

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPT 2010**

	Note	Group		Bank	
		30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Assets</b>					
Cash and short term funds		18,294,704	25,023,098	14,072,685	17,699,691
Reverse repurchase agreements		2,202,110	4,260,951	1,557,509	2,857,456
Deposits and placements with banks and other financial institutions		10,560,797	3,402,596	16,304,630	11,934,278
Financial assets held for trading	A7	14,481,908	13,818,079	11,495,395	10,152,185
Financial investments available-for-sale	A8	8,772,554	8,080,319	7,282,046	6,524,708
Financial investments held-to-maturity	A9	13,734,520	12,875,251	11,099,131	10,702,270
Derivative financial instruments	A20(i)	5,058,913	3,504,962	4,950,669	3,203,614
Loans, advances and financing	A10	121,997,245	113,480,642	89,401,081	84,456,367
Other assets	A11	3,024,037	2,119,150	2,500,506	1,607,800
Deferred taxation		-	301,447	-	281,880
Tax recoverable		91,122	2,945	81,415	-
Statutory deposits with central banks		1,163,791	841,857	765,644	661,983
Investment in subsidiaries		-	-	3,920,051	3,816,500
Investment in jointly controlled entity		136,540	134,559	125,000	124,448
Investment in associate		378,241	268,636	318,914	245,034
Amount due from holding company and ultimate holding company		29,289	47,122	436	14,846
Amount due from subsidiaries		-	-	136,237	128,064
Amount due from related companies		793,142	998,818	787,924	994,989
Goodwill		4,896,601	4,923,701	3,555,075	3,555,075
Intangible assets		558,044	573,416	515,814	512,674
Prepaid lease payments		11,390	16,340	8,061	12,511
Property, plant and equipment		941,917	996,521	539,611	564,486
Investment properties		98,362	120,349	90,005	96,857
		207,225,227	195,790,759	169,507,839	160,147,716
Non-current assets/disposal groups held for sale		140,829	226,224	22,218	73,902
<b>Total Assets</b>		<b>207,366,056</b>	<b>196,016,983</b>	<b>169,530,057</b>	<b>160,221,618</b>
<b>Liabilities</b>					
Deposits from customers	A12	157,167,717	146,872,345	121,338,063	114,449,911
Deposits and placements of banks and other financial institutions	A13	12,508,210	14,180,946	17,094,228	17,633,397
Repurchase agreements		132,614	565,097	32,968	-
Derivative financial instruments	A20(i)	5,341,680	3,462,938	4,990,104	3,261,121
Bills and acceptances payable		3,524,600	4,056,811	1,743,533	2,826,165
Amount due to Cagamas Berhad		211,710	335,612	211,710	335,612
Amount owing to ultimate holding company		49,976	55,439	-	-
Amount due to subsidiaries		-	-	620,340	118,668
Amount due to related companies		5,281	9,710	1,482	285
Other liabilities	A14	3,802,815	3,149,346	2,999,465	2,463,818
Deferred taxation		46,073	-	24,717	-
Provision for taxation and zakat		-	109,169	-	104,395
Other borrowings		926,250	1,027,500	-	-
Bond		417,950	443,051	-	-
Subordinated notes		4,115,039	4,106,716	4,211,678	4,199,805
Redeemable preference shares		732,755	751,437	-	-
		188,982,670	179,126,117	153,268,288	145,393,177
Liabilities directly associated with non-current assets/disposal groups classified as held for sale		44,389	-	-	-
<b>Total Liabilities</b>		<b>189,027,059</b>	<b>179,126,117</b>	<b>153,268,288</b>	<b>145,393,177</b>

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPT 2010**

	Note	Group		Bank	
		30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		3,764,466	3,764,466	3,764,466	3,764,466
Reserves		14,085,281	12,640,620	12,267,563	10,834,235
		17,849,747	16,405,086	16,032,029	14,598,701
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Minority interests		259,510	256,040	-	-
<b>Total Equity</b>		<b>18,338,997</b>	16,890,866	<b>16,261,769</b>	14,828,441
<b>Total Equity and Liabilities</b>		<b>207,366,056</b>	196,016,983	<b>169,530,057</b>	160,221,618
<b>Commitments and contingencies</b>	A20(ii)	348,156,910	308,557,853	305,742,532	279,521,325
<b>Credit equivalent</b>	A20(ii)	19,057,939	11,866,251	17,969,678	10,723,435
<b>Net assets per ordinary share (RM)</b>		4.74	4.36	4.26	3.88

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2009.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2010**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
		<b>30 Sept 2010</b>	<b>30 Sept 2009</b>	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A15	1,757,422	1,713,930	5,092,340	5,305,779
Interest expense	A16	(713,044)	(619,972)	(1,903,072)	(2,098,733)
Net interest income		1,044,378	1,093,958	3,189,268	3,207,046
Income from Islamic Banking operations	A24b	311,150	197,636	814,789	499,529
Non-interest income	A17	489,063	463,375	1,499,159	1,596,929
Overheads	A18	(954,449)	(919,039)	(2,986,910)	(2,697,416)
Profit before allowances		890,142	835,930	2,516,306	2,606,088
Allowances for impairment losses on loans, advances and financing	A19	(40,359)	(204,708)	(163,410)	(599,538)
(Allowance for)/write-back of losses on other receivables		(210)	221	(3,196)	-
Allowance for commitments and contingencies		(1,827)	(1,373)	(2,131)	(17,532)
(Allowance for)/write-back of other impairment losses		(2,729)	32,771	8,258	50,255
		845,017	662,841	2,355,827	2,039,273
Share of results of jointly controlled entity		3,028	2,536	7,140	6,743
Share of results of associates		14,374	9,971	35,726	15,668
Profit before taxation and zakat		862,419	675,348	2,398,693	2,061,684
Taxation and zakat		(185,714)	(139,632)	(478,991)	(438,826)
Profit for the financial period		676,705	535,716	1,919,702	1,622,858
<b>Profit for the period attributable to :</b>					
Equity holders of the Bank		673,238	531,418	1,911,120	1,606,512
Minority interests		3,467	4,298	8,582	16,346
		676,705	535,716	1,919,702	1,622,858
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic/fully diluted (sen)</b>	B3	17.88	14.12	50.77	43.62
<b>Profit for the financial period</b>		676,705	535,716	1,919,702	1,622,858
<b>Other Comprehensive Income:</b>					
Revaluation reserve financial investments available-for-sale					
- Net gain from change in fair value		104,154	81,620	245,363	39,490
- Net gain transferred to comprehensive income on disposal and impairment		(37,821)	(35,608)	(54,311)	(110,573)
- Transfer from deferred tax assets		(9,188)	(7,858)	(97,511)	(11,963)
Net investment hedge		103,210	18,816	243,706	(12,251)
Exchange fluctuation reserve		(89,600)	24,078	(283,450)	41,571
Other comprehensive income for the period, net of tax		70,755	81,048	53,797	(53,726)
<b>Total comprehensive income for the period</b>		747,460	616,764	1,973,499	1,569,132
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of the Bank		743,970	614,208	1,963,976	1,555,253
Minority interests		3,490	2,556	9,523	13,879
		747,460	616,764	1,973,499	1,569,132

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2010**

<b>BANK</b>	Note	Individual Quarter		Cumulative Quarters	
		3rd Quarter Ended 30 Sept 2010	30 Sept 2009	Nine months ended 30 Sept 2010	30 Sept 2009
		RM'000	RM'000	RM'000	RM'000
Interest income	A15	1,685,984	1,445,957	4,706,060	4,491,382
Interest expense	A16	(671,731)	(550,354)	(1,783,805)	(1,810,019)
Net interest income		1,014,253	895,603	2,922,255	2,681,363
Income from Islamic Banking operations	A24b	2,076	1,592	10,355	5,592
Non-interest income	A17	434,401	397,563	1,426,161	1,357,547
Overheads	A18	(763,981)	(723,744)	(2,401,888)	(2,149,334)
Profit before allowances		686,749	571,014	1,956,883	1,895,168
Allowances for impairment losses on loans, advances and financing	A19	(109,917)	(133,539)	(148,952)	(324,355)
(Allowance for)/write-back of losses on other receivables		(222)	221	(777)	-
Allowance for commitments and contingencies		(1,829)	-	(1,829)	-
Write-back of other impairment losses		1,194	17,136	5,292	9,493
Profit after allowances before taxation and zakat		575,975	454,832	1,810,617	1,580,306
Taxation and zakat		(138,357)	(115,384)	(385,428)	(398,637)
Profit for the financial period		437,618	339,448	1,425,189	1,181,669
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic/fully diluted (sen)</b>	B3	11.62	9.02	37.86	32.09
<b>Profit for the financial period</b>		437,618	339,448	1,425,189	1,181,669
<b>Other Comprehensive Income:</b>					
Revaluation reserve financial investments available-for-sale					
- Net gain from change in fair value		70,105	59,326	188,884	9,679
- Net gain transferred to comprehensive income on disposal and impairment		(15,622)	(21,026)	(27,178)	(44,305)
- Transfer from deferred tax assets		(8,919)	(6,400)	(98,856)	(11,752)
Net investment hedge		103,210	18,816	243,706	(12,251)
Exchange fluctuation reserve		(5,357)	3,388	(23,035)	16,131
Other comprehensive income for the period, net of tax		143,417	54,104	283,521	(42,498)
<b>Total comprehensive income for the period</b>		581,035	393,552	1,708,710	1,139,171

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2010**

The Group	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve*	Retained profits	Total	Perpetual preference shares	Minority interests	Total Equity
	Share capital	Preference Shares													
	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	RM'000	RM'000
<b>At 1 January 2010</b>	3,764,466	29,740	5,033,622	3,587,568	41,168	92,059	(1,085,928)	735,457	(103,375)	-	4,340,049	16,434,826	200,000	256,040	16,890,866
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	238,431	-	-	-	-	(418,663)	(180,232)	-	(2,254)	(182,486)
Adjusted 1 January 2010	3,764,466	29,740	5,033,622	3,587,568	41,168	330,490	(1,085,928)	735,457	(103,375)	-	3,921,386	16,254,594	200,000	253,786	16,708,380
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,911,120	1,911,120	-	8,582	1,919,702
Other comprehensive income (net of tax)	-	-	-	-	(282,359)	91,509	-	-	243,706	-	-	52,856	-	941	53,797
- financial investments available-for-sale	-	-	-	-	-	91,509	-	-	-	-	-	91,509	-	2,032	93,541
- net investment hedge	-	-	-	-	-	-	-	-	243,706	-	-	243,706	-	-	243,706
- currency translation difference	-	-	-	-	(282,359)	-	-	-	-	-	-	(282,359)	-	(1,091)	(283,450)
Total comprehensive income for the period	-	-	-	-	(282,359)	91,509	-	-	243,706	-	1,911,120	1,963,976	-	9,523	1,973,499
Transfer to statutory reserve	-	-	-	447,110	-	-	-	-	-	-	(447,110)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	28,897	(28,897)	-	-	-	-
Interim dividends for FYE2010	-	-	-	-	-	-	-	-	-	-	(339,083)	(339,083)	-	(3,799)	(342,882)
Realisation of pre-acquisition financial investments available-for-sale revaluation reserve	-	-	-	-	-	(27,798)	-	-	-	-	27,798	-	-	-	-
<b>At 30 Sept 2010</b>	<b>3,764,466</b>	<b>29,740</b>	<b>5,033,622</b>	<b>4,034,678</b>	<b>(241,191)</b>	<b>394,201</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>140,331</b>	<b>28,897</b>	<b>5,045,214</b>	<b>17,879,487</b>	<b>200,000</b>	<b>259,510</b>	<b>18,338,997</b>
<b>At 1 January 2009</b>	2,974,009	29,740	4,157,074	3,158,429	(54,418)	131,117	(1,085,928)	735,457	(122,336)	-	2,939,895	12,863,039	200,000	18,879	13,081,918
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,606,512	1,606,512	-	16,346	1,622,858
Other comprehensive income (net of tax)	-	-	-	-	44,038	(83,046)	-	-	(12,251)	-	-	(51,259)	-	(2,467)	(53,726)
- financial investments available-for-sale	-	-	-	-	-	(83,046)	-	-	-	-	-	(83,046)	-	-	(83,046)
- net investment hedge	-	-	-	-	-	-	-	-	(12,251)	-	-	(12,251)	-	-	(12,251)
- currency translation difference	-	-	-	-	44,038	-	-	-	-	-	-	44,038	-	(2,467)	41,571
Total comprehensive income for the period	-	-	-	-	44,038	(83,046)	-	-	(12,251)	-	1,606,512	1,555,253	-	13,879	1,569,132
Transfer to statutory reserve	-	-	-	151,599	-	-	-	-	-	-	(151,599)	-	-	-	-
Interim dividends for FYE 2008	-	-	-	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(1,125)	(151,125)
Interim dividends for FYE2009	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,700)	(11,700)
Issue of shares due to rights issue	123,457	-	876,543	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000
Conversion of ICULS	667,000	-	-	-	-	-	-	-	-	-	-	667,000	-	-	667,000
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	55,774	55,774
<b>At 30 Sept 2009</b>	<b>3,764,466</b>	<b>29,740</b>	<b>5,033,617</b>	<b>3,310,028</b>	<b>(10,380)</b>	<b>48,071</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>(134,587)</b>	<b>-</b>	<b>4,244,808</b>	<b>15,935,292</b>	<b>200,000</b>	<b>75,707</b>	<b>16,210,999</b>

\* Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010

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**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2010**

The Bank	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve*	Retained profits	Perpetual preference shares	Total Equity
	Share capital	Preference Shares											
	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
<b>At 1 January 2010</b>	3,764,466	29,740	5,033,622	3,541,277	(31,198)	34,535	(1,047,872)	746,852	(103,376)	-	2,660,394	200,000	14,828,440
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	238,431	-	-	-	-	(174,729)	-	63,702
Adjusted 1 January 2010	3,764,466	29,740	5,033,622	3,541,277	(31,198)	272,966	(1,047,872)	746,852	(103,376)	-	2,485,665	200,000	14,892,142
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,425,189	-	1,425,189
Other comprehensive income (net of tax)	-	-	-	-	(23,035)	62,850	-	-	243,706	-	-	-	283,521
- financial investments available-for-sale	-	-	-	-	-	62,850	-	-	-	-	-	-	62,850
- net investment hedge	-	-	-	-	-	-	-	-	243,706	-	-	-	243,706
- currency translation difference	-	-	-	-	(23,035)	-	-	-	-	-	-	-	(23,035)
Total comprehensive income for the period	-	-	-	-	(23,035)	62,850	-	-	243,706	-	1,425,189	-	1,708,710
Transfer to statutory reserve	-	-	-	423,189	-	-	-	-	-	-	(423,189)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	25,689	(25,689)	-	-
Interim dividends for FYE:2010	-	-	-	-	-	-	-	-	-	-	(339,083)	-	(339,083)
<b>At 30 Sept 2010</b>	<b>3,764,466</b>	<b>29,740</b>	<b>5,033,622</b>	<b>3,964,466</b>	<b>(54,233)</b>	<b>335,816</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>140,330</b>	<b>25,689</b>	<b>3,122,893</b>	<b>200,000</b>	<b>16,261,769</b>
<b>At 1 January 2009</b>	2,974,009	29,740	4,157,074	3,174,009	(48,473)	81,632	(1,047,872)	746,852	(122,336)	-	1,708,589	200,000	11,853,224
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,181,669	-	1,181,669
Other comprehensive income (net of tax)	-	-	-	-	16,131	(46,378)	-	-	(12,251)	-	-	-	(42,498)
- financial investments available-for-sale	-	-	-	-	-	(46,378)	-	-	-	-	-	-	(46,378)
- net investment hedge	-	-	-	-	-	-	-	-	(12,251)	-	-	-	(12,251)
- currency translation difference	-	-	-	-	16,131	-	-	-	-	-	-	-	16,131
Total comprehensive income for the period	-	-	-	-	16,131	(46,378)	-	-	(12,251)	-	1,181,669	-	1,139,171
Transfer to statutory reserve	-	-	-	123,457	-	-	-	-	-	-	(123,457)	-	-
Interim dividends for FYE 2008	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)
Issue of shares due to rights issue	123,457	-	876,543	-	-	-	-	-	-	-	-	-	1,000,000
Conversion of ICULS	667,000	-	-	-	-	-	-	-	-	-	-	-	667,000
<b>At 30 Sept 2009</b>	<b>3,764,466</b>	<b>29,740</b>	<b>5,033,617</b>	<b>3,297,466</b>	<b>(32,342)</b>	<b>35,254</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>(134,587)</b>	<b>-</b>	<b>2,616,801</b>	<b>200,000</b>	<b>14,509,395</b>

\* Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment assessment methodology with the adoption of FRS 139 beginning 1 January 2010

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2010**

	Group		Bank	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Profit before taxation and zakat	2,398,693	2,061,684	1,810,617	1,580,306
Adjustments for non-operating and non-cash items	<u>(217,706)</u>	<u>(128,130)</u>	<u>(1,118,730)</u>	<u>(31,743)</u>
Operating profit before changes in working capital	2,180,987	1,933,554	691,887	1,548,563
Net changes in operating assets	<b>(16,155,569)</b>	(22,233,247)	<b>(10,613,913)</b>	(6,585,090)
Net changes in operating liabilities	<b>8,322,885</b>	17,487,134	<b>7,202,726</b>	4,693,328
	<u>(7,832,684)</u>	<u>(4,746,113)</u>	<u>(3,411,187)</u>	<u>(1,891,762)</u>
Cash flows used in operations	<b>(5,651,697)</b>	(2,812,559)	<b>(2,719,300)</b>	(343,199)
Taxation paid	<u>(325,755)</u>	<u>(56,392)</u>	<u>(282,479)</u>	<u>(41,577)</u>
Net cash flows used in operating activities	<b>(5,977,452)</b>	(2,868,951)	<b>(3,001,779)</b>	(384,776)
Net cash flows used in investing activities	<b>(128,773)</b>	(2,932,098)	<b>(222,880)</b>	(1,120,063)
Net cash flows (used in) / generated from financing activities	<b>(484,249)</b>	203,050	<b>(447,274)</b>	(368,996)
Net decrease in cash and cash equivalents	<u>(6,590,474)</u>	<u>(5,597,999)</u>	<u>(3,671,933)</u>	<u>(1,873,835)</u>
Effects of exchange rate changes	<b>(137,920)</b>	2,862	44,927	5,884
Cash and cash equivalents at beginning of financial period	25,023,098	21,966,362	17,699,691	14,308,346
Cash and cash equivalents at end of financial period	<u><b>18,294,704</b></u>	<u>16,371,225</u>	<u><b>14,072,685</b></u>	<u>12,440,395</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The unaudited condensed interim financial statements for the financial period ended 30 September 2010 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2009, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2010:

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 2 "Share-based Payment Vesting Conditions and Cancellations"
- FRS 4 "Insurance Contracts"
- Amendment to FRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 January 2010)
- FRS 7 "Financial Instruments: Disclosures"
- Amendments to FRS 7 "Financial Instruments: Disclosure"
- FRS 8 "Operating Segments"
- Amendment to FRS 8 "Operating Segments"
- FRS 101 "Presentation of Financial Statements"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- Amendment to FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendment to FRS 117 "Leases"
- Amendment to FRS 119 "Employee Benefits"
- Amendment to FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 128 "Investments in Associates"
- Amendment to FRS 131 "Interests in Joint Ventures"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendment to FRS 134 "Interim Financial Reporting"
- Amendment to FRS 138 "Intangible Assets" (effective 1 January 2010)
- Amendment to FRS 140 "Investment Property"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective 1 January 2010)
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customers Loyalty Programmes"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group and the Bank:

- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendment to FRS 1 "Limited Exemption from Comparative FRS 7 "Disclosures for First-time Adopters"
- Amendment to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- FRS 3 "Business Combinations"
- Amendments to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2010)
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 138 "Intangible Assets" (effective 1 July 2010)
- Amendments to FRS 132 "Financial Instruments: Presentation" (effective 1 March 2010)
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective 1 July 2010)
- IC Interpretation 4 "Determining Whether an Arrangement contains a Lease"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 15 "Agreements for the Construction of Real Estate"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets from Customers"
- TR i-4 "Shariah Compliant Sale Contract"

The unaudited condensed interim financial statements incorporate those activities relating to Islamic banking which have been undertaken by the Group. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles.

During the 4th quarter of 2008, the Bank had reclassified a portion of financial assets held for trading category to financial investments held-to-maturity category based on current market prices at the relevant dates of the reclassifications. The Bank had carried out a similar reclassification from financial assets held for trading category to financial investments available-for-sale category during the financial year 2009. These reclassifications are permitted under BNM's circular dated 17 October 2008 on Reclassification of Securities under Specific Circumstances which is effective from 1 July 2008 to 31 December 2009.

The preparation of unaudited condensed interim financial statements in conformity with the Financial Reporting Standards and BNM Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

## **PART A - EXPLANATORY NOTES**

### **A2. CHANGES IN ESTIMATES**

There were no material changes to financial estimates made in respect of the current financial period that had previously been announced or disclosed.

### **A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

1) On 25 August 2010, CIMB Islamic Bank, a subsidiary of the Bank issued 200 million additional new ordinary shares of RM1 each (at par value) amounting to RM200 million, which were fully subscribed by the Bank.

2) CIMB Thai Bank Public Company Limited ("CIMB Thai"), a subsidiary of the Bank had on 21 October 2010 completed the right issues of 2,966,533,592 new ordinary shares to its existing shareholders in proportion to their shareholding at the ratio of two new ordinary shares for every nine existing shares held at an issue price of THB1.00 per share ("Right Issue"). The Bank had subscribed for its share entitlement in the Right Issues of 2,763,348,835 units Right

### **A4. DIVIDENDS PAID AND PROPOSED**

A tax exempt interim dividend of RM247,395,000 (approximately 8.319 sen per Redeemable Preference Shares ("RPS")) and a net taxable interim dividend of RM91,688,254 (approximately 3.083 sen per RPS) on 2,974,009,486 RPS of RM0.01 each in respect of the financial year ending 31 December 2010 was paid on 30 August 2010.

The Directors have proposed a special net dividend of RM1.0 billion comprising tax exempt special dividend of RM120,000,000 (approximately 4.035 sen per RPS) and a net taxable special dividend of RM880,000,000 (approximately 29.590 sen per RPS) on 2,974,009,486 RPS of RM0.01 each in respect of the financial year ending 31 December 2010.

### **A5. STATUS OF CORPORATE PROPOSALS**

CIMB Thai Bank Public Company Limited ("CIMB Thai"), a subsidiary of the Bank, had on 15 March 2010 entered into a sale and purchase agreement ("SPA") with Ayudhya Insurance Public Company Limited for the divestment of CIMB Thai's entire holding of 29,999,910 ordinary shares in BT Insurance Company Limited ("BTI") ("Divestment of BTI"), representing 99.99% of BTI's issued and paid-up share capital for a total cash consideration of THB392 million (equivalent to RM40.68 million, based on exchange rate of RM1.00:THB9.6354), subject to adjustment clauses as stipulated in the SPA.

The Divestment of BTI has been completed on 4 November 2010.

### **A6. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

There were no significant events other than those disclosed under issuance and repayment of debt and equity securities and under status of corporate proposals that had occurred between 30 September 2010 and the date of this announcement.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A7. FINANCIAL ASSETS HELD FOR TRADING**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government securities	537,349	1,018,713	537,349	1,018,713
Cagamas bonds	13,213	28,283	13,213	28,283
Malaysian Government treasury bills	285,487	185,033	285,487	185,033
Other Government securities	1,352,170	862,061	1,352,170	862,061
Bank Negara Malaysia bills	2,954,657	2,779,851	2,954,657	2,779,851
Bank Negara Malaysia negotiable notes	1,949,728	1,887,613	805,568	700,649
Bankers' acceptances and Islamic accepted bills	669,815	696,623	669,815	641,989
Negotiable instruments of deposit	2,465,955	3,002,701	1,494,597	1,673,891
Credit-linked notes	123,103	158,604	123,103	136,482
Commercial papers	114	29,982	114	29,982
Government Investment Issue	525,086	500,213	279,160	1,627
	<b>10,876,677</b>	<b>11,149,677</b>	<b>8,515,233</b>	<b>8,058,561</b>
<b>Quoted securities</b>				
<u>In Malaysia</u>				
Shares	575,558	457,382	575,527	456,470
Warrants	5	5	-	-
	<b>575,563</b>	<b>457,387</b>	<b>575,527</b>	<b>456,470</b>
<u>Outside Malaysia</u>				
Shares	2,268	7,840	-	-
Private debt securities	73,965	2,696	-	-
Other Government bonds	16,969	41,500	-	-
	<b>93,202</b>	<b>52,036</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Shares	5,896	5,001	5,896	5,001
Private & Islamic debt securities	1,593,062	1,508,728	1,413,850	1,309,247
	<b>1,598,958</b>	<b>1,513,729</b>	<b>1,419,746</b>	<b>1,314,248</b>
<u>Outside Malaysia</u>				
Private & Islamic debt securities	1,337,508	645,250	984,889	322,906
	<b>14,481,908</b>	<b>13,818,079</b>	<b>11,495,395</b>	<b>10,152,185</b>
Total financial assets held for trading				

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A7. FINANCIAL ASSETS HELD FOR TRADING (CONTINUED)**

#### Reclassification from financial assets held for trading to financial investments available-for-sale

In 2009, the Bank reclassified financial assets held for trading category to financial investments available-for-sale category. There was no such reclassification in 2010.

The above reclassification had been accounted for in accordance with the BNM circular on 'Reclassification of Securities under Specific Circumstances' dated 17 October 2008, which is effective from 1 July 2008 until 31 December 2009.

The fair value of the securities reclassified from the financial assets held for trading category to financial investments available-for-sale category as of the date of reclassification is RMNil (2009: RM247,330,000).

Included in the non-interest income in 2009 is the net gains arising from the change in fair value recognised in the comprehensive income in respect of the reclassified securities:

	<b>Group</b>		<b>Bank</b>	
	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net fair value gains recognised in:				
- non-interest income	-	70	-	70

As of the date of reclassification, the effective interest rates on the reclassified financial assets held for trading to financial investments available-for-sale, based on the new cost is an average of Nil% (2009: 4.56%) per annum. The expected recoverable cash flows for the reclassified financial assets held for trading to financial investments available-for-sale category amount to RMNil (2009: RM246,700,000).

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government securities	191,648	180,895	184,736	180,895
Khazanah bonds	-	34,975	-	-
Government Investment Issues	285,722	360,354	219,546	230,577
Commercial Papers	-	19,539	-	-
Cagamas bonds	239,239	275,157	204,024	240,765
	<b>716,609</b>	<b>870,920</b>	<b>608,306</b>	<b>652,237</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	5,316	5,830	678	-
Other Government bonds	526,529	469,788	-	-
Unit trusts	268,198	266,525	-	-
Private debt securities	44,443	109,214	44,443	105,042
	<b>844,486</b>	<b>851,357</b>	<b>45,121</b>	<b>105,042</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Private debt securities	6,453,114	5,900,409	6,089,141	5,573,980
Shares	720,403	379,095	719,766	378,520
Bonds funds	4,118	4,111	-	-
Loan stocks	19,424	19,437	19,424	19,437
	<b>7,197,059</b>	<b>6,303,052</b>	<b>6,828,331</b>	<b>5,971,937</b>
<u>Outside Malaysia</u>				
Shares	27,636	28,528	224	875
Private equity funds	72,499	119,786	-	-
Unit trusts	175,284	196,878	56,154	61,669
Private debt securities	37,863	28,325	-	-
	<b>313,282</b>	<b>373,517</b>	<b>56,378</b>	<b>62,544</b>
	<b>9,071,436</b>	<b>8,398,846</b>	<b>7,538,136</b>	<b>6,791,760</b>
Allowance for impairment losses:				
Private debt securities	(242,388)	(253,390)	(242,163)	(253,112)
Quoted shares	(2,534)	(3,026)	-	-
Unquoted shares	(25,570)	(33,552)	(7,035)	(7,035)
Loan stocks	(6,892)	(6,905)	(6,892)	(6,905)
Unit trusts	(21,498)	(21,654)	-	-
	<b>(298,882)</b>	<b>(318,527)</b>	<b>(256,090)</b>	<b>(267,052)</b>
Total financial investments available-for-sale	<b>8,772,554</b>	<b>8,080,319</b>	<b>7,282,046</b>	<b>6,524,708</b>

Included in financial investments available-for-sale are securities transferred from the financial assets held for trading in 2009 with the following amortised cost and fair value as at 30 September 2010 and 31 December 2009 respectively.

	Group	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Amortised cost	237,220	246,776
Fair value	240,403	249,342

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Money market instruments :</b>				
<b>Unquoted</b>				
Malaysian Government securities	1,123,977	1,123,977	1,123,977	1,123,977
Malaysian Government investment issue	600,223	-	500,189	-
Cagamas bonds	254,817	294,817	254,817	294,817
	<b>1,979,017</b>	<b>1,418,794</b>	<b>1,878,983</b>	<b>1,418,794</b>
<b>Quoted</b>				
<u>Outside Malaysia</u>				
Structured notes	216,486	342,847	-	-
Private debt securities	981,742	740,754	-	-
	<b>1,198,228</b>	<b>1,083,601</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Shares	-	270	-	-
Loans stocks	31,814	31,814	-	-
Islamic commercial paper	-	6,775	-	-
Danaharta Urus Sdn Bhd bonds	795,335	929,639	795,335	929,639
Private debt securities	6,544,561	7,698,001	5,265,474	6,692,180
	<b>7,371,710</b>	<b>8,666,499</b>	<b>6,060,809</b>	<b>7,621,819</b>
<u>Outside Malaysia</u>				
Private debt securities	2,967,969	1,518,478	2,886,600	1,418,763
Accretion of discount net of amortisation of premium	272,739	242,894	272,739	242,894
Less : Allowance for impairment losses	(55,143)	(55,015)	-	-
Total financial investments held-to-maturity	<b>13,734,520</b>	<b>12,875,251</b>	<b>11,099,131</b>	<b>10,702,270</b>

Included in the financial investments held-to-maturity are securities transferred from the financial assets held-for-trading category during the 4th quarter of 2008, with the following carrying value and fair value as at 30 September 2010 and 31 December 2009 respectively:

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Carrying value	4,039,774	4,698,031	4,001,398	4,257,223
Fair value	4,137,614	4,792,894	4,097,373	4,336,098

Included in the financial investments held-to-maturity of the Group as at 30 September 2010 are 10-year promissory notes of THB746 million (2009: THB 746 million) maturing in 2011, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. The sharing of gain or losses will be calculated at the end of the agreement.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>(i) By type of financing</b>				
<b>At amortised cost</b>				
Overdrafts	8,721,798	7,934,860	7,826,571	7,110,689
Term loans/financing				
- Housing loan/financing	44,848,957	35,941,384	27,576,095	24,788,159
- Syndicated term loan	7,631,084	7,616,727	6,728,599	3,567,819
- Other term loans/financing	49,818,093	46,171,054	28,898,769	28,901,592
- Factoring receivables	19,976	39,169	-	-
- Lease receivables	61,182	45,355	-	-
- Hire purchase receivables	15,561,857	14,276,162	8,420,892	9,181,267
Bills receivable	2,112,380	1,893,087	231,878	183,383
Trust receipts	1,033,812	810,827	532,323	533,707
Claim on customers under acceptance credit	3,859,024	4,294,096	3,677,053	4,113,973
Staff loans	403,166	406,409	381,234	405,075
Credit card receivables	3,903,289	3,029,562	3,823,146	2,980,589
Revolving credit	7,439,429	8,459,959	5,504,458	6,597,926
Share margin financing	434,147	430,368	413,139	407,172
	145,848,194	131,349,019	94,014,157	88,771,351
Less: Unearned interest	(19,473,524)	(13,653,593)	(1,308,953)	(1,431,100)
Gross loans, advances and financing	126,374,670	117,695,426	92,705,204	87,340,251
Fair value changes arising from fair value hedges	279,567	45,028	97,102	18,509
	126,654,237	117,740,454	92,802,306	87,358,760
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,319,654)	-	(1,478,220)	-
- Portfolio impairment allowance	(2,337,338)	-	(1,923,005)	-
- Specific allowance	-	(2,695,272)	-	(1,644,003)
- General allowance	-	(1,564,540)	-	(1,258,390)
	(4,656,992)	(4,259,812)	(3,401,225)	(2,902,393)
Total net loans, advances and financing	121,997,245	113,480,642	89,401,081	84,456,367

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM1,698,827,000 (2009: RM2,080,513,000) of net loans relating to that of a jointly controlled entity, PCSB. The revenue and risks of these accounts are shared equally between the Bank and the joint venture partner, Proton Edar Sdn Bhd, pursuant to the terms of a Joint Venture Agreement.

(b) Included in other term loans of the Group and the Bank are RM10,636,081,000 (2009: RM7,578,237,000) and RM6,062,626,000 (2009: RM6,059,115,000) respectively provided on normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

(c) Included in the Group's and the Bank's loans, advances and financing balances are RM76,687,000 (2009: RM80,235,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

**PART A - EXPLANATORY NOTES (CONTINUED)****A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(d) The Group and the Bank have undertaken fair value hedge on the interest rate risk of RM7,662,349,000 (2009: RM5,468,179,000) and RM3,118,179,000 (2009: RM4,118,179,000) respectively, using interest rate swaps.

