

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statements of Financial Position as at 30 September 2011

	Note	Group		Bank	
		30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Assets					
Cash and short-term funds	9	3,350,495	2,519,695	3,321,907	2,509,483
Deposits and placements with banks and other financial institutions	10	525,035	352,798	525,035	352,798
Financial assets held-for-trading	11	784,405	2,279,447	784,405	2,279,447
Derivative financial assets	12	17,453	44,326	17,453	44,326
Financial assets available-for-sale	13	10,728,591	12,763,020	10,730,602	12,765,031
Financial assets held-to-maturity	14	345,447	215,944	345,447	215,944
Financing, advances and others	15	13,267,477	11,860,631	13,278,852	11,859,140
Other assets	16	92,667	39,091	84,677	37,792
Statutory deposits with Bank Negara Malaysia		535,000	10,000	535,000	10,000
Current tax assets		23,788	39,605	23,266	38,500
Deferred tax assets		47,096	44,224	47,096	44,198
Investments in subsidiary companies		-	-	28,027	27,127
Investments in associated company		21,418	-	22,563	-
Property and equipment		196,975	181,489	195,078	180,380
Total assets		29,935,847	30,350,270	29,939,408	30,364,166
Liabilities and equity					
Deposits from customers	17	26,126,519	26,866,555	26,138,626	26,888,250
Deposits and placements of banks and other financial institutions	18	448,244	378,129	448,244	378,129
Derivative financial liabilities	12	24,502	30,926	24,502	30,926
Bills and acceptance payable		187,722	163,191	188,218	165,532
Other liabilities	19	446,847	364,084	445,249	362,786
Zakat and taxation		5,199	11,632	4,960	11,575
Deferred tax liabilities		1	-	-	-
Total liabilities		27,239,034	27,814,517	27,249,799	27,837,198

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statements of Financial Position as at 30 September 2011 (continued)

	Note	Group		Bank	
		30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Equity					
Share capital		2,265,490	2,265,490	2,265,490	2,265,490
Reserves		431,323	269,788	424,119	261,478
Equity attributable to equity holders of the Bank		2,696,813	2,535,278	2,689,609	2,526,968
Minority interest		-	475	-	-
Total equity		2,696,813	2,535,753	2,689,609	2,526,968
Total liabilities and equity		29,935,847	30,350,270	29,939,408	30,364,166
Commitment & Contingencies	31	11,028,601	13,081,292	11,028,601	13,081,292
Capital adequacy					
<u>Before proposed dividend</u>					
Tier 1 Capital Ratio		14.85%	15.75%	14.85%	15.73%
Risk-Weighted Capital Ratio		15.98%	16.99%	15.80%	16.78%
<u>After proposed dividend</u>					
Tier 1 Capital Ratio		14.85%	15.21%	14.85%	15.18%
Risk-Weighted Capital Ratio		15.98%	16.44%	15.80%	16.23%

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Income Statements for the 9 months ended 30 September 2011

Group	Note	3 months ended		9 months ended	
		30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Income derived from investment of depositors' funds	20	336,408	336,779	1,015,991	920,896
Income derived from investment of shareholders' funds	21	60,952	55,524	192,382	156,827
Allowances for impairment on financing and advances	22	(17,750)	(30,615)	(20,532)	(71,404)
Allowances for impairment on investments		739	-	2,153	(234)
Allowances for contingent liability		-	-	(15,231)	-
Direct expenses		(7,210)	(4,813)	(18,441)	(14,014)
Total distributable income		373,139	356,875	1,156,322	992,071
Income attributable to the depositors	23	(116,818)	(118,630)	(356,222)	(308,549)
Total net income		256,321	238,245	800,100	683,522
Personnel expenses	24	(81,094)	(81,384)	(243,474)	(229,656)
Other overhead expenses	25	(73,565)	(71,736)	(214,045)	(213,203)
		101,662	85,125	342,581	240,663
Share of results in associated company		(991)	-	(1,145)	-
Profit before zakat and tax		100,671	85,125	341,436	240,663
Zakat		(1,713)	(986)	(3,608)	(5,847)
Tax expense		(30,542)	(26,027)	(90,954)	(79,659)
Profit for the period		68,416	58,112	246,874	155,157
Attributable to:					
Equity holders of the Bank		68,384	58,115	246,816	155,156
Minority interests		32	(3)	58	1
Profit for the period		68,416	58,112	246,874	155,157
Earnings per share (sen)				10.89	7.88

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statements of Comprehensive Income
for the 9 months ended 30 September 2011

Group	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Profit for the period	<u>68,416</u>	<u>58,112</u>	<u>246,874</u>	<u>155,157</u>
Other comprehensive income				
Currency translation differences in respect of foreign operations	(18,070)	13,751	(11,408)	30,761
Net gain on revaluation of financial assets available-for-sale	<u>40,164</u>	<u>45,728</u>	<u>51,889</u>	<u>78,207</u>
Other comprehensive income for the period, net of tax	<u>22,094</u>	<u>59,479</u>	<u>40,481</u>	<u>108,968</u>
Total comprehensive income for the period	<u>90,510</u>	<u>117,591</u>	<u>287,355</u>	<u>264,125</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Income Statements for the 9 months ended 30 September 2011

Bank	Note	3 months ended		9 months ended	
		30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Income derived from investment of depositors' funds	20	337,042	336,869	1,017,362	921,003
Income derived from investment of shareholders' funds	21	57,568	53,747	183,268	150,384
Allowances for impairment on financing and advances	22	(17,750)	(30,615)	(20,532)	(71,404)
Allowances for impairment on investments		739	-	2,153	(234)
Allowances for contingent liability		-	-	(15,231)	-
Direct expenses		(7,210)	(4,813)	(18,441)	(14,014)
Total distributable income		370,389	355,188	1,148,579	985,735
Income attributable to the depositors	23	(116,894)	(118,701)	(356,431)	(308,706)
Total net income		253,495	236,487	792,148	677,029
Personnel expenses	24	(80,055)	(80,131)	(240,259)	(226,279)
Other overhead expenses	25	(72,471)	(69,210)	(210,027)	(209,423)
Profit before zakat and tax		100,969	87,146	341,862	241,327
Zakat		(1,650)	(899)	(3,450)	(5,352)
Tax expense		(30,515)	(25,948)	(90,846)	(79,127)
Profit for the period		68,804	60,299	247,566	156,848

