

**Hong Leong Islamic Bank Berhad (686191-W)**  
**Unaudited Balance Sheet As At 30 June 2009**

	Note	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b><u>ASSETS</u></b>			
Cash and short-term funds	9	2,511,864	1,871,430
Deposits and placements with banks and other financial institutions	10	125,167	-
Securities Held-for-trading	11 (i)	2,011,644	927,570
Securities Available-for-sale	11 (ii)	467,377	780,812
Securities Held-to-maturity	11 (iii)	126,623	126,957
Financing and advances	12	3,824,880	4,242,329
Other assets		7,615	7,054
Statutory deposits with Bank Negara Malaysia		46,064	144,964
Property, plant and equipment		1,794	1,854
Deferred tax assets		18,932	17,850
<b>Total Assets</b>		<b>9,141,960</b>	<b>8,120,820</b>
<b><u>LIABILITIES AND SHAREHOLDERS' FUND</u></b>			
Deposits from customers	14	7,979,898	6,208,081
Deposits and placements of banks and other financial institutions	15	30,000	779,000
Bills and acceptance payable		16,133	110,480
Other liabilities	16	366,504	351,119
Provision for taxation		9,394	7,408
<b>Total Liabilities</b>		<b>8,401,929</b>	<b>7,456,088</b>
Share Capital		500,000	500,000
Reserves		240,031	164,732
<b>Total Shareholders' Funds</b>		<b>740,031</b>	<b>664,732</b>
<b>Total Liabilities and Shareholders' Funds</b>		<b>9,141,960</b>	<b>8,120,820</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>	22	<b>1,092,217</b>	<b>966,378</b>
<b><u>CAPITAL ADEQUACY</u></b>			
<b><u>Before deducting proposed dividends</u></b>			
Core capital ratio	21	20.86%	16.33%
Risk-weighted capital ratio	21	22.99%	17.97%
<b><u>After deducting proposed dividends</u></b>			
Core capital ratio net of proposed dividends	21	20.72%	16.33%
Risk-weighted capital ratio net of proposed dividends	21	22.85%	17.97%
Net asset per share attributable to ordinary equity holders of the Bank (RM)		1.48	1.33

**Hong Leong Islamic Bank Berhad (686191-W)**  
**Unaudited Income Statements**  
**For The Financial Year Ended 30 June 2009**

	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000	
Income derived from investment of depositors' funds and others	17	66,720	79,717	322,130	289,720
Income derived from investment of shareholders' funds	18	12,014	9,605	41,412	39,411
Allowance for losses on financing	19	(17,127)	(3,812)	(15,052)	(19,704)
Profit equalisation reserve		17,478	(575)	(407)	(1,720)
<b>Total distributable income</b>		<b>79,085</b>	<b>84,935</b>	<b>348,083</b>	<b>307,707</b>
Income attributable to the depositors	20	(36,135)	(48,538)	(186,793)	(167,369)
<b>Total net income</b>		<b>42,950</b>	<b>36,397</b>	<b>161,290</b>	<b>140,338</b>
Personnel expenses		(1,970)	(2,560)	(8,197)	(9,281)
Other operating expenses		(14,274)	(10,782)	(53,053)	(43,507)
<b>Profit before zakat and taxation</b>		<b>26,706</b>	<b>23,055</b>	<b>100,040</b>	<b>87,550</b>
Zakat		(13)	-	(54)	-
Taxation		(7,318)	(6,647)	(25,633)	(23,394)
<b>Profit after zakat and taxation</b>		<b>19,375</b>	<b>16,408</b>	<b>74,353</b>	<b>64,156</b>
Earnings per share - basic (sen)		<b>3.88</b>	<b>3.28</b>	<b>14.87</b>	<b>12.83</b>
Earnings per share - fully diluted (sen)		<b>3.88</b>	<b>3.28</b>	<b>14.87</b>	<b>12.83</b>

**Hong Leong Islamic Bank Berhad (686191-W)**  
**Unaudited Statements Of Changes In Equity**  
**For The Financial Year Ended 30 June 2009**

