

Company No: 13491-P

CIMB Bank Berhad

(Incorporated in Malaysia)

**Reports and Financial Statements
for the financial year ended 31 December 2011**

CIMB Bank Berhad

(Incorporated in Malaysia)

Reports and Financial Statements for the financial year ended 31 December 2011

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Directors' Report for the financial year ended 31 December 2011

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and CIMB Bank Berhad ("CIMB Bank" or "the Bank") for the financial year ended 31 December 2011.

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

	The Group RM'000	The Bank RM'000
Profit after taxation attributable to:		
- Owners of the Parent	2,725,882	2,674,531
- Non-controlling interests	<u>9,599</u>	<u>-</u>
	<u>2,735,481</u>	<u>2,674,531</u>

Dividends

The dividends on redeemable preference shares paid or declared by the Bank since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010:	
2nd gross interim dividend of 26.94 sen per redeemable preference share, less 25% income tax, paid on 28 March 2011	<u>600,903</u>
In respect of the financial year ended 31 December 2011:	
Interim gross dividend of 40.35 sen per redeemable preference share, less 25% income tax, paid on 26 September 2011	<u>900,000</u>

The Directors have proposed a second net interim dividend of RM827,000,000 comprising approximately 4.17 sen per share less 25% income tax on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM93,000,000 and single tier dividend of approximately 19.50 sen per share on 3,764,468,517 ordinary shares of RM1.00 each, amounting to RM734,000,000 in respect of the financial year ended 31 December 2011. The second interim dividend was approved by the Board of Directors in a resolution dated 19 January 2012.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

Dividends (Continued)

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2011.

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 of 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 and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of 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 of the Bank misleading.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

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 of the Bank misleading or inappropriate.

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 in the Group or the Bank 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 Note 55 to the Financial Statements; and
- (b) 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.

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Directors' Report for the financial year ended 31 December 2011 (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

Dato' Zainal Abidin bin Putih

Dato' Sri Mohamed Nazir bin Abdul Razak

Tan Sri G.K. Rama Iyer

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

Dato' Seri Yeap Leong Huat

Dato' Dr. Gan Wee Beng

Dato' Sulaiman bin Mohd Tahir

Tan Sri Dato' Seri Haidar bin Mohamed Nor (resigned on 12 April 2011)

Dato' Dr. Mohamad Zawawi bin Ismail (resigned on 8 October 2011)

Dato' Mohd Shukri bin Hussin (resigned on 31 December 2011)

Mr. Joseph Dominic Silva (appointed on 6 December 2011)

Puan Rosnah Kamarul Zaman (appointed on 19 January 2012)

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

Tan Sri G.K Rama Iyer had notified the Bank that he will not be seeking re-appointment at the forthcoming AGM and accordingly will retire at the conclusion of the forthcoming AGM pursuant to Section 129(2) of the Companies Act, 1965.

In accordance with Article 102 of the Bank's Articles of Association, Mr. Joseph Dominic Silva and Puan Rosnah Kamarul Zaman will retire from the Board at the forthcoming AGM and being eligible, offer themselves for re-election.

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**Directors' Report
for the financial year ended 31 December 2011 (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 31 December
	As at 1 January	Acquired/ Granted	Disposed	
Ultimate holding company				
CIMB Group Holdings Berhad ("CIMB Group")				
Tan Sri G.K. Rama Iyer**	51,624	-	-	51,624
Dato' Sri Mohamed Nazir bin Abdul Razak^	54,926,522	469,353	-	55,395,875
Dato' Zainal Abidin bin Putih#	110,000	-	-	110,000
Dato' Seri Yeap Leong Huat	210,000	-	-	210,000
Dato' Sulaiman bin Mohd Tahir	-	35,810	-	35,810
Emerald Lodge Sdn Bhd				
Indirect Interest				
Dato' Seri Yeap Leong Huat	200,000	-	-	200,000

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

	Number of ordinary shares of RM1 each			As at 31 December
	As at 1 January	Acquired/ Granted	Disposed	
** Puan Sri Vijayalakshmi a/p Krishnaswamy	37,624	-	-	37,624
** Ganapathy Srihari a/l Rama Iyer	12,000	-	-	12,000
^ Dato' Azlina binti Abdul Aziz	8,000,000	-	-	8,000,000
# Datin Jasmine binti Abdullah Heng	20,000	-	-	20,000
# Mohamad Ari Zulkarnain bin Zainal Abidin	10,000	-	-	10,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in the shares and share options of the Bank, the holding company, the ultimate holding company and the Bank's related companies during the financial year.

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Directors' Report for the financial year ended 31 December 2011 (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 41 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 other than the Management Equity Scheme and Equity Ownership Plan of the ultimate holding company (see Note 40 to the Financial Statements) as disclosed in this Report.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

2011 Business Plan And Strategy

During the year, the Group streamlines its management structures, improve internal efficiencies and enhance customer focus. With this, the Bank has also unveiled a number of strategies that are aimed at improving customer-centricity and cross-selling in order to achieve increased margins and win rates, increased share of wallet or deal size, and improved customer retention.

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

Outlook for 2012

The operating environment will be different to that of 2011 as we expect slower economic growth and more volatile capital markets. The local banking industry is changing with a competitive landscape and challenging global macroeconomic environment.

The 10-year Financial Sector Blueprint is now in place to ensure a more competitive, diversified and dynamic financial sector for the future. The blueprint is designed to take Malaysia's financial sector to the next level to make it inclusive and fully integrated within the regional and international financial system.

The Bank will continue to leverage on its strong brand name and its strength to provide integrated solutions to its clients. Moving forward, the Bank aims to remain competitive in seizing new opportunities in the market and will continue to expand its activities regionally in Southeast Asia.

The Bank believes that it has an entrenched leadership position in various customer and product segments, market expertise, effective leadership and considerable strong brand franchise in facing upcoming challenges.

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Directors' Report for the financial year ended 31 December 2011 (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: July 2011	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: Nov 2011	Long Term Rating : AAA Short Term Rating : MARC-1 Outlook : Stable	Indicates a superior capacity to meet its financial obligations.
Fitch Ratings Ltd Date accorded: July 2011	Long Term Ratings: BBB+ Long Term Deposit Notes: A- 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.
Moody's Investor Service Date accorded: September 2011	Long Term Rating: A3 Short Term Rating : P-1 Outlook : Stable	Indicates low expectation of credit risk.
Standard & Poor's Rating Agency Date accorded: December 2011	Long Term Rating: A- Short Term Rating : A-2 Outlook : Stable	Indicates strong capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are likely to lead to a weakened capacity of the obligor to meet its financial commitments.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

Shariah Committee

All the Islamic banking businesses of 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 permissible under Shariah. In advising on such matters, the Shariah Committee also considers the views of the Shariah Advisory 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. Shafaai bin Musa
5. Sheikh Dr. Yousef Abdullah Al Shubaily
6. Professor Dr. Noor Inayah Yaakub (Appointed on 1 April 2011)

Zakat obligations

The obligation and responsibility for payment of Zakat lies with the Muslim shareholders of the Bank and its subsidiaries (if any), the Muslim shareholders of the Bank's Ultimate Holding Company as well as the Muslim depositors of the Bank. The aforesaid is subject to the jurisdictional requirements on Zakat payment as may be applicable from time to time arising from local legislation, regulation, law or market convention as the case may be. Accrual of Zakat expenses (if any) in the financial statement of the Bank is reflective of this.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 48 to the Financial Statements.

Subsequent events after the financial year end

Subsequent events after the financial year end are disclosed in Note 49 to the Financial Statements.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

Statement of Directors' Responsibility

In preparing the Financial Statements, the Directors have ensured that the Malaysian Accounting Standards Board (MASB) Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Bank Negara Malaysia Guidelines, and the provisions of the Companies Act, 1965 have been complied with and reasonable and prudent judgements and estimates have been made.

It is the responsibility of the Directors to ensure that the financial statements of the Group and the Bank present a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2011 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Directors have also overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Bank and for the implementation and continued operation of adequate accounting and internal control systems for the prevention and detection of fraud and other irregularities. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group and the Bank manage the risk of failure to achieve business.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 12 of the Directors' Report.

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Directors' Report for the financial year ended 31 December 2011 (Continued)

Ultimate holding company

The Directors regard CIMB Group 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.

Dato' Zainal Abidin bin Putih

Director

Dato' Sulaiman bin Mohd Tahir

Director

Kuala Lumpur

12 March 2012

CIMB Bank Berhad

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

We, Dato' Zainal Abidin bin Putih and Dato' Sulaiman bin Mohd Tahir, being two of the Directors of CIMB Bank Berhad, hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 16 to 322 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2011 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date, in accordance with the provisions of the Companies Act, 1965, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and Bank Negara Malaysia Guidelines.

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

Dato' Zainal Abidin bin Putih
Director

Dato' Sulaiman bin Mohd Tahir
Director

Kuala Lumpur
12 March 2012

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

I, Kim Kenny, being the officer primarily responsible for the financial management of CIMB Bank Berhad, do solemnly and sincerely declare the Financial Statements set out on pages 16 to 322 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Kim Kenny

Subscribed and solemnly declared by the abovenamed Kim Kenny at Kuala Lumpur before me, on 12 March 2012.

Commissioner for Oaths

Independent Auditors' Report to the members of CIMB Bank Berhad

(Incorporated in Malaysia)
(Company No: 13491-P)

Report on the Financial Statements

We have audited the Financial Statements of CIMB Bank Berhad, on pages 16 to 322, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Bank, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Bank for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 57.

Directors' Responsibility for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Independent Auditors' Report to the members of CIMB Bank Berhad (Continued)

(Incorporated in Malaysia)
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Report on the Financial Statements (continued)

Opinion

In our opinion, the Financial Statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Bank Negara Malaysia Guidelines and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the Financial Statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the members of CIMB Bank Berhad (Continued)

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Other Matters

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

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Soo Hoo Khoon Yean
(No. 2682/10/13(J))
Chartered Accountant

Kuala Lumpur
12 March 2012

CIMB Bank Berhad

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Statements of Financial Position as at 31 December 2011

	Note	The Group		The Bank	
		2011	2010	2011	2010
Assets		RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	2	28,241,623	20,847,989	20,783,513	12,911,193
Reverse repurchase agreements		3,957,059	3,504,914	3,957,059	2,475,591
Deposits and placements with banks and other financial institutions	3	4,045,865	9,641,391	10,848,583	16,083,982
Financial assets held for trading	4	12,627,696	14,458,911	9,471,491	11,814,976
Derivative financial instruments	24	4,135,377	3,500,891	4,080,924	3,262,534
Financial investments available-for-sale	5	11,087,595	8,920,018	9,045,681	7,377,258
Financial investments held-to-maturity	6	14,630,170	13,511,190	11,577,838	11,185,993
Loans, advances and financing	7	139,509,675	124,252,042	99,222,358	90,816,549
Other assets	8	2,092,419	2,481,123	1,631,450	1,905,843
Tax recoverable		2,464	2,084	-	-
Deferred taxation	9	-	-	6,266	22,096
Statutory deposits with central banks	10	5,082,585	1,410,155	3,812,297	954,023
Investment in subsidiaries	11	-	-	4,737,731	4,526,972
Investment in jointly controlled entity	12	149,208	139,849	125,000	125,000
Investment in associates	13	589,816	382,248	392,802	298,116
Amount due from holding company and ultimate holding company	14	29,138	29,193	285	340
Amounts due from subsidiaries	15	-	-	456,073	84,317
Amounts due from related companies	16	1,673,748	2,259,363	1,671,621	2,239,775
Goodwill	17	4,899,904	4,923,428	3,555,075	3,555,075
Intangible assets	18	721,647	574,064	676,428	530,362
Prepaid lease payments	19	1,964	2,341	-	-
Property, plant and equipment	20	906,185	947,155	487,730	541,555
Investment properties	21	8,653	61,217	-	52,858
		234,392,791	211,849,566	186,540,205	170,764,408
Non-current assets/disposal groups held for sale	54	17,248	59,050	5,043	58,614
Total assets		234,410,039	211,908,616	186,545,248	170,823,022
Liabilities					
Deposits from customers	22	176,478,016	159,640,697	131,569,745	121,553,069
Deposits and placements of banks and other financial institutions	23	13,873,413	14,652,435	18,519,277	18,468,654
Repurchase agreements		1,083,039	33,087	1,083,039	33,087
Derivative financial instruments	24	4,087,789	3,711,140	3,778,176	3,423,815
Bills and acceptances payable		6,771,502	4,077,611	3,291,625	2,252,722
Amount due to Caqamas Berhad		-	107,523	-	107,523
Amounts due to subsidiaries	15	-	-	50,013	310,381
Amounts due to related companies	16	6,444	6,751	-	841
Other liabilities	25	3,196,860	3,637,462	2,559,744	2,731,046
Provision for taxation and Zakat		301,868	39,071	301,254	41,679
Deferred taxation	9	14,610	1,019	-	-
Bonds	26	-	423,982	-	-
Other borrowings	27	462,720	925,050	462,720	-
Subordinated obligations	28	8,243,955	6,098,269	7,930,808	6,159,081
Redeemable preference shares	29(a)	741,429	706,879	-	-
Total liabilities		215,261,645	194,060,976	169,546,401	155,081,898

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**Statements of Financial Position
as at 31 December 2011 (Continued)**

	Note	The Group		The Bank	
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Equity					
Capital and reserves attributable to owners of the Parent					
Ordinary share capital	30	3,764,469	3,764,469	3,764,469	3,764,469
Reserves	32	14,875,250	13,571,938	13,004,638	11,746,915
		18,639,719	17,336,407	16,769,107	15,511,384
Perpetual preference shares	31	200,000	200,000	200,000	200,000
Redeemable preference shares	29(b)	29,740	29,740	29,740	29,740
Non-controlling interests		278,935	281,493	-	-
Total equity		19,148,394	17,847,640	16,998,847	15,741,124
Total equity and liabilities		234,410,039	211,908,616	186,545,248	170,823,022
Commitments and contingencies	24	407,043,765	339,983,774	370,723,140	305,702,131
Net assets per ordinary share (RM)		4.95	4.61	4.45	4.12

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**Statements of Income
for the financial year ended 31 December 2011**

		The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income	34	7,655,001	6,902,714	7,076,636	6,419,587
Interest expense	35	(3,438,638)	(2,669,348)	(3,149,992)	(2,504,042)
Net interest income		4,216,363	4,233,366	3,926,644	3,915,545
Income from Islamic banking operations	56	1,304,990	1,136,307	19,139	11,397
Net non-interest income	36	2,018,946	1,836,420	2,462,513	1,690,764
Net income		7,540,299	7,206,093	6,408,296	5,617,706
Overheads	37	(3,855,601)	(3,988,676)	(2,936,915)	(3,196,376)
Profit before allowances		3,684,698	3,217,417	3,471,381	2,421,330
Allowances for impairment losses on loans, advances and financing	38	(340,617)	(323,477)	(233,275)	(275,433)
Allowances for losses on other receivables		(3,551)	(3,189)	(3,143)	(752)
Allowances for commitments and contingencies written-back/(made)	25(c)	19,220	(13,348)	18,818	(12,333)
Allowances for other impairment losses (made)/written-back	39	(70,478)	10,390	(67,488)	219,916
Profit after allowances		3,289,272	2,887,793	3,186,293	2,352,728
Share of results of jointly controlled entity	12	9,359	10,449	-	-
Share of results of associates	13	99,033	60,530	-	-
Profit before taxation		3,397,664	2,958,772	3,186,293	2,352,728
Taxation	42	(662,183)	(593,882)	(511,762)	(453,312)
Profit after taxation		2,735,481	2,364,890	2,674,531	1,899,416
Profit for the financial period attributable to :					
Owners of the Parent		2,725,882	2,356,680	2,674,531	1,899,416
Non-controlling interests		9,599	8,210	-	-
		2,735,481	2,364,890	2,674,531	1,899,416
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	43	72.41	62.60	71.05	50.46

CIMB Bank Berhad

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**Statements of Comprehensive Income
for the financial year ended 31 December 2011**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	2,735,481	2,364,890	2,674,531	1,899,416
Other comprehensive income:				
Revaluation reserve-financial investments available-for-sale	49,153	88,123	59,134	51,577
- Net gain from change in fair value	218,366	165,048	195,895	91,782
- Realised gain transferred to statement of income on disposal and impairment	(148,960)	(69,978)	(117,631)	(36,090)
- Income tax effects	(20,192)	(5,744)	(19,130)	(4,115)
- Currency translation difference	(61)	(1,203)	-	-
Net investment hedge	(59,404)	239,252	(59,404)	239,252
Cash flow hedge				
- Net gain from change in fair value	226	-	226	-
Exchange fluctuation reserve	42,533	(253,874)	54,018	(15,321)
Share of other comprehensive income of associate	13,849	-	-	-
Other comprehensive income for the year, net of tax	46,357	73,501	53,974	275,508
Total comprehensive income for the financial year	2,781,838	2,438,391	2,728,505	2,174,924
Total comprehensive income attributable to:				
Owners of the Parent	2,772,568	2,427,420	2,728,505	2,174,924
Non-controlling interests	9,270	10,971	-	-
	2,781,838	2,438,391	2,728,505	2,174,924

CIMB Bank Berhad

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**Statements of Changes in Equity
for the financial year ended 31 December 2011**

The Group	← Attributable to owners of the Parent →																
	Note	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment		Regulatory reserve	Retained profits	Perpetual preference shares	Non-controlling interests	Total Equity
		Share capital	Preference Shares								RM'000	RM'000					
At 1 January 2011																	
- 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	55	-	-	-	-	-	-	-	-	-	238,906	-	(238,906)	-	-	-	-
As restated		3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	238,906	117,595	4,094,495	17,366,147	200,000	281,493	17,847,640
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,725,882	2,725,882	-	9,599	2,735,481
Other comprehensive income (net of tax)		-	-	-	-	50,214	62,843	-	-	(59,178)	(7,193)	-	-	46,686	-	(329)	46,357
- financial investments available-for-sale		-	-	-	-	-	48,994	-	-	-	-	-	-	48,994	-	159	49,153
- net investment hedge		-	-	-	-	-	-	-	-	(59,404)	-	-	-	(59,404)	-	-	(59,404)
- cash flow hedge		-	-	-	-	-	-	-	-	226	-	-	-	226	-	-	226
- currency translation difference		-	-	-	-	50,214	-	-	-	-	(7,193)	-	-	43,021	-	(488)	42,533
- share of other comprehensive income of associate		-	-	-	-	-	13,849	-	-	-	-	-	-	13,849	-	-	13,849
Total comprehensive income for the year		-	-	-	-	50,214	62,843	-	-	(59,178)	(7,193)	-	2,725,882	2,772,568	-	9,270	2,781,838
Transfer to statutory reserve		-	-	-	167,866	-	-	-	-	-	-	-	(167,866)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	373,032	(373,032)	-	-	-	-
Second interim dividend for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	-	(600,903)
Interim dividend for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(900,000)	(900,000)	-	-	(900,000)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(921)	(921)
Share-based payment expense		-	-	-	-	-	-	-	-	-	39,275	-	-	39,275	-	-	39,275
Arising from capital reduction of equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,907)	(10,907)
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(7,628)	-	-	(7,628)	-	-	(7,628)
At 31 December 2011		3,764,469	29,740	5,033,633	4,294,435	(163,485)	451,876	(1,085,928)	735,457	76,699	263,360	490,627	4,778,576	18,669,459	200,000	278,935	19,148,394

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Statements of Changes in Equity for the financial year ended 31 December 2011 (Continued)

The Group	Attributable to owners of the Parent															Total Equity RM'000	
	Note	Share capital RM'000	Redeemable		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	Share-based		Regulatory reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000		Non-controlling interests RM'000
			Preference Shares RM'000	Share premium RM'000							payment reserve RM'000	Reserve RM'000					
At 1 January 2010																	
- 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	55	-	-	-	-	-	-	-	-	-	224,902	-	(224,902)	-	-	-	-
As restated		3,764,469	29,740	5,033,633	3,587,568	41,154	302,692	(1,085,928)	735,457	(103,375)	224,902	-	3,733,494	16,263,806	200,000	253,786	16,717,592
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,356,680	2,356,680	-	8,210	2,364,890
Other comprehensive income (net of tax)		-	-	-	-	(254,853)	86,341	-	-	239,252	-	-	-	70,740	-	2,761	73,501
- financial investments available-for-sale		-	-	-	-	-	86,341	-	-	-	-	-	-	86,341	-	1,782	88,123
- net investment hedge		-	-	-	-	-	-	-	-	239,252	-	-	-	239,252	-	-	239,252
- currency translation difference		-	-	-	-	(254,853)	-	-	-	-	-	-	-	(254,853)	-	979	(253,874)
Total comprehensive income for the year		-	-	-	-	(254,853)	86,341	-	-	239,252	-	-	2,356,680	2,427,420	-	10,971	2,438,391
Transfer to statutory reserve		-	-	-	539,001	-	-	-	-	-	-	-	(539,001)	-	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	117,595	(117,595)	-	-	-	-
Interim and special dividends for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(1,339,083)	(1,339,083)	-	-	(1,339,083)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,799)	(3,799)
Share-based payment expense		-	-	-	-	-	-	-	-	-	14,004	-	-	14,004	-	-	14,004
Rights issue of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,535	20,535
At 31 December 2010		3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	238,906	117,595	4,094,495	17,366,147	200,000	281,493	17,847,640

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**Statements of Changes in Equity
for the financial year ended 31 December 2011 (Continued)**

The Bank	Note	Non-distributable										Distributable				Total Equity RM'000
		Share capital RM'000	Redeemable		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	Share-based payment reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	Perpetual preference shares RM'000		
			Preference Shares RM'000	Share premium RM'000											Total	
At 1 January 2011																
- 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	15,541,124	200,000	15,741,124
- Effect of adopting Amendments to FRS 2	55	-	-	-	-	-	-	-	-	-	215,059	-	(215,059)	-	-	-
As restated		3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	215,059	110,190	2,310,697	15,541,124	200,000	15,741,124
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	2,674,531	2,674,531	-	2,674,531
Other comprehensive income (net of tax)		-	-	-	-	53,917	59,134	-	-	(59,178)	101	-	-	53,974	-	53,974
- financial investments available-for-sale		-	-	-	-	-	59,134	-	-	-	-	-	-	59,134	-	59,134
- net investment hedge		-	-	-	-	-	-	-	-	(59,404)	-	-	-	(59,404)	-	(59,404)
- cash flow hedge		-	-	-	-	-	-	-	-	226	-	-	-	226	-	226
- currency translation difference		-	-	-	-	53,917	-	-	-	-	101	-	-	54,018	-	54,018
Total comprehensive income for the year		-	-	-	-	53,917	59,134	-	-	(59,178)	101	-	2,674,531	2,728,505	-	2,728,505
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	321,324	(321,324)	-	-	-
Second interim dividend for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	(600,903)
Interim dividend for the financial year ended 31 December 2011	44	-	-	-	-	-	-	-	-	-	-	-	(900,000)	(900,000)	-	(900,000)
Share-based payment expense		-	-	-	-	-	-	-	-	-	37,552	-	-	37,552	-	37,552
Shares released under Equity Ownership Plan		-	-	-	-	-	-	-	-	-	(7,431)	-	-	(7,431)	-	(7,431)
At 31 December 2011		3,764,469	29,740	5,033,633	3,964,469	7,384	383,677	(1,047,872)	746,852	76,699	245,281	431,514	3,163,001	16,798,847	200,000	16,998,847

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Statements of Changes in Equity for the financial year ended 31 December 2011 (Continued)

The Bank	Note	Non-distributable										Distributable				
		Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve-financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Share-based payment reserve	Regulatory reserve	Retained profits	Perpetual preference shares	Total Equity	
		Share capital	Preference Shares													Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2010																
- 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	14,692,143	200,000	14,892,143
- Effect of adopting Amendments to FRS 2	55	-	-	-	-	-	-	-	-	-	201,919	-	(201,919)	-	-	-
As restated		3,764,469	29,740	5,033,633	3,541,277	(31,212)	272,966	(1,047,872)	746,852	(103,375)	201,919	-	2,283,746	14,692,143	200,000	14,892,143
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	-	1,899,416	1,899,416	-	1,899,416
Other comprehensive income (net of tax)		-	-	-	-	(15,321)	51,577	-	-	239,252	-	-	-	275,508	-	275,508
- financial investments available-for-sale		-	-	-	-	-	51,577	-	-	-	-	-	-	51,577	-	51,577
- net investment hedge		-	-	-	-	-	-	-	-	239,252	-	-	-	239,252	-	239,252
- currency translation difference		-	-	-	-	(15,321)	-	-	-	-	-	-	-	(15,321)	-	(15,321)
Total comprehensive income for the year		-	-	-	-	(15,321)	51,577	-	-	239,252	-	-	1,899,416	2,174,924	-	2,174,924
Transfer to statutory reserve		-	-	-	423,192	-	-	-	-	-	-	-	(423,192)	-	-	-
Transfer to regulatory reserve		-	-	-	-	-	-	-	-	-	-	110,190	(110,190)	-	-	-
Interim and special dividends for the financial year ended 31 December 2010	44	-	-	-	-	-	-	-	-	-	-	-	(1,339,083)	(1,339,083)	-	(1,339,083)
Share-based payment expense		-	-	-	-	-	-	-	-	-	13,140	-	-	13,140	-	13,140
At 31 December 2010		3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	215,059	110,190	2,310,697	15,541,124	200,000	15,741,124

CIMB Bank Berhad

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**Statements of Cash Flows
for the financial year ended 31 December 2011**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	3,397,664	2,958,772	3,186,293	2,352,728
Adjustments for:				
Depreciation of property, plant and equipment	197,973	212,049	154,772	167,162
Amortisation of intangible assets	149,949	131,247	130,950	112,575
Amortisation of prepaid lease payments	306	340	-	-
Gain on disposal of property, plant and equipment/ assets held for sale	(7,115)	(178,160)	(1,717)	(145,685)
Gain on disposal of prepaid lease payments	(99)	(511)	-	-
Gain on disposal of investment properties	-	(1,258)	-	-
Loss/(gain) on disposal of foreclosed properties	20,070	1,045	(1,293)	261
Fair value gain on investment properties	(1,842)	(8,632)	-	(8,632)
Net gain from disposal of financial investments available-for-sale	(208,661)	(69,978)	(184,013)	(36,090)
Net gain from disposal of financial investments held-to-maturity	(76,864)	(104,278)	(75,980)	(104,278)
Net loss from hedging derivatives	12,639	62,569	12,121	61,470
Net loss from fair value hedge on redeemable preference shares	9,313	25,882	-	-
Unrealised loss from revaluation of financial assets held for trading	45,090	39,690	42,234	36,275
Unrealised gain from revaluation of derivative financial instruments	(341,871)	(42,199)	(346,903)	(49,211)
Unrealised gain on foreign exchange	(191,780)	(472,398)	(150,662)	(456,876)
Allowances for bad and doubtful debts and financing	676,088	659,799	435,456	471,261
Allowance for other impairment losses made/(written-back) on securities	72,987	(9,838)	(71,869)	(12,891)
Allowance for losses on other receivables	3,551	3,189	3,143	752
Writeback for impairment loss in subsidiaries	-	-	(4,381)	(206,473)
Write-back of impairment loss in jointly controlled entity	-	(552)	-	(552)
Interest income on financial investments available-for-sale	(333,400)	(310,994)	(315,032)	(300,571)
Interest income on financial investments held-to-maturity	(560,831)	(540,221)	(519,583)	(495,982)
Interest expense on subordinated obligations	283,661	192,382	304,869	205,773
Interest expense on redeemable preference shares	40,506	42,646	-	-
Interest expense on other borrowings	74,167	18,578	1,236	-
Accretion of discount less amortisation of premium	(165,237)	186,757	(166,781)	201,112
Gain on disposal of subsidiaries	-	(15,349)	-	-
Loss on disposal of associate	-	2,265	-	-
Dividend income	(65,396)	(47,988)	(807,729)	(109,987)
Allowances for commitments and contingencies (written-back)/made	(19,220)	13,348	(18,818)	12,333
Share-based payment expense	39,275	14,004	37,552	13,140
Share of profits of jointly controlled entity	(9,359)	(10,449)	-	-
Share of profits of associates	(99,033)	(60,530)	-	-
	2,942,531	2,691,227	1,643,865	1,707,614

CIMB Bank Berhad

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**Statements of Cash Flows
for the financial year ended 31 December 2011 (Continued)**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(Increase)/decrease in operating assets				
Reverse repurchase agreements	(452,145)	756,037	(1,481,468)	381,865
Deposits and placements with banks and other financial institutions	5,595,526	(6,238,795)	5,235,399	(4,149,704)
Financial assets held for trading	1,880,556	(789,224)	2,395,682	(1,822,124)
Loans, advances and financing	(15,789,019)	(14,162,323)	(8,687,813)	(9,163,985)
Amount due from holding company and ultimate holding company	55	17,929	55	14,506
Amount due from subsidiaries	-	-	(371,756)	43,747
Amount due from related companies	585,615	819,968	568,154	835,727
Other assets	654,583	(502,158)	494,471	(360,483)
Statutory deposits with central banks	(3,672,430)	(568,298)	(2,858,274)	(292,040)
Increase/(decrease) in operating liabilities				
Deposits from customers	16,837,319	12,768,352	10,016,676	7,103,158
Deposits and placements of banks and other financial institutions	(779,021)	471,489	50,623	835,257
Repurchase agreements	1,049,952	(532,010)	1,049,952	33,087
Derivative financial instruments	64,353	489,232	(136,666)	348,844
Bills and acceptances payable	2,693,891	2,222	1,038,903	(573,443)
Amount due to Cagamas Berhad	(107,523)	(228,089)	(107,523)	(228,089)
Amount due to holding company and ultimate holding company	(38,147)	(55,439)	-	-
Amount due to subsidiaries	-	-	(260,368)	191,713
Amount due to related companies	(307)	(2,959)	(841)	16,138
Other liabilities	(410,631)	745,688	(112,513)	661,666
Cash flows generated from/(used in) operations	11,055,158	(4,317,151)	8,476,558	(4,416,547)
Taxation paid	(378,970)	(388,851)	(250,622)	(306,362)
Net cash generated from/(used in) operating activities	10,676,188	(4,706,002)	8,225,936	(4,722,909)

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**Statements of Cash Flows
for the financial year ended 31 December 2011 (Continued)**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from/(used in) investing activities					
Proceeds from disposal of subsidiaries		-	81,535	-	-
Dividend income		65,396	47,988	807,729	109,987
Investment in subsidiaries		-	-	(250,000)	(503,999)
Investment in associate		(94,686)	(53,082)	(94,686)	(53,082)
Interest income received from financial investments available-for-sale		371,667	317,890	353,365	292,158
Net purchase of financial investments available-for-sale		(2,000,429)	(323,228)	(1,372,215)	(431,019)
Interest income received from financial investments held-to-maturity		548,412	599,044	483,189	534,367
Net purchase of financial investments held-to-maturity		(959,287)	(608,078)	(207,516)	(456,449)
Purchase of property, plant and equipment		(198,192)	(199,397)	(110,060)	(149,852)
Proceeds from disposal of property, plant and equipment/assets held for sale		88,372	455,330	56,497	224,561
Proceeds from disposal/write off of intangible assets		1,920	10,278	-	45
Proceeds from disposal of prepaid lease payments		(74)	733	-	-
Proceeds from disposal of investment properties		52,858	16,600	52,858	-
Purchase of investment properties		(1,200)	-	-	-
Purchase of intangible assets		(298,031)	(151,440)	(276,954)	(128,014)
Capital repayment from a subsidiary		(10,907)	-	43,622	-
Net cash (used in)/generated from investing activities		(2,434,181)	194,173	(514,171)	(561,297)
Cash flows (used in)/from financing activities					
Dividends paid		(1,501,824)	(1,342,882)	(1,500,903)	(1,339,083)
Interest expense paid on subordinated obligations		(308,891)	(174,396)	(330,302)	(214,905)
Interest expense paid on redeemable preference shares		(40,709)	(42,646)	-	-
Interest expense paid on other borrowings		(73,690)	-	(759)	-
Proceeds from issuance of subordinated obligations		2,049,193	1,998,188	1,500,000	1,998,188
Proceeds from other borrowings		500,000	-	500,000	-
Repayment of other borrowing		(962,807)	-	(37,757)	-
Repayment of bonds		(423,982)	-	-	-
Repayment of subordinated obligations		(158,387)	-	-	-
Net cash (used in)/generated from financing activities		(921,097)	438,264	130,279	444,200
Net increase/(decrease) in cash and cash equivalents during the financial year					
		7,320,910	(4,073,565)	7,842,044	(4,840,006)
Effects of exchange rate differences		72,724	(101,544)	30,276	51,508
Cash and cash equivalents at beginning of financial year		20,847,989	25,023,098	12,911,193	17,699,691
Cash and cash equivalents at end of financial year	2	28,241,623	20,847,989	20,783,513	12,911,193

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A Basis of preparation

The Financial Statements of the Group and the Bank have been prepared in accordance with the Financial Reporting Standards, MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, Bank Negara Malaysia (“BNM”) Guidelines, Shariah requirements and the provisions of the Companies Act, 1965.

The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial investments available-for-sale, financial assets and financial liabilities (including derivatives financial instruments) at fair value through profit or loss and investment properties measured at fair value.

The Financial Statements incorporate those activities relating to Islamic banking which have been undertaken by the Bank and its wholly-owned subsidiaries, CIMB Islamic Bank Berhad (“CIMB Islamic”) and CIMB Bank (L) Limited. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic Securities in compliance with Shariah.

The preparation of 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 Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group’s and the Bank’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 50.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(a) Standards, amendments to published standards and interpretations that are effective and applicable to the Group and Bank

The new accounting standards, amendments to published standards and interpretations that are effective for the Group and the Bank for the financial year beginning 1 January 2011 are as follows:

- Revised FRS 1 “First-time Adoption of Financial Reporting Standards”
- Revised FRS 3 “Business Combinations”
- Revised FRS 127 “Consolidated and Separate Financial Statements”
- Amendment to FRS 2 “Share-based Payment - Group Cash-settled Share-based Payment Transactions”
- Amendment to FRS 7 “Financial instruments: Disclosures - Improving Disclosures about Financial Instruments”
- Amendment to FRS 1 “First-time Adoption of Financial Reporting Standards”
- Amendment to FRS 132 “ Financial instruments: Presentation - Classification of Rights Issue”
- IC Interpretation 4 “Determining Whether an Arrangement contains a Lease”
- 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 “Transfer of Assets from Customers”
- TR i-4 “Shariah Compliant Sale Contract”
- Improvements to FRSs (2010)

A summary of the impact of new accounting standards, amendments and improvements to published standards and interpretations on the financial statements of the Group and the Bank is set out in Note 55.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

In November 2011, the Malaysian Accounting Standards Board formally announced that the Malaysian reporting entities would be required to comply with the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for financial years commencing on or after 1 January 2012. MFRS 1 “First-time adoption of MFRS” provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

The Group will be required to adopt the new standards, amendments to standards and interpretations in the period set out below and comparative financial information prepared in compliance with MFRS will be required for the year commencing 1 January 2010:

(i) Financial year beginning on/after 1 January 2012

- MFRS 139 “Financial instruments: recognition and measurement” - Bank Negara Malaysia has removed the transitional provision for banking institutions on loan impairment assessment and provisioning to comply with the MFRS 139 requirements.
- The revised MFRS 124 “Related party disclosures” (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
 - The name of the government and the nature of their relationship;
 - The nature and amount of each individually significant transactions; and
 - The extent of any collectively significant transactions, qualitatively or quantitatively.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(i) Financial year beginning on/after 1 January 2012 (Continued)

- Amendment to MFRS 112 “Income taxes” (effective from 1 January 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. MFRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in MFRS 140 “Investment property”. As a result of the amendments, IC Interpretation 121 “Income taxes - recovery of revalued non-depreciable assets” will no longer apply to investment properties carried at fair value. The amendments also incorporate into MFRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.
- IC Interpretation 19 “Extinguishing financial liabilities with equity instruments” (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.
- Amendments to IC Interpretation 14 “MFRS 119 - The limit on a defined benefit assets, minimum funding requirements and their interaction” (effective from 1 July 2011) permits an entity to recognise the prepayments of contributions as an asset, rather than an expense in circumstances when the entity is subject to a minimum funding requirement and makes an early payment of contributions to meet those requirements.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(i) Financial year beginning on/after 1 January 2012 (Continued)

- Amendment to MFRS 1 “First time adoption on fixed dates and hyperinflation” (effective from 1 January 2012) includes two changes to MFRS 1. The first replaces references to a fixed date of 1 January 2004 with ‘the date of transition to MFRSs’, thus eliminating the need for entities adopting MFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to MFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with MFRSs after a period when the entity was unable to comply with MFRSs because its functional currency was subject to severe hyperinflation.
- Amendment to MFRS 7 “Financial instruments: Disclosures on transfers of financial assets” (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.
- Amendment to MFRS 101 “Presentation of items in other comprehensive income” (effective from 1 January 2012) requires entities to separate items presented in ‘other comprehensive income’ (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

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(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(ii) Financial year beginning on/after 1 January 2013

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

- MFRS 10 “Consolidated financial statements” (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(ii) Financial year beginning on/after 1 January 2013 (Continued)

- MFRS 11 “Joint arrangements” (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- MFRS 12 “Disclosures of interests in other entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 “Investments in associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

A Basis of preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (Continued)

(ii) Financial year beginning on/after 1 January 2013 (Continued)

- The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- The revised MFRS 128 “Investments in associates and joint ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.
- Amendment to MFRS 119 “Employee benefits” (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

The Group and the Bank have not finalised the financial impact of the change to MFRS and is expected to complete the process by the 2012 first quarter announcement.

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(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group

(a) Subsidiaries

The Bank treats as subsidiaries, those corporations, partnerships or other entities (including special purpose entities) in which the Bank has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Even if there is no shareholder relationship, special purpose entities (“SPEs”) are consolidated in accordance with IC Interpretation 112 (“Consolidation: Special Purpose Entities”), if the Group controls them from an economic perspective.

When assessing whether the Group controls a SPE, in addition to the criteria in FRS127, it evaluates a range of factors, including whether:

- (a) the activities of the SPE are being conducted on the Group’s behalf according to its specific business needs so that the Group obtains the benefits from the SPE’s operations;
- (b) the Group has the decision-making power to obtain the majority of the benefits of the activities of the SPE, or the Group has delegated these decision-making power by setting up an ‘autopilot’ mechanism, or
- (c) the Group has the rights to obtain the majority of the benefits of the activities of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or
- (d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

The consolidated Financial Statements include the Financial Statements of the Bank and all its subsidiaries made up to the end of the financial year.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired except for certain business combinations which were accounted for using the predecessor basis of accounting as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 “Accounting for Acquisitions and Mergers”, the generally accepted accounting principles prevailing at that time
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in MASB 21 “Business Combinations”
- internal group reorganisations, as defined in MASB 21, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
 - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
 - the minorities' share of net assets of the Group is not altered by the transfer
- combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006

The Group has taken advantage of the transitional provision provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the acquisition method of accounting, the consideration transferred for an acquisition is measured as the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interest issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair value on the date of acquisition.

In business combination achieved in stages, previously held equity interest in acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in note L. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of income on the acquisition date.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Under the predecessor basis of accounting, the results of subsidiaries are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit difference is classified as equity. Any resulting debit difference is adjusted against merger reserves. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

All material transactions and balances between group companies are eliminated and the consolidated Financial Statements reflect external transactions only. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as at the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary required in statement of income attributable to the parent.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(a) Subsidiaries (Continued)

Change in accounting policy

The Group changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 “Business Combinations” revised FRS 127 “Consolidated and Separate Financial Statements”.

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Any adjustment to the fair values of the subsidiary’s identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non-controlling interest. The Group has applied this policy prospectively. On the date of the adoption of the new policy, the non-controlling interest reflects its previous carrying amount (that is, zero).

(b) Transaction with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposal to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity. The Group has applied this policy prospectively to transactions occurring on or after 1 January 2011.

Change in accounting policy

Previously, the Group applied a policy of treating transactions with non-controlling interest as transactions with parties external to the Group. Accordingly, disposals resulted in gain or losses to the statement of income and purchases resulted in the recognition of goodwill, being the difference between consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(c) Jointly controlled entity

The Group treats as a jointly controlled entity, corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the consolidated Financial Statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of the jointly controlled entity in the statement of income and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition, net of accumulated impairment loss (if any).

(d) Associates

The Group treats as associates, corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Investments in associates are accounted for in the consolidated Financial Statements by the equity method of accounting.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(d) Associates (Continued)

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred.

(e) Changes in ownership interest

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in statement of income. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Changes in accounting policy

The Group has changed its accounting policy prospectively for transactions occurring on or after 1 January 2011 with non-controlling interests and transactions involving the loss of control, joint control or significant influence when it early adopted the revised FRS 127 "Consolidated and Separate Financial Statements". The revisions to FRS 127 contained consequential amendments to FRS 128 "Investments in Associates" and FRS 131 "Interests in Joint Ventures".

Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost of initial measurement as a financial asset in accordance with FRS 139.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

B Economic entities in the Group (Continued)

(f) Interests in subsidiaries, jointly controlled entity and associates

In the Bank's separate financial statements, investments in subsidiaries, jointly controlled entity and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, jointly controlled entity and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

C Recognition of interest/profit income and interest/profit expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

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

Income from Islamic banking business is recognised on an accrual basis in accordance with Shariah.

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(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

D Recognition of fees and other income

Fees and commissions are recognised as income when all conditions precedent are fulfilled. Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

Guarantee fees, portfolio management fees and income from asset management and securities services which are material are recognised as income based on a time apportionment method.

Brokerage fees are recognised as income based on inception of such transactions.

Dividends are recognised when the right to receive payment is established.

E Sale and repurchase agreements

Securities purchased under resale agreements (“reverse repurchase agreements”) are securities which the Group and the Bank had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements (“repurchase agreements”) are securities which the Group and the Bank had sold from their portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price is treated as interest and accrued over the life of the resale/repurchase agreement using the effective yield method.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

F Financial assets

(a) Classification

The Group and the Bank allocate their financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial investments held-to-maturity and financial investments available-for-sale. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held for trading and other financial assets designated by the Group and the Bank as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(iii) Financial investments held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Group's and the Bank's management has the positive intent and ability to hold to maturity. If the Group or the Bank sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale.

(iv) Financial investments available-for-sale

Financial investments available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as financial assets at fair value through profit or loss, loans and receivables and financial investments held-to-maturity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

F Financial assets (Continued)

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs for securities carried at fair value through profit or loss are taken directly to the statement of income.

(c) Subsequent measurement

Financial assets at fair value through profit or loss and financial investments available-for-sale are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of income in the period which they arise. Gains and losses arising from changes in fair value of financial investments available-for-sale are recognised directly in other comprehensive income, until the securities are derecognised or impaired at which time the cumulative gains or loss previously recognised in equity are recognised in the statement of income. Foreign exchange gains or losses of financial investments available-for-sale are recognised in the statement of income in the period it arises.

Financial investments held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income.

Interest from financial assets held at fair value through profit or loss, financial investments available-for-sale and financial investments held-to-maturity is calculated using the effective interest method and is recognised in the statement of income. Dividends from available-for-sale equity instruments are recognised in the statement of income when the entity's right to receive payment is established.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including the transaction costs, and measured subsequently at amortised cost using the effective interest rate method. Interest on loans is included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

F Financial assets (Continued)

(d) Reclassification of financial assets

The Group and the Bank may choose to reclassify a non-derivative financial assets held for trading out of the held for trading category if the financial asset is no longer held for the purposes of selling in the near term. In addition, the Group and the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Bank have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rates for the securities reclassified to held-to-maturity category are determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rates.

G Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of income. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. The specific Group and Bank accounting policy on derivatives is detailed in Note J.

The financial liabilities measured at fair value through profit or loss upon initial recognition are trading derivatives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

G Financial liabilities (Continued)

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, repurchase agreements, bills and acceptances payable, amount due to Cagamas Berhad, sundry creditors, bonds, other borrowings, subordinated obligations, amount due to subsidiaries, amount due to ultimate holding company, amount due to related companies and redeemable preference shares.

H Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Bank under standard repurchase agreements transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

I Impairment of financial assets

(a) Assets carried at amortised cost

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

The criterias the Group and the Bank use to determine that there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

I Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

The Group and the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group and the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan or financial investments held-to-maturity have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written-off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

If in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

The Group and the Bank is currently reporting under BNM's transitional arrangement as prescribed in the guideline on "Classification and Impairment Provisions for Loans or Financing" issued on 8 June 2011. However, the Group's and the Bank's financial statements are prepared in full compliance under FRS 139 principles.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

I Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group and the Bank assess at each date of the statement of financial position whether there is objective evidence that the financial asset is impaired.

For debt securities, the Group and the Bank use criteria and measurement of impairment loss applicable for “assets carried at amortised cost” above. If in a subsequent period, the fair value of a debt instrument classified as financial investments available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income, the impairment loss is reversed through statement of income.

In the case of equity instruments classified as financial investments available-for-sale, in addition to the criteria for ‘assets carried at amortised cost’ above, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on financial investments available-for-sale has been incurred, the cumulative loss that has been recognised directly in equity is removed from other comprehensive income and recognised in the statement of income. The amount of cumulative loss that is reclassified to statement of income is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income. Impairment losses recognised in statement of income on equity instruments are not reversed through the statement of income.

J Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of income.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise statement of income immediately.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

J Derivative financial instruments and hedge accounting (Continued)

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge) or (2) hedges of future cash flows attributable to a recognised asset or liability, or a highly probable forecasted transaction (cash flow hedge) or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group and the Bank document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the statement of income over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained profits until the disposal of the equity security.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the statement of income. Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect the statement of income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

J Derivative financial instruments and hedge accounting (Continued)

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses accumulated in the equity are recycled to the statement of income when the foreign operation is partially disposed or sold.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

K Property, plant and equipment

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

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	40 years or over the balance period of the lease, whichever is shorter
Building on freehold land	40 years
Building on leasehold land	40 years or over the balance period of the lease, whichever is shorter
Office equipment, furniture and fittings:	
- office equipment	3 - 5 years
- furniture and fixtures	10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment:	
- servers and hardware	3 - 5 years
- ATM machine	5 - 10 years
Computer equipment under lease	3 - 5 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in non-interest income.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

L Intangible assets

(a) Goodwill

Goodwill arising from business combination represents the excess of the cost of acquisition and the fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segment.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Impairment testing is performed annually by comparing the present value of the CGU's projected cash flows against the carrying amount of its net assets which include the allocated goodwill.

Goodwill on acquisitions of associates and jointly controlled entities respectively are included in investments in associates and jointly controlled entities. Such goodwill is tested for impairment as part of the overall balance.

(b) Other intangible assets

Other intangible assets include credit card customer relationships, core deposits and computer software. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using fair value at acquisition date. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Intangible assets that have an indefinite useful life, or are not yet ready for use, are tested for impairment annually. This impairment test may be performed at any time during the year, provided it is performed at the same time every year. An intangible asset recognised during the current period is tested before the end of the current year.

Intangible assets that have a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, and are amortised over their estimated useful lives.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

L Intangible assets (Continued)

(b) Other intangible assets (Continued)

Intangible assets are amortised over their finite useful lives as follows:

Customer relationships:	
- credit card	12 years
- revolving credit	4 years
- overdraft	6 years
- trade finance	5 years
Core deposits	8 years
Computer software	3 - 15 years

M Assets purchased under lease

(a) Finance lease

Assets purchased under lease which in substance transfers the risks and benefits of ownership of the assets to the Group or the Bank are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease term. Such leased assets are subject to depreciation on the same basis as other property, plant and equipment.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to statement of income.

(b) Operating lease

Leasehold land

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Others

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the lease.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

M Assets purchased under lease (Continued)

(b) Operating lease (Continued)

Others (Continued)

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

N Assets sold under lease

(a) Finance lease

When assets are sold under a finance lease, the present value of the lease payments is recognised as a debtor. The difference between the gross debtor and the present value of the debtor is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(b) Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight line basis over the lease term.

O Currency translations

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated Financial Statements are presented in Ringgit Malaysia, which is the Group's and the Bank's functional and presentation currency.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

O Currency translations (Continued)

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial investments available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in statement of income, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments available-for-sale are included in the revaluation reserve - financial investments available-for-sale in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

O Currency translations (Continued)

(c) Group companies (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity beginning in or after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group has applied the transitional provision for acquisition prior to 1 January 2006 which allows the goodwill and fair value adjustments arising from acquisition to be treated as assets and liabilities of the parent rather than that of the foreign entities. Therefore, those goodwill and fair value adjustments either are already expressed in the parent's functional currency or are non-monetary foreign currency items, which are reported using the exchange rates at the date of the acquisitions.

P Income and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement financial investments available-for-sale, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with the deferred gain or loss.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

P Income and deferred taxes (Continued)

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Q Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends

Dividends on ordinary shares are recognised as a liability when the shareholders' right to receive the dividend is established.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

R Employee benefits

(a) Short term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

(b) Post employment benefits

The Group and the Bank have various post-employment benefit schemes. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Bank's contributions to defined contribution plans are charged to the statement of income in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of services or compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service cost.

The Group and the Bank determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

R Employee benefits (Continued)

(b) Post employment benefits (Continued)

Defined benefit plans (Continued)

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity that approximate the terms of the related liability.

Plan assets in excess of the defined obligation are subject to the asset limitation specified in FRS 119 - Employee Benefits.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statement of income is determined by the corridor method in accordance with FRS 119 and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

Past-service costs are recognised immediately in the statement of income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

R Employee benefits (Continued)

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a bases similar to that for defined benefit plans for the liability which is not expected to be settled within 12 months

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits when they are demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Share-based compensation benefits

Management Equity Scheme ("MES" or the "Scheme")

The Group and the Bank have an equity-settled, share-based compensation plan of the equities in CIMB Group which is settled by a substantial shareholder of the ultimate holding company, CIMB Group Holdings Berhad ("CIMB Group"). The Group and the Bank receiving the employees services should account for the plan as equity settled when it has no obligation to settle the share-based payment transaction. The value of the employee services received in exchange for the grant of options of CIMB Group is recognised as an expense with a corresponding increase in the share option reserves over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At the end of each reporting period, the Group and the Bank revise its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimate to the statement of income, with a corresponding adjustment to the share option reserve over the remaining vesting period.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

R Employee benefits (Continued)

(e) Share-based compensation benefits (Continued)

Change in accounting policy

Prior to the adoption of the Amendment to FRS 2, the Group and the Bank did not account for the transaction in its financial statements. The Group and the Bank had changed its accounting policy upon adoption of Amendment to FRS 2 on 1 January 2011 retrospectively. As the Group and the Bank do not have an obligation to settle the transactions with its employees, the Group and the Bank have accounted for the transaction as equity settled in accordance with the Amendment to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note 55(a).

Employee Ownership Plan

Effective 1 April 2011, CIMB Group operates an equity-settled, share-based compensation plan, where ordinary shares of CIMB Group are purchased from the market at market value and awarded to the eligible executive employees.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the award is fully released to relevant employees ('the final release date'). The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense in statement of income over the period of release, based on the best available estimate of the number of shares expected to be released at each of the relevant release date. On the final release date, the estimate will be revised to equal the actual number of shares that are ultimately released to the employees.

CIMB Bank Berhad

(Incorporated in Malaysia)

Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

S Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the statement of income unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of income unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

T Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less cost to sell and reported within "Other Assets".

U Provisions

Provisions are recognised by the Group and the Bank when all of the following conditions have been met:

- (i) the Group and the Bank have a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

CIMB Bank Berhad

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

U Provisions (Continued)

Provisions are measured at the present values of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

V Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The financial guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the amount determined in accordance with FRS 137 – "Provision, Contingent Liabilities and Contingent Assets", and the amount initially recognised less, when appropriate, accumulative amortisation recognised in accordance with FRS 118 – "Revenue". These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in the statement of income within overheads.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

W Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposit placements maturing less than one month.

X Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

Intra-segment revenue and costs are eliminated at head office. Income and expenses directly associated with each segment are included in determining business segment performance.

Y Non-current assets/disposal groups held for sale

Non-current assets/disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

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Summary of Significant Accounting Policies for the financial year ended 31 December 2011 (Continued)

Z Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group, and the Bank.

Investment properties are stated at fair value, representing the open-market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group and the Bank use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statement of income as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in statement of income in the period of the retirement or disposal.

AA Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. As this may result in the recognition of income that may never be realised, contingent assets are not recognised in the Group's financial statements.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

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Notes to the Financial Statements for the financial year ended 31 December 2011

1 General information

The Bank is principally engaged in all aspects of commercial banking and in the provision of related financial services, including Islamic banking. The principal activities of the significant subsidiaries as set out in Note 11 in 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.

The holding company of the Bank is CIMB Group Sdn Bhd and the Directors regard CIMB Group Holdings Bhd (“CIMB Group”), a quoted company, as the ultimate holding company. Both companies are incorporated in Malaysia.

The Bank is a limited liability company, incorporated and domiciled in Malaysia.

The address of the Bank’s registered office is 5th Floor, Bangunan CIMB, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The Bank’s principal place of business is at Menara Bumiputra-Commerce, 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

2 Cash and short-term funds

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and balances with banks and other financial institutions	3,562,701	3,750,832	2,940,665	2,419,693
Money at call and deposit placements maturing within one month	<u>24,678,922</u>	<u>17,097,157</u>	<u>17,842,848</u>	<u>10,491,500</u>
	28,241,623	20,847,989	20,783,513	12,911,193

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****3 Deposits and placements with banks and other financial institutions**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,873,847	7,721,433	10,027,352	14,871,467
Licensed investment banks	1,050,595	1,012,515	821,231	1,012,515
Bank Negara Malaysia and other central banks	66,219	301,244	-	200,000
Other financial institutions	55,204	606,199	-	-
	<u>4,045,865</u>	<u>9,641,391</u>	<u>10,848,583</u>	<u>16,083,982</u>

Included in the Bank's deposits and placements with banks and other financial institutions are exposures to Restricted Profit Sharing Investment Accounts ("RPSIA"), as part of an arrangement with CIMB Islamic. The RPSIA is a contract based on Shariah concept of Mudharabah between the Bank and CIMB Islamic to finance a specific business venture where the Bank solely provides capital and the business ventures are managed solely by the entrepreneur. The profit of the business venture is shared between both parties based on a pre-agreed ratio and management fees.

As at 31 December 2011, the RPSIA placements amounted to RM1,065 million (2010: RM8,460 million) for a tenure between 1 to 3 months at profit rates from 3.39% to 3.76% (2010: 2.81% to 4.18%) per annum.

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****4 Financial assets held for trading**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	253,409	360,214	233,246	360,214
Cagamas bonds	52,511	13,186	52,511	13,186
Malaysian Government treasury bills	90,484	57,779	80,750	57,779
Other Government securities	2,933,501	2,053,218	2,933,501	2,053,218
Bank Negara Malaysia bills	156,856	2,597,966	156,856	2,597,966
Bank Negara Malaysia negotiable notes	1,817,293	2,226,623	11,105	942,801
Bankers' acceptances and Islamic accepted bills	575,819	740,811	428,928	642,447
Negotiable instruments of deposit	2,069,683	1,778,088	1,565,527	1,140,087
Credit-linked notes	46,059	123,158	46,059	123,158
Commercial papers	168,458	163,033	168,458	163,033
Government Investment Issue	147,201	320,534	51,745	126,307
	8,311,274	10,434,610	5,728,686	8,220,196
Quoted securities:				
<u>In Malaysia</u>				
Shares	835,886	1,206,475	835,886	1,206,449
Warrants	-	5	-	-
	835,886	1,206,480	835,886	1,206,449
<u>Outside Malaysia</u>				
Shares	2,659	5,200	-	-
Private debt securities	4,818	553	-	-
Other Government bonds	216,609	8,247	-	-
	224,086	14,000	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Shares	6,243	5,948	6,243	5,948
Private and Islamic debt securities	1,869,106	1,551,084	1,717,715	1,422,402
	1,875,349	1,557,032	1,723,958	1,428,350
<u>Outside Malaysia</u>				
Private and Islamic debt securities	1,322,944	1,246,789	1,182,961	959,981
Shares	58,157	-	-	-
	12,627,696	14,458,911	9,471,491	11,814,976

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****5 Financial investments available-for-sale**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	320,703	208,741	287,006	208,741
Khazanah bonds	44,786	-	44,786	-
Government Investment Issue	345,990	282,022	248,452	216,496
Other Government securities	25,874	-	25,874	-
Cagamas bonds	201,174	184,494	165,317	149,071
	938,527	675,257	771,435	574,308
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	4,398	5,287	189	463
Other Government bonds	834,022	569,024	-	-
Unit trusts	292,209	310,661	-	-
Private debt securities	19,826	-	-	-
	1,150,455	884,972	189	463
Unquoted securities:				
<u>In Malaysia</u>				
Private debt securities	6,773,757	6,455,467	6,187,644	6,097,502
Shares	797,611	727,228	797,475	719,619
Bonds funds	12,790	12,380	-	-
Loan stocks	19,774	26,624	12,806	26,624
	7,603,932	7,221,699	6,997,925	6,843,745
<u>Outside Malaysia</u>				
Shares	167,240	28,583	139,855	377
Private equity funds	60,479	49,974	-	-
Unit trusts	21,125	169,226	-	69,032
Private debt securities	1,467,302	176,323	1,433,010	150,675
	1,716,146	424,106	1,572,865	220,084
	11,409,060	9,206,034	9,342,414	7,638,600
Allowance for impairment losses:				
Private debt securities	(210,510)	(240,443)	(210,510)	(240,215)
Quoted shares	(2,504)	(2,554)	-	-
Unquoted shares	(94,532)	(28,049)	(73,417)	(7,035)
Loan stocks	(12,806)	(14,092)	(12,806)	(14,092)
Unit trusts	(1,113)	(878)	-	-
	(321,465)	(286,016)	(296,733)	(261,342)
	11,087,595	8,920,018	9,045,681	7,377,258

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****5 Financial investments available-for-sale (Continued)**

Securities amounting to RM3,746 million (2010: RM3,212 million) were invested by asset management companies on behalf of the Group and the Bank.

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	286,016	292,010	261,342	267,052
Net allowance made/(written back) during the financial year	72,987	(9,251)	71,869	(12,891)
Disposal of securities	(28,447)	(9,716)	(28,447)	-
Written off	(836)	-	(836)	-
Exchange fluctuation	(8,255)	12,973	(7,195)	7,181
At 31 December	321,465	286,016	296,733	261,342

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****6 Financial investments held-to-maturity**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Money market instruments				
Unquoted:				
Malaysian Government Securities	1,088,815	1,123,977	1,088,815	1,123,977
Malaysian Government Investment Issue	862,212	600,245	507,783	500,189
Other government securities	490,820	-	490,820	-
Cagamas bonds	255,977	254,817	255,977	254,817
Khazanah bonds	134,776	-	134,776	-
	2,832,600	1,979,039	2,478,171	1,878,983
Quoted securities:				
<u>Outside Malaysia</u>				
Structured notes	-	154,859	-	-
Private debt securities	1,835,931	999,621	-	-
	1,835,931	1,154,480	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Loans stocks	30,781	31,814	-	-
Danaharta Urus Sdn Bhd bonds	795,335	795,335	795,335	795,335
Private debt securities	6,765,594	7,270,838	5,933,593	6,268,969
	7,591,710	8,097,987	6,728,928	7,064,304
<u>Outside Malaysia</u>				
Private debt securities	2,071,299	2,036,903	2,026,640	1,956,183
Accretion of discount net of amortisation of premium	335,036	279,020	344,099	286,523
Less: Allowance for impairment losses	(36,406)	(36,239)	-	-
	14,630,170	13,511,190	11,577,838	11,185,993

Private debt securities amounting to RM Nil (2010: RM865 million) are funded by a RPSIA depositor, as part of an arrangement with CIMB Islamic.

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****6 Financial investments held-to-maturity (Continued)**

Included in the financial investments held-to-maturity of the Group as at 31 December 2011 are 10-year promissory notes of THB415 million (2010: THB746 million) maturing between 2012 to 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank Public Company Limited ("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. During the financial year, promissory notes of THB331 million has matured and CIMB Bank Thai has recognised a gain of approximately RM101 million arising from the sharing arrangement.

The table below shows the movements in allowance for impairment losses during the financial year for the Group and the Bank:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	36,239	36,055	-	-
Written back during the financial year	-	(587)	-	-
Exchange fluctuation	167	771	-	-
At 31 December	36,406	36,239	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing**

(i) By type

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Overdrafts	5,768,540	5,900,629	4,679,867	4,951,447
Term loans/financing				
- Housing loan/financing	41,257,312	36,154,734	32,162,693	28,921,656
- Syndicated term loan	9,736,498	6,994,167	9,388,988	5,820,904
- Other term loans/financing	55,122,039	48,930,138	35,597,859	34,054,035
- Factoring receivables	12,172	20,435	-	-
- Lease receivables	40,003	29,720	-	-
- Hire purchase receivables	11,614,260	11,375,883	5,160,996	5,361,387
Bills receivable	3,644,191	2,523,053	718,096	484,483
Trust receipts	1,230,199	1,043,959	540,594	513,515
Claim on customers under acceptance credit	3,537,136	3,755,603	3,295,642	3,557,332
Staff loans	384,590	399,616	345,173	371,598
Credit card receivables	4,649,029	4,266,422	4,544,951	4,175,950
Revolving credit	5,815,428	6,418,920	5,338,728	5,330,939
Share margin financing	560,088	652,998	501,297	627,691
Gross loans, advances and financing	143,371,485	128,466,277	102,274,884	94,170,937
Fair value changes arising from fair value hedges	398,797	44,340	158,115	26,864
	143,770,282	128,510,617	102,432,999	94,197,801
Less: Individual impairment allowance	(2,062,708)	(1,975,959)	(1,633,574)	(1,527,289)
Less: Portfolio impairment allowance	(2,197,899)	(2,282,616)	(1,577,067)	(1,853,963)
Total net loans, advances and financing	139,509,675	124,252,042	99,222,358	90,816,549

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(i) By type (continued)

- (a) Included in the Group's and the Bank's loans, advances and financing balances are RM69,977,000 (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.
- (b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,237,885,000 (2010: RM7,663,278,000) and RM2,884,132,000 (2010: RM3,218,655,000) respectively, using interest rate swaps.

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Gross loans hedged	7,237,885	7,663,278	2,844,132	3,218,655
Fair value changes arising from fair value hedges	398,797	44,340	158,115	26,864
	<u>7,636,682</u>	<u>7,707,618</u>	<u>3,002,247</u>	<u>3,245,519</u>

The fair value loss of interest rate swaps of the Group and the Bank in these hedge transactions as at 31 December 2011 were RM445,176,674 (2010: RM127,755,094) and RM181,364,782 (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 (See Note 3), 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 31 December 2011, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM1,065 million (2010: RM7,331 million) and RM3.7 million (2010: RM154.8 million) respectively.

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

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(ii) By type of customer:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Domestic banking institutions	57,963	65,091	173	-
Domestic non-bank financial institutions				
- others	1,703,135	2,634,068	1,100,559	2,339,548
Domestic business enterprises				
- small medium enterprises	11,374,308	11,493,846	9,177,518	9,596,743
- others	29,554,549	25,637,017	19,336,391	16,960,581
Government and statutory bodies	12,657,089	10,666,029	6,103,106	6,122,203
Individuals	75,553,562	67,403,922	54,598,218	50,348,792
Other domestic entities	2,331,686	2,952,578	2,230,336	1,679,408
Foreign entities	10,139,193	7,613,726	9,728,583	7,123,662
Gross loans, advances and financing	<u>143,371,485</u>	<u>128,466,277</u>	<u>102,274,884</u>	<u>94,170,937</u>

(iii) By interest rate sensitivity:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans	1,935,416	3,530,315	1,242,704	2,540,512
- Hire-purchase receivables	11,633,980	11,391,669	5,139,062	5,350,880
- Other fixed rate loans	31,228,649	26,244,965	18,697,693	17,274,899
Variable rate				
- BLR plus	55,721,316	50,357,387	48,985,065	45,231,704
- Cost-plus	23,129,879	20,295,232	16,661,688	14,629,349
- Other variable rates	19,722,245	16,646,709	11,548,672	9,143,593
Gross loans, advances and financing	<u>143,371,485</u>	<u>128,466,277</u>	<u>102,274,884</u>	<u>94,170,937</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(iv) By economic purpose:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personal use	6,502,902	4,927,483	2,394,655	2,232,499
Credit card	4,649,029	4,266,422	4,544,951	4,175,950
Purchase of consumer durables	464	1,216	464	1,216
Construction	4,568,490	3,484,512	2,448,635	2,070,368
Residential property (Housing)	41,211,363	37,368,876	32,063,079	30,079,231
Non-residential property	12,593,580	11,642,466	10,666,694	9,991,008
Purchase of fixed assets other than land and building	1,652,118	1,310,510	985,007	575,842
Merger and acquisition	4,750,746	2,620,451	4,715,959	2,524,594
Purchase of securities	8,621,235	7,415,594	8,541,352	7,340,926
Purchase of transport vehicles	11,396,621	11,116,607	5,229,033	5,436,262
Working capital	29,512,883	31,170,896	18,338,603	19,591,623
Other purpose	17,912,054	13,141,244	12,346,452	10,151,418
Gross loans, advances and financing	143,371,485	128,466,277	102,274,884	94,170,937

(v) By geographical distribution:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	117,273,540	108,665,708	88,651,068	84,481,958
Indonesia	845,404	916,031	721,588	779,768
Thailand	12,213,550	9,906,698	45,780	47,578
Singapore	9,165,064	5,964,290	9,165,064	5,964,290
United Kingdom	996,344	621,152	996,344	621,152
Hong Kong	598,442	248,187	598,442	248,187
Other countries	2,279,141	2,144,211	2,096,598	2,028,004
Gross loans, advances and financing	143,371,485	128,466,277	102,274,884	94,170,937

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(vi) By residual contractual maturity:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	26,289,130	21,969,698	20,376,834	14,955,084
One year to less than three years	33,652,531	30,034,432	31,654,791	28,054,604
Three years to less than five years	11,357,133	15,095,548	8,519,463	12,155,052
Five years and more	72,072,691	61,366,599	41,723,796	39,006,197
Gross loans, advances and financing	<u>143,371,485</u>	<u>128,466,277</u>	<u>102,274,884</u>	<u>94,170,937</u>

(vii) Impaired loans, advances and financing by economic purpose:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personal use	139,300	135,673	81,162	84,306
Credit card	101,554	82,095	97,048	79,479
Purchase of consumer durables	80	251	80	251
Construction	1,104,991	1,197,100	992,740	1,032,935
Residential property (Housing)	794,760	816,457	660,496	706,774
Non-residential property	243,533	241,794	216,231	225,663
Purchased of fixed assets other than land and building	74,320	76,365	32,045	32,364
Purchase of securities	74,793	46,579	55,502	8,357
Purchase of transport vehicles	337,612	318,288	218,544	223,074
Working capital	1,863,700	1,767,123	1,644,242	1,527,926
Other purpose	373,900	376,567	43,738	67,019
Gross impaired loans	<u>5,108,543</u>	<u>5,058,292</u>	<u>4,041,828</u>	<u>3,988,148</u>

(viii) Impaired loans, advances and financing by geographical distribution:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	4,045,324	4,177,553	3,605,151	3,696,797
Indonesia	47,167	84,019	-	-
Thailand	578,032	502,687	-	-
Singapore	43,103	61,114	43,103	61,114
United Kingdom	54,025	48,095	54,025	48,095
Other countries	340,892	184,824	339,549	182,142
Gross loans, advances and financing	<u>5,108,543</u>	<u>5,058,292</u>	<u>4,041,828</u>	<u>3,988,148</u>

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(ix) Movements in impaired loans, advances and financing are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,058,292	7,232,623	3,988,148	4,509,902
Classified as impaired during the financial year	3,293,236	3,680,090	2,749,184	3,206,367
Reclassified as not impaired during the financial year	(1,626,487)	(2,522,586)	(1,463,951)	(2,366,392)
Amount written back in respect of recoveries	(999,377)	(1,089,328)	(809,669)	(852,718)
Amount written off	(629,413)	(1,013,869)	(438,323)	(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	12,292	(123,524)	16,439	(22,586)
At 31 December	5,108,543	5,058,292	4,041,828	3,988,148
Ratio of gross impaired loans to total loans, advances and financing	3.56%	3.94%	3.95%	4.24%

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****7 Loans, advances and financing (Continued)**

(x) Movements in the allowance for impaired loans, advances and financing are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
At 1 January	1,975,959	3,370,235	1,527,289	1,856,453
Net allowance made during the financial year	158,185	25,391	139,707	97,731
Allowance made and charged to deferred assets	140	2,431	140	2,431
Amount written off	(28,605)	(651,755)	(11,099)	(463,129)
Disposal of subsidiary	-	(314,202)	-	-
Amount transferred to portfolio impairment allowance	(1,831)	(5,795)	-	-
Amount transferred from subsidiary	-	-	-	88,127
Amount transferred to related company	-	(357,590)	-	-
Unwinding income	(45,829)	(63,538)	(31,897)	(45,238)
Exchange fluctuation	4,689	(29,218)	9,434	(9,086)
At 31 December	2,062,708	1,975,959	1,633,574	1,527,289
Portfolio impairment allowance				
At 1 January	2,282,616	2,222,029	1,853,963	1,754,194
Net allowance made during the financial year	504,947	603,725	289,245	372,183
Allowance made/(written back) and charged to deferred assets	844	(3,352)	844	(3,352)
Amount written off	(566,248)	(464,059)	(378,962)	(345,012)
Amount transferred from individual impairment allowance	1,831	5,795	-	-
Disposal of subsidiary	-	(11,298)	-	-
Amount transferred (to)/from subsidiary	-	-	(166,234)	119,980
Amount transferred to related company	-	(28,956)	-	-
Unwinding income	(23,389)	(34,758)	(18,942)	(32,925)
Exchange fluctuation	(2,702)	(6,510)	(2,847)	(11,105)
At 31 December	2,197,899	2,282,616	1,577,067	1,853,963
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	2.1%	2.1%	2.1%	2.1%

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****8 Other assets**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred assets	(a)	131,204	170,961	131,204	170,961
Foreclosed properties	(b)	116,848	171,675	8,557	2,425
Due from brokers and clients		30,723	37,305	-	-
Option premium receivables		249,461	278,032	249,461	278,032
Collateral pledged for derivative transactions		562,342	531,941	510,251	463,470
Other debtors, deposits and prepayments		1,001,841	1,291,209	731,977	990,955
		2,092,419	2,481,123	1,631,450	1,905,843

- (a) Deferred assets comprise mainly the carrying value of the excess of liabilities over assets of Common Forge Berhad (now known as Southeast Asia Special Asset Management Berhad) taken over by SBB Berhad in 2000 and will be reduced progressively by a scheme of arrangement which has been agreed by Bank Negara Malaysia. Movements in deferred assets during the financial year are as follows:

	The Group and The Bank	
	2011 RM'000	2010 RM'000
At 1 January	170,961	198,610
Amortisation for the financial year	(40,741)	(26,728)
Impairment allowance written back/(made)	984	(921)
At 31 December	131,204	170,961

- (b) Movements in foreclosed properties during the financial year are as follows:

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	171,675	230,534	2,425	24,911
Acquired during the financial year	50,632	23,643	-	242
Reclassified from assets held for sale	8,557	-	8,557	-
Disposed during the financial year	(109,915)	(67,525)	(2,425)	(22,728)
Disposal of subsidiary	-	(15,674)	-	-
Exchange difference	(4,101)	697	-	-
At 31 December	116,848	171,675	8,557	2,425

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

9 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts have been offset and shown in the statements of financial position:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	247,390	261,768	214,846	235,071
Deferred tax liabilities	(262,000)	(262,787)	(208,580)	(212,975)
	<u>(14,610)</u>	<u>(1,019)</u>	<u>6,266</u>	<u>22,096</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)								
At 1 January 2011		4,158	(63,603)	(94,803)	(21,106)	(59,368)	233,703	(1,019)
Credited/(charged) to statements of income	42	1,241	11,586	-	13,085	11,428	(46,004)	(8,664)
Under accrual in prior year		-	482	-	724	-	14,059	15,265
Transferred to equity		-	-	(20,192)	-	-	-	(20,192)
At 31 December 2011		5,399	(51,535)	(114,995)	(7,297)	(47,940)	201,758	(14,610)

The Group	Note	Individual impairment allowance/ Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
Deferred tax assets/(liabilities)								
At 1 January 2010		418,687	(58,960)	(89,059)	(77,093)	(70,795)	165,554	288,334
(Charged)/credited to statements of income	42	(414,529)	(4,564)	-	54,426	11,427	47,491	(305,749)
Under accrual in prior year		-	(79)	-	1,561	-	20,658	22,140
Transferred to equity		-	-	(5,744)	-	-	-	(5,744)
At 31 December 2010		4,158	(63,603)	(94,803)	(21,106)	(59,368)	233,703	(1,019)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****9 Deferred taxation (Continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Bank	Note	Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
<u>Deferred tax assets/(liabilities)</u>								
At 1 January 2011		-	(63,117)	(93,110)	9,537	(56,749)	225,535	22,096
Credited/(charged) to statements of income	42	1,214	11,594	-	13,642	11,428	(48,638)	(10,760)
Under accrual in prior year		-	504	-	319	-	13,237	14,060
Transferred to equity		-	-	(19,130)	-	-	-	(19,130)
At 31 December 2011		1,214	(51,019)	(112,240)	23,498	(45,321)	190,134	6,266

The Bank	Note	Portfolio impairment allowance for doubtful debts and financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Other temporary differences RM'000	Intangible assets RM'000	Provision for expenses RM'000	Total RM'000
<u>Deferred tax assets/(liabilities)</u>								
At 1 January 2010		368,739	(58,828)	(88,995)	(59,042)	(68,176)	157,761	251,459
(Charged)/credited to statements of income	42	(368,739)	(4,146)	-	67,063	11,427	46,403	(247,992)
Under accrual in prior year		-	(143)	-	1,516	-	21,371	22,744
Transferred to equity		-	-	(4,115)	-	-	-	(4,115)
At 31 December 2010		-	(63,117)	(93,110)	9,537	(56,749)	225,535	22,096

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****10 Statutory deposits with central banks**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statutory deposits with				
- Bank Negara Malaysia	4,132,034	899,043	3,034,237	586,417
- Other central banks	<u>950,551</u>	<u>511,112</u>	<u>778,060</u>	<u>367,606</u>
	<u>5,082,585</u>	<u>1,410,155</u>	<u>3,812,297</u>	<u>954,023</u>

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of foreign subsidiaries and foreign branches are maintained with respective central banks in compliance with the applicable legislation.

11 Investments in subsidiaries

	The Bank	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost		
- ordinary and preference shares (a)	4,807,761	4,601,433
- fair value changes arising from net investment hedge (b)	<u>(41,100)</u>	<u>(41,100)</u>
	4,766,661	4,560,333
Less: Allowance for impairment loss	<u>(28,930)</u>	<u>(33,361)</u>
	<u>4,737,731</u>	<u>4,526,972</u>

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

11 Investments in subsidiaries (Continued)

(a) Ordinary shares

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

(b) The Bank had undertaken a net investment hedge on the foreign exchange risk of CIMB Bank (L) Limited using the following hedging instruments:

	Fair value at 31.12.11	Fair value at 31.12.10
USD200 million subordinated loans	RM635,400,000	RM616,700,000
USD304 million fixed deposits	-	RM937,569,357
USD123 million interbank borrowings	-	RM379,137,907
USD307 million interbank borrowings	<u>RM975,339,000</u>	<u>-</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2011 %	2010 %	2011 %	2010 %
CIMB Group Nominees Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Ltd (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
Mutiara Aset Berhad (formerly known as Bumiputra-Commerce Finance Berhad)	Dormant	100	100	-	-
CIMB Trustee Berhad [@]	Trustee services	20	20	40	40
CIMB Trust Limited (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
CIMB FactorLease Berhad	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Semerak Services Sdn. Bhd.	Service company	100	100	-	-
iCIMB (M) Sdn. Bhd.	Provision of management services and outsourcing	100	100	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2011 %	2010 %	2011 %	2010 %
BBMB Finance (Hong Kong) Limited (Incorporated in Hong Kong) ^	Dormant	-	100	-	-
CIMB Islamic Bank Berhad	Islamic banking and related financial services	100	100	-	-
Halyconia Asia Fund Limited (Incorporated in the British Virgin Islands)	Open-ended investment fund	-	-	100	100
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
S.B. Venture Capital Corporation Sdn. Bhd.	Investment holding and provision of management services	100	100	-	-
CIMB Islamic Nominees (Tempatan) Sdn. Bhd. (formerly known as Southern Nominees (Tempatan) Sdn. Bhd.)	Nominee services	100	100	-	-
CIMB Islamic Nominees (Asing) Sdn. Bhd. (formerly known as Southern Nominees (Asing) Sdn. Bhd.)	Nominee services	100	100	-	-
SBB Capital Markets Sdn. Bhd.	Investment holding	100	100	-	-
BHLB Trustee Berhad @	Trustee services	20	20	40	40
S.B. Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
BHLB Properties Sdn. Bhd.	Property ownership and management	100	100	-	-
SIBB Berhad	Dormant	80	80	-	-
Perdana Nominees (Tempatan) Sdn. Bhd.	Nominee services	-	-	80	80

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****11 Investments in subsidiaries (Continued)**

(c) The subsidiaries of the Bank are as follows: (Continued)

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2011 %	2010 %	2011 %	2010 %
SFB Auto Berhad	Dormant	100	100	-	-
SFB Development Sdn. Bhd.	Property investment	100	100	-	-
Seal Line Trading Sdn. Bhd. ^	Property investment	-	-	-	100
CIMB Nominees (S) Pte Ltd (Incorporated in Republic of Singapore) ^a	Nominee services	100	100	-	-
SBB Capital Corporation	Special purpose vehicle	100	100	-	-
Perdana Visi Hartanah Sdn. Bhd.	Property investment	100	100	-	-
SBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100	-	-
Premier Fidelity Berhad	Dormant	100	100	-	-
CIMB Thai Bank Public Company Limited (Incorporated in the Kingdom of Thailand) ^a	Banking	93.15	93.15	-	-
Commerce Returns Berhad [∞]	Special purpose vehicle	-	-	-	-
CIMB Bank PLC (Incorporated in Cambodia) ^a	Commercial banking and related financial services	100	100	-	-
Mezzanine Capital Limited		-	-	100	100

CIMB Bank Berhad

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****11 Investments in subsidiaries (Continued)**

The subsidiaries held through CIMB Thai Bank Public Company Limited are as follows:

Name	Principal activities	Percentage of equity held:			
		Directly by the Bank		Through subsidiary company	
		2011 %	2010 %	2011 %	2010 %
CIMB Securities (Thailand) Company Limited (Incorporated in the Kingdom of Thailand) ^α	Stock and share broking	-	-	99.9	99.9
CT Coll Company Limited (formerly known as BT Business Consulting Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Consultancy services	-	-	99.9	99.9
Centre Auto Lease Company Limited (formerly known as BT Leasing Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Leasing/hire purchase	-	-	99	99
Worldlease Company Limited (formerly known as BT Worldlease Company Limited) (Incorporated in the Kingdom of Thailand) ^α	Hire purchase of motorcycles	-	-	75	75

[^] Company has been voluntarily liquidated during the financial year^α Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia[∞] In accordance with IC 112 - Consolidation: Special Purpose Entities, Commerce Returns Berhad is consolidated in the Group as the substance of the relationship between the Group and the special purpose entity indicates that the entity is controlled by the Group[@] The combined interests of these subsidiaries are more than 51%.

All the subsidiaries, unless otherwise stated, are incorporated in Malaysia

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****12 Investment in jointly controlled entity**

	The Group	
	2011	2010
	RM'000	RM'000
Share of net assets of jointly controlled entity	149,208	139,849

	The Bank	
	2011	2010
	RM'000	RM'000
Unquoted shares, at cost	125,000	125,000

The jointly controlled entity, which is incorporated in Malaysia, is as follows:

Name	Principal activity	Percentage of equity held	
		2011	2010
		%	%
Proton Commerce Sdn. Bhd.	Financing of vehicles	50	50

On 22 October 2003, Bumiputra-Commerce Finance Berhad (“BCF”) entered into a joint venture agreement with Proton Edar Sdn. Bhd. (“PESB”) for the purposes of building and operating a competitive vehicle financing business in Malaysia for vehicles distributed by PESB. Subsequently, a jointly controlled entity was incorporated under the name of Proton Commerce Sdn Bhd (“PCSB”) which is 50%:50% owned by BCF and PESB respectively. PCSB is primarily responsible for developing, managing and marketing hire purchase loans for vehicles sold to the customers of PESB. Pursuant to the joint venture, BCF issued RM200 million Perpetual Preference Shares (“PPS”) which were fully subscribed by PCSB. Pursuant to the vesting of the finance company business and the related assets and liabilities of BCF to the Bank and the subsequent capital reduction exercise undertaken by BCF in 2006, the BCF PPS were cancelled, and the Bank issued RM200 million PPS to PCSB.

The Group’s share of income and expenses of the jointly controlled entity is as follows:

	2011	2010
	RM'000	RM'000
Income	54,820	59,133
Expenses	(42,388)	(44,597)
Profit before taxation	12,432	14,536
Taxation	(3,073)	(4,087)
Net profit for the financial year	9,359	10,449

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****12 Investment in jointly controlled entity (Continued)**

The Group's share of the assets and liabilities of the jointly controlled entity other than those that are held in trust by the Bank is as follows:

	2011	2010
	RM'000	RM'000
Non-current assets	180,463	220,271
Current assets	150,765	117,658
Current liabilities	(104,785)	(80,989)
Long term liabilities	(77,235)	(117,091)
Net assets	<u>149,208</u>	<u>139,849</u>

13 Investments in associates

	The Group	
	2011	2010
	RM'000	RM'000
At 1 January	382,248	268,636
Acquisition of associate	-	53,082
Capital contributions and purchase of right issues in associates	94,686	-
Share of associate's other comprehensive income	13,849	-
Share of profit	99,033	60,530
	<u>589,816</u>	<u>382,248</u>

	The Bank	
	2011	2010
	RM'000	RM'000
Unquoted shares outside Malaysia, at cost	<u>392,802</u>	<u>298,116</u>

On 31 December 2011, Bank of Yingkou Co. Ltd. completed the rights issue of 181,153,356 new ordinary shares with a par value of CNY 1 at an issue price of CNY 3.35 per share to its existing shareholders ("Right Issue"). The Bank had subscribed for its share entitlement in the Right Issue of 36,212,556 units for CNY 121,312,063.

