

Hong Leong Islamic Bank Berhad (686191-W)
Unaudited Balance Sheet As At 31 March 2010

	Note	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
<u>ASSETS</u>			
Cash and short-term funds	9	1,991,331	2,511,864
Deposits and placements with banks and other financial institutions	10	564,986	125,167
Securities Held-for-trading	11 (i)	1,502,192	2,011,644
Securities Available-for-sale	11 (ii)	472,403	467,377
Securities Held-to-maturity	11 (iii)	461,856	126,623
Financing and advances	12	4,013,044	3,824,880
Other assets		65,591	7,615
Statutory deposits with Bank Negara Malaysia		44,850	46,064
Property, plant and equipment		2,168	1,794
Deferred tax assets		15,942	18,932
Total Assets		9,134,363	9,141,960
<u>LIABILITIES AND SHAREHOLDERS' FUND</u>			
Deposits from customers	14	6,817,620	7,979,898
Deposits and placements of banks and other financial institutions	15	1,185,163	30,000
Bills and acceptance payable		29,198	16,133
Other liabilities	16	294,377	366,504
Provision for taxation		7,640	9,394
Total Liabilities		8,333,998	8,401,929
Share Capital		500,000	500,000
Reserves		300,365	240,031
Total Shareholders' Funds		800,365	740,031
Total Liabilities and Shareholders' Funds		9,134,363	9,141,960
<u>COMMITMENTS AND CONTINGENCIES</u>	22	1,291,872	1,092,217
<u>CAPITAL ADEQUACY</u>			
Core capital ratio	21	18.92%	20.86%
Risk-weighted capital ratio	21	20.57%	22.99%

Hong Leong Islamic Bank Berhad (686191-W)
Unaudited Income Statements
For The Financial Period Ended 31 March 2010

	3rd Quarter		Cumulative 9 Months	
	Current Quarter Ended 31-Mar-10 RM'000	Corresponding Quarter Ended 31-Mar-09 RM'000	Current Period Ended 31-Mar-10 RM'000	Corresponding Period Ended 31-Mar-09 RM'000
Income derived from investment of depositors' funds and others	71,699	71,392	218,376	255,410
Income derived from investment of shareholders' funds	9,107	9,848	29,290	29,398
Allowance for losses on financing	3,811	2,220	4,302	2,075
Profit equalisation reserve	(2,135)	(6,658)	2,507	(17,885)
Total distributable income	82,482	76,802	254,475	268,998
Income attributable to the depositors	(36,607)	(40,115)	(112,141)	(150,658)
Total net income	45,875	36,687	142,334	118,340
Personnel expenses	(2,474)	(1,048)	(6,447)	(6,227)
Other operating expenses	(17,658)	(12,870)	(47,688)	(38,779)
Profit before zakat and taxation	25,743	22,769	88,199	73,334
Zakat	(12)	(12)	(37)	(41)
Taxation	(6,461)	(5,655)	(22,085)	(18,315)
Profit after zakat and taxation	19,270	17,102	66,077	54,978
Earnings per share - basic (sen)	3.85	3.42	13.22	11.00
Earnings per share - fully diluted (sen)	3.85	3.42	13.22	11.00

Hong Leong Islamic Bank Berhad (686191-W)
Unaudited Statements Of Changes In Equity
For The Financial Period Ended 31 March 2010

	←	<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 2009	500,000	119,209	1,615	119,207	740,031	
Net profit for the financial Year	-	-	-	66,077	66,077	
Transfer to statutory reserves	-	33,039	-	(33,039)	-	
Net fair value changes in available-for-sale securities, net of tax	-	-	(1,167)	-	(1,167)	
Dividends paid :						
- Final dividend for the financial year ended 30 June 2009.	-	-	-	(4,576)	(4,576)	
Balance as at 31 March 2010	500,000	152,248	448	147,669	800,365	

Hong Leong Islamic Bank Berhad (686191-W)
Audited 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	
Currency translation differences	-	-	-	-	-	
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	
Balance as at 30 June 2009	500,000	119,209	1,615	119,207	740,031	