	←	<u>Non distributable Reserves</u>		→	<u>Distributable</u>	
	Share Capital RM'000	Statutory Reserves RM'000	Fair Value Reserves RM'000		Retained Profit RM'000	Total RM'000
Balance as at 1 July 2008	500,000	82,032	669		82,031	664,732
Net profit for the financial year	-	-	-		74,353	74,353
Transfer to statutory reserves	-	37,177	-		(37,177)	-
Net fair value changes in available-for-sale securities, net of tax	-	-	946		-	946
<b>Balance as at 30 June 2009</b>	<b>500,000</b>	<b>119,209</b>	<b>1,615</b>		<b>119,207</b>	<b>740,031</b>

**Hong Leong Islamic Bank Berhad (686191-W)**  
**Audited Statements Of Changes In Equity**  
**For The Financial Year Ended 30 June 2008**

	←	<u>Non distributable Reserves</u>		→	<u>Distributable</u>	
	Share Capital RM'000	Statutory Reserves RM'000	Fair Value Reserves RM'000		Retained Profit RM'000	Total RM'000
Balance as at 1 July 2007	500,000	49,954	228		49,953	600,135
Net profit for the financial year	-	-	-		64,156	64,156
Transfer to statutory reserves	-	32,078	-		(32,078)	-
Net fair value changes in available-for-sale securities, net of tax	-	-	441		-	441
<b>Balance as at 30 June 2008</b>	<b>500,000</b>	<b>82,032</b>	<b>669</b>		<b>82,031</b>	<b>664,732</b>

**Hong Leong Islamic Bank Berhad (686191-W)**  
**Unaudited Cash Flow Statements**  
**For The Financial Year Ended 30 June 2009**

	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before zakat and taxation for the financial year	100,040	87,550
Adjustments for :		
Depreciation of fixed assets	672	651
Gain on disposal of fixed assets	(23)	-
Gain from disposal of available-for-sale securities	(8,736)	-
Gain from disposal of securities held for trading	(3,998)	(2,934)
Allowance for losses on financing and advances	15,052	19,704
Net unrealised loss on revaluation of securities held at fair value through profit or loss and derivatives	458	2,247
Accretion of discount less amortisation of premium	(41,179)	(24,714)
Finance income from securities available-for-sale	(14,371)	(5,866)
Finance income from securities held-to-maturity	(5,553)	(4,463)
Operating profit before working capital changes	<u>42,362</u>	<u>72,175</u>
<b>(Increase)/Decrease In Operating Assets</b>		
Financing and advances	402,397	(589,133)
Statutory deposits with Bank Negara Malaysia	98,900	25,350
Other assets	(245)	12,822
Deposit and placement with banks and other financial institutions	(125,167)	100,000
Securities held-for-trading	(1,039,355)	(583,321)
<b>(Increase)/Decrease In Operating Liabilities</b>		
Deposits from customers	1,771,817	957,356
Deposits and placements of banks and others financial institutions	(749,000)	704,000
Bills and acceptance payable	(94,347)	106,724
Other liabilities	15,409	58,999
Cash generated from/(used in) operations	<u>322,771</u>	<u>864,972</u>
Zakat paid	(78)	-
Income taxes paid	(25,045)	(20,648)
Net cash generated from/(used in) operating activities	<u>297,648</u>	<u>844,324</u>
<b>Cash Flows From Investing Activities</b>		
Net (purchases)/proceeds of available for sale securities	337,488	(638,155)
Net (purchases)/proceeds of held to maturity securities	5,887	310,318
Proceeds on disposal of fixed assets	251	(875)
Purchase of fixed assets	(840)	-
Net cash generated from/(used in) investing activities	<u>342,786</u>	<u>(328,712)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	640,434	515,612
<b>Cash and Cash Equivalents at Beginning of Financial Year</b>	1,871,430	1,355,818
<b>Cash and Cash Equivalents Carried Forward</b>	<u>2,511,864</u>	<u>1,871,430</u>

## **HONG LEONG ISLAMIC BANK BERHAD ("HLISB" or "The Bank")**

### **Notes To The Unaudited Financial Statements For The Financial Year Ended 30 June 2009**

#### **1 Basis of preparation**

The financial statements of the Bank are prepared in accordance with the provision of the Companies Act 1965, Bank Negara Malaysia Guidelines (GP8-i), applicable approved accounting standards in Malaysia (MASB-i) and Shariah requirements. The financial statements should be read in conjunction with the audited annual statement for the year ended 30 June 2009.