The cost of investment in associates is also increased by additional capital injections (net of capital distributions) in The South East Asian Strategic Assets Fund LP.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****13 Investments in associates (Continued)**

Details of the associates held by the Bank are as follows:

Name	Principal activities	Percentage of equity held	
		2011 %	2010 %
Bank of Yingkou Co., Ltd (Incorporated in the People Republic of China)	Banking	19.99	19.99
The South East Asian Strategic Assets Fund LP (Incorporated in the Cayman Islands)	Investing in equity and equity related securities of entities	31.90	31.90
SEASAF Power Sdn. Bhd.	Investment holding	31.90	31.90
SEASAF Highway Sdn. Bhd.	Investment holding	31.90	31.90
SEASAF Education Sdn. Bhd.	Investment holding	31.90	31.90
SEASAF Sdn. Bhd. #	Investment holding	31.90	31.90
SEASAF 1 Resources Pte Ltd (Incorporated in the Republic of Singapore)	Investment holding	31.90	31.90

Company is in the process of being strike-off

The Group's share of income and expenses of the associates are as follows:

	2011 RM'000	2010 RM'000
Interest income	279,075	141,166
Interest expense	(110,873)	(31,987)
Net interest income	168,202	109,179
Non-interest income	39,750	21,302
Net income	207,952	130,481
Overheads	(74,927)	(47,846)
Allowances for losses on loans and advances	(4,518)	(6,625)
Write-back of/(allowance for) impairment losses	825	(450)
Profit before taxation	129,332	75,560
Taxation	(30,182)	(14,959)
Profit after taxation	99,150	60,601
Non-controlling interest	(117)	(71)
	99,033	60,530

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****13 Investments in associates (Continued)**

The Group's share of the assets and liabilities of the associate is as follows:

	2011	2010
	RM'000	RM'000
Total assets	5,545,144	4,278,928
Total liabilities	<u>(5,004,075)</u>	<u>(3,931,032)</u>
Net assets	<u>541,069</u>	<u>347,896</u>

14 Amount due from holding company and ultimate holding company

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Amount due from:				
- ultimate holding company	28,853	29,193	-	340
- holding company	<u>285</u>	-	<u>285</u>	-
	<u>29,138</u>	<u>29,193</u>	<u>285</u>	<u>340</u>

The amounts due from holding company and ultimate holding company are unsecured, interest free and callable on demand.

15 Amounts due from/(to) subsidiaries

	The Bank	
	2011	2010
	RM'000	RM'000
Amounts due from subsidiaries	<u>456,073</u>	<u>84,317</u>
Amounts due to subsidiaries	<u>(50,013)</u>	<u>(310,381)</u>

The amounts due from/(to) subsidiaries are unsecured, interest free and callable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****16 Amounts due from/(to) related companies**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Amounts due from related companies	1,673,748	2,259,363	1,671,621	2,239,775
Amounts due to related companies	(6,444)	(6,751)	-	(841)

Included in amount due from related companies is an amount of RM1,371,367,000 (2010: RM1,671,488,000) due from PCSB. With the adoption of FRS 139 on 1 January 2010, hire-purchase receivables belonging to PCSB were de-recognised from the Group's and the Bank's loans, advances and financing as the risks and rewards relating to the cash flows of these hire purchase receivables have been substantially transferred to PCSB.

The amounts from/(to) related companies are unsecured, interest free and callable on demand.

17 Goodwill

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	4,927,428	4,927,701	3,559,075	3,559,075
Exchange fluctuation	(23,524)	(273)	-	-
At 31 December	4,903,904	4,927,428	3,559,075	3,559,075
Impairment				
At 1 January/31 December	(4,000)	(4,000)	(4,000)	(4,000)
Net book value at 31 December	4,899,904	4,923,428	3,555,075	3,555,075

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****17 Goodwill (Continued)****Allocation of goodwill to cash-generating units**

Goodwill has been allocated to the following cash-generating units (“CGUs”). These CGUs do not carry any intangible assets with indefinite useful lives.

A segment-level summary of the goodwill allocation is presented below:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Retail Financial Services	1,101,075	1,101,075	1,101,075	1,101,075
Business Banking	911,000	911,000	911,000	911,000
Corporate Banking	419,000	419,000	419,000	419,000
Islamic Banking	136,000	136,000	-	-
Direct Banking Group	587,000	587,000	587,000	587,000
Treasury	537,000	537,000	537,000	537,000
Foreign Banking operations	1,199,277	1,199,277	-	-
Goodwill	4,890,352	4,890,352	3,555,075	3,555,075
Exchange fluctuation	9,552	33,076	-	-
	4,899,904	4,923,428	3,555,075	3,555,075

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

17 Goodwill (Continued)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2012 financial budgets approved by the Board of Directors, projected for five years based on the average to year historical Gross Domestic Product (“GDP”) growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (2010: 5.00%) for all cash generating units other than foreign banking operations which has used an estimated growth rate of 2.00% (2010: 2.00%). The cash flow projections are derived based on a number of key factors including the past performance and management’s expectation of market developments. The discount rates used in determining the recoverable amount of all the CGUs is 8.72% (2010: 8.89%) and 12.33% (2010:10.43%) for the foreign banking operations CGU. The discount rate is pre-tax and reflects the specific risks relating to the CGUs.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Impairment charge

There was no impairment charge for the financial year ended 31 December 2011. In the prior year, the impairment charge arises from the impairment of trustee services of RM4 million.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****18 Intangible assets**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2011						
Cost						
At 1 January		163,382	264,662	794,437	256	1,222,737
Additions		-	-	298,031	-	298,031
Disposals/write-off		-	-	(6,707)	-	(6,707)
Reclassified from property, plant and equipment	20	-	-	477	-	477
Exchange fluctuation		-	-	(1,947)	-	(1,947)
At 31 December		<u>163,382</u>	<u>264,662</u>	<u>1,084,291</u>	<u>256</u>	<u>1,512,591</u>
Amortisation and impairment						
At 1 January		62,123	148,544	437,903	103	648,673
Amortisation during the financial year		12,758	32,952	104,239	-	149,949
Impairment written off		-	-	(1,916)	-	(1,916)
Disposals/write-off		-	-	(4,787)	-	(4,787)
Exchange fluctuation		-	-	(975)	-	(975)
At 31 December		<u>74,881</u>	<u>181,496</u>	<u>534,464</u>	<u>103</u>	<u>790,944</u>
Net book value at 31 December 2011		<u>88,501</u>	<u>83,166</u>	<u>549,827</u>	<u>153</u>	<u>721,647</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****18 Intangible assets (Continued)**

The Group	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Licence fee RM'000	Total RM'000
2010						
Cost						
At 1 January		163,382	264,662	686,849	256	1,115,149
Additions		-	-	151,440	-	151,440
Disposals/write-off		-	-	(46,519)	-	(46,519)
Reclassified from property, plant and equipment	20	-	-	2,705	-	2,705
Exchange fluctuation		-	-	(38)	-	(38)
At 31 December		<u>163,382</u>	<u>264,662</u>	<u>794,437</u>	<u>256</u>	<u>1,222,737</u>
Amortisation and impairment						
At 1 January		45,289	115,331	381,010	103	541,733
Amortisation during the financial year		16,834	33,213	81,200	-	131,247
Disposals/write-off		-	-	(36,241)	-	(36,241)
Reclassified from property, plant and equipment	20	-	-	11,947	-	11,947
Exchange fluctuation		-	-	(13)	-	(13)
At 31 December		<u>62,123</u>	<u>148,544</u>	<u>437,903</u>	<u>103</u>	<u>648,673</u>
Net book value at 31 December 2010		<u>101,259</u>	<u>116,118</u>	<u>356,534</u>	<u>153</u>	<u>574,064</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****18 Intangible assets (Continued)**

	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
The Bank				
2011				
Cost				
At 1 January	153,091	263,612	670,087	1,086,790
Additions	-	-	276,954	276,954
Disposals/write-off	-	-	(2)	(2)
Exchange fluctuation	-	-	64	64
At 31 December	153,091	263,612	947,103	1,363,806
Amortisation				
At 1 January	57,406	148,280	350,742	556,428
Amortisation during the financial year	12,758	32,952	85,240	130,950
Disposals/write-off	-	-	(2)	(2)
Exchange fluctuation	-	-	2	2
At 31 December	70,164	181,232	435,982	687,378
Net book value at 31 December 2011	82,927	82,380	511,121	676,428

	Note	Customer relationships RM'000	Core deposits RM'000	Computer software RM'000	Total RM'000
The Bank					
2010					
Cost					
At 1 January		153,091	263,612	527,883	944,586
Additions		-	-	128,014	128,014
Reclassified from property, plant and equipment	20	-	-	14,241	14,241
Disposals/write-off		-	-	(51)	(51)
At 31 December		153,091	263,612	670,087	1,086,790
Amortisation					
At 1 January		44,650	115,330	271,932	431,912
Amortisation during the financial year		12,756	32,950	66,869	112,575
Reclassified from property, plant and equipment	20	-	-	11,947	11,947
Disposals/write-off		-	-	(6)	(6)
At 31 December		57,406	148,280	350,742	556,428
Net book value at 31 December 2010		95,685	115,332	319,345	530,362

The above intangible assets include the software under construction at cost of the Group and the Bank of RM429,321,508 (2010: RM246,949,720) and RM418,148,107 (2010: RM240,020,724) respectively.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

18 Intangible assets (Continued)

The valuation of customer relationships was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing customer base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 9.9%-10.0%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits acquired in a business combination was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8.0%-8.4%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation periods of the intangible assets are as follows:

Customer relationships:	
- credit card	6.5 years
- revolving credit	1 years
- overdraft	3 years
- trade finance	2 years
Core deposits	2.5 - 3.5 years
Computer software	3 - 15 years

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****19 Prepaid lease payments**

The Group	Note	Short term leasehold land RM'000	Total RM'000
2011			
Cost			
At 1 January		5,604	5,604
Reclassified to non-current assets held for sale		(693)	(693)
Reclassified from investment properties	21	689	689
Disposals/write-off		(58)	(58)
Exchange fluctuation		(109)	(109)
At 31 December		<u>5,433</u>	<u>5,433</u>
Amortisation			
At 1 January		3,263	3,263
Amortisation during the financial year		306	306
Reclassified to non-current assets held for sale		(2)	(2)
Disposals/write-off		(34)	(34)
Exchange fluctuation		(64)	(64)
At 31 December		<u>3,469</u>	<u>3,469</u>
Net book value at 31 December 2011		<u>1,964</u>	<u>1,964</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****19 Prepaid lease payments (Continued)**

The Group	Note	Short term leasehold land	
		RM'000	Total RM'000
2010			
Cost			
At 1 January		7,360	7,360
Reclassified to property, plant and equipment	20	(940)	(940)
Disposals/write-off		(823)	(823)
Exchange fluctuation		7	7
At 31 December		<u>5,604</u>	<u>5,604</u>
Amortisation			
At 1 January		3,531	3,531
Amortisation during the financial year		340	340
Reclassified to property, plant and equipment	20	(9)	(9)
Disposals/write-off		(601)	(601)
Exchange fluctuation		2	2
At 31 December		<u>3,263</u>	<u>3,263</u>
Net book value at 31 December 2010		<u>2,341</u>	<u>2,341</u>

Future amortisation of prepaid land lease is as follows:

The Group	Short term leasehold land	
	2011 RM'000	2010 RM'000
- Not later than one year	306	340
- Later than one year and not later than five years	1,224	1,360
- More than five years	434	641
	<u>1,964</u>	<u>2,341</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment**

The Group 2011	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		79,627	9,712	1,804	373,504	56,400	65,154	867,595	655,964	44,304	61,117	2,215,181
Additions		-	-	-	-	-	1,652	98,797	80,648	15,948	1,147	198,192
Disposals/write-offs		-	(601)	-	(22,010)	(967)	(10,896)	(5,563)	(15,267)	(6,913)	(240)	(62,457)
Reclassified to investment properties	21	-	-	-	-	(539)	-	-	-	-	-	(539)
Reclassified to intangible assets	18	-	-	-	-	-	-	-	-	-	(477)	(477)
Reclassified to non-current assets held for sale		(7,400)	-	-	(5,516)	(135)	(832)	-	-	-	-	(13,883)
Exchange fluctuation		(1,128)	-	-	(4,018)	447	(829)	(1,370)	(2,213)	(3)	77	(9,037)
At 31 December		71,099	9,111	1,804	341,960	55,206	54,249	959,459	719,132	53,336	61,624	2,326,980

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2011	Note	Freehold land RM'000	Leasehold	Leasehold	Buildings on freehold land RM'000	Buildings on	Buildings on	Renovations,	Computer	Motor vehicles RM'000	Computer	Total RM'000
			land 50 years or more RM'000	land less than 50 years RM'000		leasehold land 50 years or more RM'000	leasehold land less than 50 years RM'000	office equipment, furniture and fittings RM'000	equipment and hardware RM'000		equipment and software under lease RM'000	
Accumulated depreciation												
At 1 January		9,006	3,110	956	116,105	23,433	33,650	517,737	490,783	24,129	49,117	1,268,026
Charge for the financial year		-	284	22	4,664	1,159	3,291	98,880	78,023	6,413	5,237	197,973
Disposals/write-off		-	(406)	-	(5,724)	(291)	(9,926)	(5,752)	(9,212)	(6,616)	(205)	(38,132)
Reclassified to investment properties	21	-	-	-	-	(327)	-	-	-	-	-	(327)
Reclassified to non-current assets held for sale		-	-	-	(1,521)	(82)	(112)	-	-	-	-	(1,715)
Exchange fluctuation		(176)	-	-	(1,840)	75	(479)	(1,086)	(1,545)	-	21	(5,030)
At 31 December		8,830	2,988	978	111,684	23,967	26,424	609,779	558,049	23,926	54,170	1,420,795
Net book value at 31 December 2011		62,269	6,123	826	230,276	31,239	27,825	349,203	161,083	29,410	7,931	906,185

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM36,726,843 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2010	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		97,534	16,755	3,115	367,873	61,414	63,379	854,173	570,180	37,960	60,524	2,132,907
Additions		3,775	-	-	1,505	88	2,195	91,247	86,611	12,076	1,900	199,397
Disposals/write-offs		(21,226)	(7,043)	(1,205)	(4,781)	(2,287)	(556)	(49,842)	(12,671)	(5,667)	(881)	(106,159)
Reclassifications		-	-	-	-	-	-	(12,108)	12,112	(4)	-	-
Reclassified from/(to) intangible assets	18	-	-	-	12,368	-	-	(15,073)	-	-	-	(2,705)
Reclassified from prepaid lease payments	19	-	-	-	-	-	940	-	-	-	-	940
Reclassified to non-current assets held for sale		-	-	-	-	-	(784)	-	-	-	-	(784)
Exchange fluctuation		(456)	-	(106)	(3,461)	(2,815)	(20)	(802)	(268)	(61)	(426)	(8,415)
At 31 December		79,627	9,712	1,804	373,504	56,400	65,154	867,595	655,964	44,304	61,117	2,215,181

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment (Continued)**

The Group 2010	Note	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Accumulated depreciation												
At 1 January		9,008	5,453	1,906	111,926	23,569	30,419	470,700	404,369	23,291	43,234	1,123,875
Charge for the financial year		-	361	26	7,909	1,206	3,846	97,989	88,540	5,657	6,515	212,049
Disposals/write-off		-	(2,704)	(903)	(2,826)	(952)	(189)	(30,144)	(10,352)	(4,764)	(521)	(53,355)
Reclassifications		-	-	-	-	-	-	(8,369)	8,373	(4)	-	-
Reclassified to intangible assets	18	-	-	-	-	-	-	(11,947)	-	-	-	(11,947)
Reclassified from prepaid lease payments	19	-	-	-	-	-	9	-	-	-	-	9
Reclassified to non-current assets held for sale		-	-	-	-	-	(427)	-	-	-	-	(427)
Exchange fluctuation		(2)	-	(73)	(904)	(390)	(8)	(492)	(147)	(51)	(111)	(2,178)
At 31 December		9,006	3,110	956	116,105	23,433	33,650	517,737	490,783	24,129	49,117	1,268,026
Net book value at 31 December 2010		70,621	6,602	848	257,399	32,967	31,504	349,858	165,181	20,175	12,000	947,155

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM39,434,422 for the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment (Continued)**

The Bank	Note	Freehold land	Leasehold land 50 years or more	Leasehold land less than 50 years	Buildings on freehold land	Buildings on leasehold land 50 years or more	Buildings on leasehold land less than 50 years	Renovations, office equipment, furniture and fittings	Computer equipment and hardware	Motor vehicles	Computer equipment and software under lease	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost												
At 1 January		16,202	9,712	1,804	53,369	47,795	18,623	712,964	526,155	36,632	3,507	1,426,763
Additions		-	-	-	-	-	-	36,036	68,851	4,170	1,003	110,060
Disposals/write-off		-	(601)	-	-	(432)	-	(1,392)	(12,026)	(6,555)	(22)	(21,028)
Reclassified to non-current assets held for sale		(1,791)	-	-	(1,421)	-	-	-	-	-	-	(3,212)
Exchange fluctuation		-	-	-	-	381	-	609	206	38	79	1,313
At 31 December		14,411	9,111	1,804	51,948	47,744	18,623	748,217	583,186	34,285	4,567	1,513,896
Accumulated depreciation												
At 1 January		-	3,110	956	18,389	20,777	7,214	456,513	356,058	20,646	1,545	885,208
Charge for the financial year		-	284	22	1,485	935	466	80,839	65,834	4,670	237	154,772
Disposals/write off		-	(406)	-	-	(56)	-	(1,345)	(6,077)	(6,280)	(22)	(14,186)
Reclassified to non-current assets held for sale		-	-	-	(288)	-	-	-	-	-	-	(288)
Exchange fluctuation		-	-	-	-	45	(2)	370	206	21	20	660
At 30 December		-	2,988	978	19,586	21,701	7,678	536,377	416,021	19,057	1,780	1,026,166
Net book value at 31 December 2011		14,411	6,123	826	32,362	26,043	10,945	211,840	167,165	15,228	2,787	487,730

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM12,714,403 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****20 Property, plant and equipment (Continued)**

The Bank 2010	Freehold land RM'000	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Total RM'000
Cost											
At 1 January	16,202	16,755	3,115	53,369	51,035	18,709	681,919	443,769	31,587	3,918	1,320,378
Additions	-	-	-	-	-	48	66,560	74,249	8,964	31	149,852
Disposals/write-off	-	(7,043)	(1,205)	-	(906)	(123)	(8,513)	(3,774)	(3,877)	(16)	(25,457)
Reclassifications	-	-	-	-	-	-	(12,116)	12,120	(4)	-	-
Reclassified to intangible assets	-	-	-	-	-	-	(14,241)	-	-	-	(14,241)
Exchange fluctuation	-	-	(106)	-	(2,334)	(11)	(645)	(209)	(38)	(426)	(3,769)
At 31 December	16,202	9,712	1,804	53,369	47,795	18,623	712,964	526,155	36,632	3,507	1,426,763
Accumulated depreciation											
At 1 January	-	5,453	1,906	17,041	20,278	6,846	399,464	270,915	20,004	1,474	743,381
Charge for the financial year	-	361	26	1,348	945	468	80,383	79,045	4,388	198	167,162
Disposals/write off	-	(2,704)	(903)	-	(236)	(92)	(2,676)	(2,185)	(3,711)	(16)	(12,523)
Reclassifications	-	-	-	-	-	-	(8,369)	8,373	(4)	-	-
Reclassified to intangible assets	-	-	-	-	-	-	(11,947)	-	-	-	(11,947)
Exchange fluctuation	-	-	(73)	-	(210)	(8)	(342)	(90)	(31)	(111)	(865)
At 31 December	-	3,110	956	18,389	20,777	7,214	456,513	356,058	20,646	1,545	885,208
Net book value at 31 December 2010	16,202	6,602	848	34,980	27,018	11,409	256,451	170,097	15,986	1,962	541,555

The above property, plant and equipment include renovations, computer equipment and hardware under construction at cost of RM32,486,275 for the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****21 Investment properties**

The Group	Note	Freehold land	Buildings on	Buildings on	Buildings on	Total
2011		RM'000	freehold land	short term	long term	RM'000
			RM'000	leasehold land	leasehold land	RM'000
				RM'000	RM'000	
At 1 January		905	4,554	2,901	52,857	61,217
Additions		-	1,200	-	-	1,200
Reclassifications		(79)	79	-	-	-
Reclassified from property, plant and equipment	20	-	-	-	212	212
Reclassified to prepaid lease payment	19	-	-	(689)	-	(689)
Reclassified to non-current assets held for sale		(389)	(1,111)	-	(771)	(2,271)
Disposals		-	-	-	(52,858)	(52,858)
Fair value adjustments		-	1,200	-	642	1,842
At 31 December		437	5,922	2,212	82	8,653

The Group	Note	Freehold land	Buildings on	Buildings on	Buildings on	Total
2010		RM'000	freehold land	short term	long term	RM'000
			RM'000	leasehold land	leasehold land	RM'000
				RM'000	RM'000	
At 1 January		15,975	4,617	52,800	46,957	120,349
Reclassifications		(228)	228	-	-	-
Reclassified to non-current assets		-	-	(46,804)	-	(46,804)
Fair value adjustments		-	-	2,073	6,559	8,632
Disposals		(14,842)	(500)	-	-	(15,342)
Exchange fluctuation		-	209	(5,168)	(659)	(5,618)
At 31 December		905	4,554	2,901	52,857	61,217

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****21 Investment properties (Continued)**

	Buildings on short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Total RM'000
The Bank 2011			
At 1 January	-	52,858	52,858
Disposals	-	(52,858)	(52,858)
At 31 December	-	-	-

	Buildings on short term leasehold land RM'000	Buildings on long term leasehold land RM'000	Total RM'000
The Bank 2010			
At 1 January	49,900	46,957	96,857
Reclassified to non-current assets held for sale	(46,804)	-	(46,804)
Fair value adjustments	2,073	6,559	8,632
Exchange fluctuation	(5,169)	(658)	(5,827)
At 31 December	-	52,858	52,858

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The following amounts have been reflected in the statement of income:

	2011 RM'000	2010 RM'000
Rental income	559	1,703
Operating expenses arising from investment properties that generated the rental income	-	(163)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****22 Deposits from customers**

(a) By type of deposit

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Demand deposits	40,989,837	34,920,585	35,269,691	30,091,373
Saving deposits	15,704,254	14,092,199	12,023,812	10,562,489
Fixed deposits	72,962,052	66,917,400	53,854,216	48,937,747
Negotiable instruments of deposit	3,158,825	1,930,628	620,623	859,859
Others	43,663,048	41,779,885	29,801,403	31,101,601
	<u>176,478,016</u>	<u>159,640,697</u>	<u>131,569,745</u>	<u>121,553,069</u>

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Due within six months	63,621,905	55,751,393	43,649,293	39,228,996
Six months to less than one year	9,473,621	9,859,396	7,962,978	7,495,459
One year to less than three years	1,457,823	1,544,333	1,318,312	1,394,158
Three years to less than five years	1,335,103	1,665,300	1,311,831	1,651,387
Five years and more	232,425	27,606	232,425	27,606
	<u>76,120,877</u>	<u>68,848,028</u>	<u>54,474,839</u>	<u>49,797,606</u>

(b) By type of customer

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	12,525,136	14,054,491	6,637,526	8,285,269
Business enterprises	77,864,068	73,592,242	54,538,807	52,673,540
Individuals	62,830,536	51,863,891	51,547,232	41,842,495
Others	23,258,276	20,130,073	18,846,180	18,751,765
	<u>176,478,016</u>	<u>159,640,697</u>	<u>131,569,745</u>	<u>121,553,069</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****23 Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Licensed banks	7,938,192	6,830,585	13,513,748	11,382,428
Licensed finance companies	129,555	145,025	95,612	112,363
Licensed investment banks	1,765,936	2,847,557	912,853	2,276,357
Bank Negara Malaysia	372,677	1,598,400	372,677	1,598,400
Other financial institutions	3,667,053	3,230,868	3,624,387	3,099,106
	<u>13,873,413</u>	<u>14,652,435</u>	<u>18,519,277</u>	<u>18,468,654</u>

The Bank has undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM70,000,000 (2010: RM1,025,300,000) using interest rate swaps.

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Negotiable instruments of deposit	70,000	1,025,300
Fair value changes arising from fair value hedges	721	(13,613)
	<u>70,721</u>	<u>1,011,687</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 were RM3,577,351 (2010: fair value loss of RM13,843,746).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****24 Derivative financial instruments, commitments and contingencies****(i) Derivative financial instruments**

The following tables summarise the contractual underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at 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.

At 31 December 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
Trading derivatives						
Foreign exchange derivatives						
Currency forward	11,137,071	150,947	(171,386)	8,556,322	111,129	(151,896)
Currency swaps	38,299,915	412,444	(328,273)	34,400,531	366,975	(262,949)
Currency spots	2,864,293	1,439	(1,362)	2,498,173	1,013	(926)
Currency options	1,684,491	8,983	(14,206)	1,540,387	7,718	(13,339)
Cross currency interest rate swaps	16,804,268	537,952	(392,083)	16,657,869	522,901	(392,922)
	70,790,038	1,111,765	(907,310)	63,653,282	1,009,736	(822,032)
Interest rate derivatives						
Interest rate swaps						
Interest rate swaps	242,872,810	2,604,921	(2,279,435)	218,308,474	2,400,666	(2,059,269)
Interest rate futures	11,930,771	31,861	(2,279)	11,803,092	31,861	(2,278)
Interest rate options	150,000	10,408	(4,550)	150,000	10,408	(4,550)
	254,953,581	2,647,190	(2,286,264)	230,261,566	2,442,935	(2,066,097)
Equity related derivatives						
Equity swaps						
Equity swaps	525,927	416	(18,399)	296,560	258	(18,241)
Equity options	8,603,265	60,008	(305,738)	6,928,079	49,570	(295,341)
Index futures	17,121	1	(132)	17,121	1	(132)
	9,146,313	60,425	(324,269)	7,241,760	49,829	(313,714)
Commodity related derivatives						
Commodity swaps						
Commodity swaps	80,961	4,456	(5,498)	80,961	4,456	(5,498)
Commodity futures	39,643	783	(863)	39,643	783	(863)
Commodity options	203,200	48,048	(48,048)	203,200	48,048	(48,048)
	323,804	53,287	(54,409)	323,804	53,287	(54,409)
Credit related contract						
Credit default swaps						
Credit default swaps	2,138,269	38,374	(72,394)	2,138,269	38,374	(72,394)
Hedging derivatives						
Cross currency interest rate swaps						
Cross currency interest rate swaps	71,131	-	(597)	71,131	-	(597)
Interest rate swaps	13,495,846	224,336	(442,546)	18,100,014	486,763	(448,933)
Total derivatives assets/(liabilities)	350,918,982	4,135,377	(4,087,789)	321,789,826	4,080,924	(3,778,176)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****24 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
Trading derivatives						
Foreign exchange derivatives						
Currency forward	10,295,460	159,844	(154,852)	8,546,302	152,256	(102,140)
Currency swaps	34,680,313	515,786	(488,225)	31,027,117	457,444	(446,027)
Currency spot	270,937	305	(197)	134,454	282	(148)
Currency options	2,404,827	1,624	(5,694)	2,404,828	1,624	(5,694)
Cross currency interest rate swaps	16,047,393	687,934	(736,030)	15,375,452	649,282	(740,073)
	63,698,930	1,365,493	(1,384,998)	57,488,153	1,260,888	(1,294,082)
Interest rate derivatives						
Interest rate swaps	181,322,125	1,698,397	(1,323,655)	161,336,017	1,511,081	(1,168,420)
Interest rate futures	13,746,090	18,185	(15,428)	13,746,090	18,185	(15,428)
Interest rate options	750,000	7,179	(3,602)	750,000	7,179	(3,602)
	195,818,215	1,723,761	(1,342,685)	175,832,107	1,536,445	(1,187,450)
Equity related derivatives						
Equity swaps	273,717	1,777	(51,329)	273,717	1,777	(51,329)
Equity options	10,545,684	223,081	(606,369)	8,326,139	216,503	(600,027)
Index futures	9,089	-	(137)	9,089	-	(137)
	10,828,490	224,858	(657,835)	8,608,945	218,280	(651,493)
Commodity related derivatives						
Commodity swaps	60,480	4,085	-	60,480	4,085	-
Commodity futures	60,553	1	(3,653)	60,553	1	(3,653)
Commodity options	104,840	15,028	(15,028)	104,840	15,028	(15,028)
	225,873	19,114	(18,681)	225,873	19,114	(18,681)
Credit related contract						
Credit default swaps	1,366,348	29,138	(56,883)	1,366,348	29,138	(56,883)
Hedging derivatives						
Cross currency interest rate swaps	218,378	-	(43,342)	-	-	-
Interest rate swaps	12,412,998	138,527	(206,716)	16,752,811	198,669	(215,226)
Total derivatives assets/(liabilities)	284,569,232	3,500,891	(3,711,140)	260,274,237	3,262,534	(3,423,815)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****24 Derivative financial instruments, commitments and contingencies
(Continued)****(i) Derivative financial instruments (continued)****Fair value hedge**

Fair value hedges are used by the Group and the Bank to protect it against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group and the Bank uses interest rate swaps and cross-currency swaps to hedge against interest rate risk of loans, subordinated obligations, negotiable instruments of deposits issued and foreign bonds. For designated and qualifying fair value hedges, the changes in fair value of derivative and item in relation to the hedged risk are recognised in the statement of income. If the hedge relationship is terminated, the cumulative adjustment to the carrying amount of the hedged item is amortised in the statement of income based on recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognised, in which case, it is released to the statement of income immediately. For the financial year ended 31 December 2011, the Group and the Bank has derecognised fair value hedged item of RM6,220,990 due to maturity of negotiable instruments of deposit. The Group and the Bank has also fully amortised the cumulative fair value loss of redesignated negotiable instruments of deposit of RM22,512,000 upon its maturity.

Included in the net non-interest income (Note 36) is the net gains/(losses) arising from fair value hedges during the year as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
(Loss)/gain on hedging instruments	(166,467)	(42,417)	49,498	(36,299)
Gain/(loss) on the hedged items attributable to the hedged risk	<u>153,828</u>	<u>(8,222)</u>	<u>(61,619)</u>	<u>(16,230)</u>

Net investment hedge

Foreign exchange swaps and non derivative financial liabilities are used to hedge the Group and the Bank's exposure to foreign exchange risk on net investments in foreign operations. Gains or losses on retranslation of the foreign exchange swaps are transferred to equity to offset any gains or losses on translation of the net investment in foreign operations. Ineffectiveness from hedges of net investments was recognised in the statement of income during the year for the Group and the Bank of RM4,964,677 (2010: RM6,766,962) and RM281,912 (2010: RM2,899,374) respectively. No amount were withdrawn from equity during the financial year as there were no disposal of net investment.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

24 Derivative financial instruments, commitments and contingencies (Continued)

(i) Derivative financial instruments (continued)

Cash flow hedge

Cash flow hedges are used by the Group and the Bank to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates of financial assets and financial liabilities. The Group and the Bank hedges cash flows from held-to-maturity debt securities against foreign exchange risk using currency swaps. During the financial year ended 31 December 2011, the Group and the Bank has ceased cash flow hedge accounting with cumulative gain of RM225,502 remaining in equity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****24 Derivative financial instruments, commitments and contingencies
(Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank enter into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements.

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

Treasury related 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.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2011	2010	2011	2010
	Principal RM'000	Principal RM'000	Principal RM'000	Principal RM'000
<u>Credit-related</u>				
Direct credit substitutes	2,431,001	2,147,004	2,338,908	1,880,066
Transaction-related contingent items	4,397,206	4,338,700	3,205,540	3,158,201
Short-term self-liquidating trade-related contingencies	2,549,245	3,511,093	2,032,382	3,228,857
Obligations under underwriting agreement	145,000	235,000	145,000	235,000
Irrevocable commitments to extend credit :				
- maturity not exceeding one year	36,370,852	33,360,091	33,911,376	31,228,089
- maturity exceeding one year	6,710,804	6,778,212	5,835,710	5,366,611
Forward asset purchase	-	3,084	-	3,084
Miscellaneous commitments and contingencies	4,940,544	5,908,957	2,884,268	1,195,586
Total credit-related commitments and contingencies	<u>57,544,652</u>	<u>56,282,141</u>	<u>50,353,184</u>	<u>46,295,494</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****24 Derivative financial instruments, commitments and contingencies
(Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2011 Principal RM'000	2010 Principal RM'000	2011 Principal RM'000	2010 Principal RM'000
<u>Treasury-related</u>				
Foreign exchange related contracts :				
- less than one year	49,298,596	45,578,346	47,503,115	43,923,081
- one year to less than 5 years	11,774,795	10,326,952	11,844,370	10,184,529
- five years and above	4,523,518	3,353,629	4,376,928	3,380,543
	65,596,909	59,258,927	63,724,413	57,488,153
Interest rate related contracts :				
- less than one year	49,837,868	55,274,126	48,713,161	55,007,853
- one year to less than 5 years	162,359,000	103,488,444	161,029,887	101,633,153
- five years and above	35,930,379	23,566,421	39,660,736	36,668,534
	248,127,247	182,328,991	249,403,784	193,309,540
Equity related contracts:				
- less than one year	1,852,206	3,614,590	1,635,696	2,976,850
- one year to less than 5 years	4,901,299	5,121,016	3,939,189	4,045,536
- five years and above	2,392,808	2,092,883	1,666,874	1,586,558
	9,146,313	10,828,489	7,241,759	8,608,944
Other treasury related contracts	26,628,644	31,285,226	-	-
Total treasury-related commitments and contingencies	349,499,113	283,701,633	320,369,956	259,406,637
	407,043,765	339,983,774	370,723,140	305,702,131

The Bank has given a continuing guarantee to Bank Negara Malaysia to meet the liabilities and financial obligations and requirements of its subsidiary, CIMB Bank (L) Limited, arising from its offshore banking business in the Federal Territory of Labuan.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****25 Other liabilities**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Due to brokers and clients		103,439	103,102	70,715	63,690
Accrued employee benefits	(a)	10,866	10,224	10,866	10,127
Post employment benefit obligations	(b)	135,831	153,537	29,184	56,607
Sundry creditors		914,693	589,489	740,233	400,125
Expenditure payable		864,164	1,041,543	762,328	930,818
Allowance for commitments and contingencies	(c)	29,232	49,208	14,783	33,333
Provision for legal claims		127,216	137,415	100,852	110,563
Credit card expenditure payable		89,291	195,688	87,686	194,244
Call deposit borrowing		402,705	281,833	402,705	281,833
Others		519,423	1,075,423	340,392	649,706
		3,196,860	3,637,462	2,559,744	2,731,046

(a) Accrued employee benefits

This refers to the accruals for short term employee benefits for leave entitlement. Under their employment contract, employees can earn their leave entitlement which they are entitled to carry forward and will lapse if not utilised in the following accounting period. Accruals are made for the estimate of liability for unutilised annual leave.

(b) Post employment benefit obligations

		The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Defined contribution plan – EPF	(i)	19,118	15,296	19,118	15,296
Defined benefit plans	(ii)	116,713	138,241	10,066	41,311
		135,831	153,537	29,184	56,607

(i) Defined contribution plan of the Group and the Bank

Group companies incorporated in Malaysia contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligations (continued)****(ii) Defined benefit plans of the Group and the Bank**

CIMB Bank and CIMB Thai Bank operate final salary defined benefit plans for employees, the assets of which are held in separate trustee - administered funds. CIMB Bank through the Trustee's of the Scheme has on 13th January 2011 written to the Inland Revenue Board to notify on the Bank's intention to wind up the scheme. As a result of the winding up of the Scheme, all members cease to earn further benefits under the Scheme effective from 1 January 2011. As at 31 December 2011, 88% of the funds under the Scheme has been remitted to the Employee Provident Fund (EPF). The latest actuarial valuation of the plans for CIMB Thai Bank was carried out as at 31 December 2011.

The amounts recognised in the statements of financial position in respect of defined benefit plans are determined as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations	61,579	182,436	20,561	182,436
Present value of unfunded obligations	66,138	96,930	-	-
Fair value of plan assets	(10,495)	(114,679)	(10,495)	(114,679)
Unrecognised actuarial loss	(509)	(26,446)	-	(26,446)
Liability	116,713	138,241	10,066	41,311

The amount recognised in the statement of income in respect of defined benefit plans are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current service cost	13,759	18,576	-	12,442
Interest cost	4,498	14,437	-	12,094
Expected return on plan assets	(623)	(5,870)	(623)	(5,870)
Curtailed (gain)/loss / amortisation of unrecognised loss	(5,046)	(15,862)	(5,046)	(15,862)
Total included in personnel costs	12,588	11,281	(5,669)	2,804

The actual return on plan assets of the Group and the Bank were RM623,045 (2010: RM8,420,164).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans of the Group and the Bank (continued)**

Movements in the defined benefit obligation over the financial year are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	279,366	284,589	182,436	186,191
Current services costs	13,759	18,576	-	12,442
Interest costs	4,498	14,437	-	12,094
Actuarial losses	509	2,478	-	2,478
Benefits paid	(156,829)	(12,219)	(156,829)	(12,219)
Exchange fluctuation	(8,540)	(9,945)	-	-
Curtailements	(5,046)	(18,550)	(5,046)	(18,550)
At 31 December	<u>127,717</u>	<u>279,366</u>	<u>20,561</u>	<u>182,436</u>

The movements in the fair value of plan assets for the financial year are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	114,679	104,644	114,679	104,644
Expected return on plan assets	623	5,870	623	5,870
Actuarial gain	-	2,550	-	2,550
Employer contributions	-	7,357	-	7,357
Benefits paid	(104,807)	(5,742)	(104,807)	(5,742)
At 31 December	<u>10,495</u>	<u>114,679</u>	<u>10,495</u>	<u>114,679</u>

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****25 Other liabilities (Continued)****(b) Post employment benefit obligation (continued)****(ii) Defined benefit plans of the Group and the Bank (continued)**

The principal actuarial assumptions used in respect of the Group's and the Bank's defined benefit plans were as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	%	%	%	%
Discount rates	3.50	3.00 - 6.60	-	6.60
Expected return on plan assets	-	5.45	-	5.45
Future salary increases	5.00	4.00 - 6.00	-	6.00

The expected contribution to post employment benefits plan for the financial year ended 31 December 2012 to the Group and the Bank is RM12,416,000 (2011: RMNil) and RMNil (2011: RMNil) respectively.

	2011	2010	2009	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
The Group					
As at 31 December					
Present value of defined benefit obligation	127,717	279,366	284,589	170,709	142,191
Fair value of plan assets	(10,495)	(114,679)	(104,644)	(83,622)	(89,696)
Deficit	117,222	164,687	179,945	87,087	52,495
Experience adjustments on					
plan liabilities	509	2,478	-	31,827	2,650
Experience adjustments on plan assets	-	2,550	9,482	(21,007)	8,458
The Bank					
As at 31 December					
Present value of defined benefit obligation	20,561	182,436	186,191	170,709	142,191
Fair value of plan assets	(10,495)	(114,679)	(104,644)	(83,622)	(89,696)
Deficit	10,066	67,757	81,547	87,087	52,495
Experience adjustments on					
plan liabilities	-	2,478	-	31,827	2,650
Experience adjustments on plan assets	-	2,550	9,482	(21,007)	(8,458)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****25 Other liabilities (Continued)****(c) Allowances for commitments and contingencies**

Movement in the allowances for commitments and contingencies are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	49,208	36,952	33,333	21,000
Allowance (written back)/made during the financial year	(19,220)	13,348	(18,818)	12,333
Disposal of subsidiary	-	(598)	-	-
Exchange fluctuation	(756)	(494)	268	-
At 31 December	<u>29,232</u>	<u>49,208</u>	<u>14,783</u>	<u>33,333</u>

26 Bonds

CIMB Bank (L) Limited, a wholly-owned subsidiary of CIMB Bank, has issued a 2 year senior unsecured USD140 million bonds guaranteed by CIMB Group Holdings Berhad. The USD140 million bonds were issued at par on 17 April 2009 and bear an interest rate of 3.00% per annum payable annually in arrears on 15 April 2010 and 15 April 2011. The USD140 million bonds are not listed on any exchange and shall be redeemed at the nominal value on the maturity date. The USD140 million bonds were fully subscribed by TPG Malaysia Finance, L.P.

