

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

Statements of Financial Position as at 31 March 2011

	Note	Group		Bank	
		31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Assets					
Cash and short-term funds	9	2,307,430	2,519,695	2,291,082	2,509,483
Deposits and placements with banks and other financial institutions	10	685,032	352,798	685,032	352,798
Financial assets held-for-trading	11	849,260	2,279,447	849,260	2,279,447
Derivative financial assets	12	36,699	44,326	36,699	44,326
Financial assets available-for-sale	13	11,661,234	12,763,020	11,663,245	12,765,031
Financial assets held-to-maturity	14	213,661	215,944	213,661	215,944
Financing, advances and others	15	12,408,554	11,860,631	12,421,476	11,859,140
Other assets	16	83,367	39,091	59,644	37,792
Statutory deposits with Bank Negara Malaysia		10,000	10,000	10,000	10,000
Current tax assets		54,290	39,605	53,016	38,500
Deferred tax assets		44,198	44,224	44,198	44,198
Investments in subsidiary companies		-	-	27,127	27,127
Investments in associated company		22,563	-	22,563	-
Property and equipment		164,779	167,313	163,037	166,204
Prepaid lease payments		14,132	14,176	14,132	14,176
Total assets		28,555,199	30,350,270	28,554,172	30,364,166
Liabilities and equity					
Deposits from customers	17	24,576,439	26,866,555	24,585,713	26,888,250
Deposits and placements of banks and other financial institutions	18	337,287	378,129	337,287	378,129
Derivative financial liabilities	12	44,962	30,926	44,962	30,926
Bills and acceptance payable		566,771	163,191	569,840	165,532
Other liabilities	19	385,742	364,084	381,351	362,786
Zakat and taxation		12,704	11,632	12,553	11,575
Deferred tax liabilities		1	-	-	-
Total liabilities		25,923,906	27,814,517	25,931,706	27,837,198

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Statements of Financial Position as at 31 March 2011 (continued)

	Note	Group		Bank	
		31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Equity					
Share capital		2,265,490	2,265,490	2,265,490	2,265,490
Reserves		365,280	269,788	356,976	261,478
Equity attributable to equity holders of the Bank		2,630,770	2,535,278	2,622,466	2,526,968
Minority interest		523	475	-	-
Total equity		2,631,293	2,535,753	2,622,466	2,526,968
Total liabilities and equity		28,555,199	30,350,270	28,554,172	30,364,166
Commitment & Contingencies	27	14,538,277	13,081,292	14,538,277	13,081,292
Capital adequacy					
<u>Before proposed dividend</u>					
Tier 1 Capital Ratio		14.96%	15.75%	14.96%	15.73%
Risk-Weighted Capital Ratio		16.21%	16.99%	16.03%	16.78%
<u>After proposed dividend</u>					
Tier 1 Capital Ratio		14.44%	15.21%	14.44%	15.18%
Risk-Weighted Capital Ratio		15.69%	16.44%	15.51%	16.23%

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

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Income Statements for the 3 months financial period ended 31 March 2011

	Note	Group 3 months ended		Bank 3 months ended	
		31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Income derived from investment of depositors' funds	20	331,443	280,532	331,705	280,537
Income derived from investment of shareholders' funds	21	66,542	45,538	63,620	43,763
Allowances for impairment on financing and advances	22	(16,825)	(16,368)	(16,825)	(16,368)
Allowances for impairment on investments		-	(234)	-	(234)
Direct expenses		(4,836)	(4,067)	(4,836)	(4,067)
Total distributable income		376,324	305,401	373,664	303,631
Income attributable to the depositors	23	(119,497)	(84,866)	(119,569)	(84,904)
Total net income		256,827	220,535	254,095	218,727
Personnel expenses	24	(79,747)	(70,239)	(78,726)	(69,259)
Other overhead expenses	25	(69,115)	(71,383)	(67,589)	(70,771)
Profit before zakat and tax		107,965	78,913	107,780	78,697
Zakat		(917)	(2,277)	(900)	(2,227)
Tax expense		(32,935)	(26,258)	(32,812)	(26,108)
Profit for the period		74,113	50,378	74,068	50,362
Attributable to:					
Equity holders of the Bank		74,065	50,378	74,068	50,362
Minority interests		48	-	-	-
Profit for the period		74,113	50,378	74,068	50,362
Earnings per share (sen)		3.27	2.92		