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Gross loan hedged	7,662,349	5,468,179	3,118,179	4,118,179
Fair value changes arising from fair value hedges	279,566	45,028	97,102	18,509
	<b>7,941,915</b>	<b>5,513,207</b>	<b>3,215,281</b>	<b>4,136,688</b>

The fair values of interest rate swaps of the Group and the Bank as at 30 September 2010 were (RM386,981,637) (2009: RM104,052,171) and (RM154,307,044) (2009: RM62,493,674) respectively.

(e) As part of an arrangement with CIMB Islamic in relation to the RPSIA, the Bank records as deposits and placements with banks and other financial institutions, its exposure in the arrangement, whereas CIMB Islamic records its exposure as loans, advances and financing. The RPSIA arrangement exposes the Bank to the risks and rewards on the financing and accordingly, the Bank accounts for all the portfolio impairment allowance/general allowance and individual impairment allowance /specific allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 September 2010, the gross exposure and portfolio impairment allowance/general allowance relating to RPSIA financing are RM8,073 million (2009: RM4,247 million) and RM154.8 million (2009: RM63.7 million) respectively.

There was no individual impairment allowance/specific allowance provided for the RPSIA financing.

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>(ii) By type of customers</b>				
Domestic banking institutions	59,796	123,764	-	-
Domestic non-bank financial institutions				
- others	2,637,862	3,697,005	2,464,900	3,599,009
Domestic business enterprises				
- small medium enterprises	11,310,856	11,111,752	9,772,044	9,990,157
- others	25,312,499	26,908,896	15,930,705	16,102,866
Government and statutory bodies	10,756,010	7,680,833	6,137,497	6,148,279
Individuals	66,222,325	57,535,132	49,903,492	45,789,079
Other domestic entities	3,338,269	4,006,369	2,095,079	359,916
Foreign entities	6,737,053	6,631,675	6,401,487	5,350,945
Gross loans, advances and financing	<b>126,374,670</b>	<b>117,695,426</b>	<b>92,705,204</b>	<b>87,340,251</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>(iii) By interest/profit rate sensitivity</b>				
Fixed rate				
- Housing loans/ financing	3,481,424	2,324,999	2,494,110	1,678,060
- Hire purchase receivables	12,918,693	11,872,957	7,104,085	7,736,546
- Other fixed rate loans	24,605,894	20,460,287	16,740,106	15,405,969
Variable rate				
- BLR plus	48,819,000	46,871,214	44,046,855	43,807,106
- Cost-plus	20,643,781	20,948,288	14,288,534	14,281,194
- Other variable rates	15,905,878	15,217,681	8,031,514	4,431,376
Gross loans, advances and financing	<b>126,374,670</b>	<b>117,695,426</b>	<b>92,705,204</b>	<b>87,340,251</b>
<b>(iv) By economic purpose</b>				
Personal use	4,919,484	4,503,629	2,254,388	2,064,033
Credit cards	3,903,289	3,030,000	3,823,146	2,980,589
Purchase of consumer durables	880	3,688	880	3,667
Construction	3,394,515	3,550,772	2,024,581	2,193,835
Residential property (housing)	34,846,158	29,839,340	28,015,907	25,241,179
Non-residential property	11,049,215	9,616,125	9,513,035	8,591,312
Purchase of fixed assets other than land & buildings	1,292,811	1,340,343	503,804	440,699
Mergers and acquisitions	1,839,538	1,737,598	1,838,082	1,737,598
Purchase of securities	7,004,499	9,104,676	6,831,655	5,995,810
Purchase of transport vehicles	12,814,877	11,620,841	7,178,286	7,859,651
Working capital	32,871,198	29,508,661	21,445,041	21,413,296
Other purposes	12,438,206	13,839,753	9,276,399	8,818,582
Gross loans, advances and financing	<b>126,374,670</b>	<b>117,695,426</b>	<b>92,705,204</b>	<b>87,340,251</b>
<b>(v) By geographical distribution</b>				
Malaysia	110,791,507	103,498,696	86,804,184	82,083,620
Thailand	9,682,143	8,940,099	-	-
Other countries	5,901,020	5,256,631	5,901,020	5,256,631
Gross loans, advances and financing	<b>126,374,670</b>	<b>117,695,426</b>	<b>92,705,204</b>	<b>87,340,251</b>
<b>(vi) By residual contractual maturity</b>				
Within one year	22,579,443	18,602,963	15,442,300	11,339,896
One year to less than three years	29,773,103	33,085,173	27,508,939	26,652,129
Three years to less than five years	15,583,267	13,615,544	12,681,685	11,088,569
Five years and more	58,438,857	52,391,746	37,072,280	38,259,657
Gross loans, advances and financing	<b>126,374,670</b>	<b>117,695,426</b>	<b>92,705,204</b>	<b>87,340,251</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>(vii) Impaired loans/non-performing loan by economic purpose</b>				
Personal use	157,898	139,234	88,802	69,528
Credit cards	74,696	64,665	72,733	63,016
Purchase of consumer durables	248	223	248	223
Construction	1,300,513	298,068	1,031,692	125,800
Residential property (housing)	857,854	675,363	692,161	555,191
Non-residential property	244,939	194,018	228,999	185,673
Purchase of fixed assets other than land & buildings	76,714	52,666	32,683	7,459
Purchase of securities	164,629	35,455	133,174	8,676
Purchase of transport vehicles	401,998	339,556	295,569	262,055
Working capital	1,670,987	1,486,427	1,293,513	895,384
Other purposes	867,602	816,813	118,457	123,926
Gross impaired loan/non-performing loan	<b>5,818,078</b>	<b>4,102,488</b>	<b>3,988,031</b>	<b>2,296,931</b>
<b>(viii) Impaired loan/non-performing loan by geographical distribution</b>				
Malaysia	4,515,676	2,571,331	3,930,357	2,079,301
Thailand	1,244,727	1,313,527	-	-
Other countries	57,675	217,630	57,674	217,630
Gross impaired loan/non-performing loan	<b>5,818,078</b>	<b>4,102,488</b>	<b>3,988,031</b>	<b>2,296,931</b>
<b>(ix) Movements in impaired loans/non-performing loans</b>				
Balance as at 1 January				
- as previously reported	4,102,488	5,473,778	2,296,931	5,143,808
- classified as impaired due to adoption of FRS 139*	3,165,839	-	2,248,675	-
- as adjusted	7,268,327	5,473,778	4,545,606	5,143,808
Classified as impaired/non-performing during the period / year	2,995,026	3,700,995	2,436,516	2,889,444
Reclassified as not impaired/performing during the period / year	(2,228,331)	(1,954,582)	(1,991,557)	(1,706,141)
Amount written back in respect of recoveries	(782,763)	(889,715)	(652,316)	(738,631)
Amount written off	(862,405)	(1,025,067)	(698,804)	(683,862)
Impaired loans arising from acquisition of a subsidiary	-	1,398,003	-	-
Purchase of impaired loans/non-performing loans from third party	-	3,852	-	-
Sale of impaired loans	(146,171)	(2,607,193)	-	(2,607,193)
Amount transferred from a subsidiary	-	-	366,659	-
Amount reclassified to non-current assets held for sale	(332,199)	-	-	-
Exchange fluctuation	(93,406)	2,417	(18,073)	(494)
Balance as at 30 September/31 December	<b>5,818,078</b>	<b>4,102,488</b>	<b>3,988,031</b>	<b>2,296,931</b>
Ratio of gross impaired/non-performing loans to total loans, advances and financing	<b>4.60%</b>	<b>3.49%</b>	<b>4.30%</b>	<b>2.63%</b>

\* Represents restatement of interest-in-suspense and loans previously classified as performing under GP3 but considered impaired under FRS 139.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(x) Movements in the allowance for impaired loans/bad and doubtful debts and financing are as follows :

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Individual impairment allowance</b>				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	3,370,235	-	1,856,453	-
Adjusted 1 January	3,370,235	-	1,856,453	-
Allowance (written back)/made during the financial period/year	(31,919)	-	37,385	-
Allowance made and charged to deferred assets	1,412	-	1,412	-
Amount written off	(615,465)	-	(466,133)	-
Amount reclassified to non-current assets held for sale	(318,548)	-	-	-
Amount transferred from a subsidiary	-	-	88,241	-
Unwinding income	(62,223)	-	(33,337)	-
Exchange fluctuation	(23,838)	-	(5,801)	-
Balance as at 30 September/31 December	2,319,654	-	1,478,220	-
<b>Portfolio impairment allowance</b>				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	2,273,849	-	1,806,014	-
Adjusted 1 January	2,273,849	-	1,806,014	-
Net allowance made during the financial period/year	427,948	-	254,363	-
Allowance written back and charged to deferred assets	(397)	-	(397)	-
Amount written off	(333,686)	-	(239,331)	-
Amount reclassified to non-current assets held for sale	(11,103)	-	-	-
Amount written-back in relation to jointly controlled entity	2,081	-	2,081	-
Amount transferred from a subsidiary	-	-	119,980	-
Unwinding income	(24,019)	-	(22,222)	-
Exchange fluctuation	2,665	-	2,517	-
Balance as at 30 September/31 December	2,337,338	-	1,923,005	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less loans exempted from portfolio impairment allowance by BNM and individual impairment allowance	2.1%	-	2.1%	-

**PART A - EXPLANATORY NOTES (CONTINUED)****A10. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Specific allowance</b>				
Balance as at 1 January	2,695,272	3,184,511	1,644,003	3,140,552
Adoption of FRS 139	(2,695,272)	-	(1,644,003)	-
Adjusted 1 January	-	3,184,511	-	3,140,552
Allowance made during the financial period/year	-	1,688,817	-	1,311,706
Allowance written back and charged to deferred assets	-	(2,880)	-	(2,880)
Amount written back in respect of recoveries	-	(537,217)	-	(445,862)
Amount written off	-	(848,198)	-	(672,137)
Sale of impaired loans	-	(1,682,837)	-	(1,688,240)
Allowance arising from acquisition of a subsidiary	-	880,800	-	-
Amount transferred general allowance	-	10,183	-	-
Allowance for non-performing loans purchased from third party	-	3,440	-	-
Allowance made in relation to jointly controlled entity	-	3,009	-	3,009
Exchange fluctuation	-	(4,356)	-	(2,145)
Balance as at 30 September/31 December	-	2,695,272	-	1,644,003
<b>General allowance</b>				
Balance as at 1 January	1,564,540	1,606,498	1,258,390	1,446,535
Adoption of FRS 139	(1,564,540)	-	(1,258,390)	-
Adjusted 1 January	-	1,606,498	-	1,446,535
Net allowance written back during the financial year	-	(120,118)	-	(189,482)
Amount transferred to specific allowance	-	(10,183)	-	-
Allowance arising from acquisition a subsidiary	-	88,309	-	-
Exchange fluctuation	-	34	-	1,337
Balance as at 30 September/31 December	-	1,564,540	-	1,258,390
(General allowance as % of gross loans, advances and financing less loans exempted from general allowance by BNM and specific allowance)	-	1.46%	-	1.50%

**A11. OTHER ASSETS**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Interest receivable	339,729	178,592	316,450	207,290
Deferred assets	172,759	198,610	172,759	198,610
Foreclosed properties	186,902	230,534	13,484	24,911
Due from brokers and clients	115,745	42,482	-	-
Due from insurers, brokers and reinsurers	-	4,796	-	-
Option financing	168,632	238,224	168,632	238,224
Credit Support Annex for derivative transactions	624,618	210,761	624,618	210,761
Amounts receivable from impaired loans sale	94,850	118,562	94,850	118,562
Other debtors, deposits and prepayments	1,320,802	896,589	1,109,713	609,442
	3,024,037	2,119,150	2,500,506	1,607,800

**PART A - EXPLANATORY NOTES (CONTINUED)****A12. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>(i) By type of deposit</b>				
Demand deposits	32,053,449	30,197,077	29,129,387	26,789,999
Saving deposits	13,227,625	12,616,669	10,046,199	9,597,651
Fixed deposits	64,278,360	67,011,173	46,966,374	50,696,236
Negotiable instruments of deposit	2,177,042	1,544,632	869,941	988,417
Others	45,431,241	35,502,794	34,326,162	26,377,608
	<b>157,167,717</b>	<b>146,872,345</b>	<b>121,338,063</b>	<b>114,449,911</b>
<b>(ii) By type of customer</b>				
Government and statutory bodies	17,780,955	20,219,428	12,432,175	10,084,788
Business enterprises	69,151,440	61,805,399	48,803,147	50,062,704
Individuals	48,148,721	44,755,386	38,927,806	35,238,687
Others	22,086,601	20,092,132	21,174,935	19,063,732
	<b>157,167,717</b>	<b>146,872,345</b>	<b>121,338,063</b>	<b>114,449,911</b>
<b>(iii) Maturity structure of fixed deposits and negotiable instruments of deposit</b>				
One year or less (short term)	63,313,108	65,450,245	44,820,195	49,318,407
More than one year (medium/long term)	3,142,294	3,105,560	3,016,120	2,366,246
	<b>66,455,402</b>	<b>68,555,805</b>	<b>47,836,315</b>	<b>51,684,653</b>

**A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Licensed banks	4,375,935	5,621,151	9,735,030	10,360,758
Licensed finance companies	77,340	101,307	29,936	59,979
Licensed investment banks	3,315,952	5,352,466	2,734,082	4,242,116
Bank Negara Malaysia	1,600,000	365,000	1,600,000	365,000
Other financial institutions	3,138,983	2,741,022	2,995,180	2,605,544
	<b>12,508,210</b>	<b>14,180,946</b>	<b>17,094,228</b>	<b>17,633,397</b>

**A14. OTHER LIABILITIES**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Interest payable	663,419	503,733	445,784	475,975
Due to brokers and clients	112,978	42,860	-	-
Accrued employee benefits	10,980	10,980	10,980	10,980
Post employment benefit obligations	188,390	161,150	132,035	62,746
Sundry creditors	329,474	309,822	312,524	273,322
Expenditure payable	783,211	437,740	775,929	431,734
Amount due to special purpose vehicle of jointly controlled entity	244,225	314,360	244,225	314,360
Insurance fund - general insurance business	14,649	14,574	-	-
Allowance for commitments and contingencies	35,834	36,952	21,000	21,000
Provision for legal claims	125,219	212,121	108,891	186,692
Others	1,294,436	1,105,054	948,097	687,009
	<b>3,802,815</b>	<b>3,149,346</b>	<b>2,999,465</b>	<b>2,463,818</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A15. INTEREST INCOME**

	3rd quarter ended		Nine months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
<b>Group</b>				
Loans and advances				
- interest income other than recoveries	1,292,627	1,284,033	3,744,244	4,016,068
- recoveries from impaired loans/non-performing loans and advances	1,409	57,658	9,322	188,805
- unwinding income <sup>^</sup>	33,405	-	97,325	-
Money at call and deposit with financial institutions	94,192	80,290	271,394	214,776
Reverse repurchase agreements	18,889	22,072	52,230	93,016
Financial assets held-for-trading	35,088	35,765	106,187	107,815
Financial investments available-for-sale	79,529	80,871	231,267	235,702
Financial investments held-to-maturity	136,842	152,881	405,067	466,048
Others	12,419	6	37,568	83
	<b>1,704,400</b>	<b>1,713,576</b>	<b>4,954,604</b>	<b>5,322,313</b>
Accretion of discount less amortisation of premium	53,022	31,281	137,736	102,206
Net interest suspended	-	(30,927)	-	(118,740)
	<b>1,757,422</b>	<b>1,713,930</b>	<b>5,092,340</b>	<b>5,305,779</b>
<b>Bank</b>				
Loans and advances				
- interest income other than recoveries	1,155,645	1,058,687	3,265,289	3,382,918
- recoveries from impaired loans/non-performing loans and advances	-	54,718	-	182,231
- unwinding income <sup>^</sup>	26,110	-	69,836	-
Money at call and deposit with financial institutions	191,321	104,817	463,968	284,380
Reverse repurchase agreements	15,692	15,494	45,798	55,247
Financial assets held-for-trading	30,920	32,000	92,730	99,366
Financial investments available-for-sale	77,134	75,885	223,805	212,542
Financial investments held-to-maturity	125,420	107,183	368,283	310,693
Others	7,857	6	29,149	25
	<b>1,630,099</b>	<b>1,448,790</b>	<b>4,558,858</b>	<b>4,527,402</b>
Accretion of discount less amortisation of premium	55,885	25,988	147,202	77,199
Net interest suspended	-	(28,821)	-	(113,219)
	<b>1,685,984</b>	<b>1,445,957</b>	<b>4,706,060</b>	<b>4,491,382</b>

<sup>^</sup> Unwinding income is income earned on impaired loans, advances and financing.

