19,625	229	-	86,781	231,993	801	346,059
Depreciation for the year	-	1,704	1,263	25	-	21,612	43,481	64	68,149
Disposals	-	-	-	-	-	-	(46)	-	(46)
Write-offs	-	-	-	-	-	(1,010)	(3,979)	-	(4,989)
At 31 December	-	8,334	20,888	254	-	107,383	271,449	865	409,173
Net book value									
At 31 December	50,421	49,957	75,828	614	271,793	76,447	122,345	548	647,953

16. PROPERTY AND EQUIPMENT (CONTINUED)

Bank 2011	Freehold land RM'000	Buildings RM'000	Long- term leasehold land and buildings RM'000	Short- term leasehold land and buildings RM'000	Work-in progress RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At cost									
At 1 January	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 payments (Note 18)	–	–	(13,401)	–	–	–	–	–	(13,401)
At 31 December	49,353	54,016	95,044	868	115,056	161,203	340,653	815	817,008
Accumulated depreciation									
At 1 January	–	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 payments (Note 18)	–	–	(6,061)	–	–	–	–	–	(6,061)
At 31 December	–	6,630	19,625	229	–	86,781	231,993	801	346,059
Net book value									
At 31 December	49,353	47,386	75,419	639	115,056	74,422	108,660	14	470,949

Notes to the Financial Statements

for the year ended 31 December 2012

16. PROPERTY AND EQUIPMENT (CONTINUED)

Land titles of certain freehold land of the Bank with carrying amount of RM6,214,595 (2011: RM14,122,334) have not been issued by the relevant authorities.

17. INVESTMENT PROPERTIES

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At fair value				
As of 1 January	246,898	240,515	155,160	146,786
Additions during the year	1,432	61	–	–
(Loss)/Gain on revaluation (Note 33(ii))	(4,754)	6,322	(2,781)	8,374
Disposal during the year	(1,270)	–	(1,270)	–
Transfer to property and equipment (Note 16)	(5,725)	–	(5,725)	–
As of 31 December	236,581	246,898	145,384	155,160

Investment properties include the following:

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Freehold land	4,130	4,308	4,048	4,226
Buildings	96,597	97,686	7,386	8,044
Long-term leasehold land and buildings	134,704	143,954	132,800	141,940
Short-term leasehold land and buildings	1,150	950	1,150	950
	236,581	246,898	145,384	155,160

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 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 RM78,800,000 (2011: RM83,690,000) have not been issued to the Bank by the relevant authorities.

The investment properties held by the Bank are let under operating leases to third parties, from which rental income of RM6,109,574 (2011: RM6,128,376) has been earned during the year.

18. PREPAID LEASE PAYMENTS

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cost				
As of 1 January	90,334	76,933	73,680	60,279
Transfer from property and equipment (Note 16)	8,925	13,401	8,925	13,401
As of 31 December	99,259	90,334	82,605	73,680
Accumulated amortisation				
As of 1 January	13,671	5,960	10,049	2,607
Transfer from property and equipment (Note 16)	–	6,061	–	6,061
Charge for the year	1,645	1,650	1,565	1,381
As of 31 December	15,316	13,671	11,614	10,049
	83,943	76,663	70,991	63,631

Prepaid lease payments include:

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Long-term leasehold land	75,292	72,120	62,340	59,088
Short-term leasehold land	8,651	4,543	8,651	4,543
	83,943	76,663	70,991	63,631

The remaining period of the leasehold land of the Group and of the Bank as of 31 December 2012 ranges from 19 to 97 years (2011: 20 to 98 years) and 21 to 94 years (2011: 22 to 95 years) respectively.

The land titles of certain leasehold land of the Bank amounting to RM27,885,174 (2011: RM32,696,776) have not been issued to the Bank by the relevant authorities.

Notes to the Financial Statements

for the year ended 31 December 2012

19. DEFERRED TAX ASSETS

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

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
As of 1 January	355,496	174,496	356,000	175,000
Transfer to/(from) profit or loss (Note 34)				
Property and equipment	(11,002)	(27,000)	(10,000)	(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	2,000	(6,000)	2,000	(6,000)
Other payables	8,000	6,000	8,000	6,000
Profit equalisation reserve	54,000	98,000	54,000	98,000
	52,998	181,000	54,000	181,000
As of 31 December	408,494	355,496	410,000	356,000

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

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax assets				
Temporary differences arising from:				
Financing and advances	288,000	288,000	288,000	288,000
Provision for retirement benefits	7,000	5,000	7,000	5,000
Other payables	33,000	25,000	33,000	25,000
Profit equalisation reserve	152,000	98,000	152,000	98,000
	480,000	416,000	480,000	416,000
Offsetting	(71,506)	(60,504)	(70,000)	(60,000)
Deferred tax assets (after offsetting)	408,494	355,496	410,000	356,000
Deferred tax liabilities				
Temporary differences arising from:				
Property and equipment	71,506	60,504	70,000	60,000
Offsetting	(71,506)	(60,504)	(70,000)	(60,000)
Deferred tax liabilities (after offsetting)	–	–	–	–

20. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2012	2011
	RM'000	RM'000
Non-Mudharabah fund		
Demand deposits	10,248,802	115,584
Savings deposits	688,339	624,261
Negotiable Islamic debt certificate	3,014,379	1,011,313
	13,951,520	1,751,158
Mudharabah fund		
Savings deposits	2,708,999	2,170,187
General investment deposits	45,882,785	54,472,643
Special investment deposits	122,700	113,100
	48,714,484	56,755,930
	62,666,004	58,507,088

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

	Group and Bank	
	2012	2011
	RM'000	RM'000
Government	32,120,664	31,323,012
Business enterprises	15,763,095	16,606,073
Co-operatives	730,967	726,235
Individuals	7,349,836	4,898,987
Others	6,701,442	4,952,781
	62,666,004	58,507,088

Maturity structure of deposits from customers are as follows:

	Group and Bank	
	2012	2011
	RM'000	RM'000
Maturity within six months	52,508,627	49,743,292
More than six months to one year	8,688,130	5,171,486
More than one year to three years	1,469,247	3,592,310
	62,666,004	58,507,088

Notes to the Financial Statements

for the year ended 31 December 2012

21. DEPOSITS AND PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	Group and Bank 2012 RM'000	2011 RM'000
Licensed Islamic banks	200,000	595,000
	200,000	595,000

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 replace any financing which are regarded as defective based on prudential criteria set by Cagamas Berhad.

Recourse obligations on financing sold to Cagamas are stated at amortised cost.

23. DEBT SECURITIES ISSUED

On 23 November 2012, under an Islamic medium term notes ("IMTN") programme, the Bank had issued a sukuk Musharakah of up to RM1.0 billion in nominal value consisting of RM300.0 million under tranche 1 and RM700.0 million under tranche 2.

The tenure for tranche 1 is 3 years and 5 years for tranche 2.

The proceeds from the issuance shall be utilised by the Bank for Shariah-compliant working capital and general corporate purposes.

The sukuk bears a distribution rate of 3.88% p.a. for tranche 1 and 4.08% p.a. for tranche 2.

The sukuk issued constitute unsecured liabilities of the Bank, and are subordinated in right of payment upon occurrence of any winding up proceedings to the prior payment in full of all deposit liabilities and all other liabilities of the Bank.

24. OTHER LIABILITIES

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Amount due to subsidiaries *	–	–	167,952	161,810
Sundry creditors	286,052	205,853	251,530	188,113
Income payable	416,734	407,106	416,734	407,106
Other liabilities and accruals	596,301	698,037	593,602	693,312
Government fund	86,435	75,338	86,435	75,338
Zakat payable	54,444	49,517	54,076	49,103
	1,439,966	1,435,851	1,570,329	1,574,782

*** Amount due to subsidiaries**

	Bank	
	2012	2011
	RM'000	RM'000
Investment deposits	165,919	161,035
Savings deposits	2,033	775
	167,952	161,810

Included in the amount due to subsidiaries is an amount of RM167,952,000 (2011: RM161,810,000) representing deposits placed with the Bank. The average profit rate paid/payable to subsidiaries is 3.18% per annum (2011: 3.49%).

25. PROFIT EQUALISATION RESERVE

	Group and Bank	
	2012	2011
	RM'000	RM'000
As of 1 January	376,341	474,641
Net addition/(utilisation) during the year (Note 30)	208,300	(98,300)
As of 31 December	584,641	376,341
Apportioned between:		
Investor	220,538	145,776
Bank	364,103	230,565
	584,641	376,341

Notes to the Financial Statements

for the year ended 31 December 2012

26. FINANCING FROM OTHER FINANCIAL INSTITUTIONS

	Group 2012 RM'000	2011 RM'000
Secured		
Term financing	37,797	41,479
Bank overdraft	2,634	–
	40,431	41,479

Remaining tenure of the term financing is as follows:

	Group 2012 RM'000	2011 RM'000
Within one year	3,977	5,741
More than one year	33,820	35,738
	37,797	41,479

As of 31 December 2012, one of the subsidiaries has a term financing and other unutilised credit facilities totalling RM61,000,000 (2011: RM61,000,000) obtained from certain local banks, which bear profit rate of 5.35% (2011: 4.93%) per annum.

The term financing and other credit facilities of the subsidiary are secured by:

- (i) The Deed of Assignment cum Power of Attorney for RM60,000,000 on the investment properties.
- (ii) The Memorandum of Deposit of Upfront General Investment Account-i of RM3,600,000 only to be placed on lien with the bank.
- (iii) The letter of authorisation for General Investment Account-i of RM3,600,000.
- (iv) The letter of awareness from Bank Kerjasama Rakyat Malaysia Berhad
- (v) Placement of marginal deposit in the form of General Investment Account on 1:1 basis upon utilisation of credit facility.

27. SHARE CAPITAL

	Group and Bank	
	2012	2011
	RM'000	RM'000
Authorised - Ordinary shares of RM1 each		
As of 1 January	3,000,000	2,000,000
Created during the year	–	1,000,000
As of 31 December	3,000,000	3,000,000
Issued and fully paid - Ordinary shares of RM1 each		
As of 1 January	2,349,063	1,994,960
Net issuance during the year	409,816	354,103
Bonus issues during the year	106,125	–
As of 31 December	2,865,004	2,349,063

Membership as of 31 December is as follows:

	2012	2011
	RM'000	RM'000
Individual	945,522	924,941
Co-operative	2,019	1,637
	947,541	926,578

28. RESERVES

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Statutory reserve (i)	3,304,452	2,858,048	3,304,452	2,858,048
Capital reserve (ii)	14,617	14,617	15,358	15,358
Retained profits	3,800,372	2,995,438	3,545,242	2,738,395
Other reserve (iii)	178,283	109,503	178,283	109,503
	7,297,724	5,977,606	7,043,335	5,721,304

Notes to the Financial Statements

for the year ended 31 December 2012

28. RESERVES (CONTINUED)

(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 Societies 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.

(iii) Other reserve

This reserve refers to revaluation reserve for unrealised fair value gains and losses on financial assets available-for-sale.

29. INCOME

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income derived from investment of depositors' fund (i)	4,757,984	4,099,210	4,757,984	4,099,210
Income derived from investment of shareholders' fund (ii)	1,040,435	1,013,462	1,040,435	1,013,462
Income generated by subsidiary companies (iii)	59,571	74,716	–	–
	5,857,990	5,187,388	5,798,419	5,112,672

29. INCOME (CONTINUED)**(i) Income derived from investment of depositors' fund**

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	4,068,404	3,573,513	4,068,404	3,573,513
Income from deposits and placements with banks and financial institutions	179,600	167,709	179,600	167,709
Income from financial assets	509,980	357,988	509,980	357,988
	4,757,984	4,099,210	4,757,984	4,099,210

(ii) Income derived from investment of shareholders' fund

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income from financing and advances	889,644	883,492	889,644	883,492
Income from deposits and placements with banks and other financial institutions	39,273	41,463	39,273	41,463
Income from financial assets	111,518	88,507	111,518	88,507
	1,040,435	1,013,462	1,040,435	1,013,462

(iii) Income generated by subsidiary companies

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Agency income	19,657	23,404	–	–
Pawning income	17,815	15,847	–	–
Rental income	9,079	13,498	–	–
Management fee	11,743	8,416	–	–
Sale of goods	1,111	5,529	–	–
Sale of land	–	7,830	–	–
Other charges	166	192	–	–
	59,571	74,716	–	–

Notes to the Financial Statements

for the year ended 31 December 2012

30. EXPENDITURE

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income attributable to depositors *	2,133,851	1,828,822	2,133,851	1,828,822
Profit expense on financing sold with recourse to Cagamas	111,199	139,333	111,199	139,333
Transfer to/(from) profit equalisation reserve (Note 25)	208,300	(98,300)	208,300	(98,300)
Profit expense on debt securities issued	6,658	–	6,658	–
Cost of sales	32,964	49,046	–	–
	2,492,972	1,918,901	2,460,008	1,869,855