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

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Statements of Comprehensive Income
for the 3 months financial period ended 31 March 2011

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	74,113	50,378	74,068	50,362
Other comprehensive income				
Currency translation differences in respect of foreign operations	5,807	14,658	5,810	14,648
Net gain/(loss) on revaluation of financial assets available-for-sale	15,620	(12,823)	15,620	(12,823)
Other comprehensive income for the period, net of tax	21,427	1,835	21,430	1,825
Total comprehensive income for the period	95,540	52,213	95,498	52,187
Attributable to:				
Equity holders of the Bank	95,492	52,213	95,498	52,187
Minority interests	48	-	-	-
Total comprehensive income for the period	95,540	52,213	95,498	52,187

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

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Consolidated Statement of Changes in Equity
for the 3 months financial period ended 31 March 2011

Group	← Attributable to equity holders of the Bank →				Total RM'000	Minority interests RM'000	Total equity RM'000
	← Non-distributable →			Accumulated losses RM'000			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000				
At 1 January 2011	2,265,490	500,020	954,900	(1,185,132)	2,535,278	475	2,535,753
Profit for the period	-	-	-	74,065	74,065	48	74,113
Other comprehensive income	-	-	21,427	-	21,427	-	21,427
Total comprehensive income for the period	-	-	21,427	74,065	95,492	48	95,540
At 31 March 2011	2,265,490	500,020	976,327	(1,111,067)	2,630,770	523	2,631,293
At 1 July 2009	1,725,490	500,020	615,034	(1,368,891)	1,471,653	-	1,471,653
Profit for the period	-	-	-	408,763	408,763	(51)	408,712
Other comprehensive income	-	-	133,977	-	133,977	-	133,977
Total comprehensive income for the period	-	-	133,977	408,763	542,740	(51)	542,689
Transfer to statutory reserve	-	-	205,889	(205,889)	-	-	-
Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS) issued and converted to ordinary shares	540,000	-	-	-	540,000	-	540,000
Dividends paid on CRNCPS	-	-	-	(19,115)	(19,115)	-	(19,115)
Minority interests' subscription of shares of a subsidiary	-	-	-	-	-	526	526
At 31 December 2010	2,265,490	500,020	954,900	(1,185,132)	2,535,278	475	2,535,753

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

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Unaudited Interim Financial Statements**Statement of Changes in Equity for the 3 months financial period ended 31 March 2011**

Bank	← Non-distributable →			Accumulated losses	Total equity
	Share capital	Share premium	Other reserves		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	2,265,490	500,020	955,310	(1,193,852)	2,526,968
Profit for the period	-	-	-	74,068	74,068
Other comprehensive income	-	-	21,430	-	21,430
Total comprehensive income for the period	-	-	21,430	74,068	95,498
At 31 March 2011	2,265,490	500,020	976,740	(1,119,784)	2,622,466
At 1 July 2009	1,725,490	500,020	615,140	(1,380,626)	1,460,024
Profit for the period	-	-	-	411,778	411,778
Other comprehensive income	-	-	134,281	-	134,281
Total comprehensive income for the period	-	-	134,281	411,778	546,059
Transfer to statutory reserve	-	-	205,889	(205,889)	-
Convertible Redeemable Non-Cumulative Preference Shares (CRNCPS) issued and converted to ordinary shares	540,000	-	-	-	540,000
Dividends paid on CRNCPS	-	-	-	(19,115)	(19,115)
At 31 December 2010	2,265,490	500,020	955,310	(1,193,852)	2,526,968

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

Bank Islam Malaysia Berhad (98127-X)
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Condensed Statements of Cash Flow
for the 3 months financial period ended 31 March 2011

