

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	Note	Group		Bank	
		30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>					
Cash and short term funds		22,955,361	20,847,989	15,782,225	12,911,193
Reverse repurchase agreements		3,914,508	3,504,914	3,169,935	2,475,591
Deposits and placements with banks and other financial institutions		8,632,046	9,641,391	15,411,650	16,083,982
Financial assets held-for-trading	A6	12,245,711	14,458,911	10,094,312	11,814,976
Financial investments available-for-sale	A7	9,533,732	8,920,018	7,926,400	7,377,258
Financial investments held-to-maturity	A8	14,694,664	13,511,190	12,491,883	11,185,993
Derivative financial instruments	A19(i)	3,395,828	3,500,891	3,235,069	3,262,534
Loans, advances and financing	A9	128,363,239	124,252,042	94,050,924	90,816,549
Other assets	A10	4,170,367	2,481,123	3,736,474	1,905,843
Deferred taxation		6,010	-	29,218	22,096
Tax recoverable		-	2,084	-	-
Statutory deposits with central banks		3,408,287	1,410,155	2,601,109	954,023
Investment in subsidiaries		-	-	4,733,349	4,526,972
Investment in jointly controlled entity		147,298	139,849	125,000	125,000
Investment in associate		441,894	382,248	319,397	298,116
Amount due from holding company and ultimate holding company		29,515	29,193	662	340
Amount due from subsidiaries		-	-	334,217	84,317
Amount due from related companies		1,825,131	2,259,363	1,823,824	2,239,775
Goodwill		4,870,404	4,923,428	3,555,075	3,555,075
Intangible assets		636,941	574,064	595,720	530,362
Prepaid lease payments		2,077	2,341	-	-
Property, plant and equipment		898,465	947,155	502,573	541,555
Investment properties		6,859	61,217	-	52,858
		<b>220,178,337</b>	<b>211,849,566</b>	<b>180,519,016</b>	<b>170,764,408</b>
Non-current assets/disposal groups held for sale		14,710	59,050	12,510	58,614
<b>Total Assets</b>		<b>220,193,047</b>	<b>211,908,616</b>	<b>180,531,526</b>	<b>170,823,022</b>
<b>Liabilities</b>					
Deposits from customers	A11	167,197,054	159,640,697	129,047,906	121,553,069
Deposits and placements of banks and other financial institutions	A12	14,741,108	14,652,435	18,601,781	18,468,654
Repurchase agreements		-	33,087	-	33,087
Derivative financial instruments	A19(i)	3,517,502	3,711,140	3,251,749	3,423,815
Bills and acceptances payable		4,086,033	4,077,611	2,183,992	2,252,722
Amount due to Cagamas Berhad		-	107,523	-	107,523
Amount due to subsidiaries		-	-	50,681	310,381
Amount due to related companies		23,635	6,751	23,635	841
Other liabilities	A13	4,667,735	3,637,462	4,011,669	2,731,046
Deferred taxation		-	1,019	-	-
Provision for taxation and zakat		313,496	39,071	258,034	41,679
Bonds		-	423,982	-	-
Other borrowings		-	925,050	-	-
Subordinated obligations		6,394,373	6,098,269	6,223,404	6,159,081
Redeemable preference shares		704,779	706,879	-	-
<b>Total Liabilities</b>		<b>201,645,715</b>	<b>194,060,976</b>	<b>163,652,851</b>	<b>155,081,898</b>

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	Note	Group		Bank	
		30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		3,764,469	3,764,469	3,764,469	3,764,469
Reserves		14,281,632	13,571,938	12,884,466	11,746,915
		<b>18,046,101</b>	17,336,407	<b>16,648,935</b>	15,511,384
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Minority interests		271,491	281,493	-	-
<b>Total Equity</b>		<b>18,547,332</b>	17,847,640	<b>16,878,675</b>	15,741,124
<b>Total Equity and Liabilities</b>		<b>220,193,047</b>	211,908,616	<b>180,531,526</b>	170,823,022
<b>Commitments and contingencies</b>	A19(ii)	<b>392,256,314</b>	339,983,774	<b>341,908,267</b>	305,702,131
<b>Net assets per ordinary share (RM)</b>		<b>4.79</b>	4.61	<b>4.42</b>	4.12

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 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

<b>GROUP</b>	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
		<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A14	1,867,680	1,704,564	3,658,805	3,334,918
Interest expense	A15	(819,994)	(632,803)	(1,593,524)	(1,190,028)
Net interest income		1,047,686	1,071,761	2,065,281	2,144,890
Income from Islamic Banking operations	A22	316,047	290,392	644,774	503,016
Net non-interest income	A16	462,421	463,608	875,481	900,402
Overheads	A17	1,826,154 (975,084)	1,825,761 (996,945)	3,585,536 (1,884,203)	3,548,308 (1,922,144)
Profit before allowances		851,070	828,816	1,701,333	1,626,164
Allowances for impairment losses on loans, advances and financing	A18	(31,642)	(3,113)	(4,218)	(123,051)
Allowance for losses on other receivables		(840)	(2,406)	(1,371)	(2,986)
Allowance for commitments and contingencies		(332)	(611)	(332)	(304)
Write-back of/(Allowance for) other impairment losses		2,117	5,993	(4,635)	10,987
		820,373	828,679	1,690,777	1,510,810
Share of results of jointly controlled entity		3,497	1,664	7,449	4,112
Share of results of associates		22,596	11,151	38,366	21,352
Profit before taxation and zakat		846,466	841,494	1,736,592	1,536,274
Taxation and zakat		(172,858)	(143,110)	(361,905)	(293,277)
Profit for the financial period		673,608	698,384	1,374,687	1,242,997
<b>Profit for the period attributable to :</b>					
Owners of the Bank		672,997	695,154	1,371,012	1,237,882
Non-controlling interests		611	3,230	3,675	5,115
		673,608	698,384	1,374,687	1,242,997
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic (sen)</b>	<b>B3</b>	<b>17.88</b>	<b>18.47</b>	<b>36.42</b>	<b>32.88</b>

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 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

<b>GROUP</b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	<b>673,608</b>	698,384	<b>1,374,687</b>	1,242,997
Other Comprehensive Income:				
Revaluation reserve of financial investments available-for-sale	<b>48,592</b>	36,120	<b>21,717</b>	36,396
- Net gain from change in fair value	<b>95,103</b>	55,735	<b>92,349</b>	141,209
- Realised gain transferred to income statement on disposal and impairment	<b>(28,246)</b>	(6,726)	<b>(49,141)</b>	(16,490)
- Income tax effects	<b>(18,265)</b>	(12,889)	<b>(21,491)</b>	(88,323)
Net investment hedge	<b>(25,506)</b>	31,783	<b>20,493</b>	140,496
Exchange fluctuation reserve	<b>(11,435)</b>	(57,512)	<b>(122,382)</b>	(193,850)
Other comprehensive income for the period, net of tax	<b>11,651</b>	10,391	<b>(80,172)</b>	(16,958)
<b>Total comprehensive income for the period</b>	<b>685,259</b>	708,775	<b>1,294,515</b>	1,226,039
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Bank	<b>686,611</b>	705,974	<b>1,293,611</b>	1,220,006
Non-controlling interests	<b>(1,352)</b>	2,801	<b>904</b>	6,033
	<b>685,259</b>	708,775	<b>1,294,515</b>	1,226,039

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 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

<b><u>BANK</u></b>	Note	Individual Quarter 2nd Quarter Ended		Cumulative Quarters Six months ended	
		30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Interest income	A14	1,738,894	1,556,776	3,421,714	3,020,076
Interest expense	A15	(758,279)	(596,725)	(1,482,237)	(1,112,074)
Net interest income		980,615	960,051	1,939,477	1,908,002
Income from Islamic Banking operations	A22	1,903	4,113	4,841	8,279
Net non-interest income	A16	1,101,848	451,538	1,493,890	882,066
Overheads	A17	2,084,366 (756,407)	1,415,702 (806,590)	3,438,208 (1,446,268)	2,798,347 (1,528,213)
Profit before allowances (Allowances for)/ write-back of impairment losses on loans, advances and financing	A18	1,327,959 (33,565)	609,112 27,799	1,991,940 (55,601)	1,270,134 (39,035)
(Allowance for)/write-back of losses on other receivables		(1,156)	25	(1,355)	(555)
Write-back of /(allowance for) other impairment losses		641	(3,448)	(6,111)	4,098
Profit after allowances before tax		1,293,879	633,488	1,928,873	1,234,642
Taxation and zakat		(134,547)	(119,493)	(278,132)	(247,071)
Profit for the financial period		1,159,332	513,995	1,650,741	987,571
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic (sen)</b>	B3	30.80	13.65	43.85	26.23

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 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

<b><u>BANK</u></b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	<b>1,159,332</b>	513,995	<b>1,650,741</b>	987,571
Other Comprehensive Income:				
Revaluation reserve of financial investments available-for-sale	<b>48,869</b>	25,579	<b>21,918</b>	17,286
- Net gain from change in fair value	<b>88,948</b>	42,977	<b>84,047</b>	118,779
- Realised gain transferred to income statement on disposal and impairment	<b>(21,228)</b>	(4,174)	<b>(41,745)</b>	(11,556)
- Income tax effects	<b>(18,851)</b>	(13,224)	<b>(20,384)</b>	(89,937)
Net investment hedge	<b>(25,506)</b>	31,783	<b>20,493</b>	140,496
Exchange fluctuation reserve	<b>35,903</b>	(15,322)	<b>29,147</b>	(17,678)
Other comprehensive income for the period, net of tax	<b>59,266</b>	42,040	<b>71,558</b>	140,104
<b>Total comprehensive income for the period</b>	<b>1,218,598</b>	556,035	<b>1,722,299</b>	1,127,675

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 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

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*	Share-based payment reserve	Retained profits	Total	Perpetual preference shares	Non-controlling interests	Total Equity
	Share capital	Preference Shares														
<b>At 1 January 2011</b>																
- As previously stated	3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	117,595	-	4,333,401	17,366,147	200,000	281,493	17,847,640
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	231,955	(231,955)	-	-	-	-
As restated	3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	117,595	231,955	4,101,446	17,366,147	200,000	281,493	17,847,640
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,371,012	1,371,012	-	3,675	1,374,687
Other comprehensive income (net of tax)	-	-	-	-	(119,758)	21,877	-	-	20,493	-	(13)	-	(77,401)	-	(2,771)	(80,172)
- financial investments available-for-sale	-	-	-	-	-	21,877	-	-	-	-	-	-	21,877	-	(160)	21,717
- net investment hedge	-	-	-	-	-	-	-	-	20,493	-	-	-	20,493	-	-	20,493
- currency translation difference	-	-	-	-	(119,758)	-	-	-	-	-	(13)	-	(119,771)	-	(2,611)	(122,382)
Total comprehensive income for the period	-	-	-	-	(119,758)	21,877	-	-	20,493	-	(13)	1,371,012	1,293,611	-	904	1,294,515
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	151,409	-	(151,409)	-	-	-	-
Transfer to statutory reserve	-	-	-	98,962	-	-	-	-	-	-	-	(98,962)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	16,986	-	16,986	-	-	16,986
Second interim dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	-	(600,903)
Capital repayment from a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,906)	(10,906)
<b>At 30 June 2011</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>4,225,531</b>	<b>(333,457)</b>	<b>410,910</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>156,370</b>	<b>269,004</b>	<b>248,928</b>	<b>4,621,184</b>	<b>18,075,841</b>	<b>200,000</b>	<b>271,491</b>	<b>18,547,332</b>
<b>At 1 January 2010</b>																
- As previously stated	3,764,469	29,740	5,033,633	3,587,568	41,154	302,692	(1,085,928)	735,457	(103,375)	-	-	3,958,396	16,263,806	200,000	253,786	16,717,592
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	218,704	(218,704)	-	-	-	-
Adjusted 1 January 2010	3,764,469	29,740	5,033,633	3,587,568	41,154	302,692	(1,085,928)	735,457	(103,375)	-	218,704	3,739,692	16,263,806	200,000	253,786	16,717,592
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,237,882	1,237,882	-	5,115	1,242,997
Other comprehensive income (net of tax)	-	-	-	-	(194,121)	35,749	-	-	140,496	-	-	-	(17,876)	-	918	(16,958)
- financial investments available-for-sale	-	-	-	-	-	35,749	-	-	-	-	-	-	35,749	-	647	36,396
- net investment hedge	-	-	-	-	-	-	-	-	140,496	-	-	-	140,496	-	-	140,496
- currency translation difference	-	-	-	-	(194,121)	-	-	-	-	-	-	-	(194,121)	-	271	(193,850)
Total comprehensive income for the period	-	-	-	-	(194,121)	35,749	-	-	140,496	-	-	1,237,882	1,220,006	-	6,033	1,226,039
Transfer to statutory reserve	-	-	-	270,814	-	-	-	-	-	-	-	(270,814)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	102,614	-	(102,614)	-	-	-	-
Dividend paid to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,799)	(3,799)
<b>At 30 June 2010</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,858,382</b>	<b>(152,967)</b>	<b>338,441</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>37,121</b>	<b>102,614</b>	<b>218,704</b>	<b>4,604,146</b>	<b>17,483,812</b>	<b>200,000</b>	<b>256,020</b>	<b>17,939,832</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 JUNE 2011**

