

**Bank Islam Malaysia Berhad**  
(Company No. 98127-X)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the financial  
year ended 30 June 2009**

# Bank Islam Malaysia Berhad

(Company No. 98127-X)  
(Incorporated in Malaysia)

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# Bank Islam Malaysia Berhad

(Company No. 98127-X)

(Incorporated in Malaysia)

## and its subsidiaries

### Directors' report for the financial year ended 30 June 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 30 June 2009.

#### Principal activities

The Bank is principally engaged in Islamic banking business and the provision of related services. The principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

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

#### Results

	<b>Group</b> <b>RM'000</b>	<b>Bank</b> <b>RM'000</b>
Net profit for the year	161,876 =====	160,607 =====

#### Reserves and provisions

There were no material transfers to or from reserves or provisions during the year under review except as disclosed in the financial statements.

#### Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year ended 30 June 2009.

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## **Business plan, strategy and future outlook**

The Malaysian economy began to suffer the full impact of the global downturn in the 1Q2009 as the gross domestic product (GDP) plunged by 6.2% year-on-year (YoY), the biggest dip since the 4Q1998. The GDP performance in the 2Q2009 is not expected to be much different from the worse-than-anticipated decline of economic activities in the 1Q2009. More visible indications of stabilising economic conditions may only be observed in the 3Q2009 with a smaller rate of GDP contraction while a positive GDP growth albeit marginal may only make a comeback in the 4Q2009.

The Bank's Sustainable Growth Plan, comprising six pillars namely Business Innovation; Robust Risk Management; Strengthening an Enabling Infrastructure; Building Capacity and Capability; Franchise Development; and Inorganic Growth and Corporate Expansion, marks a new beginning for Bank Islam in particular during the financial years between July 2010 and June 2012. Not only it will replace the Turnaround Plan, whose implementation should conclude by end-June 2010, this new strategic blueprint is in fact aimed at driving Bank Islam to achieve above-par organic growth while strengthening its domestic anchorage via a more robust financing growth and a bigger share of customers' wallet.

In line with the Growth Plan, the Bank will continue in its efforts to offer innovative products, such as the recently launched Al Awfar deposit product with the Bank's objective of garnering more low cost deposits. The Bank will continue to pursue competitive pricing strategies, seek strategic collaboration with business partners, strengthen and build new customer relationships, manage the asset quality and further improve customer service.

For the coming years, the Bank will be focusing on revenue growth via growth in fee-based income. New revenue lines will be in the areas of wealth management products, Banca Takaful and electronic banking services.

In terms of financing, the Bank's retail portfolio will continue to be the key driver. Focus will be on home financing, personal financing and credit cards. As for the corporate financing, new customer penetration will be on selected industries.

At the operational level, the Bank is enhancing the Core Banking System and looking forward to the rollout of more robust Risk Management and the Financing Collection systems.

## **Bad and doubtful financing**

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad financing and the making of provisions for doubtful financing, and have satisfied themselves that all known bad financing have been written off and adequate provisions had been made for bad and doubtful financing.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad financing, or amount of the provision for doubtful financing in the financial statements of the Group and of the Bank, inadequate to any substantial extent.

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## **Current assets**

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than financing, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Bank have been written down to their estimated realisable value.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Bank to be misleading.

## **Valuation methods**

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank to be misleading or inappropriate.

## **Contingent and other liabilities**

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

- (a) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Group or of the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of the banking business.

No contingent or other liability of any company in the Group 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 its obligations as and when they fall due.

## **Change of circumstances**

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Bank misleading.

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### **Items of an unusual nature**

The results of the operations of the Group and of the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Group or of the Bank for the current financial year in which this report is made.

### **Directors**

Directors who served since the date of the last report are:

Dato' Mohd Bakke Salleh

Datuk Ismee Ismail

Dato' Zukri Samat

Zahari @ Mohd Zin Idris

Zaiton Mohd Hassan

Salaam Said Salim Al-Shaksy

Fadhel Abdulbaqi Abu Al-Hasan Al-Qaed

Ahmed Saeed Sultan Bin Braik

Johan Abdullah

Marwan Hassan Ali El-Khatib (appointed on 1.1.2009)

Hashim Abdulla Ahmad Al-Dabal (resigned on 1.1.2009)

None of the Directors holding office as at 30 June 2009 had any interest in ordinary shares of the Bank and of its related corporations during the financial year.

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with any Director or with a firm of which the Director is a member, or with a firm in which the Director has substantial financial interest.

There was no arrangement during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

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### **Issue of shares and debentures**

During the financial year, the Bank increased its authorised share capital with the creation of RM 540,000,000 new Islamic Convertible Redeemable Non-Cumulative Preference Shares of RM 1 each at par.

There were no changes to the issued and paid-up capital of the bank during the financial year.

### **Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Bank during the financial year.

### **Auditors**

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

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

.....  
**Dato' Mohd Bakke Salleh**

.....  
**Dato' Zukri Samat**

Kuala Lumpur,

Date: 9 September 2009

# **Bank Islam Malaysia Berhad**

(Company No. 98127-X)  
(Incorporated in Malaysia)

## **and its subsidiaries**

### **Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 13 to 97 are drawn up in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and as modified by Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965 so as to give a true and fair view of state of affairs of the Group and of the Bank as at 30 June 2009 and of the results of their 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:

.....  
**Dato' Mohd Bakke Salleh**

.....  
**Dato' Zukri Samat**

Kuala Lumpur,

Date: 9 September 2009



# Bank Islam Malaysia Berhad

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### Report of the Shariah Supervisory Council



الحمد لله رب العالمين, والعاقبة للمتقين, ولا عدوان إلا على الظالمين,  
والصلاة والسلام على سيدنا محمد سيد المرسلين وإمام المتقين, وعلى  
آله الطيبين الأطهار وأصحابه الهادين الأبرار, ومن تبعهم بإحسان  
إلى يوم الدين.

السلام عليكم ورحمة الله وبركاته and “Salam Sejahtera”

To the shareholders, depositors and customers of Bank Islam Malaysia Berhad;

In carrying out the roles and responsibilities of the Bank’s Shariah Supervisory Council as prescribed in the Guidelines on the Governance of Shariah Committee for Islamic Financial Institutions issued by Bank Negara Malaysia, we hereby submit the following report for the financial year ended 30 June 2009:

1. The Council held nine (9) meetings to review various products, transactions and processes in line with the Shariah requirements and we had also approved the following products:
  - i. Current Account based on *Wakalah* Contract.
  - ii. Issuance of Murabahah Medium Term Notes.
  - iii. An-Najah NID-i Structured Investment Product based on *Mudharabah Muqayyadah* contract.
  - iv. Islamic Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS).
  - v. Shariah Advisor for Islamic Syndicated Structure Facility based on *Istisna’* contract convertible to *Ijarah Muntahiah Bit-Tamleek*.
  - vi. Legal Documentations for Product based on Commodities Transaction from other Institutions.

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- vii. Legal Documentations for Islamic Profit Rate Swap (*Musawamah*) and Cross Currency Profit Rate Swap (*Murabahah*) products.
  - viii. Structured Product and Legal Documents for Islamic New Frontier Index.
  - ix. Legal Documentation for Equity Option Product.
  - x. Legal Documentations for Standard Interbank Commodity *Murabahah* Association of Islamic Banking Institutions Malaysia.
  - xi. Transaction Legal Documentations *Bai' Murabahah* Medium Term Notes Issuance Programme.
  - xii. Transaction Documents for the Syndicated Business Financing-i Facility.
  - xiii. Legal Documentations for Personal Financing-i *Tawarruq*.
  - xiv. Legal Documentations for Business Financing-i *Tawarruq*.
  - xv. Legal Documentations for BBA and *Istisna'* House Financing.
  - xvi. Legal Documentations of *Ijarah Muntahiah Bit-Tamleek* Facility.
  - xvii. Multiple *Aqad* of Negotiable Islamic Debt Certificate (NIDC).
  - xviii. Replacement of Novation Agreement.
  - xix. Variations in Islamic Negotiable Instruments (INI) and Islamic Negotiable Instruments of Deposit (INID).
  - xx. Variations in Al-Awfar Savings Account-i and Investment Account-i (previously known as Savings Multiplier) product features.
2. In addition, the Council in the said meetings also reviewed, adopted and approved several initiatives of the Bank in strengthening the Shariah governance of the Bank which include the following:
    - i. *Wakalah* Contract Guideline (Version 1.0).
    - ii. *Tawarruq* (Financing) Concept Guideline (Version 1.0).
    - iii. *Wadi'ah* Contract Guidelines (Version 3.0).
    - iv. Revised Terms of Reference for Shariah Supervisory Council.
    - v. Terms of Reference for Zakat Committee.
    - vi. Business Zakat Payment Guideline (Version 1.0).
    - vii. Dress Code Guidelines.
    - viii. Shariah Compliance Training Programme.
  3. The Bank during the financial year has tracked non-*halal* income arising from various sources amounting to RM8,448.62 to be disposed off to charity.
  4. The Bank carried out Shariah compliance review performed by Internal Audit Division and Shariah Department throughout the organization and the report was deliberated in the Council meeting. The Council hereby confirms that necessary efforts have been taken to rectify the Shariah breaches, and the Bank has also implemented several mechanism(s) to prevent similar Shariah breaches from recurring.
  5. The Bank had approved a structured training programme and the Shariah requirements are briefed to the newcomers during induction programme by Shariah officer.

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6. The Council reviewed the financial statements of the Bank and confirmed that the financial statements and calculation of *Zakat* is in compliance with the Shariah requirements.

It is the responsibility of the Bank's management to ensure that it conducts its business in accordance with Shariah rules and principles as determined by the Shariah regulatory councils and it is our responsibility to form an independent opinion based on our review on the operations of the Bank and to report to you. In performing this, we had obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidences to give reasonable assurance that the Bank has complied with Shariah requirements.

On that note, we, Dr. Ahmad Shahbari @ Sobri Salamon and Mohd Bakir Haji Mansor, being two of the members of the Shariah Supervisory Council of Bank Islam Malaysia Berhad, do hereby confirm on behalf of the Council that in our level best, the operations of the Bank for the financial year ended 30 June 2009 have been conducted in conformity with Shariah requirements. Allah Knows Best.

On behalf of the Council:

.....  
**Dr. Ahmad Shahbari @ Sobri Salamon**

.....  
**Mohd. Bakir Haji Mansor**

Kuala Lumpur,

Date: 9 September 2009

**Bank Islam Malaysia Berhad**

(Company No. 98127-X)  
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**and its subsidiaries**

**Statutory declaration pursuant to  
Section 169(16) of the Companies Act, 1965**

I, **Malkiat Singh @ Malkit Singh Maan a/l Delbara Singh**, the officer primarily responsible for the financial management of Bank Islam Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 97 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on .....

.....  
**Malkiat Singh @ Malkit Singh Maan a/l Delbara Singh**

Before me: 9 September 2009

# **Independent auditors report to the members of Bank Islam Malaysia Berhad**

## **Report on the Financial Statements**

We have audited the financial statements of Bank Islam Malaysia Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 97.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Bank are responsible for the preparation and fair presentation of these financial statements in accordance with the approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board as modified by Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board as modified by Bank Negara Malaysia Guidelines and provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Bank as of 30 June 2009 and of their financial performance and cash flows for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Matters**

This report is made solely to the members of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG Desa Megat & Co.**  
Firm Number: AF 0759  
Chartered Accountants

**Adrian Lee Lye Wang**  
Approval Number: 2679/11/09(J)  
Chartered Accountant

Petaling Jaya

Date: 9 September 2009

# Bank Islam Malaysia Berhad

(Company No. 98127-X)

(Incorporated in Malaysia)

## and its subsidiaries

### Balance sheets as at 30 June 2009

	Note	Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Assets</b>					
Cash and short term funds	3	8,445,587	9,948,772	8,430,872	9,940,405
Deposits and placements with banks and other financial institutions	4	-	193,650	-	193,650
Securities held-for-trading	5	287,675	54,510	287,628	54,459
Securities available-for-sale	6	8,465,430	3,437,219	8,465,430	3,435,434
Securities held-to-maturity	7	162,763	161,534	162,763	161,534
Financing, advances and others	8	9,661,864	9,061,318	9,661,864	9,061,318
Other assets	10	105,920	99,374	102,987	97,545
Statutory deposits with Bank Negara Malaysia	11	139,729	362,151	139,729	362,151
Current tax assets		15,733	9,239	14,258	8,615
Deferred tax assets	12	61,660	86,282	61,660	86,282
Investments in subsidiary companies	13	-	-	20,127	15,947
Property and equipment	14	127,710	127,784	126,450	127,474
Prepaid lease payments	15	14,436	14,610	14,436	14,610
<b>Total assets</b>		<u>27,488,507</u>	<u>23,556,443</u>	<u>27,488,204</u>	<u>23,559,424</u>
<b>Liabilities and equity</b>					
Deposits from customers	16	25,204,631	20,754,319	25,211,516	20,763,168
Deposits and placements of banks and other financial institutions	17	8,078	58,443	8,078	58,443
Bills and acceptance payable		283,212	990,448	289,469	996,171
Other liabilities	18	330,958	327,941	329,529	326,694
Zakat and taxation		30,446	6,023	30,059	5,998
Subordinated financing	20	100,000	100,000	100,000	100,000
<b>Total liabilities</b>		<u>25,957,325</u>	<u>22,237,174</u>	<u>25,968,651</u>	<u>22,250,474</u>

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## Balance sheets as at 30 June 2009 (continued)

	Note	Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Equity</b>					
Share capital	21	1,725,490	1,725,490	1,725,490	1,725,490
Reserves		(194,308)	(406,221)	(205,937)	(416,540)
<b>Total equity</b>		<u>1,531,182</u>	<u>1,319,269</u>	<u>1,519,553</u>	<u>1,308,950</u>
<b>Total liabilities and equity</b>		<u>27,488,507</u>	<u>23,556,443</u>	<u>27,488,204</u>	<u>23,559,424</u>
<b>Off-balance sheet exposures</b>	41(f)	<u>7,693,378</u>	<u>9,322,361</u>	<u>7,693,378</u>	<u>9,322,361</u>
<b>Capital adequacy</b>	41(a)				
Core capital ratio		12.25%	11.27%	12.16%	11.20%
Risk-weighted capital ratio		13.87%	13.15%	13.61%	12.93%
Core capital ratio net of proposed dividends		12.25%	11.27%	12.16%	11.20%
Risk-weighted capital ratio net of proposed dividends		<u>13.87%</u>	<u>13.15%</u>	<u>13.61%</u>	<u>12.93%</u>

The notes on pages 25 to 99 are an integral part of these financial statements.