Hong Leong Islamic Bank Berhad (686191-W)
Unaudited Cash Flow Statements
For The Financial Period Ended 31 March 2010

	Current Period Ended 31-Mar-10 RM'000	Corresponding Period Ended 31-Mar-09 RM'000
Cash Flows From Operating Activities		
Profit before zakat and taxation for the financial year	88,199	73,334
Adjustments for :		
Depreciation of fixed assets	507	523
Gain from disposal of available-for-sale securities	(2,388)	(3,166)
Gain from disposal of securities held for trading	(622)	-
Allowance for losses on financing and advances	(4,302)	(2,075)
Net unrealised loss on revaluation of securities held at fair value through profit or loss and derivatives	66	(1,315)
Accretion of discount less amortisation of premium	(25,573)	(33,191)
Finance income from securities available-for-sale	(11,268)	(11,115)
Finance income from securities held-to-maturity	(10,764)	(4,159)
Operating profit before working capital changes	<u>33,855</u>	<u>18,836</u>
(Increase)/Decrease In Operating Assets		
Financing and advances	(183,862)	425,303
Statutory deposits with Bank Negara Malaysia	1,214	100,600
Other assets	(54,986)	(68,127)
Deposit and placement with banks and other financial institutions	(439,819)	(76,974)
Securities held-for-trading	535,638	(487,453)
(Increase)/Decrease In Operating Liabilities		
Deposits from customers	(1,162,278)	446,956
Deposits and placements of banks and others financial institutions	1,155,163	(759,000)
Bills and acceptance payable	13,065	(95,546)
Other liabilities	(72,164)	25,093
Cash generated from/(used in) operations	<u>(174,174)</u>	<u>(470,312)</u>
Zakat paid	-	(78)
Income taxes paid	(23,839)	(17,779)
Net cash generated from/(used in) operating activities	<u>(198,013)</u>	<u>(488,169)</u>
Cash Flows From Investing Activities		
Net (purchases)/proceeds of available for sale securities	7,607	533,621
Net (purchases)/proceeds of held to maturity securities	(324,670)	4,863
Purchase of fixed assets	(881)	(528)
Net cash generated from/(used in) investing activities	<u>(317,944)</u>	<u>537,956</u>
Cash Flows From Financing Activities		
Dividend paid	(4,576)	-
Net cash from/(used in) financing activities	<u>(4,576)</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(520,533)	49,787
Cash and Cash Equivalents at Beginning of Financial Year	<u>2,511,864</u>	<u>1,871,430</u>
Cash and Cash Equivalents Carried Forward	<u>1,991,331</u>	<u>1,921,217</u>

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

Notes To The Unaudited Financial Statements For The Financial Period Ended 31 March 2010

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 period ended 31 March 2010, HLISB posted a pre-tax profit of RM 88 million improved by 20% year-on-year. Earning per share was 13.22 sen compared with 11.00 sen for the corresponding period last year.

The balance sheet net financing continued to grow to RM 4.0 billion versus RM 3.8 billion as of June 2009. Deposit from customers stood at RM 6.8 billion, with the mix of individual depositors at 25%, improving from 20%.

3 Outlook for 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 2009

There was no qualified report issued by the auditors in the preceding annual financial statements for the financial year ended 30 June 2009.

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

No dividend has been declared or paid during the 3rd quarter ended 31 March 2010.