The Bank	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve* RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000	Total Equity RM'000
<b>At 1 January 2011</b>														
- As previously stated	3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	110,190	-	2,525,756	200,000	15,741,124
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	215,649	(215,649)	-	-
As restated	3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	110,190	215,649	2,310,107	200,000	15,741,124
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	1,650,741	-	1,650,741
Other comprehensive income (net of tax)	-	-	-	-	29,009	21,918	-	-	20,493	-	138	-	-	71,558
- financial investments available-for-sale	-	-	-	-	-	21,918	-	-	-	-	-	-	-	21,918
- net investment hedge	-	-	-	-	-	-	-	-	20,493	-	-	-	-	20,493
- currency translation difference	-	-	-	-	29,009	-	-	-	-	-	138	-	-	29,147
Total comprehensive income for the period	-	-	-	-	29,009	21,918	-	-	20,493	-	138	1,650,741	-	1,722,299
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	140,438	-	(140,438)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	16,155	-	-	16,155
Second interim dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(600,903)	-	(600,903)
<b>At 30 June 2011</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,964,469</b>	<b>(17,524)</b>	<b>346,461</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>156,370</b>	<b>250,628</b>	<b>231,942</b>	<b>3,219,507</b>	<b>200,000</b>	<b>16,878,675</b>
<b>At 1 January 2010</b>														
- As previously stated	3,764,469	29,740	5,033,633	3,541,277	(31,212)	272,966	(1,047,872)	746,852	(103,375)	-	-	2,485,665	200,000	14,892,143
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	203,200	(203,200)	-	-
Adjusted 1 January 2010	3,764,469	29,740	5,033,633	3,541,277	(31,212)	272,966	(1,047,872)	746,852	(103,375)	-	203,200	2,282,465	200,000	14,892,143
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	987,571	-	987,571
Other comprehensive income (net of tax)	-	-	-	-	(17,678)	17,286	-	-	140,496	-	-	-	-	140,104
- financial investments available-for-sale	-	-	-	-	-	17,286	-	-	-	-	-	-	-	17,286
- net investment hedge	-	-	-	-	-	-	-	-	140,496	-	-	-	-	140,496
- currency translation difference	-	-	-	-	(17,678)	-	-	-	-	-	-	-	-	(17,678)
Total comprehensive income for the period	-	-	-	-	(17,678)	17,286	-	-	140,496	-	-	987,571	-	1,127,675
Transfer to statutory reserve	-	-	-	246,893	-	-	-	-	-	-	-	(246,893)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	102,614	-	(102,614)	-	-
<b>At 30 June 2010</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,788,170</b>	<b>(48,890)</b>	<b>290,252</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>37,121</b>	<b>102,614</b>	<b>203,200</b>	<b>2,920,529</b>	<b>200,000</b>	<b>16,019,818</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 2010.

**CIMB BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation and zakat	<b>1,736,592</b>	1,536,274	<b>1,928,873</b>	1,234,642
Adjustments for non-operating and non-cash items	<b>(205,136)</b>	(285,395)	<b>(925,662)</b>	(641,319)
Operating profit before changes in working capital	<b>1,531,456</b>	1,250,879	<b>1,003,211</b>	593,323
Net changes in operating assets	<b>(4,672,632)</b>	(16,609,408)	<b>(4,919,113)</b>	(12,530,601)
Net changes in operating liabilities	<b>9,133,919</b>	7,419,233	<b>8,755,628</b>	6,184,462
	<b>4,461,287</b>	(9,190,175)	<b>3,836,515</b>	(6,346,139)
Cash flows generated from/(used in) operations	<b>5,992,743</b>	(7,939,296)	<b>4,839,726</b>	(5,752,816)
Taxation paid	<b>(108,180)</b>	(324,696)	<b>(80,315)</b>	(282,479)
Net cash flows generated from/(used in) operating activities	<b>5,884,563</b>	(8,263,992)	<b>4,759,411</b>	(6,035,295)
Net cash flows (used in)/generated from investing activities	<b>(1,556,525)</b>	494,442	<b>(1,040,846)</b>	30,940
Net cash flows used in financing activities	<b>(2,206,531)</b>	(124,637)	<b>(845,155)</b>	(98,744)
Net increase/(decrease) in cash and cash equivalents	<b>2,121,507</b>	(7,894,187)	<b>2,873,410</b>	(6,103,099)
Effects of exchange rate changes	<b>(14,135)</b>	(40,383)	<b>(2,378)</b>	43,823
Cash and cash equivalents at the beginning of financial period	<b>20,847,989</b>	25,023,098	<b>12,911,193</b>	17,699,691
Cash and cash equivalents at end of financial period	<b>22,955,361</b>	17,088,528	<b>15,782,225</b>	11,640,415

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 2010.

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements for the financial period ended 30 June 2011 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 and the Bank's audited financial statements for the financial year ended 31 December 2010. 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 and the Bank since the financial year ended 31 December 2010.

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 2010, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2011:

- 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"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 132 "Financial instruments: Presentation"
- Amendments to FRS 138 "Intangible Assets"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining Whether an Arrangement contains a Lease"
- IC Interpretation 12 "Service Concession Arrangements"
- 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"
- Improvements to FRSs (2010)

The adoption of the revised FRS 3 and FRS 127, will potentially have a financial impact on the Group and the Bank as it will result in changes in accounting for business combinations and the preparation of consolidated financial statements. Minority interest is now referred to as "non-controlling interest". The revised FRS 127 requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest for prior years is not restated. Where changes in ownership interest result in loss of control, the remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the profit or loss.

FRS 3 continues to apply the acquisition method to business combinations, with some significant change. For example, all payments to purchase a business are to be recorded at fair value at the date of acquisition, with contingent payments classified as debt subsequently re-measured through the comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The above FRSs which become mandatory for the Group's consolidated financial statements will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

The Amendments to FRS 2 effective 1 Jan 2011 clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. Previously, the Group and the Bank have a cash settled share based arrangement whereby a substantial shareholder of CIMB Group grants entitlements to the employees of the Group and the Bank. Prior to the adoption of the Amendments to FRS 2, the Group and the Bank do not account for the transaction in its financial statements. The Group and the Bank have changed its accounting policy upon adoption of Amendments to FRS 2 on 1 January 2011 retrospectively. As the Group and the Bank do not have an obligation to settle the transaction with its employees, the Group and the Bank have accounted for the transaction as equity settled in accordance with the Amendments to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note A24.

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION (CONTINUED)**

The Amendments to FRS 7 requires enhanced disclosures about fair value measurement and liquidity risk. The amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment will only affect disclosures and will not have any financial impact on the results of the Group and the Bank.

The following revised FRSs and new IC Interpretations have been issued by the MASB and are effective for annual periods commencing on or after 1 January 2012, and have yet to be adopted by the Group and the Bank:

- FRS 124 "Related Party Transactions" (effective 1 January 2012)
- Amendments to IC Interpretation 14 "Prepayments of a Minimum Funding Requirement" (effective 1 July 2011)
- IC Interpretation 15 "Agreements for the Construction of Real Estate" (effective 1 January 2012)
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective 1 July 2011)

The revised FRS 101 requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). With effective from 1 April 2011, the Group and the Bank have elected to present the Statement of Comprehensive Income in two statements.

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.

The preparation of unaudited condensed interim financial statements in conformity with the Financial Reporting Standards 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.

### **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**

a) On 21 April 2011, CIMB Islamic, a subsidiary of the Bank, had issued RM250 million subordinated Sukuk ('the Sukuk') as part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time. The Sukuk qualifies as Tier-2 capital for the purpose of the RWCR computation.

b) On 30 May 2011, CIMB Islamic had issued 250 million additional new ordinary shares of RM1 each (at par value) amounting to RM250 million, which were fully subscribed by the Bank.

c) CIMB Bank (L) Limited, a subsidiary of the Bank had fully settled its USD 140 million bonds and USD 300 million term loan on 15 April 2011 and 22 June 2011 respectively.

d) The Bank has on 8 August 2011 completed the issuance of RM1.5 billion Subordinated Debt. The RM1.5 billion Subordinated Debt issuance was the second issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).

The Subordinated Debt, rated AA+ by Malaysian Rating Corporation Berhad ("MARC"), was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter ("Tranche 1"), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter ("Tranche 2"). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issue will be used for CIMB Bank's working capital purposes. The Subordinated Debt qualifies as Tier-2 capital for the purpose of the RWCR computation.

## **PART A - EXPLANATORY NOTES**

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

A second gross interim dividend of approximately 26.94 sen per share less 25% income tax on 2,974,009,486 Redeemable Preference Shares ("RPS") of RM0.01 each, amounting to RM600,903,000 in respect of the financial year ended 31 December 2010, which was approved by the Board of Directors on 28 January 2011, was paid on 28 March 2011.

The Directors have proposed an interim gross dividend of approximately 40.35 sen per share less 25% income tax on 2,974,009,486 RPS of RM0.01 each, amounting to RM900,000,000 in respect of the financial year ending 31 December 2011.

### **A5. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no significant events other than those disclosed under Note A3 above that had occurred between 30 June 2011 and the date of this announcement.

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

**A6. FINANCIAL ASSETS HELD FOR TRADING**

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	281,913	360,214	261,740	360,214
Cagamas bonds	10,010	13,186	10,010	13,186
Malaysian Government treasury bills	266,672	57,779	266,672	57,779
Other Government securities	2,303,981	2,053,218	2,303,981	2,053,218
Bank Negara Malaysia bills	9,886	2,597,966	9,886	2,597,966
Bank Negara Malaysia negotiable notes	1,285,617	2,226,623	484,241	942,801
Bankers' acceptances and Islamic accepted bills	947,819	740,811	703,678	642,447
Negotiable instruments of deposit	1,746,810	1,778,088	1,250,264	1,140,087
Credit-linked notes	75,584	123,158	75,584	123,158
Commercial papers	99,282	163,033	99,282	163,033
Government Investment Issue	65,512	320,534	9,605	126,307
	<b>7,093,086</b>	<b>10,434,610</b>	<b>5,474,943</b>	<b>8,220,196</b>
<b>Quoted securities</b>				
<u>In Malaysia</u>				
Shares	1,042,157	1,206,475	1,042,126	1,206,449
Warrants	-	5	-	-
	<b>1,042,157</b>	<b>1,206,480</b>	<b>1,042,126</b>	<b>1,206,449</b>
<u>Outside Malaysia</u>				
Shares	3,543	5,200	-	-
Private debt securities	57,042	553	-	-
Other Government bonds	59,817	8,247	-	-
	<b>120,402</b>	<b>14,000</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Shares	6,076	5,948	6,076	5,948
Private and Islamic debt securities	2,024,148	1,551,084	2,053,692	1,422,402
	<b>2,030,224</b>	<b>1,557,032</b>	<b>2,059,768</b>	<b>1,428,350</b>
<u>Outside Malaysia</u>				
Private and Islamic debt securities	1,959,842	1,246,789	1,517,475	959,981
	<b>12,245,711</b>	<b>14,458,911</b>	<b>10,094,312</b>	<b>11,814,976</b>
Total financial assets held-for-trading				