**PART A - EXPLANATORY NOTES (CONTINUED)****A16. INTEREST EXPENSE**

Group	3rd quarter ended		Nine months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
Deposits and placements of banks and other financial institutions	20,492	24,932	81,422	92,194
Deposits from customers	588,340	496,732	1,530,408	1,636,207
Repurchase agreements	61	-	112	39
Loans sold to Cagamas	2,105	5,104	7,391	22,566
Negotiable certificates of deposits	38,380	28,868	96,121	106,828
ICULS	928	1,370	2,754	26,177
Redeemable preference shares	10,443	11,035	32,339	33,105
Subordinated obligations	52,249	51,798	152,164	180,990
Other borrowings	46	133	361	627
	<b>713,044</b>	<b>619,972</b>	<b>1,903,072</b>	<b>2,098,733</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	29,072	23,515	85,226	81,099
Deposits from customers	549,671	439,653	1,441,155	1,384,750
Repurchase agreements	61	-	112	39
Loans sold to Cagamas	2,105	5,104	7,391	22,566
Negotiable certificates of deposits	38,282	28,775	95,839	106,546
ICULS	928	1,370	2,754	26,177
Subordinated obligations	51,612	51,937	151,328	188,842
	<b>671,731</b>	<b>550,354</b>	<b>1,783,805</b>	<b>1,810,019</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A17. NON-INTEREST INCOME**

Group	3rd quarter ended		Nine months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
<b>Fee income</b>				
Commissions	32,803	34,401	102,571	104,576
Fee on loans and advances	84,995	94,652	214,182	230,862
Service charges and fees	53,530	49,185	157,941	157,193
Guarantee fees	14,204	16,027	39,374	44,246
Other fee income	75,920	60,720	222,860	203,526
	261,452	254,985	736,928	740,403
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	6,112	5,463	12,923	13,737
Financial investments available-for-sale	10,705	14,252	26,005	21,964
	16,817	19,715	38,928	35,701
<b>Net gain/(loss) arising from financial assets held-for-trading:</b>				
- realised gain	30,664	29,337	9,612	101,673
- unrealised gain	3,854	34,258	4,983	89,854
	34,518	63,595	14,595	191,527
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised (loss)/gain	(109,138)	131,070	(347,044)	454,059
- unrealised gain/(loss)	69,210	(150,573)	132,874	(251,334)
	(39,928)	(19,503)	(214,170)	202,725
<b>Net loss arising from hedging derivatives</b>	(26,906)	(8,971)	(41,418)	(13,042)
<b>Net gain from sale of financial investments available-for-sale</b>	37,821	35,608	54,311	110,573
<b>Net gain from maturity of financial investments held-to-maturity</b>	14,296	19,848	102,161	19,069
<b>Brokerage income</b>	7,331	4,852	14,901	10,408
<b>Other non-interest income</b>				
Foreign exchange gain	160,675	59,248	556,050	197,646
Rental income	4,449	4,371	14,253	14,079
Gain on disposal of property, plant and equipment	808	8,026	167,417	6,786
Loss on disposal of foreclosed properties	(124)	(8,644)	(1,375)	(6,567)
Gain on disposal of certain assets and liabilities of subsidiary	-	-	-	30,000
Net gain from insurance business	3,579	6,254	9,904	10,530
Gain on disposal of subsidiary	-	-	7,532	-
Gain on disposal of associate	2,248	-	2,248	-
Others	12,027	23,991	36,894	47,091
	183,662	93,246	792,923	299,565
	489,063	463,375	1,499,159	1,596,929

**PART A - EXPLANATORY NOTES (CONTINUED)****A17. NON-INTEREST INCOME (CONTINUED)**

Bank	3rd quarter ended		Nine months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
<b>Fee income</b>				
Commissions	30,240	33,986	97,950	101,759
Fee on loans and advances	84,899	94,194	213,720	229,548
Service charges and fees	39,392	35,845	116,495	120,367
Guarantee fees	10,865	12,142	30,561	35,331
Other fee income	70,308	50,795	196,287	153,638
	235,704	226,962	655,013	640,643
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	6,095	5,409	12,747	13,658
Financial investments available-for-sale	1,121	5,525	6,473	6,466
Subsidiaries	2,007	-	82,744	64,341
	9,223	10,934	101,964	84,465
<b>Net gain/(loss) arising from financial assets held-for-trading</b>				
- realised (loss)/gain	27,344	24,230	13,370	94,777
- unrealised (loss)/gain	5,338	25,165	(663)	59,987
	32,682	49,395	12,707	154,764
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised (loss)/gain	(94,984)	152,240	(306,418)	474,989
- unrealised gain/(loss)	89,019	(119,288)	148,097	(246,728)
	(5,965)	32,952	(158,321)	228,261
<b>Net loss arising from hedging derivatives</b>	(25,448)	(2,696)	(39,487)	(5,620)
<b>Net gain from sale of financial investments available-for-sale</b>	15,622	21,026	27,178	44,305
<b>Net gain from maturity of financial investments held-to-maturity</b>	14,838	2,769	102,161	2,698
<b>Other non-interest income</b>				
Foreign exchange gain	148,870	33,973	537,718	160,301
Rental income	3,035	2,837	9,444	8,146
Gain on disposal of property, plant and equipment	741	29	135,001	5,232
Gain on disposal of foreclosed properties	100	-	349	-
Gain on capital repayment of subsidiary	-	-	4,956	-
Other non operating income	4,999	19,382	37,478	34,352
	157,745	56,221	724,946	208,031
	434,401	397,563	1,426,161	1,357,547

**PART A - EXPLANATORY NOTES (CONTINUED)****A18. OVERHEADS**

Group	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	342,436	336,869	1,131,971	979,785
- Pension costs (defined contribution plan)	38,079	33,437	109,871	97,906
- Pension costs (defined benefit plan)	5,739	18,256	22,259	38,643
- Overtime	4,519	4,915	13,689	15,042
- Staff incentives and other staff payments	35,580	21,508	96,210	67,222
- Medical expenses	14,826	12,218	36,895	33,491
- Others	38,888	30,159	106,266	88,432
	<b>480,067</b>	<b>457,362</b>	<b>1,517,161</b>	<b>1,320,521</b>
Establishment costs				
- Depreciation of property, plant and equipment	49,589	47,244	147,865	138,141
- Amortisation of prepaid lease payments	107	1,099	528	3,088
- Rental	49,539	46,076	140,092	122,680
- Repair and maintenance	44,034	39,501	139,937	117,143
- Outsourced services	24,029	40,247	112,376	116,275
- Security expenses	22,003	19,096	68,997	53,889
- Others	23,856	33,448	80,429	89,847
	<b>213,157</b>	<b>226,711</b>	<b>690,224</b>	<b>641,063</b>
Marketing expenses				
- Sales commission	8,661	12,003	21,398	32,360
- Advertisement	58,130	40,190	139,626	102,813
- Others	24,379	15,224	54,305	42,515
	<b>91,170</b>	<b>67,417</b>	<b>215,329</b>	<b>177,688</b>
Administration and general expenses				
- Communication	10,776	10,990	30,350	30,524
- Consultancy and professional fees	9,395	7,527	29,902	33,490
- Legal expenses	14,380	8,876	42,063	32,842
- Stationery	6,165	9,447	27,323	32,580
- Merchant expenses	25,694	24,301	74,316	69,429
- Amortisation of intangible assets	30,254	32,968	91,619	89,086
- Impairment of intangible assets	-	-	1,302	-
- Postages	5,869	6,808	25,411	19,767
- Administrative travelling and vehicle expenses	7,249	6,259	21,764	17,150
- Incidental expenses on banking operations	21,956	5,179	64,460	50,124
- Insurance	12,669	19,620	58,274	56,777
- Others	25,648	35,574	97,411	126,375
	<b>170,055</b>	<b>167,549</b>	<b>564,196</b>	<b>558,144</b>
	<b>954,449</b>	<b>919,039</b>	<b>2,986,910</b>	<b>2,697,416</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A18. OVERHEADS (CONTINUED)**

	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	260,620	260,504	892,678	774,548
- Pension costs (defined contribution plan)	33,731	29,064	96,652	85,543
- Pension costs (defined benefit plan)	4,266	16,111	15,745	32,387
- Overtime	3,068	3,265	9,583	9,893
- Staff incentives and other staff payments	30,098	14,612	76,389	49,715
- Medical expenses	13,807	11,030	34,069	29,950
- Others	17,548	12,358	47,123	38,708
	<b>363,138</b>	<b>346,944</b>	<b>1,172,239</b>	<b>1,020,744</b>
Establishment costs				
- Depreciation of property, plant and equipment	38,426	33,817	114,549	104,013
- Amortisation of prepaid lease payments	99	229	313	686
- Rental	39,392	34,245	109,288	91,313
- Repair and maintenance	39,623	33,780	126,449	102,167
- Outsourced services	54,637	67,621	191,738	194,945
- Security expenses	23,626	20,502	77,514	59,026
- Others	11,819	17,044	38,463	47,551
	<b>207,622</b>	<b>207,238</b>	<b>658,314</b>	<b>599,701</b>
Marketing expenses				
- Sales commission	-	906	19	2,391
- Advertisement	54,625	35,903	128,854	90,926
- Others	18,242	13,345	44,806	36,776
	<b>72,867</b>	<b>50,154</b>	<b>173,679</b>	<b>130,093</b>
Administration and general expenses				
- Communication	9,438	8,946	25,636	24,888
- Consultancy and professional fees	7,632	6,006	24,244	28,230
- Legal expenses	12,474	7,566	35,939	28,367
- Stationery	3,751	6,842	20,909	25,172
- Merchant expenses	25,694	24,220	74,316	69,348
- Amortisation of intangible assets	26,453	28,819	79,858	77,511
- Postages	3,581	4,753	19,887	14,844
- Administrative travelling and vehicle expenses	5,035	4,194	15,325	12,054
- Incidental expenses on banking operations	21,942	16,240	64,414	49,870
- Insurance	4,543	3,029	26,331	9,086
- Others	(189)	8,793	10,797	59,426
	<b>120,354</b>	<b>119,408</b>	<b>397,656</b>	<b>398,796</b>
	<b>763,981</b>	<b>723,744</b>	<b>2,401,888</b>	<b>2,149,334</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A19. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	3rd quarter ended		Nine months ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
<b>Group</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- written back during the period	(41,911)	-	(31,919)	-
Specific allowance				
- made during the period	-	383,944	-	1,135,494
- written back	-	(129,961)	-	(336,532)
Portfolio impairment allowance				
- made during the period	163,854	-	427,949	-
General allowance				
- made during the period	-	50,088	-	66,838
Bad debts :				
- recovered	(82,895)	(99,771)	(235,729)	(268,231)
- written off	1,311	408	3,109	1,969
	<b>40,359</b>	<b>204,708</b>	<b>163,410</b>	<b>599,538</b>
<b>Bank</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made during the period	17,708	-	37,385	-
Specific allowance				
- made during the period	-	294,620	-	848,602
- written back	-	(113,887)	-	(306,075)
Portfolio impairment allowance				
- made during the period	135,456	-	254,363	-
General allowance				
- made during the period	-	24,212	-	(4,252)
Bad debts :				
- recovered	(43,329)	(71,541)	(143,458)	(214,418)
- written off	82	135	662	498
	<b>109,917</b>	<b>133,539</b>	<b>148,952</b>	<b>324,355</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

The following tables summarise the contractual the underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

Trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Derivative financial instruments" Assets and Liabilities respectively.

#### (i) Derivative financial instruments

At 30 Sept 2010	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>47,962,541</b>	<b>177,414</b>	<b>(228,593)</b>	<b>43,402,819</b>	<b>102,587</b>	<b>(145,512)</b>
- Less than 1 year	45,427,640	131,040	(186,760)	40,966,037	56,664	(103,278)
- 1 year to 3 years	460,042	8,435	(4,978)	447,351	7,984	(4,947)
- More than 3 years	2,074,859	37,939	(36,855)	1,989,431	37,939	(37,287)
Currency swaps	<b>3,529,504</b>	<b>630,177</b>	<b>(571,695)</b>	<b>1,967,964</b>	<b>615,383</b>	<b>(527,460)</b>
- Less than 1 year	3,299,355	612,907	(569,770)	1,737,815	598,113	(525,535)
- 1 year to 3 years	200,184	2,447	(41)	200,184	2,447	(41)
- More than 3 years	29,965	14,823	(1,884)	29,965	14,823	(1,884)
Currency option	<b>1,175,775</b>	<b>15,762</b>	<b>(16,851)</b>	<b>1,175,775</b>	<b>15,762</b>	<b>(16,851)</b>
- Less than 1 year	1,175,775	15,762	(16,851)	1,175,775	15,762	(16,851)
Cross currency interest rate swaps	<b>15,276,946</b>	<b>711,111</b>	<b>(692,474)</b>	<b>13,923,851</b>	<b>679,038</b>	<b>(694,126)</b>
- Less than 1 year	12,253,737	190,706	(155,305)	12,005,578	176,129	(148,058)
- 1 year to 3 years	1,018,449	271,993	(379,559)	792,959	255,874	(401,669)
- More than 3 years	2,004,760	248,412	(157,610)	1,125,314	247,035	(144,399)
	<b>67,944,766</b>	<b>1,534,464</b>	<b>(1,509,613)</b>	<b>60,470,409</b>	<b>1,412,770</b>	<b>(1,383,949)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>189,540,037</b>	<b>2,140,344</b>	<b>(1,767,095)</b>	<b>160,514,067</b>	<b>1,943,096</b>	<b>(1,602,554)</b>
- Less than 1 year	91,358,564	378,505	(413,688)	85,664,380	370,501	(401,919)
- 1 year to 3 years	45,777,849	491,804	(434,619)	32,940,537	400,943	(401,265)
- More than 3 years	52,403,624	1,270,035	(918,788)	41,909,150	1,171,652	(799,370)
Interest rate futures	<b>14,298,738</b>	<b>25,593</b>	<b>(19,142)</b>	<b>14,298,738</b>	<b>25,593</b>	<b>(19,142)</b>
- Less than 1 year	8,194,025	11,909	(15,375)	8,194,025	11,909	(15,375)
- 1 year to 3 years	4,839,138	9,416	(3,767)	4,839,138	9,416	(3,767)
- More than 3 years	1,265,575	4,268	-	1,265,575	4,268	-
Interest rate options	<b>1,850,000</b>	<b>2,215</b>	<b>(49,668)</b>	<b>1,850,000</b>	<b>2,215</b>	<b>(49,668)</b>
- Less than 1 year	1,700,000	908	(49,655)	1,700,000	908	(49,655)
- 1 year to 3 years	100,000	1,307	-	100,000	1,307	-
- More than 3 years	50,000	-	(13)	50,000	-	(13)
	<b>205,688,775</b>	<b>2,168,152</b>	<b>(1,835,905)</b>	<b>176,662,805</b>	<b>1,970,904</b>	<b>(1,671,364)</b>
<u>Equity related derivatives</u>						
Equity options	<b>9,947,808</b>	<b>1,106,730</b>	<b>(1,440,530)</b>	<b>7,681,231</b>	<b>1,089,335</b>	<b>(1,423,111)</b>
- Less than 1 year	4,312,715	1,093,111	(1,426,913)	2,992,372	1,089,058	(1,422,860)
- 1 year to 3 years	2,479,026	11,987	(12,058)	1,967,082	98	(98)
- More than 3 years	3,156,067	1,632	(1,559)	2,721,777	179	(153)
Commodity options	<b>104,976</b>	<b>82,034</b>	<b>(97,969)</b>	<b>104,976</b>	<b>82,034</b>	<b>(97,969)</b>
- Less than 1 year	71,013	44,753	(50,327)	71,013	44,753	(50,327)
- 1 year to 3 years	33,963	37,281	(47,642)	33,963	37,281	(47,642)
Commodity futures	<b>136</b>	<b>1</b>	<b>-</b>	<b>136</b>	<b>1</b>	<b>-</b>
- Less than 1 year	136	1	-	136	1	-
Index futures	<b>20,174</b>	<b>38</b>	<b>(20)</b>	<b>20,174</b>	<b>40</b>	<b>(5)</b>
- Less than 1 year	20,174	38	(20)	20,174	40	(5)
	<b>10,073,094</b>	<b>1,188,803</b>	<b>(1,538,519)</b>	<b>7,806,517</b>	<b>1,171,410</b>	<b>(1,521,085)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>339,626</b>	<b>1,711</b>	<b>(2,964)</b>	<b>339,626</b>	<b>1,711</b>	<b>(2,964)</b>
- Less than 1 year	61,750	423	(256)	61,750	423	(256)
- 1 year to 3 years	15,438	101	(1,163)	15,438	101	(1,163)
- More than 3 years	262,438	1,187	(1,545)	262,438	1,187	(1,545)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	<b>218,661</b>	<b>-</b>	<b>(40,603)</b>	<b>-</b>	<b>-</b>	<b>-</b>
- More than 3 years	218,661	-	(40,603)	-	-	-
Interest rate swaps	<b>10,716,256</b>	<b>165,783</b>	<b>(414,076)</b>	<b>15,154,690</b>	<b>393,874</b>	<b>(410,742)</b>
- Less than 1 year	8,567,190	15,776	-	8,567,190	15,776	-
- 1 year to 3 years	670,000	25,468	-	670,000	25,468	-
- More than 3 years	1,479,066	124,539	(414,076)	5,917,500	352,630	(410,742)
Total derivatives assets/(liabilities)	<b>294,981,178</b>	<b>5,058,913</b>	<b>(5,341,680)</b>	<b>260,434,047</b>	<b>4,950,669</b>	<b>(4,990,104)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### (i) Derivative financial instruments (continued)