#### **2 Performance Review**

For financial year ended 30 June 2009, HLISB posted a pre-tax profit of RM100 million improved by 14% year-on-year. Earning per share was 14.9 sen as compared to 12.8 sen in the last reported financial year.

#### **3 Outlook for next financial year ending 30 June 2010**

The growth prospects of the Islamic financial sector are expected to remain positive. The strengthened incentives and measures taken by the government provide more competitive environment and increase flexibilities for Islamic bank to explore new growth opportunities.

Moving ahead the Bank will continue with our business transformation in expanding other business segments, particularly in corporate banking, investment banking and wealth management, complementing its existing established Personal Financial Services business.

The Bank will continue to enhance the product innovations capabilities by diversifying the existing offerings in order to provide customers a comprehensive range of Islamic product solutions.

#### **4 Status of matters giving rise to the auditor's qualified report in the preceding annual financial statements for the financial year ended 30 June 2008**

There was no qualified report issued by the auditors in the preceding annual financial statements for the financial year ended 30 June 2008.

#### **5 Seasonality or cyclicity of operations**

The business operations of the Bank has not been affected by any material seasonal and cyclical factors.

#### **6 Exceptional items or unusual events affecting financial statements**

There were no exceptional items or unusual events that materially affected the financial statements.

#### **7 Variation from financial estimates reported in the preceding financial period/year**

There were no changes in estimates of amount reported in the prior financial year that may have a material effect in the current period.

#### **8 Dividends paid and proposed**

A final dividend amounting to RM 4,575,000 (net) has been proposed for the financial year ended 30 June 2009.

- (i) Amount per share : 1.22 sen (Gross), 0.915 sen (net)
- (ii) Payment Date : To be announced later.

	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>9 Cash and short-term funds</b>		
Cash and balances with banks and others financial institutions	297,274	(13,910)
Money at call and deposit placements maturing within one month	2,214,590	1,885,340
	<u>2,511,864</u>	<u>1,871,430</u>
<b>10 Deposits and placements with banks and other financial institutions</b>		
Licensed Islamic banks	125,167	-
	<u>125,167</u>	<u>-</u>
<b>11 Securities</b>		
<b>(i) Securities Held-for-trading</b>		
BNM bills	843,087	377,169
Malaysian Government treasury bills	148,177	-
Malaysian Government investment certificates	136,143	55,188
Negotiable Islamic Debt Certificates	493,270	89,348
Bankers' acceptance and Islamic accepted bills	376,045	358,531
Khazanah bonds	14,922	47,334
	<u>2,011,644</u>	<u>927,570</u>
<b>(ii) Securities Available-for-sale</b>		
Cagamas bonds	35,428	99,021
Khazanah bonds	9,948	9,531
Malaysia Government investment certificates	422,001	652,225
<b>Unquoted securities</b>		
Private and Islamic debt securities	-	20,035
	<u>467,377</u>	<u>780,812</u>
<b>(iii) Securities Held-to-maturity</b>		
Malaysia Government investment certificates	60,208	60,305
<b>Unquoted securities</b>		
Shares	575	575
Private and Islamic debt securities	65,840	66,077
	<u>126,623</u>	<u>126,957</u>

	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>12 Financing and advances</b>		
<b>(i) By type</b>		
Cashline	5,421	11,230
Term financing		
- House financing	3,562,624	3,192,524
- Hire purchase receivables	2,545,281	2,971,414
- Lease receivables	16,357	21,080
- Other term financing	348,544	356,760
Claims on customers under acceptance credits	46,206	197,898
Staff financing	18	41
Revolving Financing	-	26
Others	623	778
	<u>6,525,074</u>	<u>6,751,751</u>
Less: Unearned income	<u>(2,605,681)</u>	<u>(2,419,663)</u>
Gross financing and advances	3,919,393	4,332,088
Less : Allowance for bad and doubtful financing		
- General	(73,486)	(65,025)
- Specific	(21,027)	(24,734)
Total net financing and advances	<u><b>3,824,880</b></u>	<u><b>4,242,329</b></u>
<b>(ii) By contract</b>		
Bai' Bithaman Ajil	1,602,357	1,484,449
Ijarah	15,895	20,028
Ijarah Muntahia Bittamlik/AITAB	2,254,935	2,629,727
Murabahah	46,206	197,884
Gross financing and advances	<u><b>3,919,393</b></u>	<u><b>4,332,088</b></u>
<b>(iii) By type of customer</b>		
Domestic non-bank financial institutions		
- Others than stockbroking companies	21,026	21,693
Domestic business enterprises		
- Small medium enterprise	230,386	343,070
- Others	499,675	610,114
Government and statutory body	47	59
Individuals	3,112,613	3,313,848
Other domestic entities	1,244	1,981
Foreign entities	54,402	41,323
Gross financing and advances	<u><b>3,919,393</b></u>	<u><b>4,332,088</b></u>
<b>(iv) By profit rate sensitivity</b>		
Fixed rate		
- House financing	406,862	508,468
- Hire purchase receivables	2,249,514	2,624,008
- Others fixed rate financing	128,160	201,141
Variable rate		
- Others	1,134,857	998,471
Gross financing and advances	<u><b>3,919,393</b></u>	<u><b>4,332,088</b></u>