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statements of Comprehensive Income
for the 9 months ended 30 September 2011

Bank	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Profit for the period	<u>68,804</u>	<u>60,299</u>	<u>247,566</u>	<u>156,848</u>
Other comprehensive income				
Currency translation differences in respect of foreign operations	(18,085)	13,624	(11,419)	30,628
Net gain on revaluation of financial assets available-for-sale	<u>40,164</u>	<u>45,728</u>	<u>51,889</u>	<u>78,207</u>
Other comprehensive income for the period, net of tax	<u>22,079</u>	<u>59,352</u>	<u>40,470</u>	<u>108,835</u>
Total comprehensive income for the period	<u>90,883</u>	<u>119,651</u>	<u>288,036</u>	<u>265,683</u>

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2011

Group	← Attributable to equity holders of the Bank →				Total RM'000	Minority interests RM'000	Total equity RM'000
	← Non-distributable →			Accumulated losses RM'000			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000				
At 1 January 2011	2,265,490	500,020	954,900	(1,185,132)	2,535,278	475	2,535,753
Profit for the period	-	-	-	246,816	246,816	58	246,874
Other comprehensive income	-	-	40,481	-	40,481	-	40,481
Total comprehensive income for the period	-	-	40,481	246,816	287,297	58	287,355
Transfer to statutory reserve	-	-	89,381	(89,381)	-	-	-
Dividends paid on ordinary shares	-	-	-	(125,395)	(125,395)	-	(125,395)
Acquisition of additional interest from minority shareholders	-	-	-	(367)	(367)	(533)	(900)
At 30 September 2011	2,265,490	500,020	1,084,762	(1,153,459)	2,696,813	-	2,696,813
At 1 January 2010	2,265,490	500,020	658,128	(1,193,127)	2,230,511	-	2,230,511
Profit for the period	-	-	-	155,156	155,156	1	155,157
Other comprehensive income	-	-	108,968	-	108,968	-	108,968
Total comprehensive income for the period	-	-	108,968	155,156	264,124	1	264,125
Transfer to statutory reserve	-	-	97,368	(97,368)	-	-	-
Dividends paid on Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS)	-	-	-	(19,115)	(19,115)	-	(19,115)
Minority interests' subscription of shares of a subsidiary	-	-	-	-	-	526	526
At 30 September 2010	2,265,490	500,020	864,464	(1,154,454)	2,475,520	527	2,476,047

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Statement of Changes in Equity for the 9 months ended 30 September 2011

Bank	← Non-distributable →			Accumulated losses	Total equity
	Share capital	Share premium	Other reserves		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	2,265,490	500,020	955,310	(1,193,852)	2,526,968
Profit for the period	-	-	-	247,566	247,566
Other comprehensive income	-	-	40,470	-	40,470
Total comprehensive income for the period	-	-	40,470	247,566	288,036
Transfer to statutory reserve	-	-	89,381	(89,381)	-
Dividends paid on ordinary shares	-	-	-	(125,395)	(125,395)
At 30 September 2011	2,265,490	500,020	1,085,161	(1,161,062)	2,689,609
At 1 January 2010	2,265,490	500,020	658,236	(1,203,796)	2,219,950
Profit for the period	-	-	-	156,848	156,848
Other comprehensive income	-	-	108,835	-	108,835
Total comprehensive income for the period	-	-	108,835	156,848	265,683
Transfer to statutory reserve	-	-	97,368	(97,368)	-
Dividends paid on Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS)	-	-	-	(19,115)	(19,115)
At 30 September 2010	2,265,490	500,020	864,439	(1,163,431)	2,466,518

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

Condensed Statements of Cash Flow
for the 9 months ended 30 September 2011

	Group		Bank	
	9 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	341,436	240,663	341,862	241,327
Adjustment for non-cash items	42,031	75,974	40,005	75,690
Operating profit before working capital changes	383,467	316,637	381,867	317,017
Changes in working capital:				
Net changes in operating assets	(1,933,713)	(1,581,484)	(1,939,888)	(1,583,987)
Net changes in operating liabilities	(639,167)	4,333,250	(650,898)	4,329,496
Cash used in operations	(2,189,413)	3,068,403	(2,208,919)	3,062,526
Zakat and tax paid	(89,048)	(28,890)	(88,575)	(28,694)
Tax refund	999	395	-	-
Net cash used in operating activities	(2,277,462)	3,039,908	(2,297,494)	3,033,832
Net cash generated from investing activities	3,417,302	(1,588,715)	3,418,969	(1,590,455)
Net cash used in financing activities	(125,395)	(19,115)	(125,395)	(19,115)
Net increase in cash and cash equivalents	1,014,445	1,432,078	996,080	1,424,262
Cash and cash equivalents at beginning of the period	2,872,493	3,935,323	2,862,281	3,919,773
Exchange difference on translation	(11,408)	30,772	(11,419)	30,631
Cash and cash equivalents at end of the period	3,875,530	5,398,173	3,846,942	5,374,666

The Unaudited Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Bank for the 18 months financial period ended 31 December 2010.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

**Notes to the unaudited interim financial statements
for the 9 months ended 30 September 2011**

1. Basis of preparation

The unaudited interim financial statements for the 9 months ended 30 September 2011 have been prepared under the historical cost convention except for derivative financial instruments, financial assets held-for-trading and financial assets available-for-sale, which have been measured at fair value.