At 31 December 2009	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	10,594,076	63,687	(116,660)	7,522,561	55,589	(108,723)
Currency swaps	33,048,786	167,904	(238,702)	31,878,930	161,837	(228,260)
Currency option	1,383,714	5,018	(4,537)	1,383,714	5,018	(4,537)
Cross currency interest rate swaps	17,139,468	500,600	(345,448)	15,821,588	468,853	(333,916)
	62,166,044	737,209	(705,347)	56,606,793	691,297	(675,436)
<u>Interest rate derivatives</u>						
Interest rate swaps	148,823,859	1,975,599	(1,626,041)	134,200,816	1,783,373	(1,558,902)
Interest rate futures	16,702,600	30,334	(25,774)	16,702,600	30,334	(25,774)
Interest rate options	3,130,000	11,854	(4,920)	3,130,000	11,854	(4,920)
	168,656,459	2,017,787	(1,656,735)	154,033,416	1,825,561	(1,589,596)
<u>Equity related derivatives</u>						
Equity options	11,975,449	528,843	(856,920)	8,991,160	424,075	(752,152)
Commodity options	690,261	70,562	(66,429)	690,261	70,562	(66,429)
Commodity futures	31,672	842	(13)	31,672	842	(13)
	12,697,382	600,247	(923,362)	9,713,093	495,479	(818,594)
<u>Credit related contract</u>						
Credit default swaps	397,879	2,062	(651)	397,879	2,062	(651)
<u>Hedging derivatives</u>						
Interest rate swaps	8,628,728	147,657	(176,843)	9,978,728	189,215	(176,844)
	252,546,492	3,504,962	(3,462,938)	230,729,909	3,203,614	(3,261,121)

The Group's derivative financial instruments are subject to market and credit risk, as follows:

#### Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. The Group's risk management department monitors and manages market risk exposure via stress testing of the Group's Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

#### Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 September 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM5,058,913,000 and RM4,950,669,000 respectively (31 December 2009: RM3,504,962,000 and RM3,203,614,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

There have been no changes since the end of the previous financial year in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and the Risk Management section of the 2009 Annual Report.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**(ii) Commitments and contingencies**

The Group	30 Sept 2010			31 Dec 2009		
	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>Credit-related</u>						
Direct credit substitutes	1,592,512	1,549,034	1,357,415	1,695,289	1,300,835	1,134,888
Transaction-related contingent items	4,525,492	2,244,679	1,358,373	4,634,554	2,317,277	1,814,403
Short-term self-liquidating trade-related contingencies	3,182,450	636,042	265,921	3,761,011	744,063	590,935
Obligations under underwriting agreement	115,000	57,500	12,604	250,000	125,000	125,000
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	33,184,916	5,484,087	5,389,878	34,545,466	-	-
- maturity exceeding one year	7,374,016	4,125,200	990,212	5,948,048	116,698	114,688
Forward asset purchase	501,695	-	-	52,478	1	-
Miscellaneous commitments and contingencies	2,804,763	-	-	6,210,077 #	228,012	68,928
Total credit-related commitments and contingencies	53,280,844	14,096,542	9,374,403	57,096,923	4,831,886	3,848,842
<u>Treasury-related</u>						
Foreign exchange related contracts :						
- less than one year	57,629,160	690,001	185,053	53,042,013	392,185	103,669
- one year to less than 5 years	3,031,963	616,480	370,847	4,368,956	1,589,408	500,432
- five years and above	1,516,765	223,283	98,765	1,333,036	387,218	114,425
	62,177,888	1,529,764	654,665	58,744,005	2,368,811	718,526
Interest rate related contracts :						
- less than one year	103,793,295	126,125	24,632	91,152,067	17,918	4,801
- one year to less than 5 years	70,628,950	1,487,646	374,266	63,956,743	1,917,155	440,286
- five years and above	16,209,838	1,192,795	286,474	9,592,814	2,056,288	434,888
	190,632,083	2,806,566	685,372	164,701,624	3,991,361	879,975
Equity related contracts:						
- less than one year	4,332,920	69,954	16,145	4,941,677	102,076	30,209
- one year to less than 5 years	3,587,118	116,934	20,595	6,163,741	317,527	88,596
- five years and above	2,047,944	132,430	21,925	870,031	59,200	11,840
	9,967,982	319,318	58,665	11,975,449	478,803	130,645
Other treasury related contracts	32,098,113	305,749	130,862	16,039,852	195,390	84,592
Total treasury-related commitments and contingencies	294,876,066	4,961,397	1,529,564	251,460,930	7,034,365	1,813,738
	348,156,910	19,057,939	10,903,967	308,557,853	11,866,251	5,662,580

## PART A - EXPLANATORY NOTES (CONTINUED)

### A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### (ii) Commitments and contingencies (continued)

The Bank	30 Sept 2010			31 Dec 2009		
	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>Credit-related</u>						
Direct credit substitutes	1,303,529	1,260,051	1,083,492	1,386,270	1,022,641	859,116
Transaction-related contingent items	3,331,493	1,647,680	843,149	3,657,150	1,828,575	1,344,973
Short-term self-liquidating trade-related contingencies	2,823,892	564,778	200,591	3,356,089	671,218	520,791
Obligations under underwriting agreement	115,000	57,500	12,604	250,000	125,000	125,000
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	31,378,707	5,405,007	5,312,063	32,336,000	-	-
- maturity exceeding one year	6,054,281	3,837,112	938,700	4,495,174	83,731	81,721
Forward assets purchase	406,695	-	-	52,478	1	-
Miscellaneous commitments and contingencies	-	-	-	4,343,817 #	214,394	65,480
Total credit-related commitments and contingencies	<b>45,413,597</b>	<b>12,772,128</b>	<b>8,390,599</b>	<b>49,876,978</b>	<b>3,945,560</b>	<b>2,997,081</b>
<u>Treasury-related</u>						
Foreign exchange related contracts :						
- less than one year	56,115,353	678,554	181,581	51,223,368	397,253	104,656
- one year to less than 5 years	2,838,291	640,411	371,522	4,050,389	1,561,119	493,024
- five years and above	1,516,765	223,283	98,765	1,333,036	387,218	114,425
	<b>60,470,409</b>	<b>1,542,248</b>	<b>651,868</b>	<b>56,606,793</b>	<b>2,345,590</b>	<b>712,105</b>
Interest rate related contracts :						
- less than one year	104,187,344	125,890	24,600	91,396,954	18,041	4,825
- one year to less than 5 years	67,810,386	1,453,159	367,484	61,667,342	1,873,563	430,555
- five years and above	20,159,391	1,810,961	417,902	10,982,098	2,178,418	459,314
	<b>192,157,121</b>	<b>3,390,010</b>	<b>809,986</b>	<b>164,046,394</b>	<b>4,070,022</b>	<b>894,694</b>
Equity related contracts:						
- less than one year	3,012,577	58,088	14,341	3,307,970	87,024	27,199
- one year to less than 5 years	3,005,773	87,440	16,109	5,031,764	227,069	70,504
- five years and above	1,683,055	119,764	19,999	651,426	48,170	9,634
	<b>7,701,405</b>	<b>265,292</b>	<b>50,449</b>	<b>8,991,160</b>	<b>362,263</b>	<b>107,337</b>
Total treasury-related commitments and contingencies	<b>260,328,935</b>	<b>5,197,550</b>	<b>1,512,303</b>	<b>229,644,347</b>	<b>6,777,875</b>	<b>1,714,136</b>
	<b>305,742,532</b>	<b>17,969,678</b>	<b>9,902,902</b>	<b>279,521,325</b>	<b>10,723,435</b>	<b>4,711,217</b>

\* As at 31 December 2009, other than the credit equivalent of RM625,419,000 arising from a subsidiary, CIMB Thai Bank Public Company Limited, which is computed based on Bank of Thailand requirements, the credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Effective 1 October 2008, the following approaches have been adopted for the computation of the credit equivalent and risk weighted assets:

- adoption of bilateral netting as provided under the Standardised Approach Framework which involves the weighting of net claims rather than gross claims with the same counterparties arising out of the full range of forwards, swaps, options and similar derivative contracts.
- irrevocable commitments to extend credit (undrawn loans) have been revised to include only those undrawn loans whereby all conditions precedent have been met.

With effective from 1 July 2010, the Group (other than CIMB Thai Bank) and the Bank has adopted Basel II-Internal Rating-Based approach for credit equivalent amount and risk weighted amount computation. The credit equivalent of RM872,104,000 arising from CIMB Thai Bank Public Company Limited is computed based on Bank of Thailand requirements.

# In 2009, included in miscellaneous commitment and contingencies was a commitment by the Bank to place an additional RM2,250 million with CIMB Islamic in relation to the RPSIA arrangement.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. CAPITAL ADEQUACY**

**As at 30 September 2010**

With effect from 1 July 2010, the capital adequacy ratios of the Group (other than CIMB Thai Bank) and the Bank are computed in accordance with Internal Rating-Based approach (IRB approach) for Credit Risk, where Advanced Internal Rating-Based (AIRB) is used for retail exposure and Foundation IRB for Non-Retail exposure while Operational risk is based on Basic Indicator Approach. Market Risk remained unchanged under Standardised Approach.

The comparative capital adequacy ratios for 31 December 2009 have not been restated based on IRB approach, as they represent actual amounts reported for regulatory compliance purposes as of that date.

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

	<b>The Group</b>	<b>The Bank*</b>
<b><u>Before deducting proposed dividend</u></b>		
Core capital ratio	12.62%	15.02%
Risk-weighted capital ratio	14.34%	15.02%
<b><u>After deducting proposed dividend</u></b>		
Core capital ratio	11.80%	14.04%
Risk-weighted capital ratio	<u>13.52%</u>	<u>14.04%</u>
	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I capital</b>		
Paid-up share capital	3,764,466	3,764,466
Perpetual preference shares	200,000	200,000
Non-innovative Tier I capital	1,000,000	1,000,000
Innovative Tier I capital	1,617,500	1,617,500
Other reserves	13,427,037	12,978,523
Minority interest	236,908	-
	20,245,911	19,560,489
Less:		
Goodwill	(4,896,600)	(3,555,075)
Deductions in excess of Tier 2 Capital	-	(701,115)
Total Tier I capital	<u>15,349,311</u>	<u>15,304,299</u>
<b>Tier II capital</b>		
Subordinated notes	1,931,716	1,500,000
Redeemable preference shares	29,740	29,740
Revaluation reserve	-	-
Regulatory reserve	28,897	25,689
Portfolio impairment allowance^^	360,607	208,642
Surplus of total eligible provision over expected loss	137,714	244,048
Total Tier II capital	2,488,674	2,008,119
Add/(less):		
(i) Investment in subsidiaries	(79,025)	(2,391,154)
(ii) Securitisation exposures subject to deductions^	(70,109)	(70,109)
(iii) Investment in associate	(245,134)	(245,134)
(iv) Holding of other banking institutions' capital instruments	(2,837)	(2,837)
Total eligible Tier II capital	<u>2,091,569</u>	<u>-</u>
Capital base	<u>17,440,880</u>	<u>15,304,299</u>

N1

N1

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A21. CAPITAL ADEQUACY (CONTINUED)**

**As at 30 September 2010 (Continued)**

(b) The capital adequacy ratios of the banking subsidiary companies of the Group are as follows:

	<b>CIMB Islamic Bank**</b>	<b>CIMB Thai Bank***</b>
Core capital ratio	11.33%	6.69%
Risk-weighted capital ratio	<u>15.35%</u>	<u>12.44%</u>

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

	<b>The Group RM'000</b>	<b>The Bank RM'000</b>
Credit risk	102,146,864	84,533,710
Market risk	8,298,141	7,898,194
Operational risk	11,110,131	9,425,781
Large exposure risk	46,998	46,998
	<u>121,602,134</u>	<u>101,904,683</u>

**N1** The excess of Tier II capital was deducted under Tier I capital.

\* Includes the operations of CIMB Bank (L) Limited.

\*\* The capital adequacy ratios of CIMB Islamic Bank are computed in accordance with Internal Rating-Based approach (IRB approach) for Credit Risk, where Advanced Internal Rating-Based (AIRB) is used for retail exposure and Foundation IRB for Non-Retail exposure while Operational risk is based on Basic Indicator Approach. Market Risk remained unchanged under Standardised Approach.

\*\*\* Computation is based on Bank of Thailand requirements. The capital adequacy ratios of CIMB Thai Bank are computed in accordance with Standardised Approach (SA approach). The approach for Credit risk and Market risk will be Standardised Approach (SA) . Operational risk will be based on Basic Indicator Approach.

^ In the previous financial year, the Bank was required to deduct 50% of its investment in its jointly controlled entity, PCSB, from the capital base for purposes of computing the capital adequacy ratio in accordance with a circular by Bank Negara Malaysia ("BNM") dated 25 April 2006.

As at 30 September 2010, the following has been applied in computing the capital adequacy ratio:

- financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;

- the investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

^^ The capital base of the Group and the Bank as at 30 September 2010 has excluded portfolio impairment allowance on impaired loans for standardised approach assets restricted from Tier II capital of RM482,767,171 and RM464,065,934 respectively.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. CAPITAL ADEQUACY (CONTINUED)**

**As at 31 December 2009**

(a) The capital adequacy ratios of the Bank, CIMB Islamic Bank and CIMB Thai Bank are as follows:

	<b>The Bank*</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank**</b>
	RM'000	RM'000	RM'000
Tier I capital	14,874,153	690,239	640,167
Eligible Tier II capital	<u>2,868,642</u>	<u>458,004</u>	<u>640,167</u>
	17,742,795	1,148,243	1,280,334
Less:			
Investment in subsidiaries and holding of other banking institution's capital	<u>(2,618,131)</u>	-	-
Capital base	<u>15,124,664</u>	<u>1,148,243</u>	<u>1,280,334</u>
Core capital ratio	14.81%	6.82%	6.00%
Risk-weighted capital ratio	<u>15.06%</u>	<u>11.34%</u>	<u>11.99%</u>

(b) Components of Tier I and Tier II capitals are as follows:

	<b>The Bank*</b>	<b>CIMB Islamic Bank</b>	<b>CIMB Thai Bank**</b>
	RM'000	RM'000	RM'000
<b>Tier I capital</b>			
Paid-up share capital	3,764,466	550,000	685,791
Perpetual preference shares	200,000	70,000	-
Non-innovative Tier I capital	1,000,000	-	-
Innovative Tier I capital	1,685,000	-	-
Other reserves	<u>12,061,642</u>	<u>250,864</u>	<u>(45,624)</u>
	18,711,108	870,864	640,167
Less:			
Deferred tax assets	(281,880)	(44,625)	-
Goodwill	<u>(3,555,075)</u>	<u>(136,000)</u>	-
Total Tier I capital	14,874,153	690,239	640,167
<b>Tier II capital</b>			
Subordinated notes	1,500,000	300,000	568,134
Redeemable preference shares	29,740	-	1,693
Revaluation reserve	-	-	47,118
General allowance	<u>1,338,902</u>	<u>158,004</u>	<u>23,222</u>
Total Eligible Tier II capital	2,868,642	458,004	640,167
Add/(less):			
(i) Investment in subsidiaries	(2,287,602)	-	-
(ii) Investment in joint venture^	(72,608)	-	-
(iii) Investment in associate	(245,034)	-	-
(iv) Holding of other banking institutions' capital instruments	<u>(12,887)</u>	-	-
Capital base	<u>15,124,664</u>	<u>1,148,243</u>	<u>1,280,334</u>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A21. CAPITAL ADEQUACY (CONTINUED)**

**As at 31 December 2009 (Continued)**

(c) Breakdown of risk-weighted assets in the various categories of risk-weights:

	<b>The Bank *</b> <b>31 Dec 2009</b>		<b>CIMB Islamic Bank</b> <b>31 Dec 2009</b>		<b>CIMB Thai Bank**</b> <b>31 Dec 2009</b>	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk-weighted RM'000
0%	30,359,481	-	6,100,082	-	5,174,033	-
10%	24,173	2,417	-	-	-	-
20%	21,909,123	4,381,825	2,070,774	414,155	822,660	164,532
35%	-	-	-	-	1,064,206	372,472
50%	22,437,082	11,218,541	3,068,223	1,534,112	358,716	179,358
75%	-	-	-	-	1,690,677	1,268,008
100%#	79,804,879	79,804,879	7,628,648	7,628,648	7,181,200	7,181,200
150%	-	-	-	-	360,587	540,881
Total risk-weighted assets for credit risks	154,534,738	95,407,662	18,867,727	9,576,915	16,652,079	9,706,451
Risk-weighted assets for market risk	4,834,636	4,834,636	548,828	548,828	123,231	123,231
Risk-weighted assets for large exposure risk requirements	193,983	193,983	-	-	848,117	848,117
Total risk-weighted assets	159,563,357	100,436,281	19,416,555	10,125,743	17,623,427	10,677,799

\* Includes the operations of CIMB Bank (L) Limited and CIMB (L) Limited.