	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>(v) By economic purpose</b>		
Securities	345	432
Transport Vehicles	2,125,401	2,432,909
Purchase of landed property:		
- Residential	1,122,005	996,979
- Non-residential	192,233	194,542
Personal Use	58,542	60,396
Consumer Durables	-	2
Construction	30,217	34,688
Working Capital	390,636	612,091
Other Purposes	14	49
	<b>3,919,393</b>	<b>4,332,088</b>

### 13 Non-performing financing

#### (i) Movements in non-performing financing

As at beginning of the year	<b>45,754</b>	<b>61,070</b>
Classified as non-performing during the year	204,631	185,715
Reclassified as performing	(166,739)	(153,442)
Amount recovered	(24,237)	(29,708)
Amount written off	(13,149)	(17,881)
As at end of the year	<b>46,260</b>	<b>45,754</b>
Less: Specific allowance	(21,027)	(24,734)
Net non-performing and financing	<b>25,233</b>	<b>21,020</b>
Ratio of net non-performing financing and advances to total net financing and advances	<b>0.6%</b>	<b>0.5%</b>

	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>(ii) Movements in allowance for bad and doubtful financing</b>		
<b>General allowance</b>		
As at beginning of the year	65,025	55,932
Allowance made during the Year	8,461	9,093
As at end of the year	<u>73,486</u>	<u>65,025</u>
As % of gross financing and advances less specific allowance	<u>1.9%</u>	<u>1.5%</u>
<b>Specific allowance</b>		
As at beginning of the year	24,734	29,917
Allowance made during the Year	15,949	21,780
Allowance recovered	(6,507)	(9,082)
Amount written off	(13,149)	(17,881)
As at end of the year	<u>21,027</u>	<u>24,734</u>
<b>(iii) Non-performing financing and advances</b>		
<b>By economic purpose</b>		
Securities	220	242
Transport Vehicles	21,379	23,776
Purchase of landed property:		
- Residential	18,889	16,485
- Non-residential	612	940
Personal Use	440	126
Construction	422	162
Working Capital	4,298	4,023
	<u>46,260</u>	<u>45,754</u>

	Financial Year Ended 30/06/2009 RM'000	Financial Year Ended 30/06/2008 RM'000
<b>14 Deposits from customer</b>		
<b>(i) By type of deposit</b>		
<b>Non-Mudharabah</b>		
Demand deposits	375,930	362,557
Savings deposits	580,875	555,853
Negotiable islamic debt certificate	1,215,890	529,911
	<u>2,172,695</u>	<u>1,448,321</u>
<b>Mudharabah</b>		
Savings deposits	569,063	478,049
General investment deposits	1,864,865	1,635,080
Special investment deposits	3,373,275	2,646,631
	<u>5,807,203</u>	<u>4,759,760</u>
	<u><b>7,979,898</b></u>	<u><b>6,208,081</b></u>
<b>(ii) By type of customer</b>		
Government and statutory bodies	164,241	605,026
Business enterprise	6,117,757	4,216,689
Individuals	1,583,204	1,284,113
Others	114,696	102,253
	<u>7,979,898</u>	<u>6,208,081</u>
<b>15 Deposits and placements of banks and other financial institutions</b>		
<b>Mudharabah</b>		
Licensed islamic banks	30,000	589,000
Licensed banks	-	190,000
	<u>30,000</u>	<u>779,000</u>
<b>16 Other Liabilities</b>		
Amount due to holding company	263,679	240,423
Profit equalisation reserves	4,691	4,284
Provision for zakat	55	79
Profit payable	32,681	31,591
Others	65,398	74,742
	<u>366,504</u>	<u>351,119</u>