The unaudited interim financial statements have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (MASB), Bank Negara Malaysia (BNM) Guidelines, the provisions of the Companies Act, 1965 and Shariah requirements. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the 18 months financial period ended 31 December 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial period ended 31 December 2010.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the recent audited financial statements for the 18 months financial period ended 31 December 2010, except for the adoption of the following Financial Reporting Standards (FRS), amendments to FRSs and IC Interpretations:

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*
- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

1. Basis of preparation (continued)

The following new FRS and amendments to IC interpretations have been issued by the MASB and are not yet effective, and have yet to be adopted by the Group:

Effective for annual periods commencing on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

Effective for annual periods commencing on or after 1 January 2012

- FRS 124, *Related Party Disclosures*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

2. Auditors' reports on preceding financial period financial statements

The auditors' report on the audited financial statements for the 18 months financial period ended 31 December 2010 was not qualified.

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the nine months ended 30 September 2011.

4. Unusual items

There were no unusual items in the financial statements for the nine months ended 30 September 2011.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported in the prior financial years that have a material effect to the financials for the nine months ended 30 September 2011.

6. Debt and equity securities

There was no issuance or repayment of debt and equity securities or share buy-back during the nine months ended 30 September 2011.

7. Significant event during the nine months ended 30 September 2011

On 7 February 2011, the Bank completed the share subscription exercise for the 20% stake in Sri Lanka based Amana Bank Ltd. The 20% stake was acquired via the subscription of Amana Bank's new shares for a total consideration of about RM21.3 million and a share swap of Bank Islam's existing shareholdings in Amana Investment Ltd for Amana Bank's shares. The total cost of investment is RM22.6 million. Amana Bank Ltd commenced its operation on 1 August 2011. At Group level, including the Bank's share of the post acquisition loss of RM1.2m, the investment in associate is RM21.4m as at 30 September 2011.

On 11 August 2011, the Bank acquired the remaining 20% stake in Farihan Corporation Sdn Bhd, thus making it a 100% owned subsidiary of Bank Islam

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

8. Dividends

On 20 May 2011, the Bank paid a gross dividend of 4.75% per ordinary share amounting to RM 80.708 million (net of tax), in respect of the 18 months financial period ended 31 December 2010.

On 15 September 2011, the Bank paid a gross interim dividend of 2.63% per ordinary share amounting to RM 44.687 million (net of tax), in respect of the financial year ending 31 December 2011.

9. Cash and short-term funds

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	722,110	833,127	693,857	823,153
Money at call and interbank placements with remaining maturity not exceeding one month	2,628,385	1,686,568	2,628,050	1,686,330
	<u>3,350,495</u>	<u>2,519,695</u>	<u>3,321,907</u>	<u>2,509,483</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
Bank Negara Malaysia	-	250,000
Licensed Islamic banks	525,035	100,000
Other financial institutions	-	2,798
	<u>525,035</u>	<u>352,798</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

11. Financial assets held-for-trading

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
At fair value		
Malaysian Government Investment Issues	55	50,573
Malaysian Islamic Treasury Bills	1,429	-
Bank Negara Negotiable Notes	746,040	2,202,117
Islamic Debt Securities	36,881	26,757
	784,405	2,279,447

12. Derivative financial assets/liabilities

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through income statements and hedging purposes. The principal or contractual amount of these instruments reflect the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected in derivative financial assets and liabilities respectively.

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
30.09.2011	RM'000	RM'000	RM'000
Forward contract	3,123,671	-	(662)
Cross currency profit rate swap	85,870	52	-
Profit rate swap	500,000	1,043	(7,482)
Structured deposits	460,605	16,358	(16,358)
	4,170,146	17,453	(24,502)

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
31.12.2010	RM'000	RM'000	RM'000
Forward contract	5,208,060	15,496	-
Cross currency profit rate swap	85,870	91	-
Profit rate swap	500,000	970	(3,157)
Structured deposits	462,995	27,769	(27,769)
	6,256,925	44,326	(30,926)

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

13. Financial assets available-for-sale

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
At fair value				
Unit trust	3,229	3,229	3,229	3,229
At fair value				
Malaysian Government Investment Issues	2,571,079	4,444,171	2,571,079	4,444,171
Negotiable Islamic Debt Certificates	1,102,279	2,277,443	1,102,279	2,277,443
Islamic Debt Securities	6,605,773	4,614,882	6,607,784	4,616,893
Promissory notes	5,108	5,108	5,108	5,108
Bank Negara Negotiable Notes	-	149,364	-	149,364
Islamic Commercial Papers	377,068	872,867	377,068	872,867
Accepted Bills	52,254	384,155	52,254	384,155
	<u>10,713,561</u>	<u>12,747,990</u>	<u>10,715,572</u>	<u>12,750,001</u>
At fair value				
Islamic Development Bank Unit Trust	1,923	1,923	1,923	1,923
At cost				
Unquoted shares in Malaysia	22,529	22,061	22,529	22,061
Less: Accumulated impairment loss	(14,339)	(13,871)	(14,339)	(13,871)
	<u>8,190</u>	<u>8,190</u>	<u>8,190</u>	<u>8,190</u>
At cost				
Unquoted shares outside Malaysia	1,688	1,688	1,688	1,688
	<u>10,728,591</u>	<u>12,763,020</u>	<u>10,730,602</u>	<u>12,765,031</u>

14. Financial assets held-to-maturity

	Group and Bank	
	30.09.2011 RM'000	31.12.2010 RM'000
At amortised cost		
Quoted securities outside Malaysia:		
Bond	63,730	61,650
Unquoted securities in Malaysia:		
Islamic Debt Securities	302,631	177,361
Less: Accumulated impairment loss	(20,914)	(23,067)
	<u>281,717</u>	<u>154,294</u>
	<u>345,447</u>	<u>215,944</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