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Profit before zakat and tax	107,965	78,913	107,780	78,697
Adjustment for non-cash items	17,115	20,278	16,713	20,186
Operating profit before working capital changes	125,080	99,191	124,493	98,883
Changes in working capital:				
Net changes in operating assets	(640,083)	(54,803)	(632,072)	(55,160)
Net changes in operating liabilities	(1,850,842)	(99,945)	(1,865,628)	(101,457)
Cash used in operations	(2,365,845)	(55,557)	(2,373,207)	(57,734)
Zakat and tax paid	(47,438)	(10,689)	(47,250)	(10,687)
Tax refund	-	395	-	-
Net cash used in operating activities	(2,413,283)	(65,851)	(2,420,457)	(68,421)
Net cash generated from investing activities	2,527,444	560,220	2,528,480	560,254
Net increase in cash and cash equivalents	114,161	494,369	108,023	491,833
Cash and cash equivalents at beginning of the period	2,872,493	3,935,323	2,862,281	3,919,773
Exchange difference on translation	5,808	14,665	5,810	14,650
Cash and cash equivalents at end of the period	2,992,462	4,444,357	2,976,114	4,426,256

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

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Unaudited Interim Financial Statements

Notes to the unaudited interim financial statements for the 3 months financial period ended 31 March 2011

1. Basis of preparation

The unaudited interim financial statements for the 3 months ended 31 March 2011 have been prepared under the historical cost convention except for derivative financial instruments, financial assets held-for-trading and financial assets available-for-sale, which have been measured at fair value.

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

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

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*
- Amendments to FRS 138, *Intangible Assets*

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1. Basis of preparation (continued)

- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- IC Interpretation 18, Transfers of Assets from Customers
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Improvements to FRSs (2010)

The following new and amendments to IC interpretations have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2011, and have yet to be adopted by the Group:

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

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

2. Auditors' reports on preceding financial period financial statements

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

3. Seasonal or cyclical factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the three months financial period ended 31 March 2011.

4. Unusual items

There were no unusual items in the three months financial period ended 31 March 2011.

5. Changes in accounting estimates

There were no material changes in estimates of amount reported in the prior financial years that have a material effect to the three months financial period ended 31 March 2011.

6. Debt and equity securities

There was no issuance or repayment of debt and equity securities or share buy-back during the three months financial period ended 31 March 2011.

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7. Significant event during the three months ended 31 March 2011

On 7 February 2011, the Bank completed the share subscription exercise for the 20% stake in Sri Lanka based Amana Bank Ltd. The 20% stake was acquired via the subscription of Amana Bank's new shares for a total consideration of about RM21.3 million and a share swap of Bank Islam's existing shareholdings in Amana Investment Ltd for Amana Bank's shares. The total cost of investment is RM22.6 million.

8. Dividends

There was no dividend paid during the three months financial period ended 31 March 2011.

9. Cash and short-term funds

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	576,103	833,127	559,992	823,153
Money at call and interbank placements with remaining maturity not exceeding one month	1,731,327	1,686,568	1,731,090	1,686,330
	<u>2,307,430</u>	<u>2,519,695</u>	<u>2,291,082</u>	<u>2,509,483</u>

10. Deposits and placements with banks and other financial institutions

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
Bank Negara Malaysia	-	250,000
Licensed Islamic banks	685,032	100,000
Other financial institutions	-	2,798
	<u>685,032</u>	<u>352,798</u>

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11. Financial assets held-for-trading

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
At fair value		
Malaysian Government Investment Issues	115,326	50,573
Bank Negara Negotiable Notes	733,934	2,202,117
Islamic Debt Securities	-	26,757
	849,260	2,279,447

12. Derivative financial assets/liabilities

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

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

Group and Bank	Principal amount	Fair value	
		Assets	Liabilities
31.03.2011	RM'000	RM'000	RM'000
Forward contract	6,072,306	-	(9,820)
Cross currency profit rate swap	85,870	78	-
Profit rate swap	500,000	2,648	(1,169)
Structured deposits	462,665	33,973	(33,973)
	7,120,841	36,699	(44,962)

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

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13. Financial assets available-for-sale