	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000
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## 17 Income derived from investment of depositors' funds and others

Income derived from investment of :

- General investment deposits	46,352	63,948	214,754	231,776
- Other deposits	20,368	15,769	107,376	57,944
	<u>66,720</u>	<u>79,717</u>	<u>322,130</u>	<u>289,720</u>

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

#### Finance income and hibah

Financing, advances and other financing	31,281	43,467	133,989	164,299
Securities Held-for-trading	509	94	1,514	145
Securities Available- for-sale	1,954	1,067	8,623	4,224
Securities Held-to-maturity	837	639	3,332	3,213
Money at call and deposit with financial institutions	6,083	13,585	35,222	41,606
	<u>40,664</u>	<u>58,852</u>	<u>182,680</u>	<u>213,487</u>

Amortisation of premium less accretion of discount	4,793	4,659	24,708	17,794
Total finance income and hibah	<u>45,457</u>	<u>63,511</u>	<u>207,388</u>	<u>231,281</u>

#### Other operating income

Gain/(loss) from sale of held-for-trading securities	499	300	2,399	2,113
Gain/(loss) from sale of available-for-sale securities	1,460	-	5,242	-
Unrealised gain/(loss) on revaluation of held-for-trading securities	(1,064)	137	(275)	(1,618)
	<u>895</u>	<u>437</u>	<u>7,366</u>	<u>495</u>

	<u>46,352</u>	<u>63,948</u>	<u>214,754</u>	<u>231,776</u>
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### (ii) Income derived from investment of other deposits

#### Finance income and hibah

Financing, advances and other financing	13,928	10,718	66,994	41,075
Securities Held-for-trading	238	23	757	36
Securities Available- for-sale	865	263	4,311	1,056
Securities Held-to-maturity	377	158	1,666	803
Money at call and deposit with financial institutions	2,556	3,350	17,611	10,402
	<u>17,964</u>	<u>14,512</u>	<u>91,339</u>	<u>53,372</u>

Amortisation of premium less accretion of discount	2,065	1,149	12,354	4,448
Total finance income and hibah	<u>20,029</u>	<u>15,661</u>	<u>103,693</u>	<u>57,820</u>

#### Other operating income

Fee and commission				
Gain/(loss) from sale of held-for-trading securities	217	74	1,199	528
Gain/(loss) from sale of available-for-sale securities	667	-	2,621	-
Unrealised gain/(loss) on revaluation of held-for-trading securities	(545)	34	(137)	(404)
	<u>339</u>	<u>108</u>	<u>3,683</u>	<u>124</u>

	<u>20,368</u>	<u>15,769</u>	<u>107,376</u>	<u>57,944</u>
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	Current Quarter Ended 30/06/2009 RM'000	Corresponding Quarter Ended 30/06/2008 RM'000	Current Year Ended 30/06/2009 RM'000	Corresponding Year Ended 30/06/2008 RM'000
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## 18 Income derived from investment of shareholders' fund

### Finance income and hibah

Financing, advances and other financing	6,926	5,359	22,332	22,820
Securities Held-for-trading	103	12	253	21
Securities Available- for-sale	437	132	1,437	586
Securities Held-to-maturity	180	79	555	447
Money at call and deposit with financial institutions	1,498	1,674	5,870	5,779
	<u>9,144</u>	<u>7,256</u>	<u>30,447</u>	<u>29,653</u>

Amortisation of premium less accretion of discount	1,130	574	4,117	2,472
Total finance income and hibah	<u>10,274</u>	<u>7,830</u>	<u>34,564</u>	<u>32,125</u>