# Bank Islam Malaysia Berhad

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### Income statements for the financial year ended 30 June 2009

	Note	Group		Bank	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income derived from investment of depositors' funds	23	1,022,420	918,226	1,022,362	919,496
Income derived from investment of shareholders' funds	24	252,277	257,903	244,725	232,545
Allowance for losses on financing	25	(123,291)	7,547	(123,291)	7,547
Impairment loss	26	(4,663)	2,163	(5,483)	12,163
Profit equalisation reserve		2,716	8,317	2,716	8,317
Direct expenses		(16,563)	(11,231)	(16,563)	(11,231)
		<hr/>	<hr/>	<hr/>	<hr/>
Total distributable income		1,132,896	1,182,925	1,124,466	1,168,837
Income attributable to depositors	27	(431,241)	(421,057)	(431,486)	(421,186)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net income</b>		701,655	761,868	692,980	747,651
Personnel expenses	28	(228,434)	(216,464)	(224,561)	(212,863)
Other overhead expenses	29	(234,600)	(225,125)	(232,568)	(223,184)
Finance cost	32	(2,755)	(3,337)	(2,755)	(3,337)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit before zakat and tax</b>		235,866	316,942	233,096	308,267
Zakat		(6,369)	(9,380)	(6,000)	(9,368)
Tax expense	33	(67,621)	82,038	(66,489)	85,218
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net profit for the year</b>		161,876	389,600	160,607	384,117
		=====	=====	=====	=====
<b>Earnings per share (sen)</b>	34	9.38	22.58	9.31	22.26
		=====	=====	=====	=====

The notes on pages 25 to 99 are an integral part of these financial statements.

## Bank Islam Malaysia Berhad

(Company No. 98127-X)  
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### and its subsidiaries

## Consolidated statement of changes in equity for the financial year ended 30 June 2009

Group	<-----Attributable to shareholders of the Bank ----->							
	<-----Non-distributable----->						Total RM'000	
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000		
<b>At 1 July 2007</b>	1,725,490	500,020	316,763	26,845	38,468	(1,588,477)	1,019,109	
Foreign exchange translation differences	-	-	-	-	20,015	-	20,015	
Unrealised loss on revaluation of securities available-for-sale	-	-	-	(109,455)	-	-	(109,455)	
Net gain/(loss) recognised directly in equity	-	-	-	(109,455)	20,015	-	(89,440)	
Profit for the year	-	-	-	-	-	389,600	389,600	
Total recognised income and expense for the year	-	-	-	(109,455)	20,015	389,600	300,160	
Transfer to statutory reserve	-	-	192,058	-	-	(192,058)	-	
<b>At 30 June 2008</b>	1,725,490	500,020	508,821	(82,610)	58,483	(1,390,935)	1,319,269	
	Note 21		Note 22					

The notes on pages 25 to 99 are an integral part of these financial statements.

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## Consolidated statement of changes in equity for the financial year ended 30 June 2009 (continued)

Group	<-----Attributable to shareholders of the Bank ----->						Total RM'000
	<-----Non-distributable----->						
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	
<b>At 1 July 2008</b>	1,725,490	500,020	508,821	(82,610)	58,483	(1,390,935)	1,319,269
Foreign exchange translation differences	-	-	-	-	(23,030)	-	(23,030)
Unrealised gain on revaluation of securities available-for-sale	-	-	-	73,067	-	-	73,067
Net gain/(loss) recognised directly in equity	-	-	-	73,067	(23,030)	-	50,037
Profit for the year	-	-	-	-	-	161,876	161,876
Total recognised income and expense for the year	-	-	-	73,067	(23,030)	161,876	211,913
Transfer to statutory reserve	-	-	80,303	-	-	(80,303)	-
<b>At 30 June 2009</b>	1,725,490	500,020	589,124	(9,543)	35,453	(1,309,362)	1,531,182
	Note 21		Note 22				

The notes on pages 25 to 99 are an integral part of these financial statements.

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## Statement of changes in equity for the financial year ended 30 June 2009

Bank	<-----Non-distributable----->						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	
<b>At 1 July 2007</b>	1,725,490	500,020	316,763	26,845	38,554	(1,593,460)	1,014,212
Foreign exchange translation difference	-	-	-	-	20,076	-	20,076
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	(109,455)	-	-	(109,455)
Net gain/(loss) recognised directly in equity	-	-	-	(109,455)	20,076	-	(89,379)
Profit for the year	-	-	-	-	-	384,117	384,117
Total recognised income and expense for the year	-	-	-	(109,455)	20,076	384,117	294,738
Transfer to statutory reserve	-	-	192,058	-	-	(192,058)	-
<b>At 30 June 2008</b>	1,725,490	500,020	508,821	(82,610)	58,630	(1,401,401)	1,308,950
	Note 21		Note 22				

The notes on pages 25 to 99 are an integral part of these financial statements.

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## Statement of changes in equity for the financial year ended 30 June 2009 (continued)

Bank	<-----Non-distributable----->						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	
<b>At 1 July 2008</b>	1,725,490	500,020	508,821	(82,610)	58,630	(1,401,401)	1,308,950
Foreign exchange translation difference	-	-	-	-	(23,071)	-	(23,071)
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	73,067	-	-	73,067
Net gain/(loss) recognised directly in equity	-	-	-	73,067	(23,071)	-	49,996
Profit for the year	-	-	-	-	-	160,607	160,607
Total recognised income and expense for the year	-	-	-	73,067	(23,071)	160,607	210,603
Transfer to statutory reserve	-	-	80,303	-	-	(80,303)	-
<b>At 30 June 2009</b>	1,725,490	500,020	589,124	(9,543)	35,559	(1,321,097)	1,519,553
	Note 21		Note 22				

The notes on pages 25 to 99 are an integral part of these financial statements.

## Bank Islam Malaysia Berhad

(Company No. 98127-X)

(Incorporated in Malaysia)

### and its subsidiaries

## Cash flow statements for the financial year ended 30 June 2009

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flow from operating activities</b>				
Profit before zakat and tax	235,866	316,942	233,096	308,267
Adjustments for:				
Depreciation of property and equipment	32,812	22,009	32,543	21,854
Amortisation of prepaid lease payment	174	174	174	174
Impairment loss on securities available-for-sale	100	10,205	100	10,205
Reversal of impairment loss on securities held-to-maturity	(5,994)	(12,368)	(5,994)	(12,368)
Impairment loss on other receivables	10,557	-	10,557	-
Impairment/(reversal) loss on investment in subsidiary	-	-	820	(10,000)
Allowance/(write back) for losses on financing	123,291	(7,547)	123,291	(7,547)
Allowance for doubtful debts	-	951	-	2,023
Dividends from subsidiary	-	-	-	(140)
(Gain)/Loss on disposal of property and equipment	(335)	137	(335)	140
Net (gain)/loss on sale of securities held-for-trading	(3,204)	883	(3,204)	883
Net gain on sale of securities available-for-sale	(4,185)	(1,510)	(4,185)	(1,510)
Fair value (gain)/loss on securities held-for-trading	(5,738)	205	(5,742)	205
Accretion of discount less amortisation of premium	(62,104)	(28,272)	(62,104)	(28,226)
Dividends from securities	(6,385)	(4,236)	(6,383)	(4,236)
Property and equipment written off	19,457	2,347	19,457	2,347
Operating profit before changes in assets and liabilities	334,312	299,920	332,091	282,071

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## Cash flow statements for the financial year ended 30 June 2009 (continued)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Changes in assets and liabilities:				
Deposits and placements with banks and other financial institutions	(50,365)	5,802	(50,365)	5,802
Financing, advances and others	(723,837)	(631,757)	(723,837)	(581,754)
Statutory deposits with Bank Negara Malaysia	222,422	34,488	222,422	34,488
Statutory deposits with LOFSA	-	100	-	-
Bills receivables	29,561	(19,389)	29,561	(19,389)
Other receivables	(47,050)	3,190	(45,947)	(6,599)
Deposits from customers	4,450,312	3,176,658	4,448,348	3,146,269
Bills and acceptance payable	(707,236)	881,259	(706,702)	886,982
Other liabilities	3,100	112,492	2,835	112,703
Cash generated from operations	3,511,219	3,862,763	3,508,406	3,860,573
Zakat paid	(1,962)	(6,259)	(1,962)	(6,263)
Tax paid	(28,338)	(4,244)	(26,250)	(1,063)
Tax refund	14	24,356	-	24,563
<b>Net cash generated from operating activities</b>	<b>3,480,933</b>	<b>3,876,616</b>	<b>3,480,194</b>	<b>3,877,810</b>
<b>Cash flow from investing activities</b>				
Additional investment in subsidiary	-	-	(5,000)	-
Purchase of property and equipment	(52,122)	(82,031)	(50,916)	(81,753)
Proceeds from disposal of property and equipment	670	256	670	253
Dividend received	-	-	-	140
Dividends from securities	5,148	4,236	5,146	4,236
Net proceeds from (purchase)/disposal of securities	(5,108,026)	152,045	(5,109,811)	152,614
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,154,330)</b>	<b>74,506</b>	<b>(5,159,911)</b>	<b>75,490</b>

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## Cash flow statements for the financial year ended 30 June 2009 (continued)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,673,397)	3,951,122	(1,679,717)	3,953,300
<b>Cash and cash equivalents at 1 July</b>	10,142,422	6,154,769	10,134,055	6,144,171
<b>Exchange difference on translation</b>	(23,438)	36,531	(23,466)	36,584
<b>Cash and cash equivalents at 30 June</b>	<u>8,445,587</u>	<u>10,142,422</u>	<u>8,430,872</u>	<u>10,134,055</u>
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds	8,445,587	9,948,772	8,430,872	9,940,405
Deposits and placements with banks and other financial institutions	-	193,650	-	193,650
	<u>8,445,587</u>	<u>10,142,422</u>	<u>8,430,872</u>	<u>10,134,055</u>

The notes on pages 25 to 99 are an integral part of these financial statements.



# **Bank Islam Malaysia Berhad**

(Company No. 98127-X)

(Incorporated in Malaysia)

## **and its subsidiaries**

### **Notes to the financial statements**

Bank Islam Malaysia Berhad is a limited liability company, incorporated and domiciled in Malaysia. The address of its registered office and principal place of business is as follows:

#### **Registered office and principal place of business**

11<sup>th</sup> Floor, Wisma Bank Islam,  
Jalan Dungun, Bukit Damansara,  
50490 Kuala Lumpur.

The consolidated financial statements as at and for the financial year ended 30 June 2009 comprise the Bank and its subsidiaries (together referred to as the Group).

The Bank is principally engaged in Islamic banking business and the provision of related services while the other Group entities are primarily involved in the management of unit trust funds, provision of trust services and related services, nominee services and foreign currency clearing house.

The immediate holding company of the Bank during the financial year is BIMB Holdings Berhad, a public limited liability company incorporated in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The ultimate holding corporation is Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535).

The financial statements were approved by the Board of Directors on 12 August 2009.

## **1. Basis of preparation**

### **(a) Statement of compliance**

The financial statements of the Group and of the Bank have been prepared in accordance with the applicable Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB) as modified by Bank Negara Malaysia Guidelines, the provisions of the Companies Act, 1965 and Shariah requirements.

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## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The Group and the Bank have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segment</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, FRS 2 – <i>Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, FRS 119 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The Group and the Bank plan to apply the FRSs and Interpretations (except for FRS 4 and FRS 8 as explained below) from the annual period beginning 1 July 2010.

FRS 4 and FRS 8 are not applicable to the Group and the Bank. Hence, no further disclosure is warranted.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the above amendments and interpretations is not expected to have any material impact on the financial statements of the Group and the Bank.

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## **1. Basis of preparation (continued)**

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following assets as explained in their respective accounting policy notes:

- Securities held-for-trading
- Securities available-for-sale
- Derivatives financial instruments

### **(c) Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Bank's functional currency. All financial information presented in RM has been rounded to the nearest thousand (RM'000), unless otherwise stated.

### **(d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2(d) – Allowance for bad and doubtful financing
- Note 12 – Deferred tax assets

Company No. 98127-X
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## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Bank's balance sheet at cost less impairment losses.

#### (ii) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### (i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the income statement.

## 2. Significant accounting policies (continued)

### (b) Foreign currency (continued)

#### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations, are translated to RM at average exchange rates for the year.