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
9 Cash and short-term funds		
Cash and balances with banks and others financial institutions	227,770	297,274
Money at call and deposit placements maturing within one month	1,763,561	2,214,590
	<u>1,991,331</u>	<u>2,511,864</u>
10 Deposits and placements with banks and other financial institutions		
Licensed Islamic banks	414,986	125,167
Other financial institutions	150,000	-
	<u>564,986</u>	<u>125,167</u>
11 Securities		
(i) Securities Held-for-trading		
BNM bills	203,031	843,087
Malaysian Government treasury bills	197,034	148,177
Malaysian Government investment certificates	193,796	136,143
Negotiable Islamic Debt Certificates	537,855	493,270
Bankers' acceptance and Islamic accepted bills	335,491	376,045
Khazanah bonds	-	14,922
Sukuk BNM Ijarah	34,985	-
	<u>1,502,192</u>	<u>2,011,644</u>
(ii) Securities Available-for-sale		
Cagamas bonds	25,359	35,428
Khazanah bonds	-	9,948
Malaysia Government investment certificates	447,044	422,001
	<u>472,403</u>	<u>467,377</u>
(iii) Securities Held-to-maturity		
Malaysia Government investment certificates	395,616	60,208
Unquoted securities		
Shares	575	575
Private and Islamic debt securities	65,665	65,840
	<u>461,856</u>	<u>126,623</u>

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
12 Financing and advances		
(i) By type		
Cashline	4,520	5,421
Term financing		
- House financing	4,116,489	3,562,624
- Hire purchase receivables	2,472,969	2,545,281
- Lease receivables	12,944	16,357
- Other term financing	474,024	348,544
Claims on customers under acceptance credits	64,194	46,206
Staff financing	6	18
Others	504	623
	<u>7,145,650</u>	<u>6,525,074</u>
Less: Unearned income	(3,040,090)	(2,605,681)
Gross financing and advances	4,105,560	3,919,393
Less : Allowance for bad and doubtful financing		
- General	(62,465)	(73,486)
- Specific	(30,051)	(21,027)
Total net financing and advances	<u>4,013,044</u>	<u>3,824,880</u>
(ii) By contract		
Bai' Bithaman Ajil	1,847,124	1,602,357
Ijarah	12,762	15,895
Ijarah Muntahia Bittamlik/AITAB	2,181,480	2,254,935
Murabahah	64,194	46,206
Gross financing and advances	<u>4,105,560</u>	<u>3,919,393</u>
(iii) By type of customer		
Domestic non-bank financial institutions		
- Others than stockbroking companies	4,552	21,026
Domestic business enterprises		
- Small medium enterprise	255,651	230,386
- Others	545,700	499,675
Government and statutory body	39	47
Individuals	3,243,892	3,112,613
Other domestic entities	1,232	1,244
Foreign entities	54,494	54,402
Gross financing and advances	<u>4,105,560</u>	<u>3,919,393</u>
(iv) By profit rate sensitivity		
Fixed rate		
- House financing	308,197	406,862
- Hire purchase receivables	2,174,157	2,249,514
- Others fixed rate financing	81,218	128,160
Variable rate		
- Others	1,541,988	1,134,857
Gross financing and advances	<u>4,105,560</u>	<u>3,919,393</u>

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
(v) By economic purpose		
Securities	322	345
Transport Vehicles	2,076,550	2,125,401
Purchase of landed property:		
- Residential	1,287,170	1,122,005
- Non-residential	190,590	192,233
Personal Use	64,349	58,542
Construction	29,710	30,217
Working Capital	452,820	390,636
Other Purposes	4,049	14
	4,105,560	3,919,393

13 Non-performing financing

(i) Movements in non-performing financing

As at beginning of the year	46,260	45,754
Classified as non-performing during the year	164,385	204,631
Reclassified as performing	(145,758)	(166,739)
Amount recovered	(19,398)	(24,237)
Amount written off	(165)	(13,149)
As at end of the year	45,324	46,260
Less: Specific allowance	(30,051)	(21,027)
Net non-performing and financing	15,273	25,233
Ratio of net non-performing financing and advances to total net financing and advances	0.4%	0.6%