### Other operating income

Fee and commission				
- Commission	197	553	949	2,052
- Service Charges & fees	163	484	1,111	2,131
- Guarantee fees	6	28	382	34
- Other fees income	875	567	2,878	2,828
Gain/(loss) from sale of held-for-trading securities	116	36	400	293
Gain/(loss) from sale of available-for-sale securities	306	-	873	-
Unrealised gain/(loss) on revaluation of held-for-trading securities	(164)	17	(46)	(225)
Others	241	90	301	173
	<u>1,740</u>	<u>1,775</u>	<u>6,848</u>	<u>7,286</u>
	<u><b>12,014</b></u>	<u><b>9,605</b></u>	<u><b>41,412</b></u>	<u><b>39,411</b></u>

## 19 Allowance for losses on financing

### Allowance for bad and doubtful financing

(a) Specific allowance				
- Made during the financial Year	4,656	6,391	15,949	21,780
- Written back	(2,144)	(2,644)	(6,507)	(9,082)
(b) General allowance				
- Made during the financial Year	15,315	638	8,461	9,093
Bad debts on financing				
- Recovered	(949)	(702)	(3,377)	(2,395)
- Written off	249	129	526	308
	<u>17,127</u>	<u>3,812</u>	<u>15,052</u>	<u>19,704</u>

## 20 Income attributable to the depositors

Deposits from customers				
- Mudharabah	28,117	38,347	150,225	141,251
- Non-Mudharabah	6,975	5,349	30,139	16,431
Deposits and placements of banks and other financial institutions				
- Mudharabah	1,043	4,842	6,429	9,687
	<u>36,135</u>	<u>48,538</u>	<u>186,793</u>	<u>167,369</u>

**Financial  
Year Ended  
30/06/2009  
RM'000**

**Financial  
Year Ended  
30/06/2008  
RM'000**

**21 Capital adequacy**

**Tier I capital**

Paid-up share capital	500,000	500,000
Retained profit	119,207	82,031
Other reserves	119,209	82,032
	<u>738,416</u>	<u>664,063</u>

Less: Deferred tax assets	(18,932)	(17,850)
Total Tier I capital	<u>719,484</u>	<u>646,213</u>

**Tier II capital**

General allowance for bad and doubtful financing	73,486	65,025
Total Tier II capital	<u>73,486</u>	<u>65,025</u>

<b>Capital base</b>	<u><b>792,970</b></u>	<u><b>711,238</b></u>
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**Before deducting proposed dividends**

Core capital ratio	<b>20.86%</b>	<b>16.33%</b>
Risk-weighted capital ratio	<b>22.99%</b>	<b>17.97%</b>

**After deducting proposed dividends**

Core capital ratio	<b>20.72%</b>	<b>16.33%</b>
Risk-weighted capital ratio	<b>22.85%</b>	<b>17.97%</b>

The capital adequacy ratios of the Bank is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. The Bank has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operation Risk. The minimum regulatory capital adequacy approach requirement is 8% for the risk-weighted capital ratio.

21 Capital Adequacy (Continued)

Disclosure on Capital Adequacy under the Standardised Approach as at 30 June 2009

Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets		Capital Requirements
	RM'000	RM'000		RM'000	RM'000	
<b>1 CREDIT RISK</b>						
<i>On Balance Sheet Exposures</i>						
Sovereigns/Central Banks		2,707,386	2,707,386			-
Public Sector Entities	47	47	47			1
Banks, Development Financial Institutions & MDBs	528,182	528,182	528,182		129,671	10,374
Insurance Companies, Securities Firms & Fund Managers	5,087	5,087	5,087		5,087	407
Corporates	572,535	571,640	571,640		543,121	43,450
Regulatory Retail	2,509,100	2,506,900	2,506,900		1,880,176	150,414
Residential Mortgages	815,838	815,800	815,800		319,770	25,582
Higher Risk Assets	912	912	912		1,369	110
Other Assets	4,626	4,626	4,626		5,312	425
Defaulted Exposures	41,157	41,157	41,157		54,217	4,337
<b>TOTAL for On-Balance Sheet Exposures</b>	<b>7,184,870</b>	<b>7,181,737</b>	<b>7,181,737</b>		<b>2,938,732</b>	<b>235,099</b>
<i>Off Balance Sheet Exposures</i> <sup>1</sup>						
Off Balance sheet Exposures other than OTC # derivatives or credit derivatives	857	857	857		857	69
<b>TOTAL for Off-Balance Sheet Exposures</b>	<b>857</b>	<b>857</b>	<b>857</b>		<b>857</b>	<b>69</b>
<b>TOTAL for On and Off-Balance Sheet Exposures</b>	<b>7,185,727</b>	<b>7,182,594</b>	<b>7,182,594</b>		<b>2,939,589</b>	<b>235,168</b>
<b>2 MARKET RISK</b>						
Profit Rate Risk						
Foreign Currency Risk						
	Long Position	Short Position				
	2,011,644	-			117,842	9,427
	68,793	797			68,793	5,503
<b>TOTAL MARKET RISK</b>	<b>2,080,437</b>	<b>797</b>			<b>186,635</b>	<b>14,930</b>
<b>3 OPERATIONAL RISK</b>						
Operational Risk					323,475	25,878
<b>TOTAL RWA AND CAPITAL REQUIREMENT</b>					<b>3,449,699</b>	<b>275,976</b>