The USD140 million bonds have matured on 15 April 2011.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****27 Other borrowings**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Term loan- USD300 million	(a)	-	925,050	-	-
Others	(b)	462,720	-	462,720	-
		462,720	925,050	462,720	-
At cost		-	1,092,750	-	-
Exchange difference		-	(167,700)	-	-
		-	925,050	-	-

(a) In 2006, CIMB Bank (L) Limited secured a term loan which bears floating interest rates of LIBOR+0.19% per annum and is secured by a corporate guarantee issued by the Bank. The term loan has matured on 22 June 2011.

(b) The Bank obtained a funding through the securitisation of its hire purchase receivables to a third party.

On 4 November 2011, the funding – 1st tranche of RM180 million is raised for an effective interest rate of 2.85% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

On 16 December 2011, the funding – 2nd tranche of RM320 million is raised for an effective interest rate of 3.00% per annum, payable on monthly basis with coupon payment due on every 28th of the month, and will mature on 28 October 2016.

The Group and the Bank continues to recognise the hire purchase receivables on its statements of financial position as at 31 December 2011 as the Group and the Bank continues to retain the risk and rewards of the hire purchase receivables.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Subordinated loans - USD200 million	(a)	-	-	741,429	706,879
Subordinated bonds - RM1.5 billion	(b)	1,520,952	1,506,341	1,520,952	1,506,341
Subordinated bonds - RM1.0 billion	(c)	1,015,786	1,000,000	1,015,786	1,000,000
Subordinated bonds - RM1.0 billion	(d)	991,868	947,673	991,868	947,673
Subordinated notes - USD50 million	(e)	-	158,387	-	-
Subordinated notes - USD40 million	(f)	133,734	126,237	-	-
Subordinated notes - THB544 million	(g)	54,843	55,932	-	-
Subordinated notes - THB120 million	(h)	10,674	10,308	-	-
Subordinated Sukuk - RM550 million	(i)	545,590	295,203	-	-
Subordinated notes - RM1 billion	(j)	1,027,297	999,414	1,027,297	999,414
Subordinated notes - RM1 billion	(j)	1,066,054	998,774	1,066,054	998,774
Subordinated Fixed Rate Notes RM1.5 billion	(k)	1,567,422	-	1,567,422	-
Subordinated notes - THB3 billion	(l)	309,735	-	-	-
		8,243,955	6,098,269	7,930,808	6,159,081

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations (Continued)**

- (a) The USD200 million 6.62% subordinated loans of the Bank were obtained from SBB Capital Corporation (“SCC”) from the net proceeds that SCC raised through the issuance of SCC Preference Shares. The loans bear interest at a rate of 6.62% per annum payable semi-annually in arrears on 2 May and 2 November up to and including 2 November 2015. Thereafter, interest will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November. The subordinated loans will mature on 2 November 2055. The USD200 million subordinated loans qualify as Tier-1 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the USD200 million subordinated loans using interest rate swaps.

	The Bank	
	2011	2010
	RM'000	RM'000
Subordinated notes, at cost	728,250	728,250
Fair value changes arising from fair value hedges	108,644	99,331
Foreign exchange translations	(95,465)	(120,702)
	<u>741,429</u>	<u>706,879</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 were RM103,979,729 (2010: RM91,504,709).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations (Continued)**

- (b) The RM1.5 billion 10-year subordinated bonds (“the RM1.5 billion Bonds”) were issued by the Bank on 28 March 2008. The Bonds were issued at par and are callable with step-up in 2013. The Bonds bear an interest rate of 4.9% per annum payable semi-annually in arrears for the first 5 years, after which interest rate will be reset to 5.9% per annum until maturity date.

The Bank may at its option, subject to the prior approval of BNM, redeem the RM1.5 billion Bonds in part or in whole, on 28 March 2013 at their principal amount.

The RM1.5 billion Bonds qualify as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk amounting to RM600 million of the RM1.5 billion Bonds using interest rate swaps.

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated notes, at cost	600,000	600,000
Fair value changes arising from fair value hedges	1,821	6,341
	601,821	606,341

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 was RM14,993,302 (2010: RM20,380,266).

- (c) The RM1.0 billion subordinated bonds (“the RM1.0 billion Bonds”) were issued at par on 7 October 2008 under the Innovative Tier-1 Capital Securities Programme which was approved by the Securities Commission on 24 September 2008. The RM1.0 billion Bonds are due on 7 October 2038 callable with step-up on 7 October 2018. The bonds bear an interest rate of 6.7% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 3-month KLIBOR plus 2.98%.

The Bank may at its option, subject to the prior approval of BNM, redeem the RM1.0 billion subordinated bonds in whole but not in part, on 7 October 2018 or any interest payment date thereafter, at their principal amount plus accrued interest.

The RM1.0 billion Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

28 Subordinated obligations (Continued)

- (d) The RM1.0 billion subordinated bonds (“the Bonds”) is part of the Non-Innovative Tier 1 Stapled Securities Issuance Programme which was approved by the Securities Commission on 17 December 2008. Under the programme, the Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:
- (i) Non-Cumulative Perpetual Capital Securities issued by the Bank; and
 - (ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of the Bank

The Bonds under the first issuance were issued at par on 26 December 2008 and are due on 26 December 2058, with optional redemption on 26 December 2018 or any distribution payment date thereafter. The Bonds bear an interest rate of 7.2% per annum payable semi-annually in arrears.

Subject to the prior approval of BNM, the Bank shall redeem the RM1.0 billion subordinated bonds in whole but not in part, on 26 December 2018 or any distribution payment date thereafter, at their principal amount plus accrued interest.

The Bonds qualify as Tier-1 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk amounting to RM800 million of the RM1.0 billion Bonds using interest rate swaps.

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated notes, at cost	800,000	800,000
Fair value changes arising from fair value hedges	(9,119)	(52,327)
	<u>790,881</u>	<u>747,673</u>

The fair value loss of interest rate swaps in this hedge transaction as at 31 December 2011 was RM11,841,284 (2010: RM55,049,856).

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

28 Subordinated obligations (Continued)

- (e) On 17 July 2006, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 50 unit unsecured 10-year subordinated notes (“the USD50 million Notes”). The USD50 million Notes were issued at a price of USD1 million per unit and are callable with step-up in 2011. The USD50 million Notes bear an interest rate at six-month LIBOR plus 3.5% for the first 5 years payable semi-annually on 17 July and 17 January, after which interest rate will be reset at a rate per annum equal to the six-month LIBOR plus 5.25%.

CIMB Thai Bank may at its option, subject to the prior approval of Bank of Thailand, redeem the USD50 million Notes in whole but not in part, on 17 July 2011 at their principal amount plus accrued interest.

CIMB Thai Bank had fully settled the USD50 million Notes on 17 July 2011.

- (f) On 16 February 2007, CIMB Thai Bank, a subsidiary of CIMB Bank, issued 400 unit unsecured 10-year subordinated notes (“the USD40 million Notes”). The USD40 million Notes were issued at a price of USD100,000 per unit and are callable with step-up in 2012. The USD40 million Notes bear an interest rate at six-month LIBOR plus 3.5% for the first 5 years payable semi-annually on 20 February and 20 August, after which interest rate will be reset at a rate per annum equal to the six-month LIBOR plus 5.25%.

CIMB Thai Bank may at its option, subject to the prior approval of Bank of Thailand, redeem the USD40 million Notes in whole but not in part, on 20 February 2012 at their principal amount plus accrued interest.

The USD40 million Notes will mature on 20 February 2017 and qualify as Tier-2 Capital for the purpose of the RWCR computation.

- (g) The THB 544 million subordinated notes (“the THB544 million Notes”) represent CIMB Thai Bank’s obligation with regards to the promissory notes previously issued by few financial institutions before a series of merger. The promissory notes, which are guaranteed by Financial Institutions Development Fund (“FIDF”) has been recalled as FIDF is of the opinion that CIMB Thai Bank has no obligations in respect to the related liabilities. However, CIMB Thai Bank has yet to return the promissory notes to FIDF in order to retain its right to claim compensation from FIDF should CIMB Thai Bank need to undertake any responsibility for any obligations in the future.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

28 Subordinated obligations (Continued)

- (h) On 31 August 2009, CIMB Securities (Thailand) Company Limited, a subsidiary of CIMB Thai Bank, issued 120,000 unit 5-year Unsecured Zero-Coupon Subordinated Debentures (“the THB120 million Notes”) at a price of THB783.5262 per unit. The THB120 million Notes bear no interest.

The THB120 million Notes will mature on 31 August 2014.

- (i) The RM550 million subordinated Sukuk (‘the Sukuk’) is part of the Tier-2 Junior Sukuk programme by the Bank’s direct subsidiary, CIMB Islamic 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 under the first issuance of RM300 million were issued at par on 25 September 2009 and are due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum, payable semi-annually in arrears.

On 21 April 2011, additional RM250 million was issued at par and is due on 21 April 2021, with optional redemption on 21 April 2016 or any periodic payment date thereafter. The Sukuk bears a profit rate of 4.20% per annum, payable semi-annually in arrears.

The RM550 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

CIMB Islamic has undertaken fair value hedge on the profit rate risk of the RM250 million subordinated debts using Islamic profit rate swaps.

	The Group and the Bank	
	2011	2010
	RM'000	RM'000
Subordinated debts, at cost	250,000	-
Fair value changes arising from fair value hedges	7,959	-
	<u>257,959</u>	<u>-</u>

The fair value gain of profit rate swaps in this hedge transaction as at 31 December 2011 was RM8,194,538 (2010: RM Nil).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations (Continued)**

- (j) The Bank has on 23 December 2010 completed the issuance of RM2.0 billion Subordinated Debt.

The RM2.0 billion Subordinated Debt issuance was issued 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 was issued in 2 separate tranches, a RM1.0 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter (“10 years tranche”), and another RM1.0 billion tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter (“15 years tranche”). 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 4.3% and 4.8% for the 10 years tranche and the 15 years tranche respectively. There is no step up coupon after call dates. Proceeds from the issue will be used for the Bank’s working capital purposes.

The RM2.0 billion subordinated debts qualify as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.0 billion subordinated debts (maturity of 10 years) and RM1.0 billion subordinated debts (maturity of 15 years) using interest rate swaps.

Subordinated debts with maturity of 10 years

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated debts, at cost	1,000,000	1,000,000
Fair value changes arising from fair value hedges	26,237	(586)
	1,026,237	999,414

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 was RM23,117,414 (2010: fair value loss of RM3,113,966).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations (Continued)**Subordinated debts with maturity of 15 years

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated debts, at cost	1,000,000	1,000,000
Fair value changes arising from fair value hedges	64,870	(1,226)
	<u>1,064,870</u>	<u>998,774</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 was RM55,268,434 (2010: fair value loss of RM8,039,903).

- (k) 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 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 the Bank's working capital purposes.

The RM1.5 billion Subordinated Debt qualifies as Tier-2 Capital for the purpose of the RWCR computation.

The Bank has undertaken fair value hedge on the interest rate risk of the RM1.35 billion and RM150 million subordinated debts using interest rate swaps.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****28 Subordinated obligations (Continued)**RM1.35 billion Subordinated debts

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated debts, at cost	1,350,000	-
Fair value changes arising from fair value hedges	35,936	-
	<u>1,385,936</u>	<u>-</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 were RM38,756,075 (2010: RM Nil).

RM150 million Subordinated debts

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Subordinated debts, at cost	150,000	-
Fair value changes arising from fair value hedges	6,257	-
	<u>156,257</u>	<u>-</u>

The fair value gain of interest rate swaps in this hedge transaction as at 31 December 2011 were RM6,820,237 (2010: RM Nil).

- (1) On 14 July 2011, CIMB Thai Bank, a subsidiary of the Bank, issued 3,000,000 units unsecured 10-year subordinated notes ("the THB3 billion Notes"). The THB3 billion Notes were issued at a price of THB1,000 per unit. The THB3 billion Notes carry fixed interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January.

The THB3 billion Notes will mature on 14 July 2021 and qualify as Tier-2 Capital for the purpose of the RWCR computation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****29 Redeemable preference shares**

(a)

	The Group	
	2011	2010
	RM'000	RM'000
Authorised		
Redeemable preference shares of USD0.01 each		
At 1 January/31 December	<u>8</u>	<u>8</u>
	The Group	
	2011	2010
	RM'000	RM'000
Issued and fully paid		
Redeemable preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	<u>741,429</u>	<u>706,879</u>
	The Group	
	2011	2010
	RM'000	RM'000
Non-cumulative guaranteed preference shares, at cost	728,250	728,250
Fair value changes arising from fair value hedges	108,644	99,331
Foreign exchange translations	<u>(95,465)</u>	<u>(120,702)</u>
	<u>741,429</u>	<u>706,879</u>

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation (“SCC”), a wholly owned subsidiary company of the Bank incorporated in Labuan. The main features of the SCC Preference Shares are as follows:

- (i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.
- (ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of Bank Negara Malaysia, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.
- (iii) The SCC Preference Shares will not be convertible into ordinary shares.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****29 Redeemable preference shares (Continued)**

- (iv) The SCC Preference Shares are guaranteed by the Bank on a subordinated basis. If the SCC Preference shares have not been redeemed in full on or prior to 2 November 2055, the Bank shall cause the substitution of the SCC Preference Shares with Preference Shares issued by the Bank (Substitute Preference Shares) and the SCC Preference Shares shall be mandatorily exchanged for such Substitute Preference Shares having economic terms which are in all material aspects equivalent to those of the SCC Preference Share.

The SCC Preference Shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange Inc on 4 November 2005 and 24 November 2005 respectively and qualify as Tier-1 Capital for the purpose of the RWCR computation, subject to the limit as prescribed in the 'Guidelines on Innovative Tier 1 Capital Instruments' issued by Bank Negara Malaysia on 24 December 2004.

(b)

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Authorised		
Redeemable preference shares of RM0.01 each		
At 1 January/31 December	<u>50,000</u>	<u>50,000</u>
Issued and fully paid		
Redeemable preference shares of RM0.01 each		
Redeemable preference shares (equity)	<u>29,740</u>	<u>29,740</u>

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

29 Redeemable preference shares (Continued)

On 30 January 2008, the Bank issued 2,974,009,486 RPS of nominal value RM0.01 each to the Bank's minority shareholders and to CIMB Group at an issue price of RM1.00 each, which was approved by the shareholders via an Extraordinary General Meeting on the same date.

The main features of the RPS are as follows:

- (i) The RPS will rank equal in all respects with each other and senior to ordinary shares.
- (ii) The RPS will be fully paid-up upon issue and allotment.
- (iii) The RPS will not carry any fixed dividend but ranks the most senior in terms of dividend distribution.
- (iv) The RPS will not carry any voting rights.
- (v) The RPS will only be redeemable, subject to BNM's approval, at the option of the Bank.
- (vi) The RPS will not be convertible.
- (vii) The RPS will not be earmarked to any particular assets or banking activities.
- (viii) The RPS will not represent any fixed charge on the earnings of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****30 Ordinary share capital**

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	<u>7,000,000</u>	<u>7,000,000</u>

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	<u>3,764,469</u>	<u>3,764,469</u>

31 Perpetual preference shares

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	<u>500,000</u>	<u>500,000</u>

	The Group and The Bank	
	2011	2010
	RM'000	RM'000
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January/31 December	<u>200,000</u>	<u>200,000</u>

The main features of the PPS are as follows:

- (a) The PPS have no right to dividends.
- (b) In the event of liquidation, dissolution or winding-up of the Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of the Bank.
- (c) The PPS rank pari passu in all aspects among themselves.
- (d) The Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act, 1965 and as approved by Bank Negara Malaysia.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

32 Reserves

- (a) The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividends.
- (b) Pursuant to the Finance Act, 2007 which was gazetted on 28 December 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Bank, but is exempted from tax in the hands of the shareholders ("single tier system"). Companies with Section 108 tax credit balance are given an option to move to single tier system immediately or allowed to use Section 108 credit balance for purpose of dividend distribution during a transitional period of 6 years until 31 December 2013. The Bank has elected to use its Section 108 credit balance for the purpose of dividend distribution during the transitional period of 6 years until 31 December 2013. As at 31 December 2011, the Bank has sufficient credit in the Section 108 balance to pay franked dividends of RM93,000,000 (2010: 1,533,304,000) and sufficient tax exempt account balances of RM747,303,000 (2010: 10,742,000) to pay tax exempt dividends.
- (c) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiaries and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.
- (d) Capital reserves, which are non-distributable, relate to the retained earnings of Bumiputra-Commerce Finance Berhad and CIMB Investment Bank Berhad, and the four months profit of SBB Berhad (formerly known as Southern Bank Berhad) from 1 July 2006 to 31 October 2006 which were transferred to the Bank, arising from the business combinations under common control using the predecessor basis of accounting in financial year 2006.
- (e) Merger deficit, which is non-distributable, relates to the difference between the cost of the merger between the Bank and CIMB Investment Bank Berhad and SBB Berhad (formerly known as Southern Bank Berhad) in 2006 and the value of the net assets and reserves transferred to the Bank and the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****32 Reserves (Continued)**

- (f) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (g) Hedging reserve arise from net investment hedge activities undertaken by the Bank on overseas operations and foreign subsidiaries. The reserve is non-distributable and is reversed to the statement of income when the foreign operations and subsidiaries are partially or fully disposed. Included in hedging reserve in 2011 also cash flow hedge undertaken by the Bank on held-to-maturity debt securities against foreign exchange risk using currency swaps, which subsequently terminated by the Bank with cumulative gain of RM225,502 remaining in equity.
- (h) 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.
- (i) Share-based payment reserve arose from the Management Equity Scheme and Employee Ownership Plan, the Group's and the Bank's share-based compensation benefits.

33 Share premium

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Relating to				
- Ordinary shares				
At 1 January/31 December	5,033,633	5,033,633	5,033,633	5,033,633

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****34 Interest income**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries	5,691,801	5,113,555	4,895,203	4,435,559
- unwinding income [^]	95,495	117,118	78,701	96,709
Money at call and deposits with financial institutions	497,375	379,253	828,878	662,144
Reverse repurchase agreements	100,759	73,735	79,114	62,442
Financial assets held for trading	187,243	146,889	170,492	129,263
Financial investments available-for- sale	333,400	310,994	315,032	300,571
Financial investments held-to-maturity	560,831	540,221	519,583	495,982
Others	22,860	34,192	22,852	35,805
	7,489,764	6,715,957	6,909,855	6,218,475
Net accretion of discount less amortisation of premium	165,237	186,757	166,781	201,112
	7,655,001	6,902,714	7,076,636	6,419,587

[^] Unwinding income is interest income earned on impaired financial assets**35 Interest expense**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	117,998	104,848	146,174	111,980
Deposits from other customers	2,775,752	2,161,147	2,552,234	2,036,919
Repurchase agreements	2,497	569	2,009	192
Loans sold to Cagamas	1,635	8,974	1,635	8,974
Negotiable certificates of deposits	141,756	136,522	141,169	136,522
ICULS	666	3,682	666	3,682
Redeemable preference shares	40,506	42,646	-	-
Subordinated obligations	283,661	192,382	304,869	205,773
Others	74,167	18,578	1,236	-
	3,438,638	2,669,348	3,149,992	2,504,042

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****36 Net-non-interest income**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net fee and commission income				
Commissions	142,035	137,887	134,529	133,376
Fee on loans and advances	320,173	314,103	319,187	286,672
Service charges and fees	190,368	210,552	162,700	160,452
Guarantee fees	66,148	48,624	55,314	38,593
Other fee income	328,527	373,491	311,628	340,078
Fee and commission income	1,047,251	1,084,657	983,358	959,171
Fee and commission expense	(227,288)	(224,535)	(227,288)	(224,535)
Net fee and commission income	819,963	860,122	756,070	734,636
Gross dividend income from:				
In Malaysia				
Subsidiaries	-	-	762,435	82,744
Financial assets held for trading	30,732	16,794	30,732	16,794
Financial investments available-for- sale	14,637	10,449	14,562	10,449
Financial investments held-to-maturity	-	77	-	-
	45,369	27,320	807,729	109,987
Outside Malaysia				
Financial assets held for trading	4	121	-	-
Financial investments available-for- sale	20,023	20,547	-	-
	20,027	20,668	-	-
Net (loss)/gain arising from financial assets held for trading				
- realised	(340,957)	41,232	(350,978)	41,611
- unrealised	(45,090)	(39,690)	(42,234)	(36,275)
	(386,047)	1,542	(393,212)	5,336
Net loss arising from hedging derivatives	(12,639)	(62,569)	(12,121)	(61,470)
Net gain/(loss) arising from derivative financial instruments				
- realised	556,813	(116,059)	561,750	(43,333)
- unrealised	341,871	42,199	346,903	49,211
	898,684	(73,860)	908,653	5,878

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****36 Net non-interest income (Continued)**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net gain from sale of financial investments available-for-sale	208,661	69,978	184,013	36,090
Net gain from sale of financial investments held-to-maturity	76,864	104,278	75,980	104,278
Brokerage income	26,987	24,269	-	-
Other non-interest income				
Foreign exchange gain	136,046	534,544	93,493	510,873
Rental income	12,888	17,676	7,399	11,790
Gain on disposal of property, plant and equipment/assets held for sale	7,115	178,160	1,717	145,685
Gain on disposal of investment properties	-	1,258	-	-
(Loss)/gain on disposal of foreclosed properties	(20,070)	(1,045)	1,293	(261)
Gain on disposal of leased assets	99	511	-	-
Gain on disposal of subsidiaries	-	15,349	-	-
Gain on disposal of associate	-	2,265	-	-
Gain from insurance business	-	11,607	-	-
Gain on revaluation of investment properties	1,842	8,632	-	8,632
Share of gain from recovery of impaired loans	101,220	-	-	-
Gain on disposal of impaired loans	20,063	10,721	-	-
Capital gain from capital repayment of subsidiary	-	-	-	4,956
Others	61,874	84,994	31,499	74,354
	321,077	864,672	135,401	756,029
	2,018,946	1,836,420	2,462,513	1,690,764

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****37 Overheads**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Personnel costs				
- Salaries, allowances and bonuses	1,662,510	1,601,854	1,291,085	1,277,007
- Pension cost (defined contribution plan)	171,133	139,042	152,405	128,326
- Pension cost (defined benefit plan)	(41,744)	11,281	(60,000)	2,804
- Overtime	17,342	17,840	11,067	12,439
- Staff incentives and other staff payments	128,609	111,829	124,626	109,027
- Medical expenses	58,059	57,390	53,737	52,351
- Others	223,200	191,336	53,013	86,769
	2,219,109	2,130,572	1,625,933	1,668,723
Establishment costs				
- Depreciation of property, plant and equipment	197,973	212,049	154,772	167,162
- Amortisation of prepaid lease payments	306	340	-	-
- Rental	205,581	186,571	161,176	145,185
- Repairs and maintenance	100,349	191,631	86,377	173,184
- Outsourced services	147,241	158,862	251,216	256,191
- Security expenses	95,058	90,233	103,293	101,189
- Utility expenses	40,941	42,221	31,856	33,685
- Others	74,796	70,600	2,566	19,774
	862,245	952,507	791,256	896,370
Marketing expenses				
- Sales commission	8,828	19,629	392	3,559
- Advertisement	106,923	143,806	96,624	129,865
- Others	61,231	82,738	46,023	59,184
	176,982	246,173	143,039	192,608
Administration and general expenses				
- Communication	65,186	53,440	58,213	47,048
- Consultancy and professional fees	53,067	46,090	46,514	38,047
- Legal expenses	20,877	54,648	17,030	45,928
- Stationery	40,412	41,385	32,153	32,700
- Amortisation of intangible assets	149,949	131,247	130,950	112,575
- Postages	39,287	42,908	35,823	39,126
- Administrative travelling and vehicle expenses	32,955	32,156	22,255	22,138
- Incidental expenses on banking operations	52,976	79,514	24,478	38,907
- Insurance	57,666	71,398	16,944	31,047
- Others	84,890	106,638	(7,673)	31,159
	597,265	659,424	376,687	438,675
	3,855,601	3,988,676	2,936,915	3,196,376

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****37 Overheads (Continued)**

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (excluding benefits-in-kind) (Note 41)	5,665	5,470	5,324	5,100
Hire of equipment	3,815	4,605	3,182	3,529
Lease rental	587	3,890	587	3,890
Auditors' remuneration:				
PWC Malaysia (audit)				
- statutory audit	2,215	2,282	1,861	1,927
- limited review	633	933	578	853
- other audit related	160	640	100	510
PWC Malaysia (non audit)	190	819	146	699
Other member firms of PWC International Limited (audit)				
- statutory audit	1,041	1,135	565	540
- limited review	625	288	-	-
- other audit related	182	421	-	-
Other member firms of PWC International Limited (non audit)	350	142	169	61
Property, plant and equipment written-off	32	200	32	200

* PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****38 Allowances for impairment losses on loans, advances and financing**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing				
Individual impairment allowance				
- Net allowance made during the financial year	158,185	25,391	139,707	97,731
Portfolio impairment allowance				
- Net allowance made during the financial year	504,947	603,725	289,245	372,183
Impaired loans and advances				
- recovered	(335,471)	(336,322)	(202,181)	(195,828)
- written off	12,956	30,683	6,504	1,347
	340,617	323,477	233,275	275,433

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****39 Allowances for/(write-back of) other impairment losses**

	Note	The Group		The Bank	
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
Financial investments available-for-sale					
- net allowance made/(written back) during the financial year		72,987	(9,251)	71,869	(12,891)
Financial investments held-to-maturity					
- net allowance written back during the financial year		-	(587)	-	-
- recovered		(2,509)	-	-	-
Subsidiaries					
- written back during the financial year	(a)	-	-	(4,381)	(206,473)
Jointly controlled entity					
- written back during the financial year		-	(552)	-	(552)
		70,478	(10,390)	67,488	(219,916)

- (a) The write-back of allowance for impairment losses on the Bank's certain subsidiaries were due to the recoverable amounts were higher than the cost of investment of these subsidiaries.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

40 Significant related party transactions and balances

(a) The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate holding company
CIMB Group Sdn. Bhd.	Holding company
Subsidiaries of the Bank as disclosed in Note 11	Subsidiaries
CIMB Investment Bank Berhad	Subsidiary of holding company
SBB Berhad	Subsidiary of ultimate holding company
PT Bank CIMB Niaga Tbk and Group	Subsidiary of holding company
Proton Commerce Sdn. Bhd.	Jointly controlled entity
Commerce International Group Berhad	Subsidiary of holding company
Commerce Asset Ventures Sdn. Bhd. and Group	Subsidiary of holding company
Commerce Asset Realty Sdn. Bhd.	Subsidiary of ultimate holding company
Commerce MGI Sdn. Bhd.	Subsidiary of ultimate holding company
Key management personnel	See below

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include all the Directors of the Bank and employees of the Bank who make certain critical decisions in relation to the strategic direction of the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)****(b) Related party transactions**

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and other financial instruments. These transactions were carried out on commercial terms and at market rates.

	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
2011				
Income				
Interest on deposits and placements with financial institutions	-	337,740	43,977	-
Interest on loans, advances and financing	43,381	19,816	-	42
Interest on subordinated bonds and financing	4,140	242,096	4,932	-
Others	10,642	47,008	7,703	-
Expenditure				
Interest on deposits from customers and repurchase agreement	9,194	1,400	389	3,754
Interest on deposits and placements of banks and other financial institutions	19	30,863	30,216	-
Interest on ICULS	-	-	666	-
Rental of premises	2,773	1,006	650	-
Others	-	38,191	176,476	-
	<hr/>	<hr/>	<hr/>	<hr/>
2010				
Income				
Interest on deposits and placements with financial institutions	-	291,122	66,284	-
Interest on loans, advances and financing	57,259	21,166	-	88
Interest on subordinated bonds and financing	3,576	225,367	5,123	-
Others	8,410	57,384	10,991	1
Expenditure				
Interest on deposits from customers and repurchase agreement	9,340	140	107	698
Interest on deposits and placements of banks and other financial institutions	-	20,419	40,504	-
Interest on ICULS	-	-	3,682	-
Rental of premises	1,003	4,306	-	-
Others	-	44,812	145,085	-
	<hr/>	<hr/>	<hr/>	<hr/>

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)**

(c) Related party balances

	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
2011				
Amounts due from				
Current accounts, deposits and placements with banks and other financial institutions	-	9,210,220	860,584	-
Loans, advances and financing	335,191	122,012	186,318	3,837
Derivatives	-	77,130	-	-
Investments securities	89,944	296,934	16,993	-
Others	285	218	15,092	-
Amounts due to				
Deposits from customers and repurchase agreement	76,678	338,576	1,632,939	108,692
Deposits and placements of banks and other financial institutions	355,899	5,881,364	47,229	-
Derivatives	17,352	24,846	-	-
Others	22,055	338,103	135,974	-
Commitment and contingencies				
Cross currency interest rate swaps	-	244,540	-	-
Foreign exchange related contracts	-	-	5,040	-
Equity related contracts	-	-	1,054	-
Interest rate related contracts	-	6,100,780	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)****(c) Related party balances (Continued)**

	Holding & Ultimate Holding Company RM'000	Subsidiaries RM'000	Other related companies RM'000	Key management personnel RM'000
2010				
Amounts due from				
Current accounts, deposits and placements with banks and other financial institutions	-	9,756,248	1,134,101	-
Loans, advances and financing	1,139,040	171,069	228,925	3,114
Derivatives	-	91,137	-	-
Investments securities	79,238	261,670	24,715	-
Others	-	184,444	2,754	-
Amounts due to				
Deposits from customers and repurchase agreement	112,690	131,984	1,859,591	76,000
Deposits and placements of banks and other financial institutions	501,760	5,426,642	517,752	-
Derivatives	-	28,335	-	-
Others	3,697	65,362	45,617	-
Commitment and contingencies				
Cross currency interest rate swaps	-	198,559	-	-
Foreign exchange related contracts	-	-	10	-
Equity related contracts	-	-	45	-
Interest rate related contracts	-	6,225,214	-	-

Other related party balances are unsecured, non-interest bearing and has repayable on demand.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)**

(d) Key management personnel

Key management compensation

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	91,901	85,338	80,210	52,497
Share options of the ultimate holding company (units)	11,008,700	19,703,060	7,400,140	8,889,920
Shares of the ultimate holding company (units)	3,618,435	-	3,112,241	-

Included in the above is the Executive Directors' compensation which is disclosed in Note 41. The share options and shares are granted on the same terms and condition as those offered to other employees of the Group and the Bank.

Loans to Directors of the Bank amounting to RM301,411 (2010: RM344,917). Loans made to Directors and other key management personnel of the Group and the Bank are on similar terms and conditions generally available to other employees within the Group. No individual impairment allowances were required in 2011 and 2010 for loans, advances and financing made to the key management personnel.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

40 Significant related party transactions and balances (Continued)

(e) Management Equity Scheme (“MES” or the “Scheme”)

The MES was launched on 1 March 2004 as a performance linked compensation whereby a substantial shareholder of CIMB Group grants entitlements to selected employees of the Group and the Bank. The eligibility for participation in the MES shall be at the discretion of the Nomination and Remuneration Committee of CIMB Group. Entitlements of eligible members of the MES are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of CIMB Group administers the MES on behalf of the substantial shareholder. The entitlements granted vest in proportions over the various exercise periods and will expire on 28 February 2012.

Previously, the MES was not accounted for in the financial statements of the Group and the Bank as it does not fall within the scope of FRS 2 “Share-based Payment”. The amendment to FRS 2 effective 1 January 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. Subsequent to the amendment, the MES is now within the scope of the standard.

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 55.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Management Equity Scheme (“MES” or the “Scheme”) (Continued)**

The weighted average fair value of the entitlements granted, determined using the Binomial Valuation Model for the Group and the Bank were RM7.26 and RM7.28 each respectively. The significant inputs into the model were as follows:

Valuation assumptions	The Group	The Bank
- Expected volatility	31.8%	31.8%
- Expected dividend yield	1.6%	1.6%
- Expected option life	0.16 year	0.16 year
- Weighted average share price at grant date	RM10.64	RM10.68
- Weighted average risk-free interest rate	3.4%	3.4%

The volatility measured at the standard deviation of on daily share price returns was based on statistical analysis of daily prices over the last two years.

The total share-based payment expenses recognised in relation to the Scheme for the Group and the Bank during the current financial year amounted RM16,697,000 (2010: RM14,004,000) and RM15,629,000 (2010: RM13,140,000) respectively. The shares are exercisable 2 years from the grant date.

Details of the movement in the number of entitlements outstanding are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	Unit	Unit	Unit	Unit
	'000	'000	'000	'000
Share options				
At 1 January	25,570	12,296	23,606	11,284
Granted	-	8,064	-	7,404
Bonus issue	-	16,469	-	15,350
Exercised	(13,084)	(10,869)	(12,173)	(10,081)
Forfeited	(60)	(390)	(58)	(351)
At 31 December	12,426	25,570	11,375	23,606

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)****(e) Management Equity Scheme (“MES” or the “Scheme”) (Continued)**

Grant date	Exercise price per share RM	The Group	The Bank	Expiry date
		Options (unit)	Options (unit)	
22.3.2007	3.48	9,073,524	8,157,091	28.2.2012
31.5.2007	3.48	4,757,661	4,482,460	28.2.2012
27.3.2008	3.48	3,536,910	3,176,131	28.2.2012
31.3.2009	3.48	6,261,462	5,958,650	28.2.2012
6.8.2009	3.48	90,735	81,571	28.2.2012
1.10.2009	3.48	362,941	326,284	28.2.2012
8.3.2010	3.48	7,040,341	6,676,810	28.2.2012
30.3.2010	3.48	795,947	794,114	28.2.2012
26.5.2010	1.74	300,000	-	28.2.2012

The weighted average share price at the time of exercise was RM8.19 each for the Group and the Bank (2010: RM9.86 each for the Group and RM9.87 each for the Bank). The weighted average remaining contractual life is 0.16 year (2010: 1.2 years).

The total entitlement granted during the financial year was nil for the Group and the Bank (2010: 8,063,746 units for Group and 7,403,698 for the Bank) and number of entitlements that are exercisable at the financial year end is 12,424,733 units for the Group and 11,374,744 units for the Bank (2010: 12,393,294 units for the Group and 11,217,184 units for the Bank).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)****(f) Equity Ownership Plan (“EOP”)**

The EOP was introduced in 1 April 2011 by CIMB Group where CIMB Group will grant ordinary shares of CIMB Group to selected employees of the Group and the Bank with a re-charge to the Group and the Bank. Under the EOP, earmarked portions of variable remuneration of selected employees of the Group and the Bank will be utilised to purchase ordinary shares of CIMB Group from the market. The purchased shares will be released progressively to the eligible employees at various dates after the purchase date, subject to continued employment. A related company will act on behalf of CIMB Group to administer the EOP and to hold the shares up to the pre-determined transfer dates. The eligibility of participation in the EOP shall be at the discretion of the Group Compensation Review Committee of CIMB Group.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed at market price and proceeds received will be donated to CIMB Foundation on behalf of the employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to the designated beneficiary.

The total share-based payment expense recognised in statement of income for the Group and the Bank during the financial year amounted to RM22,578,000 and RM21,923,000 respectively.

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was RM8.27 per ordinary share, based on observable market price.

Movements in the number of CIMB Group’s ordinary shares awarded are as follows:

	The Group 2011 Unit '000	The Bank 2011 Unit '000
Shares		
At 1 January	-	-
Awarded	6,759	6,400
Released	(1,785)	(1,686)
At 31 December	<u>4,974</u>	<u>4,714</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****40 Significant related party transactions and balances (Continued)**

(g) Credit transactions and exposures with connected parties

Credit exposures with connected parties as per BNM's revised "Guidelines in Credit Transactions and Exposures with Connected Parties" which became effective on 1 January 2008 are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Outstanding credit exposures with connected parties	11,889,087	14,793,893	11,264,350	14,112,120
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.1%	7.3%	6.0%	8.3%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.0%	0.0%	0.0%	0.0%

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****41 Directors' remuneration**

The Directors of the Bank in office during the financial year were as follows:

Non-Executive Directors

Dato' Zainal Abidin bin Putih
 Dato' Sri Mohamed Nazir bin Abdul Razak
 Tan Sri G.K. Rama Iyer
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
 Dato' Seri Yeap Leong Huat
 Tan Sri Dato'Seri Haidar bin Mohamed Nor (resigned on 12 April 2011)
 Dato' Dr. Mohamad Zawawi bin Ismail (resigned on 8 October 2011)
 Dato' Mohd Shukri bin Hussin (resigned on 31 December 2011)
 Mr. Joseph Dominic Silva (appointed on 6 December 2011)

Executive Directors

Dato' Dr. Gan Wee Beng
 Dato' Sulaiman bin Mohd Tahir

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Salary and other remuneration	1,783	1,555	1,783	1,555
- Bonus	2,338	2,563	2,338	2,563
- Benefits-in-kind	51	43	51	43
Non-Executive Directors				
- Fees	295	286	223	190
- Other remuneration	1,249	1,066	980	792
- Benefits-in-kind	166	41	150	35
	5,882	5,554	5,525	5,178

The Directors' bonus for the financial year 2011 will be paid in tranches, spread over financial year 2012, while for financial year 2010, it will be paid in tranches, spread over financial year 2011. A similar condition is also imposed on the bonus for certain key personnel.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****41 Directors' remuneration (Continued)**

The functions and responsibilities of the CEO are carried out on a Group basis.

The Directors of the Bank and their total remuneration during the financial year are analysed below:

	The Group		The Bank	
	2011	2010	2011	2010
	Number of	Number of	Number of	Number of
	directors	directors	directors	directors
Executive Directors				
RM50,001 – RM200,000	-	-	-	-
RM450,001 – RM700,000	-	-	-	-
RM700,001 – RM750,000	-	-	-	-
RM750,001 – RM1,500,000	-	-	-	-
RM1,500,001 – RM2,500,000	2	2	2	2

	The Group		The Bank	
	2011	2010	2011	2010
	Number of	Number of	Number of	Number of
	directors	directors	directors	directors
Non-Executive Directors				
RM50,000 and below	3	2	3	2
RM50,001 – RM100,000	1	-	2	1
RM100,001 – RM150,000	1	2	-	1
RM150,001 – RM200,000	-	1	-	3
RM200,001 – RM250,000	1	1	2	-
RM250,001 – RM300,000	-	-	-	1
RM300,001 – RM350,000	-	1	1	-
RM350,001 – RM400,000	1	-	-	-
RM400,001 – RM550,000	2	1	1	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****42 Taxation**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	693,842	302,762	546,152	221,491
- Foreign tax	13,702	(5,910)	8,571	(6,817)
Deferred taxation (Note 9)	8,664	305,749	10,760	247,992
Over accrual in prior years	(54,025)	(8,719)	(53,721)	(9,354)
	662,183	593,882	511,762	453,312
Reconciliation between tax expense and the Malaysian tax rate				
Profit before taxation	3,397,664	2,958,772	3,186,293	2,352,728
Tax calculated at a rate of 25% (2010: 25%)	849,416	739,693	796,573	588,182
- different tax rates in Labuan and other countries	(65,275)	(111,020)	(35,827)	(78,214)
- expenses not deductible for tax purposes	93,806	113,261	74,469	51,469
- income not subject to tax	(100,414)	(102,310)	(269,732)	(98,771)
- utilisation of previously unrecognised tax losses	(61,325)	(37,023)	-	-
- over accrual in prior years	(54,025)	(8,719)	(53,721)	(9,354)
Tax expense	662,183	593,882	511,762	453,312

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

43 Earnings per share

(a) Basic earnings per share

The basic earnings per ordinary share for the Group have been calculated based on the net profit attributable to ordinary equity holders of the Group of RM2,725,882,000 (2010: RM2,356,680,000). For the Bank, the basic earnings per ordinary share have been calculated based on the net profit attributable to ordinary equity holders of the Bank of RM2,674,531,000 (2010: RM1,899,416,000).

Ordinary shares issued arising from business combinations under common control are included in the calculation of the weighted average number of shares from the date the business combination had been effected. The weighted average number of shares in issue during the year of 3,764,469,000 (2010: 3,764,469,000) is used for the computation.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at 31 December 2011 and 31 December 2010.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****44 Dividends**

The gross and net dividend declared per share for each financial year are as follows:

	2011			2010		
	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Net per share sen	Amount of dividend net of tax RM'000
Dividends recognised as distributions to equity holders:						
Interim dividend						
Per redeemable preference shares	40.35	30.26	900,000	4.11	3.08	91,688
Per redeemable preference shares - tax exempt	-	-	-	8.32	8.32	247,395
Special dividend						
Per redeemable preference shares	-	-	-	39.45	29.59	880,000
Per redeemable preference shares - tax exempt	-	-	-	4.04	4.04	120,000
Interim dividend - in respect of previous year						
Per redeemable preference shares	26.94	20.21	600,903	-	-	-
	67.29	50.47	1,500,903	55.92	45.03	1,339,083

The Directors have proposed a second net interim dividend of RM827,000,000 comprising approximately 4.17 sen per share less 25% income tax on 2,974,009,486 Redeemable Preference Shares of RM0.01 each, amounting to RM93,000,000 and single tier dividend of approximately 19.50 sen per share on 3,764,468,517 ordinary shares of RM1.00 each, amounting to RM734,000,000 in respect of the financial year ended 31 December 2011. The second interim dividend was approved by the Board of Directors in a resolution dated 19 January 2012.