\*\* Computation is based on Bank of Thailand requirements.

^ In accordance with a circular by Bank Negara Malaysia ("BNM") dated 25 April 2006, the Bank is required to deduct 50% of its investment in its jointly controlled entity, PCSB, from the capital base for purposes of computing the capital adequacy ratio.

# In accordance with BNM guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent ("PSIA Guidelines"), the credit and market risks on the assets funded by the PSIA are included in the risk weighted capital ("RWCR") calculation, where a 100% risk weight is assigned.

The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which is effective from 1 April 2005.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. INTEREST/PROFIT RATE RISK**

Group	Non-trading book						Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %	Effective interest rate (THB) %
	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years						
<b>As at 30 Sept 2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>			<b>RM'000</b>			
<b>Assets</b>												
Cash and short-term funds	15,622,285	-	-	-	-	-	2,672,419	-	18,294,704	2.68	0.29	1.24
Reverse repurchase agreements	1,737,089	458,421	-	105	-	-	6,495	-	2,202,110	2.89	0.01	1.71
Deposit and placement with banks and other financial institutions	-	1,852,889	7,132,951	1,084,881	432,759	-	57,317	-	10,560,797	3.57	0.65	1.06
Financial assets held-for-trading	-	-	-	-	-	-	-	14,481,908	14,481,908	3.17	4.20	-
Financial investments available-for-sale	174,527	160,065	306,417	593,014	3,157,010	2,735,571	1,645,950	-	8,772,554	5.03	9.79	2.42
Financial investments held-to-maturity	-	37,877	366,746	1,385,078	7,543,996	4,360,660	40,163	-	13,734,520	4.99	6.06	3.29
Derivative financial instruments	-	-	5,894	9,883	26,204	351,894	30,269	4,634,769	5,058,913	-	-	-
Loans, advances and financing												
- not impaired	78,849,918	5,775,699	2,126,294	1,608,619	12,896,195	19,454,164	125,270	-	120,836,159	5.31	3.18	7.84
- impaired ^	-	-	-	-	-	-	1,161,086	-	1,161,086	-	-	-
Other assets	30,267	87,603	-	50,762	-	-	2,855,405	-	3,024,037	4.59	3.70	-
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-
Tax recoverable	-	-	-	-	-	-	91,122	-	91,122	-	-	-
Statutory deposits with central banks	-	-	-	-	-	-	1,163,791	-	1,163,791	-	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	136,540	-	136,540	-	-	-
Investment in associate	-	-	-	-	-	-	378,241	-	378,241	-	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,289	-	29,289	-	-	-
Amount due from related companies	-	-	-	-	-	-	793,142	-	793,142	-	-	-
Goodwill	-	-	-	-	-	-	4,896,601	-	4,896,601	-	-	-
Intangible assets	-	-	-	-	-	-	558,044	-	558,044	-	-	-
Prepaid lease payments	-	-	-	-	-	-	11,390	-	11,390	-	-	-
Property, plant and equipment	-	-	-	-	-	-	941,917	-	941,917	-	-	-
Investment properties	-	-	-	-	-	-	98,362	-	98,362	-	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	140,829	-	140,829	-	-	-
<b>Total assets</b>	<b>96,414,086</b>	<b>8,372,554</b>	<b>9,938,302</b>	<b>4,732,342</b>	<b>24,056,164</b>	<b>26,902,289</b>	<b>17,833,642</b>	<b>19,116,677</b>	<b>207,366,056</b>			
<b>Liabilities</b>												
Deposits from customers	72,192,365	23,659,346	10,749,511	9,400,632	4,383,353	726,541	36,055,969	-	157,167,717	2.57	0.39	4.76
Deposit and placement of banks and other financial institutions	6,472,488	3,361,706	954,939	967,317	589,934	-	161,826	-	12,508,210	3.37	0.51	3.21
Repurchase agreements	132,614	-	-	-	-	-	-	-	132,614	-	-	-
Derivative financial instruments	-	-	-	-	6,084	404,659	348,242	4,582,695	5,341,680	-	-	-
Bills and acceptances payable	1,697,929	168,674	793,986	204,129	-	-	659,882	-	3,524,600	3.03	-	1.65
Amount due to Cagamas Berhad	147,307	-	-	64,403	-	-	-	-	211,710	4.67	-	-
Amount owing to ultimate holding company	-	-	-	-	-	-	49,976	-	49,976	-	-	-
Amount due to related companies	-	-	-	-	-	-	5,281	-	5,281	-	-	-
Other liabilities	-	-	-	-	-	-	3,802,815	-	3,802,815	-	-	-
Deferred taxation	-	-	-	-	-	-	46,073	-	46,073	-	-	-
Provision for taxation and zakat	-	-	-	-	-	-	-	-	-	-	-	-
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	-	-	-	-	-	-	6.04	4.16	-
Other borrowings	926,250	-	-	-	-	-	-	-	926,250	-	0.48	-
Subordinated obligations	-	-	-	-	1,510,477	2,539,120	65,442	-	4,115,039	6.04	4.16	-
Bonds	-	-	-	417,950	-	-	-	-	417,950	-	3.00	-
Redeemable preference shares	-	-	-	-	-	732,755	-	-	732,755	-	6.62	-
Liabilities directly associated with non-current assets/disposal groups classified as held for sale	-	-	-	-	-	-	44,389	-	44,389	-	-	-
<b>Total liabilities</b>	<b>81,568,953</b>	<b>27,189,726</b>	<b>12,498,436</b>	<b>11,054,431</b>	<b>6,489,848</b>	<b>4,403,075</b>	<b>41,239,895</b>	<b>4,582,695</b>	<b>189,027,059</b>			
<b>Total interest rate sensitivity gap</b>	<b>14,845,133</b>	<b>(18,817,172)</b>	<b>(2,560,134)</b>	<b>(6,322,089)</b>	<b>17,566,316</b>	<b>22,499,214</b>		<b>14,533,982</b>				

^ After deducting individual impairment allowance and portfolio impairment allowance of RM4,656,992,000.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. INTEREST/PROFIT RATE RISK (CONTINUED)**

Group	Non-trading book						Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %	Effective interest rate (THB) %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000						
<b>As at 31 December 2009</b>												
<b>Assets</b>												
Cash and short-term funds	22,965,482	-	-	-	-	-	2,057,616	-	25,023,098	2.02	0.34	1.12
Reverse repurchase agreements	3,181,479	1,074,357	551	4,564	-	-	-	-	4,260,951	2.06	-	1.21
Deposit and placement with banks and other financial institutions	-	2,542,206	686,718	137,871	-	-	35,801	-	3,402,596	2.07	0.70	0.55
Financial assets held-for-trading	-	-	-	-	-	-	-	13,818,079	13,818,079	2.57	4.10	-
Financial investments available-for-sale	139,386	370,867	79,874	355,194	2,867,686	3,123,327	1,143,985	-	8,080,319	4.99	2.00	2.21
Financial investments held-to-maturity	2,796	278,869	15,483	181,825	5,473,069	6,923,209	-	-	12,875,251	5.42	5.58	4.15
Derivative financial instruments	-	-	-	2,750	60,302	101,498	53,643	3,286,769	3,504,962	-	-	-
Loans, advances and financing												
- performing	58,333,959	10,007,363	1,504,969	1,601,453	17,021,854	25,018,134	150,234	-	113,637,966	4.93	3.09	7.46
- non-performing <sup>^</sup>	-	-	-	-	-	-	(157,324)	-	(157,324)	-	-	-
Other assets	-	-	143,565	85,000	-	-	1,890,585	-	2,119,150	4.73	3.50	-
Deferred taxation	-	-	-	-	-	-	301,447	-	301,447	-	-	-
Tax recoverable	-	-	-	-	-	-	2,945	-	2,945	-	-	-
Statutory deposits with central bank	-	-	-	-	-	-	841,857	-	841,857	-	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	134,559	-	134,559	-	-	-
Investment in associate	-	-	-	-	-	-	268,636	-	268,636	-	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	47,122	-	47,122	-	-	-
Amount due from related companies	-	-	-	-	-	-	998,818	-	998,818	-	-	-
Goodwill	-	-	-	-	-	-	4,923,701	-	4,923,701	-	-	-
Intangible assets	-	-	-	-	-	-	573,416	-	573,416	-	-	-
Prepaid lease payments	-	-	-	-	-	-	16,340	-	16,340	-	-	-
Property, plant and equipment	-	-	-	-	-	-	996,521	-	996,521	-	-	-
Investment properties	-	-	-	-	-	-	120,349	-	120,349	-	-	-
Non current-assets/disposal groups held for sale	-	-	-	-	-	-	226,224	-	226,224	-	-	-
<b>Total assets</b>	<b>84,623,102</b>	<b>14,273,662</b>	<b>2,431,160</b>	<b>2,368,657</b>	<b>25,422,911</b>	<b>35,166,168</b>	<b>14,626,475</b>	<b>17,104,848</b>	<b>196,016,983</b>			
<b>Liabilities</b>												
Deposits from customers	74,696,660	21,395,747	10,178,775	9,232,694	5,060,102	165,037	26,143,330	-	146,872,345	2.15	0.34	5.09
Deposits and placements of banks and other financial institutions	1,670,353	8,929,384	867,977	763,810	1,766,162	72,504	110,756	-	14,180,946	2.19	0.38	3.30
Repurchase agreements	565,097	-	-	-	-	-	-	-	565,097	-	-	1.22
Derivative financial instruments	-	-	-	-	(963)	158,204	245,482	3,060,215	3,462,938	-	-	-
Bills and acceptances payable	1,337,938	1,820,252	387,880	583	-	-	510,158	-	4,056,811	2.25	-	1.27
Amount due to Cagamas Berhad	-	66,666	-	120,463	148,483	-	-	-	335,612	4.68	-	-
Amount due to related companies	-	-	-	-	-	-	9,710	-	9,710	-	-	-
Other liabilities	-	-	-	-	-	-	3,149,346	-	3,149,346	-	-	-
Provision for taxation and zakat	-	-	-	-	-	-	109,169	-	109,169	-	-	-
Amount due to ultimate holding company	-	-	-	-	-	-	55,439	-	55,439	-	-	-
Other borrowings	1,027,500	-	-	-	-	-	-	-	1,027,500	-	0.86	-
Subordinated obligations	308,562	-	-	-	1,516,786	2,225,423	55,945	-	4,106,716	5.58	-	-
Bonds	-	-	-	-	443,051	-	-	-	443,051	-	3.00	-
Redeemable preference shares	-	-	-	-	-	751,437	-	-	751,437	-	6.62	-
<b>Total liabilities</b>	<b>79,606,110</b>	<b>32,212,049</b>	<b>11,434,632</b>	<b>10,117,550</b>	<b>8,933,621</b>	<b>3,372,605</b>	<b>30,389,335</b>	<b>3,060,215</b>	<b>179,126,117</b>			
<b>Total interest rate sensitivity gap</b>	<b>5,016,992</b>	<b>(17,938,387)</b>	<b>(9,003,472)</b>	<b>(7,748,893)</b>	<b>16,489,290</b>	<b>31,793,563</b>		<b>14,044,633</b>				

<sup>^</sup> After deducting specific allowances and general allowances of RM4,259,812,000.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. INTEREST/PROFIT RATE RISK (CONTINUED)**

Bank	Non-trading book							Trading book	Total	Effective interest rate (RM) %	Effective interest rate (USD) %
	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing RM'000				
<b>As at 30 Sept 2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		
<b>Assets</b>											
Cash and short-term funds	12,000,947	-	-	-	-	-	2,071,738	-	14,072,685	2.80	-
Reverse repurchase agreements	1,092,488	458,421	-	105	-	-	6,495	-	1,557,509	2.89	0.07
Deposit and placement with banks and other financial institutions	-	9,746,663	6,557,967	-	-	-	-	-	16,304,630	3.68	0.65
Financial assets held-for-trading	-	-	-	-	-	-	-	11,495,395	11,495,395	3.21	1.24
Financial investments available-for-sale	154,975	149,969	301,026	443,173	2,894,384	2,548,997	789,522	-	7,282,046	5.05	11.30
Financial investments held-to-maturity	-	29,169	103,839	357,232	6,365,374	4,243,517	-	-	11,099,131	5.02	5.76
Derivative financial instruments	-	-	5,894	9,883	26,204	351,894	-	4,556,794	4,950,669	-	-
Loans, advances and financing											
- not impaired	64,891,970	3,180,125	1,447,501	537,435	9,168,212	9,466,557	122,475	-	88,814,275	5.19	3.57
- impaired ^	-	-	-	-	-	-	586,806	-	586,806	-	-
Other assets	30,267	87,603	-	50,762	-	-	2,331,874	-	2,500,506	4.59	3.70
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Statutory deposits with central banks	-	-	-	-	-	-	765,644	-	765,644	-	-
Investment in subsidiaries	-	-	-	-	-	-	3,920,051	-	3,920,051	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	-	125,000	-	-
Investment in associate	-	-	-	-	-	-	318,914	-	318,914	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	436	-	436	-	-
Amount due from subsidiaries	-	-	-	-	-	-	136,237	-	136,237	-	-
Amount due from related companies	-	-	-	-	-	-	787,924	-	787,924	-	-
Goodwill	-	-	-	-	-	-	3,555,075	-	3,555,075	-	-
Intangible assets	-	-	-	-	-	-	515,814	-	515,814	-	-
Property, plant and equipment	-	-	-	-	-	-	539,611	-	539,611	-	-
Prepaid lease payments	-	-	-	-	-	-	8,061	-	8,061	-	-
Investment properties	-	-	-	-	-	-	90,005	-	90,005	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	22,218	-	22,218	-	-
<b>Total assets</b>	<b>78,170,647</b>	<b>13,651,950</b>	<b>8,416,227</b>	<b>1,398,590</b>	<b>18,454,174</b>	<b>16,610,965</b>	<b>16,775,315</b>	<b>16,052,189</b>	<b>169,530,057</b>		
<b>Liabilities</b>											
Deposits from customers	52,459,835	14,381,432	7,440,072	8,008,728	3,122,438	392,568	35,532,990	-	121,338,063	2.66	0.36
Deposit and placement of banks and other financial institutions	9,115,344	2,709,431	1,806,204	2,046,738	1,321,053	-	95,458	-	17,094,228	2.74	0.52
Repurchase agreements	32,968	-	-	-	-	-	-	-	32,968	-	-
Derivative financial instruments	-	-	-	-	6,084	404,659	-	4,579,361	4,990,104	-	-
Bills and acceptances payable	631,325	60,911	406,356	20,292	-	-	624,649	-	1,743,533	3.03	-
Amount due to Cagamas Berhad	147,307	-	-	64,403	-	-	-	-	211,710	4.67	-
Amount due to subsidiaries	-	-	-	-	-	-	620,340	-	620,340	-	-
Amount due to related companies	-	-	-	-	-	-	1,482	-	1,482	-	-
Other liabilities	-	-	-	-	-	-	2,999,465	-	2,999,465	-	-
Deferred taxation	-	-	-	-	-	-	24,717	-	24,717	-	-
Provision for taxation and zakat	-	-	-	-	-	-	-	-	-	-	-
Subordinated obligations	-	-	-	-	1,510,477	2,701,201	-	-	4,211,678	6.06	6.62
Irredeemable Convertible Unsecured Loan Stocks	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>62,386,779</b>	<b>17,151,774</b>	<b>9,652,632</b>	<b>10,140,161</b>	<b>5,960,052</b>	<b>3,498,428</b>	<b>39,899,101</b>	<b>4,579,361</b>	<b>153,268,288</b>		
<b>Total interest rate sensitivity gap</b>	<b>15,783,868</b>	<b>(3,499,824)</b>	<b>(1,236,405)</b>	<b>(8,741,571)</b>	<b>12,494,122</b>	<b>13,112,537</b>		<b>11,472,828</b>			

^ After deducting individual impairment allowance and portfolio impairment allowance of RM3,401,225,000.

