

BANK MUAMALAT MALAYSIA BERHAD
(6175-W)
(Incorporated in Malaysia)

Audited Financial Statements
31 March 2010

Ernst & Young
AF : 0039

6175-W

**Bank Muamalat Malaysia Berhad
(Incorporated in Malaysia)**

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Bank Muamalat Malaysia Berhad
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Directors' report

The directors of the Bank Muamalat Malaysia Berhad have pleasure in submitting their report together with the audited financial statements of the Group and the Bank for the financial period ended 31 March 2010.

Principal activities

The principal activities of the Bank are Islamic banking business and related financial services.

The principal activities of the subsidiaries are as disclosed in Note 12 to the financial statements.

There have been no significant changes in these activities during the financial period.

Change in financial year end

The Group and the Bank has changed its financial year end from 31 December 2009 to 31 March 2010, in order to coincide with the financial year end of its holding company, DRB-HICOM Berhad.

Results

	Group RM'000	Bank RM'000
Profit for the period	<u>98,834</u>	<u>97,528</u>

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and the Bank during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

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Dividend

No dividends has been paid or declared by the company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

Directors

The names of the directors of the Bank in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Dr. Mohd Munir Abdul Majid
 Dato' Sri Haji Mohd Khamil Jamil
 Dato' Haji Mohd Redza Shah Abdul Wahid
 Haji Ismail Ibrahim
 Datin Azizah Mohd. Jaafar
 Haji Abdul Jabbar Abdul Majid
 Tengku Dato' Seri Hasmuddin Tengku Othman
 Haji Mohd Izani Ghani (appointed on 1 March 2009)
 Dato' Azmi Abdullah (appointed on 16 September 2009)

Directors' interests

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial period in shares in the Bank and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.2009	Acquired	Disposal	As at 31.3.2010
Interest in Etika Strategi Sdn Bhd, ultimate holding company:				
Dato' Sri Haji Mohd Khamil Jamil	30,000	-	-	30,000
Interest in DRB-HICOM Berhad, holding company:				
Datin Azizah Mohd Jaafar	-	8,500	-	8,500

None of the other directors who held office at the end of the financial period had, according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the Bank or its related corporations during the financial period.

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Directors' benefits

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Bank was a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Bank as shown in Note 28 to the financial statements) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for certain directors who received remuneration from a subsidiary company of the immediate holding company.

Issue of shares

During the financial year, the Bank increased its issued and paid up ordinary share capital from RM397,274,549 to RM1,000,000,000 by way of:

- (i) the issuance of 500,000,000 ordinary shares of RM1 each through a private placement at par for cash, for working capital purposes ; and
- (ii) conversion of 102,725,451 Musharakah Irredeemable Non Cumulative Convertible Preference shares of RM1 each to 102,725,451 ordinary shares of RM1 each.

The new ordinary shares issued during the period ranked pari passu in all respects with the existing ordinary shares of the Bank.

Other statutory information

- (a) Before the income statement and balance sheet of the Group and the Bank were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad financing and the making of allowance for doubtful financing and have satisfied themselves that all known bad financing had been written off and that adequate allowance had been made for bad and doubtful financing; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

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Other statutory information (cont'd.)

- (b) As at the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad financing, or the amount of the allowance for bad and doubtful financing in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the value attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) As at the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) As at the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial period which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial period.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Bank to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial period in which this report is made.

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Business review 2009/2010

The Group registered a profit before tax and zakat of RM142.0 million for the fifteen months period ended 31 March 2010, higher by 222.4% in contrast to the profit recorded in the prior corresponding period in 2008 amounting to RM44.1 million. The increase in profit was mainly due to significant improvements in allowance for losses on financing and income attributable to depositors.

Total assets of the Group grew in the fifteen months period to RM16.7 billion as compared to RM14.4 billion last year. The increase was mainly due to an increase in amount of securities held.

Prospects 2010/2011

A recovery from the global financial crisis that emerged in 2008 appears well under way with business activities, especially, industrial production regaining its momentum amidst the strengthening demand and trade.

The enhanced macro landscape augurs positively for the health of the financial sector, which remained resilient despite the contraction in Gross Domestic Product (GDP) in 2009. National GDP declined by 1.7% in the year under review, registering its first fall since 1998.

The Islamic banking industry stayed robust throughout the recession in 2009 where total assets continued to have double-digit growth. Significantly, sustained real economic recovery should continue to place the Islamic banking industry in buoyant mode, offering Bank Muamalat Malaysia Berhad greater depth and reach.

Rating by external rating agencies

Details of the Bank's ratings are as follows:

Rating Agency	Date	Classification	Received
Rating Agency Malaysia Berhad	29 April 2010	Long term	A2
		Short term	P1
		Subordinated Bond	A3
		Outlook	Stable

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Disclosure of shariah committee

The Bank's business activities are subject to the Shariah compliance and conformation by the Shariah Committee consisting of 5 members appointed by the Board for a 2-year term. The duties and responsibilities of the Shariah Committee were governed by the Guideline on The Governance of Shariah Committee for the Islamic Financial Institutions (BNM/GPS 1) issued by the Bank Negara Malaysia (BNM). The duties and responsibilities of the Shariah Committee are as follow:

- (a) To advise the Board on Shariah matters in order to ensure that the business operations of the Bank comply with Shariah principles at all times.
- (b) To endorse and validate all the products, relevant legal documentations, Standard Operating Procedures (SOP), and marketing advertisements.
- (c) To assist related parties on Shariah matters for advice upon request.
- (d) To advise the Bank to consult Shariah Advisory Council (SAC), BNM on any matters which have not been resolved or endorsed by the SAC, BNM.
- (e) To provide written Shariah opinion.
- (f) To assist the SAC, BNM on reference for advice by providing relevant Shariah jurisprudential literature from the established sources.

Zakat obligations

The Bank only pays zakat on its business. The Bank does not pay zakat on behalf of the shareholders or depositors.

Auditors

The auditors, Ernst & Young, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 May 2010.

Tan Sri Dato' Dr. Mohd Munir Abdul Majid

Dato' Haji Mohd Redza Shah Abdul Wahid

Kuala Lumpur, Malaysia

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Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Dr. Mohd Munir Abdul Majid and Dato' Haji Mohd Redza Shah Abdul Wahid, being two of the directors of Bank Muamalat Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 103 are drawn up in accordance with Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia Guidelines and Shariah principles and Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2010 and of the financial performance and the cash flows of the Group and of the Bank for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 May 2010.

Tan Sri Dato' Dr. Mohd Munir Abdul Majid
Kuala Lumpur, Malaysia

Dato' Haji Mohd Redza Shah Abdul Wahid

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, PeerMohamed Ibramsha being the officer primarily responsible for the financial management of Bank Muamalat Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 103 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed PeerMohamed Ibramsha
at Kuala Lumpur in Federal Territory
on 21 May 2010

PeerMohamed Ibramsha

Before me,

Commissioner for Oaths

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**Bank Muamalat Malaysia Berhad
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Report of the shariah committee

We, the Shariah Committee of Bank Muamalat Malaysia Berhad, do hereby confirm that in our opinion, the operations of the Bank, to the best of its effort for the period ended 31 March 2010 and to the best of our knowledge, have been conducted in conformity with the Shariah principles.

Signed on behalf of the Shariah Committee,

Azizi Che Seman

Associate Professor Dr. Mohamad Sabri Haron

Kuala Lumpur, Malaysia
21 May 2010

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**Independent auditors' report to the members of
Bank Muamalat Malaysia Berhad
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Report on the financial statements

We have audited the financial statements of Bank Muamalat Malaysia Berhad, which comprise the balance sheet as at 31 March 2010 of the Group and the Bank, and the income statements, statements of changes in equity and cash flow statements of the Group and the Bank for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 103.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

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**Independent auditors' report to the members of
Bank Muamalat Malaysia Berhad (cont'd.)
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Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, as modified by Bank Negara Malaysia Guidelines and Shariah principle and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 March 2010 and of its financial performance and cash flows for the period then ended.

Report on other legal and regulatory requirements

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

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
21 May 2010

Mohd. Sukarno bin Tun Sardon
No. 1697/03/11(J)
Chartered Accountant

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Balance sheets as at 31 March 2010 (15 Rabiul akhir 1431H)

		Group		Bank	
	Note	31.3.2010 RM'000	31.12.2008 RM'000	31.3.2010 RM'000	31.12.2008 RM'000
Assets					
Cash and short-term funds	4	5,775,383	5,067,282	5,775,383	5,067,282
Securities:					
Held-to-maturity	5 (a)	28,224	30,891	28,224	30,891
Available-for-sale	5 (b)	4,012,805	2,871,016	4,012,805	2,871,016
Financing of customers	6	6,630,159	6,027,516	6,630,405	6,042,668
Statutory deposits with Bank					
Negara Malaysia	8	87,821	251,771	87,821	251,771
Other assets	9	67,566	70,502	67,078	64,797
Property, plant and equipment	10	84,079	43,822	84,034	43,724
Prepaid land lease payment	11	260	265	260	265
Investment in subsidiaries	12	-	-	6,402	7,675
Deferred tax assets (net)	13	27,915	35,580	27,915	35,580
Goodwill	14	-	-	-	-
Total assets		16,714,212	14,398,645	16,720,327	14,415,669
Liabilities					
Deposits from customers	15	14,920,856	12,447,970	14,927,848	12,464,698
Deposits and placements of banks and other financial institutions	16	16,361	250,425	16,361	250,425
Bills and acceptances payable		92,224	651,916	92,224	651,916
Other liabilities	17	96,422	95,883	96,297	95,775
Provision for zakat and taxation	18	19,218	215	19,143	215
Subordinated bonds	20	250,000	250,000	250,000	250,000
Total liabilities		15,395,081	13,696,409	15,401,873	13,713,029

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Balance sheets as at 31 March 2010 (15 Rabiul akhir 1431H) (cont'd.)

		Group		Bank	
	Note	31.3.2010	31.12.2008	31.3.2010	31.12.2008
		RM'000	RM'000	RM'000	RM'000
Shareholders' equity					
Share capital	19	1,000,000	500,000	1,000,000	500,000
Reserves	21	319,131	202,236	318,454	202,640
Total shareholders' equity		1,319,131	702,236	1,318,454	702,640
Total liabilities and shareholders' equity		16,714,212	14,398,645	16,720,327	14,415,669
Commitments and contingencies	36	5,732,029	6,132,497	5,732,029	6,132,497
Capital adequacy *	41				
Core capital ratio		13.9%	8.8%	13.9%	8.8%
Risk-weighted capital ratio		17.6%	12.9%	17.5%	12.8%

* Capital adequacy ratios are computed after taking into account the credit, market and operational risks.

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
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Income statements

For the period from 1 January 2009 to 31 March 2010 (15 Rabiul akhir 1431H)

	Note	Group		Bank	
		1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.12.2008 RM'000	1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.12.2008 RM'000
Income derived from investment of depositors' funds and others	22	865,193	718,333	865,193	719,178
Income derived from investment of shareholders' funds	23	77,527	72,338	76,832	71,150
Allowance for losses on financing	24	(161,189)	(166,137)	(161,065)	(166,368)
Writeback of provision for commitments and contingencies		82	1,000	82	1,000
Impairment loss	25	(37,779)	(21,739)	(39,152)	(23,568)
Marked to market (loss)/gain from derivatives		(4,527)	1,977	(4,527)	1,977
Other income/(expenses) directly attributable to the investment of the depositors and shareholders' funds		(29,641)	(22,703)	(29,739)	(22,703)
Total distributable income		709,666	583,069	707,624	580,666
Income attributable to depositors	26	(269,956)	(318,851)	(270,109)	(319,023)
Total net income		439,710	264,218	437,515	261,643
Personnel expenses	27	(152,086)	(100,266)	(151,636)	(99,831)
Other overheads and expenditures	30	(126,032)	(104,259)	(125,714)	(103,802)
Finance cost	31	(19,531)	(15,625)	(19,531)	(15,625)
Profit before zakat and taxation		142,061	44,068	140,634	42,385
Zakat	32	(241)	(215)	(241)	(215)
Taxation	33	(42,986)	(11,902)	(42,865)	(11,875)
Net profit for the period		98,834	31,951	97,528	30,295
Earnings per share attributable to equity holders of the Bank (sen):					
Basic	34 (a)	11.0	8.0		
Diluted	34 (b)	11.0	6.4		

The accompanying notes form an integral part of the financial statements.