* Income attributable to depositors

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits from customers				
Mudharabah	1,935,746	1,749,292	1,935,746	1,749,292
Non-Mudharabah	176,376	67,807	176,376	67,807
Deposits and placements from banks and other financial institutions				
Mudharabah	21,729	11,723	21,729	11,723
	2,133,851	1,828,822	2,133,851	1,828,822

31. FINANCING LOSS AND ALLOWANCES

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Allowance for impairment on financing and advances (i)	507,093	627,365	507,093	627,365
Allowance for impairment on financial assets (ii)	131,177	76,248	126,769	76,248
	638,270	703,613	633,862	703,613

(i) Allowance for impairment on financing and advances

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Individual impairment (Note 10(vi))	188,904	590,598	188,904	590,598
Individual impairment on rescheduled financing *	15,177	25,667	15,177	25,667
Collective impairment (Note 10(vii))	303,012	11,100	303,012	11,100
	507,093	627,365	507,093	627,365

* 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets available-for-sale	14,531	4,455	10,123	4,455
Financial assets held-to-maturity (Note 9)	116,646	71,793	116,646	71,793
	131,177	76,248	126,769	76,248

Notes to the Financial Statements

for the year ended 31 December 2012

32. OTHER OPERATING INCOME

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fees and commission (i)	110,860	91,968	110,860	91,968
Other income (ii)	309,256	303,976	322,147	300,236
	420,116	395,944	433,007	392,204

(i) Fees and commission

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Takaful commission	64,784	33,355	64,784	33,355
ATM service fees	11,721	19,004	11,721	19,004
Wasiat commission	7,388	13,526	7,388	13,526
Other commission	8,348	8,118	8,348	8,118
Processing fees	5,996	4,162	5,996	4,162
MEPS fees	4,961	3,768	4,961	3,768
Guarantee fees	4,577	7,338	4,577	7,338
Other fees	3,085	2,697	3,085	2,697
	110,860	91,968	110,860	91,968

32. OTHER OPERATING INCOME (CONTINUED)**(ii) Other income**

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Other income from financial instruments				
Dividend from financial assets available-for-sale	7,859	18,119	7,859	18,119
Net gain on disposal of financial assets held-for-trading	933	1,457	933	1,457
Net gain on revaluation of financial assets held-for-trading	–	9	–	9
Net gain on disposal of financial assets available-for-sale	17,082	18,049	17,082	18,049
Net gain on redemption of financial assets held-to-maturity	433	1,303	433	1,303
Others				
Rental income				
– Investment properties	6,110	6,128	6,110	6,128
– Other properties	272	988	272	988
Compensation for late payment	7,374	7,418	7,374	7,418
Other service charges	7,606	24,971	7,606	24,971
Recoveries on financing written-off	220,323	162,231	220,323	162,231
Allowance for doubtful debts no longer required	191	252	–	2,756
Allowance for impairment loss on financial assets held-to-maturity no longer required	7,643	38,707	7,643	38,707
Gain on disposal of property and equipment	129	–	–	–
Other income	33,301	18,022	46,512	9,726
Gain on revaluation of investment properties	–	6,322	–	8,374
	309,256	303,976	322,147	300,236

Notes to the Financial Statements

for the year ended 31 December 2012

33. OPERATING EXPENSES

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Personnel expenses (i)	582,702	540,066	575,538	533,863
Other overheads and expenditure (ii)	446,969	380,556	448,135	378,553
	1,029,671	920,622	1,023,673	912,416

(i) Personnel expenses

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries and wages	193,130	186,695	188,795	181,663
Allowances and bonuses	252,114	223,396	250,250	222,888
Defined benefit plan (Note 12(iii))	15,839	14,833	15,839	14,833
Defined contribution plan – EPF	72,471	68,716	71,977	68,450
Social security contributions – SOCSO	2,430	2,208	2,377	2,176
Other staff related costs	46,718	44,218	46,300	43,853
	582,702	540,066	575,538	533,863

Total number of staffs (excluding the Board of Directors) for the Group is 4,371 persons (2011: 4,263) and for the Bank is 4,248 persons (2011: 4,150).

(ii) Other overheads and expenditure

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Establishment				
Rental	18,743	17,637	18,230	17,334
Depreciation and amortisation of prepaid lease payments	71,346	62,792	69,714	61,325
Repair and maintenance	48,129	35,491	47,719	34,319
Takaful	8,399	7,943	8,247	7,913
	146,617	123,863	143,910	120,891

33. OPERATING EXPENSES (CONTINUED)**(ii) Other overheads and expenditure (cont'd)**

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	51,761	30,166	51,348	29,947
	51,761	30,166	51,348	29,947
General expenses				
Legal and profesional fees	11,387	18,189	10,802	18,096
Auditors' remuneration	1,235	1,019	1,085	972
Communication expenses	19,256	20,704	19,081	20,563
Utilities expenses	13,590	16,668	13,048	16,155
Printing and stationery	16,631	17,475	16,476	17,416
Postage and courier	12,099	8,316	12,006	8,276
Security expenses	14,244	11,549	14,177	11,549
Service charges	63,607	57,775	63,129	57,749
Loss on financing written-off	10,921	9,359	10,921	9,359
Property and equipment written-off	163	811	158	247
Commission expenses	23,759	11,428	23,759	11,428
Travelling and transportation	14,126	13,186	13,773	13,175
Others	47,573	40,048	54,462	42,730
	248,591	226,527	252,877	227,715
	446,969	380,556	448,135	378,553

Notes to the Financial Statements

for the year ended 31 December 2012

33. OPERATING EXPENSES (CONTINUED)

(ii) Other overheads and expenditure (cont'd)

The above expenditure includes the following statutory disclosures:

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Allowance for doubtful debts:				
– Amount due from subsidiaries (Note 12(i))	–	–	–	8,538
– Other receivables, deposits and prepayments (Note 12(ii))	33,198	–	33,087	–
– Trade receivables (Note 11)	112	374	–	–
Investment in subsidiaries written-off	–	–	–	12,472
Bad debt written-off	4,218	–	–	1,385
Amortisation of prepaid lease payment	1,645	1,650	1,565	1,381
Auditors' remuneration:				
– Current	700	610	550	500
– Underprovision in prior years	535	461	535	472
Depreciation of property and equipment	69,701	61,142	68,149	59,944
Loss on revaluation of investment properties (Note 17)	4,754	–	2,781	–
Finance cost on financing from other financial institutions	2,185	2,320	–	–
Loss on disposal of property and equipment	–	1	–	1
Property development costs written-off (Note 14)	41	–	–	–
Rental of premises	18,734	18,575	18,230	17,334

Inclusive in general expenses in the following directors' remuneration:

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive Directors				
Salary and other remuneration	578	632	578	632
Bonuses	146	847	146	847
EPF contributions	126	251	126	251
Other emoluments	45	7	45	7
	895	1,737	895	1,737
Non-Executive Directors				
Fees	1,384	1,082	998	594
Other emoluments	2,293	976	1,906	976
	3,677	2,058	2,904	1,570
	4,572	3,795	3,799	3,307

* Not included in the directors' remuneration is benefits paid from defined benefit plan to executive director who retired during the year amounting to RM2,831,592.

34. TAXATION

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax				
Current year	337,296	273,663	333,192	271,072
Under/(Over) provision in prior years	48,939	(109,808)	49,076	(109,694)
	386,235	163,855	382,268	161,378
Deferred tax (Note 19)				
Current year	(53,417)	25,700	(54,000)	25,700
Under/(Over) provision in prior years	419	(206,700)	–	(206,700)
	(52,998)	(181,000)	(54,000)	(181,000)
Total	333,237	(17,145)	328,268	(19,622)

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation and zakat	2,117,193	2,040,196	2,113,883	2,018,992
Taxation at statutory tax rate of 26% (2011: 26%)	550,470	530,451	549,610	524,938
Non-taxable income	(10,393)	(24,517)	(10,340)	(23,515)
Non-deductible expenses	49,730	40,908	45,850	42,828
Tax exempt under Section 65(A)	(305,928)	(247,479)	(305,928)	(247,479)
Under/(Over)provision in prior years:				
– Current tax	48,939	(109,808)	49,076	(109,694)
– Deferred tax	419	(206,700)	–	(206,700)
	333,237	(17,145)	328,268	(19,622)

Notes to the Financial Statements

for the year ended 31 December 2012

35. 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.

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Provision for current year	50,254	45,000	50,000	45,000
Overprovision in prior years	(4,374)	(11,318)	(4,374)	(11,360)
	45,880	33,682	45,626	33,640

36. 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 Societies Act 1993 (Act 502).

Contribution to Yayasan Bank Rakyat is made under paragraph 65(ii) of Undang-Undang Kecil Bank Kerjasama Rakyat Malaysia Berhad, which states that net profit for the year can be utilised towards a fund meant for welfare and benefits of members.

37. EARNINGS PER SHARE

Basic earnings per ordinary share have been calculated based on the Group's profit after taxation and zakat of RM1,738,076,000 (2011: RM2,023,659,000) divided by the weighted average number of ordinary shares of 2,750,465,000 (2011: 2,260,537,000) of RM1 each in issue during the financial year.

38. DIVIDENDS

	Group and Bank	
	2012	2011
	RM'000	RM'000
Cash dividend of 15% for the year ended 31 December 2011 (2010: 20%)	322,348	–
Bonus dividend of 5% for the year ended 31 December 2011 (2010: Nil)	106,125	–
Overprovision of cash dividend declared in respect of the year ended 31 December 2010 *		(103,153)
	428,473	(103,153)

* In the financial year ended 31 December 2010, the Bank had declared a cash dividend of 20% amounting to RM398.00 million. However, the Bank was only allowed to pay up to 15% amounting to RM294.85 million that was paid in the financial year ended 31 December 2011, which has resulted in overprovision of cash dividend by RM103.153 million.

During the financial year, the Bank paid a final cash dividend of 15% amounting to RM322.34 million and a bonus dividend of 5% amounting to RM106.13 million in respect of the previous financial year.

In respect of the current financial year, the Board of Directors has proposed a cash dividend of 18% amounting to RM495.00 million and a bonus dividend of 2% amounting to RM55.00 million. The proposed dividends are subject to the approval by the relevant authorities and have not been included as liabilities in the financial statements.

39. COMMITMENTS AND CONTINGENCIES

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

	Group		Bank	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Contingent liabilities				
Bank guarantee given in respect of banking facilities granted to customers	441,781	286,251	441,781	286,251
Claims for damages from litigation taken against the Bank	15,169	18,719	14,219	18,719
Commitments				
Undrawn financing	2,092,578	1,831,000	2,092,578	1,831,000
Contribution to Central Liquidity Monetary Fund *	–	200,000	–	200,000
	2,549,528	2,335,970	2,548,578	2,335,970

* This contribution was 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, with effect from the financial period beginning on or after 1 January 2012. The contribution has been paid and was recognised in other assets during the year.

Notes to the Financial Statements

for the year ended 31 December 2012

40. CAPITAL COMMITMENTS

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

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Capital expenditure				
– approved and contracted for	213,824	6,220	213,824	6,220
– approved but not contracted for	–	4,810	–	4,810
	213,824	11,030	213,824	11,030

41. OPERATING LEASES

The Bank leases a number of premises under operating leases. None of the leases include contingent rentals. Total future minimum lease payments under these non-cancellable operating leases are as follows:

	Bank	
	2012 RM'000	2011 RM'000
Within one year	881	1,384
Between one and two years	164	881
Between two to three years	82	164
More than three years	–	82
	1,127	2,511

42. 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:

42.1 Subsidiary Companies

Details of the subsidiary companies are shown in Note 15.

42.2 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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits				
Fees	1,384	1,082	998	594
Salary	3,890	3,197	3,890	3,197
Allowances	450	399	450	399
EPF contribution	1,385	1,327	1,385	1,327
Bonuses	4,122	4,245	4,122	4,245
Other emoluments	2,338	983	1,951	983
	13,569	11,233	12,796	10,745

Notes to the Financial Statements

for the year ended 31 December 2012

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.2 Key Management Personnel (cont'd)

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

	Group		Bank	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration				
Bank's directors	3,799	3,307	3,799	3,307
Subsidiary companies' directors	773	488	–	–
	4,572	3,795	3,799	3,307

42.3 Transactions with subsidiaries

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

	Bank	
	2012 RM'000	2011 RM'000
Expenditure incurred		
Profit expenses	5,954	4,042
Management fee expenses	3,793	3,957
Rental expenses	3,131	3,026
Purchase of goods	3,351	3,692
Travelling and transportation	8,562	6,711
	24,791	21,428

43. FINANCIAL RISK MANAGEMENT

43.1 Overview

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

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

43.2 Risk management framework

The Risk Management Committee (RMC) was established by the Board of Directors to oversee the management of risks associated with the Bank's operations and activities. The RMC has both executive and non-executive members and report regularly to the Board of Directors on their activities. The RMC is responsible to implement sound risk management policies, strategies and procedures.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

43.3 Credit risk

Credit risk is the risk of financial loss due to failure by customers or counterparties to financial instruments to meet their contractual obligations. The Bank's exposure to credit risk arises principally from financing granted to customers and trading and investment of funds with other counterparties.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.1 Risk governance

RMC reviews the Bank's credit risk framework and policies, aligns credit risk management with business strategies and planning, reviews credit profile of credit portfolios and recommends necessary actions to ensure that credit risk remains within established risk tolerance level.