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
At fair value				
Unit trust	3,229	3,229	3,229	3,229
At fair value				
Malaysian Government Investment Issues	4,186,321	4,444,171	4,186,321	4,444,171
Negotiable Islamic Debt Certificates	1,785,589	2,277,443	1,785,589	2,277,443
Islamic Debt Securities	4,778,551	4,614,882	4,780,562	4,616,893
Promissory notes	5,108	5,108	5,108	5,108
Bank Negara Negotiable Notes	-	149,364	-	149,364
Islamic Commercial Papers	516,044	872,867	516,044	872,867
Accepted Bills	374,591	384,155	374,591	384,155
	<u>11,646,204</u>	<u>12,747,990</u>	<u>11,648,215</u>	<u>12,750,001</u>
At fair value				
Islamic Development Bank Unit Trust	1,923	1,923	1,923	1,923
At cost				
Unquoted shares in Malaysia	21,808	22,061	21,808	22,061
Less: Accumulated impairment loss	(13,618)	(13,871)	(13,618)	(13,871)
	<u>8,190</u>	<u>8,190</u>	<u>8,190</u>	<u>8,190</u>
At cost				
Unquoted shares outside Malaysia	1,688	1,688	1,688	1,688
	<u>11,661,234</u>	<u>12,763,020</u>	<u>11,663,245</u>	<u>12,765,031</u>

14. Financial assets held-to-maturity

	Group and Bank	
	31.03.2011 RM'000	31.12.2010 RM'000
At amortised cost		
Quoted securities outside Malaysia:		
Bond	60,525	61,650
Unquoted securities in Malaysia:		
Islamic Debt Securities	176,203	177,361
Less: Accumulated impairment loss	(23,067)	(23,067)
	<u>153,136</u>	<u>154,294</u>
	<u>213,661</u>	<u>215,944</u>

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15. Financing, advances and others

(a) By type

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
At amortised cost				
Cash line	553,872	520,835	585,409	533,241
Term financing				
House financing	9,700,382	9,461,194	9,700,382	9,461,194
Syndicated financing	346,170	356,238	346,170	356,238
Leasing financing	649,647	632,741	649,647	632,741
Bridging financing	191,666	361,215	191,666	361,215
Personal financing	5,440,080	5,127,450	5,440,080	5,127,450
Other term financing	3,840,323	3,636,239	3,840,323	3,636,239
Staff financing	307,443	298,667	307,443	298,667
Credit cards	437,826	450,542	437,826	450,542
Trade bills discounted	1,300,576	1,067,736	1,300,576	1,067,736
Trust receipts	58,306	60,969	58,306	60,969
Pawn broking	18,615	13,897	-	-
	<u>22,844,906</u>	<u>21,987,723</u>	<u>22,857,828</u>	<u>21,986,232</u>
Less: Unearned income	<u>(10,002,766)</u>	<u>(9,702,990)</u>	<u>(10,002,766)</u>	<u>(9,702,990)</u>
Gross financing, advances and others	12,842,140	12,284,733	12,855,062	12,283,242
Allowance for impaired financing, advances and others				
- collective assessment allowance	(345,479)	(345,041)	(345,479)	(345,041)
- individual assessment allowance	(88,107)	(79,061)	(88,107)	(79,061)
Net financing, advances and others	<u>12,408,554</u>	<u>11,860,631</u>	<u>12,421,476</u>	<u>11,859,140</u>

(b) By contract

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Bai' Bithaman Ajil	6,438,002	6,209,417	6,438,002	6,209,417
Ijarah	350,284	334,106	350,284	334,106
Ijarah Muntahiah Bit-Tamleek	14,782	11,657	14,782	11,657
Mudharabah	6,000	6,000	6,000	6,000
Murabahah	1,348,906	1,120,380	1,348,906	1,120,380
At-Tawarruq	2,806,430	2,573,328	2,806,430	2,573,328
Bai Al-Inah	1,589,500	1,662,823	1,621,037	1,675,229
Istisna'	269,621	353,125	269,621	353,125
Ar-Rahn	18,615	13,897	-	-
	<u>12,842,140</u>	<u>12,284,733</u>	<u>12,855,062</u>	<u>12,283,242</u>

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15. Financing, advances and others (continued)