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Bank Muamalat Malaysia Berhad
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Consolidated statement of changes in equity
For the period ended 31 March 2010 (15 Rabiul akhir 1431H)

	<=====Attributable to Equity Holders of the Bank=====>						
	<==Share Capital ==>			<=====Non-distributable=====>			
Group	Ordinary shares RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Net unrealised losses on available- for-sale securities RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2008	250,000	250,000	140,713	-	(4,518)	101,136	737,331
Currency translation differences	-	-	-	661	-	-	661
Unrealised net losses on revaluation of securities available for sale	-	-	-	-	(67,707)	-	(67,707)
Net losses not recognised in income statement	-	-	-	661	(67,707)	-	(67,046)
Net profit for the year	-	-	-	-	-	31,951	31,951
Transfer to statutory reserve	-	-	15,975	-	-	(15,975)	-
Converted to ordinary shares during the year	147,275	(147,275)	-	-	-	-	-
At 31 December 2008	397,275	102,725	156,688	661	(72,225)	117,112	702,236

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

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Bank Muamalat Malaysia Berhad
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Consolidated statement of changes in equity
For the period ended 31 March 2010 (15 Rabiul akhir 1431H)

	<=====Attributable to Equity Holders of the Bank=====>						
	<==Share Capital ==>			<=====Non-distributable=====>			
	Ordinary shares RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve* RM'000	Exchange fluctuation reserve RM'000	Net unrealised losses on available- for-sale securities RM'000	Distributable Retained profits RM'000	Total equity RM'000
Group (cont'd.)							
At 1 January 2009	397,275	102,725	156,688	661	(72,225)	117,112	702,236
Currency translation differences	-	-	-	(1,191)	-	-	(1,191)
Unrealised net gain on revaluation of securities available for sale	-	-	-	-	19,252	-	19,252
Net gain not recognised in income statement	-	-	-	(1,191)	19,252	-	18,061
Net profit for the period	-	-	-	-	-	98,834	98,834
Transfer to statutory reserve	-	-	49,417	-	-	(49,417)	-
Issued during the period	500,000	-	-	-	-	-	500,000
Converted to ordinary shares during the period	102,725	(102,725)	-	-	-	-	-
At 31 March 2010	1,000,000	-	206,105	(530)	(52,973)	166,529	1,319,131

The accompanying notes form an integral part of the financial statements.

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Bank Muamalat Malaysia Berhad
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Statement of changes in equity
For the period ended 31 March 2010 (15 Rabiul akhir 1431H)

Bank	<==Share Capital ==>		<=====Non-distributable=====>				
	Ordinary shares RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve * RM'000	Exchange fluctuation reserve RM'000	Net unrealised gains/ (losses) on available- for-sale securities RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2008	250,000	250,000	140,684	-	(4,626)	103,301	739,359
Currency translation differences	-	-	-	661	-	-	661
Unrealised net losses on revaluation of securities available for sale	-	-	-	-	(67,675)	-	(67,675)
Net losses not recognised in income statement	-	-	-	661	(67,675)	-	(67,014)
Net profit for the year	-	-	-	-	-	30,295	30,295
Transfer to statutory reserve	-	-	15,148	-	-	(15,148)	-
Converted to ordinary shares during the year	147,275	(147,275)	-	-	-	-	-
At 31 December 2008	397,275	102,725	155,832	661	(72,301)	118,448	702,640

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Statement of changes in equity
For the period ended 31 March 2010 (15 Rabiul akhir 1431H)

	<==Share Capital ==>		<=====Non-distributable=====>				
	Ordinary shares RM'000	Musharakah irredeemable non- cumulative convertible preference shares RM'000	Statutory reserve * RM'000	Exchange Fluctuation Reserve RM'000	Net unrealised gains/ (losses) on available- for-sale securities RM'000	Distributable Retained profits RM'000	Total RM'000
Bank (cont'd.)							
At 1 January 2009	397,275	102,725	155,832	661	(72,301)	118,448	702,640
Currency translation differences	-	-	-	(1,191)	-	-	(1,191)
Unrealised net gain on revaluation of securities available for sale	-	-	-	-	19,477	-	19,477
Net gain not recognised in income statement	-	-	-	(1,191)	19,477	-	18,286
Net profit for the period	-	-	-	-	-	97,528	97,528
Transfer to statutory reserve	-	-	48,764	-	-	(48,764)	-
Issued during the period	500,000	-	-	-	-	-	500,000
Converted to ordinary shares during the period	102,725	(102,725)	-	-	-	-	-
At 31 March 2010	1,000,000	-	204,596	(530)	(52,824)	167,212	1,318,454

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

The accompanying notes form an integral part of the financial statements.

Bank Muamalat Malaysia Berhad
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Cash flow statements

For the period ended 31 March 2010 (15 Rabiul akhir 1431H)

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	142,061	44,068	140,634	42,385
Adjustment for				
Amortisation of prepaid land and lease payment	5	4	5	4
Depreciation property, plant and equipment	14,504	12,412	14,467	12,378
(Gain)/loss disposal of property, plant and equipment	(21)	4	(21)	4
Property, plant and equipment written off	16	-	-	-
Marked to market loss/(gain) on derivatives	4,527	(1,977)	4,527	(1,977)
Amortisation of premium less accretion of discount	12,547	(12,253)	12,547	(12,253)
Net gain from sale of available-for-sale securities	(2,974)	(1,992)	(2,974)	(1,992)
Net gain from sale of held-for-trading securities	(14,255)	(1,546)	(14,255)	(1,546)
Net gain from foreign exchange transaction	(17,057)	(14,015)	(17,057)	(14,015)
Impairment loss	37,779	21,739	39,152	23,568
Loss on allowance for losses on financing	161,189	166,137	161,065	166,368
Writeback provision for commitment and contingencies	(82)	(1,000)	(82)	(1,000)
Dividend income	(5,141)	(2,702)	(5,141)	(2,702)
Operating profit before working capital changes	333,098	208,879	332,867	209,222

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Cash flow statements

For the period ended 31 March 2010 (15 Rabiul akhir 1431H) (cont'd.)

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets:				
Financing of customers	(764,056)	(603,467)	(748,801)	(624,911)
Statutory deposits with Bank Negara Malaysia	163,950	36,700	163,950	36,700
Other assets	2,936	(4,363)	(2,281)	1,342
Increase/(decrease) in operating liabilities:				
Deposits from customers	2,472,886	290,134	2,463,150	306,862
Deposits and placements of banks and other financial institutions	(234,064)	-	(234,064)	-
Bill and acceptance payable	(559,692)	307,976	(559,692)	307,976
Other liabilities	621	21,166	604	20,125
Cash generated from operation	1,415,679	257,025	1,415,733	257,316
Zakat paid	-	(430)	-	(430)
Tax paid	(23,168)	(14,274)	(23,122)	(14,274)
Net cash generated from operating activities	1,392,511	242,321	1,392,611	242,612
Cash flows from investing activities				
(Purchase)/proceed of securities, net	(1,134,795)	367,752	(1,134,795)	367,752
Proceed from disposal of property, plant and equipment	176	3	176	3
Purchase of property, plant and equipment	(54,932)	(11,711)	(54,932)	(11,682)
Additional investment in a subsidiary	-	-	(100)	-
Dividend income	5,141	2,702	5,141	2,702
Net cash (used in)/generated from investing activities	(1,184,410)	358,746	(1,184,510)	358,775

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Cash flow statements

For the period ended 31 March 2010 (15 Rabiul akhir 1431H) (cont'd.)

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	500,000	-	500,000	-
Net cash generated from financing activities	500,000	-	500,000	-
Net increase in cash and cash equivalents	708,101	601,067	708,101	601,387
Cash and cash equivalents at beginning of period/ year	5,067,282	4,466,215	5,067,282	4,465,895
Cash and cash equivalents at end of period/ year	5,775,383	5,067,282	5,775,383	5,067,282
Cash and cash equivalents consist of:				
Cash and short term funds	5,775,383	5,067,282	5,775,383	5,067,282

The accompanying notes form an integral part of the financial statements.

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Notes to the financial statements - 31 March 2010 (15 Rabiul akhir 1431H)

1. Corporate information

The Bank is principally engaged in all aspects of Islamic banking and finance business and in the provision of related services in accordance with Shariah principles.

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

The principal activities of the subsidiaries are as disclosed in Note 12 to the financial statements.

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 20th Floor, Menara Bumiputra, Jalan Melaka, 50100 Kuala Lumpur.

The holding and ultimate holding companies of the bank are DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. respectively, both of which are incorporated in Malaysia. DRB-HICOM Berhad, a public limited liability company is listed on the main Board of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2010.

2. Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with Financial Reporting Standards ("FRS") as modified by Bank Negara Malaysia Guidelines and Shariah principles, and the Companies Act, 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM) and rounded to the nearest thousand (RM'000) except when otherwise indicated.

3. Significant accounting policies

3.1 Summary of significant accounting policies

(a) Basis of accounting

The financial statements of the Group and of the Bank are prepared under the historical cost convention, unless otherwise indicated in the respective accounting policies.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interest represents the portion of profit and loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of the changes in the subsidiaries' equity since then.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Financial Instrument

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. The accounting policies on recognition and measurement of these items are disclosed in their respective accounting policies.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(d) Financial Instrument (cont'd.)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash and bank balances and short-term funds with remaining maturity of less than one month.

(ii) Financing of customers

Financing is stated after deducting the allowance for possible losses.

(e) Allowances for impaired financing

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

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

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

Specific allowance provided for impaired financing had been made in full compliance with the BNM/GP3. Additional allowances for impaired financing are provided when the recoverable amount is lower than the net book value of financing (outstanding amount of financing, net of specific allowances) and long outstanding non-performing financing on the following basis:

- (i) assigning fifty percent (50%) of the forced sale value of the properties held as collateral for non-performing financing which are outstanding for more than five (5) years but less than seven (7) years; and
- (ii) no value will be assigned for the collateral of non-performing financing which are outstanding for seven (7) years and above.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(e) Allowances for impaired financing (cont'd.)

Any allowance made during the year is charged to the income statement.

Bank Negara Malaysia has granted indulgence to the Group and the Bank from complying with the requirement on the impairment of financing under BNM's Guidelines on Financial Reporting for Licensed Islamic Banks ("BNM/GP8-i") for the current and previous year.

Financing are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of defaults or after maturity date.

The specific allowance for doubtful debts and financing of the Group and the Bank are computed based on the requirements of BNM / GP3, which is consistent with the adoption made in the previous audited annual financial statements.

(f) Securities

The holding of securities of the Group and of the Bank is segregated based on the categories and valuation methods:

(i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading is recognised in the income statement.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(f) Securities (cont'd.)

(ii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

(iii) Securities held-to-maturity

Securities held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group and the Bank have the positive intent and ability to hold to maturity. The securities held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of securities held-to-maturity is recognised in the income statement.

The estimated fair values for securities held-for-trading and securities available-for-sale are based on quoted and observable market prices at the balance sheet date. Where such quoted and observable market prices are not available, fair value is estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted based on current market rates for similar instruments at the balance sheet date.

(g) Equity Instruments

Ordinary shares are classified as equity. Dividend on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transactions are accounted for as a deduction from equity, net of tax. Equity transactions costs comprise only those incremental external costs directly attributable to the equity transactions which would otherwise have been avoided.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(g) Equity Instruments (cont'd.)

The considerations paid, including attributable transactions costs on repurchased ordinary shares of the Bank that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(h) Derivatives

(a) Foreign exchange contract

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

(b) Profit rate and foreign currency swaps

All derivatives financial instruments are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statement unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedge

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in a separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are released to the income statement in the periods when the hedged item affects the income statement.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(i) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Renovation work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	3%
Long term leasehold land	3%
Office furniture and equipment	15%
Building improvements and renovations	20%
Motor vehicles	20%
Computer equipment	20% - 33.3%

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(j) Property, plant and equipment and depreciation (cont'd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(k) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

(l) Bills and acceptances payable

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

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(m) Provision for liabilities

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Liabilities

Deposits from customers, deposits and placement of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(p) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Income from financing

Income from financing of customers is recognised based on the constant rate of return method. Income includes the amortisation of premium and accretion of discount. Income from securities is recognised on an effective yield basis.

Where a customer's financing account is classified as non-performing, income is suspended until it is realised on a cash basis. Financing income recognised prior to the non-performing classification is treated as uncollectible, thus an additional amount of specific allowance is made. Customers' accounts are classified as non-performing where repayments are in arrears for more than three months from the first day of default for financing; and three months from the first day of default for trade bills, bankers acceptances, trust receipts and other instruments of similar nature.

(ii) Fee and other income recognition

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

Dividend income from securities is recognised when the Bank's right to receive payment is established.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(q) Income tax (cont'd.)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(r) Zakat

This represents business zakat. It is an obligatory amount payable by the Bank to comply with the principles of Shariah. Zakat provision is calculated based on 2.5% of the shareholders' funds growth method.

(s) Impairment of non-financial assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

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3. Significant accounting policies (cont'd.)

3.1 Summary of significant accounting policies (cont'd.)

(s) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

3.2 Changes in accounting policies and effects arising from adoption of revised FRSS

The accounting policies and methods of computation adopted during the financial period are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2008.

3.3 FRSS, Amendments to FRSS, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective

The Group and the Bank had not adopted the following FRSS, amendments to FRSS, IC Interpretations, TR and SOP which have effective date as follows:

FRSS, Amendments to FRSS, IC Interpretations, TR and SOP		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010 and 1 January 2011
FRS 3	Business Combinations	1 January 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 July 2009 and 1 January 2011
FRS 8	Operating Segments	1 January 2010

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3. Significant accounting policies (cont'd.)