15. Financing, advances and others

(a) By type

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
At amortised cost				
Cash line	696,752	520,835	739,858	533,241
Term financing				
House financing	10,600,734	9,461,194	10,600,734	9,461,194
Syndicated financing	401,445	356,238	401,445	356,238
Leasing financing	607,942	632,741	607,942	632,741
Bridging financing	229,179	361,215	229,179	361,215
Personal financing	6,109,151	5,127,450	6,109,151	5,127,450
Other term financing	4,592,382	3,636,239	4,592,382	3,636,239
Staff financing	314,092	298,667	314,092	298,667
Credit cards	448,136	450,542	448,136	450,542
Trade bills discounted	1,219,510	1,067,736	1,219,510	1,067,736
Trust receipts	46,294	60,969	46,294	60,969
Pawn broking	31,731	13,897	-	-
	<u>25,297,348</u>	<u>21,987,723</u>	<u>25,308,723</u>	<u>21,986,232</u>
Less: Unearned income	<u>(11,568,840)</u>	<u>(9,702,990)</u>	<u>(11,568,840)</u>	<u>(9,702,990)</u>
Gross financing, advances and others	13,728,508	12,284,733	13,739,883	12,283,242
Allowance for impaired financing, advances and others				
- collective assessment allowance	(353,108)	(345,041)	(353,108)	(345,041)
- individual assessment allowance	(107,923)	(79,061)	(107,923)	(79,061)
Net financing, advances and others	<u>13,267,477</u>	<u>11,860,631</u>	<u>13,278,852</u>	<u>11,859,140</u>

(b) By contract

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Bai' Bithaman Ajil	6,996,023	6,209,417	6,996,023	6,209,417
Ijarah	307,520	334,106	307,520	334,106
Ijarah Muntahiah Bit-Tamleek	24,199	11,657	24,199	11,657
Mudharabah	6,000	6,000	6,000	6,000
Murabahah	1,256,301	1,120,380	1,256,301	1,120,380
At-Tawarruq	3,356,190	2,573,328	3,356,190	2,573,328
Bai Al-Inah	1,488,922	1,662,823	1,532,028	1,675,229
Istisna'	261,622	353,125	261,622	353,125
Ar-Rahn	31,731	13,897	-	-
	<u>13,728,508</u>	<u>12,284,733</u>	<u>13,739,883</u>	<u>12,283,242</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

15. Financing, advances and others (continued)

(c) By type of customer

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	29,737	1,218	41,112	13,624
Domestic business enterprise	2,827,769	2,082,941	2,827,769	2,082,941
Small medium industries	398,791	401,119	398,791	401,119
Government & statutory	125,565	151,526	125,565	151,526
Individuals	10,013,563	9,324,459	10,013,563	9,310,562
Other domestic entities	41,264	57,741	41,264	57,741
Foreign entities	291,819	265,729	291,819	265,729
	<u>13,728,508</u>	<u>12,284,733</u>	<u>13,739,883</u>	<u>12,283,242</u>

(d) By profit rate sensitivity

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
House financing	2,151,607	2,198,946	2,151,607	2,198,946
Others	8,592,912	8,005,296	8,604,287	8,003,805
Floating rate				
Others	2,983,989	2,080,491	2,983,989	2,080,491
	<u>13,728,508</u>	<u>12,284,733</u>	<u>13,739,883</u>	<u>12,283,242</u>

(e) By remaining contractual maturity

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	2,292,233	2,071,456	2,260,502	2,057,559
More than one year to three years	987,974	705,542	987,974	705,542
More than three years to five years	952,390	1,385,004	995,496	1,397,410
More than five years	9,495,911	8,122,731	9,495,911	8,122,731
	<u>13,728,508</u>	<u>12,284,733</u>	<u>13,739,883</u>	<u>12,283,242</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

15. Financing, advances and others (continued)

(f) By sector

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	174,501	182,111	174,501	182,111
Mining and quarrying	40	897	40	897
Manufacturing (including agro-based)	834,062	791,995	834,062	791,995
Electricity, gas and water	14,780	150,860	14,780	150,860
Wholesale & retail trade, and hotels & restaurants	535,465	479,868	535,465	479,868
Construction	699,560	508,293	699,560	508,293
Real estate	334,754	187,445	334,754	187,445
Transport, storage and communications	225,358	408,349	225,358	408,349
Finance, insurance and business activities	190,598	154,408	233,704	166,814
Education, health and others	92,463	85,375	92,463	85,375
Household sectors	10,484,460	9,321,823	10,452,729	9,307,926
Other sectors	142,467	13,309	142,467	13,309
	<u>13,728,508</u>	<u>12,284,733</u>	<u>13,739,883</u>	<u>12,283,242</u>

(g) Movement in impaired financing and advances (“impaired financing”) are as follows:

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
At 1 January 2011/1 July 2009	552,221	2,035,518
Classified as impaired during the period	445,695	315,241
Reclassified as not impaired during the period	(215,675)	(362,279)
Amount recovered	(142,252)	(311,447)
Amount written off	(90,759)	(1,079,122)
Exchange differences	1,823	(45,690)
At 30 September 2011/31 December 2010	<u>551,053</u>	<u>552,221</u>
Gross impaired financing as a percentage of gross financing advances and others	<u>4.01%</u>	<u>4.50%</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

15. Financing, advances and others (continued)

(h) Impaired financing by sector

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
Primary agriculture	10,429	10,947
Mining and quarrying	-	851
Manufacturing (including agro-based)	79,246	83,810
Electricity, gas and water	2	-
Wholesale & retail trade, and hotels & restaurants	46,635	42,729
Construction	109,134	130,925
Real estate	2,257	1,263
Transport, storage and communications	1,146	1,538
Finance, insurance and business activities	55,621	-
Education, health and others	1,924	6,112
Household sectors	240,447	270,847
Other sectors	4,212	3,199
	551,053	552,221