43.3.2 Management of credit risk

The Bank's credit risk management includes establishment of comprehensive credit risk policies, guidelines and procedures that document financing standards, credit risk rating, acceptable collateral and valuation, and compliance with regulatory and statutory requirements.

These policies also outline discretionary power for financing approval which is allocated to divisional heads, whereas large facilities require approval by the Board of Directors, together with guidelines for rehabilitation and restructuring of problematic and delinquent financing accounts.

All credit approving officers are guided by credit policies, guidelines and procedures that are periodically reviewed to ensure their continued relevance.

There is a section within Risk Management Department that has functional responsibility for credit risk management which includes formulating and reviewing the Bank's risk policies, guidelines and procedures, as well as managing credit portfolios and ensuring the risk policies are implemented and complied with.

Independent credit reviews are performed regularly to complement risk identification as well as to evaluate quality of credit appraisals and the competency of credit personnel. Internal risk management reports are presented to RMC, containing information on quality of credit portfolios, results of independent credit review, results of credit profiling, significant credit exposures to related parties and credit concentration by economic sectors and by large single customers.

With these information, RMC would be able to identify adverse credit trends, take corrective actions and formulate business strategies accordingly.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

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

Financing granted to retail customers and SMEs are individually underwritten by assessing historical 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.

43.3.4 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.

43.3.5 Credit risk from trading and investment activities

Credit risk in relation to trading or investing of the Bank's surplus funds is managed by setting an issuer's credit limits which are specifically approved by the RMC. Moreover, the Bank's investment policies also stipulates minimum investment grade for debt securities, types of permissible transactions and the maximum tenure. This investment policy is subjected to regular review.

43.3.6 Impaired financing and investment debt securities

Individually impaired financing and investment securities are financing and advances and investment securities (other than those carried at fair value through profit or loss) for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the financing/investment security agreement(s).

43.3.7 Neither past due nor impaired financing and investment securities

These are financing and investment securities from which contractual payment of profit or principal have not defaulted and therefore are not impaired since there is no objective evidence of impairment.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.8 Past due but not impaired financing and investment securities

Past due but not impaired financing and investment securities, other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but it is believed that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank.

43.3.9 Financing with renegotiated terms

Financing with renegotiated terms are financing that have been restructured due to deterioration in the borrower's financial position. Once the financing is restructured it remains in this category independent of satisfactory performance after restructuring.

43.3.10 Allowances for impairment

The Bank establishes an allowance for impairment losses on assets carried at amortised cost that represents estimate of incurred losses in its financing and investment security portfolio.

The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective financing loss allowance established for the group of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

43.3.11 Write-off policy

The Bank writes-off a financing or an investment security, and any related allowances for impairment losses, when the Bank determines that the financing or investment security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the 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.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.3 Credit risk (cont'd)****43.3.12 Collateral on financing and advances**

In mitigating credit risk on financing and advances granted to customers, collaterals are obtained as follows:

- i) House financing – charges over residential properties
- ii) Commercial property financing – charges over the properties being financed
- iii) Vehicle financing – ownership claims over the vehicles being financed
- iv) Other financing and advances – charges over business assets such as premises, trade receivables or deposits

43.3.13 Credit grading for investment securities

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

At the end of the reporting period, instruments rated with “Grade D” are those that have defaulted beyond their maturity period.

43.3.14 Maximum exposure to credit risk

The following table presents the Bank’s maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments.

For on-balance sheet assets, the exposure to credit risk equals the carrying amount.

For credit commitments, maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.14 Maximum exposure to credit risk (cont'd)

	2012 RM'000	Bank 2011 RM'000
Assets		
Cash and short-term funds	3,593,936	4,463,644
Deposits and placements with financial institutions	253,873	3,515,000
Financial assets held for trading	–	10,362
Financial assets available-for-sale	9,797,317	10,833,332
Financial assets held-to-maturity	8,220,956	2,852,471
Financing and advances	55,233,276	49,179,249
	77,099,358	70,854,058
Commitments		
Undrawn financing	2,092,578	1,831,000
Total maximum exposure to credit risk	79,191,936	72,685,058

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.15 Credit risk exposure on financing and advances

	Bank	
	2012 RM'000	2011 RM'000
At amortised cost		
Neither past due nor impaired		
0 month	50,501,430	42,220,152
	50,501,430	42,220,152
Past due but not impaired		
1 month	3,341,938	5,137,386
2 months	1,029,021	1,361,817
3 months	451,130	551,166
More than 3 months	1,231	2,901
	4,823,320	7,053,270
Past due and impaired		
Less than 4 months	105,829	56,738
4 months to 6 months	342,236	441,434
7 months to 9 months	165,803	226,858
More than 9 months	817,869	704,803
	1,431,737	1,429,833
Gross financing and advances	56,756,487	50,703,255

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.16 Credit risk exposure on investment securities

Bank 2012	Financial assets held for trading RM'000	Financial assets available- for-sale RM'000	Financial assets held-to- maturity RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade AA	–	–	5,056	5,056
Grade AA+	–	–	161,642	161,642
Grade AAA	–	2,051,055	61,942	2,112,997
Grade AA1	–	196,779	63,770	260,549
Grade AA2	–	5,439	–	5,439
Grade AA3	–	–	66,994	66,994
Grade BBB+ and below	–	–	24,050	24,050
	–	2,253,273	383,454	2,636,727
Cagamas bonds				
Grade AAA	–	10,047	351,278	361,325
	–	2,263,320	734,732	2,998,052
Unrated securities				
Government investment issues	–	5,591,321	6,649,152	12,240,473
Government bonds	–	1,737,625	521,435	2,259,060
Khazanah bonds	–	21,877	294,854	316,731
Islamic commercial papers	–	–	20,783	20,783
	–	7,350,823	7,486,224	14,837,047
Shares				
Quoted and unit trust shares	–	176,341	–	176,341
Non-quoted shares	–	6,833	–	6,833
	–	183,174	–	183,174
	–	9,797,317	8,220,956	18,018,273

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.3 Credit risk (cont'd)

43.3.16 Credit risk exposure on investment securities (cont'd)

Bank 2011	Financial assets held for trading RM'000	Financial assets available- for-sale RM'000	Financial assets held-to- maturity RM'000	Total RM'000
Rated securities				
Islamic debt securities				
Grade A	–	–	96,634	96,634
Grade AA	–	–	325,846	325,846
Grade AAA	–	1,441,983	20,157	1,462,140
Grade AA1	–	83,190	5,061	88,251
Grade AA2	–	–	31,141	31,141
Grade AA3	–	–	84,125	84,125
Grade BBB+ and below	–	–	31,291	31,291
	–	1,525,173	594,255	2,119,428
Cagamas bonds				
Grade AAA	–	10,054	351,227	361,281
		1,535,227	945,482	2,480,709
Unrated securities				
Government investment issues	10,362	5,764,041	902,533	6,676,936
Government bonds	–	1,660,655	–	1,660,655
Khazanah bonds	–	21,088	49,810	70,898
Islamic commercial papers	–	–	51,285	51,285
Negotiable Islamic debt certificates	–	1,687,574	903,361	2,590,935
	10,362	9,133,358	1,906,989	11,050,709
Shares				
Quoted and unit trust shares	–	158,437	–	158,437
Non-quoted shares	–	6,310	–	6,310
	–	164,747	–	164,747
	10,362	10,833,332	2,852,471	13,696,165

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.4 Liquidity risk

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

43.4.1 Management of liquidity risk

The Bank's liquidity and funding position is supported by significant retail deposit base which comprises savings and deposits from customers. In monitoring the liquidity risk, the Bank applies maturity mismatch analysis showing concentration of these funding. Liquidity positions are reported to Asset and Liability Committee (ALCO) on monthly basis.

In mitigating this risk, management has arranged for a diversity in source of funds in addition to the core deposit base. This is besides the adoption of a policy in prudent management of assets with purpose to boost liquidity, apart from daily monitoring of future cash flows and liquidity. This shows orderly internal control processes and proper contingency plans were drawn up in managing this risk.

As a regulatory requirement, the Bank maintains liquidity level by complying to guidelines on new liquidity framework as prescribed by Bank Negara Malaysia.

Daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Bank relies on deposits from customers and corporations, and from selling of financing with recourse to Cagamas as source of funding. These sources of funding are of high liquidity since there are repayable to the depositors on demand. This situation increases the Bank's liquidity risk of which the Bank actively manages through maintenance of competitive pricing rate and constant monitoring of market trends.

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

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.4 Liquidity risk (cont'd)****43.4.2 Exposure to liquidity risk**

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

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

	Bank	
	2012	2011
	RM'000	RM'000
At 31 December	30.31%	33.05%
Average for the year	34.00%	32.11%
Maximum for the year	37.37%	34.87%
Minimum for the year	30.31%	28.92%

43.4.3 Liquidity risk of assets and liabilities

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

The focus is on the ability of the Bank to match its short-term liquidity requirement arising from maturing obligations with maturing assets, followed by a medium-term assessment of liquidity up to one year.

The primary basis for determining the appropriate time bands is the contractual maturity, which is when the cash flows crystallise.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.4 Liquidity risk (cont'd)

43.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities

Bank 2012	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	2,365,987	1,227,949	203,785	50,088	–	–	3,847,809
Financial assets	–	6,986	380,815	240,005	774,329	16,616,138	18,018,273
Financing and advance	103,581	804,780	1,814,468	2,844,966	3,793,942	45,871,539	55,233,276
Other receivables, deposits and prepayments	–	–	–	–	–	2,109,269	2,109,269
	2,469,568	2,039,715	2,399,068	3,135,059	4,568,271	64,596,946	79,208,627
Liabilities							
Deposits from customers	7,884,116	17,173,060	16,527,548	8,830,305	8,747,557	3,503,418	62,666,004
Deposits and placement from financial institutions	–	200,000	–	–	–	–	200,000
Recourse obligations on financing sold to Cagamas	–	–	–	662,708	1,809,593	700,000	3,172,301
Debt securities issued	–	–	–	10,004	–	996,654	1,006,658
Other liabilities and payables	–	–	–	–	–	1,837,551	1,837,551
	7,884,116	17,373,060	16,527,548	9,503,017	10,557,150	7,037,623	68,882,514
Shareholders' fund	–	–	–	–	–	10,326,113	10,326,113
	–	–	–	–	–	10,326,113	10,326,113
Net maturity mismatch	(5,414,548)	(15,333,345)	(14,128,480)	(6,367,958)	(5,988,879)	47,233,210	–

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.4 Liquidity risk (cont'd)****43.4.4 Liquidity risk of contingent liabilities and commitment by remaining contractual maturities**

Bank 2012	Up to 1 week (RM'000)	More than 1 week – 1 month (RM'000)	More than 1 month – 3 months (RM'000)	More than 3 months – 6 months (RM'000)	More than 6 months – 1 year (RM'000)	More than 1 year (RM'000)	Total (RM'000)
Commitment and contingencies							
Bank guarantee given in respect of banking facilities granted to customers	–	52	62,630	4,046	39,260	335,793	441,781
Claims for damages from litigation taken against the Bank	–	–	–	–	–	14,219	14,219
Undrawn financing	–	–	–	–	–	2,092,578	2,092,578
	–	52	62,630	4,046	39,260	2,442,590	2,548,578

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.4 Liquidity risk (cont'd)

43.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (cont'd)

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	1,351,270	3,003,375	3,000,259	452,730	171,010	–	7,978,644
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	103,275	–	–	–	–	1,523,309	1,626,584
	2,166,338	4,084,936	5,303,453	3,692,167	5,170,844	52,069,904	72,480,642
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	1,719,856	1,720,558
	6,336,942	15,650,862	19,327,690	9,022,934	5,172,052	8,615,559	64,126,039
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	–

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.4 Liquidity risk (cont'd)****43.4.4 Liquidity risk of assets and liabilities by remaining contractual maturities (cont'd)**

Bank 2012	Up to 1 week (RM'000)	More than 1 week – 1 month (RM'000)	More than 1 month – 3 months (RM'000)	More than 3 months – 6 months (RM'000)	More than 6 months – 1 year (RM'000)	More than 1 year (RM'000)	Total (RM'000)
Commitment and contingencies							
Bank guarantee given in respect of banking facilities granted to customers	–	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

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.5 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 Bank. In managing market risk, risk exposure can be controlled within the acceptable parameters, while optimising rate of return.

43.5.1 Management of market risk

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

Exposure of the Bank to the foreign exchange rates is minimal since operations of foreign currency unit is limited to remittance services only.

Overall authority in management of market risk is vested in ALCO.