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A22. INTEREST/PROFIT RATE RISK (CONTINUED)**

Bank	Non-trading book						Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
<b>As at 31 December 2009</b>											
<b>Assets</b>											
Cash and short-term funds	16,074,700	-	-	-	-	-	1,624,991	-	17,699,691	2.05	0.26
Reverse repurchase agreements	1,777,984	1,074,357	551	4,564	-	-	-	-	2,857,456	2.06	-
Deposit and placement with banks and other financial institutions	-	11,254,736	561,438	118,104	-	-	-	-	11,934,278	2.09	0.96
Financial assets held-for-trading	-	-	-	-	-	-	-	10,152,185	10,152,185	2.68	2.11
Financial investments available-for-sale	71,113	110,055	49,723	315,277	2,709,241	2,904,564	364,735	-	6,524,708	5.03	-
Financial investments held-to-maturity	-	6,524	-	150,859	3,647,409	6,897,478	-	-	10,702,270	5.46	-
Derivative financial instruments	-	-	-	2,750	60,302	101,498	24,665	3,014,399	3,203,614	-	-
Loans, advances and financing											
- performing	53,871,917	3,467,511	1,133,050	523,272	13,642,468	12,405,102	18,509	-	85,061,829	4.82	-
- non-performing <sup>^</sup>	-	-	-	-	-	-	(605,462)	-	(605,462)	-	-
Other assets	-	-	143,565	85,000	-	-	1,379,235	85,000	1,607,800	4.73	-
Deferred taxation	-	-	-	-	-	-	281,880	-	281,880	-	-
Statutory deposits with central banks	-	-	-	-	-	-	661,983	-	661,983	-	-
Investment in subsidiaries	-	-	-	-	-	-	3,816,500	-	3,816,500	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	124,448	-	124,448	-	-
Investment in associate	-	-	-	-	-	-	245,034	-	245,034	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	14,846	-	14,846	-	-
Amount due from subsidiaries	-	-	-	-	-	-	128,064	-	128,064	-	-
Amount due from related companies	-	-	-	-	-	-	994,989	-	994,989	-	-
Goodwill	-	-	-	-	-	-	3,555,075	-	3,555,075	-	-
Intangible assets	-	-	-	-	-	-	512,674	-	512,674	-	-
Prepaid lease payments	-	-	-	-	-	-	12,511	-	12,511	-	-
Property, plant and equipment	-	-	-	-	-	-	564,486	-	564,486	-	-
Investment properties	-	-	-	-	-	-	96,857	-	96,857	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	73,902	-	73,902	-	-
<b>Total assets</b>	<b>71,795,714</b>	<b>15,913,183</b>	<b>1,888,327</b>	<b>1,199,826</b>	<b>20,059,420</b>	<b>22,308,642</b>	<b>13,889,922</b>	<b>13,166,584</b>	<b>160,221,618</b>		
<b>Liabilities</b>											
Deposits from customers	57,598,785	13,216,234	7,067,455	8,019,060	2,782,872	44,187	25,721,318	-	114,449,911	2.27	0.35
Deposits and placements of banks and other financial institutions	11,082,151	3,802,144	306,342	499,358	1,837,751	583	105,068	-	17,633,397	2.05	0.33
Derivative financial instruments	-	-	-	-	(963)	129,949	47,858	3,084,277	3,261,121	-	-
Bills and acceptances payable	716,643	1,269,956	358,212	583	-	-	480,771	-	2,826,165	2.25	-
Amount due to Cagamas Berhad	-	66,666	-	120,463	148,483	-	-	-	335,612	4.68	-
Amount due to subsidiaries	-	-	-	-	-	-	118,668	-	118,668	-	-
Amount due to related company	-	-	-	-	-	-	285	-	285	-	-
Other liabilities	-	-	-	-	-	-	2,463,818	-	2,463,818	-	-
Provision for taxation	-	-	-	-	-	-	104,395	-	104,395	-	-
Subordinated obligations	-	-	-	-	1,516,786	2,683,019	-	-	4,199,805	6.04	6.62
<b>Total liabilities</b>	<b>69,397,579</b>	<b>18,355,000</b>	<b>7,732,009</b>	<b>8,639,464</b>	<b>6,284,929</b>	<b>2,857,738</b>	<b>29,042,181</b>	<b>3,084,277</b>	<b>145,393,177</b>		
<b>Total interest rate gap</b>	<b>2,398,135</b>	<b>(2,441,817)</b>	<b>(5,843,682)</b>	<b>(7,439,638)</b>	<b>13,774,491</b>	<b>19,450,904</b>		<b>10,082,307</b>			

<sup>^</sup> After deducting specific allowances and general allowances of RM2,902,393,000.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A23. SEGMENTAL REPORT**

#### **Definition of segments**

For management purposes, the Group is organised into six major operating divisions. The divisions form the basis on which the Group reports its primary segment information.

#### **Treasury**

Treasury focuses on treasury activities and services which include foreign exchange, money market, derivatives and capital market instruments trading. It also invests the Group's proprietary capital.

#### **Corporate and Investment Banking**

Corporate and Investment Banking comprise Investment Banking, Corporate Banking, Regional Banking, Equity Derivatives and Equity Investment and Trading.

Investment Banking advises on issuance of equity and equity-linked products management services. Corporate Banking provides a broad spectrum of financial and Ringgit lending services for domestic and multinational corporations as well as institutional and public sector clients. Regional Banking oversees the activities of the Group's overseas branches in London, Singapore and Hong Kong and provides conventional and customised financial packages in order to meet customers' needs, with products including non-Ringgit corporate lending, nominee services and cash management services.

Equity Derivatives develops and issues new equity derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues. Equity Investment and Trading is the Group's proprietary equity trading unit.

#### **Retail Banking**

Retail Banking focuses on innovative products and services to individual customers. It offers products such as credit facilities (residential mortgages, personal loans, share financing, credit card and hire purchase), remittance services, deposit collection, private banking and retail equity services.

#### **Business Banking**

Business Banking is responsible for offering products and services for customer segments comprising micro-enterprises, small and medium-scale enterprises ("SMEs") and mid-sized corporations. Its products include credit facilities (loans, banker's acceptances, revolving credit, leasing, factoring, hire purchase), remittance services and deposit collection.

#### **Foreign Banking Operations**

Foreign Banking Operations comprise of CIMB Thai Bank Public Company Limited and Bank of Yingkou Co Ltd, which are involved in the provision of commercial banking and related services.

#### **Support and others**

Support services comprises all middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

## PART A - EXPLANATORY NOTES (CONTINUED)

### A23. SEGMENTAL REPORT (CONTINUED)

Group  
30 Sept 2010

	Treasury RM'000	Corporate and Investment Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Net interest income							
- external income	(402,900)	1,051,465	1,892,475	225,471	384,593	38,164	3,189,268
- inter-segment	900,217	(554,988)	(480,691)	174,269	(3)	(38,804)	-
	497,317	496,477	1,411,784	399,740	384,590	(640)	3,189,268
Income from Islamic Banking operations	332,897	80,525	363,275	38,092	-	-	814,789
Non-interest income	538,345	196,848	525,865	68,971	132,533	36,597	1,499,159
Net income	1,368,559	773,850	2,300,924	506,803	517,123	35,957	5,503,216
Overheads	(266,467)	(303,026)	(1,650,186)	(334,423)	(403,827)	(28,981)	(2,986,910)
Profit before allowance	1,102,092	470,824	650,738	172,380	113,296	6,976	2,516,306
Allowance for losses on other receivables	-	-	-	-	(2,419)	(777)	(3,196)
Write-back of/(allowance for) impairment losses on loans, advances and financing	8	186,071	(224,770)	(81,284)	(42,468)	(967)	(163,410)
Allowance for commitments and contingencies	-	-	-	(1,829)	(302)	-	(2,131)
Write-back of/(allowance for) other impairment losses	10,635	328	-	-	(3,058)	353	8,258
Segment result	1,112,735	657,223	425,968	89,267	65,049	5,585	2,355,827
Share of results of associates	35,726	-	-	-	-	-	35,726
Share of results of jointly controlled entity	-	-	7,140	-	-	-	7,140
Taxation and zakat	-	-	-	-	-	-	(478,991)
<b>Profit for the financial period</b>							<b>1,919,702</b>

30 Sept 2009

	Treasury RM'000	Corporate and Investment Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Net interest income							
- external income	(183,252)	1,006,723	1,705,259	321,497	358,845	(2,026)	3,207,046
- inter-segment	825,052	(592,110)	(343,700)	134,441	-	(23,683)	-
	641,800	414,613	1,361,559	455,938	358,845	(25,709)	3,207,046
Income from Islamic Banking operations	20,429	146,519	306,751	25,174	-	656	499,529
Non-interest income	658,760	222,792	415,284	82,666	187,648	29,779	1,596,929
Net income	1,320,989	783,924	2,083,594	563,778	546,493	4,726	5,303,504
Overheads	(187,746)	(231,624)	(1,418,315)	(405,056)	(393,418)	(61,257)	(2,697,416)
Profit/(loss) before allowance	1,133,243	552,300	665,279	158,722	153,075	(56,531)	2,606,088
Allowance for losses on loans, advances and financing	(62)	(148,314)	(324,284)	(24,268)	(101,755)	(855)	(599,538)
Allowance for losses on other receivables	-	-	-	-	-	-	-
Allowance for commitments and contingencies	-	-	-	-	(17,532)	-	(17,532)
(Allowance for)/write-back of other impairment losses	14,243	17,604	-	-	18,408	-	50,255
Segment result	1,147,424	421,590	340,995	134,454	52,196	(57,386)	2,039,273
Share of results of associates	-	-	6,743	-	-	-	6,743
Share of results of jointly controlled entity	15,668	-	-	-	-	-	15,668
Taxation and zakat	-	-	-	-	-	-	(438,826)
<b>Profit for the financial period</b>							<b>1,622,858</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A24. OPERATIONS OF ISLAMIC BANKING****A24a. UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPT 2010**

	Note	Group		Bank	
		30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Assets</b>					
Cash and short-term funds		4,897,308	5,342,372	-	484,261
Deposit and placement with banks and other financial institutions		1,963,290	1,485,276	323,077	493,001
Financial assets held-for-trading		2,746,955	3,491,709	198,633	207,415
Financial investments available-for-sale		444,951	542,277	-	-
Financial investments held-to-maturity		1,478,147	1,011,378	117,305	-
Islamic derivative financial instruments		135,838	263,732	-	6,044
Financing, advances and other loans	A24c	22,861,499	16,454,805	307,254	213,664
Other assets		125,821	111,877	3,327	3,841
Deferred tax assets		5,122	44,625	-	-
Tax recoverable		8,926	-	-	-
Amount due from related companies		2,695	-	-	-
Amount due from banking holding company		562,866	-	47,579	-
Statutory deposits with Bank Negara Malaysia		148,296	172,806	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		1,938	3,676	-	-
Property, plant and equipment		2,659	2,625	-	-
<b>TOTAL ASSETS</b>		<b>35,522,311</b>	<b>29,063,158</b>	<b>997,175</b>	<b>1,408,226</b>
<b>Liabilities</b>					
Deposits from customers	A24d	21,811,264	18,184,606	382,106	525,463
Deposits and placements of banks and other financial institutions		10,563,802	9,086,271	189,056	805,577
Islamic derivative financial instruments		368,839	159,357	-	1,321
Other liabilities		644,958	292,691	362,374	69,649
Amount due to banking holding company		206,708	24,183	-	-
Amount due to related company		3,235	6,425	-	147
Provision for taxation and zakat		6,197	17,034	-	-
Subordinated note		300,000	300,000	-	-
<b>TOTAL LIABILITIES</b>		<b>33,905,003</b>	<b>28,070,567</b>	<b>933,536</b>	<b>1,402,157</b>
Ordinary share capital		750,000	550,000	-	-
Perpetual preference shares		70,000	70,000	-	-
Reserves		797,308	372,591	63,639	6,069
<b>Islamic banking capital funds</b>		<b>1,617,308</b>	<b>992,591</b>	<b>63,639</b>	<b>6,069</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>35,522,311</b>	<b>29,063,158</b>	<b>997,175</b>	<b>1,408,226</b>

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. OPERATIONS OF ISLAMIC BANKING**

**A24b. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPT 2010**

	Group			
	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	408,496	259,168	1,034,683	698,067
Income derived from investment of shareholders' funds	33,937	34,978	105,419	82,229
Write-back of/(allowance for) impairment losses on financing, advances and other loans	74,937	(78,073)	(32,562)	(208,510)
Total distributable income	517,370	216,073	1,107,540	571,786
Income attributable to the depositors	<b>(131,283)</b>	(96,510)	<b>(325,313)</b>	(280,767)
Total net income	386,087	119,563	782,227	291,019
Other operating expenses	<b>(54,811)</b>	(53,665)	<b>(164,910)</b>	(155,044)
Profit before taxation and zakat	331,276	65,898	617,317	135,975
Taxation and zakat	<b>(30,498)</b>	(11,862)	<b>(71,586)</b>	(30,108)
Profit for the financial period	<b>300,778</b>	54,036	<b>545,731</b>	105,867

	Group			
	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Total net income	386,087	119,563	782,227	291,019
Add: (Write-back of)/allowances for impairment losses on financing, advances and other loans	<b>(74,937)</b>	78,073	<b>32,562</b>	208,510
Income from Islamic operations (per page 3)	<b>311,150</b>	197,636	<b>814,789</b>	499,529

	Bank			
	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	3,175	1,597	14,262	11,752
Income derived from investment of shareholders' funds	(31)	-	122	-
Write-back of impairment losses on financing, advances and other loans	47,535	1,785	47,535	-
Total distributable income	50,679	3,382	61,919	11,752
Income attributable to the depositors	<b>(1,068)</b>	(5)	<b>(4,029)</b>	(6,160)
Total net income	49,611	3,377	57,890	5,592
Other operating expenses	-	(449)	-	(606)
Profit for the financial period	<b>49,611</b>	2,928	<b>57,890</b>	4,986

	Bank			
	3rd quarter ended		Nine months ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
	RM'000	RM'000	RM'000	RM'000
Total net income	49,611	3,377	57,890	5,592
Add: Allowances for impairment losses on financing, advances and other loans	<b>(47,535)</b>	(1,785)	<b>(47,535)</b>	-
Income from Islamic operations (per page 4)	<b>2,076</b>	1,592	<b>10,355</b>	5,592



## PART A - EXPLANATORY NOTES (CONTINUED)

### A24. OPERATIONS OF ISLAMIC BANKING

#### A24c. FINANCING, ADVANCES AND OTHER LOANS

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>i) By type</b>				
Cashline	266,227	241,179	-	-
Term financing	39,149,065	27,554,018	308,815	214,536
- Housing financing	15,656,327	9,925,404	-	-
- Syndicated term financing	627,640	797,833	170,328	189,884
- Hire purchase receivables	6,269,470	4,436,748	-	-
- Other term financing	16,595,628	12,394,033	138,487	24,652
Bills receivables	1,545	1,625	-	-
Islamic trust receipts	58,218	29,827	-	-
Claims on customers under acceptance credit	175,173	173,893	-	-
Credit card receivables	80,143	48,973	-	-
Revolving credit	1,263,341	845,716	-	-
Other financing	15	72	-	-
	40,993,727	28,895,303	308,815	214,536
Less: Unearned income	(17,982,526)	(12,093,880)	(1,561)	(872)
Gross financing, advances and other loans	23,011,201	16,801,423	307,254	213,664
Fair value changes arising from fair value hedges	182,236	26,519	-	-
	23,193,437	16,827,942	307,254	213,664
Less: Individual impairment allowance	(106,069)	-	-	-
Specific allowance	-	(212,890)	-	-
	23,087,368	16,615,052	307,254	213,664
Less: Portfolio impairment allowance	(225,869)	-	-	-
General allowance	-	(160,247)	-	-
<b>Total net financing, advances and other loans</b>	<b>22,861,499</b>	<b>16,454,805</b>	<b>307,254</b>	<b>213,664</b>

a) Included in other term financing is RM4,500 million (2009: RM 1,519 million) financing provided in normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

b) Also included in other term financing is RM8.1 billion (Dec 2009 : RM4.2 billion) financing provided under the Restricted Profit Sharing Investment Accounts (RPSIA).

c) During the financial year, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM4,500 million (2009: RM1,350 million) financing using Islamic profit rate swaps.