(i) Movement of allowance for impaired financing

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2011/1 July 2009	345,041	504,927
Allowance made during the period	143,752	538,979
Amount recovered	(56,123)	(111,808)
Amount written off	(76,948)	(555,129)
Exchange differences	(2,614)	(31,928)
At 30 September 2011/31 December 2010	353,108	345,041
<u>Individual assessment allowance</u>		
At 1 January 2011/1 July 2009	79,061	859,374
Allowance made during the period	70,957	124,827
Amount recovered	(20,167)	(163,025)
Amount written off	(21,928)	(740,797)
Exchange differences	-	(1,318)
At 30 September 2011/31 December 2010	107,923	79,061

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

16. Other assets

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Bill receivable	57	306	57	306
Other receivables	63,696	13,898	55,751	12,936
Deposit and prepayments	27,867	23,851	27,260	23,382
Related companies	1,047	1,036	1,609	1,168
	<u>92,667</u>	<u>39,091</u>	<u>84,677</u>	<u>37,792</u>

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
<i>Non-Mudharabah fund</i>				
Demand deposits	7,459,023	7,098,681	7,460,261	7,099,693
Saving deposits	2,551,987	2,576,870	2,551,987	2,576,870
Negotiable Islamic Debt Securities ("NIDC")	7,433,318	5,819,875	7,433,988	5,820,515
Others	81,490	78,923	81,490	78,923
	<u>17,525,818</u>	<u>15,574,349</u>	<u>17,527,726</u>	<u>15,576,001</u>
<i>Mudharabah fund</i>				
Saving deposits	1,164,021	987,346	1,164,021	987,346
General investment deposits	2,157,910	2,449,607	2,157,910	2,449,607
Special investment deposits	5,278,770	7,855,253	5,288,969	7,875,296
	<u>8,600,701</u>	<u>11,292,206</u>	<u>8,610,900</u>	<u>11,312,249</u>
	<u>26,126,519</u>	<u>26,866,555</u>	<u>26,138,626</u>	<u>26,888,250</u>

Maturity structure of investment deposits and NIDCs are as follows:

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Due within six months	12,235,583	10,426,963	12,245,952	10,447,646
More than six months to one year	1,539,901	4,616,743	1,540,401	4,616,743
More than one year to three years	722,593	638,204	722,593	638,204
More than three years to five years	27,230	20,955	27,230	20,955
More than five years	344,691	421,870	344,691	421,870
	<u>14,869,998</u>	<u>16,124,735</u>	<u>14,880,867</u>	<u>16,145,418</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

17. Deposits from customers (continued)

b) By type of customer

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	8,063,289	6,795,607	8,063,289	6,795,607
Business enterprises	7,084,844	8,606,738	7,084,844	8,606,738
Individuals	4,662,336	4,510,064	4,662,336	4,510,064
Others	6,316,050	6,954,146	6,328,157	6,975,841
	<u>26,126,519</u>	<u>26,866,555</u>	<u>26,138,626</u>	<u>26,888,250</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.09.2011	31.12.2010
	RM'000	RM'000
Licensed Islamic banks	348,128	307,984
Other financial institutions	100,116	70,145
	<u>448,244</u>	<u>378,129</u>

19. Other liabilities

	Group		Bank	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	446,847	364,084	445,249	362,786
	<u>446,847</u>	<u>364,084</u>	<u>445,249</u>	<u>362,786</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

20. Income derived from investment of depositors' funds

Group	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Income derived from investment of:				
(i) General investment deposits	31,313	38,241	99,665	104,395
(ii) Other deposits	305,095	298,538	916,326	816,501
	<u>336,408</u>	<u>336,779</u>	<u>1,015,991</u>	<u>920,896</u>

(i) *Income derived from investment of general investment deposits*

Group	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	21,609	24,941	65,858	68,578
Financial assets:				
- held-for-trading	139	164	314	269
- available-for-sale	7,338	8,821	25,580	24,780
- held-to-maturity	181	104	385	256
Money at call and deposits with financial institutions	1,335	2,707	5,043	7,613
	<u>30,602</u>	<u>36,737</u>	<u>97,180</u>	<u>101,496</u>
<i>Other dealing income</i>				
Net gain from sale of financial assets held-for-trading	180	68	518	74
Net gain on revaluation of financial assets held-for-trading	498	1,261	1,696	2,096
	<u>678</u>	<u>1,329</u>	<u>2,214</u>	<u>2,170</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	33	175	271	728
	<u>33</u>	<u>175</u>	<u>271</u>	<u>728</u>
<i>Other income</i>				
Gain on disposal of leased assets	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>31,313</u>	<u>38,241</u>	<u>99,665</u>	<u>104,395</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	808	-	2,919	-
	<u>808</u>	<u>-</u>	<u>2,919</u>	<u>-</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

20. Income derived from investment of depositors' funds (continued)

(ii) Income derived from investment of other deposits

Group	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	210,342	192,677	605,655	534,085
Financial assets:				
- held-for-trading	1,359	1,303	2,947	2,116
- available-for-sale	71,682	70,278	235,030	195,445
- held-to-maturity	1,771	826	3,602	2,024
Money at call and deposits with financial institutions	13,046	21,449	46,233	59,868
	298,200	286,533	893,467	793,538
<i>Other dealing income</i>				
Net gain from sale of financial assets held-for-trading	1,744	561	4,920	618
Net gain on revaluation of financial assets held-for-trading	4,824	10,000	15,475	16,500
	6,568	10,561	20,395	17,118
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	327	1,444	2,464	5,836
	327	1,444	2,464	5,836
<i>Other income</i>				
Gain on disposal of leased assets	-	-	-	9
	-	-	-	9
	305,095	298,538	916,326	816,501
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	7,891	-	26,744	-