3.3 FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective (cont'd.)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		Effective for financial periods beginning on or after
FRS 101	Presentation of Financial Statements (revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 123	Borrowing Costs	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate Investments in Associates	1 January 2010
Amendments to FRS 128	Investments in Associates	1 January 2010
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131	Interests in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010, 1 July 2010 and 1 March 2010
Amendments to FRS 134	Interim Financial Reporting	1 January 2010
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010 and 1 July 2010

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3. Significant accounting policies (cont'd.)

3.3 FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective (cont'd.)

FRSs, Amendments to FRSs, IC Interpretations, TR and SOP		Effective for financial periods beginning on or after
Amendments to IFRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010 and 1 July 2010
Amendments to FRS 140	Investment Property	1 January 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
SOP i-1	Financial Reporting from an Islamic Perspective	1 January 2010

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3. Significant accounting policies (cont'd.)

3.3 FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations, Technical Releases ("TR") and Statement of Principles ("SOP") issued but not yet effective (cont'd.)

FRS 4, Amendments to FRS 119, FRS 129 and FRS 140 and IC Interpretations 12, 13, 14 and 15 are not applicable to the Group and the Bank. The other FRSs, amendments to FRSs, IC Interpretations, TR and SOP above are expected to have no significant impact on the financial statements upon their initial application except for FRS 7, FRS 101 (revised in 2009) and FRS 139. The Group and the Bank are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

The adoption of FRS 101 (revised in 2009) will have the following impacts to the financial statements upon its initial application:

- Entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statements of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.
- When entity restated its comparative figures in financial statements or retrospectively applies a new accounting policy, a statement of financial position must be presented as at the beginning of the earliest comparative period in a complete set of financial statements.
- Entities must disclose amount reclassified to profit or loss that were previously recognised in other comprehensive income and the income tax relating to each component of other comprehensive income, either in the statement of comprehensive income or in the notes;
- New terminologies will replace 'balance sheet' with 'statement of financial position', and 'cash flow statement' with 'statement of cash flows'.

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3. Significant accounting policies (cont'd.)

3.4 Significant accounting estimates and judgements

Preparation of the financial statements involved making certain estimates and assumptions concerning the future judgements. They affect the accounting policies applied, amounts of assets, liabilities, income and expenses reported and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in these estimates and assumptions by management may have an effect on the balances as reported in financial statements.

(a) Fair value estimation of securities

As disclosed in Note 3.1(f), where the quoted and observable market prices of certain securities are not available, fair value is estimated using pricing models or discounted cash flow techniques. The usage of these models and techniques requires the Group to make certain estimates and assumptions, including but not limited to estimated future cash flows and discount rates.

(b) Income taxes

Deferred tax assets are measured and recognised based on the tax rates that are expected to apply in the period when the asset is realised. Estimates are made as to the amount of taxable profits in these periods which will enable the deferred tax assets to be realised.

(c) Allowances for losses on advances and financing

As stated in Note 3.1(e), specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as substandard, bad or doubtful. The individual assessment of financing may include making estimates and judgements about the counterparty's financial position, fair value of the underlying collaterals and future recoverable cash flows in workout/restructuring arrangements.

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4. Cash and short-term funds

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	152,804	166,729	152,804	166,729
Money at call and interbank placements with remaining maturity not exceeding one month	5,622,579	4,900,553	5,622,579	4,900,553
	5,775,383	5,067,282	5,775,383	5,067,282

5. Securities

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
(a) Held-to-maturity		
At amortised cost		
Corporate bonds	30,285	32,952
Accumulated impairment loss	(2,061)	(2,061)
Total held-to-maturity securities	28,224	30,891
(b) Available-for-sale		
At fair value		
Quoted securities:		
Malaysian Government Investment Certificate	1,181,505	520,096
Cagamas bonds	115,647	35,407
Khazanah bonds	-	179,220
Islamic private debt securities	2,596,505	1,936,981
Sukuk	115,043	189,215
Negotiable instrument of deposit certificates	-	5,992
	4,008,700	2,866,911
Unquoted securities:		
Shares	4,105	4,105
Total available-for-sale securities	4,012,805	2,871,016

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6. Financing of customers

(i) By type

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Cash line	428,225	485,585	428,225	485,585
Term financing				
Home financing	4,076,724	3,949,605	4,076,724	3,949,605
Syndicated financing	164,712	202,796	164,712	202,796
Hire purchase receivables	1,564,836	1,575,765	1,564,836	1,575,765
Leasing receivables	205,120	144,320	205,120	144,320
Other term financing	3,428,178	2,281,061	3,428,531	2,296,444
Trust receipts	140,769	170,376	140,769	170,376
Claims on customers				
under acceptance credits	730,361	860,165	730,361	860,165
Staff financing	89,202	99,337	89,202	99,337
Revolving credit	498,891	470,177	498,891	470,177
	11,327,018	10,239,187	11,327,371	10,254,570
Less : Unearned income	(3,909,046)	(3,447,639)	(3,909,046)	(3,447,639)
	7,417,972	6,791,548	7,418,325	6,806,931
Less : Financing sold to Cagamas	(380,846)	(363,801)	(380,846)	(363,801)
	7,037,126	6,427,747	7,037,479	6,443,130
Less : Allowance for bad and doubtful financing:				
- General	(106,663)	(97,330)	(106,770)	(97,561)
- Specific	(300,304)	(302,901)	(300,304)	(302,901)
-non performing financing	(226,055)	(269,627)	(226,055)	(269,627)
-performing financing	(74,249)	(33,274)	(74,249)	(33,274)
Total net financing, advances and other financing	6,630,159	6,027,516	6,630,405	6,042,668

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6. Financing of customers (cont'd.)

(ii) By contract

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Bai' Bithaman Ajil				
(deferred payment sale)	2,192,508	2,073,124	2,192,508	2,073,124
Ijarah (lease)	126,525	85,068	126,525	85,068
Ijarah Thumma Al-Bai				
(lease ended with				
purchase)	1,339,247	1,324,933	1,339,247	1,324,933
Inah (sale and buyback)	664,587	746,957	664,587	746,957
Tawarruq				
(commodity murabahah)	873,560	339,579	873,560	339,579
Bai Al Dayn				
(purchase of debt)	724,830	849,766	724,830	849,766
Murabahah (cost-plus)	655,260	599,383	655,260	599,383
Istisna' (sale order)	426,367	396,829	426,367	396,829
Qard Hasan (benevolent				
loan)	4,844	7,608	11,948	27,491
Shirkah Mutanaqisah				
(diminishing partnership)	29,398	4,500	22,647	-
	7,037,126	6,427,747	7,037,479	6,443,130

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6. Financing of customers (cont'd.)

(iii) By type of customer

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking institutions	36,818	39,410	36,818	39,410
Domestic business enterprises				
- Small business enterprises	1,162,500	1,046,871	1,162,500	1,046,871
- Others	2,013,136	1,983,113	2,020,239	1,993,996
Government and statutory bodies	104,825	76,750	98,075	81,250
Individuals	3,698,733	3,156,955	3,698,733	3,156,955
Other domestic entities	3,295	6,858	3,295	6,858
Foreign entities	17,819	117,790	17,819	117,790
	7,037,126	6,427,747	7,037,479	6,443,130

(iv) By profit rate sensitivity

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
Home financing	596,980	775,007	596,980	775,007
Hire purchase receivables	1,285,372	1,306,552	1,285,372	1,306,552
Others	2,896,580	2,028,341	2,903,683	2,048,224
Variable rate:				
Home financing	828,603	665,617	828,603	665,617
Others	1,429,591	1,652,230	1,422,841	1,647,730
	7,037,126	6,427,747	7,037,479	6,443,130

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6. Financing of customers (cont'd.)

(v) By sector

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Agriculture	138,739	80,298	138,739	80,298
Mining and quarrying	3,975	176	3,975	176
Manufacturing	738,168	854,314	738,168	854,314
Electricity, gas and water	66,706	48,621	66,706	48,621
Construction	906,148	1,014,003	906,148	1,014,003
Purchase of landed property:				
- Residential	1,432,596	1,440,624	1,432,596	1,440,624
- Non-residential	273,849	296,159	273,849	296,159
Real estate	15,234	-	15,234	-
Wholesale, retail and restaurant	537,409	367,155	537,409	382,300
Transport, storage and communication	172,225	147,182	172,463	147,420
Finance, insurance and business services	190,991	191,974	190,991	191,974
Purchase of securities	128	1,427	128	1,427
Purchase of transport vehicles	1,285,372	1,306,613	1,285,372	1,306,613
Consumption credit	953,558	486,493	953,558	486,493
Community, social and personal service	322,028	192,708	322,143	192,708
	7,037,126	6,427,747	7,037,479	6,443,130

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7. Non-performing financing

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
(i) Movements in the non-performing financing, advances and other financing		
As at 1 January	592,168	506,202
Classified as non-performing during the period/year	611,265	589,155
Reclassified as performing during the period/year	(405,239)	(329,006)
Recovered during the period/year	(126,951)	(121,574)
Written off during the period/year	(157,490)	(52,609)
As at 31 March	513,753	592,168
Less : Specific allowance	(300,304)	(302,901)
Net non-performing financing*	213,449	289,267
Ratio of net non-performing financing to total net financing	3.0%	4.4%

*Total net financing is inclusive of amount sold to Cagamas

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
(ii) Movements in the allowance for bad and doubtful financing				
General allowance				
As at 1 January	97,330	90,832	97,561	90,832
Allowance made during the period/year	9,333	6,498	9,209	6,729
As at 31 March/December	106,663	97,330	106,770	97,561
As % of total gross financing, advances and other loans less specific allowance	1.5%	1.5%	1.5%	1.5%
Specific allowance				
As at 1 January	302,901	194,506	302,901	194,506
Allowance made during the period/year	230,498	232,103	230,498	232,103
Amount recovered	(97,127)	(71,099)	(97,127)	(71,099)
Amount written off	(135,968)	(52,609)	(135,968)	(52,609)
As at 31 March/December	300,304	302,901	300,304	302,901

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7. Non-performing financing (cont'd.)

(iii) Non-performing financing by sector

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
Agriculture	-	270
Manufacturing	92,031	103,170
Electricity, gas and water	-	41
Construction	127,757	107,913
Purchase of landed property:		
- Residential	172,493	223,355
- Non-residential	19,210	34,762
Wholesale and retail and restaurant	26,533	16,196
Transport, storage and communication	518	1,401
Finance, insurance and business services	11,302	4,274
Purchase of securities	127	1,291
Purchase of transport vehicles	37,969	74,176
Consumption credit	24,491	24,426
Community, social and personal service	1,322	893
	513,753	592,168

8. Statutory deposits with Bank Negara Malaysia

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

9. Other assets

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Deposits	3,015	2,705	2,860	2,550
Prepayments	1,693	5,365	1,672	5,305
Income receivables	53,297	32,347	53,182	32,102
Tax recoverable	38	3,764	-	3,726
Inventories	-	6,446	-	-
Other debtors	9,523	19,875	9,364	21,114
	67,566	70,502	67,078	64,797

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10. Property, plant and equipment

Group

	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 31 March 2010					
Cost					
At 1 January 2009	2,958	14,092	139,914	2,009	158,973
Additions	-	1,957	18,106	34,869	54,932
Disposals	-	-	(363)	-	(363)
Write off	-	-	(45)	-	(45)
Reclassification	-	-	3,047	(3,047)	-
At 31 March 2010	2,958	16,049	160,659	33,831	213,497
Accumulated depreciation					
At 1 January 2009	748	3,263	111,140	-	115,151
Charge for the period	132	439	13,933	-	14,504
Disposals	-	-	(208)	-	(208)
Write off	-	-	(29)	-	(29)
At 31 March 2010	880	3,702	124,836	-	129,418
Carrying amount at 31 March 2010	2,078	12,347	35,823	33,831	84,079
At 31 December 2008					
Cost					
At 1 January 2008	2,958	14,092	128,332	1,897	147,279
Additions	-	-	9,775	1,936	11,711
Disposals	-	-	(17)	-	(17)
Reclassification	-	-	1,824	(1,824)	-
At 31 December 2008	2,958	14,092	139,914	2,009	158,973
Accumulated depreciation					
At 1 January 2008	674	2,910	99,165	-	102,749
Charge for the year	74	353	11,985	-	12,412
Disposals	-	-	(10)	-	(10)
At 31 December 2008	748	3,263	111,140	-	115,151
Carrying amount at 31 December 2008	2,210	10,829	28,774	2,009	43,822

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10. Property, plant and equipment (cont'd.)