<sup>1</sup> Credit equivalent of off-balance sheet items.  
# OTC "Over The Counter".

## Disclosure on Credit Risk: Disclosures on Risk Weights as at 30 June 2009

Supervisory Risk Weights %	Exposures after Netting and Credit Risk Mitigation											Total Risk Weighted Assets RM'000			
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDIs RM'000	Insurance Companies, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures after Netting & Credit Risk Mitigation RM'000				
0%	2,707,386	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	47	448,064	-	35,648	-	-	-	-	-	-	-	-	483,759	96,752
35%	-	-	-	-	-	-	587,525	-	-	-	-	-	-	587,525	205,633
50%	-	-	80,118	-	26	326	230,068	-	-	-	-	-	-	310,538	155,269
75%	-	-	-	-	-	2,506,900	-	-	-	-	-	-	-	2,506,900	1,880,175
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	5,087	536,892	-	8,684	-	-	2,018	-	-	5,312	557,993	557,993
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	2,364	-	-	-	25,848	-	-	966	-	-	-
<b>Total Exposures</b>	2,707,386	47	528,182	5,087	574,930	2,535,092	826,277	966	4,627	-	7,182,594	-	-	-	-
<b>Risk Weights Assets by Exposure</b>	-	9	129,672	5,087	547,579	1,921,129	329,352	1,449	5,312	-	-	-	-	-	2,939,589
<b>Average Risk Weight</b>	0.00%	19.15%	24.55%	100.00%	95.24%	75.78%	39.86%	150.00%	114.80%	0.00%	-	-	-	-	40.93%
<b>Deduction From Capital Base</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

PSE "Public Sector Entities"  
 MDB "Multilateral Development Banks"  
 FDI "Financial Development Institutions"

21 Capital Adequacy (Continued)

Disclosure on Off Balance Sheet and Counterparty Credit Risk as at 30 June 2009

Nature of item:	Total Principle Amount RM'000	Total Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
	Transaction related contingent items	826	413
Short Term Self Liquidating trade related contingencies	2,213	443	443
Any commitments that are unconditionally cancelled at any time by the bank without prior notice	1,089,178	-	-
<b>Total</b>	<b>1,092,217</b>	<b>856</b>	<b>856</b>

22 Commitments and contingencies

Financial Year Ended  
30/06/2009

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Certain transaction-related contingent items	826	413	413
Short-term self-liquidating trade-related contingencies	2,213	443	443
Irrecoverable commitments to extend credit			
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	1,089,178	-	-
	<u>1,092,217</u>	<u>856</u>	<u>856</u>

Financial Year Ended  
30/06/2008

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Certain transaction-related contingent items	34,348	17,174	17,131
Short-term self-liquidating trade-related contingencies	4,215	843	792
Irrecoverable commitments to extend credit			
- Maturity less than one year	202,441	40,488	39,816
- Maturity more than one year	725,374	362,687	302,526
	<u>966,378</u>	<u>421,192</u>	<u>360,265</u>