The Directors do not recommend the payment of any final dividend on ordinary shares or Redeemable Preference Shares for the financial year ended 31 December 2011.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****45 Lease commitments**

The Group and the Bank have lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments, is as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Within one year	145,467	100,231	144,656	98,735
One year to less than five years	458,613	190,805	411,749	150,579
Five years and more	369,202	144,604	366,743	134,900

46 Capital commitments

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
- authorised and contracted for	238,221	164,080	238,221	164,080
- authorised but not contracted for	504,542	1,026,003	499,864	1,022,434
At 31 December	742,763	1,190,083	738,085	1,186,514

Analysed as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	679,574	721,670	675,346	718,540
Computer software	63,189	468,413	62,739	467,974
	742,763	1,190,083	738,085	1,186,514

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

47 Capital adequacy

The key driving principles of the Group's and the Bank's capital management policies are to diversify its sources of capital to allocate capital efficiently, and achieve and maintain an optimal and efficient capital structure of the Group and the Bank, with the objective of balancing the need to meet the requirements of all key constituencies, including regulators, shareholders and rating agencies.

The capital management process is centrally supervised by the Group Executive Committee (EXCO), Group Risk Committee (GRC) and Board Risk Committee (BRC) who periodically assess and review of the capital requirements and source of capital across the Group, taking into account all on-going and future activities that consume or create capital, and ensuring that the minimum target for capital adequacy is met. Available capital is allocated across competing demands, guided by the predetermined policies, and to ensure regulatory compliance. Monthly updates on capital position of the Group are also provided to the Board of Directors.

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

The capital adequacy ratio of CIMB Thai Bank remained unchanged based on guidelines issued by Bank of Thailand where Credit Risk and Market Risk is based on Standardised Approach (SA) while Operational Risk is based on Basic Indicator Approach. The capital adequacy ratio of CIMB Bank PLC is computed based on National Bank of Cambodia's requirements.

Capital Structure and Adequacy

The table below sets out the summary of the sources of capital and the capital adequacy ratios of the Group and the Bank as at 31 December 2011. The Group and the Bank issue various capital instruments pursuant to the respective regulatory guidelines, including tier 2 subordinated debt, innovative and non-innovative tier 1 hybrid securities that qualify as capital pursuant to the Risk Weighted Capital Adequacy Framework (Basel II)(RWCAF) and Capital Adequacy Framework for Islamic Banks (CAFIB) issued by BNM.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****47 Capital adequacy (Continued)**

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

	The Group		The Bank*	
	2011	2010	2011	2010
Before deducting proposed dividends				
Core capital ratio	11.97%	11.83%	15.26%	14.38%
Risk-weighted capital ratio	<u>16.87%</u>	<u>15.30%</u>	<u>17.59%</u>	<u>15.27%</u>
After deducting proposed dividends				
Core capital ratio	11.33%	11.35%	14.45%	13.81%
Risk-weighted capital ratio	<u>16.24%</u>	<u>14.82%</u>	<u>16.78%</u>	<u>14.71%</u>

(a) The breakdown of risk-weighted assets (“RWA”) by each major risk category is as follows:

	The Group		The Bank*	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Credit risk	109,351,226	104,892,665	83,785,262	87,236,173
Market risk	8,785,131	9,658,308	8,105,302	9,176,183
Large exposure risk requirements	400,148	360,424	400,148	360,424
Operational risk	<u>12,620,584</u>	<u>11,242,737</u>	<u>9,949,736</u>	<u>9,604,531</u>
Total risk-weighted assets	<u>131,157,089</u>	<u>126,154,134</u>	<u>102,240,448</u>	<u>106,377,311</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****47 Capital adequacy (Continued)**

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

	The Group		The Bank*	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tier I				
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	1,635,400	1,616,700	1,635,400	1,616,700
Other reserves	13,816,665	13,085,117	12,676,039	12,385,045
Non-controlling interests	266,211	260,586	-	-
Less:				
Deferred tax assets	(89,327)	(82,519)	(118,506)	(115,206)
Goodwill	(4,899,904)	(4,923,428)	(3,555,075)	(3,555,075)
Total Tier I capital	15,693,514	14,920,925	15,602,327	15,295,933
Tier II capital				
Subordinated notes	5,813,057	3,936,919	5,000,000	3,500,000
Redeemable preference shares	29,740	29,740	29,740	29,740
Regulatory reserve	490,627	117,595	431,514	110,190
Portfolio impairment allowance ^	397,291	381,876	188,389	221,940
Surplus of total eligible provision over expected loss under the IRB approach	255,860	409,200	359,190	404,989
Total eligible Tier II capital	6,986,575	4,875,330	6,008,833	4,266,859
Less:				
Investment in subsidiaries	(136,135)	(175,352)	(3,208,833)	(2,998,050)
Securitisation exposures subject to deductions^^	(70,116)	(70,116)	(70,116)	(70,116)
Investment in associates	(306,061)	(245,134)	(306,061)	(245,134)
Holding of other banking institutions' capital instruments	(40,990)	(2,842)	(40,990)	(2,842)
Total Eligible Tier II capital	6,433,273	4,381,886	2,382,833	950,717
Total capital base	22,126,787	19,302,811	17,985,160	16,246,650

^ The capital base of the Group and the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM 463,064,140 (2010: RM495,950,492) and RM 441,690,248 (2010: RM476,240,986) respectively.

^^ The following has been applied in computing the capital adequacy ratio:

- financing of hire purchase under PCSB (excluding those securitised) is included in the computation of RWA under the AIRB approach;
- the investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****47 Capital adequacy (Continued)**

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

	CIMB Islamic Bank**	CIMB Thai Bank***	CIMB Bank PLC****
31 December 2011			
Core capital ratio	10.44%	7.65%	N/A
Risk-weighted capital ratio	14.42%	13.00%	56.33%
31 December 2010			
Core capital ratio	13.22%	9.04%	N/A
Risk-weighted capital ratio	17.19%	14.69%	636.20%

* 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 Bank 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.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

48 Significant events during the financial year

(a) Issuance of RM250 million Subordinated Sukuk by CIMB Islamic

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.

(b) Issuance of additional new ordinary shares by CIMB Islamic

CIMB Islamic Bank Berhad ("CIMB Islamic") had on 30 May 2011 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) Issuance of RM1.5 billion Subordinated Debt

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 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.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

48 Significant events during the financial year (Continued)

(d) Issuance of THB3 billion Notes by CIMB Thai Bank

CIMB Thai Bank, a subsidiary of the Bank had on 14 July 2011 issued 3,000,000 units unsecured 10-year subordinated notes ("the THB 3 billion Notes"). The THB 3 billion Notes were issued at a price of THB 1,000 per unit. The THB 3 billion Notes carry fixed interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January. The THB 3 billion Notes will mature on 14 July 2021.

(e) Disposal of impaired loans

On 30 December 2011, CIMB Bank Thai disposed unsecured retail impaired loans portfolio to Sathorn Asset Management Company Limited ("STAMC"), an indirect subsidiary of CIMB Group for a total cash consideration of THB200 million (approximately RM20,144,000 based on exchange rate of RM10.072:THB100 as at 30 December 2011).

49 Subsequent events after the financial year

On 21 February 2012, CIMB Bank entered into a sale and purchase agreement with a third party for the disposal of 6.8% stake in The South East Asian Strategic Assets Fund LP.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Impairment of available-for-sale equity investments

The Group and the Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its costs. This determination of what is significant and prolonged required judgement. The Group and the Bank evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(b) Impairment losses on loans, advances and financing

The Group and the Bank make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgement on the future and other key factors in respect of the estimation of the amount and time of the cash flows in allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flow to service debt obligations and the aggregate amount and ranking of all other creditor claims.

(c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note L(a) of the Summary of Significant Accounting Policies.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies (Continued)

(c) Goodwill impairment (continued)

The first step of the impairment review process requires the identification of independent operating units, dividing the Group's business into the various business segments. The goodwill is then allocated to these various business segments. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the business segment, including the allocated goodwill, is compared to the higher of fair value less cost to sell and value in use to determine whether any impairment exists. Detailed calculations may need to be carried out taking into consideration changes in market in which a business operates. In the absence of readily available market data, this calculation is usually based upon discounting expected pre-tax cash flows at the Group's and the Bank's cost of capital, which requires exercise of judgement. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions.

Changes to the assumptions used by management, particularly the discount rate and the terminal growth rate, may significantly affect the results of the impairment.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

50 Critical accounting estimates and judgements in applying accounting policies (Continued)

(d) Intangible assets

The Group's and the Bank's intangible assets that derive their value from contractual customer relationships and core deposits or that can be separated and sold and have a finite useful life are amortised over their estimated useful life.

Determining the estimated useful life of these intangible assets requires an analysis of circumstances and judgment by the Bank's management. At the end of each reporting period, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the assets with its recoverable amount: the higher of fair value less cost to sell and its value in use. Net selling price is calculated based by reference to the amount at which the asset could be disposed in a binding agreement in an arms length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the assets' continued use, including those resulting from its ultimate disposal, at a market-based discount rate on pre-tax basis.

(e) Fair value of financial instruments

The majority of the Group's and the Bank's financial instruments reported at fair value are based on quoted and observable market prices. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. The valuation of financial instruments is described in more detail in Note 52.4.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

51 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment and geographical segment.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

(i) Business segment reporting

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 and Investment

Treasury and Investment 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, Equity Investment and Trading and Retail Equity Services.

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.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

51 Segment reporting (Continued)

(i) Business segment reporting (Continued)

Corporate and Investment Banking (Continued)

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 Equity provides stock broking services to retail clients.

Retail Financial Services

Retail Financial Services 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 and wealth management.

Commercial and Enterprise Banking

Commercial and Enterprise Banking is responsible for offering products and services for customer segments comprising micro-enterprises, small and medium-scale enterprises ("SMEs") and mid-sized corporations. Their 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 unallocated middle and back-office processes and cost centres and other subsidiaries whose results are not material to the Group.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****51 Segment reporting (Continued)****(i) Business segment reporting (continued)**

2011 Group	Treasury and Investment	Corporate and Investment Banking	Retail Financial Services	Commercial and Enterprise Banking	Foreign Banking Operations	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income							
- external	(51,412)	1,202,570	2,203,748	299,820	545,711	15,926	4,216,363
- inter-segment	492,386	(534,780)	(289,925)	371,022	(19)	(38,684)	-
	440,974	667,790	1,913,823	670,842	545,692	(22,758)	4,216,363
Islamic banking income	573,316	85,179	549,782	96,713	-	-	1,304,990
Net non-interest income	589,526	338,654	691,019	114,496	273,930	11,321	2,018,946
	1,603,816	1,091,623	3,154,624	882,051	819,622	(11,437)	7,540,299
Overheads	(357,166)	(403,844)	(1,985,088)	(477,047)	(584,823)	(47,633)	(3,855,601)
of which:							
Depreciation of property, plant and equipment	10,013	16,595	105,080	33,058	33,227	-	197,973
Amortisation of prepaid lease payments	-	-	-	-	306	-	306
Amortisation of intangible assets	8,040	13,597	92,360	20,129	15,823	-	149,949
Profit before allowances	1,246,650	687,779	1,169,536	405,004	234,799	(59,070)	3,684,698
(Allowances for)/write back of impairment losses on loans, advances and financing	-	(57,984)	(305,463)	138,342	(115,512)	-	(340,617)
Allowances for losses on other receivables	-	-	(344)	(408)	-	(2,799)	(3,551)
Allowances for commitments and contingencies written-back/(made)	(65,123)	(6,727)	-	-	(1,118)	2,490	(70,478)
Allowances for other impairment losses (made)/written-back	-	20,336	-	(1,518)	402	-	19,220
Segment results	1,181,527	643,404	863,729	541,420	118,571	(59,379)	3,289,272
Share of results of jointly controlled entity	-	-	9,359	-	-	-	9,359
Share of results of associate	10,633	-	-	-	88,400	-	99,033
Taxation							(662,183)
Net profit after taxation							2,735,481

2011 Group	Treasury and Investment	Corporate and Investment Banking	Retail Financial Services	Commercial and Enterprise Banking	Foreign Banking Operations	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	76,619,983	50,296,599	70,374,094	12,853,793	18,056,965	1,438	228,202,872
Unallocated assets							6,207,167
Total assets							234,410,039
Segment liabilities	93,119,893	24,828,379	53,360,068	25,283,536	14,963,141	741,439	212,296,456
Unallocated liabilities							2,965,189
Total liabilities							215,261,645
Other segment items							
Capital expenditure	20,234	45,470	257,676	79,593	94,450	-	497,423
Investment in jointly controlled entity	-	-	149,208	-	-	-	149,208
Investment in associate	126,875	-	-	-	462,941	-	589,816

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****51 Segment reporting (Continued)****(i) Business segment reporting (continued)**

2010 Group	Treasury and Investment	Corporate and Investment Banking	Retail Financial Services	Commercial and Enterprise Banking	Foreign Banking Operations	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income							
- external	(54,870)	1,153,908	2,233,713	349,839	513,481	37,295	4,233,366
- inter-segment	675,271	(502,530)	(391,369)	259,058	(7)	(40,423)	-
	620,401	651,378	1,842,344	608,897	513,474	(3,128)	4,233,366
Islamic banking income	475,112	109,664	488,150	63,381	-	-	1,136,307
Net non-interest income	600,236	383,091	494,160	97,419	203,565	57,949	1,836,420
	1,695,749	1,144,133	2,824,654	769,697	717,039	54,821	7,206,093
Overheads	(357,560)	(458,900)	(2,056,482)	(511,054)	(543,191)	(61,489)	(3,988,676)
of which:							
Depreciation of property, plant and equipment	10,807	22,061	109,642	36,137	33,402	-	212,049
Amortisation of prepaid lease payments	-	-	-	-	340	-	340
Amortisation of intangible assets	7,740	16,151	75,995	18,317	13,044	-	131,247
Profit before allowances	1,338,189	685,233	768,172	258,643	173,848	(6,668)	3,217,417
Write back of/(allowances) for impairment losses on loans, advances and financing	-	203,466	(298,274)	(120,811)	(107,858)	-	(323,477)
Allowances for losses on other receivables	-	(234)	-	-	(2,437)	(518)	(3,189)
Write-back of/(allowances for) other impairment losses	12,077	835	-	-	(3,641)	1,119	10,390
Allowances for commitments and contingencies	-	-	-	(12,601)	(1,016)	269	(13,348)
Segment results	1,350,266	889,300	469,898	125,231	58,896	(5,798)	2,887,793
Share of results of jointly controlled entity	-	-	10,449	-	-	-	10,449
Share of results of associate	15,651	-	-	-	44,879	-	60,530
Taxation							(593,882)
Net profit after taxation							2,364,890
2010 Group	Treasury and Investment	Corporate and Investment Banking	Retail Financial Services	Commercial and Enterprise Banking	Foreign Banking Operations	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	68,182,678	44,615,869	65,976,959	12,140,087	15,140,150	1,795	206,057,538
Unallocated assets							5,851,078
Total assets							211,908,616
Segment liabilities	87,488,313	19,201,835	46,799,263	23,868,623	13,258,712	706,881	191,323,627
Unallocated liabilities							2,737,349
Total liabilities							194,060,976
Other segment items							
Capital expenditure	18,809	38,937	188,291	50,346	54,454	-	350,837
Investment in jointly controlled entity	-	-	139,849	-	-	-	139,849
Investment in associate	68,634	-	-	-	313,614	-	382,248

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****51 Segment reporting (Continued)****(i) Business segment reporting (continued)***Basis of pricing for inter-segment transfers:*

Intersegmental charges are computed on the interest-bearing assets and liabilities of each business segment with rates applied based on the interest yield curve according to the term structure of maturity.

(ii) Geographic segment reporting

The Group operates in two main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the primary business segments.
- Overseas operations, which include branch and subsidiary operations in Thailand, Cambodia, Singapore, United Kingdom and Hong Kong. The overseas operations are involved mainly in corporate lending and borrowing activities. With the exception of Malaysia, no other individual country contributed more than 10% of the net interest income and of total assets.

	2011				
	Total		Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
	Net interest income RM'000	non-current assets RM'000			
The Group					
Malaysia	3,482,971	11,030,315	199,070,626	181,763,409	368,889
Overseas operations	733,392	1,346,894	35,339,413	33,498,236	128,535
	4,216,363	12,377,209	234,410,039	215,261,645	497,424

	2010				
	Total		Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
	Net interest income RM'000	non-current assets RM'000			
The Group					
Malaysia	3,620,318	7,742,199	180,353,339	164,173,376	283,758
Overseas operations	613,048	757,308	31,555,277	29,887,600	67,079
	4,233,366	8,499,507	211,908,616	194,060,976	350,837

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management

(a) Financial risk management objectives and policies

Risk management is an integral component of the Group's business, operations and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a sound business environment, Group Risk Division (GRD) is involved at the early stage of the risk taking process by providing independent inputs such as the relevant valuations, credit evaluations, new product assessments and Capital-at-Risk (CaR) quantifications. These inputs enable business units to align their business strategies with the Group's risk appetite.

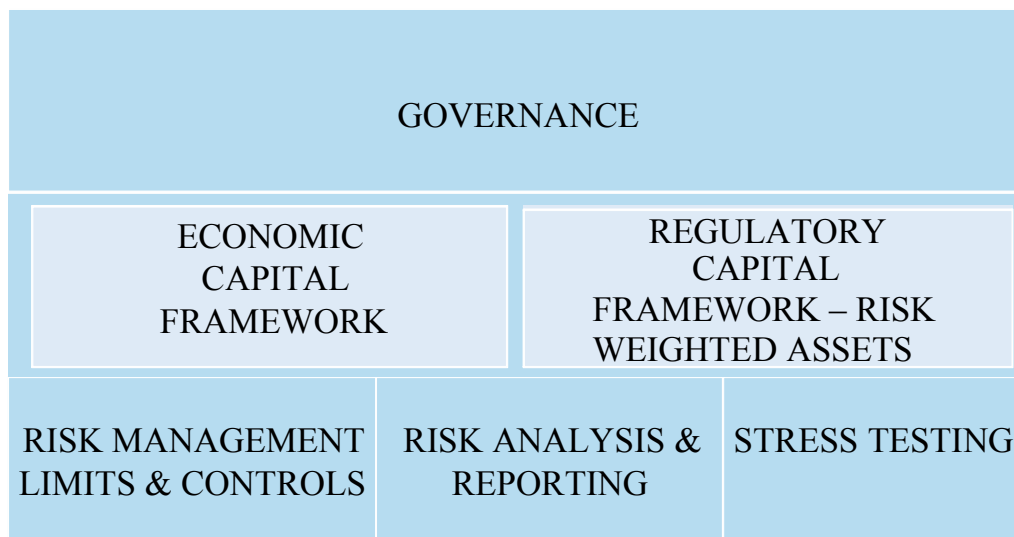
The objectives of CIMB Group's risk management activities are to:

- Identify the various risk exposures and risk capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- Create shareholder value through proper allocation of risk capital and facilitate development of new business and products.

(b) Enterprise Wide Risk Management (EWRM) Framework

CIMB Group employs the EWRM framework to manage its risk and opportunity effectively. It is an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group implemented through various Board appointed committees.

The key components of the Group's EWRM framework are represented in the diagram below:



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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

(b) Enterprise Wide Risk Management Framework (Continued)

The framework is centered on resilient risk and capital management which requires the Group to identify, evaluate, measure, mitigate and monitor/report its material risks, and relate these to its capital requirements and at all times ensure capital adequacy. CIMB Group employs CaR as the common and consistent measurement of risk across CIMB Group. The CaR framework provides the basis of allocating economic capital within the Group. It provides a benchmark to facilitate the comparison of risk across business units and risk types. This enables the Group to consider both the downside risk, for risk protection and upside potential, for earnings growth. Hence, allowing the Group to measure the performance of each business on an absolute basis (economic profit) and relative percentage return basis (RAROC) against the Group's costs of capital.

Strong risk governance holds the EWRM together. The Board of Directors through the Board Risk Committee (BRC) is ultimately responsible for the implementation of EWRM. GRD has been principally tasked to assist the various committees and undertakes the performance of the day-to-day risk management functions of the EWRM. The implementation of the EWRM is subjected to the independent assurance and assessment by the Group Internal Audit.

The foundation of the EWRM is made up of three major building blocks, which are Limits and Controls, Analysis and Reports, and Stress Testing. Limits constitute the key mechanism to control allowable risk taking activities and are regularly reviewed in the face of changing business needs, market conditions, and regulatory changes. Timely reports and meaningful analysis of risk positions are critical to enable the Board and its management to exercise control over all exposures and make informed business decisions.

Stress testing involves identifying possible events or future changes in the financial and economic conditions that could have unfavourable effects on the Group's exposure and the assessment of the Group's ability to withstand such changes, usually in relation to the capacity of its capital and earnings to absorb potentially significant losses as well as the sufficiency of its liquidity surplus and reserves. Steps are then identified to manage risk and conserve capital. Group wide stress test is performed semi-annually while stress tests on selected portfolios are performed on an ad hoc basis.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

(c) Risk Governance

The BRC assumes the ultimate responsibility on behalf of the Boards of Directors for the supervision of risk management within CIMB Group. In line with best practices, the BRC determines the risk policy objectives and also decides on the yearly allocation of risk capital to support all risks taken by the Group.

Group Risk Committee (GRC) is the primary delegated authority for managing risk on a group-wide basis and reports directly to BRC. Sub-committees, namely Group Wholesale Bank Risk Committee (GWBRC), Consumer Bank Credit Committee (CBCC), Regional Credit Committee (RCC), Singapore Business Credit Committee (SBCC), Regional Liquidity Risk Committee (RLRC) and Operational Risk Committee (ORC), delegated from the GRC are set up to manage and control specific risk areas. In relation to Interest rate Risk in the Banking Book (IRRBB)/Rate of return Risk in the Banking Book (RORBB), GRC is further assisted by Balance Sheet Management Committee (BSMC) that is responsible for recommending and executing strategies and hedging proposals for the banking book as well as ensuring the Group's interest rate/rate of return risk profile is within the risk limits/MATs endorsed by GRC. With this set-up, the Board and BRC through the various risk committees and BSMC maintain oversight of various risks across the Group.

Each committee is chaired by a director respectively. The composition of the committees includes senior management and individuals from business divisions as well as divisions which are independent from the business units. BRC reviews the composition of these committees except for BSMC, to reflect a balance of experienced independent and non-independent individuals with the necessary skills and qualifications to carry out the roles and responsibilities of the relevant committee.

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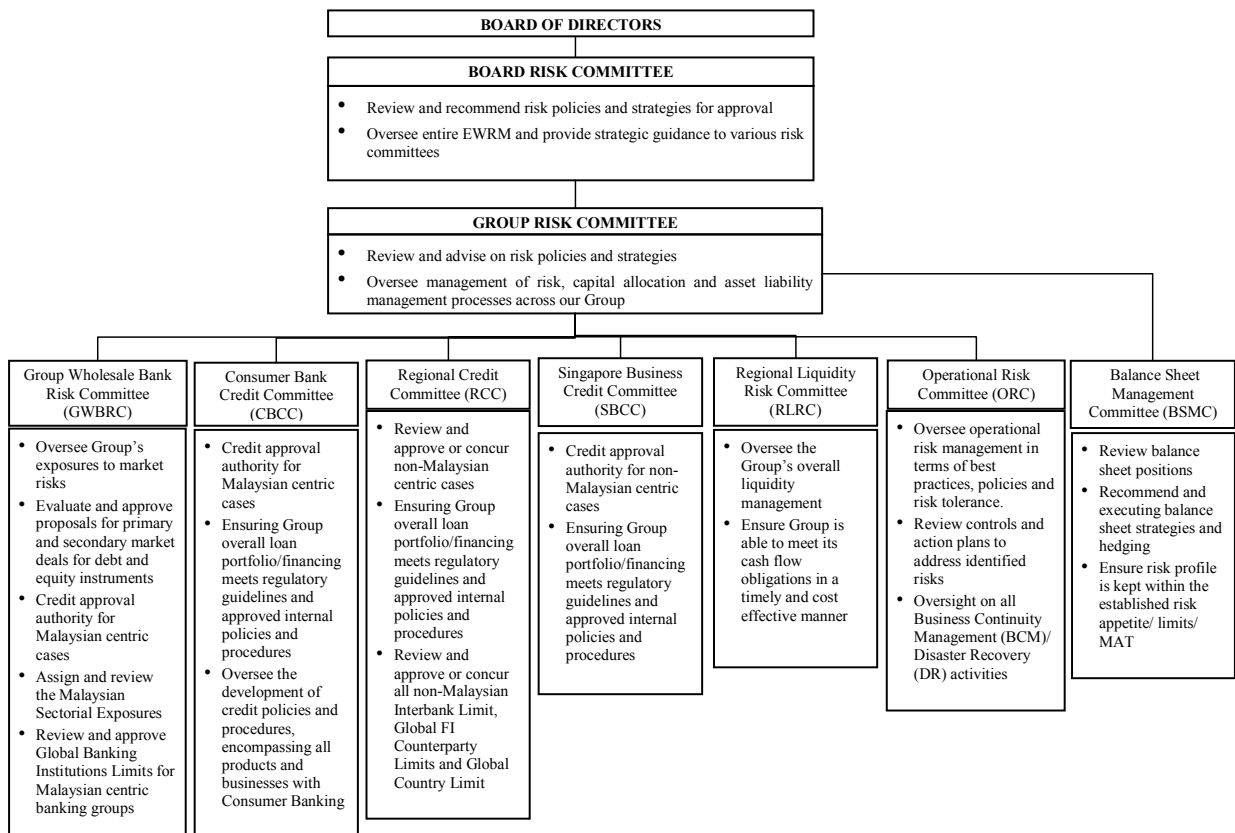
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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

(c) Risk Governance (Continued)

The chart below sets out the organisational structure of the risk management committees overseeing risk management activities and an overview of the respective committee's roles and responsibilities:



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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

(d) Group Risk Division

The overseas subsidiaries' risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the Group strives to ensure a consistent and standardised approach in its risk governance process. As such, the relevant Group and Regional committees have consultative and advisory responsibilities on regional matters across the Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the Board to have a comprehensive view of the activities within the Group.

The primary oversight body for risk management activities is GRD, comprising Group Risk Management (GRM), Group Credit (GC) and Regional Credit Management (RCM), which are independent of business units and assist the Group's management and the various risk committees in monitoring and controlling the Group's risk exposures.

The key responsibilities of GRD are to identify, evaluate, analyse, monitor and review the principal risks to which the Group is exposed. It also helps to create shareholder value through proper allocation of risk capital, development of risk-based pricing framework and facilitate development of new businesses and products. The Head of GRD also maintains an oversight functions performed by the risk management units in the asset management and insurance/takaful subsidiaries.

In ensuring a standardised approach to risk management across the Group, all risk management teams within the Group are required to conform to the Group's EWRM framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management outfit, all risk management activities will be centralised at GRD. Otherwise, the risk management activities will be performed by the local risk management team with matrix reporting line to GRD.

(e) Group Risk Management

GRM monitors risk-taking activities, initiates and proposes risk policies, risk measurement methodologies, risk limits and risk capital allocation, performs independent review of loan/financing assets quality and loan/financing recovery plan, coordinates new products deployments and develops the risk-based product pricing framework for loan/financing portfolios.

In propagating and ensuring compliance to the market risk framework, GRM reviews treasury trading strategy, analyses positions and activities vis-à-vis changes in the financial market and performs mark-to-market as part of financial valuation.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

(e) Group Risk Management (Continued)

GRM is also tasked with the co-ordination of the Group's effort towards implementation of the Basel II framework in compliance with the International Convergence of Capital Measurement and Capital Standards prescribed by the Bank of International Settlements and as adopted by BNM. In this regard, GRM develops, implements and validates all internal rating and scoring models and closely monitors the usage of the rating and scoring systems to ensure relevancy to current market conditions and integrity of the ratings.

GRM adds value to business propositions by providing advice on market valuations, CaR quantifications and independent risk assessment. This enables the business units to prepare for the potential risks associated with the new transactions or business ventures and consequently, address the management and mitigation of such risks from the early stage of the proposition. The business units gain understanding of the risk-reward equation of the proposition, consider the risk factors in the pricing decision, and ensure that the projected returns from the business propositions commensurate with the risks taken. In order to ensure the independence of GRM in such an arrangement, GRM's remuneration is not linked to the success of particular transactions or deals.

(f) Group Credit

GC carries out independent assessments and evaluations of all credit risk related proposals originating from the various business units such as loans/financings and advances, fixed income, derivatives, sales and trading, prior to submission to the CBCC, RWBRC, the Group Executive Committee (EXCO) or Board for approval. GC ensures proper grouping of entities and counterparties under the single customer framework. GC also reviews the Bank's holdings of all fixed income assets issued by Malaysian companies and recommends the internal ratings for GWBRC's approval.

(g) Regional Credit Management

A regional credit platform was established with a primary objective of enhancing efficiency and effectiveness of the credit oversight as well as credit approval process for all non-Malaysian centric Corporate and Financial Institutions at the CIMB Group level. The platform includes 2 credit committees, Singapore Business Credit Committee (SBCC) for smaller-sized exposures and RCC for larger regional exposures. All credit proposals submitted to the 2 credit committees for approval/concurrence are routed through RCM for independent assessment and due recommendation to the credit committees.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

Strategies and Processes for Various Risk Management

These information are available in later sections for each Credit Risk, Market Risk and Liquidity Risk.

52.1 Credit Risk

Credit risk, is defined as arising from losses due to the obligor, market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to the Group. It arises primarily from lending/financing activities through loans/financing assets as well as commitments to support clients' obligations to third parties, i.e. guarantees. In sales and trading activities, credit risk arises from the possibility that the Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivative activities, credit risk arises when counterparties to derivative contracts, such as interest/profit rate swaps, are not able to or willing to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit Risk Management

The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risk.

The credit approving authority is established and documented in the Group's credit policy. The Group adopts a multi-tiered credit approving authority spanning various delegated authorities and various credit committees. The credit committees namely, SBCC, CBCC, RCC and GWBRC are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the Group's business units. The Committees also ensures the overall loan/financing portfolio meets the guidelines of the regulatory authorities and adherence to the approved credit policies and procedures.

All credit applications are independently evaluated by GC/RCM prior to submission to the relevant committees for approval. Adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral are approaches adopted to address concentration risk to any large sector/industry, or to a particular counterparty group or individual.

Adherence to established credit limits is monitored daily by GRM, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Management (Continued)

It is a policy of the Group that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of the corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures on an annual basis and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported monthly to GRC and BRC so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

In addition to the above, the Group also employs CaR to measure and manage credit portfolio risk due to credit events. The Group adopted the Monte Carlo simulation approach in the generation of possible portfolio scenarios to obtain the standalone and portfolio CaR. This approach takes into account the credit concentration risk and the correlation between obligors/counterparties and industries. In estimating the portfolio CaR, the Group uses 25,000 simulation numbers at 99% confidence level. The generated portfolio CaR and any shortfall in the provision for defaulted accounts make up to the total Credit CaR utilisation to be compared against the allocated capital. The CaR usage versus pre-determined limit is monitored by Risk Management & Analytics (RMA) within GRM. Any exception will be highlighted to Management in accordance with the Group's exception management procedure. These are summarized and reported to GRC and BRC on a monthly basis.

Credit Risk Mitigation

The employment of various credit risk mitigation techniques such as appropriate credit structuring, and posting of collateral and/or third party support form an integral part of the credit risk management process. Credit risk mitigants are taken where possible and is considered secondary recourse to the obligor for the credit risk underwritten.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

Collaterals/Securities

All extension of credit in so far as deemed prudent, must be appropriately and adequately secured. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit policy guides. GWBRC/RCC is empowered to approve any inclusion of new acceptable collaterals/securities.

Recognised collaterals include both financial and physical assets. Financial collaterals consist of mainly cash deposits, shares, unit trusts and debt securities, while physical collateral include land and buildings and vehicles. Guarantors accepted are in line with BNM's Risk Weighted Capital Adequacy Framework (RWCAF) and Capital Adequacy Framework for Islamic Banks (CAFIB) guidelines. Eligible credit protection is also used to mitigate credit losses in the event that the obligor/counterparty defaults.

Collateral Valuation and Management

The Group has in place policies which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigants.

The collateral is valued periodically ranging from daily to annually, depending on the type of collateral. Specifically for real estate properties, a framework for valuation of real estate properties is established to ensure adequate policies and procedures are in place for efficient and proper conduct of valuation of real estate properties and other related activities in relation to the interpretation, monitoring and management of valuation of real estate properties.

Netting

In mitigating the credit risks in swaps and derivative transactions, the Group enters into master agreements that provide for closeout and settlement netting arrangements with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

Credit Risk Mitigation (Continued)

Concentrations within risk mitigation

CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure to any counterparty, sectors and country.

Off Balance Sheet Exposures and Counterparty Credit Risk (CCR)

CCR limits are established at the individual counterparty level and approved by GWBRC and/or RCC. These limits are monitored and reported at both business and at the Group level.

Credit Risk Mitigation

For credit derivatives and swaps transactions, the Group enters into master agreement with counterparties, whenever possible. Further, the Group may also enter into Credit Support Annex (CSA) with counterparties. The net credit exposure with each counterparty is monitored and our Group may request for additional margin for any exposures above the agreed threshold, in accordance with the terms specified in the relevant CSA or the master agreement. The eligibility of collaterals and frequency calls are negotiated with the counterparty and endorsed by GWBRC and/or RCC.

Treatment of Rating Downgrade

In the event of a one-notch downgrade of rating, based on the terms of the existing CSA and our exposure as at 31 December 2011, there will be no requirement for additional collateral to be posted.

On the other hand, counterparty rating is being monitored and in the event of a rating downgrade, remedial actions such as revision of the counterparty credit limit, suspension of the limit or the request for additional collateral may be taken.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.1 Maximum exposure to credit risk (without taking into account collateral held or other credit enhancements)**

For financial assets recognised in the statement of financial position, the exposure to credit risk equals their carrying amount in the statement of financial position. For financial guarantees and similar contract granted, it is the maximum amount that the Group and the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities.

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Items not recognised in the statements of financial position</u>				
Financial guarantees	1,330,657	1,222,556	1,221,464	898,403
Credit related commitments and contingencies	48,315,209	46,051,277	44,545,488	41,385,026
	49,645,866	47,273,833	45,766,952	42,283,429

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, advances and financing for the Group and the Bank is 69.6% (2010: 68.5%) and 65.4% (2010: 65.0%) respectively while the financial effect of collateral for derivatives for the Group and the Bank is 59.7% (2010: 59.3%) and 58.0% (2010: 59.0%) respectively. The financial effects of collateral held for the remaining on balance sheet financial assets are insignificant.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.2 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

(a) Geographical sectors

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2011 and 31 December 2010 are as follows:

	The Group 2011								
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Items recognised in the statements of financial position									
Cash and short-term funds	21,545,640	26,204	223,356	1,572,237	698,578	1,086,955	662,509	299,613	26,115,092
Reverse repurchase agreements	3,896,029	-	-	61,030	-	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	2,764,447	637,547	59,649	159,149	-	127,086	95,367	202,620	4,045,865
Financial assets held for trading									
- Money market instruments	5,342,968	58,867	-	2,809,433	100,006	-	-	-	8,311,274
- Quoted securities	-	-	221,427	-	-	-	-	-	221,427
- Unquoted securities	2,201,358	75,902	153,720	525,753	28,138	79,426	53,844	73,909	3,192,050
Financial investments available-for-sale									
- Money market instruments	912,653	25,874	-	-	-	-	-	-	938,527
- Quoted securities	-	-	853,848	-	-	-	-	-	853,848
- Unquoted securities	7,084,968	241,084	94,919	164,294	-	-	345,536	179,985	8,110,786
Financial investments held-to-maturity									
- Money market instruments	2,345,071	-	-	490,777	-	-	-	-	2,835,848
- Quoted securities	-	-	1,780,436	-	-	-	-	55,495	1,835,931
- Unquoted securities	8,270,111	36,938	39,044	962,346	254,944	24,966	60,421	309,621	9,958,391
Derivative financial instruments									
- Trading derivatives	1,321,010	10,615	211,601	894,951	677,038	229,790	114,836	451,200	3,911,041
- Hedging derivatives	100,417	-	-	103,980	18,571	-	-	1,368	224,336
Loans, advances and financing									
- Overdrafts	4,601,918	5,848	662,417	83,310	57	800	1,399	54,263	5,410,012
- Term loans/financing	96,092,028	619,187	7,543,092	8,351,178	53,145	587,531	581,148	1,562,648	115,389,957
- Bills receivable	692,273	-	2,871,072	17,099	-	2,025	-	-	3,582,469
- Trust receipts	366,039	47,744	583,292	105,566	-	-	7,817	5	1,110,463
- Claim on customers under acceptance credit	3,242,955	628	4,973	-	-	-	-	-	3,248,556
- Credit card receivables	4,068,576	-	-	436,002	-	-	-	-	4,504,578
- Revolving credit	4,385,919	69,977	54,618	492,787	-	367,137	6,165	337,055	5,713,658
- Share margin financing	497,269	-	46,094	-	-	-	-	6,619	549,982
Other assets	1,461,438	305	168,302	93,004	-	215	6	8,754	1,732,024
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	-	29,138
Amount due from related companies	1,662,266	8,142	57	3,151	95	4	28	5	1,673,748
	172,884,491	1,864,862	15,571,917	17,326,047	1,830,572	2,505,935	1,929,076	3,543,160	217,456,060
Items not recognised in the statements of financial position									
Financial guarantees	1,044,841	-	59,553	169,408	-	50,428	-	6,427	1,330,657
Credit related commitments and contingencies	43,923,184	152,645	997,069	2,859,376	2,217	63,284	18,574	298,860	48,315,209
Total credit exposures	217,852,516	2,017,507	16,628,539	20,354,831	1,832,789	2,619,647	1,947,650	3,848,447	267,101,926

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2011 and 31 December 2010 are as follows (Continued):

	The Group								
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Items recognised in the statements of financial position									
Cash and short-term funds	15,123,994	9,465	53,561	448,954	1,169,759	131,962	1,194,725	543,565	18,675,985
Reverse repurchase agreements	2,387,528	-	1,014,376	12,074	-	90,936	-	-	3,504,914
Deposits and placements with banks and other financial institutions	4,943,653	138,758	60,687	1,562,265	241,259	624,583	898,840	1,171,346	9,641,391
Financial assets held for trading									
- Money market instruments	8,380,084	6,763	-	2,047,763	-	-	-	-	10,434,610
- Quoted securities	5	-	8,800	-	-	-	-	-	8,805
- Unquoted securities	1,774,091	76,018	247,444	604,601	22,531	42,962	-	30,226	2,797,873
Financial investments available-for-sale									
- Money market instruments	675,257	-	-	-	-	-	-	-	675,257
- Quoted securities	-	-	569,024	-	-	-	-	-	569,024
- Unquoted securities	6,265,583	140,160	-	15,257	-	-	-	45,233	6,466,233
Financial investments held-to-maturity									
- Money market instruments	1,979,014	-	-	-	-	-	-	-	1,979,014
- Quoted securities	-	-	943,124	-	-	-	-	211,356	1,154,480
- Unquoted securities	8,624,840	3,532	333,445	914,984	-	24,052	108,193	368,650	10,377,696
Derivative financial instruments									
- Trading derivatives	1,396,727	4,085	65,381	504,976	840,315	125,028	57,124	368,728	3,362,364
- Hedging derivatives	11,136	-	-	93,167	34,224	-	-	-	138,527
Loans, advances and financing									
- Overdrafts	4,831,654	2,372	616,970	80,726	68	289	5,495	5,553	5,543,127
- Term loans/financing	86,235,742	727,335	6,338,019	5,688,587	50,188	203,004	268,354	1,218,827	100,730,056
- Bills receivable	412,951	-	1,995,818	63,070	-	-	-	-	2,471,839
- Trust receipts	407,200	34,843	445,135	48,431	-	-	-	-	935,609
- Claim on customers under acceptance credit	3,438,535	-	5,142	286	-	-	-	-	3,443,963
- Credit card receivables	3,885,531	-	-	290,000	-	-	-	-	4,175,531
- Revolving credit	5,461,931	61,826	51,401	468,556	-	174,793	57,142	33,706	6,309,355
- Share margin financing	623,747	-	18,815	-	-	-	-	-	642,562
Other assets	1,524,245	2,699	57,749	53,749	17,380	30,847	1,752	1,687	1,690,108
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	-	29,193
Amount due from related companies	2,242,830	16,318	-	25	-	-	-	190	2,259,363
	160,655,471	1,224,174	12,824,891	12,897,471	2,375,724	1,448,456	2,591,625	3,999,067	198,016,879
Items not recognised in the statements of financial position									
Financial guarantees	1,079,017	-	93,996	188	-	49,340	-	15	1,222,556
Credit related commitments and contingencies	41,551,059	45,382	1,003,400	2,879,636	-	37,294	13	534,493	46,051,277
Total credit exposures	203,285,547	1,269,556	13,922,287	15,777,295	2,375,724	1,535,090	2,591,638	4,533,575	245,290,712

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors (Continued)