All resulting exchange differences are taken to the foreign currency translation reserve within equity. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

### (c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposure.

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at balance sheet date and the resultant gains and losses for the financial year are recognised in the income statement.

### (d) Financing

Financing is stated after deducting the allowance for losses on financing.

#### *Allowance for bad and doubtful financing*

Specific allowances are made for bad and doubtful financing, which have been individually reviewed and specifically identified as bad and doubtful.

A general allowance based on a percentage of the financing portfolio (net of specific allowance for bad and doubtful financing) is also made. These percentages are reviewed annually in the light of past experiences and prevailing circumstances and an adjustment is made to the overall general allowance, if necessary.

An uncollectible financing or portion of a financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

Allowances for bad and doubtful financing are computed in conformity with BNM GP3 (September 1998).

## 2. Significant accounting policies (continued)

### (e) Securities

The holdings of the securities portfolio of the Group and of the Bank are recognised based on the following categories and consequently their valuation methods:

#### (i) *Securities held-for-trading*

Securities are 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 it is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Securities classified as held-for-trading will be stated at fair value and any gain or loss arising from a change in the fair value will be recognised in the income statement.

#### (ii) *Securities available-for-sale*

Available-for-sale securities are securities that are not classified as held-for-trading or held-to-maturity investments and are measured at fair value. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost. Any gain or loss arising from a change in the fair value is recognised directly in equity through the statement of changes in equity until the securities are sold, disposed off or impaired, at which time the cumulative gains or losses previously recognised in equity will be transferred to the income statement. Profit or loss from the available-for-sale securities is recognised in the income statement.

#### (iii) *Securities held-to-maturity*

Held-to-maturity securities are securities with fixed or determinable payments and fixed maturity and the Bank has the positive intention and ability to hold to maturity. These securities are measured at amortised cost using the effective profit method. Gain or loss is recognised in the income statement when the securities are derecognised or impaired, as well as the amortisation of premium and accretion of discounts.

### (f) Property and equipment

#### (i) *Recognition and measurement*

All items of property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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## 2. Significant accounting policies (continued)

### (f) Property and equipment (continued)

#### (i) *Recognition and measurement (continued)*

Property and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Cost include expenditure that are directly attributable to the acquisition of the asset and any other cost directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also include the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposal of an item of asset is the difference between the net proceeds from disposal and the net carrying amount of the asset and is recognised in “other income” in the income statement.

#### (ii) *Subsequent costs*

The cost of replacing part of an item of an asset is included in the carrying amount of the asset only when it is probable that the future economic benefits embodied within the part will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iii) *Depreciation*

Depreciation is provided for in the income statement on a straight-line basis over the estimated useful lives of the assets. Management Information System development costs and work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- |   |             |
|---|-------------|
| • Building improvement and renovations        | 6 years     |
| • Furniture, fixtures, fittings and equipment | 2 – 6 years |
| • Motor vehicles                              | 4 years     |

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

## 2. Significant accounting policies (continued)

### (g) Leased assets

Leasehold land that normally has an indefinite economic life and the title is not expected to be passed to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property and equipment. On adoption of FRS 117, *Leases*, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. The prepaid lease payments are amortised on a straight-line basis over the lease term.

### (h) Impairment

The carrying amounts of assets except for financial assets (other than securities held-to-maturity and available-for-sale) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated, to determine the amount of impairment loss.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.



## **2. Significant accounting policies (continued)**

### **(i) Bills and other receivables**

Bills and other receivables are stated at cost less allowance for doubtful debts.

### **(j) Cash and cash equivalents**

Cash and cash equivalents include cash and short-term funds, and deposits and placements with banks and other financial institutions.

### **(k) Bills and acceptances payable**

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

### **(l) Liabilities**

Deposits from customers and deposits and placements of banks and financial institutions are stated at placement values.

Other payables are measured initially and subsequently at cost. Other payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### **(m) Profit equalisation reserve ("PER")**

PER refers to the amount appropriated out of or written back to the total gross income to reduce the fluctuations in the profit rates payable to the depositors. It is in conformity with 'The Framework of the Rate of Return' or BNM/GP2-*i* issued by Bank Negara Malaysia. PER is reflected under other liabilities of the Bank.

### **(n) Share capital**

Ordinary shares are classified as equity in the balance sheet. Cost directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

## 2. Significant accounting policies (continued)

### (o) Income recognition

#### *Finance income*

Finance income is recognised on an accrual basis.

Income on cash line, house and term financing is mainly accounted for on a constant rate of return basis by reference to the rest periods as stipulated in the financing agreement.

Where a financing account becomes non-performing, profit accrued and recognised as income prior to the date the account is classified as non-performing is reversed out of income. Thereafter, profit on the non-performing financing are only recognised as income on a cash basis. Income is not recognised on customers' accounts where repayments are in arrears for more than six months from the first day of default for financing, cash line and advances; and three months from the first day of default for trade bills, credit cards, personal financing, banker's acceptances, trust receipts and other instruments of similar nature.

#### *Fee and other income recognition*

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

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

### (p) Income tax

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

## 2. Significant accounting policies (continued)

### (p) Income tax (continued)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### (q) Zakat

This represents business zakat. It is an obligatory amount payable by the Group and the Bank to comply with the principles of Shariah.

### (r) Employee benefits

#### *Short term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employees Provident Fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

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### 3. Cash and short term funds

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and balances with banks and other financial institutions	664,645	518,516	650,112	510,685
Money at call and interbank placements with remaining maturity not exceeding one month	7,780,942	9,430,256	7,780,760	9,429,720
	<u>8,445,587</u>	<u>9,948,772</u>	<u>8,430,872</u>	<u>9,940,405</u>
	=====	=====	=====	=====

### 4. Deposits and placements with banks and other financial institutions

	Group and Bank	
	2009 RM'000	2008 RM'000
Licensed banks	-	18,650
Licensed finance companies	-	175,000
	<u>-</u>	<u>193,650</u>
	=====	=====

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## 5. Securities held-for-trading

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>At fair value:</b>				
<b>Quoted securities in Malaysia</b>				
Shares	47	51	-	-
	-----	-----	-----	-----
<b>Unquoted securities in Malaysia</b>				
Malaysian Government Investment				
Issues	149,737	-	149,737	-
Islamic Commercial Papers	137,891	29,896	137,891	29,896
Islamic Debt Securities	-	24,563	-	24,563
	-----	-----	-----	-----
	287,628	54,459	287,628	54,459
	-----	-----	-----	-----
	287,675	54,510	287,628	54,459
	=====	=====	=====	=====

## 6. Securities available-for-sale

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>At fair value:</b>				
<b>Quoted securities in Malaysia</b>				
Unit trust	2,622	4,506	2,622	2,721
	-----	-----	-----	-----
<b>Quoted securities outside Malaysia</b>				
Bond	70,380	81,650	70,380	81,650
	-----	-----	-----	-----

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## 6. Securities available-for-sale (continued)

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>At fair value:</b>				
<b>Unquoted securities in Malaysia</b>				
Malaysian Government Investment				
Issues	2,651,555	825,089	2,651,555	825,089
Negotiable Islamic Debt Certificates	1,437,982	339,984	1,437,982	339,984
Islamic Commercial Papers	453,816	201,787	453,816	201,787
Islamic Debt Securities	3,719,800	1,889,572	3,719,800	1,889,572
Accepted Bills	107,997	73,623	107,997	73,623
Promissory notes	5,604	5,604	5,604	5,604
	<u>8,376,754</u>	<u>3,335,659</u>	<u>8,376,754</u>	<u>3,335,659</u>
	-----	-----	-----	-----
<b>At fair value:</b>				
<b>Unquoted securities outside Malaysia</b>				
Islamic Development Bank				
Unit Trust	1,923	1,928	1,923	1,928
	-----	-----	-----	-----
<b>At cost:</b>				
<b>Unquoted securities in Malaysia</b>				
Unquoted shares	26,590	25,177	26,590	25,177
<b>Less:</b>				
Impairment loss	(15,835)	(14,697)	(15,835)	(14,697)
	<u>10,755</u>	<u>10,480</u>	<u>10,755</u>	<u>10,480</u>
	-----	-----	-----	-----
<b>At cost:</b>				
<b>Unquoted securities outside Malaysia</b>				
Unquoted shares	2,996	25,858	2,996	25,858
<b>Less:</b>				
Impairment loss	-	(22,862)	-	(22,862)
	<u>2,996</u>	<u>2,996</u>	<u>2,996</u>	<u>2,996</u>
	-----	-----	-----	-----
	<u>8,465,430</u>	<u>3,437,219</u>	<u>8,465,430</u>	<u>3,435,434</u>
	=====	=====	=====	=====

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## 7. Securities held-to-maturity

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost:</b>		
Islamic Debt Securities	175,050	179,814
<b>Less:</b>		
Accumulated impairment loss	(12,287)	(18,280)
	<u>162,763</u>	<u>161,534</u>
	=====	=====

## 8. Financing, advances and others

### (i) By type

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash line	164,272	175,463
Term financing		
House financing	7,136,157	5,878,379
Syndicated financing	81,329	107,339
Leasing receivables	329,189	208,234
Bridging financing	299,524	242,504
Personal financing	2,733,611	2,425,401
Other term financing	3,874,823	3,951,604
Staff financing	298,368	295,785
Credit cards	393,442	340,100
Trade bills discounted	1,539,200	1,684,209
Trust receipts	151,672	175,518
	<u>17,001,587</u>	<u>15,484,536</u>
Less: Unearned income	(6,290,584)	(5,025,705)
	<u>10,711,003</u>	<u>10,458,831</u>
Allowance for bad and doubtful financing		
- General	(170,844)	(169,382)
- Specific	(878,295)	(1,228,131)
	<u>9,661,864</u>	<u>9,061,318</u>
	=====	=====
<b>Total net financing, advances and others</b>	<b>9,661,864</b>	<b>9,061,318</b>

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## 8. Financing, advances and others (continued)

### (ii) By contract

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Bai' Bithaman Ajil	5,719,619	5,526,409
Ijarah	289,200	243,063
Ijarah Muntahiah Bit-Tamleek	28,367	30,334
Mudharabah	8,934	9,249
Murabahah	1,680,071	1,848,075
Bai Al-Inah Cash Note	1,611,717	1,583,186
At-Tawarruq	167,378	-
Bai Al-Inah	662,701	708,527
Istisna'	543,016	509,988
	<hr/>	<hr/>
	10,711,003	10,458,831
	<hr/> <hr/>	<hr/> <hr/>

### (iii) By type of customer

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	12,459	36,587
Domestic business enterprise	2,508,922	2,344,358
Small medium industries	867,061	1,212,486
Government & statutory	156,910	108,523
Individuals	7,146,713	6,725,353
Other domestic entities	17,932	29,717
Foreign entities	1,006	1,807
	<hr/>	<hr/>
	10,711,003	10,458,831
	<hr/> <hr/>	<hr/> <hr/>



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## 8. Financing, advances and others (continued)

### (iv) By profit rate sensitivity

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
House financing	2,298,214	2,471,014
Others	7,462,649	7,573,045
Floating rate		
Others	950,140	414,772
	<u>10,711,003</u>	<u>10,458,831</u>
	=====	=====

### (v) By sector

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	116,701	118,141
Mining and quarrying	30,736	30,679
Manufacturing	828,998	1,166,209
Electricity, gas and water	80,011	81,913
Construction	520,600	589,137
Real estate	46,879	51,508
Purchase of landed property:		
- Residential	3,217,361	2,861,938
- Non-residential	318,401	398,305
Wholesale and retail trade and restaurants and hotel	336,912	519,809
Transport, storage and communication	58,734	82,792
Finance, insurance and business services	76,455	100,227
Purchase of securities	153,087	163,435
Purchase of transport vehicles	1,452,351	1,505,544
Consumption credit	2,304,782	1,986,070
Community, social and personal	42,456	59,333
Others	1,126,539	743,791
	<u>10,711,003</u>	<u>10,458,831</u>
	=====	=====

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## 9. Non-performing financing, advances and others

### (i) Movement in the non-performing financing, advances and others

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	1,949,904	2,192,151
Classified as non-performing during the year	228,431	421,526
Reclassified as performing during the year	(131,580)	(67,274)
Amount recovered	(184,080)	(500,307)
Amount written off	(540,033)	(61,403)
Exchange differences	37,807	(34,789)
	<hr/>	<hr/>
At 30 June	1,360,449	1,949,904
Less: Specific allowance	(878,295)	(1,228,131)
	<hr/>	<hr/>
Net non-performing financing, advances and others	482,154	721,773
	=====	=====
Ratio of net non-performing financing to total net financing, advances and others	4.90%	7.82%
	=====	=====

### (ii) Movement in allowance for bad and doubtful financing

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General allowance</b>		
At 1 July	169,382	170,461
Exchange differences	1,462	(1,079)
	<hr/>	<hr/>
At 30 June	170,844	169,382
	=====	=====
(as % of total financing less specific allowance)	1.74%	1.83%
	=====	=====

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## 9. Non-performing financing, advances and others (continued)

### (ii) Movement in allowance for bad and doubtful financing (continued)

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Specific allowance</b>		
At 1 July	1,228,131	1,211,263
Allowance made during the year	303,755	300,924
Amount written back	(133,074)	(213,858)
Amount written off	(540,033)	(53,613)
Exchange differences	19,516	(16,585)
	<hr/>	<hr/>
At 30 June	878,295	1,228,131
	<hr/> <hr/>	<hr/> <hr/>

### (iii) Non-performing financing by sector

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	39,788	51,591
Mining and quarrying	280	1,959
Manufacturing	288,186	505,000
Electricity, gas and water	77,334	78,507
Construction	367,912	389,522
Real estate	1,745	4,243
Purchase of landed property:		
- Residential	212,426	257,821
- Non-residential	76,320	150,924
Wholesale and retail trade and restaurants and hotel	95,528	120,835
Transport, storage and communication	12,811	16,091
Finance, insurance and business services	1,449	47,921
Purchase of securities	6,737	70,230
Purchase of transport vehicles	35,928	61,019
Consumption credit	101,561	119,831
Community, social and personal	14,430	17,654
Others	28,014	56,756
	<hr/>	<hr/>
	1,360,449	1,949,904
	<hr/> <hr/>	<hr/> <hr/>

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## 10. Other assets

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bills receivable	495	30,056	495	30,056
Other receivables*	81,871	47,381	79,095	45,287
Deposit and prepayments	19,668	18,465	19,273	18,210
Related companies**	3,886	3,472	4,124	3,992
	<u>105,920</u>	<u>99,374</u>	<u>102,987</u>	<u>97,545</u>
	=====	=====	=====	=====

\* Other receivables are stated net of allowances for doubtful debts of RM96,354,000 (2008: RM85,822,000) and RM96,330,000 (2008: RM85,773,000) for the Group and the Bank respectively.