Bank

	Freehold land and building RM'000	Office building RM'000	Furniture, fixtures, fittings, motor vehicle and equipment RM'000	Capital work in progress RM'000	Total RM'000
At 31 March 2010					
Cost					
At 1 January 2009	2,958	14,092	139,722	2,009	158,781
Additions	-	1,957	18,077	34,898	54,932
Disposals	-	-	(365)	-	(365)
Reclassification	-	-	3,047	(3,047)	-
At 31 March 2010	2,958	16,049	160,481	33,860	213,348
Accumulated depreciation					
At 1 January 2009	748	3,263	111,046	-	115,057
Charge for the period	132	439	13,896	-	14,467
Disposals	-	-	(210)	-	(210)
At 31 March 2010	880	3,702	124,732	-	129,314
Carrying amount at 31 March 2010	2,078	12,347	35,749	33,860	84,034
At 31 December 2008					
Cost					
At 1 January 2008	2,958	14,092	128,169	1,897	147,116
Additions	-	-	9,746	1,936	11,682
Disposals	-	-	(17)	-	(17)
Reclassification	-	-	1,824	(1,824)	-
At 31 December 2008	2,958	14,092	139,722	2,009	158,781
Accumulated depreciation					
At 1 January 2008	674	2,910	99,105	-	102,689
Charge for the year	74	353	11,951	-	12,378
Disposals	-	-	(10)	-	(10)
At 31 December 2008	748	3,263	111,046	-	115,057
Carrying amount at 31 December 2008	2,210	10,829	28,676	2,009	43,724

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10. Property, plant and equipment (cont'd.)

Transfer of the title deed for office building with a net book value of RM804,965 (31.12.2008: RM838,988) is pending approval from the relevant authorities.

11. Prepaid land lease payments

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
At 1 January	265	269
Amortisation	(5)	(4)
At 31 December	<u>260</u>	<u>265</u>
Analysed as:		
Long term leasehold land	<u>260</u>	<u>265</u>
	<u>260</u>	<u>265</u>

12. Investment in subsidiaries

	Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
Unquoted shares at cost		
- in Malaysia	10,823	10,723
Less: Impairment loss	(4,421)	(3,048)
	<u>6,402</u>	<u>7,675</u>

Details of the subsidiary companies are as follows:

Name	Principal activities	Country of	Percentage of equity held		Paid up capital
			31.3.2010	31.12.2008	31.3.2010
			%	%	RM
Muamalat Nominees (Tempatan) Sdn. Bhd.	Dormant	Malaysia	100	100	2
Muamalat Nominees (Asing) Sdn. Bhd.	Dormant	Malaysia	100	100	2

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12. Investment in subsidiaries (cont'd.)

Name	Principal activities	Country of	Percentage of equity held		Paid up capital
			31.3.2010 %	31.12.2008 %	31.3.2010 RM
Muamalat Venture Islamic Venture Sdn. Bhd.*	Capital	Malaysia	100	100	100,002
Muamalat Invest Sdn. Bhd.	Provision of Fund Management Services	Malaysia	100	100	10,000,000

* During the period, the Bank subscribed to the entire 100,000 ordinary shares of RM1 each issued by Muamalat Venture Sdn. Bhd. at par for cash for working capital requirements.

13. Deferred tax assets (net)

	Group and Bank	
	31.3.2010 RM'000	31.12.2008 RM'000
At 1 January	35,580	23,013
Recognised in the income statement (Note 33)	(1,056)	894
Recognised in the equity	(6,609)	11,673
At 31 March/December	<u>27,915</u>	<u>35,580</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group and Bank	
	31.3.2010 RM'000	31.12.2008 RM'000
Deferred tax assets	34,332	38,260
Deferred tax liabilities	(6,417)	(2,680)
	<u>27,915</u>	<u>35,580</u>

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13. Deferred tax assets (net) (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group and the Bank:

	General allowance for bad and doubtful financing RM'000	Provision for liabilities RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2009	25,289	1,948	11,023	38,260
Recognised in income statements	2,779	(95)	(3)	2,681
Recognised in the equity	-	-	(6,609)	(6,609)
At 31 March 2010	28,068	1,853	4,411	34,332
At 1 January 2008	24,313	2,270	1,248	27,831
Recognised in income statements	976	(322)	(1,898)	(1,244)
Recognised in the equity	-	-	11,673	11,673
At 31 December 2008	25,289	1,948	11,023	38,260

Deferred Tax Liabilities of the Group and the Bank:

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2009	(2,680)	(2,680)
Recognised in the income statement	(3,737)	(3,737)
At 31 March 2010	(6,417)	(6,417)
At 1 January 2008	(4,818)	(4,818)
Recognised in the income statement	2,138	2,138
At 31 December 2008	(2,680)	(2,680)

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14. Goodwill

	Group	
	31.3.2010	31.12.2008
	RM'000	RM'000
At beginning of year	-	1,219
Impairment recognised during the period/year	-	(1,219)
At 31 March/December	-	-

15. Deposits from customers

(i) By type of deposits

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Non-Mudharabah Fund				
Demand deposits	2,674,435	3,158,782	2,675,427	3,169,010
Savings deposits	626,145	605,916	626,145	605,916
Negotiable Islamic debt certificate	1,299,566	1,091,790	1,299,566	1,091,790
Others	18,776	23,139	18,776	23,139
	4,618,922	4,879,627	4,619,914	4,889,855
Mudharabah Fund				
General investment deposits	8,857,771	6,837,915	8,863,771	6,844,415
Special general investment deposits	1,444,163	730,428	1,444,163	730,428
	10,301,934	7,568,343	10,307,934	7,574,843
	14,920,856	12,447,970	14,927,848	12,464,698

(ii) By type of customer

Government and statutory bodies	2,290,788	3,461,846	2,290,788	3,461,846
Business enterprises	6,980,829	5,850,851	6,987,821	5,867,579
Individuals	952,655	945,966	952,655	945,966
Others	4,696,584	2,189,307	4,696,584	2,189,307
	14,920,856	12,447,970	14,927,848	12,464,698

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16. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
Non-Mudharabah		
Bank Negara Malaysia	16,361	13,959
Licensed banks	-	34,723
Licensed Islamic banks	-	200,000
Others financial institutions	-	1,743
	16,361	250,425

17. Other liabilities

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Sundry creditors	21,746	16,734	21,704	10,733
Income payable to depositors	28,651	39,427	28,651	39,427
Provision for commitments and contingencies [Note (a)]	7,412	7,494	7,412	7,494
Accrual for bonus	31,141	6,116	31,095	6,116
Others	7,472	26,112	7,435	32,005
	96,422	95,883	96,297	95,775

(a) Movement in provision for commitments and contingencies

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
At 1 January	7,494	8,494
Write back during the period/year	(82)	(1,000)
At 31 March/December	7,412	7,494

The provision relates to bank guarantees issued by the Group and the Bank that have a high likelihood to result in claims from the beneficiaries.

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18. Provision for zakat and taxation

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Zakat	456	215	456	215
Taxation	18,762	-	18,687	-
	19,218	215	19,143	215

19. Share capital

	Number of shares of RM1 each		Amount	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	'000	'000	RM'000	RM'000
Authorised:				
Ordinary shares of RM1 each	3,000,000	3,000,000	3,000,000	3,000,000
Musharakah Irredeemable Non-Cumulative Convertible Preference Shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000
Total	4,000,000	4,000,000	4,000,000	4,000,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	397,275	250,000	397,275	250,000
Converted during the period/year	102,725	147,275	102,725	147,275
Issued during the period	500,000	-	500,000	-
At 31 March/December	1,000,000	397,275	1,000,000	397,275
Musharakah Irredeemable Non-Cumulative Convertible Preference Shares of RM1 each				
At 1 January	102,725	250,000	102,725	250,000
Converted during the period/year	(102,725)	(147,275)	(102,725)	(147,275)
At 31 March /December	-	102,725	-	102,725
Total	1,000,000	500,000	1,000,000	500,000

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19. Share capital (cont'd.)

Issue of shares

During the financial year, the Bank increased its issued and paid up ordinary share capital from RM397,274,549 to RM1,000,000,000 by way of:

- (i) the issuance of 500,000,000 ordinary shares of RM1 each through a private placement at par for cash, for working capital purposes; and
- (ii) conversion of 102,725,451 Musharakah Irredeemable Non Cumulative Convertible Preference shares of RM1 each to 102,725,451 ordinary shares of RM1 each.

The new ordinary shares issued during the period ranked pari passu in all respects with the existing ordinary shares of the Bank.

20. Subordinated bonds

On 5 September 2006, the Bank issued RM250 million Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil. The Bonds are under a 10 non-callable 5 basis feature, with a profit rate of 6.25% per annum payable semi-annually. Under the 10 non-callable 5 basic feature, the Bank has the option to redeem the Bonds on the 5th anniversary or any semi-annual date thereafter. Should the Bank decide not to exercise its option to redeem the bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate from the beginning of the 6th year to the final maturity date.

21. Reserves

	Note	Group		Bank	
		31.3.2010 RM'000	31.12.2008 RM'000	31.3.2010 RM'000	31.12.2008 RM'000
Statutory reserve	(a)	206,105	156,688	204,596	155,832
Retained profit	(b)	166,529	117,112	167,212	118,448
Exchange fluctuation reserve		(530)	661	(530)	661
Net unrealised losses on available-for-sale securities		(52,973)	(72,225)	(52,824)	(72,301)
		319,131	202,236	318,454	202,640

(a) Statutory reserve

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

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21. Reserves (cont'd.)

(b) Retained profit

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system").

However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Bank did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Bank may utilise the credit in the 108 balance as at 31 March 2010 and 31 December 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 March 2010 and 31 December 2009, the Bank has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

22. Income derived from investment of depositors' funds and others

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	562,721	433,469	562,721	433,469
(ii) Other deposits	302,472	284,864	302,472	285,709
	865,193	718,333	865,193	719,178

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22. Income derived from investment of depositors' funds and others (cont'd.)

(i) Income derived from investment of general investment deposits

	Group and Bank	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Finance income and hibah		
Income from financing	342,680	260,235
Held-for-trading securities	87	15
Held-for-maturity securities	691	171
Available-for-sale securities	121,812	62,385
Money at call and deposit with financial institutions	70,304	83,132
	535,574	405,938
Amortisation of premium less accretion of discounts	(7,188)	7,952
Total finance income and hibah	528,386	413,890
Other operating income		
Net gain from sale of available-for-sale securities	1,999	1,180
Net gain from sale of held-for-trading securities	9,271	933
	11,270	2,113
Fees and commission		
Guarantee fees	9,304	5,790
Processing fees	12,456	10,762
Commission	1,305	914
	23,065	17,466
Total	562,721	433,469

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22. Income derived from investment of depositors' funds and others (cont'd.)

(ii) Income derived from investment of other deposits

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Income from financing	184,199	171,019	184,199	171,864
Held-for-trading securities	47	10	47	10
Held-for-maturity securities	371	113	371	113
Available-for-sale securities	65,477	40,998	65,477	40,998
Money at call and deposit with financial institutions	37,790	54,632	37,790	54,632
	287,884	266,772	287,884	267,617
Amortisation of premium less accretion of discounts	(3,864)	5,225	(3,864)	5,225
Total finance income and hibah	284,020	271,997	284,020	272,842
Other operating income				
Net gain from sale of available-for-sale securities	1,074	775	1,074	775
Net gain from sale of held-for-trading securities	4,984	613	4,984	613
	6,058	1,388	6,058	1,388
Fees and commission				
Guarantee fees	5,000	3,805	5,000	3,805
Processing fees	6,693	7,073	6,693	7,073
Commission	701	601	701	601
	12,394	11,479	12,394	11,479
Total	302,472	284,864	302,472	285,709

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23. Income derived from investment of shareholders' funds

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Available-for-sale securities	50,573	43,407	50,573	43,407
Amortisation of premium less accretion of discounts	(1,495)	(924)	(1,495)	(924)
Total finance income and hibah	49,078	42,483	49,078	42,483
Other operating income				
Net gain from foreign exchange transaction	17,057	14,015	17,057	14,015
Net (loss)/gain from sale of available-for-sale securities	(99)	37	(99)	37
	16,958	14,052	16,958	14,052
Fees and commission				
Processing fees	977	1,091	977	1,091
Corporate advisory fees	2,296	3,791	2,296	3,791
Service charges and fees	697	668	697	668
Commission	1,825	2,128	1,825	2,128
Others	1,491	1,296	796	108
	7,286	8,974	6,591	7,786
Other income				
Rental income	4,184	6,833	4,184	6,833
Gain/(loss) on disposal of property, plant and equipment	21	(4)	21	(4)
	4,205	6,829	4,205	6,829
Total	77,527	72,338	76,832	71,150

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24. Allowance for losses on financing

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful financing:				
(a) Specific allowance				
- Provided in the financial period/year	230,498	232,103	230,498	232,103
- Written back during the period/year	(97,127)	(71,099)	(97,127)	(71,099)
	133,371	161,004	133,371	161,004
(b) General allowance				
- Provided in the financial period/year	9,333	6,498	9,209	6,729
Bad debts on financing:				
- Written off	28,080	1,062	28,080	1,062
- Recovered	(9,595)	(2,427)	(9,595)	(2,427)
	161,189	166,137	161,065	166,368

25. Impairment loss

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Impairment loss for defaulted corporate bonds included under securities available-for-sale	37,779	20,520	37,779	20,520
Impairment loss for investment in subsidiary	-	-	1,373	3,048
Impairment loss for goodwill	-	1,219	-	-
	37,779	21,739	39,152	23,568

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26. Income attributable to depositors

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah funds	212,425	221,304	212,578	221,476
- Non-Mudharabah funds	12,018	9,421	12,018	9,421
Deposits and placements of banks and other financial institutions				
- Mudharabah funds	1,532	1,747	1,532	1,747
- Non-Mudharabah funds	43,981	86,379	43,981	86,379
	269,956	318,851	270,109	319,023

27. Personnel expenses

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	86,531	67,814	86,177	67,477
Contributions to defined contribution plan	20,091	13,333	20,048	13,286
Social security contributions	939	733	937	731
Allowances and bonuses	30,800	8,779	30,754	8,744
Mutual Separation Scheme	578	515	578	515
Others	13,147	9,092	13,142	9,078
	152,086	100,266	151,636	99,831

Included in personnel expenses of the Group and of the Bank are executive director's remuneration amounting to RM1,280,000 (1.1.2008 to 31.12.2008: RM429,000) as further disclosed in Note 28 and payment for Mutual Separation Scheme of RM578,000 for 3 staff (1.1.2008 to 31.12.2008: RM 515,000 for 4 staff).