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2011 and 31 December 2010 are as follows (Continued):

	The Bank 2011							
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Items recognised in the statements of financial position								
Cash and short-term funds	15,192,593	25,969	1,358,525	466,648	1,084,426	438,721	404,930	18,971,812
Reverse repurchase agreements	3,896,029	-	61,030	-	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	9,947,298	637,547	-	-	31,770	95,367	136,601	10,848,583
Financial assets held for trading								
- Money market instruments	2,760,380	58,867	2,809,433	100,006	-	-	-	5,728,686
- Unquoted securities	2,015,206	75,902	509,366	28,128	70,000	53,844	148,230	2,900,676
Financial investments available-for-sale								
- Money market instruments	745,561	25,874	-	-	-	-	-	771,435
- Unquoted securities	6,444,804	180,606	164,294	-	-	345,536	274,904	7,410,144
Financial investments held-to-maturity								
- Money market instruments	1,990,792	-	490,777	-	-	-	-	2,481,569
- Unquoted securities	7,447,033	36,938	962,346	254,944	24,966	60,421	309,621	9,096,269
Derivative financial instruments								
- Trading derivatives	1,222,973	10,615	894,947	676,273	198,988	114,836	475,529	3,594,161
- Hedging derivatives	362,844	-	103,980	18,571	-	-	1,368	486,763
Loans, advances and financing								
- Overdrafts	4,243,064	5,848	83,310	57	800	1,399	16,938	4,351,416
- Term loans/financing	68,927,534	562,882	8,351,178	53,145	587,531	581,148	1,477,555	80,540,973
- Bills receivable	689,693	-	17,099	-	2,025	-	-	708,817
- Trust receipts	332,267	-	105,566	-	-	7,817	5	445,655
- Claim on customers under acceptance credit	3,024,586	-	-	-	-	-	-	3,024,586
- Credit card receivables	3,971,950	-	436,002	-	-	-	-	4,407,952
- Revolving credit	4,003,232	41,701	492,787	-	367,137	6,165	334,668	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	497,269
Other assets	1,227,125	305	92,515	-	215	6	159	1,320,325
Amount due from holding company and ultimate holding company	285	-	-	-	-	-	-	285
Amount due from subsidiaries	452,848	-	-	-	-	-	3,225	456,073
Amount due from related companies	1,660,139	8,142	3,151	95	4	28	62	1,671,621
	141,055,505	1,671,196	16,936,306	1,597,867	2,367,862	1,705,288	3,583,795	168,917,819
Items not recognised in the statements of financial position								
Financial guarantees	995,201	-	169,408	-	50,428	-	6,427	1,221,464
Credit related commitments and contingencies	41,302,623	149,135	2,859,376	2,217	63,284	18,574	150,279	44,545,488
Total credit exposures	183,353,329	1,820,331	19,965,090	1,600,084	2,481,574	1,723,862	3,740,501	214,684,771

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(a) Geographical sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) based on the location of the counterparty as at 31 December 2011 and 31 December 2010 are as follows (Continued):

	The Bank 2010							
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	United States RM'000	United Kingdom RM'000	Hong Kong RM'000	Others RM'000	Total RM'000
Items recognised in the statements of financial position								
Cash and short-term funds	8,811,635	9,461	421,724	211,348	69,874	957,167	539,909	11,021,118
Reverse repurchase agreements	2,387,528	-	12,074	-	75,989	-	-	2,475,591
Deposits and placements with banks and other financial institutions	12,081,079	138,758	1,068,826	241,259	624,583	868,005	1,061,472	16,083,982
Financial assets held for trading								
- Money market instruments	6,165,670	6,763	2,047,763	-	-	-	-	8,220,196
- Unquoted securities	1,644,017	44,351	563,418	22,524	24,179	-	83,894	2,382,383
Financial investments available-for-sale								
- Money market instruments	574,308	-	-	-	-	-	-	574,308
- Unquoted securities	5,869,819	90,186	15,257	-	-	-	45,232	6,020,494
Financial investments held-to-maturity								
- Money market instruments	1,878,974	-	-	-	-	-	-	1,878,974
- Unquoted securities	7,887,607	3,532	914,984	-	24,052	108,193	368,651	9,307,019
Derivative financial instruments								
- Trading derivatives	1,292,212	4,085	513,295	744,848	94,652	56,087	358,686	3,063,865
- Hedging derivatives	71,278	-	93,167	34,224	-	-	-	198,669
Loans, advances and financing								
- Overdrafts	4,519,722	2,372	80,726	68	289	5,495	10,033	4,618,705
- Term loans/financing	64,097,389	637,384	5,688,587	50,188	203,004	268,354	1,154,718	72,099,624
- Bills receivable	410,715	-	63,070	-	-	-	-	473,785
- Trust receipts	350,734	19,419	48,431	-	-	-	-	418,584
- Claim on customers under acceptance credit	3,261,541	-	286	-	-	-	-	3,261,827
- Credit card receivables	3,798,894	-	290,000	-	-	-	-	4,088,894
- Revolving credit	4,469,973	32,746	468,556	-	174,793	57,142	28,173	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	623,747
Other assets	1,518,796	2,456	50,938	301	30,839	1,386	1,813	1,606,529
Amount due from holding company and ultimate holding company	340	-	-	-	-	-	-	340
Amount due from subsidiaries	79,686	-	-	-	-	-	4,631	84,317
Amount due from related companies	2,235,200	4,359	25	-	-	-	191	2,239,775
	134,030,864	995,872	12,341,127	1,304,760	1,322,254	2,321,829	3,657,403	155,974,109
Items not recognised in the statements of financial position								
Financial guarantees	848,860	-	188	-	49,340	-	15	898,403
Credit related commitments and contingencies	37,914,628	28,254	2,879,636	-	37,294	13	525,201	41,385,026
Total credit exposures	172,794,352	1,024,126	15,220,951	1,304,760	1,408,888	2,321,842	4,182,619	198,257,538

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2011 and 31 December 2010, based on the industry sectors of the counterparty are as follows:

	The Group										Total credit exposures
	2011										
	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial assets held for trading (i)	Financial investments available-for-sale (i)	Financial investments held-to-maturity (i)	Derivative financial instruments		Loans, advances and financing (ii)	Other financial assets *	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	-	172,407	102,873	2,858	-	2,116,536	14,487	2,409,161
Mining and quarrying	-	-	-	-	-	-	7,627	-	437,032	-	444,659
Manufacturing	-	-	-	314,068	145,652	59,440	51,683	-	8,533,840	30	9,104,713
Electricity, gas and water	-	-	-	256,146	1,310,097	596,184	32,319	-	1,311,830	3,766	3,510,342
Construction	-	-	-	278,563	862,925	303,300	15,285	-	2,834,510	-	4,294,583
Transport, storage and communications	-	3,445	-	118,615	1,170,241	2,647,533	237,429	-	7,693,795	3,748	11,874,806
Education and health	-	-	-	2,021	5,544	-	-	-	2,670,131	-	2,677,696
Trade and hospitality	-	-	-	-	-	-	-	-	4,668,640	-	4,668,640
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	15,157,333	137,371	3,990,661	4,307,547	2,680,348	3,743,345	3,463,577	224,336	10,918,770	2,537,582	47,160,870
Real estate	-	-	-	55,462	300,972	148,123	885	-	5,162,781	240	5,668,463
<i>Others</i>											
Purchase of landed property											
- Residential	-	-	-	-	-	-	-	-	40,916,124	60	40,916,184
- Non-residential	-	-	-	-	-	-	-	-	7,724,763	-	7,724,763
General commerce	-	-	-	26,071	-	-	18,211	-	1,333,716	81,329	1,459,327
Government and government agencies	10,957,759	3,766,995	55,204	6,080,439	2,781,850	6,460,591	2,656	-	12,610,760	230,489	42,946,743
Purchase of securities	-	18,180	-	-	-	-	-	-	5,183,475	34,438	5,236,093
Purchase of transport vehicles	-	-	-	-	-	-	-	-	10,995,140	-	10,995,140
Consumption credit	-	26,982	-	-	81,986	-	-	-	11,117,752	-	11,226,720
Others	-	4,086	-	285,819	391,139	568,781	78,511	-	3,280,080	528,741	5,137,157
	26,115,092	3,957,059	4,045,865	11,724,751	9,903,161	14,630,170	3,911,041	224,336	139,509,675	3,434,910	217,456,060

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2011 and 31 December 2010 based on the industry sectors of the counterparty are as follows (Continued):

	The Group											Total credit exposures RM '000
	Cash and short term funds RM '000	Reverse repurchase agreements RM '000	Deposits and placements with banks and other financial institutions RM '000	Financial assets held for trading (i) RM '000	Financial investments available-for-sale (i) RM '000	Financial investments held-to-maturity (i) RM '000	Derivative financial instruments		Loans, advances and financing (ii) RM '000	Other financial assets [*] RM '000		
						Trading derivatives RM '000	Hedging derivatives RM '000					
Agriculture	-	-	-	-	154,034	104,970	5,076	-	2,430,329	86	2,694,495	
Mining and quarrying	-	-	-	-	-	-	11,239	-	297,379	-	308,618	
Manufacturing	-	-	-	274,547	250,323	64,036	26,109	-	8,568,815	-	9,183,830	
Electricity, gas and water	-	-	-	211,104	1,094,253	346,642	36,851	-	1,344,300	5,904	3,039,054	
Construction	-	1,558	-	136,430	1,024,162	274,593	16,592	-	3,824,359	576	5,278,270	
Transport, storage and communications	-	26,230	-	220,163	692,098	2,756,916	183,724	-	4,894,724	8,143	8,781,998	
Education and health	-	-	-	-	-	-	-	-	1,926,924	-	1,926,924	
Trade and hospitality	-	-	-	-	-	-	-	-	3,425,596	-	3,425,596	
<i>Finance, insurance, real estate business:</i>												
Finance, insurance and business services	6,452,126	1,182,179	9,340,147	3,799,324	1,908,113	5,154,119	3,020,125	138,527	10,602,623	3,467,828	45,065,111	
Real estate	-	-	-	200,603	181,106	-	54	-	3,772,222	52	4,154,037	
<i>Others</i>												
Purchase of landed property	-	-	-	-	-	-	-	-	35,960,663	-	35,960,663	
- Residential	-	-	-	-	-	-	-	-	6,438,078	-	6,438,078	
- Non-residential	-	-	-	-	-	-	-	-	2,638,115	-	2,638,115	
General commerce	-	-	-	23,855	56,919	4,639	8,590	-	10,597,839	5,421	10,606,763	
Government and government agencies	12,204,981	2,231,110	3,012,444	8,075,664	2,000,491	4,733,023	1,663	-	4,202,536	178,106	17,737,539	
Purchase of securities	-	-	-	-	-	-	40,915	-	10,770,761	40,781	10,852,457	
Purchase of transport vehicles	-	-	-	-	-	-	-	-	9,101,823	-	9,215,320	
Consumption credit	-	47,290	-	-	66,207	-	-	-	3,454,956	271,767	4,428,232	
Others	18,878	16,547	-	299,598	282,808	72,252	11,426	-	-	-	442,823	
	18,675,985	3,504,914	9,641,391	13,241,288	7,710,514	13,511,190	3,362,364	138,527	124,252,042	3,978,664	198,016,879	

* Other financial assets include amount due from holding company and ultimate holding company, amount due from related companies and other financial assets

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Group 2011										
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			Total credit exposures RM'000	
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000		
	Agriculture	-	-	-	-	-	172,407	-	-		102,873
Manufacturing	9,890	-	304,178	-	-	145,652	-	-	59,440		519,160
Electricity, gas and water	46,059	-	210,087	-	9,218	1,300,879	-	-	596,184	2,162,427	
Construction	-	-	278,563	-	-	862,925	-	-	303,300	1,444,788	
Transport, storage and communications	-	-	118,615	-	-	1,170,241	-	-	2,647,533	3,936,389	
Education and health	-	2,021	-	-	5,544	-	-	-	-	7,565	
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	2,800,882	208	1,506,459	325,135	5,065	2,350,148	255,445	34,420	3,453,478	10,731,240	
Real estate	-	-	55,462	-	-	300,972	-	-	148,123	504,557	
<i>Others</i>											
General commerce	-	-	26,071	-	-	-	-	-	-	26,071	
Government and government agencies	5,454,443	219,198	406,796	613,392	834,021	1,334,437	2,580,403	1,801,511	2,078,679	15,322,880	
Consumption credit	-	-	-	-	-	81,986	-	-	-	81,986	
Others	-	-	285,819	-	-	391,139	-	-	568,781	1,245,739	
	8,311,274	221,427	3,192,050	938,527	853,848	8,110,786	2,835,848	1,835,931	9,958,391	36,258,082	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Group 2010									Total credit exposures RM'000
	Financial assets held for trading			Financial investments available-for-sale			Financial investments held-to-maturity			
	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	Money market instruments RM'000	Quoted securities RM'000	Unquoted securities RM'000	
Agriculture	-	-	-	-	-	154,034	-	-	104,970	259,004
Manufacturing	88,826	205	185,516	-	-	250,323	-	-	64,036	588,906
Electricity, gas and water	115,394	-	95,710	-	-	1,094,253	-	-	346,642	1,651,999
Construction	-	-	136,430	-	-	1,024,162	-	-	274,593	1,435,185
Transport, storage and communications	-	-	220,163	-	-	692,098	-	-	2,756,916	3,669,177
<i>Finance, insurance, real estate business:</i>										
Finance, insurance and business services	2,609,090	348	1,189,886	184,494	-	1,723,619	254,891	211,356	4,687,872	10,861,556
Real estate	18,039	-	182,564	-	-	181,106	-	-	-	381,709
<i>Others</i>										
General commerce	-	-	23,855	-	-	56,919	-	-	4,639	85,413
Government and government agencies	7,603,261	8,252	464,151	490,763	569,024	940,704	1,724,123	943,124	2,065,776	14,809,178
Consumption credit	-	-	-	-	-	66,207	-	-	-	66,207
Others	-	-	299,598	-	-	282,808	-	-	72,252	654,658
	10,434,610	8,805	2,797,873	675,257	569,024	6,466,233	1,979,014	1,154,480	10,377,696	34,462,992

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Group 2011								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	192,846	1,473,377	500	19,062	132,375	-	298,376	-	2,116,536
Mining and quarrying	16,041	380,838	803	123	4,327	-	34,900	-	437,032
Manufacturing	691,734	2,938,712	2,054,910	569,345	1,816,398	-	462,741	-	8,533,840
Electricity, gas and water	4,527	1,014,483	-	1,911	-	-	290,909	-	1,311,830
Construction	539,910	1,681,572	29,649	41,727	143,601	-	398,051	-	2,834,510
Transport, storage and communications	179,640	7,062,975	44,761	8,609	9,011	-	388,799	-	7,693,795
Education and health	210,969	2,278,356	8,312	1,700	54,321	-	116,473	-	2,670,131
Trade and hospitality	805,501	1,912,468	37,563	153,800	1,008,314	-	750,994	-	4,668,640
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	370,370	8,538,915	221,148	17,930	65,953	-	1,704,454	-	10,918,770
Real estate	203,563	4,176,260	204,073	296	700	-	577,889	-	5,162,781
<i>Others:</i>									
Purchase of landed property									
- Residential	20,396	40,895,728	-	-	-	-	-	-	40,916,124
- Non-residential	144,160	7,580,603	-	-	-	-	-	-	7,724,763
General commerce	47,326	733,085	314,725	159,097	-	-	79,483	-	1,333,716
Government and government agencies	-	12,610,760	-	-	-	-	-	-	12,610,760
Purchase of securities	19,306	4,518,653	-	-	-	-	95,534	549,982	5,183,475
Purchase of transport vehicles	-	10,995,140	-	-	-	-	-	-	10,995,140
Consumption credit	1,709,949	4,741,190	984	-	-	4,504,578	161,051	-	11,117,752
Others	253,774	1,856,842	665,041	136,863	13,556	-	354,004	-	3,280,080
	5,410,012	115,389,957	3,582,469	1,110,463	3,248,556	4,504,578	5,713,658	549,982	139,509,675

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Group								
	2010								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	129,829	1,559,336	5,366	3,778	147,709	-	584,311	-	2,430,329
Mining and quarrying	26,120	181,804	3,002	2,779	8,389	-	75,285	-	297,379
Manufacturing	643,646	3,430,484	1,359,777	349,768	1,882,364	-	902,776	-	8,568,815
Electricity, gas and water	13,390	1,305,337	9,704	4,422	3,478	-	7,969	-	1,344,300
Construction	552,330	2,459,881	51,441	61,156	124,057	-	575,494	-	3,824,359
Transport, storage and communications	182,704	4,360,199	18,070	10,344	11,905	-	311,502	-	4,894,724
Education and health	180,904	1,560,022	23,207	2,313	74,714	-	85,764	-	1,926,924
Trade and hospitality	820,642	1,193,666	37,188	170,456	1,078,428	-	125,216	-	3,425,596
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	432,615	7,514,352	118,510	19,602	39,007	-	2,478,537	-	10,602,623
Real estate	203,280	3,071,475	32,628	359	682	-	463,798	-	3,772,222
<i>Others</i>									
Purchase of landed property									
- Residential	11,973	35,934,412	-	-	-	-	14,278	-	35,960,663
- Non-residential	151,065	6,282,648	-	-	-	-	4,365	-	6,438,078
General commerce	259,617	1,127,437	714,449	294,639	62,116	-	179,857	-	2,638,115
Government and government agencies		10,597,839							10,597,839
Purchase of securities	18,389	3,446,516	-	-	-	-	95,069	642,562	4,202,536
Purchase of transport vehicles	-	10,770,761	-	-	-	-	-	-	10,770,761
Consumption credit	1,802,320	2,986,965	5,279	76	-	4,175,531	131,652	-	9,101,823
Others	114,303	2,946,922	93,218	15,917	11,114	-	273,482	-	3,454,956
	5,543,127	100,730,056	2,471,839	935,609	3,443,963	4,175,531	6,309,355	642,562	124,252,042

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2011 and 31 December 2010, based on the industry sectors of the counterparty are as follows:

	The Bank										Total credit exposures
	2011										
	Cash and short term funds	Reverse repurchase agreements	Deposits and placements with banks and other financial institutions	Financial assets held for trading	Financial investments available-for-sale	Financial investments held-to-maturity	Derivative financial instruments		Loans, advances and financing	Other financial assets	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	-	157,291	102,873	1,964	-	1,282,064	14,330	1,558,522
Mining and quarrying	-	-	-	-	-	-	7,609	-	268,743	-	276,352
Manufacturing	-	-	-	314,068	137,132	59,440	43,928	-	5,016,622	-	5,571,190
Electricity, gas and water	-	-	-	256,146	1,204,912	577,458	20,785	-	818,893	3,763	2,881,957
Construction	-	-	-	196,864	707,733	294,016	14,496	-	2,450,929	-	3,664,038
Transport, storage and communications	-	3,445	-	111,563	1,124,796	2,154,916	216,740	-	6,547,767	3,748	10,162,975
Education and health	-	-	-	-	-	-	-	-	1,451,249	-	1,451,249
Trade and hospitality	-	-	-	-	-	-	-	-	4,214,933	-	4,214,933
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	8,014,053	137,371	10,848,583	3,542,457	2,478,606	3,438,157	3,192,970	486,763	8,669,597	2,693,354	43,501,911
Real estate	-	-	-	55,462	290,838	122,684	885	-	4,168,741	-	4,638,610
<i>Others:</i>											
Purchase of landed property	-	-	-	-	-	-	-	-	31,951,869	-	31,951,869
- Residential	-	-	-	-	-	-	-	-	7,724,392	-	7,724,392
- Non-residential	-	-	-	-	-	-	-	-	802,571	-	802,571
General commerce	-	-	-	26,071	-	-	13,783	-	-	75,299	917,724
Government and government agencies	10,957,759	3,766,995	-	3,851,052	1,630,242	4,259,513	2,656	-	6,059,863	131,198	30,659,278
Purchase of securities	-	18,180	-	-	-	-	-	-	5,130,763	-	5,148,943
Purchase of transport vehicles	-	-	-	-	-	-	-	-	4,906,517	-	4,906,517
Consumption credit	-	26,982	-	-	81,986	-	-	-	6,904,772	-	7,013,740
Others	-	4,086	-	275,679	368,043	568,781	78,345	-	852,073	526,612	2,673,619
	18,971,812	3,957,059	10,848,583	8,629,362	8,181,579	11,577,838	3,594,161	486,763	99,222,358	3,448,304	168,917,819

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statements of financial position as at 31 December 2011 and 31 December 2010, based on the industry sectors of the counterparty are as follows (Continued):

	The Bank 2010										
	Cash and short term funds RM'000	Reverse repurchase agreements RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial assets held for trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial instruments		Loans, advances and financing RM'000	Other financial assets *	Total credit exposures RM'000
						Trading derivatives RM'000	Hedging derivatives RM'000				
Agriculture	-	-	-	-	138,927	104,970	4,424	-	1,197,872	-	1,446,193
Mining and quarrying	-	-	-	-	-	11,239	-	241,787	-	-	253,026
Manufacturing	-	-	-	274,342	250,323	64,036	20,487	5,711,361	-	-	6,320,549
Electricity, gas and water	-	-	-	205,960	1,061,145	346,642	28,904	609,746	5,115	-	2,257,512
Construction	-	1,558	-	126,287	956,663	265,768	16,584	3,354,988	-	-	4,721,848
Transport, storage and communications	-	26,230	-	188,013	672,496	2,266,724	169,142	3,945,318	3,887	-	7,271,810
Education and health	-	-	-	-	-	-	-	1,281,813	-	-	1,281,813
Trade and hospitality	-	-	-	-	-	-	-	3,425,596	-	-	3,425,596
<i>Finance, insurance, real estate business:</i>											
Finance, insurance and business services	5,681,247	152,856	15,883,982	2,814,363	1,737,827	4,449,671	2,754,976	198,669	8,664,388	3,558,223	45,896,202
Real estate	-	-	-	200,603	170,977	-	-	-	3,292,889	-	3,664,469
<i>Others</i>											
Purchase of landed property	-	-	-	-	-	-	-	-	28,868,751	-	28,868,751
- Residential	-	-	-	-	-	-	-	-	6,441,776	-	6,441,776
- Non-residential	-	-	-	-	-	-	-	-	668,929	-	668,929
General commerce	-	-	-	23,855	25,778	4,639	5,270	-	6,059,537	170,961	728,471
Government and government agencies	5,339,871	2,231,110	200,000	6,469,557	1,254,242	3,613,203	1,663	-	4,183,721	-	25,340,144
Purchase of securities	-	-	-	-	-	-	40,915	-	4,959,799	-	4,224,636
Purchase of transport vehicles	-	-	-	-	-	-	-	-	6,274,617	-	4,959,799
Consumption credit	-	47,290	-	-	66,207	-	-	-	1,633,661	192,775	6,388,114
Others	-	16,547	-	299,599	260,217	70,340	10,261	-	-	-	2,483,400
	11,021,118	2,475,591	16,083,982	10,602,579	6,594,802	11,185,993	3,063,865	198,669	90,816,549	3,930,961	155,974,109

* Other financial assets include amount due from holding company and ultimate holding company, amount due from subsidiaries, amount due from related companies and other financial assets

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows:

	The Bank 2011						
	Financial assets held for trading		Financial investments available-for-sale		Financial investments held-to-maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Agriculture	-	-	-	157,291	-	102,873	260,164
Manufacturing	9,891	304,177	-	137,132	-	59,440	510,640
Electricity, gas and water	46,059	210,087	-	1,204,912	-	577,458	2,038,516
Construction	-	196,864	-	707,733	-	294,016	1,198,613
Transport, storage and communications	-	111,563	-	1,124,796	-	2,154,916	3,391,275
<i>Finance, insurance, real estate business:</i>							
Finance, insurance and business services	2,149,831	1,392,626	289,278	2,189,328	255,445	3,182,712	9,459,220
Real estate	-	55,462	-	290,838	-	122,684	468,984
<i>Others</i>							
General commerce	-	26,071	-	-	-	-	26,071
Government and government agencies	3,522,905	328,147	482,157	1,148,085	2,226,124	2,033,389	9,740,807
Consumption credit	-	-	-	81,986	-	-	81,986
Others	-	275,679	-	368,043	-	568,781	1,212,503
	5,728,686	2,900,676	771,435	7,410,144	2,481,569	9,096,269	28,388,779

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

- (i) Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are further analysed by types of securities as follows (Continued):

	The Bank 2010						
	Financial assets held for trading		Financial investments available- for-sale		Financial investments held-to- maturity		Total credit exposures
	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	Money market instruments	Unquoted securities	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Agriculture	-	-	-	138,927	-	104,970	243,897
Manufacturing	88,826	185,516	-	250,323	-	64,036	588,701
Electricity, gas and water	115,395	90,565	-	1,061,145	-	346,642	1,613,747
Construction	-	126,287	-	956,663	-	265,768	1,348,718
Transport, storage and communications	-	188,013	-	672,496	-	2,266,724	3,127,233
<i>Finance, insurance, real estate business:</i>							
Finance, insurance and business services	1,872,724	941,639	149,071	1,588,756	254,891	4,194,780	9,001,861
Real estate	18,039	182,564	-	170,977	-	-	371,580
<i>Others</i>							
General commerce	-	23,855	-	25,778	-	4,639	54,272
Government and government agencies	6,125,212	344,345	425,237	829,005	1,624,083	1,989,120	11,337,002
Consumption credit	-	-	-	66,207	-	-	66,207
Others	-	299,599	-	260,217	-	70,340	630,156
	8,220,196	2,382,383	574,308	6,020,494	1,878,974	9,307,019	28,383,374

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows:

	The Bank 2011 Claim on customers under								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	147,161	733,743	-	18,201	126,815	-	256,144	-	1,282,064
Mining and quarrying	6,213	223,180	-	123	4,327	-	34,900	-	268,743
Manufacturing	447,946	1,683,153	651,097	128,515	1,698,531	-	407,380	-	5,016,622
Electricity, gas and water	-	527,984	-	-	-	-	290,909	-	818,893
Construction	448,335	1,439,038	246	38,596	135,789	-	388,925	-	2,450,929
Transport, storage and communications	152,152	5,984,715	10,359	8,498	7,524	-	384,519	-	6,547,767
Education and health	167,759	1,146,761	8,312	1,700	53,437	-	73,280	-	1,451,249
Trade and hospitality	701,695	1,763,543	37,563	143,160	919,703	-	649,269	-	4,214,933
<i>Finance, insurance, real estate business:</i>									
Finance, insurance and business services	287,514	6,736,874	629	17,930	64,208	-	1,562,442	-	8,669,597
Real estate	169,143	3,420,714	-	295	700	-	577,889	-	4,168,741
<i>Others</i>									
Purchase of landed property									
- Residential	18,719	31,933,150	-	-	-	-	-	-	31,951,869
- Non-residential	144,160	7,580,232	-	-	-	-	-	-	7,724,392
General commerce	23,930	629,306	611	84,663	-	-	64,061	-	802,571
Government and government agencies	-	6,059,863	-	-	-	-	-	-	6,059,863
Purchase of securities	19,306	4,518,653	-	-	-	-	95,535	497,269	5,130,763
Purchase of transport vehicles	-	4,906,517	-	-	-	-	-	-	4,906,517
Consumption credit	1,560,261	830,127	-	-	-	4,407,952	106,432	-	6,904,772
Others	57,122	423,420	-	3,974	13,552	-	354,005	-	852,073
	4,351,416	80,540,973	708,817	445,655	3,024,586	4,407,952	5,245,690	497,269	99,222,358

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

(ii) Loans, advances and financing are further analysed by product types as follows (Continued):

	The Bank 2010								
	Overdrafts	Term loans/ financing	Bills receivable	Trust receipts	Claim on customers under acceptance credit	Credit card receivables	Revolving credit	Share margin financing	Total credit exposures
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	106,490	725,691	1,824	3,778	143,110	-	216,979	-	1,197,872
Mining and quarrying	22,522	137,473	3,002	1,285	8,389	-	69,116	-	241,787
Manufacturing	442,589	2,151,690	361,661	126,123	1,778,934	-	850,364	-	5,711,361
Electricity, gas and water	6,897	587,093	-	4,309	3,478	-	7,969	-	609,746
Construction	471,521	2,128,982	12,599	56,077	115,379	-	570,430	-	3,354,988
Transport, storage and communications	156,268	3,566,738	966	9,620	10,549	-	201,177	-	3,945,318
Education and health	166,367	935,744	23,207	2,313	73,827	-	80,355	-	1,281,813
Trade and hospitality	820,642	1,193,666	37,188	170,456	1,078,428	-	125,216	-	3,425,596
<u>Finance, insurance, real estate business:</u>									
Finance, insurance and business services	335,706	5,888,196	7,805	19,602	38,093	-	2,374,986	-	8,664,388
Real estate	186,575	2,641,475	-	359	682	-	463,798	-	3,292,889
<u>Others:</u>									
Purchase of landed property									
- Residential	11,973	28,842,500	-	-	-	-	14,278	-	28,868,751
- Non-residential	151,065	6,286,346	-	-	-	-	4,365	-	6,441,776
General commerce	19,291	551,228	21,368	19,054	-	-	57,988	-	668,929
Government and government agencies		6,059,537							6,059,537
Purchase of securities	18,389	3,446,516	-	-	-	-	95,069	623,747	4,183,721
Purchase of transport vehicles	-	4,959,799	-	-	-	-	-	-	4,959,799
Consumption credit	1,671,031	434,365	-	76	-	4,088,894	80,251	-	6,274,617
Others	31,379	1,562,585	4,165	5,532	10,958	-	19,042	-	1,633,661
	4,618,705	72,099,624	473,785	418,584	3,261,827	4,088,894	5,231,383	623,747	90,816,549

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items not recognised in the statements of financial positions, based on the industry sectors of the counterparty are as follows:

	The Group			
	2011		2010	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Agriculture	10,296	659,412	8,408	1,101,966
Mining and quarrying	31,830	1,095,622	38,060	662,078
Manufacturing	269,135	5,256,288	340,381	4,700,460
Electricity, gas and water	68,415	396,135	27,396	1,089,122
Construction	78,569	2,624,860	233,139	3,363,214
Transport, storage and communications	88,103	1,119,063	57,558	1,067,646
Education and health	42,794	3,036,166	45,491	1,961,952
Trade and hospitality	103,909	6,523,880	115,126	4,677,732
<i>Finance, insurance, real estate business:</i>				
Finance, insurance and business services	192,842	3,434,931	117,982	4,194,827
Real estate	81	198,526	46,875	1,135,275
<i>Others</i>				
Purchase of landed property				
- Residential	-	17,640	-	298,291
General commerce	403,291	1,011,150	51,677	995,598
Consumption credit	229	855	-	669,766
Others	41,163	22,940,681	140,463	20,133,350
	1,330,657	48,315,209	1,222,556	46,051,277

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)****(b) Industry sectors (Continued)**

The analysis of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items not recognised in the statements of financial positions, based on the industry sectors of the counterparty are as follows (Continued):

	The Bank			
	2011		2010	
	Financial guarantees RM'000	Credit related commitments and contingencies RM'000	Financial guarantees RM'000	Credit related commitments and contingencies RM'000
Agriculture	10,296	568,838	8,408	849,915
Mining and quarrying	31,830	1,091,787	31,129	654,213
Manufacturing	245,907	4,352,587	323,872	4,278,199
Electricity, gas and water	68,325	282,824	27,396	271,433
Construction	78,319	2,372,534	212,065	3,001,749
Transport, storage and communications	82,555	805,156	55,414	619,232
Education and health	38,484	2,890,381	45,196	1,904,882
Trade and hospitality	96,218	6,267,134	115,126	4,677,732
<i>Finance, insurance, real estate business:</i>				
Finance, insurance and business services	135,590	2,800,023	36,935	3,260,549
Real estate	-	7,480	-	964,929
<i>Others</i>				
Purchase of landed property				
- Residential	-	-	-	298,291
General commerce	401,500	447,910	39,716	524,897
Consumption credit	229	-	-	115,886
Others	32,211	22,658,834	3,146	19,963,119
	1,221,464	44,545,488	898,403	41,385,026

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets**

Financial assets are required under FRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

(a) Loan, advances and financing

Loans, advances and financing are summarised as follows:

	The Group 2011			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	4,729,435	638,051	402,471	5,769,957
Term loans/financing	104,472,933	10,083,939	4,005,501	118,562,373
Bills receivable	3,537,140	63,019	44,935	3,645,094
Trust receipts	1,089,735	12,771	127,850	1,230,356
Claim on customers under acceptance credit	3,186,702	10,349	340,906	3,537,957
Credit card receivables	4,211,282	348,193	89,554	4,649,029
Revolving credit	5,714,137	9,087	92,204	5,815,428
Share margin financing	554,966	-	5,122	560,088
Total	127,496,330	11,165,409	5,108,543	143,770,282
Less: Impairment allowances				(4,260,607) *
Total net amount				139,509,675

	The Group 2010			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	4,822,121	675,180	435,020	5,932,321
Term loans/financing	88,734,507	11,252,218	3,894,322	103,881,047
Bills receivable	2,447,898	35,994	39,615	2,523,507
Trust receipts	901,861	18,919	128,888	1,049,668
Claim on customers under acceptance credit	3,347,895	60,550	369,613	3,778,058
Credit card receivables	4,083,217	101,303	88,144	4,272,664
Revolving credit	6,313,630	9,023	97,515	6,420,168
Share margin financing	648,009	-	5,175	653,184
Total	111,299,138	12,153,187	5,058,292	128,510,617
Less: Impairment allowances				(4,258,575) *
Total net amount				124,252,042

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)**

Loans, advances and financing are summarised as follows (Continued):

	The Bank 2011			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	3,747,223	565,895	366,749	4,679,867
Term loans/financing	71,563,554	8,178,080	3,072,190	82,813,824
Bills receivable	710,871	1,004	6,221	718,096
Trust receipts	428,723	6,179	105,692	540,594
Claim on customers under acceptance credit	2,970,284	8,660	316,698	3,295,642
Credit card receivables	4,117,579	342,365	85,007	4,544,951
Revolving credit	5,248,521	3,568	86,639	5,338,728
Share margin financing	498,665	-	2,632	501,297
Total	89,285,420	9,105,751	4,041,828	102,432,999
Less: Impairment allowances				(3,210,641) *
Total net amount				99,222,358

	The Bank 2010			Total RM'000
	Neither past due nor impaired (i)	Past due but not impaired (ii)	Impaired (iii)	
	RM'000	RM'000	RM'000	
Overdrafts	3,997,443	582,667	403,029	4,983,139
Term loans/financing	61,830,084	9,714,392	2,943,982	74,488,458
Bills receivable	475,882	1,570	7,485	484,937
Trust receipts	385,392	15,946	117,886	519,224
Claim on customers under acceptance credit	3,179,013	51,170	349,604	3,579,787
Credit card receivables	3,995,169	101,303	85,720	4,182,192
Revolving credit	5,251,790	2,684	77,713	5,332,187
Share margin financing	625,148	-	2,729	627,877
Total	79,739,921	10,469,732	3,988,148	94,197,801
Less: Impairment allowances				(3,381,252) *
Total net amount				90,816,549

* Impairment allowances include allowances against financial assets that have been impaired and those subject to portfolio impairment.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired”**

The credit quality of loans, advances and financing that are “neither past due nor impaired” can be assessed by reference to the internal rating system adopted by the Group and the Bank.

	The Group							
	2011				2010			
	Good	Satisfactory	No rating	Total	Good	Satisfactory	No rating	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,758,808	488,021	2,482,606	4,729,435	1,880,997	195,654	2,745,470	4,822,121
Term loans/financing	29,380,972	4,052,510	71,039,451	104,472,933	25,683,188	1,919,623	61,131,696	88,734,507
Bills receivable	1,814,388	1,039,181	683,571	3,537,140	2,093,534	112,989	241,375	2,447,898
Trust receipts	883,213	122,232	84,290	1,089,735	655,214	44,387	202,260	901,861
Claim on customers under acceptance credit	2,480,159	169,147	537,396	3,186,702	2,707,803	73,599	566,493	3,347,895
Credit card receivables	-	-	4,211,282	4,211,282	-	-	4,083,217	4,083,217
Revolving credit	4,959,136	54,102	700,899	5,714,137	5,844,393	111,252	357,985	6,313,630
Share margin financing	-	-	554,966	554,966	-	-	648,009	648,009
Total	41,276,676	5,925,193	80,294,461	127,496,330	38,865,129	2,457,504	69,976,505	111,299,138

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)**

	The Bank							
	2011				2010			
	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000	Good RM'000	Satisfactory RM'000	No rating RM'000	Total RM'000
Overdrafts	1,369,703	201,350	2,176,170	3,747,223	1,385,985	117,666	2,493,792	3,997,443
Term loans/financing	24,549,456	1,674,997	45,339,101	71,563,554	20,108,902	798,681	40,922,501	61,830,084
Bills receivable	294,773	1,619	414,479	710,871	413,703	1,094	61,085	475,882
Trust receipts	323,479	25,478	79,766	428,723	238,478	22,357	124,557	385,392
Claim on customers under acceptance credit	2,263,890	168,998	537,396	2,970,284	2,538,921	73,599	566,493	3,179,013
Credit card receivables	-	-	4,117,579	4,117,579	-	-	3,995,169	3,995,169
Revolving credit	4,508,778	54,102	685,641	5,248,521	4,890,895	80,573	280,322	5,251,790
Share margin financing	-	-	498,665	498,665	-	-	625,148	625,148
Total	33,310,079	2,126,544	53,848,797	89,285,420	29,576,884	1,093,970	49,069,067	79,739,921

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.3 Credit quality of financial assets (Continued)

(a) Loan, advances and financing (Continued)

(i) Loans, advances and financing that are “neither past due nor impaired” (Continued)

Credit quality descriptions can be summarised as follows:

Good – There is a high likelihood of the asset being recovered in full and therefore, of no cause for concern to the Group and the Bank.

Satisfactory – There is concern over the counterparty’s ability to make payments when due. However, these have not yet converted to actual delinquency and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

No rating - Refers to counterparties that do not satisfy the criteria to be rated internally. These include sovereigns, individuals, schools, non-government organisations, cooperatives and others.

(ii) Loans, advances and financing that are “past due but not impaired”

The Group considers an asset as past due when any payment due under strict contractual terms is received late or missed. However, loans, advances and financing which are less than 90 days past due, are not yet considered to be impaired unless there are impairment triggers available to indicate otherwise.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below:

	The Group					
	2011			2010		
	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Overdrafts	551,116	86,935	638,051	568,430	106,750	675,180
Term loans/financing	7,331,672	2,752,267	10,083,939	7,786,735	3,465,483	11,252,218
Bills receivable	44,435	18,584	63,019	35,994	-	35,994
Trust receipts	10,140	2,631	12,771	12,762	6,157	18,919
Claim on customers under acceptance credit	5,276	5,073	10,349	43,898	16,652	60,550
Credit card receivables	229,237	118,956	348,193	61,860	39,443	101,303
Revolving credit	6,173	2,914	9,087	3,563	5,460	9,023
Total	8,178,049	2,987,360	11,165,409	8,513,242	3,639,945	12,153,187

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loans, advances and financing (Continued)****(ii) Loans, advances and financing that are “past due but not impaired” (Continued)**

An age analysis of loans, advances and financing that are “past due but not impaired” is set out below (Continued):

	The Bank					
	2011			2010		
	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	Total RM'000
Overdrafts	498,449	67,446	565,895	487,889	94,778	582,667
Term loans/financing	6,041,515	2,136,565	8,178,080	6,741,529	2,972,863	9,714,392
Bills receivable	967	37	1,004	1,570	-	1,570
Trust receipts	4,597	1,582	6,179	11,053	4,893	15,946
Claim on customers under acceptance credit	4,706	3,954	8,660	37,879	13,291	51,170
Credit card receivables	226,205	116,160	342,365	61,861	39,442	101,303
Revolving credit	3,568	-	3,568	2,280	404	2,684
Total	6,780,007	2,325,744	9,105,751	7,344,061	3,125,671	10,469,732

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(a) Loan, advances and financing (Continued)****(iii) Impaired loans, advances and financing**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total gross impaired loans	5,108,543	5,058,292	4,041,828	3,988,148
Less: Impairment allowances	<u>(2,888,803)</u>	<u>(3,064,480)</u>	<u>(2,235,593)</u>	<u>(2,495,528)</u>
Total net impaired loans	<u>2,219,740</u>	<u>1,993,812</u>	<u>1,806,235</u>	<u>1,492,620</u>

Refer to Note 7(vii) and 7(viii) for analysis of impaired loans, advances and financing by economic purpose and geographical distribution.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows:

	The Group					
	2011			2010		
	Neither past due nor impaired (i) RM'000	Impaired RM'000	Total RM'000	Neither past due nor impaired (i) RM'000	Impaired RM'000	Total RM'000
Financial assets held for trading						
- Money market instruments	8,311,274	-	8,311,274	10,434,610	-	10,434,610
- Quoted securities	221,427	-	221,427	8,805	-	8,805
- Unquoted securities	3,192,050	-	3,192,050	2,797,873	-	2,797,873
Financial investments available-for-sale						
- Money market instruments	938,527	-	938,527	675,257	-	675,257
- Quoted securities	853,848	-	853,848	569,024	-	569,024
- Unquoted securities	7,982,681	351,421	8,334,102	6,290,365	430,403	6,720,768
Financial investments held-to-maturity						
- Money market instruments	2,835,849	-	2,835,849	1,979,014	-	1,979,014
- Quoted securities	1,835,931	-	1,835,931	1,154,480	-	1,154,480
- Unquoted securities	9,913,101	81,695	9,994,796	10,299,129	114,806	10,413,935
Total	36,084,688	433,116	36,517,804	34,208,557	545,209	34,753,766
Less: Impairment allowance			(259,722) *			(290,774) *
Total net amount			36,258,082			34,462,992

* Impairment allowance represents allowance made against financial assets that have been impaired.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)**

Financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity are summarised as follows (Continued):

	The Bank					
	2011			2010		
	Neither past due nor impaired (i) RM '000	Impaired RM '000	Total RM '000	Neither past due nor impaired (i) RM '000	Impaired RM '000	Total RM '000
Financial assets held for trading						
- Money market instruments	5,728,686	-	5,728,686	8,220,196	-	8,220,196
- Unquoted securities	2,900,676	-	2,900,676	2,382,383	-	2,382,383
Financial investments available-for-sale						
- Money market instruments	771,435	-	771,435	574,308	-	574,308
- Unquoted securities	7,282,039	351,421	7,633,460	5,844,626	430,175	6,274,801
Financial investments held-to-maturity						
- Money market instruments	2,481,569	-	2,481,569	1,878,974	-	1,878,974
- Unquoted securities	9,096,269	-	9,096,269	9,307,019	-	9,307,019
Total	28,260,674	351,421	28,612,095	28,207,506	430,175	28,637,681
Less: Impairment allowance			(223,316) *			(254,307) *
Total net amount			28,388,779			28,383,374

* Impairment allowance represents allowance made against financial assets that have been impaired.