\*\* This relates to amounts due from holding and related companies that are non-trade in nature, not subject to financing charges and has no fixed terms of repayment.

## 11. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount of which are determined as set percentages of total eligible liabilities.

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## 12. Deferred tax assets

### Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b>						
Allowance for losses on financing	37,628	39,605	-	-	37,628	39,605
Impairment losses	-	19,059	-	-	-	19,059
Property and equipment	-	-	(11,267)	(12,592)	(11,267)	(12,592)
Provisions	11,592	24,087	-	-	11,592	24,087
Tax loss carry-forwards	-	16,123	-	-	-	16,123
Unabsorbed capital allowances	23,707	-	-	-	23,707	-
	<hr/>		<hr/>		<hr/>	
Tax assets/(liabilities)	72,927	98,874	(11,267)	(12,592)	61,660	86,282
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>	

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Bank	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Impairment losses	-	5,542	-	-
Unabsorbed capital allowances	43,784	11	43,784	-
	<hr/>		<hr/>	
	43,784	5,553	43,784	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets have not been recognised in respect of these items because it is envisaged that the unabsorbed capital allowances will not be utilised against future taxable profit of the Group and of the Bank.

The current year's unabsorbed capital allowances for the Group and the Bank is in respect of its leasing business whereby management considered it uncertain whether the Bank is able to utilise the benefits in the future.

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### 13. Investments in subsidiary companies

	Bank	
	2009 RM'000	2008 RM'000
<b>At cost</b>		
Unquoted shares in Malaysia	72,795	67,795
Less: Accumulated impairment loss	(52,668)	(51,848)
	20,127	15,947
	20,127	15,947

Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Effective ownership interest		Paid up capital 30 June 2009 RM'000
		2009 %	2008 %	
Al-Wakalah Nominees (Tempatan) Sdn. Bhd.	Provide nominee services	100	100	25
BIMB Investment Management Berhad (formerly known as BIMB Unit Trust Management Berhad)	Manager of BIMB Unit Trust Funds	100	100	10,000
Bank Islam (L) Ltd.	Ceased operation	100	100	57,000
Bank Islam Trust Company (Labuan) Ltd.	Provide services as a Labuan registered trust company	100	100	922
And its subsidiary: BIMB Offshore Company Management Services Sdn. Bhd.	Dormant	100	100	*
BIMB Foreign Currency Clearing Agency Sdn. Bhd.	Foreign currency clearing house	100	100	10,000

\* Represents RM2.00

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## 14. Property and equipment

<b>Group</b>	<b>Building -in- progress RM'000</b>	<b>Improvements and renovations RM'000</b>	<b>Furniture, fixtures, and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation work-in- progress RM'000</b>	<b>Management information system development cost RM'000</b>	<b>Total RM'000</b>
<i>Cost</i>								
At 1 July 2007	12,342	24,929	37,797	142,543	699	47	13,006	231,363
Additions	-	970	2,402	10,645	-	16,468	51,546	82,031
Reclassifications	-	1,862	2	6,093	-	-	(7,957)	-
Disposals	-	(391)	-	(1,867)	-	-	-	(2,258)
Written off	-	(774)	(4,490)	(494)	-	-	-	(5,758)
Exchange difference	-	(10)	-	(4)	-	-	-	(14)
At 30 June 2008/1 July 2008	12,342	26,586	35,711	156,916	699	16,515	56,595	305,364
Additions	-	503	4,664	15,303	-	10,220	21,432	52,122
Reclassifications	-	1,883	12,842	19,937	-	(21,247)	(13,415)	-
Disposals	-	(67)	(68)	(2,728)	-	(51)	(38)	(2,952)
Written off	-	-	-	-	-	-	(19,751)	(19,751)
Exchange difference	-	111	276	20	5	2	1	415
At 30 June 2009	12,342	29,016	53,425	189,448	704	5,439	44,824	335,198

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**14. Property and equipment (continued)**

<b>Group</b>	<b>Building -in- progress RM'000</b>	<b>Improvements and renovations RM'000</b>	<b>Furniture, fixtures, and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation work-in- progress RM'000</b>	<b>Management information system development cost RM'000</b>	<b>Total RM'000</b>
<b>At 1 July 2007</b>								
Accumulated depreciation	-	13,821	23,684	109,993	332	45	632	148,507
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	13,821	23,684	109,993	332	45	632	160,849
Depreciation of the year	-	2,956	3,844	15,080	119	5	5	22,009
Disposals	-	(123)	-	(1,742)	-	-	-	(1,865)
Written off	-	(427)	(2,622)	(362)	-	-	-	(3,411)
Exchange difference	-	-	-	(2)	-	-	-	(2)
<b>At 30 June 2008/1 July 2008</b>								
Accumulated depreciation	-	16,227	24,906	122,967	451	50	637	165,238
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	16,227	24,906	122,967	451	50	637	177,580
Depreciation of the year	-	3,311	9,134	20,125	123	104	15	32,812
Disposals	-	(67)	(62)	(2,403)	-	(46)	(39)	(2,617)
Written off	-	-	-	-	-	-	(294)	(294)
Exchange difference	-	-	-	7	-	-	-	7
<b>At 30 June 2009</b>								
Accumulated depreciation	-	19,471	33,978	140,696	574	108	319	195,146
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	19,471	33,978	140,696	574	108	319	207,488



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#### 14. Property and equipment (continued)

<b>Group</b>	<b>Building -in- progress RM'000</b>	<b>Improvements and renovations RM'000</b>	<b>Furniture, fixtures, and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation work-in- progress RM'000</b>	<b>Management information system development cost RM'000</b>	<b>Total RM'000</b>
<i>Carrying amounts</i>								
At 1 July 2007	-	11,108	14,113	32,550	367	2	12,374	70,514
At 30 June 2008/1 July 2008	-	10,359	10,805	33,949	248	16,465	55,958	127,784
At 30 June 2009	-	9,545	19,447	48,752	130	5,331	44,505	127,710

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## 14. Property and equipment (continued)

<b>Bank</b>	<b>Building -in- progress RM'000</b>	<b>Improvements and renovations RM'000</b>	<b>Furniture, fixtures, and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation work-in- progress RM'000</b>	<b>Management information system development cost RM'000</b>	<b>Total RM'000</b>
<i>Cost</i>								
At 1 July 2007	12,342	24,928	37,733	142,078	699	-	12,367	230,147
Additions	-	970	2,402	10,383	-	16,462	51,536	81,753
Disposals	-	(391)	-	(1,853)	-	-	-	(2,244)
Reclassification	-	1,862	2	6,093	-	-	(7,957)	-
Written off	-	(774)	(4,490)	(494)	-	-	-	(5,758)
Exchange difference	-	(8)	-	-	-	-	-	(8)
At 30 June 2008/1 July 2008	12,342	26,587	35,647	156,207	699	16,462	55,946	303,890
Additions	-	503	4,662	15,207	-	9,204	21,340	50,916
Disposals	-	(66)	(17)	(2,703)	-	(5)	-	(2,791)
Reclassification	-	1,883	12,842	19,937	-	(21,247)	(13,415)	-
Written off	-	-	-	-	-	-	(19,457)	(19,457)
Exchange difference	-	110	276	1	5	2	1	395
At 30 June 2009	12,342	29,017	53,410	188,649	704	4,416	44,415	332,953

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**14. Property and equipment (continued)**

<b>Bank</b>	<b>Building</b>	<b>Improvements</b>	<b>Furniture,</b>	<b>Office</b>	<b>Motor</b>	<b>Renovation</b>	<b>Management</b>	
<i>Depreciation and impairment loss</i>	<b>-in-</b>	<b>and</b>	<b>and</b>	<b>equipment</b>	<b>vehicles</b>	<b>work-in-</b>	<b>information</b>	<b>Total</b>
	<b>progress</b>	<b>renovations</b>	<b>fixtures,</b>	<b>RM'000</b>	<b>RM'000</b>	<b>progress</b>	<b>system</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>and</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>development</b>	<b>RM'000</b>
			<b>fittings</b>				<b>cost</b>	
			<b>RM'000</b>				<b>RM'000</b>	<b>RM'000</b>
At 1 July 2007								
Accumulated depreciation	-	13,821	23,620	109,709	332	-	-	147,482
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	13,821	23,620	109,709	332	-	-	159,824
Depreciation of the year	-	2,956	3,842	14,937	119	-	-	21,854
Disposals	-	(123)	-	(1,728)	-	-	-	(1,851)
Written off	-	(427)	(2,622)	(362)	-	-	-	(3,411)
At 30 June 2008/1 July 2008								
Accumulated depreciation	-	16,227	24,840	122,556	451	-	-	164,074
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	16,227	24,840	122,556	451	-	-	176,416
Depreciation of the year	-	3,311	9,134	19,975	123	-	-	32,543
Disposals	-	(67)	(11)	(2,378)	-	-	-	(2,456)
At 30 June 2009								
Accumulated depreciation	-	19,471	33,963	140,153	574	-	-	194,161
Accumulated impairment loss	12,342	-	-	-	-	-	-	12,342
	12,342	19,471	33,963	140,153	574	-	-	206,503

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#### 14. Property and equipment (continued)

<b>Bank</b>	<b>Building -in- progress RM'000</b>	<b>Improvements and renovations RM'000</b>	<b>Furniture, fixtures, and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation work-in- progress RM'000</b>	<b>Management information system development cost RM'000</b>	<b>Total RM'000</b>
<i>Carrying amounts</i>								
At 1 July 2007	-	11,107	14,113	32,369	367	-	12,367	70,323
At 30 June 2008/1 July 2008	-	10,360	10,807	33,651	248	16,462	55,946	127,474
At 30 June 2009	-	9,546	19,447	48,496	130	4,416	44,415	126,450

## 15. Prepaid lease payments

<b>Group/Bank</b>	<b>Unexpired period more than 50 years RM'000</b>
<b>Cost/Valuation</b>	
As at 1 July 2008/30 June 2009	14,784 =====
<b>Amortisation</b>	
At 1 July 2008	174
Amortisation for the year	174
At 30 June 2009	----- 348 =====
<b>Carrying amount</b>	
<b>At 30 June 2008</b>	<b>14,610</b> =====
<b>At 30 June 2009</b>	<b>14,436</b> =====

## 16. Deposits from customers

### (i) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah fund</b>				
Demand deposits	6,347,081	5,842,721	6,347,908	5,844,949
Savings deposits	2,032,461	1,899,962	2,032,461	1,899,962
Negotiable Islamic Debt Certificates ("NIDC")	7,133,790	6,098,744	7,134,987	6,098,744
Others	60,419	41,464	60,419	41,464
	-----	-----	-----	-----
	15,573,751	13,882,891	15,575,775	13,885,119
<b>Mudharabah fund</b>				
Savings deposits	680,589	536,629	680,589	536,629
General investment deposits	2,535,289	2,411,039	2,535,289	2,411,039
Special investment deposits	6,414,767	3,923,525	6,419,628	3,930,146
Others	235	235	235	235
	-----	-----	-----	-----
	9,630,880	6,871,428	9,635,741	6,878,049
	-----	-----	-----	-----
	25,204,631	20,754,319	25,211,516	20,763,168
	=====	=====	=====	=====

## 16. Deposits from customers (continued)

### (ii) By type of customer

	Group		Bank	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	5,233,054	4,566,889	5,233,054	4,566,889
Business enterprises	8,955,185	5,747,060	8,955,185	5,747,060
Individuals	6,803,603	5,173,309	6,803,603	5,173,309
Others	4,212,789	5,267,061	4,219,674	5,275,910
	<u>25,204,631</u>	<u>20,754,319</u>	<u>25,211,516</u>	<u>20,763,168</u>
	=====	=====	=====	=====

## 17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	2009	2008
	RM'000	RM'000
<b>Mudharabah fund</b>		
Licensed banks	8,078	58,443
	<u>8,078</u>	<u>58,443</u>
	=====	=====

## 18. Other liabilities

	Group		Bank	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<b>Non-trade</b>				
Sundry creditors	284,589	278,856	282,861	277,331
Profit equalisation reserve (Note 19)	46,369	49,085	46,369	49,085
Amount due to subsidiaries*	-	-	299	278
	<u>330,958</u>	<u>327,941</u>	<u>329,529</u>	<u>326,694</u>
	=====	=====	=====	=====

\* This relates to amount due to subsidiary companies that are non-trade in nature, not subject to financing charges and has no fixed terms of repayment.