43.5.2 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 efforts in mitigating this risk is by diversifying investment mainly in fixed-income securities with different duration. However, the Bank has not practised hedging through profit rate swap during the year.

Management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard profit rate scenarios.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.5 Market risk (cont'd)****43.5.2 Profit rate risk (cont'd)**

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

Bank Sensitivity of projected net profit income	Increase by 100 bp (RM'000)	Decrease by 100 bp (RM'000)	Increase by 50 bp (RM'000)	Decrease by 50 bp (RM'000)
2012				
Year ended 31 December	(397,497)	394,688	(198,396)	197,694
Average for the year	(375,822)	371,784	(187,561)	186,238
Maximum for the year	(407,739)	404,604	(203,476)	202,692
Minimum for the year	(343,755)	341,083	(171,540)	170,876
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

43.5.3 Exposure to profit rate

Among other controls to ensure market risk exposures remain within tolerable levels include stress testing, rigorous new product approval procedures and listing of permissible instruments that can be traded.

Stress test results are produced monthly to determine the impact of changes in profit rate and other risk factors on the Bank's profitability, capital adequacy and liquidity.

The stress test provides an assessment of the financial impact of identified extreme events on the market risk exposures to the Bank.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.5 Market risk (cont'd)

43.5.4 Exposure to profit rate risk on profit-bearing financial instruments

Bank 2012	Non-trading book					Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000			
Assets								
Cash, deposit and placement with financial institutions	3,593,936	203,785	50,088	-	-	-	-	3,847,809
Financial assets held-for-trading	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	282,511	280,674	3,297,520	5,753,438	183,174	-	9,797,317
Financial assets held-to-maturity	1,865	46,003	700,174	2,712,469	4,760,445	-	-	8,220,956
Financing and advances								
– Non-impaired	7,010,281	51,580	290,622	4,092,116	43,880,151	-	-	55,324,750
– Impaired, net of allowances	-	-	-	-	-	(91,474)	-	(91,474)
Other non-profit sensitive balances	-	-	-	-	-	2,109,269	-	2,109,269
	10,606,082	583,879	1,321,558	10,102,105	54,394,034	2,200,969	-	79,208,627

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.5 Market risk (cont'd)

43.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

Bank 2012	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000		
Liabilities								
Deposits from customers	27,907,827	16,223,456	17,187,950	1,325,814	20,957	-	-	62,666,004
Deposits and placement from financial institutions	200,000	-	-	-	-	-	-	200,000
Debt securities issued	-	-	-	-	1,006,658	-	-	1,006,658
Recourse obligations on financing sold to Cagamas	-	-	2,472,301	700,000	-	-	-	3,172,301
Other non-profit sensitive balances	-	-	-	-	-	1,837,551	-	1,837,551
	28,107,827	16,223,456	19,660,251	2,025,814	1,027,615	1,837,551	-	68,882,514
Shareholders' fund								
	-	-	-	-	-	10,326,113	-	10,326,113
On-balance sheet profit sensitivity gap	(17,501,745)	(15,639,577)	(18,338,693)	8,076,291	53,366,419	(9,962,695)	-	-
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-
Total profit sensitivity gap	(17,501,745)	(15,639,577)	(18,338,693)	8,076,291	53,366,419	(9,962,695)	-	-

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.5 Market risk (cont'd)

43.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

Bank 2011	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000		
Assets								
Cash, deposit and placement with financial institutions	4,042,806	3,000,259	623,740	–	–	311,839		7,978,644
Financial assets held-for-trading	–	–	–	–	–	–	10,362	10,362
Financial assets available-for-sale	805,457	445,312	1,060,754	3,318,822	5,038,242	164,745	–	10,833,332
Financial assets held-to-maturity	30,773	121,420	1,118,993	1,005,028	576,257	–	–	2,852,471
Financing and advances								
– Non-impaired	5,861,641	49,251	239,828	4,323,447	38,799,255	–	–	49,273,422
– Impaired, net of allowances	–	–	–	–	–	(94,173)	–	(94,173)
Other non-profit sensitive balances	–	–	–	–	–	1,626,584	–	1,626,584
	10,740,677	3,616,242	3,043,315	8,647,297	44,413,754	2,008,995	10,362	72,480,642

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.5 Market risk (cont'd)

43.5.4 Exposure to profit rate risk on profit-bearing financial instruments (cont'd)

Bank 2011	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	More than 1 month - 3 months RM'000	More than 3 months - 1 year RM'000	More than 1 year - 5 years RM'000	More than 5 years RM'000	Non-profit sensitive RM'000		
Liabilities								
Deposits from customers	23,371,444	19,881,025	14,342,964	904,224	7,431	—	—	58,507,088
Deposits and placement from financial institutions	395,000	200,000	—	—	—	—	—	595,000
Recourse obligations on financing sold to Cagamas	—	—	601,489	2701,904	—	—	—	3,303,393
Other non-profit sensitive balances	—	—	—	—	—	1,720,558	—	1,720,558
	23,766,444	20,081,025	14,944,453	3,606,128	7,431	1,720,558	—	64,126,039
Shareholders' fund								
	—	—	—	—	—	8,354,603	—	8,354,603
On-balance sheet profit sensitivity gap	(13,025,767)	(16,464,783)	(11,901,138)	5,041,169	44,406,323	(8,066,166)	10,362	—
Off-balance sheet profit sensitivity gap	—	—	—	—	—	—	—	—
Total profit sensitivity gap	(13,025,767)	(16,464,783)	(11,901,138)	5,041,169	44,406,323	(8,066,166)	10,362	—

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of an overall Bank's standards for the management of operational risk in the following areas:

- i) requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- ii) requirements for the reconciliation and monitoring of transactions;
- iii) compliance with regulatory and other legal requirements;
- iv) documentation of controls and procedures;
- v) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- vi) requirements for the reporting of operational losses and proposed remedial action;
- vii) development of contingency plans;
- viii) training and professional development;
- ix) ethical and business standards; and
- x) risk mitigation, including insurance where this is effective.

Compliance with the Bank's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.7 Capital management

The Bank'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 Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines under the New Liquidity Framework developed by Bank Negara Malaysia. The required information is filed with Bank Negara Malaysia on a monthly basis.

The Bank maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with Bank Negara Malaysia which takes into account the risk profile of the Bank.

The regulatory capital requirements are strictly observed when managing economic capital.

The Bank's regulatory capital comprises two tiers:

- i) Tier 1 capital: share capital, statutory reserve, capital reserve and retained earnings; and
- ii) Tier 2 capital: collective impairment allowances.

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 Bank's policy is to maintain a strong capital base so as to ensure investors', creditors' and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Notes to the Financial Statements

for the year ended 31 December 2012

43. FINANCIAL RISK MANAGEMENT (CONTINUED)

43.7 Capital management (cont'd)

43.7.1 Capital adequacy ratio

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by Bank Negara Malaysia. The Bank was in compliance with all prescribed capital ratios throughout the period.

	Bank	
	2012 RM'000	2011 RM'000
Core capital ratio	16.53%	15.00%
Risk-weighted capital adequacy ratio	17.14%	16.25%

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

	Bank	
	2012 RM'000	2011 RM'000
Tier I capital		
Paid-up share capital	2,865,004	2,349,063
Retained earnings	3,545,242	2,738,395
Other reserves	3,319,810	2,873,406
Total Tier I capital (core)	9,730,056	7,960,864
Tier II capital		
Collective impairment *	686,274	808,048
Total Tier II capital	686,274	808,048
Total capital	10,416,330	8,768,912
Less: Investment in subsidiaries	(43,500)	(43,500)
Less: Investment in fixed asset **	(284,439)	(102,862)
	(327,939)	(146,362)
Total capital base	10,088,391	8,622,550

* 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.

43. FINANCIAL RISK MANAGEMENT (CONTINUED)**43.7 Capital management (cont'd)****43.7.1 Capital adequacy ratio (cont'd)**

Assets in various categories are risk-weighted as follows:

	Bank	
	2012 RM'000	2011 RM'000
Total assets assigned 10% risk-weighted	145,222	128,067
Total assets assigned 20% risk-weighted	450,440	1,877,927
Total assets assigned 50% risk-weighted	1,568,002	1,768,610
Total assets assigned 100% risk-weighted	56,698,506	49,301,427
	58,862,170	53,076,031

43.7.2 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 Bank Risk and Credit, and is subject to review by the Bank 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 Bank 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 Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

Notes to the Financial Statements

for the year ended 31 December 2012

44. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the 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 appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 132 ('Financial Instruments: Disclosure and Presentation') which requires the fair value information to be disclosed.

44.1 Valuation of financial instruments

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Bank determines fair values using valuation techniques.

There were no financial liabilities of the Bank at the end of the reporting period that were measured at fair value.

44. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

44.2 Valuation of financial instruments at fair value

Bank 2012	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets held for trading				
Government investment issues	–	–	–	–
Financial assets available-for-sale*				
Islamic debt securities	2,253,273	–	2,253,273	–
Government investment issues	5,591,321	–	5,591,321	–
Government bonds	1,737,625	–	1,737,625	–
Khazanah bonds	21,877	–	21,877	–
Cagamas bonds	10,047	–	10,047	–
Quoted shares	174,591	174,591	–	–
Unit trust shares	1,750	–	1,750	–
	9,790,484	174,591	9,615,893	–
Bank 2011				
Financial assets held for trading				
Government investment issues	10,362	–	10,362	–
Financial assets available-for-sale*				
Islamic debt securities	1,525,173	–	1,525,173	–
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	–
Quoted shares	156,765	156,765	–	–
Unit trust shares	1,672	–	1,672	–
	10,827,022	156,765	10,670,257	–

* These financial assets available-for-sale excludes the carrying amount for unquoted shares

Notes to the Financial Statements

for the year ended 31 December 2012

44. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

44.3 Valuation of financial instruments not carried at fair value

Set out below is a comparison of the carrying amount and fair value of financial instruments that are not measured at fair value in the financial statements.

	Carrying amount		Fair value	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Bank				
Financial assets				
Cash and short-term funds	3,593,936	4,463,644	3,593,936	4,463,644
Deposits and placements with financial institutions	253,873	3,515,000	253,873	3,515,000
Financial assets available-for-sale – Unquoted shares	6,833	6,310	6,833	6,310
Financial assets held-to-maturity	8,220,956	2,852,471	8,208,201	2,832,958
Financing and advances	55,233,276	49,179,249	71,008,768	64,326,312
Financial liabilities				
Deposits from customers	62,666,004	58,507,088	62,666,004	58,507,088
Deposits and placements from banks and financial institutions	200,000	595,000	200,000	595,000
Recourse obligations on financing sold to Cagamas	3,172,301	3,303,393	3,170,959	3,202,381
Debt securities issued	1,006,658	–	827,721	–

44. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

44.3 Valuation of financial instruments not carried at fair value (cont'd)

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

44.3.1 Cash and short-term funds

The carrying amounts of cash and short-term funds approximate fair values due to the relatively short maturity of the financial instruments. This is similar to deposits and placements with financial institutions maturing within one month that have relatively short maturity period.

44.3.2 Deposits and placements with financial institutions

The fair values of deposits and placements with financial institutions are not materially sensitive to changes in market profit rate because of their limited term to maturity.

44.3.3 Financial assets available-for-sale

The fair values of these financial instruments are estimated based on quoted or observable market prices. Financial assets available-for-sale as disclosed above consist of equity instruments (unquoted shares) which are measured at cost less impairment.

The carrying amounts of these instruments are deemed to approximate the fair values since the fair value cannot be reliably measured.

44.3.4 Financial assets held-to-maturity

Financial assets held-to-maturity are carried at amortised cost at the end of the reporting period. Fair values for these financial instruments are estimated based on broker quotes from Bond Pricing Agency.

44.3.5 Deposits from customers

The fair values of deposits payable on demand (demand and savings deposits), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on effective profit rates for similar deposits from customers.

However, since all deposits received can be classified as Islamic deposits, their fair values are deemed to approximate their carrying amounts as profit rates are determined at the end of the maturity period based on the sharing of profits generated from investments of the deposits.

Notes to the Financial Statements

for the year ended 31 December 2012

44. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

44.2 Valuation of financial instruments not carried at fair value (cont'd)

44.3.6 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.

44.3.7 Recourse obligations on financing sold to Cagamas

The fair values for recourse obligations sold to Cagamas that have remaining maturity of one year are estimated to approximate their carrying amounts. For remaining maturity of more than one year, they are estimated using discounted cash flows based on prevailing Cagamas rates.

44.3.8 Debt securities issued

Debt securities issued are measured at amortised cost at the end of the reporting period. The fair value of the securities are derived by referring to the present value of the expected amount due in the future by applying the effective profit rate for the debt securities.

45. RECLASSIFICATION

During the year, the following items have been reclassified as compared to the previous year.