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

20. Income derived from investment of depositors' funds (continued)

Bank	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	31,307	38,234	99,618	104,334
(ii) Other deposits	305,735	298,635	917,744	816,669
	337,042	336,869	1,017,362	921,003

(i) Income derived from investment of general investment deposits

Bank	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	21,603	24,934	65,811	68,517
Financial assets:				
- held-for-trading	139	164	314	269
- available-for-sale	7,338	8,821	25,580	24,780
- held-to-maturity	181	104	385	256
Money at call and deposits with financial institutions	1,335	2,707	5,043	7,613
	30,596	36,730	97,133	101,435
<i>Other dealing income</i>				
Net gain from sale of financial assets held-for-trading	180	68	518	74
Net gain on revaluation of financial assets held-for-trading	498	1,261	1,696	2,096
	678	1,329	2,214	2,170
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	33	175	271	728
	33	175	271	728
<i>Other income</i>				
Gain on disposal of leased assets	-	-	-	1
	-	-	-	1
	31,307	38,234	99,618	104,334
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	808	-	2,919	-

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

20. Income derived from investment of depositors' funds (continued)

(ii) Income derived from investment of other deposits

Bank	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	210,982	192,774	607,073	534,253
Financial assets:				
- held-for-trading	1,359	1,303	2,947	2,116
- available-for-sale	71,682	70,278	235,030	195,445
- held-to-maturity	1,771	826	3,602	2,024
Money at call and deposits with financial institutions	13,046	21,449	46,233	59,868
	298,840	286,630	894,885	793,706
<i>Other dealing income</i>				
Net gain from sale of financial assets held-for-trading	1,744	561	4,920	618
Net gain on revaluation of financial assets held-for-trading	4,824	10,000	15,475	16,500
	6,568	10,561	20,395	17,118
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	327	1,444	2,464	5,836
	327	1,444	2,464	5,836
<i>Other income</i>				
Gain on disposal of leased assets	-	-	-	9
	-	-	-	9
	305,735	298,635	917,744	816,669
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	7,891	-	26,744	-

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

21. Income derived from investment of shareholders' funds

Group	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	2,170	1,184	5,999	2,952
Financial assets available-for-sale	27,104	22,336	63,998	69,133
Money at call and deposits with financial institutions	25	3,152	6,061	6,325
	<u>29,299</u>	<u>26,672</u>	<u>76,058</u>	<u>78,410</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	6,117	3,051	19,756	1,322
Net derivatives loss	(7,231)	(1,785)	(6,381)	(7,248)
	<u>(1,114)</u>	<u>1,266</u>	<u>13,375</u>	<u>(5,926)</u>
<i>Other operating income</i>				
Profit on sale of foreign currencies	806	669	1,760	3,180
Reversal of allowance for doubtful debts	60	60	180	180
Gross dividend income from securities				
- unit trust outside Malaysia	57	34	57	82
- unquoted in Malaysia	380	2,308	4,517	2,720
	<u>1,303</u>	<u>3,071</u>	<u>6,514</u>	<u>6,162</u>
<i>Fees and commission</i>				
Fees	13,570	9,044	40,791	27,440
Commission	14,536	13,046	42,245	39,648
Others	3,159	2,357	9,997	11,098
	<u>31,265</u>	<u>24,447</u>	<u>93,033</u>	<u>78,186</u>
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	16	(68)	3,038	(444)
Rental income	102	124	123	90
Other income	81	12	241	349
	<u>199</u>	<u>68</u>	<u>3,402</u>	<u>(5)</u>
	<u>60,952</u>	<u>55,524</u>	<u>192,382</u>	<u>156,827</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

21. Income derived from investment of shareholders' funds (continued)

Bank	3 months ended		9 months ended	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	997	891	2,891	2,630
Financial assets available-for-sale	27,104	22,336	63,998	69,133
Money at call and deposits with financial institutions	22	3,153	6,059	6,325
	<u>28,123</u>	<u>26,380</u>	<u>72,948</u>	<u>78,088</u>
<i>Other dealing income</i>				
Net gain from foreign exchange transactions	6,117	3,051	19,756	1,322
Net derivatives loss	(7,231)	(1,785)	(6,381)	(7,248)
	<u>(1,114)</u>	<u>1,266</u>	<u>13,375</u>	<u>(5,926)</u>
<i>Other operating income</i>				
Gross dividend income from securities				
- unit trust outside Malaysia	57	34	57	82
- unquoted in Malaysia	380	2,308	4,517	2,720
	<u>437</u>	<u>2,342</u>	<u>4,574</u>	<u>2,802</u>
<i>Fees and commission</i>				
Fees	12,674	8,470	38,321	25,680
Commission	14,536	13,046	42,245	39,648
Others	2,795	2,281	8,638	10,506
	<u>30,005</u>	<u>23,797</u>	<u>89,204</u>	<u>75,834</u>
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	14	(68)	3,036	(444)
Rental income	102	-	123	-
Other income	1	30	8	30
	<u>117</u>	<u>(38)</u>	<u>3,167</u>	<u>(414)</u>
	<u>57,568</u>	<u>53,747</u>	<u>183,268</u>	<u>150,384</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

22. Allowances for impairment on financing, advances and others

Group and Bank	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Allowances for impaired financing, advances and others:				
- collective assessment allowance	46,993	-	143,752	-
- individual assessment allowance	33,391	-	70,957	-
- specific allowance	-	87,264	-	252,359
- general allowance	-	5,148	-	7,761
Impaired financing and advances recovered	(36,577)	(23,371)	(76,290)	(87,869)
Bad debts and financing recovered	(26,057)	(38,426)	(117,887)	(100,847)
	17,750	30,615	20,532	71,404

23. Income attributable to depositors

Group	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	64,511	66,362	196,417	181,394
- Non-Mudharabah fund	45,710	48,482	144,722	115,553
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	6,597	3,786	15,083	11,602
	116,818	118,630	356,222	308,549
Bank				
Deposits from customers				
- Mudharabah fund	64,578	66,430	196,603	181,525
- Non-Mudharabah fund	45,719	48,485	144,745	115,579
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	6,597	3,786	15,083	11,602
	116,894	118,701	356,431	308,706