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
(ii) Movements in allowance for bad and doubtful financing		
General allowance		
As at beginning of the year	73,486	65,025
Allowance made during the Year	-	8,461
Allowance written back during the Year	(11,021)	-
As at end of the year	<u>62,465</u>	<u>73,486</u>
As % of gross financing and advances less specific allowance	<u>1.5%</u>	<u>1.9%</u>
Specific allowance		
As at beginning of the year	21,027	24,734
Allowance made during the Year	14,749	15,949
Allowance recovered	(5,560)	(6,507)
Amount written off	(165)	(13,149)
As at end of the year	<u>30,051</u>	<u>21,027</u>
(iii) Non-performing financing and advances		
By economic purpose		
Securities	220	220
Transport Vehicles	23,653	21,379
Purchase of landed property:		
- Residential	16,127	18,889
- Non-residential	1,213	612
Personal Use	488	440
Construction	222	422
Working Capital	3,401	4,298
	<u>45,324</u>	<u>46,260</u>

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
14 Deposits from customer		
(i) By type of deposit		
Non-Mudharabah		
Demand deposits	472,277	375,930
Savings deposits	635,525	580,875
Negotiable islamic debt certificate	905,903	1,215,890
	<u>2,013,705</u>	<u>2,172,695</u>
Mudharabah		
Savings deposits	638,663	569,063
General investment deposits	1,928,535	1,864,865
Special investment deposits	2,236,717	3,373,275
	<u>4,803,915</u>	<u>5,807,203</u>
	<u>6,817,620</u>	<u>7,979,898</u>
(ii) By type of customer		
Government and statutory bodies	296,120	164,241
Business enterprise	4,684,153	6,117,757
Individuals	1,707,946	1,583,204
Others	129,401	114,696
	<u>6,817,620</u>	<u>7,979,898</u>
15 Deposits and placements of banks and other financial institutions		
Mudharabah		
Licensed islamic banks	320,378	30,000
Licensed commercial banks	864,785	-
	<u>1,185,163</u>	<u>30,000</u>
16 Other Liabilities		
Amount due to holding company	187,673	263,679
Profit equalisation reserves	2,184	4,691
Provision for zakat	93	55
Profit payable	40,685	32,681
Others	63,742	65,398
	<u>294,377</u>	<u>366,504</u>

	3 rd Quarter		Cumulative 9 Months	
	Current Quarter Ended 31-Mar-10 RM'000	Corresponding Quarter Ended 31-Mar-09 RM'000	Current Period Ended 31-Mar-10 RM'000	Corresponding Period Ended 31-Mar-09 RM'000
17 Income derived from investment of depositors' funds and others				
Income derived from investment of :				
- General investment deposits	47,800	48,390	145,584	168,402
- Other deposits	23,899	23,002	72,792	87,008
	<u>71,699</u>	<u>71,392</u>	<u>218,376</u>	<u>255,410</u>
(i) Income derived from investment of general investment deposits				
Finance income and hibah				
Financing, advances and other financing	31,255	32,536	94,094	102,708
Securities Held-for-trading	1,004	459	3,680	1,005
Securities Available- for-sale	1,932	1,130	6,761	6,669
Securities Held-to-maturity	2,689	824	6,459	2,495
Money at call and deposit with financial institutions	7,075	5,616	17,480	29,139
	<u>43,955</u>	<u>40,565</u>	<u>128,474</u>	<u>142,016</u>
Amortisation of premium less accretion of discount	4,139	6,957	15,344	19,915
Total finance income and hibah	<u>48,094</u>	<u>47,522</u>	<u>143,818</u>	<u>161,931</u>
Other operating income				
Gain/(loss) from sale of held-for-trading securities	(337)	195	373	1,900
Gain/(loss) from sale of available-for-sale securities	213	99	1,433	3,782
Unrealised gain/(loss) on revaluation of held-for-trading securities	(170)	574	(40)	789
	<u>(294)</u>	<u>868</u>	<u>1,766</u>	<u>6,471</u>
	<u>47,800</u>	<u>48,390</u>	<u>145,584</u>	<u>168,402</u>
(ii) Income derived from investment of other deposits				
Finance income and hibah				
Financing, advances and other financing	15,627	15,641	47,047	53,066
Securities Held-for-trading	502	228	1,840	519
Securities Available- for-sale	966	492	3,380	3,446
Securities Held-to-maturity	1,344	398	3,229	1,289
Money at call and deposit with financial institutions	3,537	2,509	8,740	15,055
	<u>21,976</u>	<u>19,268</u>	<u>64,236</u>	<u>73,375</u>
Amortisation of premium less accretion of discount	2,069	3,378	7,672	10,289
Total finance income and hibah	<u>24,045</u>	<u>22,646</u>	<u>71,908</u>	<u>83,664</u>
Other operating income				
Gain/(loss) from sale of held-for-trading securities	(168)	73	187	982
Gain/(loss) from sale of available-for-sale securities	107	(10)	717	1,954
Unrealised gain/(loss) on revaluation of held-for-trading securities	(85)	293	(20)	408
	<u>(146)</u>	<u>356</u>	<u>884</u>	<u>3,344</u>
	<u>23,899</u>	<u>23,002</u>	<u>72,792</u>	<u>87,008</u>