	As previously stated RM'000	Reclas- sification RM'000	As restated RM'000
Bank 2011			
Statement of Financial Position			
Cash and short-term fund	4,566,919	(103,275)	4,463,644
Other assets	432,345	104,999	537,344
Other liabilities	(1,573,058)	(1,724)	(1,574,782)
Group 2011			
Statement of Financial Position			
Cash and short-term fund	4,578,724	(103,275)	4,475,449
Other assets	473,013	104,999	578,012
Other liabilities	(1,434,127)	(1,724)	(1,435,851)
Bank 1.1.2011			
Statement of Financial Position			
Cash and short-term fund	5,417,441	(87,508)	5,329,933
Other assets	245,623	89,242	334,865
Other liabilities	(1,621,312)	(1,734)	(1,623,046)
Group 1.1.2011			
Statement of Financial Position			
Cash and short-term fund	5,425,236	(87,508)	5,337,728
Other assets	291,846	89,242	381,088
Other liabilities	(1,486,159)	(1,734)	(1,487,893)

Ibu Pejabat Dan Cawangan

Head Office And Branches

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)

i-Rakyat : www.irakyat.com.my

twitter/fb : /myBankRakyat

CAWANGAN-CAWANGAN/BRANCHES

PEJABAT WILAYAH UTARA/NORTHERN REGION OFFICE

No. 66, Tingkat 2, Jalan Langgar,
05460 Alor Setar, Kedah

☎ : 04-7351669

📠 : 04-7351673

SUNGAI PETANI

No. 28, Jalan Patani,
08000 Sungai Petani, Kedah

☎ : 04-4212170

📠 : 04-4217979

PERLIS

KANGAR

No.13, Jalan Hospital,
01000 Kangar, Perlis

☎ : 04-9761877

📠 : 04-9762928

MERGONG

No. 7 & 8, Susuran Tuanku Haminah,
Tuanku Haminah Business Centre Mergong,
05150 Alor Setar, Kedah

☎ : 04-7331268

📠 : 04-7316829

ARAU

No. 6, 8 & 10, Jalan Pauh,
Taman Pauh Utama,
02600 Pekan Pauh, Perlis

☎ : 04-9864841

📠 : 04-9863700

BALING

Tingkat Bawah,
Bangunan UMNO,
Pekan Baru, 09100 Baling, Kedah

☎ : 04-4701615

📠 : 04-4705407

KEDAH

ALOR SETAR

No. 66, Jalan Langgar,
05460 Alor Setar, Kedah

☎ : 04-7331240

📠 : 04-7335313

JITRA

No. 247 & 248, Jalan PJ 2/2,
Pekan Jitra 2, 06000 Jitra, Kedah

☎ : 04-9171009

📠 : 04-9173958

KULIM

No. 203 & 204, Jalan Lunas,
Taman Seluang, Kelang Lama,
09000 Kulim, Kedah
☎ : 04-4907789
📠 : 04-4901141

GURUN

No.19 C & 19 D, Jalan Sungai Petani,
08300 Gurun, Kedah
☎ : 04-4683702
📠 : 04-4683754

PENDANG

No. 9-11 Pendang Square,
06700 Pendang, Kedah
☎ : 04-7596260
📠 : 04-7596270

KUALA NERANG

No. 32-33, Pekan Baru,
Jalan Semeliang,
06300 Kuala Nerang, Kedah
☎ : 04-7860375
📠 : 04-7860385

LANGKAWI

No.140 & 142, Persiaran Bunga Raya,
Langkawi Mall, 07000 Kuah,
Langkawi, Kedah
☎ : 04-9666518
📠 : 04-9667998

PULAU PINANG**GEORGETOWN**

No.137, Jalan Magazine,
10300 Georgetown, Pulau Pinang
☎ : 04-2627731
📠 : 04-2625419

SEBERANG JAYA

No.1, Tingkat Bawah & 1,
Jalan Todak 1, Pusat Bandar Seberang Jaya,
13700 Prai, Pulau Pinang
☎ : 04-3988670
📠 : 04-3988985

BUKIT MERTAJAM

No. 22 & 24, Jalan Perda Selatan,
Bandar Perda, 14000 Bukit Mertajam, Pulau Pinang
☎ : 04-5307380
📠 : 04-5307390

BAYAN BARU

No. 49, 51 & 53, Block H,
Persiaran Mahsuri 1/3,
Sunway Avenue, 11950 Bayan Baru, Pulau Pinang
☎ : 04-6420197
📠 : 04-6420205

JELUTONG

No.13 & 13A, Metro Avenue,
Jelutong Express Way,
11600 Pulau Pinang
☎ : 04-2839735
📠 : 04-2839399

JAWI

No. 56 & 58, Jalan Jawi Jaya,
Taman Jawi Jaya, 14200 Sungai Jawi,
Seberang Perai Selatan, Pulau Pinang
☎ : 04-5826313
📠 : 04-5826352

KEPALA BATAS

No 8, Jalan Dagangan 2,
Pusat Bandar Bertam Perdana,
13200 Kepala Batas, Pulau Pinang
☎ : 04-5741036
📠 : 04-5741060

Ibu Pejabat Dan Cawangan

PEJABAT WILAYAH TENGAH/CENTRAL REGION OFFICE

Tingkat 14, Bangunan PERKIM,
No.150, Jalan Ipoh, 51200 Kuala Lumpur
☎ : 03-40272403
📠 : 03-40272498

KUALA LUMPUR & PUTRAJAYA

JALAN TANGSI

Tingkat Bawah, Bangunan Bank Rakyat,
Jalan Tangsi, 50732 Kuala Lumpur
☎ : 03-26173888
📠 : 03-26982109

JALAN IPOH

No. 140, Bangunan Bank Rakyat,
Jalan Ipoh, 51200 Kuala Lumpur
☎ : 03-40423244
📠 : 03-40428142

PUTRAJAYA

Blok A, T-00-U-06 & 07,
Jalan P8C/2, Presint 8,
62250 Putrajaya
☎ : 03-88895268
📠 : 03-88895273

BANDAR TUN RAZAK

G11, G12, 01-11 & 01-12,
Wisma Zelan, Bandar Tun Razak,
56000 Kuala Lumpur
☎ : 03-91717727
📠 : 03-91723178

BANGSAR BARU

No. 60 & 62, Tingkat Bawah, 1 & 2,
Jalan Maarof,
59100 Bangsar Baru, Kuala Lumpur
☎ : 03-22831259
📠 : 03-22831258

DESA PANDAN

No. 33 & 35 Jalan 1/76,
Desa Pandan,
55100 Kuala Lumpur
☎ : 03-92812136
📠 : 03-92811394

SELAYANG

Tingkat Bawah, Blok B,
KIP Corporate Tower,
Jalan Kuching,
68100 Kuala Lumpur
☎ : 03-62596809
📠 : 03-62596815

SHAMELIN (DAHULU PUDU)

No. 68-1-1 & 68-1-2, Jalan 4/91,
Dataran Shamelin,
Taman Shamelin Perkasa,
56100 Kuala Lumpur
☎ : 03-92863214
📠 : 03-92863541

SETAPAK

No.1, Jalan 2/50,
Diamond Square,
Off Jalan Gombak,
53000 Kuala Lumpur
☎ : 03-40254476
📠 : 03-40254501

KEPONG

No. 11 & 15,
Jalan Rimbunan Raya 1,
Laman Rimbunan Raya 1,
52100 Kepong, Kuala Lumpur
☎ : 03-62525244
📠 : 03-62523722

Head Office And Branches

JALAN PINANG, (DAHULU ANGKASA RAYA)

19-1-1 Tingkat Bawah &
19-1-1A Mezzanine Floor,
UOA Centre, No. 19 Jalan Pinang
50450 Kuala Lumpur
☎ : 03-21612453
📠 : 03-21612459

PRESINT 15, PUTRAJAYA

No. 22 & 24, Jalan Diplomatik 3/1,
62050 Presint 15, Putrajaya
☎ : 03-88903393
📠 : 03-88903353

DESA SRI HARTAMAS

Lot B-02 & B-03, Galeria Hartamas,
Jalan 26/70A, Desa Sri Hartamas,
50480 Kuala Lumpur
☎ : 03-62010746
📠 : 03-62010514

PERAK

MEDAN GOPENG

No. 37 & 39, Medan Gopeng 1,
Jalan Raja Dr Nazrin Shah,
Peti Surat 494, 30750 Ipoh, Perak
☎ : 05-3123166
📠 : 05-3125886

GREENTOWN

No. 8 & 10, Jalan Greentown 5,
Greentown Nova,
30450 Ipoh, Perak
☎ : 05-2439296
📠 : 05-2439301

JELAPANG

No. 61 & 63, Lengkok Kledang Jaya,
Taman Kledang Jaya,
30100 Ipoh, Perak
☎ : 05-5271924
📠 : 05-5271958

TAIPING

Lot 2478 & 2482, Jalan Berek,
34000 Taiping, Perak
☎ : 05-8085808
📠 : 05-8072988

BAGAN SERAI

No. 132, Jalan Setia, Pusat Bandar,
34300 Bagan Serai, Perak
☎ : 05-7215023
📠 : 05-7211644

MANJUNG

No. 41, 43 & 45, Persiaran PM 3/2,
Pusat Bandar Seri Manjung,
Seksyen III, 32040 Seri Manjung, Perak
☎ : 05-6884912
📠 : 05-6881199

TELUK INTAN

No.187, Jalan Intan 5, Bandar Baru,
36000 Teluk Intan, Perak
☎ : 05 6221000
📠 : 05-6212554

TAPAH

No. 56 & 57, Jalan Besar,
35000 Tapa, Perak
☎ : 05-4015536
📠 : 05-4015539

Ibu Pejabat Dan Cawangan

KUALA KANGSAR

No. 1 & 2, Bangunan Bank Rakyat,
Jalan Daeng Selili, 32000 Kuala Kangsar, Perak
☎ : 05-7774122
📠 : 05-7774049

TANJUNG MALIM

Lot 27 & 29, Jalan Permai 1,
Taman Ketoyong Permai 2,
35900 Tanjung Malim, Perak
☎ : 05-4584205
📠 : 05-4584211

SERI ISKANDAR

No. 24 & 26, Jalan Maju 1,
Taman Maju, 32610 Bandar Seri Iskandar, Perak
☎ : 05-3713164
📠 : 05-3712632

GERIK

No 1, Jalan Indah 1,
Taman Indah,
33600 Gerik, Perak
☎ : 05-7917735
📠 : 05-7917727

PEJABAT WILAYAH SELANGOR/SELANGOR REGION OFFICE

No. 9 & 11, Tingkat 3,
Jalan Tuanku Ampuan Zabedah H/9H,
Seksyen 9, 40000 Shah Alam, Selangor
☎ : 03-55125641
📠 : 03-55125603

SELANGOR

SHAH ALAM

No. 9 & 11, Jalan Tuanku Ampuan Zabedah H/9H,
Seksyen 9, 40000 Shah Alam, Selangor
☎ : 03-55108540
📠 : 03-55104210

KLANG

No. 28 & 30, Jalan Tiara 2C,
Bandar Baru Klang,
41500 Klang, Selangor
☎ : 03-33427433
📠 : 03-33422776

PETALING JAYA

No.1-1, Jalan 14/22,
Wisma Federal Academy Ballet,
46100 Petaling Jaya, Selangor
☎ : 03-79584944
📠 : 03-79584931

P. J. STATE

No.11 & 13, Jalan Yong Shook Lin,
Seksyen 52, 46200 Petaling Jaya, Selangor
☎ : 03-79546349
📠 : 03-79577600

KAJANG

No. 18 & 19, Jalan Jelok 3,
Off Jalan Bukit Kajang,
43000 Kajang, Selangor
☎ : 03-87368098
📠 : 03-87367800

Head Office And Branches

MELAWATI

No. 326, Jalan Bandar Melawati,
Melawati Square, Pusat Bandar Melawati,
68000 Ulu Klang, Selangor
☎ : 03-41051569
📠 : 03-41054568

KELANA JAYA

Ground Floor, Wisma Glomac,
Glomac Business Centre,
Jalan SS 5/1, Kelana Jaya,
47301 Petaling Jaya, Selangor
☎ : 03-78048154
📠 : 03-78048159

DAMANSARA UTAMA

42G, 44G Jalan SS21/35,
Damansara Utama,
47400 Petaling Jaya, Selangor
☎ : 03-77298205
📠 : 03-77298193

BANDAR BARU AMPANG

Unit 1A, 1B, 1C & 1D,
Pusat Komersil Ara Ampang,
Jalan Ampang, 68000 Ampang, Selangor
☎ : 03-42510396
📠 : 03-42528402

USJ 9, SUBANG JAYA

No. 22 & 24, Jalan USJ 9/5Q, UEP,
47600 Subang Jaya, Selangor
☎ : 03-80239512
📠 : 03-80251984

PUCHONG

No. 28 & 30, Jalan Puteri 4/2,
Bandar Puteri, 47100 Puchong, Selangor
☎ : 03-80606677
📠 : 03-80683953

PORT KLANG

No. 2 & 4, Harbour Point,
Commercial Centre,
Jalan Sungai Aur,
42000 Port Klang, Selangor
☎ : 03-31657104
📠 : 03-31657078