(c) By type of customer

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	3,915	1,218	35,452	13,624
Domestic business enterprise	2,305,733	2,082,941	2,305,733	2,082,941
Small medium industries	410,537	401,119	410,537	401,119
Government & statutory	154,674	151,526	154,674	151,526
Individuals	9,643,963	9,324,459	9,625,348	9,310,562
Other domestic entities	66,116	57,741	66,116	57,741
Foreign entities	257,202	265,729	257,202	265,729
	<u>12,842,140</u>	<u>12,284,733</u>	<u>12,855,062</u>	<u>12,283,242</u>

(d) By profit rate sensitivity

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
House financing	2,326,229	2,198,946	2,326,229	2,198,946
Others	8,394,954	8,005,296	8,407,876	8,003,805
Floating rate				
Others	2,120,957	2,080,491	2,120,957	2,080,491
	<u>12,842,140</u>	<u>12,284,733</u>	<u>12,855,062</u>	<u>12,283,242</u>

(e) By remaining contractual maturity

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	2,408,311	2,071,456	2,389,696	2,057,559
More than one year to three years	1,166,146	705,542	1,166,146	705,542
More than three years to five years	1,105,724	1,385,004	1,137,261	1,397,410
More than five years	8,161,959	8,122,731	8,161,959	8,122,731
	<u>12,842,140</u>	<u>12,284,733</u>	<u>12,855,062</u>	<u>12,283,242</u>

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15. Financing, advances and others (continued)

(f) By sector

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	158,464	182,111	158,464	182,111
Mining and quarrying	877	897	877	897
Manufacturing (including agro-based)	913,289	791,995	913,289	791,995
Electricity, gas and water	153,745	150,860	153,745	150,860
Wholesale & retail trade, and hotels & restaurants	583,759	479,868	583,759	479,868
Construction	601,722	508,293	601,722	508,293
Real estate	207,179	187,445	207,179	187,445
Transport, storage and communications	303,074	408,349	303,074	408,349
Finance, insurance and business activities	160,582	154,408	192,119	166,814
Education, health and others	83,501	85,375	83,501	85,375
Household sectors	9,629,366	9,321,823	9,610,751	9,307,926
Other sectors	46,582	13,309	46,582	13,309
	<u>12,842,140</u>	<u>12,284,733</u>	<u>12,855,062</u>	<u>12,283,242</u>

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

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
At 1 January 2011/1 July 2009	552,221	2,035,518
Classified as impaired during the period	195,768	315,241
Reclassified as not impaired during the period	(83,459)	(362,279)
Amount recovered	(76,910)	(311,447)
Amount written off	(34,866)	(1,079,122)
Exchange differences	(1,280)	(45,690)
At 31 March 2011/31 December 2010	<u>551,474</u>	<u>552,221</u>
Gross impaired financing as a percentage of gross financing advances and others	<u>4.29%</u>	<u>4.50%</u>

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15. Financing, advances and others (continued)

(h) Impaired financing by sector

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
Primary agriculture	10,895	10,947
Mining and quarrying	832	851
Manufacturing (including agro-based)	102,172	83,810
Wholesale & retail trade, and hotels & restaurants	48,058	42,729
Construction	115,070	130,925
Real estate	3,056	1,263
Transport, storage and communications	1,568	1,538
Finance, insurance and business activities	2,544	-
Education, health and others	3,691	6,112
Household sectors	260,409	270,847
Other sectors	3,179	3,199
	551,474	552,221

(i) Movement of allowance for impaired financing

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January 2011/1 July 2009	345,041	504,927
Allowance made during the period	38,695	538,979
Amount recovered	(10,595)	(111,808)
Amount written off	(26,285)	(555,129)
Exchange differences	(1,377)	(31,928)
At 31 March 2011/31 December 2010	345,479	345,041
<u>Individual assessment allowance</u>		
At 1 January 2011/1 July 2009	79,061	859,374
Allowance made during the period	30,990	124,827
Amount recovered	(12,252)	(163,025)
Amount written off	(9,692)	(740,797)
Exchange differences	-	(1,318)
At 31 March 2011/31 December 2010	88,107	79,061