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

24. Personnel expenses

Group	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	66,618	66,114	198,208	187,200
Employees' Provident Fund	8,017	7,726	23,562	20,827
Other staff related cost	6,459	7,544	21,704	21,629
	81,094	81,384	243,474	229,656
Bank				
Salaries, allowances and bonuses	65,824	65,134	195,751	184,538
Employees' Provident Fund	7,904	7,577	23,196	20,431
Other staff related cost	6,327	7,420	21,312	21,310
	80,055	80,131	240,259	226,279

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

25. Other overhead expenses

Group	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	2,868	3,084	7,184	8,934
Credit card expenses	4,370	2,930	13,958	8,026
Commissions	2,475	4,043	6,632	11,461
	9,713	10,057	27,774	28,421
<i>Establishment</i>				
Office rental	9,435	7,247	25,082	21,452
Depreciation of property and equipment	10,515	9,769	33,808	28,448
Information technology expenses	7,103	8,235	21,186	14,099
Rental equipment	807	866	2,444	3,444
Office maintenance	1,069	1,384	3,650	11,170
Utilities	2,825	2,611	8,073	7,621
Security services	3,562	3,107	10,133	8,364
Takaful and insurance	884	855	3,226	6,704
Others	45	44	340	319
	36,245	34,118	107,942	101,621
<i>General expenses</i>				
Professional fees	897	2,827	2,126	9,804
Office supplies	2,302	2,827	8,192	9,182
Outsourcing fees	10,639	7,994	30,203	22,200
Others	13,769	13,913	37,808	41,975
	27,607	27,561	78,329	83,161
	73,565	71,736	214,045	213,203

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

25. Other overhead expenses (continued)

Bank	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	2,857	3,027	7,135	8,745
Credit card expenses	4,370	2,930	13,958	8,026
Commissions	2,310	3,950	6,162	11,253
	9,537	9,907	27,255	28,024
<i>Establishment</i>				
Office rental	9,256	7,054	24,513	21,028
Depreciation of property and equipment	10,416	9,675	32,968	28,164
Information technology expenses	7,103	8,235	21,186	14,099
Rental equipment	801	838	2,417	3,358
Office maintenance	1,010	1,367	3,540	11,100
Utilities	2,793	2,561	7,950	7,528
Security services	3,460	3,081	9,806	8,311
Takaful and insurance	777	819	3,035	6,614
Others	45	44	340	317
	35,661	33,674	105,755	100,519
<i>General expenses</i>				
Professional fees	845	1,131	1,687	7,963
Office supplies	2,249	2,782	8,019	9,095
Outsourcing fees	10,639	7,994	30,203	22,200
Others	13,540	13,722	37,108	41,622
	27,273	25,629	77,017	80,880
	72,471	69,210	210,027	209,423

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

26. Operating Segments

9 months ended 30 September 2011	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
Total Revenue	615,700	149,061	341,708	105,480	(3,576)	1,208,373
Net fund based income	403,299	175,397	3,456	129,738	(1,418)	710,472
Non-fund based income	69,338	20,267	36,463	17,560	(1,949)	141,679
Net income	472,637	195,664	39,919	147,298	(3,367)	852,151
Allowances for impairment	(63,529)	27,766	2,153	-	-	(33,610)
Profit before overheads, zakat & taxation	409,108	223,430	42,072	147,298	(3,367)	818,541
Operating expenses						(475,960)
						342,581
Share of results of associate company						(1,145)
Profit before zakat & taxation						341,436

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

27. Capital adequacy

The Bank is required to comply with the core capital ratio and risk-weighted capital adequacy ratio prescribed by BNM. The Bank was in compliance with all prescribed capital ratios throughout the period. The Bank's regulatory capital and capital adequacy ratios are determined according to the requirements of the Capital Adequacy Framework for Islamic Banks (CAFIB) as required under the Islamic Banking Act (IBA) 1983.

(a) The capital adequacy ratios of the Group and of the Bank:

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
<i>Before proposed dividend</i>				
Tier 1 Capital Ratio	14.85%	15.75%	14.85%	15.73%
Risk-Weighted Capital Ratio	15.98%	16.99%	15.80%	16.78%
<i>After proposed dividend</i>				
Tier 1 Capital Ratio	14.85%	15.21%	14.85%	15.18%
Risk-Weighted Capital Ratio	15.98%	16.44%	15.80%	16.23%

(b) Tier I and Tier II capital components of the Group and of the Bank:

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
<i>Tier I capital</i>				
Paid-up share capital	2,265,490	2,265,490	2,265,490	2,265,490
Share premium	500,020	500,020	500,020	500,020
Accumulated losses	(1,221,843)	(1,185,132)	(1,229,866)	(1,193,852)
Other reserves	884,394	795,013	884,394	795,013
Less: Deferred tax	(47,095)	(44,224)	(47,096)	(44,198)
Total Tier I capital	2,380,966	2,331,167	2,372,942	2,322,473
<i>Tier II capital</i>				
Collective assessment allowance #	202,889	182,452	202,889	182,452
Total Tier II capital	202,889	182,452	202,889	182,452
Total capital	2,583,855	2,513,619	2,575,831	2,504,925
Less: investment in subsidiaries	-	-	(28,027)	(27,127)
Less: investment in associate company	(21,418)	-	(22,563)	-
Capital base	2,562,437	2,513,619	2,525,241	2,477,798

Excludes collective assessment allowance restricted from Tier II capital by BNM amounting to RM 150,219,000 (December 2010: RM 162,590,000).