BANDAR BARU BANGI

Lot 1.01 & 2.01,
Tingkat Bawah & 1,
Wisma UNIKEB,
43609 Bangi, Selangor
☎ : 03-89223225
📠 : 03-89223229

KUALA SELANGOR

No. 70, Jalan Melati 3/1,
Bandar Melawati,
45000 Kuala Selangor, Selangor
☎ : 03-32811431
📠 : 03-32811434

SERDANG RAYA

No. C1-00-28,
Seksyen 9, Jalan SR 1/9,
Taman Serdang Raya,
43300 Seri Kembangan, Selangor
☎ : 03-89430890
📠 : 03-89430932

Ibu Pejabat Dan Cawangan

RAWANG

No. 73, Jalan Bandar Rawang 2
Pusat Bandar Rawang,
48000 Rawang, Selangor
☎ : 03-60925236
📠 : 03-60927385

SUNGAI BESAR

No. A12 & A13, Jalan Menteri,
45300 Sungai Besar, Selangor
☎ : 03-32242208
📠 : 03-32242299

BANTING

No. 239, Jalan Sultan Abdul Samad,
42700 Banting, Selangor
☎ : 03-31872007
📠 : 03-31872581

SUBANG PERDANA

No. 39, Jalan Dinar GU 3/G,
Seksyen U3, Taman Subang Perdana,
40150 Shah Alam, Selangor
☎ : 03-78465169
📠 : 03-78465195

SUNGAI BULOH

Lot 101, Pusat Komersil TSB,
Jalan Nautika B U20/B, Seksyen U20,
Sungai Buloh, 40160 Shah Alam, Selangor
☎ : 03-61571663
📠 : 03-61571662

SEKSYEN 23, SHAH ALAM

No. 23 & 25, Jalan Pelabur B/23B,
Seksyen 23, 40300 Shah Alam, Selangor
☎ : 03-55411619
📠 : 03-55411624

TANJUNG KARANG

No. 1 & 3, Jalan Makmur 1,
Taman Makmur, Batu 7,
45500 Tanjung Karang, Selangor
☎ : 03-32690552
📠 : 03-32690566

CYBERJAYA

Unit F03 & F03A, Fasa 1,
Glomac Cyberjaya, Persiaran APEC,
63000 Cyberjaya, Selangor
☎ : 03-83181655
📠 : 03-83182369

PEJABAT WILAYAH SELATAN/SOUTHERN REGION OFFICE

No. 4-5 & 6-5, Tingkat 5,
Jalan KC 1, Kota Cemerlang,
75450 Air Keroh, Melaka
☎ : 06-2310277
📠 : 06-2310331

NEGERI SEMBILAN

SEREMBAN

Bangunan Bank Rakyat,
Lot 5750, Jalan Tuanku Munawir, Peti Surat 70,
70000 Seremban, Negeri Sembilan
☎ : 06-7638943
📠 : 06-7637703

LUKUT

No.137 & 138, Jalan D8 1/11,
Bandar Dataran Segar, 71010 Lukut,
Port Dickson, Negeri Sembilan
☎ : 06-6512840
📠 : 06-6512495

Head Office And Branches

TAMPIN

No.1135 Taman Seri Intan, 73000 Tampin,
Negeri Sembilan

☎ : 06-4432914

📠 : 06-4432919

NILAI

PT 7436, Jalan BBN 1/2F,
Bandar Baru Nilai,
71800 Nilai, Negeri Sembilan

☎ : 06-7999134

📠 : 06-7997045

BAHAU

No. 25 & 26, Tingkat Satu & Bawah,
Pusat Perniagaan Bahau, Jalan Masjid,
72100 Bahau, Negeri Sembilan

☎ : 06-4544479

📠 : 06-4543481

SENAWANG

No.156 & 157, Blok L,
Senawang Commercial Park,
70450 Seremban, Negeri Sembilan

☎ : 06-6786648

📠 : 06-6792655

MELAKA

MELAKA

Bangunan Bank Rakyat, Jalan Hang Tuah,
Peti Surat No. 354, 75760 Melaka

☎ : 06-2846395

📠 : 06-2848940

MASJID TANAH

MT 2893-2895, Jalan Taman Bandar Baru Utama,
Taman Bandar Baru Masjid Tanah,
78300 Masjid Tanah, Melaka

☎ : 06-3845863

📠 : 06-3845866

JASIN

JA 9943 Bandar Baru Jasin III,
77000 Jasin, Melaka

☎ : 06-5298505

📠 : 06-5298511

AYER KEROH

No. G-4 & G-6,
Jalan KC 1, Kota Cemerlang,
75450 Ayer Keroh, Melaka

☎ : 06-2519191

📠 : 06-2519192

JOHOR

JOHOR BAHRU

Podium 2, Unit 2B, Menara Ansar,
No. 65, Jalan Trus, Peti Surat 112,
80000 Johor Bahru, Johor

☎ : 07-2239169

📠 : 07-2234845

MUAR

No. 5-1 & 5-2, Jalan Ibrahim, 84000 Muar, Johor

☎ : 06-9510330

📠 : 06-9516416

PONTIAN

No.11, Jalan Delima 2,
Pusat Perdagangan Pontian,
82000 Pontian, Johor

☎ : 07-6871515

📠 : 07-6870781

Ibu Pejabat Dan Cawangan

BATU PAHAT

No. 3 & 4, Jalan Maju Barat,
Taman Maju, Bukit Pasir,
83000 Batu Pahat, Johor
☎ : 07-4314422
📠 : 07-4319691

TAMAN UNIVERSITI, SKUDAI

No.1 & 3, Jalan Kebudayaan 1,
Taman Universiti,
81300 Skudai, Johor
☎ : 07-5207024
📠 : 07-5207048

KOTA TINGGI

No. 24 & 26, Jalan Jaya 1,
Taman Jaya,
81900 Kota Tinggi, Johor
☎ : 07-8832144
📠 : 07-8831109

MASAI

No. 31, Jalan Suria 3,
Bandar Seri Alam,
81750 Masai, Johor
☎ : 07-2525776
📠 : 07-2525815

SEGAMAT

No.123 & 124, Jalan Genuang,
85000 Segamat, Johor
☎ : 07-9319214
📠 : 07-9319210

MERSING

No. 29 & 30, Jalan Ismail,
86800 Mersing, Johor
☎ : 07-7997228
📠 : 07-7997219

LARKIN PERDANA

No. 61 & 63, Susur Larkin Perdana 1,
Persiaran Larkin Perdana,
Taman Larkin Perdana,
81100 Johor Bahru, Johor
☎ : 07-2360595
📠 : 07-2360635

YONG PENG

No. 226 & 228, Jalan Besar,
Taman Sembrong Baru,
83700 Yong Peng, Johor
☎ : 07-4678454
📠 : 07-4678615

KLUANG

No. 27 & 29,
Jalan Md Lazim Saim,
86000 Kluang, Johor
☎ : 07-7743545
📠 : 07-7743542

KULAI

No.4 & 5, Jalan Anggerik Satu,
Taman Kulai Utama,
81000 Kulai, Johor
☎ : 07-6625457
📠 : 07-6631625

NUSAJAYA

Lot 1610, Indahwalk 2,
Jalan Indah 15/2, Bukit Indah,
81200 Johor Bahru, Johor
☎ : 07-2343206
📠 : 07-2344586

Head Office And Branches

PEJABAT WILAYAH TIMUR/EASTERN REGION OFFICE

B 160 & B 162, Tingkat 1,
Jalan IM 8/33, Bandar Indera Mahkota,
25200 Kuantan, Pahang
☎ : 09-5732007
📠 : 09-5730176

KELANTAN

KOTA BHARU

Lot 206 & 207, Jalan Pengkalan Chepa,
15400 Kota Bharu Kelantan
☎ : 09-7441022
📠 : 09-7447051

MACHANG

Lot 90-92, Bgn Usahasama Sentosa Jaya Dev. Sdn Bhd,
Jalan Bakat, 18500 Machang, Kelantan
☎ : 09-9752577
📠 : 09-9751355

PASIR MAS

PT 315 & PT 316,
Wisma Majlis Daerah Pasir Mas,
Jalan Pasir Pekan, 17000 Pasir Mas, Kelantan
☎ : 09-7907690
📠 : 09-7907939

KUBANG KERIAN

Lot PT 1709 & 1710,
Jalan Raja Perempuan Zainab 2,
Bandar Baru Kubang Kerian,
16150 Kelantan
☎ : 09-7640877
📠 : 09-7640878

GUA MUSANG

Lot PT 7841 & PT 7842,
Jalan Persiaran Raya, Taman Mesra,
18300 Gua Musang, Kelantan
☎ : 09-9124254
📠 : 09-9125595

WAKAF CHE YEH

Lot J-105 & J-106,
Zon Komersial Wakaf Che Yeh,
15050 Kota Bharu, Kelantan
☎ : 09-7480796
📠 : 09-7480978

TANAH MERAH

Lot PT 237 & PT 238, Bandar Tanah Merah,
17500 Tanah Merah, Kelantan
☎ : 09-9556400
📠 : 09-9556202

TERENGGANU

KUALA TERENGGANU

Kompleks Paya Keladi,
No. 8 & 9, Jalan Paya Keladi,
20000 Kuala Terengganu, Terengganu
☎ : 09-6309989
📠 : 09-6309979

KEMAMAN

Lot K12086 & K12087,
Jalan Kubang Kurus,
24000 Kemaman, Terengganu
☎ : 09-8596534
📠 : 09-8596532

Ibu Pejabat Dan Cawangan

JERTIH

Lot 4123 & 4124, Jalan Pasar,
Bandar Jertih, 22000 Jertih,
Terengganu
☎ : 09-6973112
📠 : 09-6973115

DUNGUN

PT 12447 & 12448,
Taman Saujana, Sura Gate,
23000 Dungun, Terengganu
☎ : 09-8457036
📠 : 09-8481762

GONG BADAK

No. 1, 2 & 3, Taman Tanjung Permata,
Kampung Gong Badak, Jalan Batu Rakit,
21300 Kuala Terengganu, Terengganu
☎ : 09-6673076
📠 : 09-6670202

KERTEH

Lot PT14507, 14508 & 14509,
Kampung Baru, Mukim Kerteh,
24300 Kerteh, Kemaman, Terengganu
☎ : 09-8262333
📠 : 09-8262777

PAHANG

KUANTAN

G 15, Mahkota Square, Jalan Mahkota,
25000 Kuantan, Pahang
☎ : 09-5144666
📠 : 09-5150941

TEMERLOH

No. 7 & 9, Jalan Sudirman 2,
Bandar Sri Semantan,
28000 Temerloh, Pahang
☎ : 09-2961420
📠 : 09-2961076

JENGKA

Lot 92, Jalan Zamrud Nadi Kota,
26400 Bandar Jengka, Pahang
☎ : 09-4662711
📠 : 09-4662699

RAUB

No. 45, Jalan Dato Abdullah,
27600 Raub, Pahang
☎ : 09-3556299
📠 : 09-3556298

JERANTUT

No.1, Jalan Pine 1, Taman Pine,
27000 Jerantut, Pahang
☎ : 09-2666548
📠 : 09-2666551

PEKAN

G-1, Bangunan UMNO,
Bahagian Pekan, Jalan Teng Quee,
26600 Pekan, Pahang
☎ : 09-4228078
📠 : 09-4226799

MUADZAM SHAH

No 117, 118 & 119,
Jalan Medan Mewah 7, Medan Mewah,
26700 Bandar Muadzam Shah, Pahang
☎ : 09-4522102
📠 : 09-4523231

Head Office And Branches

BANDAR INDERA MAHKOTA

No. B 56 & B 58, Persiaran Sultan Abu Bakar,
Bandar Indera Mahkota,
25000 Kuantan, Pahang

☎ : 09-5739500

📠 : 09-5735244

KUALA LIPIS

Lot 2891, Jalan BBKL,
No 2-3-1, Bandar Baru Kuala Lipis,
27200 Kuala Lipis, Pahang

☎ : 09-3126136

📠 : 09-3126132

BERA

No. 13, 15 & 17, Jalan Angsana 1,
Taman Angsana, Bandar Bera,
28200 Bera, Pahang

☎ : 09-2508344

📠 : 09-2508348

BENTONG

No. P18 & P19, Jalan Prima 1,
Bentong Prima,
28700 Bentong, Pahang

☎ : 09-2222192

📠 : 09-2221504

PEJABAT WILAYAH SABAH/SABAH REGION OFFICE

Lot 20 & 21, Blok B, Harbour City,
Jalan Pantai Baru, Sembulan,
88000 Kota Kinabalu, Sabah

☎ : 088-487623

📠 : 088-487635

SABAH

KOTA KINABALU

Lot 20 & 21, Blok B, Harbour City,
Jalan Pantai Baru, Sembulan,
88000 Kota Kinabalu, Sabah