	3rd Quarter		Cumulative 9 Months	
	Current Quarter Ended 31-Mar-10 RM'000	Corresponding Quarter Ended 31-Mar-09 RM'000	Current Period Ended 31-Mar-10 RM'000	Corresponding Period Ended 31-Mar-09 RM'000
18 Income derived from investment of shareholders' fund				
Finance income and hibah				
Financing, advances and other financing	5,209	6,050	15,682	15,406
Securities Held-for-trading	167	76	614	150
Securities Available- for-sale	322	262	1,127	1,000
Securities Held-to-maturity	448	152	1,076	375
Money at call and deposit with financial institutions	1,180	1,236	2,914	4,372
	<u>7,326</u>	<u>7,776</u>	<u>21,413</u>	<u>21,303</u>
Amortisation of premium less accretion of discount	689	1,260	2,557	2,987
Total finance income and hibah	<u>8,015</u>	<u>9,036</u>	<u>23,970</u>	<u>24,290</u>
Other operating income				
Fee and commission				
- Commission	293	193	755	752
- Service Charges & fees	44	279	189	948
- Guarantee fees	-	1	65	376
- Other fees income	671	57	3,397	2,003
Gain/(loss) from sale of held-for-trading securities	(56)	56	62	284
Gain/(loss) from sale of available-for-sale securities	34	76	238	567
Unrealised gain/(loss) on revaluation of held-for-trading securities	(28)	90	(7)	118
Others	134	60	621	60
	<u>1,092</u>	<u>812</u>	<u>5,320</u>	<u>5,108</u>
	<u>9,107</u>	<u>9,848</u>	<u>29,290</u>	<u>29,398</u>
19 Allowance for losses on financing				
Allowance for bad and doubtful financing				
(a) Specific allowance				
- Made during the financial Year	4,384	3,851	14,749	11,293
- Written back	(1,808)	(1,241)	(5,560)	(4,363)
(b) General allowance				
- Written back	(5,732)	(4,060)	(11,021)	(6,854)
Bad debts on financing				
- Recovered	(748)	(841)	(2,787)	(2,428)
- Written off	93	71	317	277
	<u>(3,811)</u>	<u>(2,220)</u>	<u>(4,302)</u>	<u>(2,075)</u>
20 Income attributable to the depositors				
Deposits from customers				
- Mudharabah	28,272	32,420	89,102	122,108
- Non-Mudharabah	4,787	6,117	14,503	23,164
Deposits and placements of banks and other financial institutions				
- Mudharabah	3,089	1,578	7,787	5,386
- Non Mudharabah	459	-	749	-
	<u>36,607</u>	<u>40,115</u>	<u>112,141</u>	<u>150,658</u>

	Financial Period Ended 31-Mar-10 RM'000	Financial Year Ended 30-Jun-09 RM'000
21 Capital adequacy		
Tier I capital		
Paid-up share capital	500,000	500,000
Retained profit	114,632	119,207
Other reserves	119,209	119,209
	<u>733,841</u>	<u>738,416</u>
Less: Deferred tax assets	(18,932)	(18,932)
Total Tier I capital	<u>714,909</u>	<u>719,484</u>
Tier II capital		
General allowance for bad and doubtful financing	62,465	73,486
Total Tier II capital	<u>62,465</u>	<u>73,486</u>
Capital base	<u>777,374</u>	<u>792,970</u>
Core capital ratio	18.92%	20.86%
Risk-weighted capital ratio	20.57%	22.99%

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.