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28. CEO, directors and shariah committee remuneration

	Group and Bank	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Executive Director/Chief Executive Officer		
Salaries and wages	1,085	340
Contributions to defined contribution plan	195	61
Others	-	28
	1,280	429
Non-Executive Directors		
Fees	395	158
Other remunerations	879	743
	1,274	901
Shariah Committee Members		
	207	130
	2,761	1,460

The number of directors of the Bank whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
Executive Director/Chief Executive Officer				
RM1,250,000 - RM1,300,000	1	-	1	-
RM250,001 - RM300,000	-	1	-	1
RM150,001 - RM250,000	-	1	-	1

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28. CEO, directors and shariah committee remuneration (cont'd.)

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
Non-Executive Directors				
RM250,001 - RM350,000	1	-	1	-
RM150,001 - RM250,000	2	1	2	1
RM100,001 - RM150,000	3	4	3	4
RM50,001 - RM100,000	2	2	2	2
RM50,000 and below	1	3	1	1

29. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group and Bank	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Short-term employees benefits	3,838	5,870
Included in the total key management personnel are:		
Director's remuneration (Note 28)	1,280	429

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30. Other overheads and expenditures

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Promotion				
Advertisement and publicity	8,549	4,466	8,549	4,466
Establishment				
Rental	9,524	7,250	9,524	7,250
Depreciation	14,504	12,412	14,467	12,378
EDP expenses	38,594	30,570	38,594	30,570
Amortisation of land and prepaid lease payment	5	4	5	4
Hire of equipment	5,618	4,551	5,618	4,551
General expenses				
Auditors' fees				
- statutory audit				
- current year	240	146	225	136
- underprovision in prior year	65	-	60	-
- non-audit work	121	102	117	102
Professional fees	2,883	5,006	2,798	4,984
Legal expenses	1,427	1,205	1,427	1,169
Repair and maintenance	1,886	4,467	1,844	4,467
Insurance	9,074	7,378	9,074	7,378
Utilities expenses	5,125	3,644	5,125	3,644
Security guard expenses	5,583	4,074	5,583	4,074
Provision for doubtful debts	-	-		
Telephone	2,584	1,886	2,447	1,886
Stationery and printing	2,497	2,499	2,493	2,499
Postage and courier	1,660	1,722	1,660	1,722
Travelling	3,759	2,926	3,747	2,926
Directors remuneration and Shariah Committee allowance	2,799	1,452	2,761	1,452
Others	9,535	8,499	9,596	8,144
	126,032	104,259	125,714	103,802

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31. Finance cost

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Subordinated bonds	19,531	15,625	19,531	15,625

32. Zakat

	Group and Bank	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Provision for zakat based on result for the period/year	241	215

33. Taxation

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Current income tax	40,121	12,796	40,000	12,769
Under provision in prior years	1,809	-	1,809	-
	41,930	12,796	41,809	12,769
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,722)	(2,498)	(1,722)	(2,498)
Relating to reduction in Malaysia income tax rate	-	1,902	-	1,902
Under/(over) provision in prior period/years	2,778	(298)	2,778	(298)
	1,056	(894)	1,056	(894)
	42,986	11,902	42,865	11,875

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33. Taxation (cont'd.)

Domestic current income tax is calculated at the statutory tax rate of 25% (31.12.2008: 26%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

	Group		Bank	
	1.1.2009	1.1.2008	1.1.2009	1.1.2008
	to	to	to	to
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	142,061	44,068	140,634	42,385
Taxation at Malaysian statutory tax rate 25% (2008: 26%)	35,515	11,458	35,159	11,020
Effect of different tax rates in other tax jurisdiction	1,084	(1,301)	1,084	(1,301)
Effect on opening deferred tax of reduction in Malaysian income tax	-	1,902	-	1,902
Income not subject to tax	-	(1,341)	-	(549)
Expenses not deductible for tax purposes	1,800	1,564	2,035	1,183
Under provision of income tax in prior period/years	1,809	-	1,809	-
Utilisation of subsidiary tax loss	-	(82)	-	(82)
Under/(over) provision of deferred tax in prior period/years	2,778	(298)	2,778	(298)
Income tax expense for the period/year	42,986	11,902	42,865	11,875

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33. Taxation (cont'd.)

	Group	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Unused tax losses	2,104,152	2,508,051
Unabsorbed capital allowances	27,714	73,816
	<u>2,131,866</u>	<u>2,581,867</u>

The unused tax losses of the Group amounting to RM2,104,152 (31.12.2008: RM2,508,501) are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

34. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Bank (RM'000)	98,834	31,951
Weighted average number of ordinary shares in issue ('000)	900,000	397,275
Basic earnings per share (sen)	<u>11.0</u>	<u>8.0</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Musharakah Irredeemable Non-Cumulative Convertible Preference Shares ("MINCCPS").

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34. Earnings per share (cont'd.)

(b) Diluted (cont'd.)

	1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.12.2008 RM'000
Profit attributable to ordinary equity holders of the equity holders of the Bank (RM'000)	98,834	31,951
Weighted average number of ordinary shares in issue ('000)	900,000	397,275
Effect of dilution of MINCCPS ('000)	-	102,725
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	900,000	500,000
Diluted earnings per share (sen)	11.0	6.4

35. Related party transactions

The Bank's significant transactions and balances with related parties are as follows:

	Group and Bank 1.1.2009 to 31.3.2010 RM'000	1.1.2008 to 31.12.2008 RM'000
Related companies *		
Income		
- profit on financing	7,385	210
Expenditure		
- Hibah on deposit	1,416	5
- Seconded staff salary and related expenses	1,564	-
- Purchase of property, plant and equipment	1,815	-
Amounts due to		
- deposits	563,292	-
Amounts due from		
- financing	281,846	27,898

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35. Related party transactions (cont'd.)

	Group and Bank	
	1.1.2009	1.1.2008
	to	to
	31.3.2010	31.12.2008
	RM'000	RM'000
Other related companies **		
Income		
- profit on financing	16,395	221,891
Expenditure		
- Hibah on deposit	5,747	40
- Insurance expenses	9,074	-
- Purchase of property, plant and equipment	26,695	-
Amounts due to		
- deposits	451,565	11,209
Amounts due from		
- financing	733,520	582,125

* Related companies are companies within the DRB-HICOM Berhad group.

** Other related companies are companies related to a substantial shareholder of DRB-HICOM Berhad group (2008: a substantial shareholder of Bukhary Capital Sdn. Bhd.)

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36. Commitments and contingencies

- (i) In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Bank as at 31 March 2010 are as follows:

	Group and Bank					
	31 March 2010			31 December 2008		
	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Total risk weighted amount RM'000
The commitments and contingencies constitute the following:						
Direct credit substitutes	609	609	612	6,964	6,964	6,964
Trade-related contingencies	80,091	16,018	13,996	104,404	20,881	15,801
Transaction related contingencies	1,993,954	996,977	490,906	1,859,658	929,829	394,368
Obligations under an on-going underwriting agreement	75,000	37,500	7,500	63,000	31,500	6,300
Housing financing sold directly and indirectly to Cagamas with recourse	380,846	380,846	194,646	363,801	363,801	72,760
Credit extension commitment:						
- Maturity within one year	993,178	-	-	776,803	155,361	145,161
- Maturity exceeding one year	993,599	496,799	301,332	1,423,706	711,853	550,474
Foreign exchange related contracts	1,214,752	29,819	15,362	1,348,094	44,496	32,777
Interest rate related contracts	-	-	-	100,000	2,000	400
Other commitments	-	-	-	86,067	-	-
	5,732,029	1,958,568	1,024,354	6,132,497	2,266,685	1,225,005

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37. Financial risk management objectives and policies

The Bank's risk management strategy seeks to ensure that risks undertaken are well managed within the boundaries of its risk appetite. With the approval by the Board, the Bank is in the process of putting in place an integrated risk management capability that would enable the Bank to achieve a single view of risks across its various business operations and to gain strategic competitive advantage from its management capabilities. This is in line with the BASEL II recommendation.

Market risk

Market risk is the potential loss arising from adverse movements in market variables such as rate of return, foreign exchange rate, equity prices and commodity prices.

Credit risk

Credit risk arises from the possibility that a customer or counterparty may be unable to meet its financial obligations to the Bank, either from a facility granted or a contract in which the Bank has a gain position.

Liquidity risk

Liquidity risk refers to the inability for the Bank to meet its funding requirements arising from cash flow mismatches and its inability to liquidate positions quickly and in sufficient volumes.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank manages risks strategically through the following risk committees.

Board Risk Management Committee ("BRMC")

BRMC is primarily responsible for effective functioning of the integrated risk management function within the Bank. As a committee of the Board, it acts with the delegated authority to decide or make recommendations to the Board of Directors on risk management issues. Its members comprise two independent non-executive directors and two non-independent non-executive directors, of which one of the independent non-executive directors acts as the committee chairman.

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37. Financial risk management objectives and policies (cont'd.)

Board Risk Management Committee ("BRMC") (cont'd.)

The key functions of the BRMC includes to review and recommend risk management strategies to the Board; to review and approve risk management policies; to oversee the overall management of all risks covering market risk, asset and liability management, credit risk and operational risk; to approve risk methodologies for measuring and managing risks and to approve contingency plans for dealing with various extreme internal/external events and disasters.

Executive Risk Management Committee ("ERMC")

The Board and BRMC have the overall responsibility for establishing the risk strategies and the policies of the Bank. Execution of these strategies and policies is the responsibilities of the ERMC. The committee consists of senior members of the management and the Chief Risk Officer. The committee focuses on the overall business strategies and daily business operations of the Bank in respect of risk management.

Among the responsibilities of ERMC are overall responsibility for management of risks from a day-to-day business and operational perspective; to execute risk management strategies and policies as set by the Board and BRMC and ensure compliance thereof; to review risk management policies, controls and systems; to cultivate a proactive risk management culture within the Bank; to provide advice to the BRMC and Risk Management Department on impact of risk measures on business strategies.

38. Profit rate risk

The Bank is exposed to the risk associated with the effects of fluctuations in the prevailing levels of profit rate on the financial position and cash flows of its portfolio. The fluctuations in profit rate can be influenced by changes in interest rates that affect the value of financial instruments under its portfolio. Profit rate risk is monitored and managed by the Risk Management Department to protect the income from operations.

The table below summarises the Bank's exposure to profit rate risk for its operations. The table indicates effective profit rates at the balance sheet date and the periods in which the financial instruments reprice or mature, whichever is earlier.

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38. Profit rate risk (cont'd.)

Group 31 March 2010	<=====Non-trading book=====>						Effective profit rate %
	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-profit rate sensitive RM'000	Total RM'000	
Assets							
Cash and short-term funds	5,622,579	-	-	-	152,804	5,775,383	2.25
Securities							
- held-to-maturity	-	-	28,224	-	-	28,224	0.88
- available-for-sale	339,712	381,853	2,324,856	966,384	-	4,012,805	4.45
Financing of customers							
- performing	2,052,054	104,688	1,426,651	2,533,014	-	6,116,407	6.37
- non-performing*	-	-	-	-	513,752	513,752	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	87,821	87,821	-
Other non-profit sensitive assets	-	-	-	-	179,820	179,820	-
Total assets	8,014,345	486,541	3,779,731	3,499,398	934,197	16,714,212	
Liabilities and shareholders' equity							
Deposits from customers	14,521,168	367,052	13,861	-	18,775	14,920,856	2.73
Deposits and placements of banks and other financial institutions	16,361	-	-	-	-	16,361	2.25
Bills and acceptances payable	-	-	-	-	92,224	92,224	-
Subordinated bonds	-	-	250,000	-	-	250,000	6.25
Other non-profit sensitive liabilities	-	-	-	-	115,640	115,640	-
Total liabilities	14,537,529	367,052	263,861	-	226,639	15,395,081	
Shareholders' equity	-	-	-	-	1,319,131	1,319,131	
Total liabilities and shareholders' equity	14,537,529	367,052	263,861	-	1,545,770	16,714,212	
On-balance sheet profit rate sensitivity gap	(6,523,184)	119,489	3,515,870	3,499,398			
Off-balance sheet profit rate sensitivity gap	(761,353)	(58,169)	28,656	-			
Total profit rate sensitivity gap	(7,284,537)	61,320	3,544,526	3,499,398			

* This is arrived at after deducting general and specific allowances from gross non-performing financing outstanding.