☎ : 088-487613

📠 : 088-487610

TAWAU

TB 4615-4617, Pusat Komersial Ba Zhong,
Jalan Tawau Lama,
91000 Tawau, Sabah

☎ : 089-750391/392

📠 : 089-750393

LIKAS

No.1, Blok A, Plaza Juta, Jalan Tuaran,
88400 Kota Kinabalu, Sabah

☎ : 088-422000

📠 : 088-422434

SANDAKAN

Lot 4 & 5, Fasa 2,
Sandakan Harbour Square, Jalan Prayer,
90000 Sandakan, Sabah

☎ : 089-224727

📠 : 089-224741

LABUAN

Unit No. E001, Tingkat Bawah, Financial Park Labuan Complex,
Jalan Merdeka, 87000 Wilayah Persekutuan, Labuan

☎ : 087-422831

📠 : 087-425990

Ibu Pejabat Dan Cawangan

KENINGAU

Lot 7 & 8, Blok C,
Keningau Plaza, Peti Surat 910,
89008 Keningau, Sabah
☎ : 087-341501
📠 : 087-341503

LAHAD DATU

Lot 27 & 28, Blok D, Airport Plaza,
Fajar Centre, Jalan Segama,
91100 Lahad Datu, Sabah
☎ : 089-885600
📠 : 089-880094

KOTA BELUD

Lot 3 & 4, Block E, Yick Ming Commercial Centre,
89157 Kota Belud, Sabah
☎ : 088-972213
📠 : 088-972219

PENAMPANG

No. 49 & 50, Block H, Donggongan Square,
Penampang, 89507 Kota Kinabalu, Sabah
☎ : 088-731027
📠 : 088-731041

BEAUFORT

Lot 21 & 22, Block C,
New Beaufort Jaya,
89800 Beaufort, Sabah
☎ : 087-222145
📠 : 087-222143

KOTA MARUDU

No 6 & 7, WTK Phase 2,
89108 Kota Marudu, Sabah
☎ : 088-663815
📠 : 088-663819

PUTATAN

Lot 5 & 6,
Tapak Putatan Baru, Jalan Putatan,
88300 Kota Kinabalu, Sabah
☎ : 088-767771
📠 : 088-774477

PEJABAT WILAYAH SARAWAK/SARAWAK REGION OFFICE

Tingkat 3, No. 9 & 10,
Blok 16, KCLD Jalan Tun Jugah,
93350 Kuching, Sarawak
☎ : 082-572081
📠 : 082-464378

SARAWAK

SATOK

Lot 504, Section 6, KTL D, Jalan Kulas Tengah,
93400 Kuching, Sarawak
☎ : 082-237159
📠 : 082-239634

SIMPANG TIGA

Tingkat Bawah & Satu, No. 9 & 10, Blok 16,
KCLD Jalan Tun Jugah, 93350 Kuching, Sarawak
☎ : 082-572149
📠 : 082-575893

BINTULU

Lot 22 & 23, Commerce Square,
Jalan Tun Ahmad Zaidi,
97000 Bintulu, Sarawak
☎ : 086-313097
📠 : 086-314017

Head Office And Branches

MIRI

Lot 1111 & 1112, Bangunan Tabung Baitul Mal,
Sarawak Pelita Commercial Central,
98000 Miri, Sarawak
☎ : 085-435314
📠 : 085-435106

SIBU

Lot 12 E & 12 F, Blok 4,
Jalan Kampung Datu,
96000 Sibu, Sarawak
☎ : 084-342227
📠 : 084-342229

SRI AMAN

Lot 1467 & 1468, Seksyen 3 S.T.D.,
Jalan Hospital, 95000 Sri Aman, Sarawak
☎ : 083-321649
📠 : 083-321654

SARIKEI

No. 22 & 22A, Lorong Tun Razak 1,
96100 Sarikei, Sarawak
☎ : 084-657134
📠 : 084-656950

KOTA SAMARAHAN

Lot 18 & 19, Uni Capital Commercial Centre,
Kuching/Kota Samarahan Express Way,
94300 Kota Samarahan, Sarawak
☎ : 082-662120
📠 : 082-662178

MUKAH

No. 1152 & 1153, Blok C,
Mukah Town Extension Phase II,
96400 Mukah, Sarawak
☎ : 084-874119
📠 : 084-874127

MATANG JAYA

No. 3 & 4, Taman Lee Ling,
Commercial Centre, Jalan Matang,
93050 Kuching, Sarawak
☎ : 082-647221
📠 : 082-647223

KAPIT

Lot 542 & 543, Wisma Ngieng Ping Toh,
Jalan Airport, 96800 Kapit, Sarawak
☎ : 084-797600
📠 : 084-798631

LIMBANG

Lot 11 & 12,
Limbang Town District,
Jalan Pandaruan,
98700 Limbang, Sarawak
☎ : 085-214358
📠 : 085-211464

KOTA PADAWAN

Lot 42 & 43, 10th Commercial Centre,
Jalan Kuching-Serian, Kota Padawan,
93250 Kuching, Sarawak
☎ : 082-626018
📠 : 082-627018

PERMYJAYA, MIRI

Lot 7971 & 7972, Pusat Bandar Fasa 3,
Bandar Baru Permyjaya, 98000 Miri, Sarawak
☎ : 085-491725
📠 : 085-491728

Pusat Servis

Service Centres

UTC MELAKA

Pusat Servis UTC Melaka,
Lot 1-04, Wisma UTC,
Jalan Tan Chay Yan,
Off Jalan Hang Tuah,
75300 Melaka

☎ : 06-2819902

📠 : 06-2819904

GEMAS

Pusat Perbankan Selesa,
PT 4642, Tingkat Bawah,
Pekan Gemas, 73400 Gemas,
Negeri Sembilan

☎ : 07-9481936

📠 : 07-9481940

Ar-Rahnu X'Change

KEDAH

ALOR SETAR

No. 47, Lorong PSK Satu, Pekan Simpang Kuala,
05400 Alor Setar, Kedah

☎ : 04-7710715

📠 : 04-7710754

SUNGAI PETANI

No. 21F, Jalan Ibrahim, 08000 Sungai Petani, Kedah

☎ : 04-4214025

📠 : 04-4214029

MERGONG

No. 19, Lorong Putih 9, Taman Rakyat Mergong,
05150 Alor Setar, Kedah

☎ : 04-7302712

📠 : 04-7304190

KOPERASI JABATAN KESIHATAN KEDAH BERHAD

No. 111, Taman Bunga Sena, Main Road,
06400 Pokok Sena, Kedah

☎ : 04-7823749

📠 : 04-7823732

KOPERASI ILHAM KEDAH BERHAD

No. 10, Bandar Darul Aman Jaya,
06000 Jitra, Kedah

☎ : 04-9188814

📠 : 04-9188813

CHANGLUN

No. 61, Pekan Baru, Jalan Kodiang,
06010 Changlun, Kedah

☎ : 04-9242739

📠 : 04-9242743

PULAU PINANG

KOPERASI POS DAN TELEKOM PULAU PINANG BERHAD

No. 66, Jalan SS 1, Bandar Tasek Mutiara,
Simpang Ampat, 14100 Pulau Pinang

☎ : 04-5016565

📠 : 04-5016566

KOPERASI MELAYU BUKIT GELUGOR BERHAD

No. 351D, Tingkat Bawah, Jalan Sultan Azlan Shah,
11700 Gelugor, Pulau Pinang

☎ : 04-6570474

📠 : 04-6571745

PERAK

TELUK INTAN

Peti Surat 88, Jalan Selat, 36000 Teluk Intan, Perak

☎ : 05-6212498

📠 : 05-6212501

SIMPANG

No. 31, Tingkat Bawah, Susur Simpang,
Jalan Kampung Dew, 34700 Simpang, Perak

☎ : 05-8471453

📠 : 05-8471429

KOPERASI WAWASAN MALAYSIA BERHAD

No. 70, Medan Stesen 18/11, Station 18, Jalan Pasir Puteh,
31650 Ipoh, Perak

☎ : 05-3214624

📠 : 05-3214653

KOPERASI PEGAWAI-PEGAWAI KERAJAAN TAIPING BERHAD

No. 91 & 93, Jalan Taman Kamunting Maju,
Medan Saujana, Peti Surat 13, 34007 Taiping, Perak

☎ : 05-8060205

📠 : 05-8060204

Ar-Rahnu X'Change

KOPERASI SERI BERUAS BERHAD

Lot 41, Bangunan Haji Ibrahim Nasution, Jalan Besar,
32400 Ayer Tawar, Perak

☎ : 05-6723441

📠 : 05-6723442

SELANGOR

BANDAR BARU AMPANG

No. 53G, Jalan Wawasan 2/1, Bandar Baru Ampang,
68000 Ampang, Selangor

☎ : 03-42926600

📠 : 03-42929600

BALAKONG

No. 7G, Jalan Cheras Maju,
Pusat Perniagaan Cheras Maju,
43200 Balakong, Selangor

☎ : 03-90740526

📠 : 03-90740604

BATANG KALI

No. 37, Jalan Mahogani 7/1,
Seksyen 4, Bandar Utama Batang Kali,
44300 Batang Kali, Selangor

☎ : 03-60570981/0982

📠 : 03-60570985

HULU KLANG

No. 3-G Tingkat Bawah,
Ukay Boulevard, Jalan Lingkaran Tengah 2,
68000 Hulu Klang, Selangor

☎ : 03-41051446

📠 : 03-41051390

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, Selangor

☎ : 03-61894387

📠 : 03-61892387

KOPERASI KAKITANGAN BANK RAKYAT BERHAD

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 SIMPANAN DAN KREDIT BERSATU MALAYSIA BERHAD

No. 26, Jalan Mesra 25/66, Seksyen 25, Taman Sri Muda,
40000 Shah Alam, Selangor

☎ : 03-51225311

📠 : 03-51224311

KOPERASI PEGAWAI-PEGAWAI KERAJAAN MALAYSIA BERHAD

B10-17-G, Jalan Pahat J 15/J, Dataran Otomobil, Seksyen 15,
40000 Shah Alam, Selangor

☎ : 03-55100421

📠 : 03-55101972

KOPERASI WAWASAN MALAYSIA BERHAD

No. 53, Jalan Medan Pusat 2D, Seksyen 9,
43650 Bandar Baru Bangi, Selangor

☎ : 03-89258011

📠 : 03-89258013

KOPERASI NEW STRAITS TIMES PRESS (M) BERHAD

No. A-G-1, Blok A, Arena Mentari, Jalan PJS 18/15,
Dataran Mentari, 46180 Petaling Jaya, Selangor

☎ : 03-56377277

📠 : 03-56377677

**KOPERASI SERBAGUNA ANAK-ANAK SELANGOR
BERHAD**

No. 15, Blok A, Jalan PJS 5/30,
Petaling Jaya Commercial Centre,
46000 Petaling Jaya, Selangor

☎ : 03-77810089

📠 : 03-77818960

KOPERASI WAWASAN PEKERJA-PEKERJA BERHAD

No. 24-G, Jalan Bandar Rawang 11, Bandar Baru Rawang,
48000 Rawang, Selangor

☎ : 03-60918590

📠 : 03-60918541

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. 15, Jalan Batu 6, Pekan Meru (KU-8),
Daerah Klang, Klang Utara, 41050 Klang, Selangor

☎ : 03-33921777

📠 : 03-33921757

KOPERASI SERBAGUNA IMAN MALAYSIA BERHAD

C-2-G, Putra Walk, Jalan PP 25, Taman Pinggiran Putra,
Seksyen 2, Bandar Putra Permai,
43300 Seri Kembangan, Selangor

☎ : 03-89421177

📠 : 03-89381167

**KOPERASI PEGAWAI-PEGAWAI MELAYU MALAYSIA
BERHAD**

No. 31(G), Jalan Nanas, 41400 Klang, Selangor

☎ : 03-33414014

📠 : 03-33414097

KUALA LUMPUR**BANDAR BARU SENTUL**

No. 22, Jalan 14/48A, Off Jalan Sentul, Bandar Baru Sentul,
51000 Kuala Lumpur

☎ : 03-40434781

📠 : 03-40442546

KOPERASI UKHWAH 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

Ar-Rahnu X'Change

KOPERASI STAF CIDB (M) BERHAD

No. 22, Tingkat Bawah, Platinum Walk, Jalan Langkawi,
53300 Setapak, Kuala Lumpur

☎ : 03-41436091

📠 : 03-41436902

KOPERASI WAWASAN MALAYSIA BERHAD

No. 45, Jalan Dwitasik 1, Dataran Dwitasik,
Bandar Tasik Permaisuri, 56100 Kuala Lumpur

☎ : 03-91712498

📠 : 03-91713984

KOPERASI WARISAN TERENGGANU BERHAD

D-0-3, M- Avenue, No. 1, Jalan 1/38A,
Segambut Bahagia,
51200 Kuala Lumpur

☎ : 03-62433005

📠 : 03-62510005

NEGERI SEMBILAN

KUALA PILAH

No. 511, Tingkat Bawah, Taman Sentosa,
72000 Kuala Pilah, Negeri Sembilan

☎ : 06-4811031

📠 : 06-4811402

REMBAU

No. Lot 990, Jalan Terentang,
71300 Rembau, Negeri Sembilan

☎ : 06-6853379

📠 : 06-6853375

KOPERASI SERBAMAJU DAERAH JEMPOL BERHAD

No. 209, Jalan Serting Utama 5/1, Pusat Perniagaan Jempol,
72120 Bandar Sri 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