Capital Adequacy (Continued)

Disclosure on Capital Adequacy under the Standardised Approach as at 31 March 2010

Exposure Class	Gross Exposures		Net Exposures	Risk Weighted Assets		Capital Requirements
	RM'000	RM'000		RM'000	RM'000	
1 CREDIT RISK						
<i>On Balance Sheet Exposures</i>						
Sovereigns/Central Banks	2,185,493	39	2,185,493	-	1	
Public Sector Entities	1,324,561	5,023	1,324,561	341,958	27,357	
Banks, Development Financial Institutions & MDBs	583,749	5,023	582,878	562,472	44,998	
Insurance Companies, Securities Firms & Fund Managers	2,472,367	967,050	2,470,003	1,852,503	148,200	
Corporates	967,050	1,011	967,012	373,985	29,919	
Regulatory Retail	1,011	62,026	1,011	1,516	121	
Residential Mortgages	62,026	77,377	62,026	62,367	4,989	
Higher Risk Assets	77,377		77,297	109,092	8,727	
Other Assets						
Defaulted Exposures						
TOTAL for On-Balance Sheet Exposures	7,678,696		7,675,343	3,308,924	264,714	
<i>Off Balance Sheet Exposures</i> ¹						
Off Balance sheet Exposures other than OTC # derivatives or credit derivatives	673		673	673	54	
TOTAL for Off-Balance Sheet Exposures	673		673	673	54	
TOTAL for On and Off-Balance Sheet Exposures	7,679,369		7,676,016	3,309,597	264,768	
2 MARKET RISK						
Profit Rate Risk		Short Position				
Foreign Currency Risk	1,467,215			122,262	9,781	
TOTAL MARKET RISK	758			7,371	590	
OPERATIONAL RISK						
Operational Risk	1,474,586			129,633	10,371	
TOTAL RWA AND CAPITAL REQUIREMENT				339,974	27,198	
				3,779,204	302,337	

OTC "Over The Counter".
The Bank do not have any issuances of Profit Sharing Investment Account ("PSIA") used as risk absorbent.

Capital Adequacy (Continued)

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

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

OTC "Over The Counter".

The Bank do not have any issuances of Profit Sharing Investment Account ("PSIA") used as risk absorbent.

21 Capital Adequacy (Continued)

Disclosure on Credit Risk: Disclosures on Risk Weights as at 31 March 2010

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 FDI's 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%	2,185,493	-	-	-	-	-	-	-	(343)	-	2,185,150	-
10%	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	39	1,067,739	-	25,510	-	-	-	-	-	1,093,288	218,658
35%	-	-	-	-	-	-	730,142	-	-	-	730,142	255,549
50%	-	-	256,822	-	-	317	238,940	-	-	-	496,079	248,039
75%	-	-	-	-	-	2,470,003	-	-	-	-	2,470,003	1,852,502
90%	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	5,023	558,041	2,019	6,914	-	62,368	-	634,365	634,365
110%	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	22,394	43,524	-	1,071	-	-	66,989	100,484
Total Exposures	2,185,493	39	1,324,561	5,023	605,945	2,515,863	975,996	1,071	62,025	-	7,676,016	3,309,597

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

21 Capital Adequacy (Continued)

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	
	Exposures after Netting and Credit Risk Mitigation												
	Sovereigns & Central Banks RM'000	PSEs RM'000	Banks, MDBs and FDI's 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
35%	-	-	-	-	-	587,525	-	-	-	-	-	-	587,525
50%	-	-	80,118	-	26	230,068	-	-	-	-	-	-	310,638
75%	-	-	-	-	-	-	-	-	-	-	-	-	2,506,900
90%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	5,087	536,892	-	8,684	-	5,312	-	-	-	557,993
110%	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	2,364	-	-	-	25,848	-	-	-	29,178
Total Exposures	2,707,386	47	528,182	5,087	574,930	2,535,092	826,277	966	4,627	-	7,182,594	2,939,589	