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

### **A7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	221,210	208,741	221,210	208,741
Government Investment Issue	331,764	282,022	209,556	216,496
Cagamas bonds	184,966	184,494	149,534	149,071
	<b>737,940</b>	<b>675,257</b>	<b>580,300</b>	<b>574,308</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	4,709	5,287	237	463
Other Government bonds	568,619	569,024	-	-
Unit trusts	298,830	310,661	-	-
	<b>872,158</b>	<b>884,972</b>	<b>237</b>	<b>463</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Private debt securities	6,600,953	6,455,467	6,224,181	6,097,502
Shares	727,371	727,228	719,766	719,619
Bonds funds	12,412	12,380	-	-
Loan stocks	25,338	26,624	25,338	26,624
	<b>7,366,074</b>	<b>7,221,699</b>	<b>6,969,285</b>	<b>6,843,745</b>
<u>Outside Malaysia</u>				
Shares	25,839	28,583	235	377
Private equity funds	64,644	49,974	-	-
Unit trusts	181,372	169,226	102,143	69,032
Private debt securities	545,108	176,323	510,206	150,675
	<b>816,963</b>	<b>424,106</b>	<b>612,584</b>	<b>220,084</b>
	<b>9,793,135</b>	<b>9,206,034</b>	<b>8,162,406</b>	<b>7,638,600</b>
Allowance for impairment losses:				
Private debt securities	(216,165)	(240,443)	(216,165)	(240,215)
Quoted shares	(2,442)	(2,554)	-	-
Unquoted shares	(7,035)	(7,035)	(7,035)	(7,035)
Loan stocks	(12,806)	(14,092)	(12,806)	(14,092)
Unit trusts	(20,955)	(21,892)	-	-
	<b>(259,403)</b>	<b>(286,016)</b>	<b>(236,006)</b>	<b>(261,342)</b>
Total financial investments available-for-sale	<b>9,533,732</b>	<b>8,920,018</b>	<b>7,926,400</b>	<b>7,377,258</b>

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

### **A8. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Money market instruments :</b>				
<b>Unquoted</b>				
Malaysian Government Securities	1,240,060	1,123,977	1,240,060	1,123,977
Malaysian Government Investment Issue	609,311	600,245	507,773	500,189
Cagamas bonds	255,948	254,817	255,948	254,817
Khazanah bonds	135,859	-	135,859	-
	<b>2,241,178</b>	<b>1,979,039</b>	<b>2,139,640</b>	<b>1,878,983</b>
<b>Quoted</b>				
<u>Outside Malaysia</u>				
Structured notes	151,559	154,859	-	-
Private debt securities	938,485	999,621	-	-
	<b>1,090,044</b>	<b>1,154,480</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Loans stocks	31,814	31,814	-	-
Danaharta Urus Sdn Bhd bonds	795,335	795,335	795,335	795,335
Private debt securities	8,033,342	7,270,838	7,100,444	6,268,969
	<b>8,860,491</b>	<b>8,097,987</b>	<b>7,895,779</b>	<b>7,064,304</b>
<u>Outside Malaysia</u>				
Private debt securities	2,219,169	2,036,903	2,136,468	1,956,183
Accretion of discount net of amortisation of premium	319,996	279,020	319,996	286,523
Less : Allowance for impairment losses	(36,214)	(36,239)	-	-
Total financial investments held-to-maturity	<b>14,694,664</b>	<b>13,511,190</b>	<b>12,491,883</b>	<b>11,185,993</b>

Included in the financial investments held-to-maturity of the Group as at 30 June 2011 are 10-year promissory notes of THB786 million (2010: THB 746 million) maturing between 2011 to 2015, 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)**

### **A9. LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of financing</b>				
<b>At amortised cost</b>				
Overdrafts	5,676,350	5,900,629	4,724,550	4,951,447
Term loans/financing				
- Housing loan/financing	38,935,661	36,155,040	30,981,843	28,921,962
- Syndicated term loan	6,285,644	6,994,167	5,899,109	5,820,904
- Other term loans/financing	51,365,488	48,930,138	35,231,346	34,054,035
- Factoring receivables	40,349	20,435	-	-
- Lease receivables	15,004	29,720	-	-
- Hire purchase receivables	11,464,227	11,375,883	5,246,356	5,361,387
Bills receivable	2,812,281	2,523,053	672,691	484,483
Trust receipts	1,002,245	1,043,959	554,302	513,515
Claim on customers under acceptance credit	3,718,094	3,755,603	3,497,095	3,557,332
Staff loans	387,494	399,310	354,293	371,292
Credit card receivables	4,392,640	4,266,422	4,293,397	4,175,950
Revolving credit	5,727,231	6,418,920	5,200,191	5,330,939
Share margin financing	578,781	652,998	555,546	627,691
Gross loans, advances and financing	132,401,489	128,466,277	97,210,719	94,170,937
Fair value changes arising from fair value hedges	128,381	44,340	49,853	26,864
	132,529,870	128,510,617	97,260,572	94,197,801
Less: Allowance for impairment losses				
- Individual impairment allowance	(1,922,350)	(1,975,959)	(1,541,887)	(1,527,289)
- Portfolio impairment allowance	(2,244,281)	(2,282,616)	(1,667,761)	(1,853,963)
	(4,166,631)	(4,258,575)	(3,209,648)	(3,381,252)
Total net loans, advances and financing	128,363,239	124,252,042	94,050,924	90,816,549

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM72,849,000 (2010: RM75,347,000) 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)**

### **A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM8,534,896,000 (2010: RM7,663,278,000) and RM4,192,233,000 (2010: RM3,218,655,000) respectively, using interest rate swaps.

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross loan hedged	<b>8,534,896</b>	7,663,278	<b>4,192,233</b>	3,218,655
Fair value changes arising from fair value hedges	<b>128,381</b>	44,340	<b>49,853</b>	26,864
	<b>8,663,277</b>	7,707,618	<b>4,242,086</b>	3,245,519

The fair value loss of interest rate swaps of the Group and the Bank as at 30 June 2011 were RM212,658,194 (2010: RM127,755,094) and RM 99,506,353 (2010: RM76,134,054) respectively.

(c) 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 impairment allowances for bad and doubtful financing arising from the RPSIA financing.

As at 30 June 2011, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM1,734 million (2010: RM7,331 million) and RM10.7 million (2010: RM154.8 million) respectively.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>				
Domestic banking institutions	<b>53,561</b>	65,091	-	-
Domestic non-bank financial institutions				
- others	<b>2,339,591</b>	2,634,068	<b>2,065,512</b>	2,339,548
Domestic business enterprises				
- small medium enterprises	<b>11,098,404</b>	11,965,343	<b>9,285,582</b>	9,581,478
- others	<b>25,180,829</b>	24,978,456	<b>16,437,406</b>	16,788,782
Government and statutory bodies	<b>10,647,358</b>	10,666,029	<b>6,099,112</b>	6,122,203
Individuals	<b>72,205,712</b>	67,403,920	<b>53,104,403</b>	50,348,790
Other domestic entities	<b>2,546,533</b>	2,952,578	<b>2,305,729</b>	1,679,408
Foreign entities	<b>8,329,501</b>	7,800,792	<b>7,912,975</b>	7,310,728
Gross loans, advances and financing	<b>132,401,489</b>	128,466,277	<b>97,210,719</b>	94,170,937

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

### **A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>(iii) By interest/profit rate sensitivity</b>				
Fixed rate				
- Housing loans/ financing	2,980,279	3,530,315	2,145,043	2,540,512
- Hire purchase receivables	11,483,388	11,391,669	5,235,709	5,350,880
- Other fixed rate loans	27,270,630	26,244,965	18,042,593	17,274,899
Variable rate				
- BLR plus	53,109,775	50,358,559	47,366,374	45,232,876
- Cost-plus	19,972,180	20,198,388	14,224,998	14,532,505
- Other variable rates	17,585,237	16,742,381	10,196,002	9,239,265
Gross loans, advances and financing	<b>132,401,489</b>	<b>128,466,277</b>	<b>97,210,719</b>	<b>94,170,937</b>
<b>(iv) By economic purpose</b>				
Personal use	5,863,592	4,965,717	2,196,597	2,270,733
Credit cards	4,391,332	4,266,418	4,291,931	4,175,950
Purchase of consumer durables	902	1,216	902	1,216
Construction	3,771,318	3,520,140	2,218,924	2,105,992
Residential property (housing)	39,592,270	36,716,467	31,581,764	29,426,822
Non-residential property	11,920,571	11,470,480	10,161,728	9,819,022
Purchase of fixed assets other than land and buildings	1,290,175	1,224,935	501,080	490,267
Mergers and acquisitions	2,244,012	2,620,451	2,190,545	2,524,594
Purchase of securities	6,564,985	6,774,574	6,524,520	6,699,906
Purchase of transport vehicles	11,334,503	11,093,357	5,292,082	5,413,012
Working capital	31,798,527	32,586,007	21,525,651	21,006,734
Other purposes	13,629,302	13,226,515	10,724,995	10,236,689
Gross loans, advances and financing	<b>132,401,489</b>	<b>128,466,277</b>	<b>97,210,719</b>	<b>94,170,937</b>
<b>(v) By geographical distribution</b>				
Malaysia	110,114,048	108,665,708	85,290,812	84,481,958
Indonesia	943,889	828,184	818,497	691,921
Thailand	10,188,737	9,906,698	45,023	47,578
Singapore	7,300,593	6,666,705	7,300,593	6,666,705
United Kingdom	833,458	597,461	833,458	597,461
Hong Kong	301,040	552,120	301,040	552,120
Other countries	2,719,724	1,249,401	2,621,296	1,133,194
Gross loans, advances and financing	<b>132,401,489</b>	<b>128,466,277</b>	<b>97,210,719</b>	<b>94,170,937</b>
<b>(vi) By residual contractual maturity</b>				
Within one year	23,629,037	21,969,698	18,079,195	14,955,084
One year to less than three years	32,022,299	30,034,432	29,747,781	28,054,604
Three years to less than five years	12,345,915	15,095,548	9,744,858	12,155,052
Five years and more	64,404,238	61,366,599	39,638,885	39,006,197
Gross loans, advances and financing	<b>132,401,489</b>	<b>128,466,277</b>	<b>97,210,719</b>	<b>94,170,937</b>

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

### **A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>(vii) Impaired loans by economic purpose</b>				
Personal use	145,968	135,673	94,972	84,306
Credit cards	86,443	82,095	83,178	79,479
Purchase of consumer durables	103	251	103	251
Construction	1,234,413	1,197,100	1,081,242	1,032,935
Residential property (housing)	825,099	816,457	707,703	706,774
Non-residential property	233,018	241,794	212,076	225,663
Purchase of fixed assets other than land and buildings	74,618	76,365	30,609	32,364
Purchase of securities	71,674	46,579	52,230	8,357
Purchase of transport vehicles	394,840	318,288	264,464	223,074
Working capital	1,770,459	1,767,123	1,550,923	1,527,926
Other purposes	327,741	376,567	60,910	67,019
Gross impaired loans	<b>5,164,376</b>	<b>5,058,292</b>	<b>4,138,410</b>	<b>3,988,148</b>
<b>(viii) Impaired loans by geographical distribution</b>				
Malaysia	4,261,710	4,177,553	3,814,403	3,696,797
Indonesia	89,473	84,019	7,222	-
Thailand	494,294	502,687	-	-
Singapore	53,864	61,114	53,864	61,114
United Kingdom	53,785	48,095	53,785	48,095
Other countries	211,250	184,824	209,136	182,142
Gross impaired loans	<b>5,164,376</b>	<b>5,058,292</b>	<b>4,138,410</b>	<b>3,988,148</b>
<b>(ix) Movements in impaired loans</b>				
At 1 January	5,058,292	7,232,623	3,988,148	4,509,902
Classified as impaired during the financial period/year	1,676,127	3,680,090	1,444,583	3,206,367
Reclassified as not impaired during the financial period/year	(847,808)	(2,522,586)	(786,273)	(2,366,392)
Amount written back in respect of recoveries	(467,309)	(1,089,328)	(350,635)	(852,718)
Amount written off	(233,442)	(1,013,869)	(160,540)	(808,141)
Sale of impaired loans	-	(145,981)	-	-
Amount transferred from subsidiary	-	-	-	321,716
Amount transferred to related company	-	(621,107)	-	-
Disposal of subsidiary	-	(338,026)	-	-
Exchange fluctuation	(21,484)	(123,524)	3,127	(22,586)
At 30 June/31 December	<b>5,164,376</b>	<b>5,058,292</b>	<b>4,138,410</b>	<b>3,988,148</b>
Ratio of gross impaired loans to total loans, advances and financing	<b>3.90%</b>	3.94%	<b>4.26%</b>	4.24%