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16. Other assets

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Bill receivable	29	306	29	306
Other receivables	52,562	13,898	28,333	12,936
Deposit and prepayments	29,728	23,851	29,226	23,382
Related companies	1,048	1,036	2,056	1,168
	<u>83,367</u>	<u>39,091</u>	<u>59,644</u>	<u>37,792</u>

17. Deposits from customers

a) By type of deposit

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
<i>Non-Mudharabah fund</i>				
Demand deposits	7,407,329	7,098,681	7,409,181	7,099,693
Saving deposits	2,389,551	2,576,870	2,389,551	2,576,870
Negotiable Islamic Debt Securities ("NIDC")	5,616,146	5,819,875	5,616,816	5,820,515
Others	72,813	78,923	72,813	78,923
	<u>15,485,839</u>	<u>15,574,349</u>	<u>15,488,361</u>	<u>15,576,001</u>
<i>Mudharabah fund</i>				
Saving deposits	1,026,890	987,346	1,026,890	987,346
General investment deposits	2,429,661	2,449,607	2,429,661	2,449,607
Special investment deposits	5,634,049	7,855,253	5,640,801	7,875,296
	<u>9,090,600</u>	<u>11,292,206</u>	<u>9,097,352</u>	<u>11,312,249</u>
	<u>24,576,439</u>	<u>26,866,555</u>	<u>24,585,713</u>	<u>26,888,250</u>

Maturity structure of investment deposits and NIDCs are as follows:

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Due within six months	8,040,838	10,426,963	8,047,760	10,447,646
More than six months to one year	4,547,690	4,616,743	4,548,190	4,616,743
More than one year to three years	640,953	638,204	640,953	638,204
More than three years to five years	22,220	20,955	22,220	20,955
More than five years	428,155	421,870	428,155	421,870
	<u>13,679,856</u>	<u>16,124,735</u>	<u>13,687,278</u>	<u>16,145,418</u>

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17. Deposits from customers (continued)

b) By type of customer

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	7,041,396	6,795,607	7,041,396	6,795,607
Business enterprises	7,270,153	8,606,738	7,270,153	8,606,738
Individuals	4,408,392	4,510,064	4,408,392	4,510,064
Others	5,856,498	6,954,146	5,865,772	6,975,841
	<u>24,576,439</u>	<u>26,866,555</u>	<u>24,585,713</u>	<u>26,888,250</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31.03.2011	31.12.2010
	RM'000	RM'000
Licensed Islamic banks	177,964	307,984
Other financial institutions	159,323	70,145
	<u>337,287</u>	<u>378,129</u>

19. Other liabilities

	Group		Bank	
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	385,742	364,084	381,351	362,786
	<u>385,742</u>	<u>364,084</u>	<u>381,351</u>	<u>362,786</u>

20. Income derived from investment of depositors' funds

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	34,395	31,298	34,376	31,267
(ii) Other deposits	297,048	249,234	297,329	249,270
	<u>331,443</u>	<u>280,532</u>	<u>331,705</u>	<u>280,537</u>

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

(i) Income derived from investment of general investment deposits

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	22,305	20,365	22,286	20,334
Financial assets:				
- held-for-trading	70	15	70	15
- available-for-sale	9,221	7,782	9,221	7,782
- held-to-maturity	105	101	105	101
Money at call and deposits with financial institutions	1,766	2,328	1,766	2,328
	<u>33,467</u>	<u>30,591</u>	<u>33,448</u>	<u>30,560</u>
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(3)	11	(3)	11
Net gain on revaluation of financial assets held-for-trading	723	221	723	221
	<u>720</u>	<u>232</u>	<u>720</u>	<u>232</u>
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	208	475	208	475
	<u>208</u>	<u>475</u>	<u>208</u>	<u>475</u>
	<u>34,395</u>	<u>31,298</u>	<u>34,376</u>	<u>31,267</u>
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	<u>1,108</u>	<u>-</u>	<u>1,108</u>	<u>-</u>