## 19. Profit equalisation reserve

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	49,085	57,402
Recognised in the income statement	(2,716)	(8,317)
	<hr/>	<hr/>
As at 30 June	46,369	49,085
	<hr/> <hr/>	<hr/> <hr/>

## 20. Subordinated financing

The amount refers to subordinated Mudharabah financing facility granted by the immediate holding company which is subordinated to all other liabilities. This was fully settled on 1 July 2009.

## 21. Share capital

	<b>Group and Bank</b>		<b>Group and Bank</b>	
	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>RM'000</b>	<b>'000</b>	<b>RM'000</b>	<b>'000</b>
Authorised:				
Ordinary shares of RM1 each				
On issue at 1 July/30 June	2,000,000	2,000,000	2,000,000	2,000,000
Convertible redeemable non-cumulative preference shares of RM1 each				
As at 1 July	-	-	-	-
Increase during the year	540,000	540,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June	2,540,000	2,540,000	2,000,000	2,000,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:				
Ordinary shares of RM1 each				
On issue at 1 July/30 June	1,725,490	1,725,490	1,725,490	1,725,490
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 22. Statutory reserve

The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.

## 23. Income derived from investment of depositors' funds

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income derived from investment of:				
(i) General investment deposits	126,536	112,163	126,383	112,001
(ii) Other deposits	895,884	806,063	895,979	807,495
	<u>1,022,420</u>	<u>918,226</u>	<u>1,022,362</u>	<u>919,496</u>
	=====	=====	=====	=====

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

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	84,357	79,229	84,204	79,067
Securities:				
-Held-for-trading	364	314	364	314
-Available-for-sale	13,352	6,331	13,352	6,331
-Held-to-maturity	475	262	475	262
Money at call and deposits with financial institutions	21,088	23,593	21,088	23,593
	<u>119,636</u>	<u>109,729</u>	<u>119,483</u>	<u>109,567</u>
Accretion of discount less amortisation of premium	5,368	2,519	5,368	2,519
	<u>125,004</u>	<u>112,248</u>	<u>124,851</u>	<u>112,086</u>
	-----	-----	-----	-----
Other dealing income				
Net gain/(loss) from sale of securities held-for-trading	485	(109)	485	(109)
Net gain/(loss) on revaluation of securities held-for-trading	715	(26)	715	(26)
	<u>1,200</u>	<u>(135)</u>	<u>1,200</u>	<u>(135)</u>
	-----	-----	-----	-----
Other operating income				
Net gain from sale of securities available-for-sale	186	7	186	7
Gross dividend income from securities				
- quoted in Malaysia	-	43	-	43
- unquoted in Malaysia	146	-	146	-
	<u>332</u>	<u>50</u>	<u>332</u>	<u>50</u>
	-----	-----	-----	-----
	<u>126,536</u>	<u>112,163</u>	<u>126,383</u>	<u>112,001</u>
	=====	=====	=====	=====



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

### (ii) Income derived from investment of other deposits

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	595,380	568,643	595,475	570,075
Securities:				
-Held-for-trading	2,673	2,263	2,673	2,263
-Available-for-sale	96,630	45,646	96,630	45,646
-Held-to-maturity	3,360	1,869	3,360	1,869
Money at call and deposits with financial institutions	150,496	170,233	150,496	170,233
	<u>848,539</u>	<u>788,654</u>	<u>848,634</u>	<u>790,086</u>
Accretion of discount less amortisation of premium	37,208	18,130	37,208	18,130
	<u>885,747</u>	<u>806,784</u>	<u>885,842</u>	<u>808,216</u>
	-----	-----	-----	-----
<b>Other dealing income</b>				
Net gain/(loss) from sale of securities held-for-trading	2,719	(781)	2,719	(781)
Net gain/(loss) on revaluation of securities held-for-trading	5,016	(179)	5,016	(179)
	<u>7,735</u>	<u>(960)</u>	<u>7,735</u>	<u>(960)</u>
	-----	-----	-----	-----
<b>Other operating income</b>				
Net gain from sale of securities available-for-sale	1,336	239	1,336	239
Gross dividend income from securities - unquoted in Malaysia	1,066	-	1,066	-
	<u>2,402</u>	<u>239</u>	<u>2,402</u>	<u>239</u>
	-----	-----	-----	-----
	<u>895,884</u>	<u>806,063</u>	<u>895,979</u>	<u>807,495</u>
	=====	=====	=====	=====

## 24. Income derived from investment of shareholders' funds

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Finance income and hibah</b>				
Financing, advances and others	3,209	2,999	3,209	2,999
Securities:				
-Available-for-sale	45,369	31,675	45,369	31,604
-Held-for-trading	-	23	-	-
Money at call and deposits with financial institutions	57,282	104,190	57,274	104,033
	<hr/>	<hr/>	<hr/>	<hr/>
	105,860	138,887	105,852	138,636
Accretion of discount less amortisation of premium	19,528	7,623	19,528	7,577
	<hr/>	<hr/>	<hr/>	<hr/>
	125,388	146,510	125,380	146,213
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other dealing income</b>				
Net gain from foreign exchange transactions	26,178	9,925	26,178	9,925
Net gain from sale of securities held-for-trading	-	7	-	-
Net gain/(loss) on revaluation of securities held-for-trading	7	(53)	11	-
	<hr/>	<hr/>	<hr/>	<hr/>
	26,185	9,879	26,189	9,925
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other operating income</b>				
Net gain from sale of securities available-for-sale	2,663	1,264	2,663	1,264
Profit on sale of foreign currencies	1,266	22,741	-	-
Unrealised foreign exchange gain on foreign currency cash balance	150	14	-	-
Reversal of allowance for doubtful debts	4,490	1,072	-	-
Gross dividend income from securities:				
- quoted in Malaysia	11	487	9	487
- unit trust in Malaysia	138	173	138	173
- unit trust outside Malaysia	104	119	104	119
- unquoted in Malaysia	4,920	3,457	4,920	3,457
Gross dividend income from subsidiary	-	-	-	140
	<hr/>	<hr/>	<hr/>	<hr/>
	13,742	29,327	7,834	5,640
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Fees and commission</b>				
ATM fees	12,123	9,547	12,123	9,547
Financing fees	17,362	19,068	17,362	19,068
Cheque issued and return, closing account and other fees	2,452	1,027	2,452	1,027
Takaful service fees and commission	5,784	2,534	5,784	2,534
Credit card fees and commission	17,137	13,106	17,137	13,106
Commitment fees	1,339	20	1,339	20
Rentas clearing fees	7	1,884	7	1,884
Commission on MEPS	3,885	3,432	3,885	3,432
Processing fees	412	1,255	398	1,227
Corporate advisory fees	3,020	2,473	3,020	2,473
Unit trust management fees	805	972	-	-
Commission on structured deposits	7,108	-	7,108	-
Ta'widh charges	2,184	-	2,184	-
Others	12,840	15,129	12,064	14,522
	<u>86,458</u>	<u>70,447</u>	<u>84,863</u>	<u>68,840</u>
<b>Other income</b>				
Net gain/(loss) on disposal of property and equipment	335	(137)	335	(140)
Rental income	-	18	68	257
Other income	169	1,859	56	1,810
	<u>504</u>	<u>1,740</u>	<u>459</u>	<u>1,927</u>
	<u>252,277</u>	<u>257,903</u>	<u>244,725</u>	<u>232,545</u>

## 25. Allowance for losses on financing

	Group and Bank	
	2009 RM'000	2008 RM'000
Allowance for bad and doubtful financing:		
Specific allowance		
- made in financial year	303,755	300,924
- written back	(133,074)	(213,858)
Bad debts and financing - recovered	(44,964)	(94,305)
Recovered from Danaharta	(2,426)	(257)
Exchange differences	-	(51)
	<u>123,291</u>	<u>(7,547)</u>

**26. Impairment loss**

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Securities				
Held-to-maturity	(5,994)	(12,368)	(5,994)	(12,368)
Available-for-sale	100	10,205	100	10,205
	<u>(5,894)</u>	<u>(2,163)</u>	<u>(5,894)</u>	<u>(2,163)</u>
Investment in subsidiary companies	-	-	820	(10,000)
Other receivables	10,557	-	10,557	-
	<u>4,663</u>	<u>(2,163)</u>	<u>5,483</u>	<u>(12,163)</u>
	=====	=====	=====	=====

**27. Income attributable to depositors**

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers				
- Mudharabah Fund	181,794	191,056	181,794	191,056
- Non-Mudharabah Fund	241,956	224,255	242,201	224,384
Deposits and placement of banks and other financial institutions				
- Mudharabah Fund	7,491	5,746	7,491	5,746
	<u>431,241</u>	<u>421,057</u>	<u>431,486</u>	<u>421,186</u>
	=====	=====	=====	=====

**28. Personnel expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and wages	122,214	107,733	119,893	105,586
Allowances and bonuses	57,218	58,169	56,587	57,467
Employees' Provident Fund	21,839	18,930	21,352	18,523
Directors' remuneration	4,815	4,204	4,765	4,171
Others	22,348	27,428	21,964	27,116
	<u>228,434</u>	<u>216,464</u>	<u>224,561</u>	<u>212,863</u>
	=====	=====	=====	=====

**29. Other overhead expenses**

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Promotion</b>				
Advertisement and publicity	9,626	12,484	9,592	12,432
Credit card expenses	7,665	6,465	7,665	6,465
Commissions	4,582	3,906	4,384	3,840
<b>Establishment</b>				
Office rental	25,547	24,551	25,178	24,458
Depreciation of property and equipment	32,812	22,009	32,543	21,854
Amortisation of prepaid lease payments	174	174	174	174
EDP expenses	8,265	6,761	8,265	6,761
Rental of equipment	15,252	38,884	15,211	38,884
Office maintenance	13,335	14,995	13,126	14,979
Utilities	9,097	8,617	9,001	8,535
Security services	10,253	12,068	10,144	11,565
Takaful and insurance	9,517	5,677	9,407	5,549
Others	364	181	364	160
<b>General expenses</b>				
Auditors' remuneration				
- statutory audit fees	454	443	400	389
- others	150	145	150	145
Professional fees	8,161	11,992	7,888	11,896
Office supplies	11,918	10,037	11,843	10,037
Travelling & transportation	6,401	7,338	6,318	7,255
Subscription fees	2,729	2,312	2,729	2,299
Allowance for doubtful debts	-	2,023	-	2,023
Bad debts written off	1	47	-	-
Property and equipment written off	19,457	2,347	19,457	2,347
Others	38,840	31,669	38,729	31,137
	<u>234,600</u>	<u>225,125</u>	<u>232,568</u>	<u>223,184</u>
	=====	=====	=====	=====

### 30. Directors and Shariah Supervisory Council Members' remuneration

- (i) (a) Aggregate remuneration of all Directors categorised into appropriate components are as follows:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Executive Director:</b>				
Allowances	63	60	60	60
Salaries and bonuses	3,200	2,700	3,200	2,700
Employees' Provident Fund	522	442	522	442
Benefit-in-kind	162	228	162	228
Other remuneration - Gratuity	200	400	200	400
	<hr/>	<hr/>	<hr/>	<hr/>
	4,147	3,830	4,144	3,830
<b>Non-Executive Directors:</b>				
Fees and allowance	830	602	783	569
	<hr/>	<hr/>	<hr/>	<hr/>
Total	4,977	4,432	4,927	4,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total (excluding benefit-in-kind)	4,815	4,204	4,765	4,171
	<hr/>	<hr/>	<hr/>	<hr/>
(b) <b>Shariah Supervisory Council</b>	188	204	182	204
	<hr/>	<hr/>	<hr/>	<hr/>

During the financial year the Bank paid gratuity to one of the directors amounting to RM100,000 (2008: Nil).

- (ii) (a) Number of Directors whose remuneration fall into the following bands:

	Group and Bank	
	2009	2008
<b>Number of Executive Director:</b>		
RM4,100,001 to RM4,150,000	1	-
RM3,800,001 to RM3,850,000	-	1
	<hr/>	<hr/>
	1	1
<b>Number of Non-Executive Directors:</b>		
Below RM50,000	2	7
RM50,001 to RM100,000	6	4
RM100,001 to RM150,000	3	-
	<hr/>	<hr/>
Total	12	12
	<hr/>	<hr/>
(b) <b>Number of Shariah Supervisory Council Members</b>	6	6
	<hr/>	<hr/>

### 31. 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 either directly or indirectly. The key management personnel include all the Directors of the Group, and certain senior management members of the Group.