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

### **A9. LOANS, ADVANCES AND FINANCING (CONTINUED)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Individual impairment allowance</u></b>				
At 1 January	1,975,959	3,370,235	1,527,289	1,856,453
Net allowance made during the financial period/year	(5,999)	25,391	31,226	97,731
Allowance made and charged to deferred assets	71	2,431	71	2,431
Amount written off	(10,394)	(651,755)	(240)	(463,129)
Disposal of subsidiary	-	(314,202)	-	-
Amount transferred to portfolio impairment allowance	(1,785)	(5,795)	-	-
Amount transferred from subsidiary	-	-	-	88,127
Amount transferred to related company	-	(357,590)	-	-
Unwinding income	(20,837)	(63,538)	(13,593)	(45,238)
Exchange fluctuation	(14,665)	(29,218)	(2,866)	(9,086)
At 30 June/31 December	<b>1,922,350</b>	<b>1,975,959</b>	<b>1,541,887</b>	<b>1,527,289</b>
<b><u>Portfolio impairment allowance</u></b>				
At 1 January	2,282,616	2,222,029	1,853,963	1,754,194
Net allowance made during the financial period/year	168,199	603,725	114,865	372,183
Allowance made/(written back) and charged to deferred assets	1,041	(3,352)	1,041	(3,352)
Amount written off	(195,650)	(464,059)	(133,366)	(345,012)
Disposal of subsidiary	-	(11,298)	-	-
Amount transferred from individual impairment allowance	1,785	5,795	-	-
Amount transferred (to)/from a subsidiary	-	-	(162,848)	119,980
Amount transferred to related company	-	(28,956)	-	-
Unwinding income	(7,435)	(34,758)	(6,212)	(32,925)
Exchange fluctuation	(6,275)	(6,510)	318	(11,105)
At 30 June/31 December	<b>2,244,281</b>	<b>2,282,616</b>	<b>1,667,761</b>	<b>1,853,963</b>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>

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

### **A10. OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred assets	161,325	170,961	161,325	170,961
Foreclosed properties	136,604	171,675	1,465	2,425
Due from brokers and clients	30,306	37,305	-	-
Option financing	278,322	278,032	278,322	278,032
Collateral pledged for derivative transactions	523,789	531,941	455,319	463,470
Clearing accounts	114,369	250,256	153,388	67,618
Other debtors, deposits and prepayments	2,925,652	1,040,953	2,686,655	923,337
	<b>4,170,367</b>	<b>2,481,123</b>	<b>3,736,474</b>	<b>1,905,843</b>

### **A11. DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit</b>				
Demand deposits	38,716,314	34,920,585	33,483,133	30,091,373
Saving deposits	14,538,634	14,092,199	11,074,649	10,562,489
Fixed deposits	72,864,146	66,917,400	54,385,535	48,937,747
Negotiable instruments of deposit	1,280,269	1,930,628	924,443	859,859
Others	39,797,691	41,779,885	29,180,146	31,101,601
	<b>167,197,054</b>	<b>159,640,697</b>	<b>129,047,906</b>	<b>121,553,069</b>

#### **(ii) By type of customer**

Government and statutory bodies	13,469,417	14,054,491	7,464,783	8,285,269
Business enterprises	73,619,186	73,592,242	54,514,213	52,673,540
Individuals	57,689,377	51,863,891	47,029,604	41,842,495
Others	22,419,074	20,130,073	20,039,306	18,751,765
	<b>167,197,054</b>	<b>159,640,697</b>	<b>129,047,906</b>	<b>121,553,069</b>

#### **(iii) Maturity structure of fixed deposits and negotiable instruments of deposit**

Due within six months	61,786,108	55,751,393	44,824,533	39,228,996
Six months to less than one year	9,284,378	9,859,396	7,612,108	7,495,459
One year to less than three years	1,048,119	1,544,333	876,689	1,394,158
Three years to less than five years	1,789,014	1,665,300	1,759,852	1,651,387
Five years and more	236,796	27,606	236,796	27,606
	<b>74,144,415</b>	<b>68,848,028</b>	<b>55,309,978</b>	<b>49,797,606</b>

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

### **A12. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	7,961,184	6,830,585	12,573,348	11,382,428
Licensed finance companies	120,110	145,025	88,738	112,363
Licensed investment banks	1,920,738	2,847,557	1,271,132	2,276,357
Bank Negara Malaysia	969,810	1,598,400	969,810	1,598,400
Other financial institutions	3,769,266	3,230,868	3,698,753	3,099,106
	<b>14,741,108</b>	<b>14,652,435</b>	<b>18,601,781</b>	<b>18,468,654</b>

### **A13. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	30,457	39,412	-	-
Accrued employee benefits	10,224	10,224	10,127	10,127
Post employment benefit obligations	94,114	153,537	35,214	56,607
Sundry creditors	2,305,455	589,489	2,287,027	400,125
Expenditure payable	668,910	970,770	666,144	930,818
Allowance for commitments and contingencies	47,997	49,208	33,601	33,333
Provision for legal claims	129,071	137,415	112,917	110,563
Credit card expenditure payable	104,273	195,688	102,704	194,244
Call deposit borrowing	355,824	281,833	355,824	281,833
Others	921,416	1,209,886	408,111	713,396
	<b>4,667,735</b>	<b>3,637,462</b>	<b>4,011,669</b>	<b>2,731,046</b>

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

### **A14. INTEREST INCOME**

	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Loans and advances				
- interest income other than recoveries	<b>1,389,779</b>	1,242,247	<b>2,739,340</b>	2,451,617
- recoveries from impaired loans	<b>1,756</b>	5,645	<b>3,425</b>	7,913
- unwinding income <sup>^</sup>	<b>24,470</b>	42,913	<b>46,552</b>	63,920
Money at call and deposit with financial institutions	<b>121,820</b>	91,440	<b>220,323</b>	177,202
Reverse repurchase agreements	<b>20,900</b>	16,705	<b>41,715</b>	33,341
Financial assets held-for-trading	<b>46,909</b>	34,295	<b>86,947</b>	71,099
Financial investments available-for-sale	<b>82,551</b>	77,102	<b>161,934</b>	151,738
Financial investments held-to-maturity	<b>140,178</b>	135,758	<b>271,748</b>	268,225
Others	<b>4,954</b>	12,317	<b>11,043</b>	25,149
	<b>1,833,317</b>	1,658,422	<b>3,583,027</b>	3,250,204
Accretion of discount less amortisation of premium	<b>34,363</b>	46,142	<b>75,778</b>	84,714
	<b>1,867,680</b>	1,704,564	<b>3,658,805</b>	3,334,918
<b>Bank</b>				
Loans and advances				
- interest income other than recoveries	<b>1,203,121</b>	1,082,315	<b>2,377,385</b>	2,109,644
- unwinding income <sup>^</sup>	<b>20,032</b>	27,674	<b>38,137</b>	43,726
Money at call and deposit with financial institutions	<b>208,632</b>	148,350	<b>393,849</b>	272,647
Reverse repurchase agreements	<b>14,028</b>	15,384	<b>29,771</b>	30,106
Financial assets held-for-trading	<b>42,434</b>	29,610	<b>78,853</b>	61,810
Financial investments available-for-sale	<b>78,818</b>	74,494	<b>155,028</b>	146,671
Financial investments held-to-maturity	<b>133,612</b>	121,226	<b>258,790</b>	242,863
Others	<b>5,049</b>	8,467	<b>11,214</b>	21,292
	<b>1,705,726</b>	1,507,520	<b>3,343,027</b>	2,928,759
Accretion of discount less amortisation of premium	<b>33,168</b>	49,256	<b>78,687</b>	91,317
	<b>1,738,894</b>	1,556,776	<b>3,421,714</b>	3,020,076

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

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

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	29,624	32,961	60,453	60,930
Deposits from other customers	667,920	503,807	1,277,680	942,068
Repurchase agreements	432	80	764	366
Loans sold to Cagamas	511	2,295	1,635	5,286
Negotiable certificates of deposits	29,759	31,405	76,612	57,741
ICULS	-	918	666	1,826
Redeemable preference shares	9,989	10,861	20,077	21,896
Subordinated obligations	63,685	47,510	129,765	93,031
Other borrowings	18,074	2,966	25,872	6,884
	<b>819,994</b>	<b>632,803</b>	<b>1,593,524</b>	<b>1,190,028</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	37,740	30,600	73,063	56,154
Deposits from other customers	620,895	480,720	1,192,706	891,484
Repurchase agreements	254	51	306	51
Loans sold to Cagamas	511	2,295	1,635	5,286
Negotiable certificates of deposits	29,631	31,312	76,363	57,557
ICULS	-	918	666	1,826
Subordinated obligations	69,248	50,829	137,498	99,716
	<b>758,279</b>	<b>596,725</b>	<b>1,482,237</b>	<b>1,112,074</b>

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

### **A16. NET NON-INTEREST INCOME**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net fee and commission income</b>				
Commissions	38,473	33,308	73,901	69,768
Fee on loans and advances	84,378	74,597	159,088	129,187
Service charges and fees	49,198	50,893	97,978	104,411
Guarantee fees	11,192	12,636	40,974	25,170
Other fee income	97,159	67,453	169,215	146,940
Fee and commission income	280,400	238,887	541,156	475,476
Fee and commission expense	(45,143)	(55,709)	(101,620)	(109,694)
Net fee and commission income	235,257	183,178	439,536	365,782
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	5,942	4,496	11,947	6,811
Financial investments available-for-sale	6,818	5,981	16,710	15,300
	12,760	10,477	28,657	22,111
<b>Net gain/(loss) arising from financial assets held-for-trading:</b>				
- realised loss	(65,595)	(12,911)	(87,333)	(21,052)
- unrealised gain/(loss)	(2,235)	(18,193)	(14,270)	1,129
	(67,830)	(31,104)	(101,603)	(19,923)
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised gain/(loss)	83,746	(135,924)	226,771	(237,906)
- unrealised gain	120,429	199,200	149,296	63,664
	204,175	63,276	376,067	(174,242)
<b>Net loss arising from hedging derivatives</b>	(9,583)	(14,311)	(37,873)	(14,512)
<b>Net gain from sale of financial investments available-for-sale</b>	28,246	6,726	49,141	16,490
<b>Net gain from maturity of financial investments held-to-maturity</b>	1,222	12,041	1,558	87,865
<b>Brokerage income</b>	4,778	3,375	10,479	7,570
<b>Other non-interest income</b>				
Foreign exchange gain	31,392	49,816	68,917	395,375
Rental income	3,433	4,421	7,417	9,804
Gain on disposal of property, plant and equipment	5,101	153,597	5,778	166,609
Loss on disposal of foreclosed properties	(7,708)	(563)	(10,295)	(1,251)
Net gain or loss from insurance business	-	2,545	-	6,325
Gain on disposal of subsidiary	-	7,532	-	7,532
Others	21,178	12,602	37,702	24,867
	53,396	229,950	109,519	609,261
	462,421	463,608	875,481	900,402