There were no financial assets held for trading, financial investments available-for-sale and financial investments held-to-maturity that are “past due but not impaired” as at 31 December 2011 and 31 December 2010.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired”**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies:

	The Group									
	2011					2010				
	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total	Sovereign (no rating)	Investment grade (AAA to BBB-)	Non investment grade (BB+ and below)	No rating	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets held for trading										
- Money market instruments	5,398,743	2,866,472	-	46,059	8,311,274	8,046,419	2,265,032	-	123,159	10,434,610
- Quoted securities	216,609	4,818	-	-	221,427	8,247	553	-	5	8,805
- Unquoted securities	250,201	2,828,660	3,533	109,656	3,192,050	305,280	1,990,632	48,086	453,875	2,797,873
Financial investments available-for-sale										
- Money market instruments	632,996	305,531	-	-	938,527	526,186	149,071	-	-	675,257
- Quoted securities	834,022	19,826	-	-	853,848	569,024	-	-	-	569,024
- Unquoted securities	1,536,998	5,958,044	64,864	422,775	7,982,681	1,269,748	4,709,735	90,186	220,696	6,290,365
Financial investments held-to-maturity										
- Money market instruments	2,498,467	337,382	-	-	2,835,849	1,724,124	254,890	-	-	1,979,014
- Quoted securities	1,805,624	30,307	-	-	1,835,931	999,621	154,859	-	-	1,154,480
- Unquoted securities	1,449,775	6,031,005	59,906	2,372,415	9,913,101	2,454,026	5,571,275	55,670	2,218,158	10,299,129
Total	14,623,435	18,382,045	128,303	2,950,905	36,084,688	15,902,675	15,096,047	193,942	3,015,893	34,208,557

The securities with no ratings mainly consist of government securities, credit-linked notes and private debt securities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(b) Financial assets held for trading and financial investments (Continued)****(i) Financial assets held for trading and financial investments that are “neither past due nor impaired” (Continued)**

The table below presents an analysis of financial assets held for trading and financial investments that are “neither past due nor impaired”, based on ratings by major credit rating agencies (Continued):

	The Bank									
	2011					2010				
	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Financial assets held for trading										
- Money market instruments	3,467,202	2,215,425	-	46,059	5,728,686	6,129,789	1,967,248	-	123,159	8,220,196
- Unquoted securities	92,151	2,695,336	3,533	109,656	2,900,676	231,610	1,883,033	6,791	260,949	2,382,383
Financial investments available-for-sale										
- Money market instruments	535,458	235,977	-	-	771,435	425,237	149,071	-	-	574,308
- Unquoted securities	1,342,125	5,594,365	64,864	280,685	7,282,039	1,248,397	4,373,121	90,186	132,922	5,844,626
Financial investments held-to-maturity										
- Money market instruments	2,144,189	337,380	-	-	2,481,569	1,624,084	254,890	-	-	1,878,974
- Unquoted securities	1,456,021	5,856,707	59,906	1,723,635	9,096,269	1,989,119	6,220,163	55,670	1,042,067	9,307,019
Total	9,037,146	16,935,190	128,303	2,160,035	28,260,674	11,648,236	14,847,526	152,647	1,559,097	28,207,506

The securities with no ratings mainly consist of government securities, credit-linked notes and private debt securities.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below:

	The Group									
	2011					2010				
	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	17,871,574	7,843,837	830	398,851	26,115,092	12,305,353	5,882,384	944	487,304	18,675,985
Reverse repurchase agreements	2,775,351	1,181,708	-	-	3,957,059	2,931,503	573,411	-	-	3,504,914
Deposits and placements with banks and other financial institutions	55,104	3,975,982	-	14,779	4,045,865	907,443	8,723,423	-	10,525	9,641,391
Other assets	232,888	344,742	-	1,154,394	1,732,024	252,742	135,142	405	1,301,819	1,690,108
Derivative financial instruments	83,049	3,602,524	227,636	222,168	4,135,377	20,780	3,099,615	83,894	296,602	3,500,891
Amount due from holding company and ultimate holding company	-	-	-	29,138	29,138	-	-	-	29,193	29,193
Amount due from related companies	-	16,311	-	1,657,437	1,673,748	-	21,144	-	2,238,219	2,259,363
Total	21,017,966	16,965,104	228,466	3,476,767	41,688,303	16,417,821	18,435,119	85,243	4,363,662	39,301,845

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.1 Credit risk (Continued)****52.1.3 Credit quality of financial assets (Continued)****(c) Credit risk of other financial assets (Continued)**

An analysis of the credit quality of the Group's and the Bank's other credit risk financial assets that are "neither past due nor impaired" are set out below (Continued):

	The Bank									
	2011					2010				
	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non investment grade (BB+ and below) RM'000	No rating RM'000	Total RM'000
Cash and short term funds	10,960,179	7,627,923	830	382,880	18,971,812	5,339,849	5,194,419	944	485,906	11,021,118
Reverse repurchase agreements	2,775,352	1,181,707	-	-	3,957,059	2,225,292	250,299	-	-	2,475,591
Deposits and placements with banks and other financial institutions	-	10,833,804	-	14,779	10,848,583	200,000	15,873,456	-	10,525	16,083,982
Other assets	131,204	311,147	-	877,974	1,320,325	226,882	135,142	405	1,244,101	1,606,529
Derivative financial instruments	8,654	3,690,170	227,636	154,464	4,080,924	20,171	2,861,681	83,077	297,605	3,262,534
Amount due from holding company and ultimate holding company	-	-	-	285	285	-	-	-	340	340
Amount due from subsidiaries	-	444,027	-	12,046	456,073	-	44,180	-	40,137	84,317
Amount due from related companies	-	15,956	-	1,655,665	1,671,621	-	21,144	-	2,218,631	2,239,775
Total	13,875,389	24,104,734	228,466	3,098,093	41,306,682	8,012,194	24,380,321	84,426	4,297,245	36,774,186

There were no other credit risk financial assets that are "past due but not impaired" or "impaired" as at 31 December 2011 and 31 December 2010.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.1 Credit risk (Continued)

52.1.4 Repossessed collateral

The Group and the Bank obtained assets by taking possession of collateral held as security as follows:

Nature of assets	The Group Carrying amount		The Bank Carrying amount	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Industrial and residential properties and development land	116,848	180,510	8,557	11,181

Reposessed collaterals are sold as soon as practicable. The Group and the Bank do not utilise the reposessed collaterals for its business use.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.2 Market risk

Market risk is defined as the potential change in market value of trading and investment securities held by the Group arising from adverse changes to market parameters such as interest rates/benchmark rates, credit spreads, foreign exchange rates, equity prices, commodity prices and volatility.

Market Risk Management

The function of RMA Team in CIMB is to measure and control market risk of the Group through robust measurement and the setting of limits while facilitating business growth within a controlled and transparent risk management framework. Here, the CaR framework is employed to measure market risk where CaR represents the worst expected loss in portfolio value under normal market conditions over a specific time interval at a given confidence level. The Group has adopted a historical simulation approach to compute CaR. This approach assesses potential loss in portfolio value based on the last 500 daily historical movements of relevant market parameters and 99% confidence level at 1-day holding period.

Broadly, the Group is exposed to four major types of market risk namely equity risk, interest/benchmark rate risk, foreign exchange risk and commodity risk. Each business unit is allocated CaR limits for each type of market risk undertaken for effective risk monitoring and control. These limits are approved by the GRC and utilisation of limits is monitored on a daily basis. Daily risk reports are sent to the relevant traders, Group Treasury's Market Risk Team and RMO within GRM. The head of each business unit is accountable for all market risk under his/her purview. Any excession will be escalated to management in accordance to the Group's exception management procedures.

In addition to daily monitoring of CaR usage, on a monthly basis, all market exposures and CaR of the Group will be summarised and submitted to GRC and BRC for its perusal. The usage of market CaR by risk type based on 1-day holding period of the Group's trading exposures as at 31 December 2011 is shown in Note 52.2.1.

Although historical simulation provides a reasonable estimate of market risk, this approach relies heavily on historical daily price movements of the market parameter of interest. Hence, the resulting market CaR is exposed to the danger that price and rate changes over the stipulated time horizon might not be typical. Example, if the past 500 daily price movements were observed over a period of exceptionally low volatility, then the CaR computed would understate the risk of the portfolio and vice versa.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.2 Market risk (Continued)

In order to ensure historical simulation gives an adequate estimation of market CaR, backtesting of the historical simulation approach is performed annually. Backtesting involves comparing the derived 1-day CaR against the hypothetical change in portfolio value assuming end-of-day positions in the portfolio were to remain unchanged. The number of exceptions would be the number of times the difference in hypothetical value exceeds the computed 1-day CaR.

The Group also complements CaR with stress testing exercises to capture event risk that are not observed in the historical time period selected to compute CaR. Stress testing exercise at the group-wide level involves assessing potential losses to the Group's market risk exposures under pre-specified scenarios. This type of scenario analysis is performed twice yearly. Scenarios are designed in collaboration with the Regional Research Team to reflect extreme and yet highly plausible stress scenarios. Stress test results are presented to the GRC to provide senior management with an overview of the impact to the Group if such stress scenarios were to materialise.

In addition to the above, RMO under GRM undertakes the monitoring and oversight process at Group Treasury and Equity Market & Derivatives trading floors, which include reviewing treasury trading strategy, analysing positions and activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

RMO also provides accurate and timely valuation of the Group's position on a daily basis. Exposures are valued using market price (Mark-to-Market) or a pricing model (Mark-to-Model) (collectively known as 'MTM') where appropriate. The MTM process is carried out on all positions classified as Held for Trading as well as Available for Sale on a daily basis for the purpose of meeting independent price verification requirements, calculation of profits/losses as well as to confirm that margins required are met.

Treasury products approval processes will be led by RMO to ensure the bank is operational ready before launching. All new products are assessed by components and in totality to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are validated by the Quantitative Analysts to assess its applicability to market conditions. The process includes verification of the rate sources, parameters, assumptions modeling approach and its implementation. Existing valuation models are reviewed at least on a yearly basis to ensure that they remain relevant to changing market conditions. Backtest of newly approved or revised models may be conducted to assess the appropriateness of the model and input data used.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.1 CaR**

The usage of market CaR by risk type based on 1-day holding period of the Group's and the Bank's trading exposures are set out below:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
CaR				
Foreign exchange risk	6,153	5,961	5,546	5,422
Interest rate risk	9,074	10,257	8,647	7,848
Equity risk	1,919	2,063	1,919	2,063
Commodity risk	136	-	136	-
Total	17,282	18,281	16,249	15,333
Total shareholders fund	18,639,719	17,336,407	16,769,107	15,511,384
Percentage over shareholders funds	0.09%	0.11%	0.10%	0.10%

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk**

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities. Interest rate risk is measured and reported at various levels through various techniques including Earnings-at-Risk (EaR).

- (a) The tables below summarise the Group's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

Note	The Group 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book		→					
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial assets									
Cash and short-term funds	25,529,052	-	-	-	-	-	2,712,571	-	28,241,623
Reverse repurchase agreements	2,110,639	1,259,057	-	580,483	-	-	6,880	-	3,957,059
Deposits and placements with banks and other financial institutions	-	2,604,823	678,791	20,077	-	635,400	106,774	-	4,045,865
Financial assets held for trading	-	-	-	-	-	-	-	12,627,696	12,627,696
Financial investments available-for-sale	(i) 154,113	507,618	1,024,679	814,099	3,111,923	4,007,556	1,467,607	-	11,087,595
Financial investments held-to-maturity	(i) 375,918	836,021	285,319	836,258	8,455,468	3,762,022	79,164	-	14,630,170
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,911,041	3,911,041
- Hedging derivatives	-	-	-	-	200,407	23,929	-	-	224,336
Loans, advances and financing	(i) 91,312,415	9,664,440	7,416,658	1,138,924	13,584,574	16,392,664	-	-	139,509,675
Other assets	-	-	81,135	55,000	-	110,153	1,452,340	33,396	1,732,024
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,138	-	29,138
Amount due from related companies	-	-	-	-	-	-	1,673,748	-	1,673,748
Total financial assets	119,482,137	14,871,959	9,486,582	3,444,841	25,352,372	24,931,724	7,528,222	16,572,133	221,669,970

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**Notes to the Financial Statements
for the financial year ended 31 December 2011(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

	The Group 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	108,569,571	21,618,759	10,529,119	10,624,089	3,345,366	1,016,126	20,774,986	-	176,478,016
Deposits and placements of banks and other financial institutions	6,851,947	3,022,712	678,576	217,729	1,754,675	1,146,826	200,948	-	13,873,413
Repurchase agreements	-	-	502,010	580,483	-	-	546	-	1,083,039
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,644,646	3,644,646
- Hedging derivatives	5,580	22,699	9,585	-	13,250	392,029	-	-	443,143
Bills and acceptances payable	2,436,883	2,698,084	1,008,951	836	-	-	626,748	-	6,771,502
Amount due to related companies	-	-	-	-	-	-	6,444	-	6,444
Other liabilities	-	-	-	-	-	-	2,692,047	-	2,692,047
Other borrowings	-	-	-	-	462,243	-	477	-	462,720
Subordinated obligations	-	131,848	-	-	4,164,602	3,806,615	140,890	-	8,243,955
Redeemable preference shares	-	-	-	-	734,535	-	6,894	-	741,429
Total financial liabilities	117,863,981	27,494,102	12,728,241	11,423,137	10,474,671	6,361,596	24,449,980	3,644,646	214,440,354
Net interest sensitivity gap for items recognised in the statement of financial position	1,618,156	(12,622,143)	(3,241,659)	(7,978,296)	14,877,701	18,570,128		12,927,487	
Net interest sensitives gap for items not recognised in the statements of financial position									
Financial guarantees	-	-	-	-	-	-	1,330,657	-	1,330,657
Credit related commitments and contingencies	-	-	-	-	-	-	48,315,209	-	48,315,209
Treasury related commitments and contingencies (hedging)	126,594	631,896	207,459	-	4,059,639	8,541,389	-	-	13,566,977
	126,594	631,896	207,459	-	4,059,639	8,541,389	49,645,866	-	63,212,843

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**Notes to the Financial Statements
for the financial year ended 31 December 2011(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

Note	The Group 2010						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book								
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial assets									
Cash and short-term funds	17,161,269	-	-	-	-	-	3,686,720	-	20,847,989
Reverse repurchase agreements	2,591,567	851,901	405	-	-	-	61,041	-	3,504,914
Deposits and placements with banks and other financial institutions	-	5,816,762	2,670,056	822,423	-	138,758	193,392	-	9,641,391
Financial assets held for trading	-	-	-	-	-	-	-	14,458,911	14,458,911
Financial investments available-for-sale	(i) 217,492	426,928	170,975	555,717	3,328,473	2,917,079	1,303,354	-	8,920,018
Financial investments held-to-maturity	(i) 192,304	536,841	402,283	1,348,940	7,152,367	3,876,494	1,961	-	13,511,190
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,362,364	3,362,364
- Hedging derivatives	2,991	-	1,343	5,384	117,673	11,136	-	-	138,527
Loans, advances and financing	(i) 82,531,691	7,252,058	4,940,690	1,449,206	10,378,272	17,700,125	-	-	124,252,042
Other assets	-	-	81,756	-	256,219	111,018	1,241,115	-	1,690,108
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,193	-	29,193
Amount due from related companies	-	-	-	-	-	-	2,259,363	-	2,259,363
Total financial assets	102,697,314	14,884,490	8,267,508	4,181,670	21,233,004	24,754,610	8,776,139	17,821,275	202,616,010

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**Notes to the Financial Statements
for the financial year ended 31 December 2011(Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

	The Group 2010						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	92,937,174	20,769,564	7,814,166	10,102,015	5,077,466	924,176	22,016,136	-	159,640,697
Deposits and placements of banks and other financial institutions	6,385,763	3,169,590	2,194,444	1,444,094	1,216,014	185,010	57,520	-	14,652,435
Repurchase agreements	-	33,087	-	-	-	-	-	-	33,087
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,461,082	3,461,082
- Hedging derivatives	-	-	-	-	55,306	194,752	-	-	250,058
Bills and acceptances payable	1,674,226	1,349,914	406,086	158,657	-	-	488,728	-	4,077,611
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	-	107,523
Amount due to related companies	-	-	-	-	-	-	6,751	-	6,751
Other liabilities	-	-	-	-	-	-	3,041,366	-	3,041,366
Other borrowings	925,050	-	-	-	-	-	-	-	925,050
Subordinated obligations	-	-	-	-	2,516,063	3,526,274	55,932	-	6,098,269
Bonds	-	-	382,527	-	-	-	41,455	-	423,982
Redeemable preference shares	-	-	-	-	706,879	-	-	-	706,879
Total financial liabilities	101,922,213	25,367,571	10,859,330	11,704,766	9,571,728	4,830,212	25,707,888	3,461,082	193,424,790
Net interest sensitivity gap for items recognised in the statement of financial position	775,101	(10,483,081)	(2,591,822)	(7,523,096)	11,661,276	19,924,398		14,360,193	
Net interest sensitives gap for items not recognised in the statements of financial position									
Financial guarantees	-	-	-	-	-	-	1,222,556	-	1,222,556
Credit related commitments and contingencies	-	-	-	-	-	-	46,051,277	-	46,051,277
Treasury related commitments and contingencies (hedging)	600,000	-	300,000	65,611	3,665,765	8,000,000	-	-	12,631,376
	600,000	-	300,000	65,611	3,665,765	8,000,000	47,273,833	-	59,905,209

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows:

	The Group 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	122,206	-	15,014	50,364	335,344	406,381	9,218	938,527
- Quoted securities	-	5,040	-	151,753	508,251	183,440	298,354	1,146,838
- Unquoted securities	31,907	502,578	1,009,665	611,982	2,268,328	3,417,735	1,160,035	9,002,230
Financial investments held-to-maturity								
- Money market instruments	-	-	100,040	150,000	2,319,563	240,453	25,792	2,835,848
- Quoted securities	221,223	50,345	25,180	120,366	1,353,625	50,186	15,006	1,835,931
- Unquoted securities	154,695	785,676	160,099	565,892	4,782,280	3,471,383	38,366	9,958,391
Loans, advances and financing								
- Overdrafts	5,410,012	-	-	-	-	-	-	5,410,012
- Term loans/financing	72,773,906	6,269,701	5,611,235	777,139	13,576,505	16,381,471	-	115,389,957
- Bills receivable	2,002,865	1,049,666	447,968	76,699	-	5,271	-	3,582,469
- Trust receipts	496,910	265,941	333,379	6,164	8,069	-	-	1,110,463
- Claim on customers under acceptance credit	1,133,743	1,521,947	591,051	1,815	-	-	-	3,248,556
- Credit card receivables	4,504,578	-	-	-	-	-	-	4,504,578
- Revolving credit	4,440,419	557,185	433,025	277,107	-	5,922	-	5,713,658
- Share margin financing	549,982	-	-	-	-	-	-	549,982
Total	91,842,446	11,008,079	8,726,656	2,789,281	25,151,965	24,162,242	1,546,771	165,227,440

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Group are further analysed by classes of financial assets as follows (Continued):

	The Group 2010						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	-	-	27,427	289,212	358,618	-	675,257
- Quoted securities	48,277	102,565	30,657	87,455	300,071	-	291,501	860,526
- Unquoted securities	169,215	324,363	140,318	440,835	2,739,190	2,558,461	1,011,853	7,384,235
Financial investments held-to-maturity								
- Money market instruments	-	-	-	149,979	1,829,035	-	-	1,979,014
- Quoted securities	-	-	102,703	520,738	515,233	15,806	-	1,154,480
- Unquoted securities	192,304	536,841	299,580	678,223	4,808,098	3,860,689	1,961	10,377,696
Loans, advances and financing								
- Overdrafts	5,543,127	-	-	-	-	-	-	5,543,127
- Term loans/financing	63,523,405	4,295,341	3,949,464	884,977	10,376,744	17,700,125	-	100,730,056
- Bills receivable	1,163,443	685,448	245,352	377,596	-	-	-	2,471,839
- Trust receipts	441,054	162,050	149,644	181,333	1,528	-	-	935,609
- Claim on customers under acceptance credit	1,304,709	1,549,351	586,984	2,919	-	-	-	3,443,963
- Credit card receivables	4,161,242	7,870	6,419	-	-	-	-	4,175,531
- Revolving credit	5,752,149	551,998	2,827	2,381	-	-	-	6,309,355
- Share margin financing	642,562	-	-	-	-	-	-	642,562
Total	82,941,487	8,215,827	5,513,948	3,353,863	20,859,111	24,493,699	1,305,315	146,683,250

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (b) The tables below summarise the Bank's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

Note	The Bank 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	← Up to 1 month RM'000	> 1 – 3 months RM'000	Non-trading book		> 1 – 5 years RM'000	Over 5 years RM'000			
			> 3 – 6 months RM'000	> 6 – 12 months RM'000					
Financial assets									
Cash and short-term funds	18,877,007	-	-	-	-	-	1,906,506	-	20,783,513
Reverse repurchase agreements	2,110,638	1,259,057	-	580,483	-	-	6,881	-	3,957,059
Deposits and placements with banks and other financial institutions	-	4,229,368	535,732	20,000	5,287,238	635,400	140,845	-	10,848,583
Financial assets held for trading	-	-	-	-	-	-	-	9,471,491	9,471,491
Financial investments available-for-sale	(i) 154,113	502,578	994,635	647,225	2,329,476	3,397,124	1,020,530	-	9,045,681
Financial investments held-to-maturity	(i) 112,925	526,270	160,099	715,891	6,256,654	3,740,240	65,759	-	11,577,838
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,594,161	3,594,161
- Hedging derivatives	-	-	-	-	192,212	294,551	-	-	486,763
Loans, advances and financing	(i) 70,962,303	6,517,005	1,573,651	955,514	10,921,490	8,292,395	-	-	99,222,358
Other assets	-	-	81,135	55,000	-	110,153	1,074,037	-	1,320,325
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	285	-	285
Amount due from subsidiaries	-	-	-	-	-	-	456,073	-	456,073
Amount due from related companies	-	-	-	-	-	-	1,671,621	-	1,671,621
Total financial assets	92,216,986	13,034,278	3,345,252	2,974,113	24,987,070	16,469,863	6,342,537	13,065,652	172,435,751

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

	The Bank 2011						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	80,103,681	12,222,865	7,115,947	8,604,764	2,677,948	425,382	20,419,158	-	131,569,745
Deposits and placements of banks and other financial institutions	10,196,033	4,267,908	916,192	217,423	1,754,474	1,146,826	20,421	-	18,519,277
Repurchase agreements	-	-	502,010	580,485	-	-	544	-	1,083,039
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,328,646	3,328,646
- Hedging derivatives	5,580	22,699	9,585	-	11,285	400,381	-	-	449,530
Bills and acceptances payable	893,147	1,322,399	483,401	232	-	-	592,446	-	3,291,625
Amount due to subsidiaries	-	-	-	-	-	-	50,013	-	50,013
Other liabilities	-	-	-	-	-	-	2,336,637	-	2,336,637
Other borrowing	-	-	-	-	462,243	-	477	-	462,720
Subordinated obligations	-	-	-	-	4,648,529	3,212,009	70,270	-	7,930,808
Total financial liabilities	91,198,441	17,835,871	9,027,135	9,402,904	9,554,479	5,184,598	23,489,966	3,328,646	169,022,040
Net interest sensitivity gap for items recognised in the statement of financial position	1,018,545	(4,801,593)	(5,681,883)	(6,428,791)	15,432,591	11,285,265		9,737,006	
Net interest sensitives gap for items not recognised in the statements of financial position									
Financial guarantees	-	-	-	-	-	-	1,221,464	-	1,221,464
Credit related commitments and contingencies	-	-	-	-	-	-	44,545,488	-	44,545,488
Treasury related commitments and contingencies (hedging)	126,594	631,896	207,459	-	4,299,145	12,906,051	-	-	18,171,145
	126,594	631,896	207,459	-	4,299,145	12,906,051	45,766,952	-	63,938,097

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

Note	The Bank 2010						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	Non-trading book								
	← Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	→ Over 5 years RM'000			
Financial assets									
Cash and short-term funds	10,636,001	-	-	-	-	-	2,275,192	-	12,911,193
Reverse repurchase agreements	1,577,192	851,901	405	-	-	-	46,093	-	2,475,591
Deposits and placements with banks and other financial institutions	-	8,934,436	1,526,721	5,360,967	-	138,758	123,100	-	16,083,982
Financial assets held for trading	-	-	-	-	-	-	-	11,814,976	11,814,976
Financial investments available-for-sale (i)	169,215	319,330	130,460	458,194	2,852,156	2,659,371	788,532	-	7,377,258
Financial investments held-to-maturity (i)	192,304	299,014	299,580	313,920	6,513,416	3,565,808	1,951	-	11,185,993
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,063,865	3,063,865
- Hedging derivatives	2,992	-	1,343	5,384	117,673	71,277	-	-	198,669
Loans, advances and financing (i)	66,423,966	3,748,096	1,281,299	379,763	8,119,079	10,864,346	-	-	90,816,549
Other assets	-	-	81,756	-	256,219	111,018	1,157,536	-	1,606,529
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	340	-	340
Amount due from subsidiaries	-	-	-	-	-	-	84,317	-	84,317
Amount due from related companies	-	-	-	-	-	-	2,239,775	-	2,239,775
Total financial assets	79,001,670	14,152,777	3,321,564	6,518,228	17,858,543	17,410,578	6,716,836	14,878,841	159,859,037

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

	The Bank 2010						Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
	←	Non-trading book				→			
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000			
Financial liabilities									
Deposits from customers	70,811,728	12,147,209	5,697,324	7,636,253	3,401,307	395,910	21,463,338	-	121,553,069
Deposits and placements of banks and other financial institutions	8,883,802	5,210,410	1,696,456	1,443,925	1,049,051	185,010	-	-	18,468,654
Repurchase agreements	-	33,087	-	-	-	-	-	-	33,087
Derivative financial instruments									
- Trading derivatives	-	-	-	-	-	-	-	3,208,589	3,208,589
- Hedging derivatives	-	-	-	-	11,963	203,263	-	-	215,226
Bills and acceptances payable	613,886	902,580	273,847	-	-	-	462,409	-	2,252,722
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	-	107,523
Amount due to subsidiaries	-	-	-	-	-	-	310,381	-	310,381
Amount due to related company	-	-	-	-	-	-	841	-	841
Other liabilities	-	-	-	-	-	-	2,530,544	-	2,530,544
Subordinated obligations	-	-	-	-	3,212,634	2,946,447	-	-	6,159,081
Total financial liabilities	80,309,416	18,338,702	7,729,734	9,080,178	7,674,955	3,730,630	24,767,513	3,208,589	154,839,717
Net interest sensitivity gap for items recognised in the statement of financial position	(1,307,746)	(4,185,925)	(4,408,170)	(2,561,950)	10,183,588	13,679,948		11,670,252	
Net interest sensitives gap for items not recognised in the statements of financial position									
Financial guarantees	-	-	-	-	-	-	898,403	-	898,403
Credit related commitments and contingencies	-	-	-	-	-	-	41,385,026	-	41,385,026
Treasury related commitments and contingencies (hedging)	600,000	-	300,000	65,611	3,387,200	12,400,000	-	-	16,752,811
	600,000	-	300,000	65,611	3,387,200	12,400,000	42,283,429	-	59,036,240

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows:

	The Bank 2011						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	122,206	-	-	50,365	258,379	333,098	7,387	771,435
- Quoted securities	-	-	-	-	-	-	189	189
- Unquoted securities	31,907	502,578	994,635	596,860	2,071,097	3,064,026	1,012,954	8,274,057
Financial investments held-to-maturity								
- Money market instruments	-	-	-	150,000	2,069,133	240,453	21,983	2,481,569
- Unquoted securities	112,925	526,270	160,099	565,891	4,187,521	3,499,787	43,776	9,096,269
Loans, advances and financing								
- Overdrafts	4,351,416	-	-	-	-	-	-	4,351,416
- Term loans/financing	55,746,885	4,454,522	420,531	711,073	10,921,490	8,286,472	-	80,540,973
- Bills receivable	340,272	236,674	131,442	429	-	-	-	708,817
- Trust receipts	373,056	39,681	32,918	-	-	-	-	445,655
- Claim on customers under acceptance credit	1,052,491	1,399,972	570,307	1,816	-	-	-	3,024,586
- Credit card receivables	4,407,952	-	-	-	-	-	-	4,407,952
- Revolving credit	4,192,962	386,156	418,453	242,196	-	5,923	-	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	497,269
Total	71,229,341	7,545,853	2,728,385	2,318,630	19,507,620	15,429,759	1,086,289	119,845,877

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)**

- (i) The interest rate risk for financial investments available-for-sale, financial investments held-to-maturity and loans, advances and financing of the Bank are further analysed by classes of financial assets as follows (Continued):

	The Bank 2010						Non-interest sensitive RM'000	Total RM'000
	←	Non-trading book				→		
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Financial investments available-for-sale								
- Money market instruments	-	-	-	22,383	243,486	308,439	-	574,308
- Quoted securities	-	-	-	-	-	-	463	463
- Unquoted securities	169,215	319,330	130,460	435,811	2,608,670	2,350,933	788,068	6,802,487
Financial investments held-to-maturity								
- Money market instruments	-	-	-	149,979	1,728,995	-	-	1,878,974
- Unquoted securities	192,304	299,014	299,580	163,941	4,784,421	3,565,808	1,951	9,307,019
Loans, advances and financing								
- Overdrafts	4,618,705	-	-	-	-	-	-	4,618,705
- Term loans/financing	50,103,236	2,147,261	510,521	355,181	8,119,079	10,864,346	-	72,099,624
- Bills receivable	190,737	98,416	167,362	17,270	-	-	-	473,785
- Trust receipts	367,082	18,593	28,516	4,393	-	-	-	418,584
- Claim on customers under acceptance credit	1,244,308	1,446,119	568,481	2,919	-	-	-	3,261,827
- Credit card receivables	4,074,605	7,870	6,419	-	-	-	-	4,088,894
- Revolving credit	5,201,546	29,837	-	-	-	-	-	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	623,747
Total	66,785,485	4,366,440	1,711,339	1,151,877	17,484,651	17,089,526	790,482	109,379,800

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(c) Sensitivity of profit**

The table below shows the sensitivity of the Group and the Bank's banking book to movement in interest rates:

	The Group			
	2011		2010	
	+ 100 basis point RM'000	-100 basis point RM'000	+ 100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(106,503)	106,503	(104,507)	104,507

	The Bank			
	2011		2010	
	+ 100 basis point RM'000	-100 basis point RM'000	+ 100 basis point RM'000	-100 basis point RM'000
Impact to profit (after tax)	(72,556)	72,556	(76,296)	76,296

Sensitivity is measured using the EaR methodology. The treatments and assumptions applied are based on the contractual repricing and remaining maturity of the products, whichever is earlier. Items with indefinite repricing maturity are treated based on the earliest possible repricing date. The actual dates may vary from the repricing profile allocated due to factors such as pre-mature withdrawals, prepayment and others.

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on profit in the next 12 months from policy rate change.

The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on profit of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.2 Interest rate risk (Continued)****(d) Sensitivity of reserves**

The table below shows the sensitivity of the Group and the Bank's banking book to movement in interest rates:

	The Group			
	2011		2010	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to revaluation reserve-financial investments available-for-sale	(435,809)	435,809	(296,819)	296,819

	The Bank			
	2011		2010	
	+100 basis point RM'000	-100 basis point RM'000	+100 basis point RM'000	-100 basis point RM'000
Impact to revaluation reserve-financial investments available-for-sale	(367,874)	367,874	(264,162)	264,162

A 100 bps parallel rate movement is applied to the yield curve to model the potential impact on reserve in the next 12 months from changes in risk free rates. The impact on reserves arises from changes in valuation of financial investments available-for-sale following movements in risk free rates.

The projection assumes that all other variables are held constant. It also assumes a constant reporting date position and that all positions run to maturity.

The above sensitivities of profit and reserves do not take into account the effects of hedging and do not incorporate actions that the Group and the Bank would take to mitigate the impact of this interest rate risk. In practice, the Group and the Bank proactively seeks to mitigate the effect of prospective interest movements.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk**

The Group and Bank are exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group and the Bank take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manage its exposure to foreign exchange currencies at each entity level.

- (a) The table below summarises the financial assets, financial liabilities, items not recognised in the statements of financial position and net open position by currency of the Group and the Bank.

The Group 2011											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Items recognised in the statements of financial position											
Financial assets											
Cash and short-term funds	22,415,541	17,564	340,760	589,248	3,420,837	39,370	371,105	133,899	913,299	5,826,082	28,241,623
Reverse repurchase agreements	3,426,951	-	-	120,704	409,404	-	-	-	-	530,108	3,957,059
Deposits and placements with banks and other financial institutions	2,174,607	-	59,649	293	1,770,164	-	-	-	41,152	1,871,258	4,045,865
Financial assets held for trading											
- Money market instruments	5,283,429	34,806	-	2,933,501	59,538	-	-	-	-	3,027,845	8,311,274
- Quoted securities	511,074	-	224,004	5,875	312,379	1,303	-	421	4,916	548,898	1,059,972
- Unquoted securities	1,794,170	49,605	-	456,639	956,036	-	-	-	-	1,462,280	3,256,450
Financial investments available-for-sale											
- Money market instruments	754,995	-	-	-	183,532	-	-	-	-	183,532	938,527
- Quoted securities	-	-	1,146,649	189	-	-	-	-	-	1,146,838	1,146,838
- Unquoted securities	7,345,121	180,493	82,802	8,129	1,060,553	28,863	-	-	296,269	1,657,109	9,002,230
Financial investments held-to-maturity											
- Money market instruments	2,345,706	-	-	235,834	254,308	-	-	-	-	490,142	2,835,848
- Quoted securities	-	-	1,835,931	-	-	-	-	-	-	1,835,931	1,835,931
- Unquoted securities	8,412,039	-	21,552	1,085,214	439,586	-	-	-	-	1,546,352	9,958,391
Derivative financial instruments											
- Trading derivatives	2,706,168	-	167,050	35,175	873,327	10,071	3,430	696	115,124	1,204,873	3,911,041
- Hedging derivatives	116,243	-	-	-	108,093	-	-	-	-	108,093	224,336
Loans, advances and financing											
- Overdrafts	4,617,408	-	659,887	92,541	40,176	-	-	-	-	792,604	5,410,012
- Term loans/financing	95,771,984	-	7,336,937	6,887,768	3,788,808	414,390	510,634	187,514	491,922	19,617,973	115,389,957
- Bills receivable	692,274	-	2,725,984	8,443	141,830	-	2,253	79	11,606	2,890,195	3,582,469
- Trust receipts	366,039	-	364,320	35,671	329,897	-	132	2,257	12,147	744,424	1,110,463
- Claim on customers under acceptance credit	3,242,956	-	4,972	-	628	-	-	-	-	5,600	3,248,556
- Credit card receivables	4,068,576	-	-	436,002	-	-	-	-	-	436,002	4,504,578
- Revolving credit	4,082,527	-	54,618	449,992	744,120	-	367,137	-	15,264	1,631,131	5,713,658
- Share margin financing	497,270	-	52,712	-	-	-	-	-	-	52,712	549,982
Other assets	1,177,385	-	148,789	64,401	525,179	2,415	466	248	15,141	554,659	1,732,024
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	-	-	-	29,138
Amount due from related companies	1,672,067	17	180	970	380	4	83	-	47	1,681	1,673,748
	173,503,668	282,485	15,226,796	13,446,589	15,216,775	496,416	1,255,240	325,114	1,916,887	48,166,302	221,669,970

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

The Group 2011											
	MYR RM1000	IDR RM1000	THB RM1000	SGD RM1000	USD RM1000	AUD RM1000	GBP RM1000	JPY RM1000	Others RM1000	Total non- MYR RM1000	Grand total RM1000
Financial liabilities											
Deposits from customers	142,239,249	20	10,232,198	9,330,377	11,512,876	450,581	280,888	138,116	2,293,711	342,38,767	176,478,016
Deposits and placements of banks and other financial institutions	4,121,920	-	150,413	3,802,271	4,047,821	374,023	776,488	2,877	597,600	9,751,493	13,873,413
Repurchase agreements	581,028	-	-	502,011	-	-	-	-	-	502,011	1,083,039
Derivatives financial instruments											
- Trading derivatives	2,439,479	-	151,880	39,204	878,179	11,902	3,339	813	119,850	1,205,167	3,644,646
- Hedging derivatives	398,343	-	1,806	-	41,492	-	-	-	1,502	44,800	443,143
Bills and acceptances payable	3,219,430	-	3,479,785	72,196	75	-	16	-	-	3,552,072	6,771,502
Amount due to related companies	3,962	-	2,472	-	10	-	-	-	-	2,482	6,444
Other liabilities	1,847,382	649	208,266	388,883	220,049	576	1,928	86	24,228	844,665	2,692,047
Other borrowings	462,720	-	-	-	-	-	-	-	-	-	462,720
Subordinated obligations	7,734,969	-	375,252	-	133,734	-	-	-	-	508,986	8,243,955
Redeemable preference shares	741,429	-	-	-	-	-	-	-	-	-	741,429
	163,789,911	669	14,602,072	14,134,942	16,834,236	837,082	1,062,659	141,892	3,036,891	50,650,443	214,440,354
Items not recognised in the statements of financial position											
Financial guarantees	808,853	1,013	54,100	96,956	121,531	-	66,155	6,004	176,045	521,804	1,330,657
Credit related commitments and contingencies	38,964,509	45,306	775,680	2,963,983	4,486,880	210,789	192,184	57,248	618,630	9,350,700	48,315,209
	39,773,362	46,319	829,780	3,060,939	4,608,411	210,789	258,339	63,252	794,675	9,872,504	49,645,866