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Gross financing hedged	4,500,000	1,350,000	-	-
Fair value changes arising from fair value hedges	182,236	26,519	-	-
	4,682,236	1,376,519	-	-

The fair values loss on profit rate swaps as at 30 September 2010 were RM228.1 million (2009: RM 41.6million).

#### ii) By geographical distribution

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Malaysia	22,703,947	16,587,759	-	-
Other countries	307,254	213,664	307,254	213,664
Gross loans, advances and financing	23,011,201	16,801,423	307,254	213,664

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. OPERATIONS OF ISLAMIC BANKING**

**A24c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)**

iii) Impaired financing/non-performing financing by geographical distribution

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Malaysia	323,464	357,115	-	-
Gross impaired loan/non-performing loan	323,464	357,115	-	-

iv) Movements in impaired financing/non-performing financing, advances and other loans ("NPF") are as follows :

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
Balance as at 1 January				
- as previously reported	357,115	201,468	-	-
- classified as impaired due to adoption of FRS 139*	139,996	-	-	-
- as adjusted	497,111	201,468	-	-
Impaired/non-performing during the period/year	243,216	376,283	258	-
Reclassified as not impaired/performing during the period/year	(193,513)	(90,353)	(92,883)	-
Recoveries	(39,443)	(34,424)	-	-
Amount written off	(55,686)	(95,859)	-	-
Sale of impaired loans	(105,876)	-	-	-
Amount transferred from subsidiary	-	-	92,625	-
Exchange fluctuation	(22,345)	-	-	-
Balance as at 30 September/31 December	323,464	357,115	-	-
Ratio of gross impaired / non-performing loans to gross financing, advances and other loans	1.41%	2.13%	0.00%	0.00%

**PART A - EXPLANATORY NOTES (CONTINUED)**

**A24. OPERATIONS OF ISLAMIC BANKING**

**A24c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)**

**v) Movements in allowance for bad and doubtful financing**

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Individual impairment allowance</b>				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	268,587	-	-	-
Adjusted 1 January	268,587	-	-	-
Allowance made during the financial period/year	7,598	-	-	-
Amount written back in respect of recoveries	(93,521)	-	(47,535)	-
Allowance transferred from subsidiary	-	-	47,578	-
Amount written off	(67,949)	-	-	-
Unwinding income	(2,025)	-	-	-
Exchange fluctuation	(6,621)	-	(43)	-
Balance as at 30 September/31 December	106,069	-	-	-
	-	-	-	-
<b>Portfolio impairment allowance</b>				
Balance as at 1 January	-	-	-	1,181
Adoption of FRS 139	261,029	-	-	-
Adjusted 1 January	261,029	-	-	1,181
Allowance made during the financial period/year	133,329	-	-	-
Allowance transferred to conventional operations	(119,980)	-	-	(1,181)
Amount written off	(46,891)	-	-	-
Unwinding income	(1,618)	-	-	-
Balance as at 30 September/31 December	225,869	-	-	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from portfolio impairment allowance by BNM) less individual impairment allowance	2.23%	-	0.00%	-

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Specific allowance</b>				
Balance as at 1 January	212,890	99,374	-	-
Adoption of FRS 139	(212,890)	-	-	-
Adjusted 1 January	-	99,374	-	-
Allowance made during the financial period/year	-	236,951	-	-
Amount written back in respect of recoveries	-	(25,785)	-	-
Amount written off	-	(95,616)	-	-
Exchange fluctuation	-	(2,034)	-	-
Balance as at 30 September/31 December	-	212,890	-	-
<b>General allowance</b>				
Balance as at 1 January	160,247	80,615	-	1,181
Adoption of FRS 139	(160,247)	-	-	-
Adjusted 1 January	-	80,615	-	1,181
Allowance made during the financial period/year	-	80,813	-	-
Allowance transferred to conventional operations	-	(1,181)	-	(1,181)
Exchange fluctuation	-	-	-	-
Balance as at 30 September/31 December	-	160,247	-	-
General allowance as % of of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from general allowance by BNM) less specific allowance	-	1.48%	-	0.00%

**PART A - EXPLANATORY NOTES (CONTINUED)****A24. OPERATIONS OF ISLAMIC BANKING****A24d. DEPOSITS FROM CUSTOMERS**

## By type of deposits

	Group		Bank	
	30 Sept 2010 RM'000	31 Dec 2009 RM'000	30 Sept 2010 RM'000	31 Dec 2009 RM'000
<b>Non-Mudharabah</b>				
Demand deposits	1,407,437	985,490	2,058	819
Savings deposits	632,113	510,379	-	-
General investment deposits	-	-	-	-
Fixed return investment account	4,400,078	2,964,472	380,048	524,644
Islamic negotiable instruments of deposit	1,267,994	523,089	-	-
Commodity Murabahah	185,250	17,125	-	-
Others	23,473	7,366	-	-
	<b>7,916,345</b>	<b>5,007,921</b>	<b>382,106</b>	<b>525,463</b>
<b>Mudharabah</b>				
Demand deposits	1,371,785	2,155,363	-	-
Savings deposits	256,231	204,066	-	-
General investment deposits (inclusive of Special General investment deposits of RM8,954,856,000 (2009: 7,425,800,000))	10,372,241	9,158,674	-	-
Specific investment deposit	1,894,662	1,658,582	-	-
	<b>13,894,919</b>	<b>13,176,685</b>	<b>-</b>	<b>-</b>
<b>Total deposits from customers</b>	<b>21,811,264</b>	<b>18,184,606</b>	<b>382,106</b>	<b>525,463</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES**

#### **(a) CHANGE IN ACCOUNTING POLICIES**

During the current reporting period, the Group and the Bank adopted the following significant standards and amendments to standards:

- i) FRS 139 Financial Instruments : Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) FRS 7 Financial Instruments : Disclosures
- iv) Amendments to FRS 7 "Financial Instruments: Disclosure"
- v) Amendments to IC Interpretation 9 "Reassessment of embedded Derivatives" (effective 1 January 2010)

The objective of FRS 139 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. FRS 139 also deals with derecognition of financial assets and financial liabilities and hedge accounting. A significant portion of the requirements under FRS 139 had been addressed on 1 January 2005, with the adoption of BNM's revised GP8 : Guidelines on Financial Reporting for Licensed Institutions. These included principles which address the conditions of recognition, derecognition and measurement of financial instruments and hedge accounting. With the full adoption of FRS 139 on 1 January 2010, the additional requirements implemented by the Group and the Bank are as follows:

#### **Impairment of financial assets**

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

#### *Loan Impairment*

Impairment losses are calculated on individual loans and on loans assessed collectively.

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a portfolio of loans has occurred. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group and the Bank assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the individual impairment allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest income.

Loans that have not been individually assessed are grouped together for portfolio impairment assessment . These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The Group and the Bank is currently reporting under the BNM's transitional arrangement as prescribed in the guidelines on 'Classification and Impairment Provision for Loans/Financing' issued on 8 January 2010.

However, our Group's and Bank's financial statements are prepared in full compliance with FRS 139 principles.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**

#### **(a) CHANGE IN ACCOUNTING POLICIES (continued)**

##### **Interest Income Recognition**

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

##### **Recognition of Embedded Derivatives**

In accordance with FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. This assessment is made when the entity first becomes a party to the contract.

Based on the assessment by the Group and the Bank upon adoption of FRS 139 on 1 January 2010, there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

#### **(b) COMPARATIVE FIGURES**

##### **(i) FRS 101 Presentation of Financial Statements**

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 30 September 2009 have been re-presented as a combined statements of total comprehensive income comprising components of profit or loss and other comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact to the results, performance and on earnings per ordinary share of the Group and the Bank.

##### **(ii) FRS 7 Financial Instruments: Disclosures**

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group and the Bank. The standard also requires disclosure of the statement of financial position and statement of total comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group and the Bank, as the current presentation is already made by categories of financial assets and liabilities.

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**

#### **(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT**

<b>Group</b>	<b>Effects of adopting FRS 139</b>		
	<b>Audited as at 31 December 2009 RM'000</b>	<b>Fair value / impairment RM'000</b>	<b>Adjusted 1 January 2010 RM'000</b>
<b>Assets</b>			
Cash and short term funds	25,023,098	-	25,023,098
Reverse repurchase agreements	4,260,951	-	4,260,951
Deposits and placements with banks and other financial institutions	3,402,596	-	3,402,596
Financial assets held-for-trading	13,818,079	-	13,818,079
Financial investments available-for-sale	8,080,319	317,908	8,398,227
Financial investments held-to-maturity	12,875,251	-	12,875,251
Derivative financial instruments	3,504,962	-	3,504,962
Loans, advances and financing	113,480,642	(473,207)	113,007,435
Other assets	2,119,150	(12,285)	2,106,865
Deferred taxation	301,447	(165,962)	135,485
Tax recoverable	2,945	53,042	55,987
Statutory deposits with central banks	841,857	-	841,857
Investment in jointly controlled entity	134,559	(5,711)	128,848
Investment in associate	268,636	-	268,636
Amount due from holding company and ultimate holding company	47,122	-	47,122
Amount due from related companies	998,818	-	998,818
Goodwill	4,923,701	-	4,923,701
Intangible assets	573,416	-	573,416
Prepaid lease payments	16,340	-	16,340
Property, plant and equipment	842,341	-	842,341
Investment properties	120,349	-	120,349
	<u>195,636,579</u>	<u>(286,215)</u>	<u>195,350,364</u>
Non-current assets/disposal groups held for sale	380,404	-	380,404
<b>Total Assets</b>	<u>196,016,983</u>	<u>(286,215)</u>	<u>195,730,768</u>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**

#### **(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT**

<b>Group</b>	<b>Audited as at 31 December 2009 RM'000</b>	<b>Effects of adopting FRS 139</b>	
		<b>Fair value / impairment RM'000</b>	<b>Adjusted 1 January 2010 RM'000</b>
<b>Liabilities</b>			
Deposits from customers	146,872,345	-	146,872,345
Deposits and placements of banks and other financial institutions	14,180,946	-	14,180,946
Repurchase agreements	565,097	-	565,097
Derivative financial instruments	3,462,938	-	3,462,938
Bills and acceptances payable	4,056,811	-	4,056,811
Amount due to Cagamas Berhad	335,612	-	335,612
Amount due to subsidiaries	55,439	-	55,439
Amount due to related companies	9,710	-	9,710
Other liabilities	3,149,346	(6,118)	3,143,228
Provision for taxation and zakat	109,169	(97,611)	11,558
Other borrowings	1,027,500	-	1,027,500
Bond	443,051	-	443,051
Subordinated notes	4,106,716	-	4,106,716
Redeemable preference shares	751,437	-	751,437
<b>Total Liabilities</b>	<b>179,126,117</b>	<b>(103,729)</b>	<b>179,022,388</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Bank</b>			
Ordinary share capital	3,764,466	-	3,764,466
Reserves	12,640,620	(180,232)	12,460,388
	16,405,086	(180,232)	16,224,854
Perpetual preference shares	200,000	-	200,000
Redeemable preference shares	29,740	-	29,740
Minority interests	256,040	(2,254)	253,786
<b>Total Equity</b>	<b>16,890,866</b>	<b>(182,486)</b>	<b>16,708,380</b>
<b>Total Equity and Liabilities</b>	<b>196,016,983</b>	<b>(286,215)</b>	<b>195,730,768</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**

#### **(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT**

	Audited as at 31 December 2009 RM'000	<u>Effects of adopting FRS 139</u> Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
<b><u>Bank</u></b>			
<b>Assets</b>			
Cash and short term funds	17,699,691	-	17,699,691
Reverse repurchase agreements	2,857,456	-	2,857,456
Deposits and placements with banks and other financial institutions	11,934,278	-	11,934,278
Financial assets held-for-trading	10,152,185	-	10,152,185
Financial investments available-for-sale	6,524,708	317,908	6,842,616
Financial investments held-to-maturity	10,702,270	-	10,702,270
Derivative financial instruments	3,203,614	-	3,203,614
Loans, advances and financing	84,456,367	(217,616)	84,238,751
Other assets	1,607,800	(12,285)	1,595,515
Deferred taxation	281,880	(128,034)	153,846
Statutory deposits with central banks	661,983	-	661,983
Investment in subsidiaries	3,816,500	-	3,816,500
Investment in jointly controlled entity	124,448	-	124,448
Investment in associate	245,034	-	245,034
Amount due from holding company and ultimate holding company	14,846	-	14,846
Amount due from subsidiaries	128,064	-	128,064
Amount due from related companies	994,989	-	994,989
Goodwill	3,555,075	-	3,555,075
Intangible assets	512,674	-	512,674
Prepaid lease payments	12,511	-	12,511
Property, plant and equipment	564,486	-	564,486
Investment properties	96,857	-	96,857
	160,147,716	(40,027)	160,107,689
Non-current assets/disposal groups held for sale	73,902	-	73,902
<b>Total Assets</b>	<b>160,221,618</b>	<b>(40,027)</b>	<b>160,181,591</b>

## **PART A - EXPLANATORY NOTES (CONTINUED)**

### **A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)**

#### **(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT**

	Audited as at 31 December 2009 RM'000	Effects of adopting FRS 139 Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
<b><u>Bank</u></b>			
<b>Liabilities</b>			
Deposits from customers	114,449,911	-	114,449,911
Deposits and placements of banks and other financial institutions	17,633,397	-	17,633,397
Derivative financial instruments	3,261,121	-	3,261,121
Bills and acceptances payable	2,826,165	-	2,826,165
Amount due to Cagamas Berhad	335,612	-	335,612
Amount due to subsidiaries	118,668	-	118,668
Amount due to related companies	285	-	285
Other liabilities	2,463,818	(6,118)	2,457,700
Provision for taxation and zakat	104,395	(97,611)	6,784
Subordinated notes	4,199,805	-	4,199,805
<b>Total Liabilities</b>	<b>145,393,177</b>	<b>(103,729)</b>	<b>145,289,448</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Bank</b>			
Ordinary share capital	3,764,466	-	3,764,466
Reserves	10,834,235	63,702	10,897,937
	14,598,701	63,702	14,662,403
Perpetual preference shares	200,000	-	200,000
Redeemable preference shares	29,740	-	29,740
<b>Total Equity</b>	<b>14,828,441</b>	<b>63,702</b>	<b>14,892,143</b>
<b>Total Equity and Liabilities</b>	<b>160,221,618</b>	<b>(40,027)</b>	<b>160,181,591</b>

**Part B - Explanatory Notes Pursuant to BNM/GP8 Guidelines on Financial Reporting for Licensed Institutions**

**B1. GROUP PERFORMANCE REVIEW**

For the nine month period ended 30 September 2010, the Group registered a profit before tax of RM2,398.7 million, an increase of RM337 million as compared to RM2,061.7 million registered in the same period of 2009. Income from Islamic banking operation increase by RM315.3 million, mainly attributable to a significant growth in Islamic business activities during the current period under review. Net interest income was slightly decrease by 0.5% to RM3,189.3 million, and non-interest income is lower by RM97.8 million, mainly due to higher net loss arising from financial assets held for trading and derivative financial instruments by RM176.9 million and RM416.9 million respectively. This was however offset by higher gain from foreign exchange by RM358.4 million and gain on disposal of property, plant and equipment by RM160.6 million. Overheads was up by 10.7% or RM289.5 million while allowance for impairment losses on loans, advances and financing is lower by RM436.1 million to RM163.4 million.

**B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The Group remains on course for another good year, as the Group is in line to meet its key targets after nine months and has a good 4Q so far especially in investment banking with major deals successfully completed in Hong Kong and Malaysia.

**B3. COMPUTATION OF EARNINGS PER SHARE (EPS)**

**Basic EPS/fully diluted**

The Group and Bank basic and fully diluted EPS is calculated by dividing the net profit for the financial period after minority interests by the

	<b>Group</b>			
	<b>3rd Quarter Ended</b>		<b>Nine months ended</b>	
	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period after minority interests (RM '000)	673,238	531,418	1,911,120	1,606,512
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,466	3,764,466	3,764,466	3,682,614
Basic earnings per share (expressed in sen per share)	17.88	14.12	50.77	43.62

  

	<b>Bank</b>			
	<b>3rd Quarter Ended</b>		<b>Nine months ended</b>	
	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>	<b>30 Sept 2010</b>	<b>30 Sept 2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period after minority interests (RM '000)	437,618	339,448	1,425,189	1,181,669
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,466	3,764,466	3,764,466	3,682,614
Basic earnings per share (expressed in sen per share)	11.62	9.02	37.86	32.09