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

### **A16. NET NON-INTEREST INCOME (CONTINUED)**

<b>Bank</b>	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net fee and commission income</b>				
Commissions	33,571	32,418	66,308	67,710
Fee on loans and advances	84,282	74,475	159,552	128,821
Service charges and fees	40,338	37,063	78,163	77,103
Guarantee fees	8,655	10,320	35,880	19,696
Other fee income	95,733	57,469	171,618	125,979
Fee and commission income	262,579	211,745	511,521	419,309
Fee and commission expense	(45,143)	(55,709)	(101,620)	(109,694)
Net fee and commission income	217,436	156,036	409,901	309,615
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	5,939	4,337	11,944	6,652
Financial investments available-for-sale	5,847	5,352	6,687	5,352
Subsidiaries	733,348	57,843	733,348	80,737
	745,134	67,532	751,979	92,741
<b>Net gain/(loss) arising from financial assets held-for-trading</b>				
- realised loss	(65,746)	(12,154)	(88,752)	(13,974)
- unrealised gain/(loss)	(346)	(16,396)	(7,826)	(6,001)
	(66,092)	(28,550)	(96,578)	(19,975)
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised gain/(loss)	37,914	(113,525)	194,833	(211,434)
- unrealised gain	130,187	194,309	146,232	59,078
	168,101	80,784	341,065	(152,356)
<b>Net loss arising from hedging derivatives</b>	(9,637)	(5,044)	(37,459)	(14,039)
<b>Net gain from sale of financial investments available-for-sale</b>	21,228	4,174	41,745	11,556
<b>Net gain from maturity of financial investments held-to-maturity</b>	913	11,541	902	87,323
<b>Other non-interest income</b>				
Foreign exchange gain	12,249	36,355	54,316	388,848
Rental income	1,984	2,626	4,448	6,409
Gain on disposal of property, plant and equipment	514	133,550	859	134,260
Gain on disposal of foreclosed properties	7	249	68	249
(Loss)/gain on capital repayment of subsidiary	-	(21,467)	-	4,956
Other non operating income	10,011	13,752	22,644	32,479
	24,765	165,065	82,335	567,201
	1,101,848	451,538	1,493,890	882,066

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

### **A17. OVERHEADS**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	<b>386,237</b>	421,958	<b>796,338</b>	789,535
- Pension costs (defined contribution plan)	<b>41,154</b>	35,184	<b>85,869</b>	71,792
- Pension costs (defined benefit plan)	<b>2,700</b>	10,035	<b>(47,653)</b>	16,520
- Overtime	<b>4,580</b>	4,552	<b>9,670</b>	9,170
- Staff incentives and other staff payments	<b>39,568</b>	30,131	<b>75,070</b>	60,630
- Medical expenses	<b>16,272</b>	7,915	<b>27,720</b>	22,069
- Others	<b>54,433</b>	35,883	<b>105,698</b>	67,378
	<b>544,944</b>	545,658	<b>1,052,712</b>	1,037,094
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	<b>42,542</b>	48,462	<b>97,285</b>	98,490
- Amortisation of prepaid lease payments	<b>81</b>	101	<b>156</b>	207
- Rental	<b>50,815</b>	44,383	<b>101,101</b>	90,553
- Repair and maintenance	<b>42,003</b>	51,120	<b>79,208</b>	95,903
- Outsourced services	<b>36,211</b>	48,682	<b>67,501</b>	92,515
- Security expenses	<b>24,247</b>	18,203	<b>46,555</b>	46,994
- Others	<b>30,159</b>	30,351	<b>59,230</b>	56,573
	<b>226,058</b>	241,302	<b>451,036</b>	481,235
<b>Marketing expenses</b>				
- Sales commission	<b>2,053</b>	6,069	<b>3,209</b>	12,737
- Advertisement	<b>27,718</b>	15,389	<b>50,404</b>	43,487
- Others	<b>20,969</b>	25,317	<b>30,035</b>	29,513
	<b>50,740</b>	46,775	<b>83,648</b>	85,737
<b>Administration and general expenses</b>				
- Communication	<b>16,211</b>	7,998	<b>29,501</b>	19,574
- Consultancy and professional fees	<b>12,902</b>	9,771	<b>22,987</b>	20,507
- Legal expenses	<b>12,517</b>	11,117	<b>17,161</b>	27,683
- Stationery	<b>10,482</b>	10,393	<b>20,944</b>	21,158
- Amortisation of intangible assets	<b>36,876</b>	30,627	<b>73,798</b>	61,365
- Impairment of intangible assets	-	-	-	1,302
- Postages	<b>9,826</b>	12,251	<b>16,797</b>	19,542
- Administrative travelling and vehicle expenses	<b>8,747</b>	7,628	<b>16,105</b>	14,515
- Incidental expenses on banking operations	<b>2,296</b>	6,259	<b>14,085</b>	19,441
- Insurance	<b>14,359</b>	17,613	<b>28,742</b>	45,605
- Others	<b>29,126</b>	49,553	<b>56,687</b>	67,386
	<b>153,342</b>	163,210	<b>296,807</b>	318,078
	<b>975,084</b>	996,945	<b>1,884,203</b>	1,922,144

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

### **A17. OVERHEADS (CONTINUED)**

	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	293,346	343,114	623,276	632,058
- Pension costs (defined contribution plan)	36,589	30,690	76,545	62,921
- Pension costs (defined benefit plan)	-	8,655	(60,000)	11,479
- Overtime	2,854	3,107	6,231	6,515
- Staff incentives and other staff payments	33,501	22,062	60,659	46,291
- Medical expenses	15,237	6,887	25,922	20,262
- Others	17,530	16,517	35,211	29,575
	<b>399,057</b>	<b>431,032</b>	<b>767,844</b>	<b>809,101</b>
Establishment costs				
- Depreciation of property, plant and equipment	32,169	38,828	76,943	76,337
- Rental	40,109	34,759	79,819	69,896
- Repair and maintenance	36,707	46,408	69,431	86,826
- Outsourced services	64,534	72,382	124,519	137,101
- Security expenses	25,773	22,745	50,522	53,888
- Others	14,911	15,137	20,043	26,644
	<b>214,203</b>	<b>230,259</b>	<b>421,277</b>	<b>450,692</b>
Marketing expenses				
- Sales commission	-	8	392	19
- Advertisement	23,229	12,616	43,585	36,220
- Others	17,966	21,687	22,719	26,564
	<b>41,195</b>	<b>34,311</b>	<b>66,696</b>	<b>62,803</b>
Administration and general expenses				
- Communication	14,595	6,432	26,325	16,198
- Consultancy and professional fees	11,432	8,015	20,320	16,612
- Legal expenses	11,627	9,713	14,824	23,465
- Stationery	8,226	8,195	16,426	17,158
- Amortisation of intangible assets	32,226	25,916	64,506	53,405
- Postages	7,580	10,554	12,480	16,306
- Administrative travelling and vehicle expenses	6,170	5,536	11,307	10,290
- Incidental expenses on banking operations	2,317	6,904	14,085	19,409
- Insurance	5,326	6,657	9,810	21,788
- Others	2,453	23,066	368	10,986
	<b>101,952</b>	<b>110,988</b>	<b>190,451</b>	<b>205,617</b>
	<b>756,407</b>	<b>806,590</b>	<b>1,446,268</b>	<b>1,528,213</b>

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

### **A18. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	<b>2nd Quarter Ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made/(written-back) during the period	<b>26,182</b>	19,819	<b>(5,999)</b>	56,355
Portfolio impairment allowance				
- made during the period	<b>81,768</b>	84,855	<b>168,199</b>	217,732
Bad debts :				
- recovered	<b>(81,022)</b>	(102,530)	<b>(164,005)</b>	(152,834)
- written off	<b>4,714</b>	969	<b>6,023</b>	1,798
	<b>31,642</b>	3,113	<b>4,218</b>	123,051
<b>Bank</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made/(written-back) during the period	<b>29,989</b>	(3,803)	<b>31,226</b>	19,677
Portfolio impairment allowance				
- made during the period	<b>48,175</b>	32,301	<b>114,865</b>	118,907
Bad debts :				
- recovered	<b>(47,802)</b>	(56,741)	<b>(93,795)</b>	(100,129)
- written off	<b>3,203</b>	444	<b>3,305</b>	580
	<b>33,565</b>	(27,799)	<b>55,601</b>	39,035

## PART A - EXPLANATORY NOTES (CONTINUED)

### A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purpose. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, 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 June 2011	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>13,946,135</b>	<b>163,522</b>	<b>(112,758)</b>	<b>11,957,212</b>	<b>145,909</b>	<b>(99,114)</b>
- Less than 1 year	11,554,166	56,467	(72,941)	9,565,243	38,854	(60,022)
- 1 year to 3 years	643,959	36,832	(18,262)	643,959	36,832	(18,099)
- More than 3 years	1,748,010	70,223	(21,555)	1,748,010	70,223	(20,993)
Currency swaps	<b>38,133,390</b>	<b>275,193</b>	<b>(249,880)</b>	<b>32,892,477</b>	<b>253,068</b>	<b>(204,532)</b>
- Less than 1 year	37,806,835	265,850	(246,531)	32,566,622	243,727	(201,184)
- 1 year to 3 years	93,053	2,259	(551)	92,353	2,257	(550)
- More than 3 years	233,502	7,084	(2,798)	233,502	7,084	(2,798)
Currency spot	<b>4,755,753</b>	<b>6,325</b>	<b>(8,997)</b>	<b>4,016,319</b>	<b>5,789</b>	<b>(8,423)</b>
- Less than 1 year	4,755,753	6,325	(8,997)	4,016,319	5,789	(8,423)
Currency option	<b>1,441,968</b>	<b>5,512</b>	<b>(5,875)</b>	<b>1,432,469</b>	<b>5,393</b>	<b>(5,882)</b>
- Less than 1 year	1,441,968	5,512	(5,875)	1,432,469	5,393	(5,882)
Cross currency interest rate swaps	<b>15,374,088</b>	<b>655,524</b>	<b>(631,882)</b>	<b>15,002,976</b>	<b>635,303</b>	<b>(647,867)</b>
- Less than 1 year	3,966,690	206,264	(172,260)	3,639,907	180,839	(172,260)
- 1 year to 3 years	5,598,425	264,467	(258,136)	5,954,223	274,597	(282,851)
- More than 3 years	5,808,973	184,793	(201,486)	5,408,846	179,867	(192,756)
	<b>73,651,334</b>	<b>1,106,076</b>	<b>(1,009,392)</b>	<b>65,301,453</b>	<b>1,045,462</b>	<b>(965,818)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>221,801,128</b>	<b>1,636,328</b>	<b>(1,289,028)</b>	<b>187,431,069</b>	<b>1,441,653</b>	<b>(1,085,362)</b>
- Less than 1 year	37,546,595	100,964	(89,487)	24,795,572	68,298	(64,562)
- 1 year to 3 years	117,117,351	540,216	(523,480)	107,277,278	496,530	(509,147)
- More than 3 years	67,137,182	995,148	(676,061)	55,358,219	876,825	(511,653)
Interest rate futures	<b>15,134,988</b>	<b>15,022</b>	<b>(6,734)</b>	<b>15,134,988</b>	<b>15,022</b>	<b>(6,734)</b>
- Less than 1 year	4,477,709	3,195	(4,188)	4,477,709	3,195	(4,188)
- 1 year to 3 years	8,331,045	8,322	(2,466)	8,331,045	8,322	(2,466)
- More than 3 years	2,326,234	3,505	(80)	2,326,234	3,505	(80)
Interest rate options	<b>150,000</b>	<b>6,638</b>	<b>(2,843)</b>	<b>150,000</b>	<b>6,638</b>	<b>(2,843)</b>
- 1 year to 3 years	100,000	5,529	(2,797)	100,000	5,529	(2,797)
- More than 3 years	50,000	1,109	(46)	50,000	1,109	(46)
	<b>237,086,116</b>	<b>1,657,988</b>	<b>(1,298,605)</b>	<b>202,716,057</b>	<b>1,463,313</b>	<b>(1,094,939)</b>
<u>Equity related derivatives</u>						
Equity swap	<b>579,506</b>	<b>6,768</b>	<b>(97,446)</b>	<b>342,486</b>	<b>5,141</b>	<b>(95,819)</b>
- More than 3 years	579,506	6,768	(97,446)	342,486	5,141	(95,819)
Equity options	<b>9,319,247</b>	<b>407,901</b>	<b>(733,309)</b>	<b>7,310,682</b>	<b>391,186</b>	<b>(716,705)</b>
- Less than 1 year	6,522,380	375,668	(691,041)	6,138,930	373,719	(689,204)
- 1 year to 3 years	919,192	3,413	(3,413)	-	-	-
- More than 3 years	1,877,675	28,820	(38,855)	1,171,752	17,467	(27,501)
Index futures	<b>2,162</b>	<b>19</b>	<b>(2)</b>	<b>2,162</b>	<b>19</b>	<b>(2)</b>
- Less than 1 year	2,162	19	(2)	2,162	19	(2)
	<b>9,900,915</b>	<b>414,688</b>	<b>(830,757)</b>	<b>7,655,330</b>	<b>396,346</b>	<b>(812,526)</b>