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

(ii) Income derived from investment of other deposits

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	192,496	162,045	192,777	162,081
Financial assets:				
- held-for-trading	611	119	611	119
- available-for-sale	79,803	62,082	79,803	62,082
- held-to-maturity	911	803	911	803
Money at call and deposits with financial institutions	15,197	18,534	15,197	18,534
	289,018	243,583	289,299	243,619
<i>Other dealing income</i>				
Net (loss)/gain from sale of financial assets held-for-trading	(26)	95	(26)	95
Net gain on revaluation of financial assets held-for-trading	6,213	1,767	6,213	1,767
	6,187	1,862	6,187	1,862
<i>Other operating income</i>				
Net gain from sale of financial assets available-for-sale	1,843	3,789	1,843	3,789
	1,843	3,789	1,843	3,789
	297,048	249,234	297,329	249,270
<i>of which</i>				
<i>Financing income earned on impaired financing</i>	9,554	-	9,554	-

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21. Income derived from investment of shareholders' funds

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<i>Finance, income and hibah</i>				
Financing, advances and others	2,090	854	930	854
Financial assets available-for-sale	22,992	23,250	22,992	23,250
Money at call and deposits with financial institutions	3,584	1,323	3,584	1,323
	<u>28,666</u>	<u>25,427</u>	<u>27,506</u>	<u>25,427</u>
<i>Other dealing income</i>				
Net gain/(loss) from foreign exchange transactions	6,973	(7,754)	6,973	(7,754)
Net derivatives gain	2,817	30	2,817	30
	<u>9,790</u>	<u>(7,724)</u>	<u>9,790</u>	<u>(7,724)</u>
<i>Other operating income</i>				
Profit on sale of foreign currencies	332	764	-	-
Reversal of allowance for doubtful debts	60	60	-	-
Gross dividend income from securities				
- unit trust outside Malaysia	-	48	-	48
	<u>392</u>	<u>872</u>	<u>-</u>	<u>48</u>
<i>Fees and commission</i>				
Fees	10,813	8,067	10,086	7,831
Commission	13,787	13,122	13,787	13,122
Others	3,051	6,015	2,440	5,312
	<u>27,651</u>	<u>27,204</u>	<u>26,313</u>	<u>26,265</u>
<i>Other income</i>				
Net gain/(loss) on disposal of property and equipment	4	(253)	4	(253)
Rental income	7	(17)	7	-
Other income	32	29	-	-
	<u>43</u>	<u>(241)</u>	<u>11</u>	<u>(253)</u>
	<u>66,542</u>	<u>45,538</u>	<u>63,620</u>	<u>43,763</u>

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22. Allowances for impairment on financing, advances and others

	Group and Bank	
	3 months ended	
	31.03.2011	31.03.2010
	RM'000	RM'000
Allowances for impaired financing, advances and others:		
- collective assessment allowance	38,695	-
- individual assessment allowance	30,990	-
- specific allowance	-	89,975
Impaired financing and advances recovered	(22,847)	(34,891)
Bad debts and financing recovered	(30,013)	(38,716)
	<u>16,825</u>	<u>16,368</u>

23. Income attributable to depositors

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	69,110	50,149	69,177	50,180
- Non-Mudharabah fund	46,352	32,055	46,357	32,062
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	4,035	2,662	4,035	2,662
	<u>119,497</u>	<u>84,866</u>	<u>119,569</u>	<u>84,904</u>

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24. Personnel expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	65,467	58,210	64,692	57,434
Employees' Provident Fund	7,696	6,422	7,575	6,311
Other staff related cost	6,584	5,607	6,459	5,514
	79,747	70,239	78,726	69,259

25. Other overhead expenses

	Group		Bank	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<i>Promotion</i>				
Advertisement and publicity	1,362	3,039	1,349	3,013
Credit card expenses	5,293	2,745	5,293	2,745
Commissions	1,899	2,721	1,794	2,674
	8,554	8,505	8,436	8,432
<i>Establishment</i>				
Office rental	7,748	7,250	7,584	7,134
Depreciation of property and equipment	12,025	9,815	11,623	9,723
Amortisation of prepaid lease payments	44	44	44	44
Information technology expenses	7,656	2,723	7,656	2,723
Rental equipment	789	1,368	778	1,339
Office maintenance	1,239	5,288	1,214	5,262
Utilities	2,530	2,420	2,476	2,398
Security services	3,012	2,846	2,887	2,833
Takaful and insurance	1,286	2,932	1,261	2,903
Others	275	274	275	274
	36,604	34,960	35,798	34,633
<i>General expenses</i>				
Professional fees	497	1,725	187	1,627
Office supplies	2,768	3,157	2,709	3,136
Outsourcing fees	9,426	6,901	9,426	6,901
Others	11,266	16,135	11,033	16,042
	23,957	27,918	23,355	27,706
	69,115	71,383	67,589	70,771