The compensation for key management personnel other than Director's remuneration is as follows:

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Other key management personnel:		
- Short-term employee benefits	7,748	7,354
	=====	=====

### 32. Finance cost

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Subordinated financing	2,755	3,337
	=====	=====

### 33. Tax expense

#### (i) Major components of tax expense

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense:				
Malaysia - current year	31,704	4,244	30,593	1,064
- prior years	11,294	-	11,273	-
	<u>42,998</u>	<u>4,244</u>	<u>41,866</u>	<u>1,064</u>
	-----	-----	-----	-----
Deferred tax expense:				
Malaysia - current year	61,748	(86,282)	61,748	(86,282)
- prior years	(37,125)	-	(37,125)	-
	<u>24,623</u>	<u>(86,282)</u>	<u>24,623</u>	<u>(86,282)</u>
	-----	-----	-----	-----
	<u>67,621</u>	<u>(82,038)</u>	<u>66,489</u>	<u>(85,218)</u>
	=====	=====	=====	=====

#### (ii) Reconciliation of effective tax expense

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax expense	235,866	316,942	233,096	308,267
	=====	=====	=====	=====
Income tax using Malaysia tax rate of 25% (2008: 26%)	58,966	82,405	58,274	80,149
Utilisation of previously unrecognised deferred tax assets	-	(88,791)	-	(88,791)
Recognition of previously unrecognised deferred tax assets	-	(86,282)	-	(86,282)
Non-deductible expenses	34,486	10,630	34,067	9,706
	<u>93,452</u>	<u>(82,038)</u>	<u>92,341</u>	<u>(85,218)</u>
Over/(under) accrual in prior years				
- Income tax	11,294	-	11,273	-
- Deferred tax	(37,125)	-	(37,125)	-
	<u>67,621</u>	<u>(82,038)</u>	<u>66,489</u>	<u>(85,218)</u>
	=====	=====	=====	=====

The corporate tax rates are 25% for year of assessment 2009 and for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.



### **34. Earnings per share**

Basic earnings per share of the Group and Bank are calculated based on the net profit attributable to equity holders of the Group and Bank of RM161,876,000 and RM160,607,000 (2008: RM389,600,000 and RM384,117,000) and the weighted average number of ordinary shares outstanding during the year of 1,725,490,000 (2008: 1,725,490,000).

### **35. Related party transactions**

#### **Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see note 13) and substantial shareholders of the holding company.

### 35. Related party transactions (continued)

(a) The significant related party transactions of the Group and the Bank, other than key management personnel compensation, are as follows:

	Group		Bank	
	Transactions amount for 2009 RM'000	2008 RM'000	Transactions amount for 2009 RM'000	2008 RM'000
<i><b>Holding company</b></i>				
Income payable attributable on deposits placed	912	446	912	446
Finance cost payable	2,579	3,337	2,579	3,337
<i><b>Ultimate holding corporation</b></i>				
Rental of premises payable	1,617	2,158	1,617	2,158
Fees and commission	50	530	50	530
Income payable attributable on deposits placed	30,696	34,052	30,696	34,052
Net gain on forex transaction	741	2,802	741	2,802
<i><b>Subsidiaries</b></i>				
Office rental receivable	-	-	68	239
Income payable attributable on deposits placed	-	-	15	759
<i><b>Other related companies</b></i>				
Income receivable from financing, advances and others	2,382	7,177	2,382	7,177
Fees and commission	10	-	10	-
Income from Bancatakaful service fee	5,784	2,603	5,784	2,537
Income payable attributable on deposits placed	5,223	8,533	5,223	8,533
Office rental payable	5,071	7,957	5,071	7,957
Rental of equipment payable	8	28,333	8	28,333
Others	-	171	-	171
<i><b>Co-operative society in which the employees have interest</b></i>				
Income receivable from financing, advances and others	-	30	-	30
Rental of equipment payable	2,502	4,048	2,502	4,048
Income payable attributable on deposits placed	1	-	1	-
Others	349	373	349	373
	=====	=====	=====	=====

### 35. Related party transactions (continued)

(b) The significant outstanding balance of the Group and the Bank with related party are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>Net balance outstanding as at 30 June</b>		<b>Net balance outstanding as at 30 June</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>Holding company</i></b>				
<b>Amount due from</b>				
Others	17	36	17	36
<b>Amount due to</b>				
Current account and investment deposits	186,643	46,490	186,643	46,454
Subordinated financing	100,000	100,000	100,000	100,000
Others	-	279	-	279
<b><i>Ultimate holding corporation</i></b>				
<b>Amount due from</b>				
Others	17	-	17	-
<b>Amount due to</b>				
Current account and investment deposits	1,379,015	1,550,671	1,379,015	1,550,671
<b><i>Subsidiaries</i></b>				
<b>Amounts due from</b>				
Others	-	-	238	-
<b>Amount due to</b>				
Current account and investment deposits	-	-	7,231	9,256
<b><i>Other related companies</i></b>				
<b>Amounts due from</b>				
Financing, advances and others	58,765	119,363	58,765	119,363
Others	3,825	3,472	3,825	3,472
<b>Amount due to</b>				
Current account and investment deposits	339,941	286,865	339,941	286,865
Others	-	140	-	140
<b><i>Co-operative society in which the employees have interest</i></b>				
<b>Amount due from</b>				
Financing, advances and others	2,434	3,006	2,434	3,006
<b>Amount due to</b>				
Current account and investment deposits	1,111	336	1,111	336
	=====	=====	=====	=====

### 35. Related party transactions (continued)

#### (c) Credit transactions and exposures with Connected Parties

Credit transactions and exposures with connected parties as per BNM's revised Guidelines, which became effective on 1 January 2008 are as follows:

	<b>Group and Bank 2009 RM'000</b>
Outstanding credit exposures with connected parties	573,311
% of outstanding credit exposures to connected parties as a proportion of total credit exposures	2.01%
% of outstanding credit exposures with connected parties which is non-performing or in default	0.002%

## **36. Financial Risk Management policies**

### **Operational risk**

This risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events, which includes legal risk and Shariah non compliance risk but excludes strategic and reputational risk. In managing this risk a dedicated team has been established who determine the Bank's operational risk profile in comparison to the Bank's risk appetite and determine risk mitigating measures. The Operational Risk Management Department provides/uses various tools and techniques to assess, monitor and manage operational risks.

### **Credit risk**

Credit Risk arises from all transactions that could lead to actual, contingent or potential claims against any party, borrower or obligor. The Bank recognizes four kinds of credit risk in its portfolio: Default Risk, Settlement Risk, Country Risk and Contingent Financing Risk.

The primary exposure to credit risk arises from financing activities. Credit policy to govern the activities is rigorously being enhanced with the objectives of improving and preserving the quality of assets originated. The management of credit risks is performed by four distinct departments: Credit Analysis, Credit Risk Management, Credit Administration and Credit Recovery, who all play a crucial role in the overall credit risk management cycle.

The Bank monitors its credit exposures either on a portfolio basis or individual basis by annual reviews. Credit risk is proactively monitored through a set of early warning signals that could trigger immediate reviews of (certain parts of) the portfolio. The affected portfolio or financing is placed on the watch list to enforce close monitoring and prevent financing to turn non performing financing or to increase the chances of full recovery.

A comprehensive limit structure is in place to ensure that risks taken are within the risk appetite as set by the Board and to avoid credit risk contagion to a single customer, sector, product, Shariah contract, etc.

Credit risk arising from dealing and investing activities are managed by the establishment of limits which includes counter parties limits and permissible acquisition of private entities' instruments, subject to specified minimum rating threshold. Furthermore, the dealing and investing activities are monitored by an independent middle office unit.

## 36. Financial Risk Management policies (continued)

### Market risk

All the Bank's businesses are subject to the risk that market prices and rates will move, resulting in profit or losses to the Bank. Furthermore, significant or sudden movements in rates could affect the Bank's liquidity/funding position. The Bank is exposed to the following main market/liquidity risk factors:

- **Rate of Return or Profit Risk:** the potential impact on the Bank's profitability caused by changes in the market rate of return, either due to general market movements or due to issuer/borrower specific causes;
- **Foreign Exchange Risk:** the impact of exchange rate movements on the Bank's currency positions;
- **Equity Investment Risk:** the profitability impact on the Bank's equity positions or investments caused by changes in equity prices or values;
- **Commodity Inventory Risk:** the risk of loss due to movements in commodity prices;
- **Displaced Commercial Risk:** the risk arising from assets managed by the Bank on behalf of depositors/investors as the Bank follows the practice of potentially foregoing part or all of its *Mudarib* share of profit on these assets;
- **Liquidity Risk:** the potential inability of the Bank to meet its funding requirements at a reasonable cost (funding liquidity risk) or its inability to liquidate positions quickly at a reasonable price (market liquidity risk).

Market risks in both our trading and banking portfolios are managed by the Market Risk and Analytics Department ("MRAD"). MRAD identifies the various risk factors, measures exposures to these factors using appropriate tools and theoretical models and assesses the Bank's ability to effectively manage the resulting risks. Limits commensurate with the Bank's risk appetite are set at various levels and monitored on a daily basis with strict approval and escalation procedures in case of any breach. The limit structure is complemented with Value at Risk analysis to arrive at a holistic measure for the maximum expected one-day loss on our trading portfolio within a 99% confidence interval using historical simulation and stress tests to capture unexpected losses. Risk Management Division recognizes the limitations of theoretical models and is committed to continuously improve on the assumptions used by performing periodical back tests.

### Liquidity risk

Liquidity risk is related to the risk arising mainly from withdrawals of deposits. A comprehensive set of tools is used to measure the liquidity and profit rate gaps in the banking book and is deliberated monthly at asset and liability management committee. The Bank has adopted the liquidity framework introduced by Bank Negara Malaysia based on the contractual and behavioural cash flow assumptions derived from the Bank's assets, liabilities and off balance sheet commitments.

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### 37. Profit rate risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. The following table summarises the Group's and the Bank's exposure to profit rate risk. The assets and liabilities at carrying amount are categorised by the earlier contractual repricing or maturity dates.

Group	<-----Non trading book----->						Trading book	Total	Effective profit rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non profit sensitive			
<i>As at 30 June 2009</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
Cash, short term funds and deposits and placements with banks and other financial institutions	7,795,293	182	-	-	-	650,112	-	8,445,587	2.76
<b>Securities</b>									
- Held-for-trading	-	-	-	-	-	-	287,675	287,675	2.09
- Available-for-sale	330,554	1,080,040	1,124,752	3,303,180	2,626,904	-	-	8,465,430	3.92
- Held-to-maturity	-	7,760	-	155,003	-	-	-	162,763	2.39
<b>Financing, advances and others</b>									
- Performing	711,659	868,035	544,284	2,116,720	4,939,012	-	-	9,179,710	7.73
- Non performing	-	-	-	-	-	482,154	-	482,154	-
Other assets	-	-	-	-	-	465,188	-	465,188	-
<b>Total assets</b>	<b>8,837,506</b>	<b>1,956,017</b>	<b>1,669,036</b>	<b>5,574,903</b>	<b>7,565,916</b>	<b>1,597,454</b>	<b>287,675</b>	<b>27,488,507</b>	

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### 37. Profit rate risk (continued)

Group	<-----Non trading book----->						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000			
<i>As at 30 June 2009</i>									
<b>Liabilities</b>									
Deposits from customers	9,758,073	2,797,708	2,015,425	1,511,812	-	9,121,613	-	25,204,631	2.12
Deposits and placements of banks and other financial institutions	8,078	-	-	-	-	-	-	8,078	3.76
Bills and acceptance payable	283,212	-	-	-	-	-	-	283,212	3.20
Subordinated financing	-	-	-	100,000	-	-	-	100,000	2.75
Other liabilities	-	-	-	-	-	361,404	-	361,404	-
<b>Total liabilities</b>	10,049,363	2,797,708	2,015,425	1,611,812	-	9,483,017	-	25,957,325	
Shareholders' equity	-	-	-	-	-	1,531,182	-	1,531,182	
<b>Total liabilities and shareholders' equity</b>	10,049,363	2,797,708	2,015,425	1,611,812	-	11,014,199	-	27,488,507	
On balance sheet profit sensitivity gap	(1,211,857)	(841,691)	(346,389)	3,963,091	7,565,916	(9,416,745)	287,675	-	
Off balance sheet profit sensitivity gap (profit rate swaps)	-	100,000	-	(100,000)	-	-	-	-	
<b>Total profit sensitivity gap</b>	(1,211,857)	(741,691)	(346,389)	3,863,091	7,565,916	(9,416,745)	287,675	-	



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### 37. Profit rate risk (continued)

Group	<-----Non trading book----->						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000			
<i>As at 30 June 2008</i>									
<b>Assets</b>									
Cash, short term funds and deposits and placements with banks and other financial institutions	9,437,552	535	-	-	-	477,881	226,454	10,142,422	3.19
Securities									
- Held-for-trading	-	-	-	-	-	-	54,510	54,510	4.52
- Available-for-sale	92,055	124,699	636,665	1,280,856	1,289,468	13,476	-	3,437,219	4.20
- Held-to-maturity	-	-	-	93,207	68,327	-	-	161,534	2.27
Financing, advances and others									
- Performing	1,336,535	866,820	636,694	1,649,849	3,849,647	-	-	8,339,545	8.51
- Non performing	-	-	-	-	-	721,773	-	721,773	-
Other assets	-	-	-	-	-	699,440	-	699,440	-
<b>Total assets</b>	<b>10,866,142</b>	<b>992,054</b>	<b>1,273,359</b>	<b>3,023,912</b>	<b>5,207,442</b>	<b>1,912,570</b>	<b>280,964</b>	<b>23,556,443</b>	

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### 37. Profit rate risk (continued)

