

Analysis of Significant Balance Sheet Movements

TOTAL ASSETS

The Group's total assets as at 31 December 2011 grew by 0.93% or RM0.28 billion to RM30.31 billion compared to the previous financial year. This was mainly contributed by loan growth of 6.58% or RM1.41 billion.

DEPOSITS AND PLACEMENT WITH FINANCIAL INSTITUTIONS

The Group's total deposits and placements for the FY ending 31 December 2011 decreased by 2.77% or RM0.11 billion. During 2011, most of the available funds were utilized for loan disbursements.

FINANCIAL INVESTMENT – AFS/HTM

The Group's total financial investment – AFS/HTM as at 31 December 2011 decreased significantly by 43.9% or RM0.9 billion mainly due to redemption of loan stock amounting to RM0.25 billion and maturity/sale of private debt securities amounting to RM0.54 billion.

LOANS, ADVANCES AND FINANCING

The Group's total net loans, advances and financing recorded a moderate growth of 6.58% or RM1.41 billion for the FY ended 31 December 2011.

The Group's lending direction was focused on its main principal activity and during the year, a total of RM4.35 billion worth of loan was disbursed by Bank Pembangunan and its lending arm, Pembangunan Leasing Corporation Sdn Bhd ('PLC'), while loan collection during the year registered RM3.63 billion.

FIXED DEPOSITS AND ACCEPTANCES/REDEEMABLE NOTES

The Group's fixed deposits and acceptance decreased by 7.03% or RM0.53 billion to RM6.96 billion as at 31 December 2011. This was in line with the funding strategy of reducing reliance on short term deposit and increasing medium/long term funding. During the year, RM1.0 billion of medium term funding was drawdown from KWSP.

TOTAL EQUITY

Profit for the year of RM455.55 million contributed to the increase in reserves of the Group by 4.93% or RM0.20 billion to RM4.16 billion as at 31 December 2011. This had a direct impact on total equity for the Group, which improved by 2.56% from RM7.25 billion to RM7.43 billion for the FY ending 31 December 2011.

Analysis of the Income Statement

INTEREST INCOME

Interest income of the Group grew by 6.0% or RM82.0 million for the FY ended 31 December 2011. The Group's core activity in loan financing was the main contributor with RM1.1 billion or 78.87% of the total interest income for the year.

Interest income earned from deposit and placement with financial institution for the FY ended 31 December 2011 increased by RM26.96 million. Nevertheless, the increase was offset by a decrease in income from financial investment – AFS/HTM by 31.27% or RM24.03 million to RM52.84 million largely due to decrease in investment securities, as a result of redemption of loan stock and maturity/sale of private debt securities during the period under review.

NON-INTEREST INCOME

Non-interest income of the Group decreased significantly by 33.05% or RM135.93 million for the FY ended 31 December 2011 from the previous year. The decrease was mainly due to unrealized loss on foreign currency translation of Euro borrowings, non-recurring income on disposal of vessels by Global Maritime Ventures Bhd (GMVB) as well as lower charter hire and freight income recorded during the year.