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

27. Capital adequacy (continued)

(c) *The breakdown of risk-weighted assets by each major risk category is as follows:-*

	Group		Bank	
	30.09.2011 RM'000	31.12.2010 RM'000	30.09.2011 RM'000	31.12.2010 RM'000
Credit risk	13,745,645	12,507,496	13,702,080	12,489,781
Market risk	432,430	572,562	435,994	576,707
Operational risk	1,860,330	1,718,698	1,844,228	1,700,522
	<u>16,038,405</u>	<u>14,798,756</u>	<u>15,982,302</u>	<u>14,767,010</u>

28. Performance review for the 9 months ended 30 September 2011

The Bank recorded a profit before Zakat and Tax of RM342 million for the nine months ended 30 September 2011, an increase of RM 101 million or 42% compared to the corresponding period in 2010.

The impressive achievement translated into a Return on Equity (ROE) of 17.3% compared to 16.5% as at end December 2010. The Islamic Banking System average ROE was 14.5% as at end December 2010. The Return on Assets (ROA) was 1.5% compared to 1.2% as at end December 2010. The Islamic Banking System average ROA was 1.2% as at end December 2010.

The remarkable performance is attributed to the Bank's continuous exercise of balance sheet reshaping focusing on better product mix, robust financing growth, continued enhancement in asset quality, the steady growth in lower cost core customer deposits, namely current and savings accounts (CASA), intensified efforts to increase non fund based income as well as the adoption of cost control initiatives.

For the nine months ended 30 September 2011, the Bank registered a total revenue of RM1.2 billion, an increase of RM129 million or 12% compared to the corresponding period last year. The increase was from fund based income of RM92 million (9% growth) and non fund based income of RM37 million (38% growth).

Net income grew by RM82 million or 11% compared to the corresponding period in 2010. This coupled with only a 4% increase in operating overheads of RM19 million resulted in the profit before provisions increasing by 20% or RM 63 million.

For the nine months ended 30 September 2011, allowances for impairment was lower by RM38 million or 53% compared to the corresponding period last year. This was a result of the continuous efforts undertaken by the Bank to enhance the asset quality. The volume of impaired financing and the financing impairment ratios also reported a marked improvement. The Bank's net impaired financing dropped 30% to RM90 million as at end September (end-Dec 2010: RM128 million). Consequently, the net impaired ratio also dropped to 0.7% (end-Dec 2010: 1.1%).

During the nine months period ended 30 September 2011, net financing grew by RM1.4 billion, an annualized growth of 16% to reach RM13.3 billion as at end September 2011. Customer deposits totalled RM26.1 billion as at end September 2011, of which 42.8% comprised CASA deposits compared to 39.7% reported as at end December 2010. Consequently, the Bank's financing-to-deposits ratio as at end September 2011 was 52.6% (end-Dec 2010: 45.7%).

As at end September 2011, the Bank's Risk Weighted Capital Ratio stood at 15.8%, above the Islamic Banking System average of 15.4% as at end August 2011.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

28. Prospect for 2011

The Bank aims to sustain its performance for the remaining months of the 2011 financial year. Organic growth in financing and deposits by the core businesses will continue to enhance income generation.

The Bank's strategy is to achieve a business composition of 70:30 between the high-yielding consumer and the corporate business with strong credit profile; have the right balance between secured and unsecured lending; as well as increase the floating rate portfolio.

In terms of deposits, emphasis is to grow the current and savings deposits to maintain the liquid position and the cheaper funding cost.

Efforts are also intensified to increase non fund based income. The Bank continues to originate and participate in syndication facilities as well as focuses on deals that generate income such as Sukuk, corporate finance and advisory exercises.

Also in the pipeline are plans to further increase the branch network.

29. Subsequent events

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim financial statements.

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

31. Commitment and Contingencies

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows:

As at 30 September 2011	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	464,914		464,914	455,081
Assets sold with recourse	2		2	2
Transaction related contingent items	848,397		424,198	424,322
Short term self-liquidating trade related contingencies	323,917		64,783	64,159
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	679,737		339,869	321,117
Unutilised credit card lines	798,433		159,687	119,765
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,027,789		-	-
	<u>7,143,190</u>		<u>1,453,453</u>	<u>1,384,446</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,073,571	46,451	65,183	29,093
- one year to less than five years	50,100	1,034	3,539	2,911
Profit rate related contracts				
- less than one year	171,740	1	5,583	1,954
- one year to less than five years	500,000	-	12,000	2,400
	<u>3,795,411</u>	<u>47,486</u>	<u>86,305</u>	<u>36,358</u>
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	90,000		45,000	45,000
	<u>90,000</u>		<u>45,000</u>	<u>45,000</u>
Total	<u>11,028,601</u>	<u>47,486</u>	<u>1,584,758</u>	<u>1,465,804</u>

Bank Islam Malaysia Berhad (98127-X)
(Incorporated in Malaysia)
Unaudited Interim Financial Statements

31. Commitment and Contingencies (continued)

The commitment and contingencies and their related counterparty credit risk for the Group and Bank are as follows (continued):

As at 31 December 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	459,840		459,840	439,315
Assets sold with recourse	242		242	242
Transaction related contingent items	846,719		423,360	396,877
Short term self-liquidating trade related contingencies	312,745		62,549	61,078
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	1,003		201	224
- exceeding one year	618,138		309,068	251,715
Unutilised credit card lines	768,840		153,768	115,326
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,118,965		-	-
	<u>7,126,492</u>		<u>1,409,028</u>	<u>1,264,777</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	5,208,060	42,284	93,866	26,161
Profit rate related contracts				
- one year to less than five years	671,740	-	27,304	7,007
	<u>5,879,800</u>	<u>42,284</u>	<u>121,170</u>	<u>33,168</u>
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	75,000		37,500	37,500
	<u>75,000</u>		<u>37,500</u>	<u>37,500</u>
Total	<u>13,081,292</u>	<u>42,284</u>	<u>1,567,698</u>	<u>1,335,445</u>