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

### **A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

At 30 June 2011	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>Commodity related derivatives</u>						
Commodity swaps	<b>47,267</b>	<b>19,870</b>	<b>(21,343)</b>	<b>47,267</b>	<b>19,870</b>	<b>(21,343)</b>
- Less than 1 year	10,618	4,784	(4,505)	10,618	4,784	(4,505)
- 1 year to 3 years	36,649	15,086	(16,838)	36,649	15,086	(16,838)
Commodity future	<b>40,293</b>	<b>3,554</b>	-	<b>40,293</b>	<b>3,554</b>	-
- Less than 1 year	28,538	2,599	-	28,538	2,599	-
- 1 year to 3 years	11,755	955	-	11,755	955	-
Commodity options	<b>102,663</b>	<b>27,757</b>	<b>(27,757)</b>	<b>102,663</b>	<b>27,757</b>	<b>(27,757)</b>
- Less than 1 year	102,663	27,757	(27,757)	102,663	27,757	(27,757)
	<b>190,223</b>	<b>51,181</b>	<b>(49,100)</b>	<b>190,223</b>	<b>51,181</b>	<b>(49,100)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>2,050,449</b>	<b>30,864</b>	<b>(67,090)</b>	<b>2,050,450</b>	<b>30,864</b>	<b>(67,090)</b>
- Less than 1 year	371,817	-	(1,149)	371,817	-	(1,149)
- 1 year to 3 years	679,388	173	(9,081)	679,388	173	(9,081)
- More than 3 years	999,244	30,691	(56,860)	999,245	30,691	(56,860)
<u>Hedging derivatives</u>						
Interest rate swaps	<b>12,652,338</b>	<b>135,031</b>	<b>(262,558)</b>	<b>16,898,773</b>	<b>247,903</b>	<b>(262,276)</b>
- Less than 1 year	64,809	6,161	-	64,809	6,161	-
- 1 year to 3 years	2,056,010	20,401	(6,611)	2,056,010	20,401	(6,611)
- More than 3 years	10,531,519	108,469	(255,947)	14,777,954	221,341	(255,665)
Total derivatives assets/(liabilities)	<b>335,531,375</b>	<b>3,395,828</b>	<b>(3,517,502)</b>	<b>294,812,286</b>	<b>3,235,069</b>	<b>(3,251,749)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

At 31 December 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>10,295,460</b>	<b>159,844</b>	<b>(154,852)</b>	<b>8,546,302</b>	<b>152,256</b>	<b>(102,140)</b>
- Less than 1 year	8,019,805	52,355	(127,493)	6,270,647	44,767	(73,826)
- 1 year to 3 years	423,654	13,602	(4,281)	423,654	13,602	(4,281)
- More than 3 years	1,852,001	93,887	(23,078)	1,852,001	93,887	(24,033)
Currency swaps	<b>34,680,313</b>	<b>515,786</b>	<b>(488,225)</b>	<b>31,027,117</b>	<b>457,444</b>	<b>(446,027)</b>
- Less than 1 year	34,371,184	507,987	(485,176)	30,717,988	449,645	(442,978)
- 1 year to 3 years	49,362	2,018	-	49,362	2,018	-
- More than 3 years	259,767	5,781	(3,049)	259,767	5,781	(3,049)
Currency spot	<b>270,937</b>	<b>305</b>	<b>(197)</b>	<b>134,454</b>	<b>282</b>	<b>(148)</b>
- Less than 1 year	270,937	305	(197)	134,454	282	(148)
Currency option	<b>2,404,827</b>	<b>1,624</b>	<b>(5,694)</b>	<b>2,404,828</b>	<b>1,624</b>	<b>(5,694)</b>
- Less than 1 year	2,404,827	1,624	(5,694)	2,404,828	1,624	(5,694)
Cross currency interest rate swaps	<b>16,047,393</b>	<b>687,934</b>	<b>(736,030)</b>	<b>15,375,452</b>	<b>649,282</b>	<b>(740,073)</b>
- Less than 1 year	4,983,605	208,267	(239,136)	4,395,165	163,949	(231,353)
- 1 year to 3 years	5,862,844	265,963	(284,832)	6,100,611	271,629	(305,079)
- More than 3 years	5,200,944	213,704	(212,062)	4,879,676	213,704	(203,641)
	<b>63,698,930</b>	<b>1,365,493</b>	<b>(1,384,998)</b>	<b>57,488,153</b>	<b>1,260,888</b>	<b>(1,294,082)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>181,322,125</b>	<b>1,698,397</b>	<b>(1,323,655)</b>	<b>161,336,017</b>	<b>1,511,081</b>	<b>(1,168,420)</b>
- Less than 1 year	53,935,327	327,540	(309,313)	46,104,326	314,648	(295,194)
- 1 year to 3 years	63,088,197	420,408	(361,841)	47,945,246	320,781	(324,795)
- More than 3 years	64,298,601	950,449	(652,501)	67,286,445	875,652	(548,431)
Interest rate futures	<b>13,746,090</b>	<b>18,185</b>	<b>(15,428)</b>	<b>13,746,090</b>	<b>18,185</b>	<b>(15,428)</b>
- Less than 1 year	7,276,246	8,610	(13,457)	7,276,246	8,610	(13,457)
- 1 year to 3 years	5,273,591	6,772	(1,971)	5,273,591	6,772	(1,971)
- More than 3 years	1,196,253	2,803	-	1,196,253	2,803	-
Interest rate options	<b>750,000</b>	<b>7,179</b>	<b>(3,602)</b>	<b>750,000</b>	<b>7,179</b>	<b>(3,602)</b>
- Less than 1 year	600,000	-	-	600,000	-	-
- 1 year to 3 years	100,000	5,314	(2,818)	100,000	5,314	(2,818)
- More than 3 years	50,000	1,865	(784)	50,000	1,865	(784)
	<b>195,818,215</b>	<b>1,723,761</b>	<b>(1,342,685)</b>	<b>175,832,107</b>	<b>1,536,445</b>	<b>(1,187,450)</b>
<u>Equity related derivatives</u>						
Equity swaps	<b>273,717</b>	<b>1,777</b>	<b>(51,329)</b>	<b>273,717</b>	<b>1,777</b>	<b>(51,329)</b>
- Less than 1 year	272,086	1,433	(51,023)	272,086	1,433	(51,023)
- More than 3 years	1,631	344	(306)	1,631	344	(306)
Equity options	<b>10,545,684</b>	<b>223,081</b>	<b>(606,369)</b>	<b>8,326,139</b>	<b>216,503</b>	<b>(600,027)</b>
- Less than 1 year	3,593,370	168,358	(571,441)	2,955,630	166,185	(569,504)
- 1 year to 3 years	3,606,022	3,849	(3,849)	2,530,542	121	(121)
- More than 3 years	3,346,292	50,874	(31,079)	2,839,967	50,197	(30,402)
Index futures	<b>9,089</b>	<b>-</b>	<b>(137)</b>	<b>9,089</b>	<b>-</b>	<b>(137)</b>
- Less than 1 year	9,089	-	(137)	9,089	-	(137)
	<b>10,828,490</b>	<b>224,858</b>	<b>(657,835)</b>	<b>8,608,945</b>	<b>218,280</b>	<b>(651,493)</b>

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

### **A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

At 31 December 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>Commodity related derivatives</u>						
Commodity swaps	<b>60,480</b>	<b>4,085</b>	-	<b>60,480</b>	<b>4,085</b>	-
- Less than 1 year	20,400	1,624	-	20,400	1,624	-
- 1 year to 3 years	40,080	2,461	-	40,080	2,461	-
Commodity future	<b>60,553</b>	<b>1</b>	<b>(3,653)</b>	<b>60,553</b>	<b>1</b>	<b>(3,653)</b>
- Less than 1 year	60,553	1	(3,653)	60,553	1	(3,653)
Commodity options	<b>104,840</b>	<b>15,028</b>	<b>(15,028)</b>	<b>104,840</b>	<b>15,028</b>	<b>(15,028)</b>
- Less than 1 year	70,921	12,068	(12,068)	70,921	12,068	(12,068)
- 1 year to 3 years	33,919	2,960	(2,960)	33,919	2,960	(2,960)
	<b>225,873</b>	<b>19,114</b>	<b>(18,681)</b>	<b>225,873</b>	<b>19,114</b>	<b>(18,681)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>1,366,348</b>	<b>29,138</b>	<b>(56,883)</b>	<b>1,366,348</b>	<b>29,138</b>	<b>(56,883)</b>
- Less than 1 year	194,617	358	(175)	194,617	358	(175)
- 1 year to 3 years	169,593	143	(2,386)	169,593	143	(2,386)
- More than 3 years	1,002,138	28,637	(54,322)	1,002,138	28,637	(54,322)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	<b>218,378</b>	-	<b>(43,342)</b>	-	-	-
- More than 3 years	218,378	-	(43,342)	-	-	-
Interest rate swaps	<b>12,412,998</b>	<b>138,527</b>	<b>(206,716)</b>	<b>16,752,811</b>	<b>198,669</b>	<b>(215,226)</b>
- Less than 1 year	965,611	9,719	-	965,611	9,719	-
- 1 year to 3 years	800,500	24,969	-	800,500	24,970	-
- More than 3 years	10,646,887	103,839	(206,716)	14,986,700	163,980	(215,226)
Total derivatives assets/(liabilities)	<b>284,569,232</b>	<b>3,500,891</b>	<b>(3,711,140)</b>	<b>260,274,237</b>	<b>3,262,534</b>	<b>(3,423,815)</b>

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

### **A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

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 Capital-at-Risk (CaR) 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 June 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM3,395,828,000 and RM3,235,069,000 respectively (31 December 2010: RM3,500,891,000 and RM3,262,534,000 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:

- a) 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;
- b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- c) 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 2010.

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

### **A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **(ii) Commitments and contingencies**

	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>		
<u>Credit-related</u>		
Direct credit substitutes	2,434,554	2,147,004
Transaction-related contingent items	4,647,974	4,338,700
Short-term self-liquidating trade-related contingencies	2,838,673	3,511,093
Obligations under underwriting agreement	238,500	235,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	35,007,019	33,360,091
- maturity exceeding one year	6,135,362	6,778,212
Forward asset purchase	3,336	3,084
Miscellaneous commitments and contingencies	6,618,466	5,908,957
Total credit-related commitments and contingencies	<b>57,923,884</b>	<b>56,282,141</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	52,626,429	45,578,346
- one year to less than 5 years	10,267,475	10,326,952
- five years and above	3,891,327	3,353,629
	<b>66,785,231</b>	<b>59,258,927</b>
Interest rate related contracts :		
- less than one year	51,853,972	55,274,126
- one year to less than 5 years	133,235,084	103,488,444
- five years and above	35,483,617	23,566,421
	<b>220,572,673</b>	<b>182,328,991</b>
Equity related contracts:		
- less than one year	2,515,021	3,614,590
- one year to less than 5 years	4,763,928	5,121,016
- five years and above	2,621,966	2,092,883
	<b>9,900,915</b>	<b>10,828,489</b>
Other treasury related contracts	37,073,611	31,285,226
Total treasury-related commitments and contingencies	<b>334,332,430</b>	<b>283,701,633</b>
	<b>392,256,314</b>	<b>339,983,774</b>

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

### **A19. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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

	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	2,219,235	1,880,066
Transaction-related contingent items	3,373,016	3,158,201
Short-term self-liquidating trade-related contingencies	2,409,875	3,228,857
Obligations under underwriting agreement	238,500	235,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	32,488,361	31,228,089
- maturity exceeding one year	4,839,444	5,366,611
Forward assets purchase	3,336	3,084
Miscellaneous commitments and contingencies	2,723,159	1,195,586
Total credit-related commitments and contingencies	<b>48,294,926</b>	<b>46,295,494</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	51,049,459	43,923,081
- one year to less than 5 years	10,353,454	10,184,529
- five years and above	3,898,540	3,380,543
	<b>65,301,453</b>	<b>57,488,153</b>
Interest rate related contracts :		
- less than one year	51,602,252	55,007,853
- one year to less than 5 years	130,284,129	101,633,153
- five years and above	38,770,177	36,668,534
	<b>220,656,558</b>	<b>193,309,540</b>
Equity related contracts:		
- less than one year	2,131,572	2,976,850
- one year to less than 5 years	3,680,010	4,045,536
- five years and above	1,843,748	1,586,558
	<b>7,655,330</b>	<b>8,608,944</b>
Total treasury-related commitments and contingencies	<b>293,613,341</b>	<b>259,406,637</b>
	<b>341,908,267</b>	<b>305,702,131</b>

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

### **A20. CAPITAL ADEQUACY**

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.