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

22 Commitments and contingencies

Financial Period Ended
31-Mar-10

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Certain transaction-related contingent items	916	458	458
Short-term self-liquidating trade-related contingencies	1,075	215	215
Any commitments that are unconditionally cancellable at any time by the bank without prior notice	1,289,597	-	-
Foreign exchange related contracts	284	-	-
	<u>1,291,872</u>	<u>673</u>	<u>673</u>

Financial Year Ended
30-Jun-09

	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
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>

31 March 2010	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	
Assets						
Cash and short term funds	1,763,561	-	-	-	227,770	2.1%
Deposits & placement with bank & other financial institutions	-	215,468	-	349,518	-	1.9%
Securities Held-for-trading	-	-	-	-	-	2.5%
Securities Available-for-sale	-	-	40,265	432,138	1,502,192	3.1%
Securities Held-for-maturity	-	-	35,089	426,192	-	3.9%
Financing and advances	-	-	-	-	575	-
- performing *	1,494,444	7,803	79,922	1,315,381	(62,236)	5.3%
- non-performing *	-	-	-	-	15,044	-
Other assets	-	-	-	-	128,551	-
Total assets	3,258,005	223,271	155,276	2,523,229	309,704	9,134,363
Liabilities						
Deposits from customers	3,740,976	2,558,977	164,336	353,331	-	1.9%
Deposits & placement of bank & other financial institutions	553,165	485,466	-	166,532	-	1.8%
Bills and acceptance payable	-	-	-	-	29,198	2.3%
Other liabilities	-	-	-	-	302,017	-
Total liabilities	4,294,141	3,024,443	164,336	519,863	331,215	8,333,998
Shareholder's funds	-	-	-	-	800,365	-
Total liabilities and shareholder's funds	4,294,141	3,024,443	164,336	519,863	1,131,580	9,134,363
On-balance sheet profit sensitivity gap	(1,036,136)	(2,801,172)	(9,060)	2,003,366	1,162,686	-
Total profit sensitivity gap	(1,036,136)	(2,801,172)	(9,060)	2,003,366	1,162,686	-

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

30 June 2009	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	
Assets						
Cash and short term funds	2,214,590	-	-	-	297,274	1.9%
Deposits & placement with bank & other financial institutions	-	100,000	-	25,167	-	1.7%
Securities Held-for-trading	-	-	-	-	-	2.2%
Securities Available-for-sale	-	9,948	-	327,796	129,633	3.7%
Securities Held-for-maturity	-	-	-	126,048	-	4.4%
Financing and advances	-	-	-	-	575	-
- performing *	1,090,812	13,152	91,130	1,333,282	1,344,757	5.5%
- non-performing *	-	-	-	-	(73,007)	-
Other assets	-	-	-	-	24,754	-
Total assets	3,305,402	123,100	91,130	1,812,293	324,001	9,141,960
Liabilities						
Deposits from customers	6,078,402	875,950	871,695	153,851	-	2.0%
Deposits & placement of bank & other financial institutions	30,000	-	-	-	-	2.0%
Bills and acceptance payable	-	-	-	-	16,133	2.0%
Other liabilities	-	-	-	-	375,898	-
Total liabilities	6,108,402	875,950	871,695	153,851	392,031	8,401,929
Shareholder's funds	-	-	-	-	740,031	-
Total liabilities and shareholder's funds	6,108,402	875,950	871,695	153,851	1,132,062	9,141,960
On-balance sheet profit sensitivity gap	(2,803,000)	(752,850)	(780,565)	1,658,442	1,474,390	-
Total profit sensitivity gap	(2,803,000)	(752,850)	(780,565)	1,658,442	1,474,390	-

* 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.