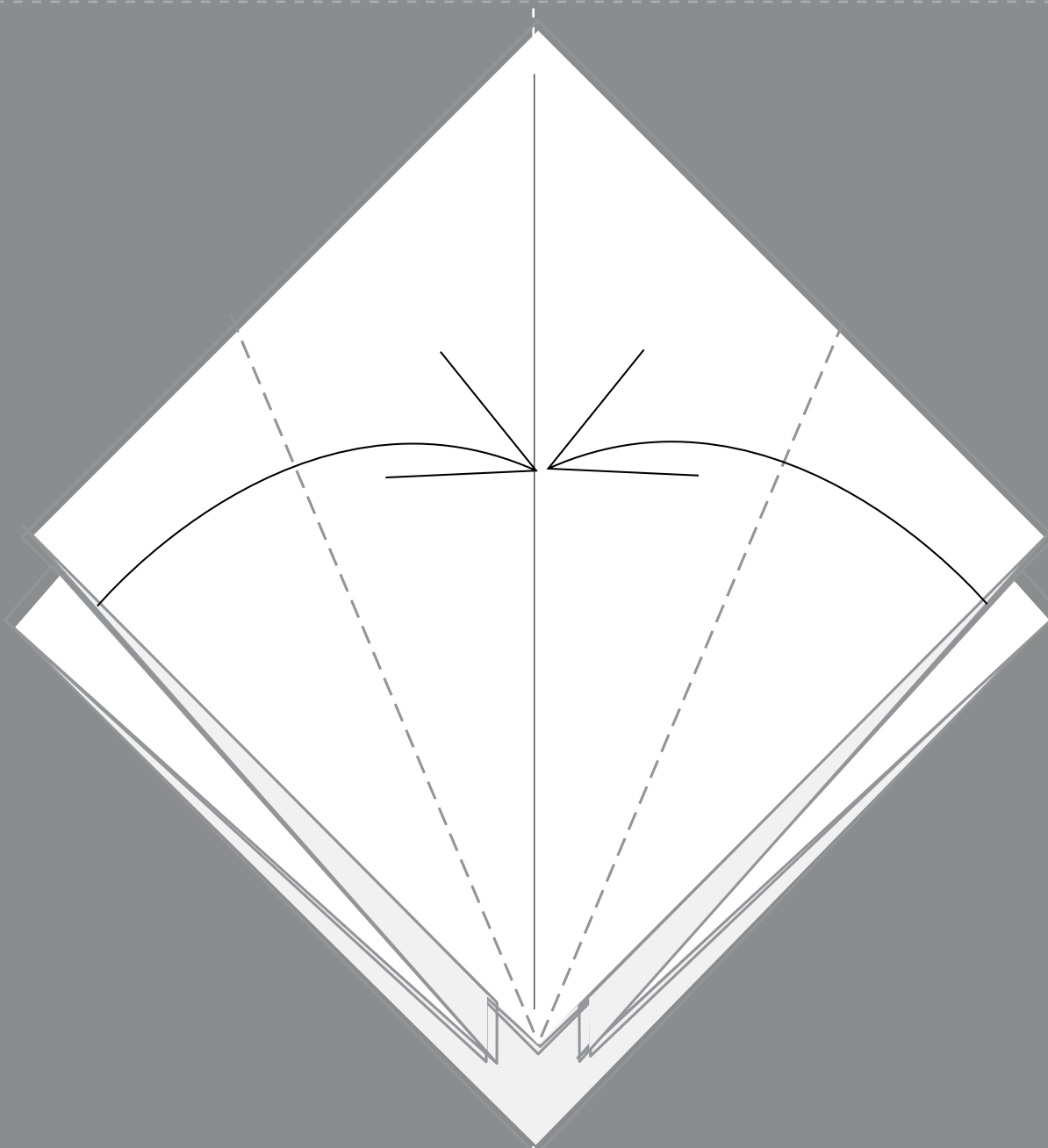
OVERHEAD EXPENSES

For the FY ended 31 December 2011, overhead expenses of the Group lowered by 12.98% or RM30.87 million mainly due to decrease in personnel cost and general administrative expenses. A major portion of the decrease was directly related to the disposal of four dry bulkers (vessels) in 2010.

Establishment related expenses of the Group increased by 26.21% mainly due to higher cost related to repairs and maintenance of property, plant and equipment, particularly vessels that are still in operations.

ALLOWANCE FOR IMPAIRMENT OF LOANS & FINANCING AND IMPAIRMENT LOSSES ON FINANCIAL INVESTMENT (AFS & HTM)

For the year under review, the Group benefited from lower allowance for impairment of loans & financing and impairment losses on financial investment (AFS/HTM), decreasing by RM107.17 million to RM359.99 million from RM467.17 million in 2010.



PURPOSE

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