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

	<b>The Group</b>		<b>The Bank*</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
<b>Before deducting proposed dividends</b>				
Core capital ratio	<b>11.81%</b>	11.89%	<b>14.75%</b>	14.47%
Risk-weighted capital ratio	<b>15.25%</b>	15.37%	<b>15.44%</b>	15.36%
	<hr/>	<hr/>	<hr/>	<hr/>
<b>After deducting proposed dividends</b>				
Core capital ratio	<b>11.13%</b>	11.42% #	<b>13.89%</b>	13.90% #
Risk-weighted capital ratio	<b>14.57%</b>	14.89% #	<b>14.59%</b>	14.80% #
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<b>The Group</b>		<b>The Bank*</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>108,471,020</b>	104,892,665	<b>85,914,400</b>	87,236,173
Market risk	<b>10,507,141</b>	9,658,308	<b>9,711,832</b>	9,176,183
Large exposure risk requirements	<b>362,848</b>	360,424	<b>362,848</b>	360,424
Operational risk	<b>11,781,387</b>	11,242,737	<b>9,460,238</b>	9,604,531
Total risk-weighted assets	<b>131,122,396</b>	126,154,134	<b>105,449,318</b>	106,377,311
	<hr/>	<hr/>	<hr/>	<hr/>

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

### **A20. CAPITAL ADEQUACY (Continued)**

(c) Components of Tier I and Tier II capital are as follows:

	<b>The Group</b>		<b>The Bank*</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I capital</b>				
Paid-up capital	3,764,469	3,764,469	3,764,469	3,764,469
Perpetual preference shares	200,000	200,000	200,000	200,000
Non-innovative Tier I Capital	1,000,000	1,000,000	1,000,000	1,000,000
Innovative Tier I Capital	1,603,900	1,616,700	1,603,900	1,616,700
Other reserves	13,641,431	13,085,117	12,678,790	12,385,045
Non-controlling interests	260,821	260,586		-
Less:				
Deferred tax assets	(110,666)	-	(142,712)	(22,096)
Goodwill	(4,870,404)	(4,923,428)	(3,555,075)	(3,555,075)
<b>Total Tier I capital</b>	<b>15,489,551</b>	<b>15,003,444</b>	<b>15,549,372</b>	<b>15,389,043</b>
<b>Tier II capital</b>				
Subordinated notes	4,106,559	3,936,919	3,500,000	3,500,000
Redeemable preference shares	29,740	29,740	29,740	29,740
Regulatory reserve	269,004	117,595	250,628	110,190
Portfolio impairment allowance ^	356,088	381,876	180,926	221,940
Surplus of total eligible provision over expected loss under IRB approach	202,339	409,200	299,210	404,989
<b>Total eligible Tier II capital</b>	<b>4,963,730</b>	<b>4,875,330</b>	<b>4,260,504</b>	<b>4,266,859</b>
Less:				
Investment in subsidiaries	(131,729)	(175,352)	(3,204,427)	(2,998,050)
Securitisation exposures subject to deductions^^	(70,109)	(70,116)	(70,109)	(70,116)
Investment in associates	(245,134)	(245,134)	(245,134)	(245,134)
Holding of other banking institutions' capital instruments	(7,970)	(2,842)	(7,970)	(2,842)
<b>Total Eligible Tier II capital</b>	<b>4,508,788</b>	<b>4,381,886</b>	<b>732,864</b>	<b>950,717</b>
<b>Total capital base</b>	<b>19,998,339</b>	<b>19,385,330</b>	<b>16,282,236</b>	<b>16,339,760</b>

^ The capital base of the Group and the Bank as at 30 June 2011 has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM480,017,502 (2010: RM495,950,492) and RM460,926,459 (2010: RM476,240,986) respectively.

^^ 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.

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

### **A20. CAPITAL ADEQUACY (Continued)**

(d) The capital adequacy of the banking subsidiary companies of the Bank are as follows:

#### **As at 30 June 2011**

	<b>CIMB Islamic Bank**</b>	<b>CIMB Thai Bank***</b>	<b>CIMB Bank PLC****</b>
Core capital ratio	<b>10.93%</b>	<b>8.43%</b>	N/A
Risk-weighted capital ratio	<b>15.00%</b>	<b>13.72%</b>	<b>130.16%</b>

#### **As at 31 Dec 2010**

	<b>CIMB Islamic Bank**</b>	<b>CIMB Thai Bank***</b>	<b>CIMB Bank PLC****</b>
Core capital ratio	13.24%	9.04%	N/A
Risk-weighted capital ratio	17.21%	14.69%	636.20%

# The dividend for financial year ended 31 December 2010 was paid on 28 March 2011.

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

\*\* The capital adequacy ratios of CIMB Islamic Bank are computed in accordance with BNM Guidelines on Risk Weighted Capital Adequacy Framework: 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 capital adequacy ratios of CIMB Thai is based on Bank of Thailand requirements and are computed in accordance with Standardised Approach (SA approach). The approach for Credit Risk and Market Risk is Standardised Approach (SA) while Operational Risk is based on Basic Indicator Approach.

\*\*\*\* The amount presented here is the Solvency Ratio of CIMB Bank PLC, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived at CIMB Bank PLC's net worth divided by its risk-weighted assets.

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

### **A21. 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, Bank of Yingkou Co Ltd and CIMB Bank PLC, 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)****A21. SEGMENTAL REPORT (CONTINUED)**

**Group**  
**30 June 2011**

	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	(53,165)	577,315	1,120,020	155,013	264,435	1,663	2,065,281
- inter-segment	257,255	(248,088)	(164,119)	174,060	(8)	(19,100)	-
	204,090	329,227	955,901	329,073	264,427	(17,437)	2,065,281
Islamic Banking Income	281,816	42,408	273,263	47,287	-	-	644,774
Non-interest income	161,393	229,726	353,636	54,960	72,940	2,826	875,481
Net income	647,299	601,361	1,582,800	431,320	337,367	(14,611)	3,585,536
Overheads	(142,326)	(199,320)	(1,016,020)	(240,269)	(272,922)	(13,346)	(1,884,203)
of which:							
Depreciation of property, plant and equipment	(5,054)	(9,433)	(51,704)	(15,931)	(15,163)	-	(97,285)
Amortisation of prepaid lease payments	-	(1)	(4)	(1)	(150)	-	(156)
Amortisation of intangible assets	(3,795)	(7,675)	(44,522)	(10,126)	(7,680)	-	(73,798)
Profit before allowance	504,973	402,041	566,780	191,051	64,445	(27,957)	1,701,333
Allowance for losses on other receivables	159	(12)	(84)	(14)	-	(1,420)	(1,371)
Allowance for impairment losses on loans, advances and financing	(1)	4,973	(55,885)	66,567	(20,441)	569	(4,218)
Allowance for commitments and contingencies	-	-	-	-	(332)	-	(332)
Write-back of/(allowance for) other impairment losses	648	(6,749)	-	-	-	1,466	(4,635)
Segment result	505,779	400,253	510,811	257,604	43,672	(27,342)	1,690,777
Share of results of associates	38,366	-	-	-	-	-	38,366
Share of results of jointly controlled entity	-	-	7,449	-	-	-	7,449
Taxation and zakat	-	-	-	-	-	-	(361,905)
<b>Profit for the financial period</b>							<b>1,374,687</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A21. SEGMENTAL REPORT (CONTINUED)**

**Group**  
**30 June 2010**

	<b>Treasury RM'000</b>	<b>Corporate and Investment Banking RM'000</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Foreign Banking Operations RM'000</b>	<b>Support and Others RM'000</b>	<b>Total RM'000</b>
Net interest income							
- external income	(214,904)	696,961	1,210,648	165,962	256,983	29,240	2,144,890
- inter-segment	572,057	(347,623)	(311,769)	117,256	-	(29,921)	-
	357,153	349,338	898,879	283,218	256,983	(681)	2,144,890
Islamic Banking Income	202,404	55,002	220,138	25,472	-	-	503,016
Non-interest income	380,413	115,746	246,962	47,326	83,702	26,253	900,402
Net income	939,970	520,086	1,365,979	356,016	340,685	25,572	3,548,308
Overheads	(199,195)	(202,887)	(956,673)	(247,084)	(272,158)	(44,147)	(1,922,144)
of which:							
Depreciation of property, plant and equipment	(4,980)	(9,833)	(49,784)	(16,800)	(17,093)	-	(98,490)
Amortisation of prepaid lease payments	(10)	(29)	(128)	(40)	-	-	(207)
Amortisation of intangible assets	(4,038)	(7,656)	(36,200)	(9,170)	(4,301)	-	(61,365)
Profit/(loss) before allowance	740,775	317,199	409,306	108,932	68,527	(18,575)	1,626,164
Allowance for losses on other receivables	-	-	-	-	(2,431)	(555)	(2,986)
Write-back of/(allowance for) impairment losses on loans, advances and financing	11	100,930	(156,892)	(29,958)	(35,852)	(1,290)	(123,051)
Allowance for commitments and contingencies	-	-	-	-	(304)	-	(304)
Write-back of allowance for other impairment losses	9,979	328	-	-	250	430	10,987
Segment result	750,765	418,457	252,414	78,974	30,190	(19,990)	1,510,810
Share of results of associate	21,352	-	-	-	-	-	21,352
Share of results of jointly controlled entity	-	-	4,112	-	-	-	4,112
Taxation and zakat							(293,277)
<b>Profit for the financial period</b>							<b>1,242,997</b>

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

### **A22. GROUP OPERATION OF ISLAMIC BANKING**

#### **A22a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	Note	Group		Bank	
		30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>					
Cash and short-term funds		7,132,344	7,840,258	-	153,473
Deposit and placement with banks and other financial institutions		1,420,843	1,053,053	636,717	550,177
Financial assets held-for-trading		1,878,910	2,549,533	139,313	201,640
Financial investments available-for-sale		659,582	455,962	133,932	-
Financial investments held-to-maturity		1,280,446	1,328,746	241,580	235,111
Islamic derivative financial instruments		174,167	157,901	3,722	7,213
Financing, advances and other loans	A22c	24,371,553	22,764,498	338,238	339,921
Other assets		230,173	334,828	1,868	737
Deferred taxation		5,123	5,589	-	-
Amount due from holding company		557,885	591,695	-	-
Amount due from related companies		1,076	48,767	-	47,939
Statutory deposits with Bank Negara Malaysia		621,777	143,406	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		4,038	4,287	-	-
Property, plant and equipment		1,470	1,862	-	-
<b>TOTAL ASSETS</b>		<b>38,475,387</b>	<b>37,416,385</b>	<b>1,495,370</b>	<b>1,536,211</b>
<b>Liabilities</b>					
Deposits from customers	A22d	24,035,167	23,479,669	823,312	637,441
Deposits and placements of banks and other financial institutions		10,048,754	10,769,939	290,438	566,899
Islamic derivative financial instruments		278,590	199,199	18	-
Other liabilities		542,522	643,911	296,825	266,750
Amount due to holding company		441,899	184,519	-	-
Amount due to related company		15,138	-	14,662	-
Provision for taxation and zakat		58,032	11,228	-	-
Subordinated Sukuk		557,523	300,000	-	-
<b>TOTAL LIABILITIES</b>		<b>35,977,625</b>	<b>35,588,465</b>	<b>1,425,255</b>	<b>1,471,090</b>
Ordinary share capital		1,000,000	750,000	-	-
Perpetual preference shares		70,000	70,000	-	-
Reserves		1,427,762	1,007,920	70,115	65,121
<b>Islamic banking capital funds</b>		<b>2,497,762</b>	<b>1,827,920</b>	<b>70,115</b>	<b>65,121</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>38,475,387</b>	<b>37,416,385</b>	<b>1,495,370</b>	<b>1,536,211</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A22. GROUP OPERATION OF ISLAMIC BANKING