Group	<-----Non trading book----->						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000			
<i>As at 30 June 2008</i>									
<b>Liabilities</b>									
Deposits from customers	5,071,439	3,012,565	2,161,545	1,682,151	545,080	8,281,539	-	20,754,319	2.19
Deposits and placements of banks and other financial institutions	58,443	-	-	-	-	-	-	58,443	4.56
Bills and acceptance payable	990,448	-	-	-	-	-	-	990,448	3.64
Subordinated financing	-	-	-	100,000	-	-	-	100,000	3.48
Other liabilities	-	-	-	-	-	333,964	-	333,964	-
<b>Total liabilities</b>	<b>6,120,330</b>	<b>3,012,565</b>	<b>2,161,545</b>	<b>1,782,151</b>	<b>545,080</b>	<b>8,615,503</b>	<b>-</b>	<b>22,237,174</b>	
Shareholders' equity	-	-	-	-	-	1,319,269	-	1,319,269	
<b>Total liabilities and shareholders' equity</b>	<b>6,120,330</b>	<b>3,012,565</b>	<b>2,161,545</b>	<b>1,782,151</b>	<b>545,080</b>	<b>9,934,772</b>	<b>-</b>	<b>23,556,443</b>	
On balance sheet profit sensitivity gap	4,745,812	(2,020,511)	(888,186)	1,241,761	4,662,362	(8,022,202)	280,964	-	
Off balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	<b>4,745,812</b>	<b>(2,020,511)</b>	<b>(888,186)</b>	<b>1,241,761</b>	<b>4,662,362</b>	<b>(8,022,202)</b>	<b>280,964</b>	<b>-</b>	

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### 37. Profit rate risk (continued)

Bank	<-----Non trading book----->						Trading book	Total	Effective profit rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non profit sensitive			
<i>As at 30 June 2009</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
Cash, short term funds and deposits and placements with banks and other financial institutions	7,780,760	-	-	-	-	650,112	-	8,430,872	2.74
Securities									
- Held-for-trading	-	-	-	-	-	-	287,628	287,628	2.04
- Available-for-sale	330,554	1,080,040	1,124,752	3,303,180	2,626,904	-	-	8,465,430	3.92
- Held-to-maturity	-	7,760	-	155,003	-	-	-	162,763	2.39
Financing, advances and others									
- Performing	711,659	868,035	544,284	2,116,720	4,939,012	-	-	9,179,710	7.73
- Non performing	-	-	-	-	-	482,154	-	482,154	-
Other assets	-	-	-	-	-	479,647	-	479,647	-
<b>Total assets</b>	<b>8,822,973</b>	<b>1,955,835</b>	<b>1,669,036</b>	<b>5,574,903</b>	<b>7,565,916</b>	<b>1,611,913</b>	<b>287,628</b>	<b>27,488,204</b>	

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### 37. Profit rate risk (continued)

Bank	<-----Non trading book----->						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000			
<i>As at 30 June 2009</i>									
<b>Liabilities</b>									
Deposits from customers	9,764,204	2,798,463	2,015,425	1,511,812	-	9,121,612	-	25,211,516	2.12
Deposits and placements of banks and other financial institutions	8,078	-	-	-	-	-	-	8,078	3.76
Bills and acceptance payable	289,469	-	-	-	-	-	-	289,469	3.20
Subordinated financing	-	-	-	100,000	-	-	-	100,000	2.75
Other liabilities	-	-	-	-	-	359,588	-	359,588	-
<b>Total liabilities</b>	10,061,751	2,798,463	2,015,425	1,611,812	-	9,481,200	-	25,968,651	
Shareholders' equity	-	-	-	-	-	1,519,553	-	1,519,553	
<b>Total liabilities and shareholders' equity</b>	10,061,751	2,798,463	2,015,425	1,611,812	-	11,000,753	-	27,488,204	
On balance sheet profit sensitivity gap	(1,238,778)	(842,628)	(346,389)	3,963,091	7,565,916	(9,388,840)	287,628	-	
Off balance sheet profit sensitivity gap (profit rate swaps)	-	100,000	-	(100,000)	-	-	-	-	
<b>Total profit sensitivity gap</b>	(1,238,778)	(742,628)	(346,389)	3,863,091	7,565,916	(9,388,840)	287,628	-	

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### 37. Profit rate risk (continued)

Bank	<-----Non trading book----->						Trading book	Total	Effective profit rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non profit sensitive			
<i>As at 30 June 2008</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
Cash, short term funds and deposits and placements with banks and other financial institutions	9,429,720	-	-	-	-	477,881	226,454	10,134,055	3.19
Securities									
- Held-for-trading	-	-	-	-	-	-	54,459	54,459	4.52
- Available-for-sale	92,055	122,914	636,665	1,280,856	1,289,468	13,476	-	3,435,434	4.20
- Held-to-maturity	-	-	-	93,207	68,327	-	-	161,534	2.27
Financing, advances and others									
- Performing	1,336,535	866,820	636,694	1,649,849	3,849,647	-	-	8,339,545	8.51
- Non performing	-	-	-	-	-	721,773	-	721,773	-
Other assets	-	-	-	-	-	712,624	-	712,624	-
<b>Total assets</b>	<b>10,858,310</b>	<b>989,734</b>	<b>1,273,359</b>	<b>3,023,912</b>	<b>5,207,442</b>	<b>1,925,754</b>	<b>280,913</b>	<b>23,559,424</b>	

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### 37. Profit rate risk (continued)

Bank	<-----Non trading book----->						Trading book	Total	Effective profit rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non profit sensitive			
<i>As at 30 June 2008</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Liabilities</b>									
Deposits from customers	5,080,288	3,012,565	2,161,545	1,682,151	545,080	8,281,539	-	20,763,168	2.19
Deposits and placements of banks and other financial institutions	58,443	-	-	-	-	-	-	58,443	4.56
Bills and acceptance payable	996,171	-	-	-	-	-	-	996,171	3.64
Subordinated financing	-	-	-	100,000	-	-	-	100,000	3.48
Other liabilities	-	-	-	-	-	332,692	-	332,692	-
<b>Total liabilities</b>	6,134,902	3,012,565	2,161,545	1,782,151	545,080	8,614,231	-	22,250,474	
Shareholders' equity	-	-	-	-	-	1,308,950	-	1,308,950	
<b>Total liabilities and shareholders' equity</b>	6,134,902	3,012,565	2,161,545	1,782,151	545,080	9,923,181	-	23,559,424	
On balance sheet profit sensitivity gap	4,723,408	(2,022,831)	(888,186)	1,241,761	4,662,362	(7,997,427)	280,913	-	
Off balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	-	-	-	-	-	
<b>Total profit sensitivity gap</b>	4,723,408	(2,022,831)	(888,186)	1,241,761	4,662,362	(7,997,427)	280,913	-	

### 38. Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of FRS 132, "Financial Instruments: Disclosure and Presentation" which requires the fair value information to be disclosed. These include investment in subsidiary companies, investment in associated company and property and equipment.

The following summarises the carrying and the estimated fair values of the financial assets and liabilities on the balance sheet date:

Group	Carrying value		Fair value	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Financial assets</b>				
Cash and short-term funds	8,445,587	9,948,772	8,445,587	9,948,772
Deposits and placements with banks and other financial institutions	-	193,650	-	193,650
Securities				
- Held-for-trading	287,675	54,510	287,675	54,510
- Available-for-sale	8,465,430	3,437,219	8,465,430	3,437,219
- Held-to-maturity	162,763	161,534	162,763	161,534
Financing, advances and others	9,661,864	9,061,318	9,832,708	9,230,701
	=====	=====	=====	=====
<b>Financial liabilities</b>				
Deposits from customers	25,204,631	20,754,319	25,204,631	20,754,319
Deposits and placements of banks and other financial institutions	8,078	58,443	8,078	58,443
Bills and acceptance payable	283,212	990,448	283,212	990,448
Subordinated financing	100,000	100,000	100,000	100,000
	=====	=====	=====	=====

### 38. Fair value of financial assets and liabilities (continued)

<b>Bank</b>	<b>Carrying value</b>		<b>Fair value</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Cash and short-term funds	8,430,872	9,940,405	8,430,872	9,940,405
Deposits and placements with banks and other financial institutions	-	193,650	-	193,650
<b>Securities</b>				
- Held-for-trading	287,628	54,459	287,628	54,459
- Available-for-sale	8,465,430	3,435,434	8,465,430	3,435,434
- Held-to-maturity	162,763	161,534	162,763	161,534
Financing, advances and others	9,661,864	9,061,318	9,832,708	9,230,701
	=====	=====	=====	=====
<b>Financial liabilities</b>				
Deposits from customers	25,211,516	20,763,168	25,211,516	20,763,168
Deposits and placements of banks and other financial institutions	8,078	58,443	8,078	58,443
Bills and acceptance payable	289,469	996,171	289,469	996,171
Subordinated financing	100,000	100,000	100,000	100,000
	=====	=====	=====	=====

The fair value of the Group's and of the Bank's financial instruments which include cash and short-term funds, deposits and placements with banks and other financial institutions and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments.

As such, the carrying value of these financial assets and liabilities at balance sheet date approximate their fair values.

The fair values are based on the following methodologies and assumptions:

#### **Deposits and placements with banks and other financial institutions**

For deposits and placements with financial instruments with maturities of less than six months, the carrying value is a reasonable estimate of fair values. For deposits and placements with maturities six months and above, the estimated fair values are based on discounted cash flows using prevailing money market profit rates at which similar deposits and placements would be made with financial instruments of similar credit risk and remaining period to maturity.



### **38. Fair value of financial assets and liabilities (continued)**

#### **Held-for-trading and available-for-sale securities**

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

#### **Financing, advances and others**

Their fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities. The fair values are represented by their carrying value, net of specific allowance and income-in-suspense, being the recoverable amount.

#### **Deposits from customers**

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate for their fair values. For deposits with maturities of six months or more, the fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

#### **Deposits and placements of banks and other financial institutions**

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for deposits and placements with similar remaining period to maturities.

#### **Bills and acceptance payable**

The estimated fair values of bills and acceptance payables with maturity of less than six months approximate their carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risks profile.

### 39. Lease commitments

The Group and the Bank has lease commitments in respect of vehicle and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long term commitments are as follows:

#### As lessee

<b>Year</b>	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	252	18,850
Between one and five years	237	236
	489	19,086
	489	19,086

### 40. Capital commitments

	<b>Group and Bank</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Property and equipment		
Contracted but not provided for in the financial statements	119,459	107,850
Approved but not contracted for and not provided for in the financial statements	39,956	-
	159,415	107,850
	159,415	107,850

## 41. Capital adequacy

The Risk Weighted Capital Ratio (RWCR) of the Bank and its subsidiaries as at 30 June 2009 are as follows:

The RWCR computation for the Bank Group consists of the capital adequacy ratios of the Bank and its subsidiaries.

Effective January 2008, all Islamic banks licensed under the Islamic Banking Act (IBA) 1983 are required to compute the RWCR in accordance with the Capital Adequacy Framework for Islamic Banks (CAFIB). Under CAFIB, Islamic banks are required to comply both on an entity as well as on a consolidated basis (inclusive of subsidiary entities, and overseas financial subsidiaries). Hence with effect from 1 January 2008, the Bank's RWCR computation is computed according to CAFIB, with the adoption of the Standardized Approach (SA) for Credit Risk and Market Risk, and the Basic Indicator Approach (BIA) for Operational Risk.

In accordance with Para 4.1 of the BNM's Concept Paper – Risk Weighted Capital Adequacy Framework (BASEL II) and Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3), the Bank's detailed quantitative disclosures on capital base and risk weighted assets are appended as follows:

**(a) The capital adequacy ratios of the Group and of the Bank as at 30 June 2009:**

	<b>Group</b>		<b>Bank</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b><u>Before proposed dividend</u></b>				
Core capital ratio	12.25%	11.27%	12.16%	11.20%
Risk-weighted capital ratio	13.87%	13.15%	13.61%	12.93%
<b><u>After proposed dividend</u></b>				
Core capital ratio net	12.25%	11.27%	12.16%	11.20%
Risk-weighted capital ratio	13.87%	13.15%	13.61%	12.93%

## 41. Capital adequacy (continued)

### (b) Tier 1 and Tier II capital components of the Group and of the Bank as at 30 June 2009:

	Group		Bank	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Tier I capital</b>				
Paid-up share capital	1,725,490	1,725,490	1,725,490	1,725,490
Share premium	500,020	500,020	500,020	500,020
Accumulated losses	(1,309,362)	(1,390,935)	(1,321,097)	(1,401,401)
Other reserves	589,124	508,821	589,124	508,821
Less: Deferred tax assets	(61,660)	(86,282)	(61,660)	(86,282)
<b>Total Tier I capital</b>	<b>1,443,612</b>	<b>1,257,114</b>	<b>1,431,877</b>	<b>1,246,648</b>
	=====	=====	=====	=====
<b>Tier II capital</b>				
Redeemable Subordinated Mudharabah	20,000	40,000	20,000	40,000
General allowance for bad and doubtful financing	170,844	169,382	170,844	169,382
<b>Total Tier II capital</b>	<b>190,844</b>	<b>209,382</b>	<b>190,844</b>	<b>209,382</b>
	=====	=====	=====	=====
<b>Total capital</b>	<b>1,634,456</b>	<b>1,466,496</b>	<b>1,622,721</b>	<b>1,456,030</b>
Less: Investment in subsidiaries	-	-	(20,127)	(15,947)
<b>Capital base</b>	<b>1,634,456</b>	<b>1,466,496</b>	<b>1,602,594</b>	<b>1,440,083</b>
	=====	=====	=====	=====

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**41. Capital adequacy (continued)**

(c) Breakdown of risk-weighted assets by exposures in each major risk category for the financial year ended 30 June 2009:

**(i) Group**

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.0	<b>Credit Risk</b>				
	On-Balance Sheet Exposures:				
	Sovereigns/Central Banks	10,837,287	10,837,287	-	-
	Public Sector Entities	826,760	826,760	167,905	13,432
	Banks, Development Financial Institutions & MDBs	1,611,307	1,611,263	354,649	28,372
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	5,453,204	5,311,543	2,337,795	187,024
	Regulatory Retail	4,958,778	4,775,661	3,581,337	286,507
	Residential Mortgages	1,809,555	1,809,555	750,184	60,015
	Higher Risk Assets	27,671	27,671	41,507	3,321
Other Assets	966,817	966,716	537,535	43,003	
Equity Exposures	-	-	-	-	
Defaulted Exposures	948,357	897,510	1,175,986	94,079	
	<b>Total for On-Balance Sheet Exposures</b>	<b>27,439,736</b>	<b>27,063,966</b>	<b>8,946,898</b>	<b>715,753</b>

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**41. Capital adequacy (continued)**

(c) Breakdown of risk-weighted assets by exposures in each major risk category for the financial year ended 30 June 2009 (continued):

**(i) Group (continued)**

Item	Exposure Class	Gross Exposures RM'000		Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
	Off-Balance Sheet Exposures:					
	Credit-related Off-Balance Sheet Exposures	1,363,896		1,363,896	1,034,528	82,762
	Derivative Financial Instruments	36,357		36,357	10,728	858
	Other Treasury-related Off-Balance Sheet Exposures	25,000		25,000	25,000	2,000
	Defaulted exposures	36,016		36,016	47,565	3,805
	Total for Off-Balance Sheet Exposures	1,461,269		1,461,269	1,117,821	89,425
	Total On and Off-Balance Sheet Exposures	28,901,005		28,525,235	10,064,719	805,178
2.0	Large Exposures Risk Requirement	-		-	-	-
3.0	<b>Market Risk</b>	Long Position	Short Position			
	Benchmark Rate Risk	1,797,717	(1,411,820)	385,897	133,439	10,675
	Foreign Exchange Risk	67,426	(179,868)	(112,442)	179,868	14,389
	Equity Risk	47	-	47	112	9
	Total Market Risk	1,865,190	(1,591,688)	273,502	313,419	25,073
4.0	Operational Risk				1,403,225	112,258
5.0	Total RWA and Capital Requirements				11,781,363	942,509

\* The Group does not have any Profit Sharing Investment Account (PSIA) used as risk absorbent.

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**41. Capital adequacy (continued)**

(c) Breakdown of risk-weighted assets by exposures in each major risk category for the financial year ended 30 June 2009 (continued):

**(ii) Bank**

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
1.0	<b><u>Credit Risk</u></b>				
	On-Balance Sheet Exposures:				
	Sovereigns/Central Banks	10,837,287	10,837,287	-	-
	Public Sector Entities	826,760	826,760	167,905	13,432
	Banks, Development Financial Institutions & MDBs	1,611,119	1,611,075	354,611	28,369
	Insurance Companies, Securities Firms and Fund Managers	-	-	-	-
	Corporates	5,453,204	5,311,543	2,337,795	187,024
	Regulatory Retail	4,958,778	4,775,661	3,581,337	286,507
	Residential Mortgages	1,809,555	1,809,555	750,184	60,015
	Higher Risk Assets	27,671	27,671	41,507	3,321
	Other Assets	946,616	946,515	531,861	42,549
	Equity Exposures	-	-	-	-
	Defaulted Exposures	948,357	897,510	1,175,986	94,079
	Total for On-Balance Sheet Exposures	27,419,347	27,043,577	8,941,186	715,296

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**41. Capital adequacy (continued)**

(c) Breakdown of risk-weighted assets by exposures in each major risk category for the financial year ended 30 June 2009 (continued):

**(ii) Bank (continued)**

Item	Exposure Class	Gross Exposures RM'000		Net Exposures RM'000	Risk Weighted Assets RM'000	Capital Requirements RM'000
	Off-Balance Sheet Exposures:					
	Credit-related Off-Balance Sheet Exposures	1,363,896		1,363,896	1,034,528	82,762
	Derivative Financial Instruments	36,357		36,357	10,728	858
	Other Treasury-related Off-Balance Sheet Exposures	25,000		25,000	25,000	2,000
	Defaulted exposures	36,016		36,016	47,565	3,805
	Total for Off-Balance Sheet Exposures	1,461,269		1,461,269	1,117,821	89,425
	Total On and Off-Balance Sheet Exposures	28,880,616		28,504,846	10,059,007	804,721
2.0	Large Exposures Risk Requirement	-		-	-	-
3.0	<b><u>Market Risk</u></b>	Long Position	Short Position			
	Benchmark Rate Risk	1,797,717	(1,411,820)	385,897	133,439	10,675
	Foreign Exchange Risk	56,278	(183,192)	(126,914)	183,192	14,655
	Equity Risk	-	-	-	-	-
	Total Market Risk	1,853,995	(1,595,012)	258,983	316,631	25,330
4.0	Operational Risk				1,397,202	111,776
5.0	Total RWA and Capital Requirements				11,772,840	941,827

\* The Bank does not have any Profit Sharing Investment Account (PSIA) used as risk absorbent.







**41. Capital adequacy (continued)**

(e) The breakdown of gross risk-weighted assets in the various categories of risk weights for the Group and the bank for the financial year ended 30 June 2008:

	<b>Group</b>	<b>Group</b>	<b>Bank</b>	<b>Bank</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>Principal</b>	<b>Risk-</b>	<b>Principal</b>	<b>Risk-</b>
	<b>RM'000</b>	<b>Weighted</b>	<b>RM'000</b>	<b>Weighted</b>
		<b>RM'000</b>		<b>RM'000</b>
0%	11,267,196	-	11,259,383	-
10%	-	-	-	-
20%	2,426,187	485,238	2,425,634	485,127
35%	619,705	216,897	619,705	216,897
50%	918,131	459,066	918,131	459,066
75%	4,807,711	3,605,783	4,807,711	3,605,783
100%	3,496,750	3,496,750	3,491,754	3,491,754
150%	907,510	1,361,265	907,510	1,361,265
<hr/>				
Total risk-weighted assets for credit risk	24,443,190	9,624,999	24,429,828	9,619,892
Total risk-weighted assets for market risk	-	295,715	-	297,754
Total risk-weighted assets for operational risk	-	1,229,671	-	1,215,812
<hr/>				
Total risk-weighted assets for credit and market risk	24,443,190	11,150,385	24,429,828	11,133,458

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## 41. Capital adequacy (continued)

- (f) The off-balance sheet and counterparty credit risk for the Group and the Bank:  
**2009**

Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<b><u>Credit-related Exposures</u></b>				
Direct credit substitutes	615,699		615,699	417,935
Assets sold with recourse	6,220		6,220	6,220
Transaction related contingent items	702,411		351,206	339,589
Short term self liquidating trade related contingencies	390,819		78,164	26,367
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	333,712		166,856	155,622
- not exceeding one year	238		48	71
Unutilised credit card lines	908,596		181,719	136,289
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	3,035,041		-	-
	5,992,736		1,399,912	1,082,093
<b><u>Derivative Financial Instruments</u></b>				
<b>Foreign exchange related contracts</b>				
- Less than one year	1,455,651	6,015	15,753	6,607
- One year to less than five years	-	-	-	-
- Five years and above	-	-	-	-
<b>Profit rate related contracts</b>				
- Less than one year	9,538	25	25	5
- One year to less than five years	185,453	179	20,579	4,116
- Five years and above	-	-	-	-
	1,650,642	6,219	36,357	10,728
<b><u>Other Treasury-related Exposures</u></b>				
Obligations under an on-going underwriting agreement	50,000		25,000	25,000
	50,000		25,000	25,000
<b>Total</b>	<b>7,693,378</b>	<b>6,219</b>	<b>1,461,269</b>	<b>1,117,821</b>

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## 41. Capital adequacy (continued)

(f) The off-balance sheet and counterparty credit risk for the Group and the Bank (continued):

**2008**

Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<b><u>Credit-related Exposures</u></b>				
Direct credit substitutes	521,235		521,235	317,479
Assets sold with recourse	11,438		11,438	11,438
Transaction related contingent items	629,905		314,953	298,150
Short term self liquidating trade related contingencies	514,410		102,882	22,691
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	281,785		140,892	129,920
- not exceeding one year	8,856		1,771	2,657
Unutilised credit card lines	643,628		128,726	96,501
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	3,573,960		-	-
	6,185,217		1,221,897	878,836
<b><u>Derivative Financial Instruments</u></b>				
<b>Foreign exchange related contracts</b>				
- Less than one year	2,892,916	12,429	24,336	14,995
- One year to less than five years	-	-	-	-
- Five years and above	-	-	-	-
<b>Profit rate related contracts</b>				
- Less than one year	55,775	-	139	28
- One year to less than five years	85,453	369	11,479	2,296
- Five years and above	-	-	-	-
	3,034,144	12,798	35,954	17,319
<b><u>Other Treasury-related Exposures</u></b>				
Obligations under an on-going underwriting agreement	103,000		51,500	51,500
	103,000		51,500	51,500
<b>Total</b>	<b>9,322,361</b>	<b>12,798</b>	<b>1,309,351</b>	<b>947,655</b>

## **42. Segment information**

Segment information is presented in respect of the Group's main business segment. Others include business from subsidiaries.

The format is prepared based on the internal financial reporting system to reflect the Group's management reporting structure. The amount of each business segments are shown after the allocation of certain centralised costs and funding income.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of Head Office assets, payables and expenses to support the operating business segments.

Segmental business expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

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## 42. Segment information (continued)

<i>As at 30 June 2009</i>	<b>Corporate and Institutional Banking</b>		<b>Commercial Banking</b>	<b>Consumer Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>Offshore RM'000</b>	<b>Domestic RM'000</b>					
<b>Total operating income*</b>	12,661	571,501	74,665	602,773	13,610	(513)	1,274,697
Segment results	(30,135)	146,392	(87,997)	239,449	13,305	908	281,922
Unallocated corporate expenses							(46,056)
<b>Profit from operations</b>							235,866
Zakat							(6,369)
Tax expense							(67,621)
<b>Profit for the year</b>							161,876
<b>Other information:</b>							=====
Segment assets	50,076	19,381,023	1,122,040	6,839,020	32,056	(13,101)	27,411,114
Deferred tax assets							61,660
Tax recoverables							15,733
<b>Total assets</b>							27,488,507
							=====

\* Operating income consists of income derived from investment of depositors' fund and income derived from investment of shareholders' fund.

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## 42. Segment information (continued)

<i>As at 30 June 2009</i>	<b>Corporate and Institutional Banking</b>		<b>Commercial Banking</b>	<b>Consumer Banking</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>Offshore RM'000</b>	<b>Domestic RM'000</b>					
<b>Other information: (continued)</b>							
Segment liabilities	375,131	7,349,957	5,867,147	12,246,357	1,719	(13,432)	25,826,879
Unallocated corporate liabilities							130,446
<b>Total liabilities</b>							<u>25,957,325</u>
<b>Other segment items</b>							
Capital expenditure	-	16,955	16,955	17,006	1,205	-	52,121
Depreciation	53	8,407	3,548	20,535	269	-	32,812
Amortisation	-	58	58	58	-	-	174



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## 42. Segment information (continued)

<i>As at 30 June 2008</i>	Corporate and Institutional Banking		Commercial Banking	Consumer Banking	Others	Elimination	Total
	Offshore RM'000	Domestic RM'000					
<b>Total operating income*</b>	26,125	515,005	81,582	551,531	32,369	(30,483)	1,176,129
Segment results	20,597	126,545	(7,701)	175,555	27,803	(10,123)	332,676
Unallocated corporate expenses							(15,734)
<b>Profit from operations</b>							316,942
Zakat							(9,380)
Tax expense							82,038
<b>Profit for the year</b>							389,600
<b>Other information:</b>							=====
Segment assets	525,714	16,025,469	1,244,445	6,158,086	27,335	(520,127)	23,460,922
Current tax assets							9,239
Deferred tax assets							86,282
Unallocated corporate assets							-
<b>Total assets</b>							23,556,443
							=====

\* Operating income consists of income derived from investment of depositors' fund and income derived from investment of shareholders' fund.

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## 42. Segment information (continued)

<i>As at 30 June 2008</i>	Corporate and Institutional Banking		Commercial Banking RM'000	Consumer Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
	Offshore RM'000	Domestic RM'000					
<b>Other information: (continued)</b>							
Segment liabilities	1,125,972	6,562,580	438,487	14,522,572	1,998	(520,458)	22,131,151
Unallocated corporate liabilities							106,023
<b>Total liabilities</b>							<u>22,237,174</u> =====
<b>Other segment items</b>							
Capital expenditure	29	27,214	27,214	27,296	278	-	82,031
Depreciation	97	8,390	5,502	7,865	155	-	22,009
Other non-cash expenditure	-	1,173	587	587	-	-	2,347

### **43. Subsequent event after the financial year**

**(a) Issuance of 540 million Islamic Convertible Redeemable Non-cumulative Preference Shares (CRNCPS)**

On 21 April 2009, Bank Negara Malaysia granted approval to Bank Islam to issue up to 540.0 million CRNCPS with a nominal value of RM1.00 each.

The issuance is to be in two (2) tranches. The first tranche of RM324 million was issued on 1 July 2009. The second tranche of RM216 million is expected to be issued by 31 October 2009.

**(b) Redemption of the RM100 million Subordinated Mudharabah financing facility**

On 1 July 2009 the subordinated Mudharabah financing facility granted by the immediate holding company was fully settled.