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38. Profit rate risk (cont'd.)

Group 31 December 2008	<=====Non-trading book=====>					Total RM'000	Effective profit rate %
	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-profit rate sensitive RM'000		
Assets							
Cash and short-term funds	4,900,553	-	-	-	166,729	5,067,282	3.5
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	
Securities							
- held-to-maturity	-	2,545	28,346	-	-	30,891	1.0
- available-for-sale	228,945	138,572	1,200,473	1,303,026	-	2,871,016	5.5
Financing of customers							
- performing	1,863,849	93,729	1,052,301	2,425,469	-	5,435,348	6.4
- non-performing*	-	-	-	-	592,168	592,168	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	251,771	251,771	-
Other non-profit sensitive assets	-	-	-	-	150,169	150,169	-
Total assets	6,993,347	234,846	2,281,120	3,728,495	1,160,837	14,398,645	
Liabilities and shareholders' equity							
Deposits from customers	12,373,401	74,569	-	-	-	12,447,970	2.9
Deposits and placements of banks and other financial institutions	250,425	-	-	-	-	250,425	3.6
Bills and acceptances payable	-	-	-	-	651,916	651,916	-
Subordinated bonds	-	-	250,000	-	-	250,000	6.3
Other non-profit sensitive liabilities	-	-	-	-	96,098	96,098	-
Total liabilities	12,623,826	74,569	250,000	-	748,014	13,696,409	
Shareholders' equity	-	-	-	-	702,236	702,236	
Total liabilities and shareholders' equity	12,623,826	74,569	250,000	-	1,450,250	14,398,645	
On-balance sheet profit rate sensitivity gap	(5,630,479)	160,277	2,031,120	3,728,495			
Off-balance sheet profit rate sensitivity gap	(1,052,078)	-	-	-			
Total profit rate sensitivity gap	(6,682,557)	160,277	2,031,120	3,728,495			

* This is arrived at after deducting general and specific allowances from gross non-performing financing outstanding.

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38. Profit rate risk (cont'd.)

Bank	<=====Non-trading book=====>						Effective profit rate %
	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-profit rate sensitive RM'000	Total RM'000	
31 March 2010							
Assets							
Cash and short-term funds	5,622,579	-	-	-	152,804	5,775,383	2.3
Securities							
- held-to-maturity	-	-	28,224	-	-	28,224	0.9
- available-for-sale	339,712	381,853	2,324,856	966,384	-	4,012,805	4.5
Financing of customers							
- performing	2,059,051	104,688	1,426,651	2,526,263	-	6,116,653	6.4
- non-performing*	-	-	-	-	513,752	513,752	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	87,821	87,821	-
Other non-profit sensitive assets	-	-	-	-	185,689	185,689	-
Total assets	8,021,342	486,541	3,779,731	3,492,647	940,066	16,720,327	
Liabilities and shareholders' equity							
Deposits from customers	14,528,158	367,054	13,861	-	18,775	14,927,848	2.7
Deposits and placements of banks and other financial institutions	16,361	-	-	-	-	16,361	2.3
Bills and acceptances payable	-	-	-	-	92,224	92,224	-
Subordinated bonds	-	-	250,000	-	-	250,000	6.3
Other non-profit sensitive liabilities	-	-	-	-	115,440	115,440	-
Total liabilities	14,544,519	367,054	263,861	-	226,439	15,401,873	
Shareholders' equity	-	-	-	-	1,318,454	1,318,454	
Total liabilities and shareholders' equity	14,544,519	367,054	263,861	-	1,544,893	16,720,327	
On-balance sheet profit rate sensitivity gap	(6,523,177)	119,487	3,515,870	3,492,647			
Off-balance sheet profit rate sensitivity gap	(761,353)	(58,169)	28,656	-			
Total profit rate sensitivity gap	(7,284,530)	61,318	3,544,526	3,492,647			

* This is arrived at after deducting general and specific allowances from gross non-performing financing outstanding.

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38. Profit rate risk (cont'd.)

Bank	<=====Non-trading book=====>						Effective profit rate %
	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-profit rate sensitive RM'000	Total RM'000	
31 December 2008							
Assets							
Cash and short-term funds	4,900,553	-	-	-	166,729	5,067,282	3.5
Securities							
- held-to-maturity	-	2,545	28,346	-	-	30,891	1.0
- available-for-sale	228,945	138,572	1,200,473	1,303,026	-	2,871,016	5.5
Financing of customers							
- performing	1,863,849	93,729	1,052,301	2,440,621	-	5,450,500	6.4
- non-performing*	-	-	-	-	592,168	592,168	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	251,771	251,771	-
Other non-profit sensitive assets	-	-	-	-	152,041	152,041	-
Total assets	6,993,347	234,846	2,281,120	3,743,647	1,162,709	14,415,669	
Liabilities and shareholders' equity							
Deposits from customers	12,390,129	74,569	-	-	-	12,464,698	2.9
Deposits and placements of banks and other financial institutions	250,425	-	-	-	-	250,425	3.6
Bills and acceptances payable	-	-	-	-	651,916	651,916	-
Subordinated bonds	-	-	-	250,000	-	250,000	6.3
Other non-profit sensitive liabilities	-	-	-	-	95,990	95,990	-
Total liabilities	12,640,554	74,569	-	250,000	747,906	13,713,029	
Shareholders' equity	-	-	-	-	702,640	702,640	
Total liabilities and shareholders' equity	12,640,554	74,569	-	250,000	1,450,546	14,415,669	
On-balance sheet profit rate sensitivity gap	(5,647,207)	160,277	2,281,120	3,493,647			
Off-balance sheet profit rate sensitivity gap	(1,052,078)	-	-	-			
Total profit rate sensitivity gap	(6,699,285)	160,277	2,281,120	3,493,647			

* This is arrived at after deducting general and specific allowances from gross non-performing financing outstanding.

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39. Liquidity risk

Maturities of assets and liabilities by behavioural maturity profile

Group	Up to 6	> 6 - 12	> 1 - 5	Over 5	
31 March 2010	months	months	years	years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	5,775,383	-	-	-	5,775,383
Securities					
- Held-to-maturity	-	-	28,224	-	28,224
- Available-for-sale	339,327	381,420	2,324,277	967,781	4,012,805
Financing of customers	1,197,041	122,055	1,602,059	3,709,004	6,630,159
Statutory deposits with Bank					
Negara Malaysia	-	-	-	87,821	87,821
Other assets	67,826	27,915	-	84,079	179,820
Total assets	7,379,577	531,390	3,954,560	4,848,685	16,714,212
Liabilities					
Deposits from customers	12,155,511	367,052	2,398,293	-	14,920,856
Deposits and placements of					
banks and other financial					
institutions	16,361	-	-	-	16,361
Bills and acceptances payable	92,224	-	-	-	92,224
Other liabilities	115,184	456	-	-	115,640
Subordinated bonds	-	-	-	250,000	250,000
Total liabilities	12,379,280	367,508	2,398,293	250,000	15,395,081
Off-balance sheet liabilities					
Credit and commitments	1,046,205	1,187,856	700,551	2,797,417	5,732,029
Net maturity mismatch	6,333,372	(656,466)	3,254,009	1,801,268	10,732,183
Credit and commitments	1,046,205	1,187,856	700,551	2,797,417	5,732,029
Net maturity mismatch	(1,046,205)	(1,187,856)	(700,551)	(2,797,417)	(5,732,029)

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39. Liquidity risk (cont'd.)

Group 31 December 2008	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets					
Cash and short-term funds	5,067,282	-	-	-	5,067,282
Securities					
- Held-to-maturity	-	2,545	28,346	-	30,891
- Available-for-sale	228,945	166,027	1,173,018	1,303,026	2,871,016
Financing of customers	1,198,955	129,868	1,212,292	3,486,401	6,027,516
Statutory deposits with Bank Negara Malaysia	-	-	-	251,771	251,771
Other assets	70,597	42,802	36,770	-	150,169
Total assets	6,565,779	341,242	2,450,426	5,041,198	14,398,645
Liabilities					
Deposits from customers	9,164,716	350,715	2,932,539	-	12,447,970
Deposits and placements of banks and other financial institutions	250,425	-	-	-	250,425
Bills and acceptances payable	651,916		-	-	651,916
Other liabilities	75,993	20,105		-	96,098
Subordinated bonds	-	-	250,000	-	250,000
Total liabilities	10,143,050	370,820	3,182,539	-	13,696,409
Off-balance sheet liabilities					
Credit and commitments	4,344,990	-	-	1,787,507	6,132,497
Net maturity mismatch	(7,922,261)	(29,578)	(732,113)	3,253,691	(5,430,261)

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39. Liquidity risk (cont'd.)

Maturities of assets and liabilities by behavioural maturity profile

Bank 31 March 2010	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets					
Cash and short-term funds	5,775,383	-	-	-	5,775,383
Securities					
- Held-to-maturity	-	-	28,224	-	28,224
- Available-for-sale	339,327	381,420	2,324,277	967,781	4,012,805
Financing of customers	1,197,041	115,305	1,602,059	3,716,000	6,630,405
Statutory deposits with Bank Negara Malaysia	-	-	-	87,821	87,821
Other assets	67,078	27,915	-	90,696	185,689
Total assets	7,378,829	524,640	3,954,560	4,862,298	16,720,327
Liabilities					
Deposits from customers	12,162,503	367,052	2,398,293	-	14,927,848
Deposits and placements of banks and other financial institutions	16,361	-	-	-	16,361
Bills and acceptances payable	92,224	-	-	-	92,224
Other liabilities	114,984	456	-	-	115,440
Subordinated bonds	-	-	-	250,000	250,000
Total liabilities	12,386,072	367,508	2,398,293	250,000	15,401,873
Off-balance sheet liabilities					
Credit and commitments	1,046,205	1,187,856	700,551	2,797,417	5,732,029
Net maturity mismatch	(6,053,448)	(1,030,724)	855,716	1,814,881	(4,413,575)

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39. Liquidity risk (cont'd.)

Bank 31 December 2008	Up to 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets					
Cash and short-term funds	5,067,282	-	-	-	5,067,282
Securities					
- Held-to-maturity	-	2,545	28,346	-	30,891
- Available-for-sale	228,945	166,027	1,173,018	1,303,026	2,871,016
Financing of customers	1,198,954	129,937	1,212,292	3,501,485	6,042,668
Statutory deposits with Bank Negara Malaysia	-	-	-	251,771	251,771
Other assets	65,331	42,060	-	44,650	152,041
Total assets	6,560,512	340,569	2,413,656	5,100,932	14,415,669
Liabilities					
Deposits from customers	9,181,465	350,716	2,932,517	-	12,464,698
Deposits and placements of banks and other financial institutions	250,425	-	-	-	250,425
Bills and acceptances payable	651,916	-	-	-	651,916
Other liabilities	75,890	20,100	-	-	95,990
Subordinated bonds	-	-	250,000	-	250,000
Total liabilities	10,159,696	370,816	3,182,517	-	13,713,029
Off-balance sheet liabilities					
Credit and commitments	4,344,990	-	-	1,787,507	6,132,497
Net maturity mismatch	(7,944,174)	(30,247)	(768,861)	3,313,425	(5,429,857)

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40. Capital and other commitments

- (a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group and Bank	
	31.3.2010	31.12.2008
	RM'000	RM'000
Approved and contracted for	8,210	5,495
Approved but not contracted for	64,496	97,343
	72,706	102,838

41. Capital adequacy

- (a) The Core Capital Ratios and Risk-Weighted Capital Ratios of the Group/Bank are as follows:

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Computation of Total Risk-Weighted Assets ("RWA")				
Total credit RWA	8,684,382	7,360,255	8,677,935	7,359,696
Total market RWA	63,805	284,485	63,805	284,485
Total operational RWA	922,973	779,604	916,064	779,449
Large exposure Risk RWA for equity holdings	-	-	-	-
Total RWA	9,671,160	8,424,344	9,657,804	8,423,630

Computation of Capital Ratios

Tier-1 capital

Paid-up ordinary share capital	1,000,000	397,275	1,000,000	397,275
Paid-up Musharakah irredeemable non-cumulative convertible preference shares	-	102,725	-	102,725
Statutory reserve	206,105	156,688	204,596	155,832
Retained profits	166,529	117,112	167,212	118,448
Less: Intangible assets (net)	-	-	-	-
Less: Deferred tax assets (net)	(27,915)	(35,580)	(27,915)	(35,580)
Total Tier-I Capital	1,344,719	738,220	1,343,893	738,700

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41. Capital adequacy (cont'd.)