#### A22b. UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income derived from investment of depositors' funds and others	406,639	311,251	784,671	626,187
Income derived from investment of shareholders' funds	42,559	49,376	131,173	70,859
Allowance for impairment losses on financing, advances and other loans	(12,440)	(75,064)	(4,244)	(107,499)
Writeback of/(allowance for) losses on other receivables	321	-	(12)	-
Total distributable income	437,079	285,563	911,588	589,547
Income attributable to depositors	(133,151)	(70,235)	(271,070)	(194,030)
Total net income	303,928	215,328	640,518	395,517
Other operating expenses	(79,749)	(54,073)	(160,201)	(109,476)
Profit before taxation and zakat	224,179	161,255	480,317	286,041
Tax and zakat expense	(29,400)	(20,622)	(66,107)	(41,088)
Profit for the financial period	194,779	140,633	414,210	244,953

#### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

	Group			
	2nd Quarter Ended		Six Months Ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Profit for the financial period	194,779	140,633	414,210	244,953
Other Comprehensive Income:				
Revaluation reserve of financial investments available-for-sale	4,416	1,886	3,654	1,891
- Net gain from change in fair value	7,351	1,595	6,292	2,015
- Realised gain transferred to income statement on disposal and impairment	163	944	163	530
- Income tax effects	(3,098)	(653)	(2,801)	(654)
Exchange fluctuation reserve	736	5,203	1,498	7,120
Other comprehensive income for the period, net of tax	5,152	7,089	5,152	9,011
<b>Total comprehensive income for the period</b>	<b>199,931</b>	<b>147,722</b>	<b>419,362</b>	<b>253,964</b>
Total net income	303,928	215,328	640,518	395,517
Add: Allowances for impairment losses on financing, advances and other loans	12,440	75,064	4,244	107,499
Add: (Writeback of)/allowance for losses on other receivables	(321)	-	12	-
Income from Islamic operations (per page 3)	316,047	290,392	644,774	503,016

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

**A22. GROUP OPERATION OF ISLAMIC BANKING**

**A22b. UNAUDITED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2011**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Income derived from investment of depositors' funds and others	2,875	5,423	6,338	11,087
Income derived from investment of shareholders' funds	89	153	419	153
	<u>2,964</u>	<u>5,576</u>	<u>6,757</u>	<u>11,240</u>
Total distributable income	<u>(1,061)</u>	<u>(1,463)</u>	<u>(1,916)</u>	<u>(2,961)</u>
Income attributable to depositors				
Total net income	<u>1,903</u>	<u>4,113</u>	<u>4,841</u>	<u>8,279</u>
Profit for the financial period	<u>1,903</u>	<u>4,113</u>	<u>4,841</u>	<u>8,279</u>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2011**

	Bank			
	2nd Quarter Ended		Six Months Ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Profit for the financial period	1,903	4,113	4,841	8,279
Other Comprehensive Income:				
Revaluation reserve available-for-sale securities	442	-	442	-
- Net gain from change in fair value	217	-	217	-
- Realised loss transferred to income statement on disposal and impairment	225	-	225	-
Exchange fluctuation reserve	554	(219)	(290)	(531)
Other comprehensive income for the period, net of tax	<u>996</u>	<u>(219)</u>	<u>152</u>	<u>(531)</u>
<b>Total comprehensive income for the period</b>	<u>2,899</u>	<u>3,894</u>	<u>4,993</u>	<u>7,748</u>

## PART A - EXPLANATORY NOTES (CONTINUED)

### A22. GROUP OPERATION OF ISLAMIC BANKING

#### A22c. FINANCING, ADVANCES AND OTHER LOANS

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>i) By type</b>				
Cashline	321,088	322,529	-	-
Term financing	23,690,901	22,006,349	308,811	339,921
- Housing financing	6,160,247	5,532,014	-	-
- Syndicated term financing	358,255	579,701	166,176	198,715
- Hire purchase receivables	5,297,773	5,234,598	-	-
- Other term financing	11,874,626	10,660,036	142,635	141,206
Bills receivables	2,551	2,235	-	-
Islamic trust receipts	42,063	59,091	-	-
Claims on customers under acceptance credit	214,851	191,657	-	-
Credit card receivables	99,243	90,472	-	-
Revolving credit	407,440	407,330	29,427	-
Other financing	-	11	-	-
Gross financing, advances and other loans	24,778,137	23,079,674	338,238	339,921
Fair value changes arising from fair value hedges	79,851	17,997	-	-
	24,857,988	23,097,671	338,238	339,921
Less: Individual impairment allowance	(89,184)	(92,683)	-	-
	24,768,804	23,004,988	338,238	339,921
Less: Portfolio impairment allowance	(397,251)	(240,490)	-	-
<b>Total net financing, advances and other loans</b>	<b>24,371,553</b>	<b>22,764,498</b>	<b>338,238</b>	<b>339,921</b>

During the financial period, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM4,300 million (2010: RM4,400 million) financing using Islamic profit rate swaps.

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
Gross financing hedged	4,300,000	4,400,000	-	-
Fair value changes arising from fair value hedges	79,851	17,997	-	-
	4,379,851	4,417,997	-	-

The fair values loss on Islamic profit rate swaps as at 30 June 2011 was RM111.5 million (2010: RM 49.0 million)

#### ii) By geographical distribution

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
Malaysia	24,439,898	22,739,753	-	-
Other countries	338,239	339,921	338,238	339,921
Gross financing, advances and other loans	24,778,137	23,079,674	338,238	339,921

## PART A - EXPLANATORY NOTES (CONTINUED)

### A22. GROUP OPERATION OF ISLAMIC BANKING

#### A22c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

##### iii) Impaired financing by geographical distribution

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
Malaysia	352,622	335,879	-	-
Gross impaired financing	352,622	335,879	-	-

##### iv) Movements in impaired financing, advances and other loans are as follows :

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
At 1 January	335,879	497,111	-	-
Classified as impaired during the period/year	162,314	337,853	-	258
Reclassified as not impaired during the period/year	(55,326)	(166,596)	-	(92,883)
Amount written back in respect of recoveries	(53,023)	(121,592)	-	-
Amount written off	(37,222)	(84,077)	-	-
Sale of impaired financing	-	(105,739)	-	-
Amount transferred from subsidiary	-	-	-	92,625
Exchange fluctuation	-	(21,081)	-	-
Balance as at 30 June/31 December	352,622	335,879	-	-
Ratio of gross impaired financing, advances and other loans to total financing, advances and other loans	1.42%	1.46%	0.00%	0.00%

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

	Group		Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>Individual impairment allowance</b>				
At 1 January	92,683	268,587	-	-
Net allowance made during the financial period/year	(2,745)	(94,191)	-	(49,797)
Amount written off	(114)	(74,076)	-	-
Unwinding income	(640)	(2,622)	-	-
Amount transferred from subsidiary	-	-	-	47,578
Exchange fluctuation	-	(5,015)	-	2,219
Balance as at 30 June/31 December	89,184	92,683	-	-
<b>Portfolio impairment allowance</b>				
At 1 January	240,490	261,029	-	-
Net allowance made during the financial period/year	28,057	162,884	-	-
Amount written off	(32,931)	(61,605)	-	-
Unwinding income	(1,213)	(1,838)	-	-
Transfer from/(to) intercompany	162,848	(119,980)	-	-
Balance as at 30 June/31 December	397,251	240,490	-	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	2.26%	2.23%	0.00%	0.00%

**PART A - EXPLANATORY NOTES (CONTINUED)****A22. GROUP OPERATION OF ISLAMIC BANKING****A22d. DEPOSITS FROM CUSTOMERS****By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah</b>				
Demand deposits	2,961,230	2,973,411	5,748	2,045
Savings deposits	846,705	701,147	-	-
General investment deposits	816,666	634,517	816,666	634,517
Fixed return investment account	4,824,864	5,127,333	-	879
Islamic negotiable instruments of deposit	323,787	1,033,019	-	-
Commodity Murabahah	302,353	69,379	-	-
Others	75,565	25,191	898	-
	<b>10,151,170</b>	<b>10,563,997</b>	<b>823,312</b>	<b>637,441</b>
<b>Mudharabah</b>				
Demand deposits	1,979,710	1,497,380	-	-
Savings deposits	347,230	289,034	-	-
General investment deposits (inclusive of Special General investment deposits of RM7,937,308,000 (2010: 7,574,239,000))	9,043,980	8,776,494	-	-
Specific investment deposit	2,513,077	2,352,764	-	-
	<b>13,883,997</b>	<b>12,915,672</b>	<b>-</b>	<b>-</b>
<b>Total deposits from customers</b>	<b>24,035,167</b>	<b>23,479,669</b>	<b>823,312</b>	<b>637,441</b>

**A23. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>11,593,910</b>	14,793,893	<b>10,793,984</b>	14,112,120
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>5.3%</b>	7.3%	<b>5.9%</b>	8.3%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<b>0.0%</b>	0.0%	<b>0.0%</b>	0.0%

## A24. CHANGE IN ACCOUNTING POLICIES

On adoption of the Amendments to FRS2 – Group Cash-Settled Share-based Payment Transactions, the Group and the Bank have changed its accounting policy with respect to the share-based payments where a substantial shareholder of CIMB Group has the obligation to settle the payment transaction.

The change in accounting policy has been applied retrospectively. The adoption of the new accounting policy affected the following items:

### Consolidated Statement of Changes in Equity

<b>Group</b>	<b>Balances as at 1 January 2010</b>		
	<b>As previously reported RM000</b>	<b>Effects of adopting Amendments to FRS 2 RM000</b>	<b>As restated RM000</b>
Retained profits	3,958,396	(218,704)	3,739,692
Share-based payment reserve	-	218,704	218,704

<b>Group</b>	<b>Balances as at 1 January 2011</b>		
	<b>As previously reported RM000</b>	<b>Effects of adopting Amendments to FRS 2 RM000</b>	<b>As restated RM000</b>
Retained profits	4,333,401	(231,955)	4,101,446
Share-based payment reserve	-	231,955	231,955

### Statement of Changes in Equity

<b>Bank</b>	<b>Balances as at 1 January 2010</b>		
	<b>As previously reported RM000</b>	<b>Effects of adopting Amendments to FRS 2 RM000</b>	<b>As restated RM000</b>
Retained profits	2,485,665	(203,200)	2,282,465
Share-based payment reserve	-	203,200	203,200

<b>Bank</b>	<b>Balances as at 1 January 2011</b>		
	<b>As previously reported RM000</b>	<b>Effects of adopting Amendments to FRS 2 RM000</b>	<b>As restated RM000</b>
Retained profits	2,525,756	(215,649)	2,310,107
Share-based payment reserve	-	215,649	215,649

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

### B1. GROUP PERFORMANCE REVIEW

The Group registered a profit before tax of RM1,736.6 million for the six months period ended 30 June 2011, increased by RM200.3 million or 13.0% as compared to RM1,536.3 million registered in the same period of 2010. Income from Islamic banking operations improved by RM141.8 million to RM644.8 million, mainly attributable to a significant growth in Islamic business activities during the current period under review. Net interest income was slightly decreased by 3.7% to RM2,065.3 million and net non-interest income was lowered by RM24.9 million, mainly due to lower gain from maturity of financial investments held-to-maturity, property, plant and equipment gain and foreign exchange gain by RM86.3 million, RM160.8 million and RM326.5 million respectively. However, these losses were offset by higher gain arising from derivative financial instruments by RM489.1 million, and higher gain from hedging derivatives and sale of financial investments available-for-sale by RM36.5 million and RM32.7 million respectively. Overheads decreased by 2.0% to RM1,884.2 million while allowance for impairment losses on loans, advances and financing reduced by RM118.8 million from RM123.0 million to RM4.2 million.

### B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group retains its target for 2011 but has re-strategised for volatile financial markets and slower economic growth in the region. As the Group moderates its asset growth expectations, it will emphasise on internal efficiencies and sustaining its low credit costs to achieve this target.

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

#### a) Basic EPS

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 weighted average number of ordinary shares in issue during the financial period.

	Group			
	2nd Quarter Ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests (RM '000)	672,997	695,154	1,371,012	1,237,882
Weighted average number of ordinary shares in issue - proforma ( '000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	17.88	18.47	36.42	32.88

	Bank			
	2nd Quarter Ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests (RM '000)	1,159,332	513,995	1,650,741	987,571
Weighted average number of ordinary shares in issue - proforma ( '000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	30.80	13.65	43.85	26.23

#### b) Diluted EPS

There were no dilutive potential ordinary shares outstanding as at 30 June 2011 and 30 June 2010.