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26. Operating Segments

3 months ended 31 March 2011	Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Total RM'000
Total Revenue	203,214	44,233	120,106	31,174	(742)	397,985
Net fund based income	128,831	50,869	2,193	50,042	(281)	231,654
Non-fund based income	27,303	4,660	13,098	2,162	(389)	46,834
Net income	156,134	55,529	15,291	52,204	(670)	278,488
Allowances for impairment	(14,463)	(2,362)	-	-	-	(16,825)
Profit before overheads, zakat & taxation	141,671	53,167	15,291	52,204	(670)	261,663
Operating expenses						(153,698)
Profit before zakat & taxation						107,965

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27. Commitment and Contingencies

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

As at 31 March 2011	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	451,900		451,900	434,935
Assets sold with recourse	2		2	2
Transaction related contingent items	827,634		413,817	390,827
Short term self-liquidating trade related contingencies	297,553		59,511	58,117
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	691,011		345,505	294,088
Unutilised credit card lines	771,144		154,229	115,672
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,695,986		-	-
	<u>7,735,231</u>		<u>1,424,964</u>	<u>1,293,641</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	6,072,306	46,480	107,064	25,599
Profit rate related contracts				
- one year to less than five years	671,740	-	23,304	6,207
	<u>6,744,046</u>	<u>46,480</u>	<u>130,368</u>	<u>31,806</u>
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	59,000		29,500	29,500
	<u>59,000</u>		<u>29,500</u>	<u>29,500</u>
Total	<u>14,538,277</u>	<u>46,480</u>	<u>1,584,832</u>	<u>1,354,947</u>

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27. Commitment and Contingencies (continued)

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

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

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28. Capital adequacy

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

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

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
<i>Before proposed dividend</i>				
Tier 1 Capital Ratio	14.96%	15.75%	14.96%	15.73%
Risk-Weighted Capital Ratio	16.21%	16.99%	16.03%	16.78%
<i>After proposed dividend</i>				
Tier 1 Capital Ratio	14.44%	15.21%	14.44%	15.18%
Risk-Weighted Capital Ratio	15.69%	16.44%	15.51%	16.23%

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

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
<i>Tier I capital</i>				
Paid-up share capital	2,265,490	2,265,490	2,265,490	2,265,490
Share premium	500,020	500,020	500,020	500,020
Accumulated losses	(1,185,132)	(1,185,132)	(1,193,852)	(1,193,852)
Other reserves	795,013	795,013	795,013	795,013
Less: Deferred tax assets	(44,197)	(44,224)	(44,198)	(44,198)
Total Tier I capital	2,331,194	2,331,167	2,322,473	2,322,473
<i>Tier II capital</i>				
Collective assessment allowance #	194,060	182,452	194,060	182,452
Total Tier II capital	194,060	182,452	194,060	182,452
Total capital	2,522,020	2,513,619	2,516,533	2,504,925
Less: investment in subsidiaries	-	-	(27,127)	(27,127)
Capital base	2,525,254	2,513,619	2,489,406	2,477,798

Excludes collective assessment allowance restricted from Tier II capital by BNM amounting to RM 151,419,000 (December 2010: RM 162,590,000).

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28. Capital adequacy (continued)

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

	Group		Bank	
	31.03.2011 RM'000	31.12.2010 RM'000	31.03.2011 RM'000	31.12.2010 RM'000
Credit risk	13,390,451	12,507,496	13,340,371	12,489,781
Market risk	427,907	572,562	434,903	576,707
Operational risk	1,764,282	1,718,698	1,750,433	1,700,522
	<u>15,582,640</u>	<u>14,798,756</u>	<u>15,525,707</u>	<u>14,767,010</u>

29. Subsequent events

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