

Company No: 13491-P

**CIMB Bank Berhad**

(Incorporated in Malaysia)

**Reports and Financial Statements  
for the financial year ended 31 December 2009**

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Reports and Financial Statements for the financial year ended 31 December 2009**

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# CIMB Bank Berhad

(Incorporated in Malaysia)

## Directors' Report for the financial year ended 31 December 2009

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and of CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2009.

### Principal activities

The principal activities of the Bank during the financial year are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 11 to the Financial Statements, consist of Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. There was no significant change in the nature of these activities during the financial year.

### Financial results

	<b>The Group</b> RM'000	<b>The Bank</b> RM'000
Net profit after taxation and zakat		
- Equity holders of the Bank	<b>1,993,868</b>	<b>1,469,073</b>
- Minority interests	<b>23,048</b>	<b>-</b>
	<b><u>2,016,916</u></b>	<b><u>1,469,073</u></b>

### Dividends

The dividends on ordinary shares and redeemable preference shares paid or declared by the Bank since 31 December 2008 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2008:	
Interim gross dividend of 6.72 sen per redeemable preference share,	
less 25% income tax, paid on 18 March 2009	<b><u>150,000</u></b>

The Directors do not recommend the payment of any final dividend for the financial year 31 December 2009.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2009 (Continued)**

### **Reserves, provisions and allowances**

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the Financial Statements and notes to the Financial Statements.

### **Bad and doubtful debts, and financing**

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing, and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the Financial Statements of the Group and the Bank, inadequate to any substantial extent.

### **Current assets**

Before the Financial Statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the Financial Statements of the Group and the Bank misleading.

### **Valuation methods**

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2009 (Continued)**

### **Contingent and other liabilities**

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and its subsidiaries to meet their obligations when they fall due.

### **Change of circumstances**

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Group and of the Bank, that would render any amount stated in the Financial Statements misleading.

### **Items of an unusual nature**

In opinion of the Directors:

- (a) the results of the Group's and the Bank's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 49 and 55 to the Financial Statements; and
- (b) except as disclosed in Note 50 to the Financial Statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Bank for the financial year in which this Report is made.

## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2009 (Continued)**

#### **Directors**

The names of the Directors of the Bank in office since the date of the last Report and at the date of this Report are:

##### **Directors**

Tan Sri Dato' Seri Haidar bin Mohamed Nor

Dato' Sri Mohamed Nazir bin Abdul Razak

Tan Sri G.K. Rama Iyer

Dato' Dr. Mohamad Zawawi bin Ismail

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

Dato' Zainal Abidin bin Putih

Dato' Mohd Shukri bin Hussin

Dato' Seri Yeap Leong Huat

Dato' Dr. Gan Wee Beng

Sulaiman bin Mohd Tahir

Tunku Dato' Ahmad Burhanuddin

(appointed on 1 October 2009)

(resigned on 30 September 2009)

In accordance with Article 97 of the Bank's Articles of Association, Dato' Seri Yeap Leong Huat, Datuk Dr. Syed Muhamad bin Syed Abdul Kadir and Dato' Sri Mohamed Nazir bin Abdul Razak retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Seri Haidar bin Mohamed Nor and Tan Sri G.K. Rama Iyer who are above the age of seventy (70) years, retire from the Board at the Annual General Meeting pursuant to Section 129 of the Companies Act, 1965. Under Section 129(6) of the Companies Act, 1965 it is proposed to pass a resolution to re-elect them as Directors of the Bank to hold office until the next Annual General Meeting of the Bank.

# CIMB Bank Berhad

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## Directors' Report for the financial year ended 31 December 2009 (Continued)

### Directors' interests in shares and share options

According to the Register of Directors' Shareholdings, the beneficial interests of the Directors who held office at the end of the financial year in the shares and share options of the ultimate holding company during the financial year are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January	Acquired	Disposed	As at 31 December
<b>Ultimate holding company</b>				
<b>CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad ("CIMB Group"))</b>				
Tan Sri G.K. Rama Iyer**	25,812	-	-	25,812
Dato' Dr. Mohamad Zawawi bin Ismail	4,000	-	(4,000)	-
Dato' Sri Mohamed Nazir bin Abdul Razak^	27,953,261	-	(490,000)	27,463,261
Dato' Mohd Shukri bin Hussin	300,112	-	-	300,112
Tunku Dato' Ahmad Burhanuddin	182,000	-	-	182,000
Dato' Zainal Abidin bin Putih#	55,000	-	-	55,000
Dato' Seri Yeap Leong Huat	-	111,000	-	111,000
<b>Centurion Investments Sdn Bhd</b>				
<b>Indirect Interest</b>				
Dato' Seri Yeap Leong Huat*	200,000	-	(200,000)	-
<b>Emerald Lodge Sdn Bhd</b>				
<b>Indirect Interest</b>				
Dato' Seri Yeap Leong Huat*	-	100,000	-	100,000

Note: Includes shareholding of spouse/child, details of which are as follows:

	Number of ordinary shares of RM1 each			
	As at 1 January	Acquired	Disposed	As at 31 December
** Puan Sri Vijayalakshmi a/p Krishnaswamy	18,812	-	-	18,812
** Ganapathy Srihari a/l Rama Iyer	6,000	-	-	6,000
^ Datin Sri Azlina binti Abdul Aziz	4,000,000	-	-	4,000,000
# Datin Jasmine binti Abdullah Heng	10,000	-	-	10,000
# Mohamad Ari Zulkarnain bin Zainal Abidin	5,000	-	-	5,000
*Daryl Yeap Liew Sym	24,000	-	(24,000)	-

None of the other Directors in office at the end of the financial year had any interest in the shares and share options of the Bank, the holding company, the ultimate holding company and the Bank's related companies.

# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2009 (Continued)**

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors shown in **Note 42** to the Financial Statements or the fixed salary as a full time employee of the Bank) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Bank is a party with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than share options of the ultimate holding company.



# **CIMB Bank Berhad**

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## **Directors' Report for the financial year ended 31 December 2009 (Continued)**

### **2009 Business Plan And Strategy**

To date, CIMB Bank's profitability has been resilient, despite weak economic conditions and intense competition as management's efforts to grow CIMB into an established full-fledged market leading regional banking franchise has brought about significant cross border value enhancement.

CIMB Bank has strengthened its risk management practices to maintain the credit quality of its loan portfolios, improve cost efficiencies and ensure liquidity and capital positions stay strong. During the year, CIMB Bank has also progressively increased its provision and core capital to improve protection against potential losses in an uncertain environment.

CIMB Bank will continue to focus on developing and strengthening its distribution capabilities and invest in human capital to ensure that the Group is well positioned to exploit opportunities in the financial markets.

### **Outlook for 2010**

The entry of new foreign players under Phase 3 of the Financial Sector Master Plan will increase the intensity of competition in the banking industry. The more intense competitive landscape over the longer term is expected to enhance the industry's efficiency and competitiveness. This could, however, have negative implications on margins and the smaller banks that do not have the benefit of scale and niche expertise, and which may see their profits and growth compromised over the longer term.

With increasing competition arising from deregulation and globalisation, CIMB Bank aims to be a provider of differentiated solutions to clients not only in Malaysia, but across the region. An entrenched regional presence and distribution network on top of our already established regional banking franchise should create multiple opportunities, especially with regard to enlarging our customer base.

Moving forward, CIMB Bank aims to remain competitive in seizing new opportunities in the market and will continue to expand its activities regionally in Southeast Asia.

# CIMB Bank Berhad

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## Directors' Report for the financial year ended 31 December 2009 (Continued)

### Ratings by External Rating Agencies

Details of the ratings of the Bank and its debt securities are as follows:

Rating Agency	Rating Classification	Definition
Rating Agency Malaysia Berhad Date accorded: November 2009	Long Term Rating : AAA Short Term Rating : P1 Outlook : Stable	Indicates a superior capacity to meet its financial obligations.
Malaysian Rating Corporation Berhad Date accorded: December 2009	Long Term Rating : AA+ Short Term Rating : MARC-1 Outlook : Stable	Indicates very strong capacity to meet its financial commitments and ability to withstand adversity. The institution also possesses a good track record and has no readily apparent weaknesses.
Moody's Investors Services Ltd Date accorded: July 2009	Long Term Rating: A3 Long Term Subordinated Debt : Baa1 Short Term Rating : P-1 Outlook : Stable	Indicates good credit quality. However, elements may be present that suggest a susceptibility to impairment over the long term.
Fitch Ratings Ltd Date accorded: July 2009	Long Term Ratings: BBB+ Long Term Subordinated Debt : BBB Short Term Rating : F2 Outlook : Stable	Indicates currently low expectation of credit risk. Capacity for timely payment of financial commitment is adequate. However, adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
Standard & Poor's Rating Agency Date accorded: December 2009	Long Term Rating: BBB+ Short Term Rating : A-2 Outlook : Stable	Indicates adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

# **CIMB Bank Berhad**

(Incorporated in Malaysia)

## **Directors' Report for the financial year ended 31 December 2009 (Continued)**

### **Shariah Committee**

All the Islamic banking businesses of the CIMB Group come under the purview of the CIMB Islamic Shariah Committee, which resides at CIMB Islamic Bank Berhad ("CIMB Islamic").

As per BNM/GPS1 (Guideline on the Governance of Shariah Committee for Islamic Financial Institutions), the Shariah Committee advises the Group on the operations of its Islamic banking business to ensure that the Group is not involved in any elements/activities which are not approved under Shariah. In advising on such matters, the Shariah Committee also considers the views of the Shariah Council/Committees of relevant authorities like Bank Negara Malaysia and the Securities Commission on issues relating to the activities and operations of Islamic banking and financing.

Composition of the Shariah Committee:

1. Sheikh Professor Dr. Mohammad Hashim Kamali (Chairman)
2. Sheikh Nedham Muhammad Seleh Yaqooby
3. Sheikh Dr. Haji Mohd Nai'm bin Haji Mokhtar
4. Sheikh Associate Professor Dr. Shafaa Bin Musa
5. Sheikh Dr. Yousef Abdullah Al Shubaily
6. The late Sheikh Dr. Haji Zainudin bin Jaffar (until 25 October 2009)

### **Zakat obligations**

CIMB Islamic is obliged to pay business zakat to comply with the principles of Shariah. CIMB Islamic does not pay zakat on behalf of the shareholders or depositors.

### **Significant events during the financial year**

Significant events during the financial year are disclosed in Note 49 to the Financial Statements.

### **Subsequent events after the financial year**

Significant subsequent events after the financial year are disclosed in Note 50 to the Financial Statements.

## **CIMB Bank Berhad**

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### **Directors' Report for the financial year ended 31 December 2009 (Continued)**

#### **Ultimate holding company**

The Directors regard CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad), a quoted company incorporated in Malaysia, as the Bank's ultimate holding company.

#### **Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

**Tan Sri Dato' Seri Haidar bin Mohamed Nor**  
Director

**Sulaiman bin Mohd Tahir**  
Director

Kuala Lumpur  
30 March 2010