MELAKA

MELAKA SENTRAL

No. 49, Tingkat Bawah, Jalan PMS 1, Plaza Melaka Sentral,
75400 Melaka

☎ : 06-2860102

📠 : 06-2860105

SUNGAI UDANG

No. 2, Tingkat Bawah, Jalan Pahlawan 7, Taman Pahlawan,
76300 Sungai Udang, Melaka

☎ : 06-3513644

📠 : 06-3513593

JOHOR

ULU TIRAM

No. 1, Jalan Ledang 25, Taman Bukit Tiram,
81800 Ulu Tiram, Johor

☎ : 07-8619297

📠 : 07-8619391

MUAR

No. 25-2, Jalan Majidi,
84000 Muar, Johor

☎ : 06-9514650

📠 : 06-9514661

TANGKAK

No. 9, Tingkat Bawah & Mezzanine, Jalan Muar,
84900 Tangkak, Johor

☎ : 06-9784192

📠 : 06-9784201

PAGOH

No. 1-15, Tingkat Bawah, Taman Bukit Pasir,
84300 Muar, Johor
☎ : 06-9850827
📠 : 06-9850840

KOPERASI WAWASAN MALAYSIA BERHAD

No. 26, Jalan Padi Emas 6/1, Bandar Baru Uda,
81200 Tampoi, Johor
☎ : 07-2323404
📠 : 07-2323460

KOPERASI KAMPUNG JAWI JOHOR BAHRU BERHAD

No. 15, Jalan Sagu 17, Taman Daya,
81100 Johor Bahru, Johor
☎ : 07-3553733
📠 : 07-3579755

PAHANG**KUANTAN**

No. 99, Tingkat Bawah, Jalan Tun Ismail
25000 Kuantan, Pahang
☎ : 09-5165867
📠 : 09-5165934

MENTAKAB

No. 67, Jalan Mok Hee Kiang,
28400 Mentakab, Pahang
☎ : 09-2771844
📠 : 09-2771496

KELANTAN**KOTA BHARU**

Tingkat Bawah, Lot PT 68, Bangunan Yabmud,
Jalan Kebun Sultan, 15350 Kota Bharu, Kelantan
☎ : 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**

Lot K 737, Jalan Abdul Rahman,
24000 Chukai, Kemaman, Terengganu
☎ : 09-8594761
📠 : 09-8594726

KOPERASI AL-RAUDHAH TERENGGANU BERHAD

No. 29B, Tingkat Bawah, Wisma Awang Chik,
Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu
☎ : 09-6136707
📠 : 09-6136707

SABAH**KOPERASI PEKERJA-PEKERJA KERAJAAN SABAH BERHAD**

Wisma KOPEKS, Lot No. 42, Blok F, Kompleks Sadong Jaya,
Karamunsing, P.O. Box 11418, 88815 Kota Kinabalu, Sabah
☎ : 088-243773
📠 : 088-270011

Subsidiari

Subsidiaries

RAKYAT HOLDINGS SDN. BHD.

Tingkat Bawah, Wisma Perkeso,
Jalan Tun Razak, 50400 Kuala Lumpur
e-mel: admin@rakyatholdings.com.my
☎ : 03-26815255
📠 : 03-26819155
web: www.rakyatholdings.com.my

RAKYAT TRAVEL SDN. BHD.

Tingkat Bawah, Wisma Perkeso,
Jalan Tun Razak, 50400 Kuala Lumpur
e-mel: info@rakyatravel.com.my
☎ : 03-26812761
📠 : 03-26812764
web: www.rakyatravel.com.my

Cawangan/Branch

PULAU PINANG

Tingkat 2, Bangunan Bank Rakyat,
No. 137, Jalan Magazine, 10300 Georgetown,
Pulau Pinang
☎ : 04-2624488
📠 : 04-2624788

KOTA BHARU

PT 561, Tingkat 1, Taman Damai Perdana, Wakaf Che Yeh,
Jalan Kuala Krai, 15050 Kota Bharu, Kelantan
☎ : 09-7413434
📠 : 09-7413430

KOTA KINABALU

Lot 132, Tingkat 1 Jalan Gaya,
88000 Kota Kinabalu, Sabah
☎ : 088-261761
📠 : 088-261764

RAKYAT HARTANAH SDN. BHD.

Lot PT 34060, Jalan Sungai Ramal Luar,
43000 Kajang, Selangor
e-mel: info@rakyathartanah.com.my
☎ : 03-87344828
📠 : 03-87370828

RAKYAT ASSET MANAGEMENT SDN. BHD.

No. 21-23, Jalan Medan Tuanku,
Peti Surat 11339, 50742 Kuala Lumpur
e-mel: admin@rakyatholdings.com.my
☎ : 03-26988267
📠 : 03-26988118

RAKYAT MANAGEMENT SERVICES SDN. BHD.

Suite 8-2, Tingkat 8, Bangunan PERKIM,
150, Jalan Ipoh, 52000 Kuala Lumpur
e-mel: rms@bankrakyat.com.my
☎ : 03-40418700
📠 : 03-40487320
web: www.arrahnuxchange.com.my

RAKYAT FACILITY MANAGEMENT SDN. BHD.

Tingkat Bawah, Wisma Perkeso,
Jalan Tun Razak, 50400 Kuala Lumpur
e-mel: admin@rakyatholdings.com.my
☎ : 03-26815255
📠 : 03-26819155

RAKYAT NIAGA SDN. BHD.

Tingkat Bawah, Wisma Perkeso,
Jalan Tun Razak, 50400 Kuala Lumpur
e-mel: admin@rakyatholdings.com.my
☎ : 03-26815255
📠 : 03-26819155

RAKYAT NOMINEES SDN. BHD.

Tingkat Bawah, Wisma Perkeso,
Jalan Tun Razak, 50400 Kuala Lumpur
e-mel: admin@rakyatholdings.com.my
☎ : 03-26815255
📠 : 03-26819155

Wakil Khidmat

Service Agent

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
☎ : 04-7773373
📠 : 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)

KOPERASI PASAR MINGGUAN GUAR CHEMAPEK BERHAD

No. 3 Tingkat 1, Bangunan Arked,
08800 Guar Chempedak, Kedah
☎ : 04-4525689
📠 : 04-4687855

KOPERASI PEKEBUN KECIL DAERAH KUBANG PASU BERHAD

No. 167, Jalan Hosba 7, Taman Sri Hosba,
KM 18, Lebuhraya Utara Selatan, Pekan Napoh,
06000 Jitra, Kedah
☎ : 04-9172172

PULAU PINANG

KOPERASI UNIVERSITI SAINS MALAYSIA BERHAD

Universiti Sains Malaysia,
11800 Minden, Pulau Pinang
☎ : 04-6533888
📠 : 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

KOPERASI GURU AGAMA KERAJAAN NEGERI PULAU PINANG PINANG BERHAD

2640, Tingkat 1, Taman Haji Ahmad Jamil,
13300 Tasek Gelugor,
Seberang Perai, Pulau Pinang
☎ : 04-5759566
📠 : 04-5759566

PERAK

KOPERASI KAKITANGAN KERAJAAN HULU PERAK BERHAD

Aras 2, Bangunan Wisma KOSEK,
Jalan Takong Datok, 33300 Grik, Perak
☎ : 05-7911887
📠 : 05-7911887

Wakil Khidmat

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 Kampung Gajah, Perak

☎ : 05-6311368

📠 : 05-6311368

KOPERASI GURU-GURU MELAYU KERIAN DAN SELAMA BERHAD

No. 1, Jalan Helang, Pekan Baru,
34200 Parit Buntar, Perak

Cawangan

No. 41, Jalan Wawasan 3, Taman Wawasan Jaya,
34200 Parit Buntar Perak

☎ : 05-7161157

📠 : 05-7161287

KOPERASI PESERTA-PESERTA RANCANGAN FELCRA SEBERANG PERAK BERHAD

Lot 4271, Coop Business Centre (CBC),
Lebuh Paduka, Bandar Seberang Perak,
36800 Kampung Gajah, Perak

☎ : 05-6558101

📠 : 05-6558100

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 Pemiagaan,
Beg Berkunci 260, Pejabat Pos UPM,
Universiti Putra Malaysia,
43400 Serdang, Selangor

☎ : 03-89467980

📠 : 03-89489796

KOPERASI PELABURAN PEKERJA PROTON BERHAD

Kedai Koperasi Pelaburan,
Pekerja Proton Berhad,
Seksyen 26, Shah Alam, Selangor

☎ : 03-51925611

📠 : 03-51026148

Service Agent

KOPERASI KAKITANGAN UniKL MIAT SEPANG BERHAD

Lot 2891, Jalan Jenderam Hulu,
43800 Dengkil, Selangor

☎ : 03-87680804

📠 : 03-87688485

KOPERASI WANITA BISTARI PANTAI SEPANG PUTRA SEPANG BERHAD

No. 7, Jalan Perling,
Pantai Sepang Putra,
43950 Sg Pelek, Sepang,
Selangor

☎ : 03-31413054

📠 : 03-31413054

WILAYAH PERSEKUTUAN

KOPERASI PEKERJA FELDA MALAYSIA BERHAD

No. 2F, Jalan Gurney, 54000 Kuala Lumpur

☎ : 03-26984202

📠 : 03-26934511

KOPERASI KAKITANGAN BANK RAKYAT BERHAD (SEKATARAKYAT)

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 Bukti,
Taman Bukti 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

Wakil Khidmat

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 Langsat,
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

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

Service Agent

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 COBE PANTAI TIMUR 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

KOPERASI PEKEBUN KECIL PASIR PUTEH BERHAD

Lot 455, Bangunan PKINK, Jalan Nara,
16800 Pasir Puteh,
Kelantan
☎ : 09-7867302
📠 : 09-7862717

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
☎ : 088-389258
📠 : 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

Wakil Khidmat

Service Agent

KOPERASI SERBAGUNA SANYA BERHAD (KOSAN)

Tingkat 2-4, Blok B, Wisma KOSAN Likas,
KM 7, Jalan Tuaran,
88992 Kota Kinabalu,
Sabah

Cawangan/Branch

Perusahaan Pakaian KOSAN Tuaran,
Batu 19 1/2, Jalan Tuaran, Peti Surat BIL. 34,
89207 Tuaran. Sabah

☎ : 088-432855

📠 : 088-423475

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
☎ : 083-438385

KOPERASI CITRA WAWASAN BELURAN BERHAD

Lot 6, Tingkat Bawah,
Kedai SEDCO, Peti Surat 16,
90107 Beluran, Sabah

☎ : 012-8105035

📠 : 089-512595

KOPERASI SINARAN LAWAS BERHAD

Batu 1/4, Jalan Punang,
98850 Lawas, Sarawak
☎ : 085-284340

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

Agensi-Agensi Di Bawah **Kementerian Perdagangan Dalam Negeri, Koperasi Dan Kepenggunaan**

KEMENTERIAN PERDAGANGAN DALAM NEGERI, KOPERASI DAN KEPENGGUNAAN (KPDNKK)

13, Persiaran Perdana, Presint 2,
62623 Putrajaya

☎ : 03-88825500

📠 : 03-88825762

Hotline: 1-800-886-800

BANK RAKYAT

Bangunan Bank Rakyat,
Jalan Tangsi, Peti Surat 11024,
50732 Kuala Lumpur

☎ : 03-26129600

📠 : 03-26129655

tele-Rakyat : 1-300-88-1BANK (12265)

SURUHANJAYA KOPERASI MALAYSIA (SKM)

Tingkat 10-15, 17-19,
Sunway Putra Towers, 100 Jalan Putra,
50350 Kuala Lumpur

☎ : 03-40474000

📠 : 03-40474100

MAKTAB KOPERASI MALAYSIA (MKM)

103, Jalan Templer,
46700 Petaling Jaya, Selangor

☎ : 03-79649000

📠 : 03-79570434

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

Agencies Under Ministry of Domestic Trade, Cooperatives And Consumerism

PERBADANAN HARTA INTELEK MALAYSIA (MYIPO)

Unit 1-7, Aras Bawah, Tower B,
Menara UOA Bangsar,
No. 5, Jalan Bangsar Utama 1,
59000 Kuala Lumpur

☎ : 03-22998400

📠 : 03-22998989

SURUHANJAYA SYARIKAT MALAYSIA (SSM)

Menara SSM@Sentral,
No. 7, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50623 Kuala Lumpur

☎ : 03-22994400

📠 : 03-22994411

Hotline: 03-77214000

SURUHANJAYA PERSAINGAN MALAYSIA (MYCC)

Aras 15, Menara SSM@Sentral,
No. 7, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50623 Kuala Lumpur

☎ : 03-22732277

📠 : 03-22722293