	Group		Bank	
	31.3.2010	31.12.2008	31.3.2010	31.12.2008
	RM'000	RM'000	RM'000	RM'000
<u>Tier-II capital</u>				
Subordinated bonds	250,000	250,000	250,000	250,000
General allowance for bad and doubtful financing	106,663	97,330	106,770	97,561
Total Tier-II Capital	356,663	347,330	356,770	347,561
Less: Investment in subsidiary companies	-	-	(6,402)	(7,675)
Capital Base	1,701,382	1,085,550	1,694,261	1,078,586
Core capital	1,344,719	738,220	1,343,893	738,700
Capital base	1,701,382	1,085,550	1,694,261	1,078,586
Core Capital Ratios	13.9%	8.8%	13.9%	8.8%
Risk-Weighted Capital Ratio	17.6%	12.9%	17.5%	12.8%

Risk-weighted capital adequacy ratio has been computed based on the requirement of Capital Adequacy Framework for Islamic Bank issued by Bank Negara Malaysia effective from 1 January 2008. The comparative figure has been restated for comparison purposes.

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41. Capital adequacy (cont'd.)

(b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows:

Group 31 March 2010	Gross Exposures RM'000	Net Exposures RM'000	Total Risk Weighted Assets After Effect of PSIA* RM'000	Risk Weighted Assets RM'000	Capital Requirement RM'000
(i) Credit Risk					
(a) On Balance sheet exposures					
Sovereign/Central banks	6,074,593	6,074,593	-	-	-
Public sector entities	96,547	83,556	16,712	16,712	1,336
Banks, Development Financial Institution ("FDI") & Multilateral Development Banks ("MDB")	802,394	802,394	196,171	196,171	15,694
	-	-	-	-	-
Corporates	4,632,501	4,565,979	2,758,682	2,758,682	220,695
Regulatory retail	3,027,843	3,026,171	2,269,628	2,269,628	181,570
Residential real estate	402,394	402,394	301,795	301,795	24,144
Higher risk assets	988,497	937,037	1,386,438	1,386,438	110,915
Equity exposure	-	-	-	-	-
Other assets	236,159	236,159	168,912	168,912	13,513
Defaulted exposure	401,037	401,037	470,701	470,701	37,656
	16,661,965	16,529,320	7,569,039	7,569,039	605,523
(b) Off-Balance Sheet Exposures*					
Credit-related off-balance sheet exposure	1,928,750	1,928,750	1,099,981	1,099,981	87,998
Derivative financial instruments	29,819	29,819	15,362	15,362	1,229
Other treasury-related off-Balance sheet exposure	-	-	-	-	-
	1,958,569	1,958,569	1,115,343	1,115,343	89,227
Total on and off-balance sheet exposures	18,620,534	18,487,889	8,684,382	8,684,382	694,750
(ii) Large Exposures Risk Requirement	-	-	-	-	-

* Profit Sharing Investment Account

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41. Capital adequacy (cont'd.)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (cont'd.)

Group
31 March 2010
(iii) Market Risk
Benchmark Rate Risk
Foreign Currency Risk
(iv) Operational Risk
(v) Total RWA and Capital Requirements

Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
RM'000	RM'000	RM'000	RM'000	RM'000
957,209	2,062,656	3,019,865	52,739	4,219
1,483,328	(11,065,950)	(9,582,622)	11,066	885
			63,805	5,104
			922,973	73,838
			9,671,160	773,692

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

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41. Capital adequacy (cont'd.)

(b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows:

Group 31 December 2008	Gross Exposures RM'000	Net Exposures RM'000	Total Risk Weighted Assets After Effect of PSIA* RM'000	Risk Weighted Assets RM'000	Capital Requirement RM'000
(i) Credit Risk					
(a) On Balance Sheet Exposures					
Sovereign/Central Banks	5,671,760	5,671,760	5,671,760	-	-
Public Sector Entities	65,786	58,275	58,275	11,655	932
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	176,371	176,371	176,371	47,341	3,787
Corporates	4,040,636	3,750,401	3,750,401	2,525,071	202,006
Regulatory Retail	2,518,334	2,503,052	2,503,052	1,877,288	150,183
Residential Real Estate	399,002	399,002	399,002	190,267	15,221
Higher Risk Assets	720,345	680,590	680,590	1,036,491	82,919
Equity Exposure	7,675	7,675	7,675	11,513	921
Other Assets	178,512	178,513	178,513	118,741	9,499
Defaulted Exposure	316,018	316,018	316,018	316,883	25,351
	14,094,439	13,741,657	13,741,657	6,135,250	490,819
(b) Off-Balance Sheet Exposures*					
Credit-related Off-Balance Sheet Exposure	2,188,689	2,188,689	2,188,689	1,185,528	94,842
Derivative Financial Instruments	46,496	46,496	46,496	33,177	2,654
Other Treasury-related Off-Balance Sheet Exposure	31,500	31,500	31,500	6,300	504
	2,266,685	2,266,685	2,266,685	1,225,005	98,000
Total On and Off-balance Sheet Exposures	16,361,124	16,008,342	16,008,342	7,360,255	588,819
(ii) Large Exposures Risk Requirement	-	-	-	-	-

* Profit Sharing Investment Account

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41. Capital adequacy (cont'd.)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (cont'd.)

Group
31 December 2008

(iii) Market Risk

Benchmark Rate Risk
Foreign Currency Risk

(iv) Operational Risk

(v) Total RWA and Capital Requirements

Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
RM'000	RM'000	RM'000	RM'000	RM'000
2,532,818	(2,831,028)	(298,210)	246,662	19,733
37,823	(19,572)	18,251	37,823	3,026
			284,485	22,759
			779,604	62,368
			8,424,344	673,946

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

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41. Capital adequacy (Cont'd)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (cont'd.)

Bank	
31 March 2010	
(i) Credit Risk	
(a) On Balance Sheet Exposures	
Sovereign/Central Banks	
Public Sector Entities	
Banks, Development Financial Institution & MDBs	
Corporates	
Regulatory Retail	
Residential Real Estate	
Higher Risk Assets	
Equity Exposure	
Other Assets	
Defaulted Exposures	
(b) Off-Balance Sheet Exposures*	
Credit-related Off-Balance Sheet Exposure	
Derivative Financial Instruments	
Other Treasury-related Off-Balance Sheet Exposure	
Total On and Off-balance Sheet Exposures	
(ii) Large Exposures Risk Requirement	

Gross Exposures	Net Exposures	Total Risk Weighted Assets After Effect of PSIA*	Risk Weighted Assets	Capital Requirement
RM'000	RM'000	RM'000	RM'000	RM'000
6,074,593	6,074,593	-	-	-
96,547	83,556	16,712	16,712	1,337
802,394	802,394	196,171	196,171	15,694
4,632,501	4,565,979	2,758,682	2,758,682	220,695
3,027,843	3,026,171	2,269,628	2,269,628	181,570
402,394	402,394	301,795	301,795	24,144
988,497	937,037	1,386,438	1,386,438	110,915
-	-	-	-	-
229,712	229,712	162,465	162,465	12,997
401,037	401,037	470,701	470,701	37,656
16,655,518	16,522,873	7,562,592	7,562,592	605,008
1,928,750	1,928,750	1,099,981	1,099,981	87,998
29,819	29,819	15,362	15,362	1,229
-	-	-	-	-
1,958,569	1,958,569	1,115,343	1,115,343	89,227
18,614,087	18,481,442	8,677,935	8,677,935	694,235
-	-	-	-	-

* Profit Sharing Investment Account

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41. Capital adequacy (cont'd)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 March, are as follows: (cont'd.)

Bank
31 March 2010

(iii) Market Risk

Benchmark Rate Risk
Foreign Currency Risk

(iv) Operational Risk

(v) Total RWA and Capital Requirements

Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
RM'000	RM'000	RM'000	RM'000	RM'000
957,209	2,062,656	3,019,866	52,739	4,219
1,483,328	(11,065,950)	(9,582,621)	11,066	885
			63,805	5,104
			916,064	73,285
			9,657,804	772,624

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

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41. Capital adequacy (Cont'd)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (cont'd.)

Bank
31 December 2008

(i) Credit Risk

(a) On Balance Sheet Exposures

Sovereign/Central Banks
Public Sector Entities
Banks, Development Financial Institution & MDBs
Corporates
Regulatory Retail
Residential Real Estate
Higher Risk Assets
Equity Exposure
Other Assets
Defaulted Exposures

(b) Off-Balance Sheet Exposures*

Credit-related Off-Balance Sheet Exposure
Derivative Financial Instruments
Other Treasury-related Off-Balance Sheet Exposure

Total On and Off-balance Sheet Exposures

(ii) Large Exposures Risk Requirement

	Gross Exposures	Net Exposures	Total Risk Weighted Assets After Effect of PSIA	Risk Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000	RM'000
	5,671,760	5,671,760	5,671,760	-	-
	65,786	58,275	58,275	11,655	932
	176,371	176,371	176,371	47,341	3,787
	4,040,636	3,739,996	3,739,996	2,525,071	202,006
	2,518,334	2,503,052	2,503,052	1,877,288	150,183
	399,002	399,002	399,002	190,267	15,221
	720,345	690,995	690,995	1,036,491	82,919
	7,675	7,675	7,675	11,513	921
	176,661	176,662	176,662	118,182	9,455
	316,018	316,018	316,018	316,883	25,351
	14,092,588	13,739,806	13,739,806	6,134,691	490,775
	2,188,689	2,188,689	2,188,689	1,185,528	94,842
	46,496	46,496	46,496	33,177	2,654
	31,500	31,500	31,500	6,300	504
	2,266,685	2,266,685	2,266,685	1,225,005	98,000
	16,359,273	16,006,491	16,006,491	7,359,696	588,775
	-	-	-	-	-

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41. Capital adequacy (cont'd)

- (b) Risk-weighted and capital requirements for credit risk, large risk, market risk and operational risk as at 31 December, are as follows: (cont'd.)

Bank
31 December 2008

(iii) Market Risk

Benchmark Rate Risk
Foreign Currency Risk

(iv) Operational Risk

(v) Total RWA and Capital Requirements

Long Position	Short Position	Net Exposure	Risk Weighted Assets	Capital Requirement
2,532,818	(2,831,028)	(298,210)	246,662	19,733
37,823	(19,572)	18,251	37,823	3,026
			284,485	22,759
			779,449	62,356
			8,423,630	673,890

Note:

* Credit Risk of off balance sheet items

** After netting and credit risk mitigation

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41. Capital adequacy (cont'd.)

(c) Credit risk disclosure by risk weights (including deducted exposures) as at 31 March, are as follows:

Group 31 March 2010	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk- Weights											
0%	6,821,172	-	-	-	-	-	-	-	67,248	6,888,420	-
20%	-	90,849	701,357	1,933,419	-	-	-	-	-	2,725,625	545,125
35%	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	119,189	656,443	3,316	26,841	-	-	-	805,789	402,894
75%	-	-	-	-	3,063,672	783,240	-	-	-	3,846,912	2,885,184
100%	-	-	-	2,658,978	12,341	120,842	-	-	168,912	2,961,073	2,961,074
150%	-	-	-	165,392	18,963	-	1,075,714	-	-	1,260,069	1,890,105
	6,821,172	90,849	820,546	5,414,232	3,098,292	930,923	1,075,714	-	236,160	18,487,888	8,684,382

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41. Capital adequacy (cont'd.)

(c) Credit risk disclosure by risk weights (including deducted exposures) as at 31 December, are as follows:

Group 31 December 2008	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk- Weights											
0%	6,412,688	-	-	-	-	-	-	-	59,773	6,472,461	-
20%	-	60,404	513,489	1,128,294	-	-	-	-	-	1,702,187	340,437
35%	-	-	-	-	-	242,657	-	-	-	242,657	84,930
50%	-	-	45,198	710,732	6,597	88,208	-	-	-	850,735	425,367
75%	-	-	-	-	2,543,781	108,658	-	-	-	2,652,439	1,989,329
100%	-	-	1,670	2,935,832	23,099	143,865	-	-	118,740	3,223,206	3,223,206
150%	-	-	-	43,412	18,428	56	795,086	7,675	-	864,657	1,296,986
	6,412,688	60,404	560,357	4,818,270	2,591,905	583,444	795,086	7,675	178,513	16,008,342	7,360,255

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41. Capital adequacy (cont'd.)

(c) Credit risk disclosure by risk weights (including deducted exposures) as at 31 March, are as follows: (cont'd.)

Bank 31 March 2010	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Risk- Weights											
0%	6,821,172	-	-	-	-	-	-	-	67,248	6,888,420	-
20%	-	90,849	701,357	1,933,419	-	-	-	-	-	2,725,625	545,125
35%	-	-	-	-	-	-	-	-	-	-	-
50%	-	-	119,189	656,443	3,316	26,841	-	-	-	805,789	402,894
75%	-	-	-	-	3,063,672	783,240	-	-	-	3,846,912	2,885,184
100%	-	-	-	2,658,978	12,341	120,842	-	-	162,465	2,954,626	2,954,627
150%	-	-	-	165,392	18,963	-	1,075,714	-	-	1,260,069	1,890,105
	6,821,172	90,849	820,546	5,414,232	3,098,292	930,923	1,075,714	-	229,713	18,481,441	8,677,935

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41. Capital adequacy (cont'd.)