	Non-trading book					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	Trading book RM'000
<b>30 June 2009</b>								
<b>Assets</b>								
Cash and short term funds	2,214,590	-	-	-	-	297,274	-	2,511,864
Deposits & placement with bank & other financial institutions	-	100,000	-	25,167	-	-	-	125,167
Securities Held-for-trading	-	-	-	-	-	-	2,011,644	2,011,644
Securities Available-for-sale	-	9,948	-	327,796	129,633	-	-	467,377
Securities Held-for-maturity	-	-	-	126,048	-	575	-	126,623
Financing and advances	1,090,812	13,152	91,130	1,333,282	1,344,757	(73,007)	-	3,800,126
- performing *	-	-	-	-	-	24,754	-	24,754
- non-performing *	-	-	-	-	-	74,405	-	74,405
Other assets	3,305,402	123,100	91,130	1,812,293	1,474,390	324,001	2,011,644	9,141,960
<b>Total assets</b>								
<b>Liabilities</b>								
Deposits from customers	6,078,402	875,950	871,695	153,851	-	-	-	7,979,898
Deposits & placement of bank & other financial institutions	30,000	-	-	-	-	-	-	30,000
Bills and acceptance payable	-	-	-	-	-	16,133	-	16,133
Other liabilities	-	-	-	-	-	375,898	-	375,898
<b>Total liabilities</b>	<b>6,108,402</b>	<b>875,950</b>	<b>871,695</b>	<b>153,851</b>	-	<b>392,031</b>	-	<b>8,401,929</b>
Shareholder's funds	-	-	-	-	-	740,031	-	740,031
<b>Total liabilities and shareholder's funds</b>	<b>6,108,402</b>	<b>875,950</b>	<b>871,695</b>	<b>153,851</b>	-	<b>1,132,062</b>	-	<b>9,141,960</b>
On-balance sheet profit sensitivity gap	(2,803,000)	(752,850)	(780,565)	1,658,442	1,474,390	-	-	-
<b>Total profit sensitivity gap</b>	<b>(2,803,000)</b>	<b>(752,850)</b>	<b>(780,565)</b>	<b>1,658,442</b>	<b>1,474,390</b>			

\* This represents outstanding non-performing financing after deducting specific allowance.

	Non-trading book					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	Trading book RM'000
<b>30 June 2008</b>								
<b>Assets</b>								
Cash and short term funds	1,885,340	-	-	-	-	(13,910)	-	1,871,430
Securities Held-for-trading	-	-	-	-	-	-	927,570	927,570
Securities Available-for-sale	-	39,972	15,081	725,759	-	-	-	780,812
Securities Held-for-maturity	-	-	-	95,557	30,825	575	-	126,957
Financing and advances	1,161,319	11,582	112,693	1,503,603	1,497,137	(64,710)	-	4,221,624
- performing *	-	-	-	-	-	20,705	-	20,705
- non-performing *	-	-	-	-	-	171,722	-	171,722
Other assets	3,046,659	51,554	127,774	2,324,919	1,527,962	114,382	927,570	8,120,820
<b>Total assets</b>								
<b>Liabilities</b>								
Deposits from customers	4,288,816	462,006	1,197,477	258,782	-	-	-	6,208,081
Deposits & placement of bank & other financial institutions	300,000	479,000	-	-	-	-	-	779,000
Bills and acceptance payable	13,386	51,931	34,280	-	-	10,883	-	110,480
Other liabilities	-	-	-	-	-	358,527	-	358,527
<b>Total liabilities</b>	<b>4,602,202</b>	<b>992,937</b>	<b>1,231,757</b>	<b>259,782</b>	-	<b>369,410</b>	-	<b>7,456,088</b>
Shareholder's funds	-	-	-	-	-	664,732	-	664,732
<b>Total liabilities and shareholder's funds</b>	<b>4,602,202</b>	<b>992,937</b>	<b>1,231,757</b>	<b>259,782</b>	-	<b>1,034,142</b>	-	<b>8,120,820</b>
On-balance sheet profit sensitivity gap	(1,555,543)	(941,383)	(1,103,983)	2,065,137	1,527,962	-	-	-
<b>Total profit sensitivity gap</b>	<b>(1,555,543)</b>	<b>(941,383)</b>	<b>(1,103,983)</b>	<b>2,065,137</b>	<b>1,527,962</b>			

\* This represents outstanding non-performing financing after deducting specific allowance.

**24 a) Related party transactions**

All related party transactions within the Bank had been entered into in the normal course of business and were carried out on normal commercial terms.

**b) Connected Parties (CP) Exposures as at 30 June 2009**

	<b>RM'000</b>
Outstanding credit exposures with connected parties	1,722
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.04%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0005%

The connected parties exposure are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transaction and Exposures with Connected Parties.