(c) Credit risk disclosure by risk weights (including deducted exposures) as at 31 December, are as follows: (cont'd.)

Bank 31 December 2008	Exposures after Netting and Credit Risk Mitigation									Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereign & Central Banks	Public Sector Entities	Banks, MDBs and FDIs	Corporate	Regulatory Retail	Residential Real Estate	Higher Risk Assets	Equity Exposure	Other Assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Risk- Weights											
0%	6,412,688	-	-	-	-	-	-	-	58,481	6,471,169	-
20%	-	60,404	513,489	1,128,294	-	-	-	-	-	1,702,187	340,437
35%	-	-	-	-	-	242,657	-	-	-	242,657	84,930
50%	-	-	45,198	710,732	6,597	88,208	-	-	-	850,735	425,367
75%	-	-	-	-	2,543,781	108,658	-	-	-	2,652,439	1,989,329
100%	-	-	1,670	2,935,832	23,099	143,865	-	-	118,181	3,222,647	3,222,647
150%	-	-	-	43,412	18,428	56	795,086	7,675	-	864,657	1,296,986
	6,412,688	60,404	560,357	4,818,270	2,591,905	583,444	795,086	7,675	176,662	16,006,491	7,359,696

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41. Capital adequacy (cont'd.)

(d) The capital requirements and risk-weighted assets as at 31 March, are as follows:

Market Risk Group and Bank 31 March 2010	Standardised Approach Funded by		
	Specific Investment Account RM'000	General Investment Account RM'000	Non-Profit Sharing Investment Account RM'000
Benchmark Rate Risk	-	-	4,219
Foreign Exchange Risk	-	-	885
Total Capital Requirements	-	-	5,104
Total Risk-Weighted	-	-	63,805

Market Risk Group and Bank 31 December 2008	Standardised Approach Funded by		
	Specific Investment Account RM'000	General Investment Account RM'000	Non-Profit Sharing Investment Account RM'000
Benchmark Rate Risk	-	-	19,733
Foreign Exchange Risk	-	-	3,026
Total Capital Requirements	-	-	22,759
Total Risk-Weighted	-	-	284,485

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41. Capital adequacy (cont'd.)

(e) Geographic distribution of credit exposures as at 31 March, are as follows:

Group 31 March 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,074,593	-	-	-	6,074,593	-
Public Sector Entities	83,556	16,712	-	-	83,556	16,712
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	-	-	-	-	-	-
Corporates	802,376	196,153	18	18	802,394	196,171
Regulatory Retail	4,351,901	2,583,671	214,077	175,012	4,565,979	2,758,682
Residential Real Estate	3,026,171	2,269,628	-	-	3,026,171	2,269,628
Higher Risk Assets	402,394	301,795	-	-	402,394	301,795
Equity Exposure	841,512	1,243,151	95,525	143,287	937,037	1,386,438
Other Assets	-	-	-	-	-	-
Defaulted Exposure	233,411	166,164	2,748	2,748	236,159	168,912
	401,037	470,701	-	-	401,037	470,701
	16,216,951	7,247,975	312,368	321,065	16,529,320	7,569,039
(b) Off-Balance Sheet Exposures*						
Credit-related Off-Balance Sheet Exposure	1,928,750	1,008,993	-	-	1,928,750	1,099,981
Derivative Financial Instruments	29,819	15,362	-	-	29,819	15,362
Other Treasury-related Off-Balance Sheet Exposure	-	-	-	-	-	-
	1,958,569	1,024,355	-	-	1,958,569	1,115,343
Total On and Off-balance Sheet Exposures	18,175,520	8,272,330	312,368	321,065	18,487,889	8,684,382
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

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41. Capital adequacy (cont'd.)

(e) Geographic distribution of credit exposures as at 31 March, are as follows:

Bank 31 March 2010	Domestic		Labuan Offshore		Total	
	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets	Exposures	Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Credit Risk						
(a) On Balance Sheet Exposures						
Sovereign/Central Banks	6,074,593	-	-	-	6,074,593	-
Public Sector Entities	83,556	16,712	-	-	83,556	16,712
Banks, Development Financial Institution ("FDI") & Multilateral development banks ("MDB")	-	-	-	-	-	-
Corporates	802,376	196,153	18	18	802,394	196,171
Regulatory Retail	4,351,901	2,583,671	214,077	175,012	4,565,979	2,758,682
Residential Real Estate	3,026,171	2,269,628	-	-	3,026,171	2,269,628
Higher Risk Assets	402,394	193,797	-	-	402,394	301,795
Equity Exposure	841,512	1,243,151	95,525	143,287	937,037	1,386,438
Other Assets	-	-	-	-	-	-
Defaulted Exposure	226,964	159,717	2,748	2,748	229,712	162,465
	401,037	470,701	-	-	401,037	470,701
	16,210,504	7,133,530	312,368	321,065	16,522,873	7,562,592
(b) Off-Balance Sheet Exposures*						
Credit-related Off-Balance Sheet Exposure	1,928,750	1,008,993	-	-	1,928,750	1,099,981
Derivative Financial Instruments	29,819	15,362	-	-	29,819	15,362
Other Treasury-related Off-Balance Sheet Exposure	-	-	-	-	-	-
Defaulted Exposures	-	-	-	-	-	-
	1,958,569	1,024,355	-	-	1,958,569	1,115,343
Total On and Off-balance Sheet Exposures	18,169,073	8,157,885	312,368	321,065	18,481,442	8,677,935
(ii) Large Exposures Risk Requirement	-	-	-	-	-	-

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41. Capital adequacy (cont'd.)

(f) Rating of credit exposures as at 31 March, are as follows:

Group

Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba3	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,821,172	-	6,821,172
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	103,840	-	103,840
Banks, Development Financial Institutions & MDBs	272,458	-	65,276	25,686	101,685	-	-	-	-	-	355,442	-	820,547
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	1,061,921	438,000	886,173	6,921	627,388	14,882	8,160	-	13,055	9,892	2,414,363	-	5,480,755
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	3,099,966	3,099,966
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	930,922	930,922
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	1,127,174	-	1,127,174
Other Assets	-	-	-	-	-	-	-	-	-	-	-	236,160	236,160
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,334,379	438,000	951,449	32,607	729,073	14,882	8,160	0	13,055	9,892	10,821,991	4,267,048	18,620,536

Banks

Exposure Class	Rating by Approved ECAIS												
	AAA	AA+	AA	AA-	A	BBB	BB+ TO BB-	Below B-	Ba2	P1/MARC1	Unrated	Others	Grand Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures													
Credit Exposures - Standardised Approach													
Sovereigns/Central Banks	-	-	-	-	-	-	-	-	-	-	6,821,172	-	6,821,172
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	103,840	-	103,840
Banks, Development Financial Institutions & MDBs	272,458	-	65,276	25,686	101,685	-	-	-	-	-	355,442	-	820,547
Insurance Cos, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	1,061,921	438,000	886,173	6,921	627,388	14,882	8,160	-	13,055	9,892	2,414,363	-	5,480,755
Regulatory Retail	-	-	-	-	-	-	-	-	-	-	-	3,099,966	3,099,966
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	-	930,922	930,922
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	1,127,174	-	1,127,174
Other Assets	-	-	-	-	-	-	-	-	-	-	-	229,713	229,713
Specialised Financing/investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisations Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,334,379	438,000	951,449	32,607	729,073	14,882	8,160	0	13,055	9,892	10,821,991	4,260,601	18,614,089

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42. Segment information (cont'd.)

(a) Business segments

The bank is organised into two major business segments:

- (i) Wholesale banking - this segment includes corporate banking, treasury and capital market and investment banking activities.
- (ii) Retail banking - this segment includes Small Medium Enterprise banking, commercial and retail banking.

Other business segments include rental services, none of which is of a sufficient size to be reported separately.

Group
31 March 2010

	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	447,013	485,970	5,002	937,985
Result				
Segment result	115,903	116,180	(90,022)	142,061
Zakat and taxation				(43,227)
Net profit for the financial period				98,834
Other information				
Segment assets	8,559,493	4,877,633	-	13,437,126
Unallocated corporate assets				3,277,086
Total assets				16,714,212
Segment liabilities	6,854,447	8,089,403	-	14,943,850
Unallocated corporate liabilities				451,231
Total liabilities				15,395,081
Other segment items				
Capital expenditure	153	12,152	42,627	54,932
Depreciation	1,697	8,575	4,232	14,504

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42. Segment information (cont'd.)

(a) Business segments (cont'd.)

Group

31 December 2008

	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	418,934	366,618	7,186	792,738
Result				
Segment result	67,113	(23,395)	350	44,068
Zakat and taxation				(12,117)
Net profit for the financial year				31,951
Other information				
Segment assets	5,194,828	9,596,045	-	14,790,873
Unallocated corporate assets				(392,228)
Total assets				14,398,645
Segment liabilities	3,856,066	8,578,102	-	12,434,168
Unallocated corporate liabilities				1,262,241
Total liabilities				13,696,409
Other segment items				
Capital expenditure	841	3,990	6,880	11,711
Depreciation	546	4,805	7,061	12,412

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42. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank

31 March 2010

	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	447,013	485,970	4,056	937,039
Result				
Segment result	115,903	116,180	(91,449)	140,634
Zakat and taxation				(43,106)
Net profit for the financial period				97,528
Other information				
Segment assets	8,559,852	4,877,633	-	13,437,485
Unallocated corporate assets				3,282,842
Total assets				16,720,327
Segment liabilities	6,854,806	8,089,403	-	14,944,209
Unallocated corporate liabilities				457,664
Total liabilities				15,401,873
Other segment items				
Capital expenditure	153	12,152	42,627	54,932
Depreciation	1,697	8,575	4,195	14,467

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42. Segment information (cont'd.)

(a) Business segments (cont'd.)

Bank

31 December 2008

	Wholesale banking RM'000	Retail banking RM'000	Others RM'000	Total RM'000
Total income	418,934	366,618	7,186	792,738
Result				
Segment result	66,258	(24,223)	350	42,385
Zakat and taxation				(12,090)
Net profit for the financial year				30,295
Other information				
Segment assets	5,198,554	9,596,045	-	14,794,599
Unallocated corporate assets				(378,930)
Total assets				14,415,669
Segment liabilities	3,859,792	8,578,102	-	12,437,894
Unallocated corporate liabilities				1,275,135
Total liabilities				13,713,029
Other segment items				
Capital expenditure	841	3,990	6,851	11,682
Depreciation	709	4,805	6,864	12,378

(b) Geographical segment

No segmental reporting in respect of geographical segment is presented as the Bank operates only in Malaysia.

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43. Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Bank at the balance sheet date approximated their fair values except for the following:

	Group			
	31.3.2010		31.12.2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Financing of customers	6,630,159	7,659,898	6,027,516	6,737,860

	Bank			
	31.3.2010		31.12.2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Financing of customers	6,630,405	7,660,251	6,042,668	6,753,243

	Group and Bank			
	31.3.2010		31.12.2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
Subordinated obligations	250,000	248,457	250,000	245,052

Fair value is the estimated amount at which a financial asset or liability can be exchanged between two parties under normal market conditions. However, for certain assets such as financing and deposits, fair values are not readily available as there is no open market where these instruments are traded. The fair values for these instruments are estimated based on the assumptions below. These methods are subjective in nature, therefore, the fair values presented may not be indicative of the actual realisable value.

Cash and short-term funds, statutory deposits with Bank Negara Malaysia, other assets, deposits and placements of banks and other financial institutions, bills and acceptances payable and other liabilities.

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

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43. Fair values of financial assets and liabilities (cont'd.)

Securities

The "held-to-maturity" securities are stated at amortised cost. Provision for impairment is provided for when there is a permanent impairment loss and the fair values are deemed to approximate the carrying values.

Financing to customers

The fair values of financing to customers are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at balance sheet date offered for similar facilities to new borrowers with similar credit profiles. In respect of non-performing financing, the fair values are deemed to approximate the carrying values, which are net of specific allowance for bad and doubtful financing.

Deposits from customers

The fair values of deposits from customers are estimated to approximate their carrying values as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.

Subordinated obligations

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

44. Comparative figures

- (a) Certain comparative figures have been reclassified to conform to current year's presentation, as shown below:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
Consolidated statement of changes in equity			
Exchange fluctuation reserve	-	661	661
Net unrealised losses on available-for- sale securities	(71,564)	(661)	(72,225)

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44. Comparative figures (cont'd.)

(a) (cont'd.)

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Bank			
Statement of changes in equity			
Exchange fluctuation reserve	-	661	661
Net unrealised losses on available-for-sale securities	(71,640)	(661)	(72,301)

- (b)** The income statements, statement of changes in equity, cash flow statements and related notes to the financial statements are for the fifteen months period from 1 January 2009 to 31 March 2010. Accordingly, comparative amounts are not comparable as the 2008 figures are for the twelve months period from 1 January 2008 to 31 December 2008.

The year end of the Group and the Bank was changed from 31 December to 31 March as to be coterminous with the year end of the holding company, DRB-Hicom Berhad .