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

	The Group									Total non-MYR RM'000	Grand total RM'000
	2010										
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000		
Items recognised in the statements of financial position											
Financial assets											
Cash and short-term funds	14,886,946	13,744	305,406	64,120	4,496,843	237,292	40,420	136,274	666,944	5,961,043	20,847,989
Reverse repurchase agreements	2,380,468	-	1,014,376	10,901	99,169	-	-	-	-	1,124,446	3,504,914
Deposits and placements with banks and other financial institutions	4,520,651	-	60,687	-	3,974,689	125,661	383,508	-	576,195	5,120,740	9,641,391
Financial assets held for trading											
- Money market instruments	8,250,199	-	-	2,061,253	123,158	-	-	-	-	2,184,411	10,434,610
- Quoted securities	856,015	-	13,904	66,202	258,821	3,126	-	195	22,217	364,465	1,220,480
- Unquoted securities	1,411,214	44,531	-	551,839	796,237	-	-	-	-	1,392,607	2,803,821
Financial investments available-for-sale											
- Money market instruments	675,257	-	-	-	-	-	-	-	-	-	675,257
- Quoted securities	-	-	860,063	463	-	-	-	-	-	860,526	860,526
- Unquoted securities	6,828,054	90,186	27,424	775	291,153	-	-	-	146,643	556,181	7,384,235
Financial investments held-to-maturity											
- Money market instruments	1,979,014	-	-	-	-	-	-	-	-	-	1,979,014
- Quoted securities	-	-	999,621	-	154,859	-	-	-	-	1,154,480	1,154,480
- Unquoted securities	8,932,692	-	76,641	759,550	608,813	-	-	-	-	1,445,004	10,377,696
Derivative financial instruments											
- Trading derivatives	2,374,122	-	182,447	17,852	749,445	8	297	1,515	36,678	988,242	3,362,364
- Hedging derivatives	47,023	-	-	-	91,504	-	-	-	-	91,504	138,527
Loans, advances and financing											
- Overdrafts	4,840,937	-	612,490	89,700	-	-	-	-	-	702,190	5,543,127
- Term loans/financing	85,130,509	-	6,198,864	4,444,400	4,197,952	172,917	72,489	179,643	333,282	15,599,547	100,730,056
- Bills receivable	412,951	-	1,860,582	64,260	128,985	-	563	883	3,615	2,058,888	2,471,839
- Trust receipts	405,709	-	189,779	12,230	311,408	-	1,939	5,496	9,048	529,900	935,609
- Claim on customers under acceptance credit	3,438,535	-	5,142	286	-	-	-	-	-	5,428	3,443,963
- Credit card receivables	3,885,531	-	-	290,000	-	-	-	-	-	290,000	4,175,531
- Revolving credit	4,726,893	-	51,401	463,757	886,307	-	175,114	-	5,883	1,582,462	6,309,355
- Share margin financing	623,747	-	18,815	-	-	-	-	-	-	18,815	642,562
Other assets	1,189,165	2,573	58,624	63,942	360,458	1,307	4,655	253	9,131	500,943	1,690,108
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	-	-	-	29,193
Amount due from related companies	2,244,646	11,942	-	453	2,322	-	-	-	-	14,717	2,259,363
	160,069,471	162,976	12,536,266	8,961,983	17,532,123	540,311	678,985	324,259	1,809,636	42,546,539	202,616,010

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

The Group 2010											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non- MYR RM'000	Grand total RM'000
Financial liabilities											
Deposits from customers	127,137,684	20	9,653,079	7,669,357	12,972,435	350,830	365,064	159,852	1,332,376	32,503,013	159,640,697
Deposits and placements of banks and other financial institutions	7,487,361	-	210,436	1,922,053	4,442,748	138,861	354,879	1,712	94,385	7,165,074	14,652,435
Repurchase agreements	-	-	-	-	33,087	-	-	-	-	33,087	33,087
Derivatives financial instruments											
- Trading derivatives	2,502,906	-	131,617	53,796	713,721	1,545	70	200	57,227	958,176	3,461,082
- Hedging derivatives	204,090	-	2,626	-	43,342	-	-	-	-	45,968	250,058
Bills and acceptances payable	2,231,859	-	1,824,890	20,053	809	-	-	-	-	1,845,752	4,077,611
Amount due to Cagamas Berhad	107,523	-	-	-	-	-	-	-	-	-	107,523
Amount due to related companies	449	-	-	-	6,302	-	-	-	-	6,302	6,751
Other liabilities	2,553,815	6	197,794	113,902	163,837	2,449	3,563	717	5,283	487,551	3,041,366
Other borrowings	-	-	-	-	925,050	-	-	-	-	925,050	925,050
Bonds	-	-	-	-	423,982	-	-	-	-	423,982	423,982
Subordinated obligations	5,747,405	-	66,240	-	284,624	-	-	-	-	350,864	6,098,269
Redeemable preference shares	706,879	-	-	-	-	-	-	-	-	-	706,879
	148,679,971	26	12,086,682	9,779,161	20,009,937	493,685	723,576	162,481	1,489,271	44,744,819	193,424,790
Items not recognised in the statements of financial position											
Financial guarantees	840,971	1,405	92,367	25	68,161	563	49,340	-	169,724	381,585	1,222,556
Credit related commitments and contingencies	36,855,638	44,539	775,643	2,142,432	5,107,624	159,235	228,348	140,995	596,823	9,195,639	46,051,277
	37,696,609	45,944	868,010	2,142,457	5,175,785	159,798	277,688	140,995	766,547	9,577,224	47,273,833

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

The Bank 2011											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Items recognised in the statements of financial position											
Financial assets											
Cash and short-term funds	16,133,649	17,315	5,533	581,222	2,627,113	34,863	366,113	129,309	888,396	4,649,864	20,783,513
Reverse repurchase agreements	3,426,951	-	-	120,704	409,404	-	-	-	-	530,108	3,957,059
Deposits and placements with banks and other financial institutions	9,484,883	-	-	-	1,322,564	-	-	-	41,136	1,363,700	10,848,583
Financial assets held for trading											
- Money market instruments	2,700,841	34,806	-	2,933,501	59,538	-	-	-	-	3,027,845	5,728,686
- Quoted securities	511,073	-	-	5,875	312,376	1,303	-	421	4,838	324,813	835,886
- Unquoted securities	1,634,629	49,605	-	456,639	766,046	-	-	-	-	1,272,290	2,906,919
Financial investments available-for-sale											
- Money market instruments	621,600	-	-	-	149,835	-	-	-	-	149,835	771,435
- Quoted securities	-	-	-	189	-	-	-	-	-	189	189
- Unquoted securities	6,752,627	180,493	77,332	7,571	930,962	28,863	-	-	296,209	1,521,430	8,274,057
Financial investments held-to-maturity											
- Money market instruments	1,991,427	-	-	235,834	254,308	-	-	-	-	490,142	2,481,569
- Unquoted securities	7,571,469	-	-	1,085,214	439,586	-	-	-	-	1,524,800	9,096,269
Derivative financial instruments											
- Trading derivatives	2,569,263	-	26,138	35,144	859,495	10,071	3,430	536	90,084	1,024,898	3,594,161
- Hedging derivatives	378,670	-	-	-	108,093	-	-	-	-	108,093	486,763
Loans, advances and financing											
- Overdrafts	4,258,554	-	-	92,541	321	-	-	-	-	92,862	4,351,416
- Term loans/financing	68,643,930	-	-	6,887,768	3,404,815	414,390	510,634	187,514	491,922	11,897,043	80,540,973
- Bills receivable	689,693	-	-	611	9,728	-	2,025	-	6,760	19,124	708,817
- Trust receipts	332,267	-	-	35,623	68,397	-	-	120	9,248	113,388	445,655
- Claim on customers under acceptance credit	3,024,586	-	-	-	-	-	-	-	-	-	3,024,586
- Credit card receivables	3,971,950	-	-	436,002	-	-	-	-	-	436,002	4,407,952
- Revolving credit	3,699,943	-	-	449,992	713,354	-	367,137	-	15,264	1,545,747	5,245,690
- Share margin financing	497,269	-	-	-	-	-	-	-	-	-	497,269
Other assets	948,446	-	10	64,387	289,328	2,413	461	189	15,091	371,879	1,320,325
Amount due from holding company and ultimate holding company	285	-	-	-	-	-	-	-	-	-	285
Amount due from subsidiaries	405,087	-	-	4	50,917	-	65	-	-	50,986	456,073
Amount due from related companies	1,670,380	17	120	970	-	4	83	-	47	1,241	1,671,621
	141,919,472	282,236	109,133	13,429,791	12,776,180	491,907	1,249,948	318,089	1,858,995	30,516,279	172,435,751
Financial liabilities											
Deposits from customers	113,586,185	-	5,323	8,797,130	6,041,282	450,220	270,659	138,096	2,280,850	17,983,560	131,569,745
Deposits and placements of banks and other financial institutions	3,942,355	-	-	4,329,647	8,500,161	374,023	784,559	-	588,532	14,576,922	18,519,277
Repurchase agreements	581,028	-	-	502,011	-	-	-	-	-	502,011	1,083,039
Derivatives financial instruments											
- Trading derivatives	2,308,560	-	24,321	39,147	844,250	11,902	3,339	567	96,560	1,020,086	3,328,646
- Hedging derivatives	406,956	-	-	-	41,072	-	-	-	1,502	42,574	449,530
Bills and acceptances payable	3,219,429	-	-	72,196	-	-	-	-	-	72,196	3,291,625
Amount due to subsidiaries	50,013	-	-	-	-	-	-	-	-	-	50,013
Other liabilities	1,740,357	649	4,602	388,665	175,692	550	1,928	86	24,108	596,280	2,336,637
Other borrowings	462,720	-	-	-	-	-	-	-	-	-	462,720
Subordinated notes	7,189,379	-	-	-	741,429	-	-	-	-	741,429	7,930,808
	133,486,982	649	34,246	14,128,796	16,343,886	836,695	1,060,485	138,749	2,991,552	35,535,058	169,022,040
Items not recognised in the statements of financial position											
Financial guarantees	780,366	1,013	-	96,956	95,621	-	65,995	6,004	175,509	441,098	1,221,464
Credit related commitments and contingencies	36,626,168	45,306	928	2,963,844	3,934,187	210,713	192,184	37,581	534,577	7,919,320	44,545,488
	37,406,534	46,319	928	3,060,800	4,029,808	210,713	258,179	43,585	710,086	8,360,418	45,766,952

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)**

The Bank 2010											
	MYR RM'000	IDR RM'000	THB RM'000	SGD RM'000	USD RM'000	AUD RM'000	GBP RM'000	JPY RM'000	Others RM'000	Total non-MYR RM'000	Grand total RM'000
Items recognised in the statements of financial position											
Financial assets											
Cash and short-term funds	9,453,889	13,620	3,674	57,093	2,327,399	233,174	38,559	132,525	651,260	3,457,304	12,911,193
Reverse repurchase agreements	2,380,469	-	-	10,901	84,221	-	-	-	-	95,122	2,475,591
Deposits and placements with banks and other financial institutions	11,479,429	-	-	-	3,520,552	125,661	383,508	-	574,832	4,604,553	16,083,982
Financial assets held for trading											
- Money market instruments	6,035,785	-	-	2,061,253	123,158	-	-	-	-	2,184,411	8,220,196
- Quoted securities	855,984	-	-	66,202	258,819	3,126	-	195	22,123	350,465	1,206,449
- Unquoted securities	1,282,532	44,531	-	551,839	509,429	-	-	-	-	1,105,799	2,388,331
Financial investments available-for-sale											
- Money market instruments	574,308	-	-	-	-	-	-	-	-	-	574,308
- Quoted securities	-	-	-	463	-	-	-	-	-	463	463
- Unquoted securities	6,458,392	90,186	-	230	107,096	-	-	-	146,583	344,095	6,802,487
Financial investments held-to-maturity											
- Money market instruments	1,878,974	-	-	-	-	-	-	-	-	-	1,878,974
- Unquoted securities	7,919,721	-	-	759,550	627,748	-	-	-	-	1,387,298	9,307,019
Derivative financial instruments											
- Trading derivatives	2,234,571	-	26,391	17,741	764,679	8	297	891	19,287	829,294	3,063,865
- Hedging derivatives	107,163	-	-	-	91,506	-	-	-	-	91,506	198,669
Loans, advances and financing											
- Overdrafts	4,529,005	-	-	89,700	-	-	-	-	-	89,700	4,618,705
- Term loans/financing	63,549,823	-	-	4,444,400	3,357,617	172,917	72,489	179,643	322,735	8,549,801	72,099,624
- Bills receivable	410,715	-	-	63,070	-	-	-	-	-	63,070	473,785
- Trust receipts	350,738	-	-	12,230	49,964	-	-	2,751	2,901	67,846	418,584
- Claim on customers under acceptance credit	3,261,541	-	-	286	-	-	-	-	-	286	3,261,827
- Credit card receivables	3,798,894	-	-	290,000	-	-	-	-	-	290,000	4,088,894
- Revolving credit	4,400,805	-	-	463,757	185,824	-	175,114	-	5,883	830,578	5,231,383
- Share margin financing	623,747	-	-	-	-	-	-	-	-	-	623,747
Other assets	1,145,453	2,573	-	63,875	379,323	1,300	4,648	228	9,129	461,076	1,606,529
Amount due from holding company and ultimate holding company	340	-	-	-	-	-	-	-	-	-	340
Amount due from subsidiaries	83,169	-	-	-	1,148	-	-	-	-	1,148	84,317
Amount due from related companies	2,237,369	-	-	453	1,953	-	-	-	-	2,406	2,239,775
	135,052,816	150,910	30,065	8,953,043	12,390,436	536,186	674,615	316,233	1,754,733	24,806,221	159,859,037
Financial liabilities											
Deposits from customers	104,656,114	-	2,285	7,204,811	7,520,904	350,375	342,210	159,372	1,316,998	16,896,955	121,553,069
Deposits and placements of banks and other financial institutions	7,212,208	-	-	1,922,053	8,772,343	138,547	353,049	-	70,454	11,256,446	18,468,654
Repurchase agreements	-	-	-	-	33,087	-	-	-	-	33,087	33,087
Derivatives financial instruments											
- Trading derivatives	2,366,432	-	29,075	53,739	724,021	1,545	70	179	33,528	842,157	3,208,589
- Hedging derivatives	215,226	-	-	-	-	-	-	-	-	-	215,226
Bills and acceptances payable	2,231,860	-	-	20,053	809	-	-	-	-	20,862	2,252,722
Amount due to Cagamas Berhad	107,523	-	-	-	-	-	-	-	-	-	107,523
Amount due to subsidiaries	310,381	-	-	-	-	-	-	-	-	-	310,381
Amount due to related companies	833	-	8	-	-	-	-	-	-	8	841
Other liabilities	2,330,870	6	866	113,861	72,986	2,421	3,561	717	5,256	199,674	2,530,544
Subordinated obligations	5,452,202	-	-	-	706,879	-	-	-	-	706,879	6,159,081
	124,883,649	6	32,234	9,314,517	17,831,029	492,888	698,890	160,268	1,426,236	29,956,068	154,839,717
Items not recognised in the statements of financial position											
Financial guarantees	669,804	1,405	-	25	7,869	563	49,340	-	169,397	228,599	898,403
Credit related commitments and contingencies	33,653,227	44,539	454	2,141,901	4,452,323	159,156	228,348	131,912	573,166	7,731,799	41,385,026
	34,323,031	45,944	454	2,141,926	4,460,192	159,719	277,688	131,912	742,563	7,960,398	42,283,429

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.2 Market risk (Continued)****52.2.3 Foreign exchange risk (Continued)****(b) Sensitivity of profit and reserves**

The table below shows the sensitivity of the Group and the Bank's profit and reserves to movement in foreign exchange rates:

	The Group			
	2011		2010	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit (after tax)	2,135	(2,135)	(1,095)	1,095
Impact to reserves	(17,283)	17,283	(20,475)	20,475

	The Bank			
	2011		2010	
	1% appreciation RM'000	1% depreciation RM'000	1% appreciation RM'000	1% depreciation RM'000
Impact to profit (after tax)	1,691	(1,691)	(1,199)	1,199
Impact to reserves	(17,283)	17,283	(20,475)	20,475

The impact on profit arises from transactional exposures while the impact on reserves arises from net investment hedge from parallel shifts in foreign exchange rates.

The projection assumes that foreign exchange rates move by the same amount and, therefore, do not reflect the potential impact on profit and reserves of some rates changing while others remain unchanged. The projections also assume that all other variables are held constant and are based on a constant reporting date position and that all positions run to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Bank's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the Bank's liquidity risk management is to ensure that the Bank can meet its cash obligations in a timely and cost-effective manner. To this end, the Bank's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Due to its large delivery network and marketing focus, the Bank is able to maintain a diversified core deposit base comprising savings, demand, and fixed deposits. This provides the Bank a stable large funding base.

Risk management at CIMB is managed on Group basis. The day-to-day responsibility for liquidity risk management and control is delegated to the RLRC. The RLRC meets at least once a month to discuss the liquidity risk and funding profile of the Group and each individual entity under the Group. The Asset-Liability Management function, which is responsible for the independent monitoring of the Group liquidity risk profile, works closely with Group Treasury and Investments in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they should seek to be self-sufficient in funding at all times. Group Treasury only acts as a global provider of funds on a need-to or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs and the local regulatory requirements. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.3 Liquidity risk (Continued)

Liquidity risk undertaken by the Group is governed by a set of established risk tolerance levels. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The Group Liquidity Risk Management Policy is subjected to annual review while the assumptions and the thresholds levels are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis and complied with internal risk thresholds and regulatory requirements for liquidity risk. The Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert the Group's management whenever the Group's liquidity position may be at risk. It provides the Group with the analytical framework to detect a likely liquidity problem and to evaluate the Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Group. Consolidated stress test, including liquidity stress test, is performed on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and hair cuts for marketable securities are documented and the test results are submitted to the RLRC, the GRC, and the Board of Directors of the Bank. The test results to date have indicated that the Group does possess sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities**

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM GP8:

	The Group 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	28,241,623	-	-	-	-	-	-	28,241,623
Reverse repurchase agreements	2,117,519	1,259,057	-	580,483	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	205,171	2,254,991	678,885	20,078	251,340	635,400	-	4,045,865
Financial assets held for trading	2,044,987	3,996,359	1,487,348	1,185,522	2,159,637	850,898	902,945	12,627,696
Financial investments available-for-sale	182,723	55,254	267,403	814,469	4,526,788	4,316,131	924,827	11,087,595
Financial investments held-to-maturity	317,579	412,186	260,488	857,211	8,734,215	4,048,491	-	14,630,170
Derivative financial instruments	380,466	213,007	111,558	198,322	2,103,936	1,128,088	-	4,135,377
Loans, advances and financing	26,302,049	7,366,399	3,557,994	6,344,310	24,830,014	71,108,909	-	139,509,675
Other assets	1,703,130	1,508	214,327	55,249	8,052	110,153	-	2,092,419
Tax recoverable	2,464	-	-	-	-	-	-	2,464
Statutory deposits with central banks	-	-	-	-	-	-	5,082,585	5,082,585
Investment in jointly controlled entity	-	-	-	-	-	-	149,208	149,208
Investment in associate	-	-	-	-	-	-	589,816	589,816
Amount due from holding company and ultimate holding company	29,138	-	-	-	-	-	-	29,138
Amount due from related companies	1,673,748	-	-	-	-	-	-	1,673,748
Goodwill	-	-	-	-	-	-	4,899,904	4,899,904
Intangible assets	-	-	-	-	-	-	721,647	721,647
Prepaid lease payments	-	-	-	-	-	-	1,964	1,964
Property, plant and equipment	-	-	-	-	-	-	906,185	906,185
Investment properties	-	-	-	-	-	-	8,653	8,653
Non-current assets/disposal groups held for sale	5,043	-	-	-	-	-	12,205	17,248
Total assets	63,205,640	15,558,761	6,578,003	10,055,644	42,613,982	82,198,070	14,199,939	234,410,039

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Group 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	129,292,049	21,645,023	10,541,630	10,633,672	3,307,286	1,058,356	-	176,478,016
Deposits and placements of banks and other financial institutions	6,908,317	2,785,544	678,790	217,732	2,136,204	1,146,826	-	13,873,413
Repurchase agreements	545	-	-	580,483	-	502,011	-	1,083,039
Derivative financial instruments	684,661	190,286	84,935	240,130	1,715,311	1,172,466	-	4,087,789
Bills and acceptances payable	3,053,897	2,703,664	1,013,103	838	-	-	-	6,771,502
Amount due to related companies	6,444	-	-	-	-	-	-	6,444
Other liabilities	3,196,860	-	-	-	-	-	-	3,196,860
Deferred taxation	-	-	-	-	-	-	14,610	14,610
Provision for taxation and Zakat	301,868	-	-	-	-	-	-	301,868
Other borrowings	477	-	-	-	462,243	-	-	462,720
Subordinated obligations	125,793	1,886	-	-	4,173,135	3,943,141	-	8,243,955
Redeemable preference shares	-	-	-	-	741,429	-	-	741,429
Total liabilities	143,570,911	27,326,403	12,318,458	11,672,855	12,535,608	7,822,800	14,610	215,261,645
Net liquidity gap	(80,365,271)	(11,767,642)	(5,740,455)	(1,617,211)	30,078,374	74,375,270	14,185,329	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Group							Total RM'000
	2010	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	
Assets								
Cash and short-term funds	20,847,989	-	-	-	-	-	-	20,847,989
Reverse repurchase agreements	2,652,608	851,901	405	-	-	-	-	3,504,914
Deposits and placements with banks and other financial institutions	3,903,914	1,850,711	2,681,942	822,123	243,943	138,758	-	9,641,391
Financial assets held for trading	5,968,163	4,056,707	319,612	576,079	1,629,804	690,918	1,217,628	14,458,911
Financial investments available-for-sale	212,919	426,929	170,975	545,508	3,346,918	3,007,265	1,209,504	8,920,018
Financial investments held-to-maturity	13,538	84,996	172,794	1,420,757	7,824,147	3,994,958	-	13,511,190
Derivative financial instruments	430,537	202,148	253,038	231,265	1,602,520	781,383	-	3,500,891
Loans, advances and financing	28,536,557	5,087,392	3,870,339	4,312,674	26,016,409	56,428,671	-	124,252,042
Other assets	2,032,115	-	81,771	-	256,219	111,018	-	2,481,123
Tax recoverable	2,084	-	-	-	-	-	-	2,084
Statutory deposits with central banks	-	-	-	-	-	-	1,410,155	1,410,155
Investment in jointly controlled entity	-	-	-	-	-	-	139,849	139,849
Investment in associate	-	-	-	-	-	-	382,248	382,248
Amount due from holding company and ultimate holding company	29,193	-	-	-	-	-	-	29,193
Amount due from related companies	2,259,363	-	-	-	-	-	-	2,259,363
Goodwill	-	-	-	-	-	-	4,923,428	4,923,428
Intangible assets	-	-	-	-	-	-	574,064	574,064
Prepaid lease payments	-	-	-	-	-	-	2,341	2,341
Property, plant and equipment	-	-	-	-	-	-	947,155	947,155
Investment properties	-	-	-	-	-	-	61,217	61,217
Non-current assets/disposal groups held for sale	100	46,904	-	-	-	-	12,046	59,050
Total assets	66,889,080	12,607,688	7,550,876	7,908,406	40,919,960	65,152,971	10,879,635	211,908,616

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Group 2010							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	114,953,444	20,769,429	7,814,167	10,102,016	5,077,465	924,176	-	159,640,697
Deposits and placements of banks and other financial institutions	6,199,405	3,169,590	2,194,443	1,444,031	1,459,956	185,010	-	14,652,435
Repurchase agreements	-	33,087	-	-	-	-	-	33,087
Derivative financial instruments	831,009	207,462	314,458	262,568	1,497,669	597,974	-	3,711,140
Bills and acceptances payable	2,162,954	1,349,914	406,086	158,657	-	-	-	4,077,611
Amount due to Cazamas Berhad	-	45,416	62,107	-	-	-	-	107,523
Amount due to related companies	6,751	-	-	-	-	-	-	6,751
Other liabilities	3,637,462	-	-	-	-	-	-	3,637,462
Deferred taxation	-	-	-	-	-	-	1,019	1,019
Provision for taxation and Zakat	39,071	-	-	-	-	-	-	39,071
Bonds	-	-	423,982	-	-	-	-	423,982
Other borrowings	-	-	925,050	-	-	-	-	925,050
Subordinated obligations	55,932	-	-	-	2,516,062	3,526,275	-	6,098,269
Redeemable preference shares	-	-	-	-	706,879	-	-	706,879
Total liabilities	127,886,028	25,574,898	12,140,293	11,967,272	11,258,031	5,233,435	1,019	194,060,976
Net liquidity gap	(60,996,948)	(12,967,210)	(4,589,417)	(4,058,866)	29,661,929	59,919,536	10,878,616	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Bank 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	20,783,513	-	-	-	-	-	-	20,783,513
Reverse repurchase agreements	2,117,519	1,259,057	-	580,483	-	-	-	3,957,059
Deposits and placements with banks and other financial institutions	244,694	4,125,519	535,732	20,000	5,287,238	635,400	-	10,848,583
Financial assets held for trading	1,181,255	3,092,245	644,881	1,014,432	1,885,443	811,106	842,129	9,471,491
Financial investments available-for-sale	76,715	50,143	228,703	647,225	3,478,578	3,700,215	864,102	9,045,681
Financial investments held-to-maturity	85,005	359,707	133,664	722,198	6,504,003	3,773,261	-	11,577,838
Derivative financial instruments	163,729	193,209	110,794	194,776	2,067,898	1,350,518	-	4,080,924
Loans, advances and financing	24,358,579	5,113,879	2,545,363	5,254,947	19,128,998	42,820,592	-	99,222,358
Other assets	1,253,959	-	212,338	55,000	-	110,153	-	1,631,450
Deferred taxation	-	-	-	-	-	-	6,266	6,266
Statutory deposits with central banks	-	-	-	-	-	-	3,812,297	3,812,297
Investment in subsidiaries	-	-	-	-	-	-	4,737,731	4,737,731
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	392,802	392,802
Amount due from holding company and ultimate holding company	285	-	-	-	-	-	-	285
Amount due from subsidiaries	456,073	-	-	-	-	-	-	456,073
Amount due from related companies	1,671,621	-	-	-	-	-	-	1,671,621
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	676,428	676,428
Property, plant and equipment	-	-	-	-	-	-	487,730	487,730
Non-current assets/disposal groups held for sale	5,043	-	-	-	-	-	-	5,043
Total assets	52,397,990	14,193,759	4,411,475	8,489,061	38,352,158	53,201,245	15,499,560	186,545,248

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Bank 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Liabilities								
Deposits from customers	100,522,839	12,222,865	7,115,947	8,604,764	2,637,948	465,382	-	131,569,745
Deposits and placements of banks and other financial institutions	10,216,452	4,016,569	916,193	217,423	2,005,814	1,146,826	-	18,519,277
Repurchase agreements	545	-	-	580,483	-	502,011	-	1,083,039
Derivative financial instruments	475,859	181,096	84,355	234,804	1,717,196	1,084,866	-	3,778,176
Bills and acceptances payable	1,485,593	1,322,399	483,401	232	-	-	-	3,291,625
Amount due to subsidiaries	50,013	-	-	-	-	-	-	50,013
Other liabilities	2,559,744	-	-	-	-	-	-	2,559,744
Provision for taxation and Zakat	301,254	-	-	-	-	-	-	301,254
Other borrowings	477	-	-	-	462,243	-	-	462,720
Subordinated obligations	70,270	-	-	-	4,648,529	3,212,009	-	7,930,808
Total liabilities	115,683,046	17,742,929	8,599,896	9,637,706	11,471,730	6,411,094	-	169,546,401
Net liquidity gap	(63,285,056)	(3,549,170)	(4,188,421)	(1,148,645)	26,880,428	46,790,151	15,499,560	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Bank 2010							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Assets								
Cash and short-term funds	12,911,193	-	-	-	-	-	-	12,911,193
Reverse repurchase agreements	1,623,285	851,901	405	-	-	-	-	2,475,591
Deposits and placements with banks and other financial institutions	3,658,448	5,399,088	1,526,721	5,360,967	-	138,758	-	16,083,982
Financial assets held for trading	5,241,183	2,917,207	103,255	367,275	1,319,635	654,024	1,212,397	11,814,976
Financial investments available-for-sale	85,105	319,330	130,460	447,985	2,862,364	2,749,558	782,456	7,377,258
Financial investments held-to-maturity	13,539	84,996	70,091	385,737	6,947,369	3,684,261	-	11,185,993
Derivative financial instruments	420,424	176,902	210,063	184,266	1,441,667	829,212	-	3,262,534
Loans, advances and financing	26,957,716	3,427,897	2,152,220	2,118,275	21,389,343	34,771,098	-	90,816,549
Other assets	1,456,835	-	81,771	-	256,219	111,018	-	1,905,843
Deferred taxation	-	-	-	-	-	-	22,096	22,096
Statutory deposits with central banks	-	-	-	-	-	-	954,023	954,023
Investment in subsidiaries	-	-	-	-	-	-	4,526,972	4,526,972
Investment in jointly controlled entity	-	-	-	-	-	-	125,000	125,000
Investment in associate	-	-	-	-	-	-	298,116	298,116
Amount due from holding company and ultimate holding company	340	-	-	-	-	-	-	340
Amount due from subsidiaries	84,317	-	-	-	-	-	-	84,317
Amount due from related companies	2,239,775	-	-	-	-	-	-	2,239,775
Goodwill	-	-	-	-	-	-	3,555,075	3,555,075
Intangible assets	-	-	-	-	-	-	530,362	530,362
Property, plant and equipment	-	-	-	-	-	-	541,555	541,555
Investment properties	-	-	-	-	-	-	52,858	52,858
Non-current assets/disposal groups held for sale	100	46,904	-	-	-	-	11,610	58,614
Total assets	54,692,260	13,224,225	4,274,986	8,864,505	34,216,597	42,937,929	12,612,520	170,823,022

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.1 Contractual maturity of assets and liabilities (Continued)**

	The Bank 2010						No-specific maturity RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Liabilities								
Deposits from customers	92,275,066	12,147,209	5,697,324	7,636,253	3,401,307	395,910	-	121,553,069
Deposits and placements of banks and other financial institutions	8,883,801	4,966,467	1,696,456	1,443,925	1,292,994	185,011	-	18,468,654
Repurchase agreements	-	33,087	-	-	-	-	-	33,087
Derivative financial instruments	824,225	170,900	287,993	212,651	1,324,639	603,407	-	3,423,815
Bills and acceptances payable	1,076,295	902,580	273,847	-	-	-	-	2,252,722
Amount due to Cagamas Berhad	-	45,416	62,107	-	-	-	-	107,523
Amount due to subsidiaries	310,381	-	-	-	-	-	-	310,381
Amount due to related companies	841	-	-	-	-	-	-	841
Other liabilities	2,731,046	-	-	-	-	-	-	2,731,046
Provision for taxation and Zakat	41,679	-	-	-	-	-	-	41,679
Subordinated obligations	-	-	-	-	3,212,633	2,946,448	-	6,159,081
Total liabilities	106,143,334	18,265,659	8,017,727	9,292,829	9,231,573	4,130,776	-	155,081,898
Net liquidity gap	(51,451,074)	(5,041,434)	(3,742,741)	(428,324)	24,985,024	38,807,153	12,612,520	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis****Non-derivative financial liabilities**

The tables below present the cash flows payable by the Group and the Bank under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

	The Group 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	129,352,361	21,750,283	10,658,240	10,851,732	2,518,548	2,219,333	-	177,350,497
Deposits and placements of banks and other financial institutions	6,915,899	2,794,714	686,036	224,507	2,180,708	1,239,219	-	14,041,083
Repurchase agreements	545	-	-	594,150	-	502,011	-	1,096,706
Bills and acceptances payable	3,055,610	2,710,654	1,020,379	938	-	-	-	6,787,581
Amount due to related companies	6,444	-	-	-	-	-	-	6,444
Other liabilities	2,675,927	9,470	5,223	-	1,427	-	-	2,692,047
Other borrowings	1,705	2,455	3,683	7,365	518,708	-	-	533,916
Subordinated obligations	126,413	78,611	120,250	208,017	5,539,081	4,700,888	-	10,773,260
Redeemable preference shares	6,894	-	20,800	20,800	900,933	-	-	949,427
	142,141,798	27,346,187	12,514,611	11,907,509	11,659,405	8,661,451	-	214,230,961
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	658,481	123,659	248,226	56,338	243,609	344	-	1,330,657
Credit related commitments and contingencies	37,742,336	1,781,337	431,433	937,909	1,185,898	6,236,296	-	48,315,209
	38,400,817	1,904,996	679,659	994,247	1,429,507	6,236,640	-	49,645,866

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

	The Group 2010						No-specific maturity RM'000	Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000		
Non-derivative financial liabilities								
Deposits from customers	115,028,803	20,872,249	7,932,660	10,252,827	7,826,843	982,472	-	162,895,854
Deposits and placements of banks and other financial institutions	6,227,522	3,199,267	2,218,062	1,470,775	2,491,729	201,850	-	15,809,205
Repurchase agreements	-	33,325	-	-	-	-	-	33,325
Bills and acceptances payable	2,167,144	1,357,032	410,720	158,657	-	-	-	4,093,553
Amount due to Cagamas Berhad	452	46,137	62,647	-	-	-	-	109,236
Amount due to related companies	6,751	-	-	-	-	-	-	6,751
Other liabilities	3,041,365	-	-	-	-	-	-	3,041,365
Bonds	-	-	437,112	-	-	-	-	437,112
Other borrowings	359	718	926,127	-	-	-	-	927,204
Subordinated obligations	55,932	45,525	115,000	174,428	3,702,902	4,345,344	-	8,439,131
Redeemable preference shares	-	-	20,187	20,187	869,170	-	-	909,544
	126,528,328	25,554,253	12,122,515	12,076,874	14,890,644	5,529,666	-	196,702,280
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	288,927	133,433	199,316	286,273	221,452	93,155	-	1,222,556
Credit related commitments and contingencies	36,451,085	1,687,556	517,371	742,860	1,743,005	4,909,400	-	46,051,277
	36,740,012	1,820,989	716,687	1,029,133	1,964,457	5,002,555	-	47,273,833

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

	The Bank 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	100,552,358	12,276,616	7,196,952	8,789,119	1,817,480	1,533,256	-	132,165,781
Deposits and placements of banks and other financial institutions	10,222,873	4,024,438	923,315	224,192	2,050,311	1,239,219	-	18,684,348
Repurchase agreements	545	-	-	594,150	-	502,011	-	1,096,706
Bills and acceptances payable	1,485,693	1,322,833	484,402	313	-	-	-	3,293,241
Other borrowings	1,705	2,455	3,683	7,365	518,708	-	-	533,916
Amount due to subsidiaries	50,013	-	-	-	-	-	-	50,013
Other liabilities	2,336,637	-	-	-	-	-	-	2,336,637
Subordinated obligations	70,270	68,288	135,800	204,087	5,980,976	3,717,258	-	10,176,679
	114,720,094	17,694,630	8,744,152	9,819,226	10,367,475	6,991,744	-	168,337,321
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	602,893	75,674	244,939	54,005	243,609	344	-	1,221,464
Credit related commitments and contingencies	35,566,315	1,420,102	353,405	843,879	979,244	5,382,543	-	44,545,488
	36,169,208	1,495,776	598,344	897,884	1,222,853	5,382,887	-	45,766,952

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Non-derivative financial liabilities (Continued)**

	The Bank 2010							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Non-derivative financial liabilities								
Deposits from customers	92,305,766	12,199,185	5,764,126	7,794,099	5,909,666	400,533	-	124,373,375
Deposits and placements of banks and other financial institutions	8,908,825	4,981,984	1,715,909	1,470,668	1,341,844	201,850	-	18,621,080
Repurchase agreements	-	33,325	-	-	-	-	-	33,325
Bills and acceptances payable	1,077,214	906,742	276,083	-	-	-	-	2,260,039
Amount due to Cagamas Berhad	452	46,137	62,647	-	-	-	-	109,236
Amount due to subsidiaries	310,381	-	-	-	-	-	-	310,381
Amount due to related companies	841	-	-	-	-	-	-	841
Other liabilities	2,530,543	-	-	-	-	-	-	2,530,543
Subordinated obligations	-	36,750	135,187	171,937	4,440,175	3,603,447	-	8,387,496
	105,134,022	18,204,123	7,953,952	9,436,704	11,691,685	4,205,830	-	156,626,316
<u>Items not recognised in the statements of financial position</u>								
Financial guarantees	68,592	75,590	163,546	280,966	216,554	93,155	-	898,403
Credit related commitments and contingencies	33,849,810	1,538,775	376,292	391,269	1,166,407	4,062,473	-	41,385,026
	33,918,402	1,614,365	539,838	672,235	1,382,961	4,155,628	-	42,283,429

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52 Financial Risk Management (Continued)

52.3 Liquidity risk (Continued)

52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)

Derivative financial liabilities

The table below analyses the Group's and the Bank's trading derivative financial liabilities and hedging derivative financial liabilities that will be settled on a net basis.

All trading derivatives, whether net or gross settled are analysed based on the expected maturity as the contractual maturity is not considered to be essential to the understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the fair values. The comparatives were not restated as allowed by the transitional provision arising from the adoption of Amendment to FRS 7 "Financial instruments: Disclosures – Improving Disclosures about Financial Instruments". As such, the prior year disclosure analyses the trading derivatives based on the remaining contractual maturities and whether it was net or gross settled.

Hedging derivatives are disclosed based on remaining contractual maturities as the contractual maturities of such contracts are essential for an understanding of the timing of the cash flows. The amounts disclosed in respect of such contracts are the contractual undiscounted cash flows.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Group 2011							Total RM'000
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	907,310	-	-	-	-	-	-	907,310
- Interest rate derivatives	2,286,264	-	-	-	-	-	-	2,286,264
- Equity related derivatives	324,269	-	-	-	-	-	-	324,269
- Commodity related derivatives	54,409	-	-	-	-	-	-	54,409
- Credit related contracts	72,394	-	-	-	-	-	-	72,394
Hedging derivatives								
- Interest rate derivatives	3,434	(26,746)	78,228	56,013	423,189	281,505	-	815,623
	3,648,080	(26,746)	78,228	56,013	423,189	281,505	-	4,460,269

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Group 2010							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	40,162	831	21,005	6,653	44,896	23,875	38,479	175,901
- Interest rate derivatives	231,481	97,029	133,464	(149,688)	423,935	220,411	15,028	971,660
- Equity related derivatives	11,448	79,491	81,679	264,486	23,875	164,733	49,114	674,826
- Credit related contracts	-	466	416	572	4,113	36,354	(74)	41,847
Hedging derivatives								
- Interest rate derivatives	23,653	(9,188)	27,300	41,217	353,056	281,163	-	717,201
	<u>306,744</u>	<u>168,629</u>	<u>263,864</u>	<u>163,240</u>	<u>849,875</u>	<u>726,536</u>	<u>102,547</u>	<u>2,581,435</u>

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Bank 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	822,032	-	-	-	-	-	-	822,032
- Interest rate derivatives	2,066,097	-	-	-	-	-	-	2,066,097
- Equity related derivatives	313,714	-	-	-	-	-	-	313,714
- Commodity related derivatives	54,409	-	-	-	-	-	-	54,409
- Credit related contracts	72,394	-	-	-	-	-	-	72,394
Hedging derivatives								
- Interest rate derivatives	3,434	(26,869)	78,052	55,642	422,016	281,505	-	813,780
	<u>3,332,080</u>	<u>(26,869)</u>	<u>78,052</u>	<u>55,642</u>	<u>422,016</u>	<u>281,505</u>	<u>-</u>	<u>4,142,426</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Bank 2010							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
- Foreign exchange derivatives	38,362	831	4,372	5,127	32,743	-	38,479	119,914
- Interest rate derivatives	197,316	86,595	127,537	(150,613)	150,965	119,508	15,028	546,336
- Equity related derivatives	11,448	79,491	81,679	264,486	23,875	164,733	42,772	668,484
- Credit related contracts	-	466	416	572	4,113	36,354	(74)	41,847
Hedging derivatives								
- Interest rate derivatives	11,759	1,958	4,579	17,796	142,004	109,461	-	287,557
	258,885	169,341	218,583	137,368	353,700	430,056	96,205	1,664,138

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

The Group's and the Bank's derivatives that will be settled on a gross basis include foreign exchange derivatives, such as currency forward, currency swap, currency options, cross currency interest rate swaps.

The table below analyses the Group's and the Bank's derivative financial liabilities that will be settled on a gross basis into relevant maturity groupings by expected maturity at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

	The Group 2011							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(1,674)	-	-	(1,638)	(81,366)	-	-	(84,678)
- Inflow	384	-	391	787	77,064	-	-	78,626
	(1,290)	-	391	(851)	(4,302)	-	-	(6,053)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Group 2010							
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	Total RM'000
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives:								
- Outflow	(12,656,491)	(8,238,582)	(6,284,829)	(3,742,671)	(5,583,979)	(1,602,872)	-	(38,109,424)
- Inflow	12,465,855	8,008,779	5,985,676	3,492,530	5,002,670	1,486,522	-	36,442,032
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	-	(1,488)	-	(1,782)	(8,882)	-	-	(12,152)
- Inflow	-	511	-	507	2,526	-	-	3,544
	<u>(190,636)</u>	<u>(230,780)</u>	<u>(299,153)</u>	<u>(251,416)</u>	<u>(587,665)</u>	<u>(116,350)</u>	<u>-</u>	<u>(1,676,000)</u>

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for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.3 Liquidity risk (Continued)****52.3.2 Contractual maturity of financial liabilities on an undiscounted basis (Continued)****Derivative financial liabilities (Continued)**

	The Bank 2011							Total
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Derivative financial liabilities								
Hedging derivatives								
Cross currency interest rate derivatives								
- Outflow	(1,674)	-	-	(1,638)	(81,366)	-	-	(84,678)
- Inflow	384	-	391	787	77,064	-	-	78,626
	<u>(1,290)</u>	<u>-</u>	<u>391</u>	<u>(851)</u>	<u>(4,302)</u>	<u>-</u>	<u>-</u>	<u>(6,053)</u>

	The Bank 2010							Total
	Up to 1 month RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	No-specific maturity RM'000	RM'000
Derivative financial liabilities								
Trading derivatives								
Foreign exchange derivatives:								
- Outflow	(9,829,826)	(3,839,192)	(4,502,507)	(2,652,958)	(5,351,672)	(1,549,014)	-	(27,725,169)
- Inflow	9,643,246	3,630,807	4,202,618	2,421,271	4,771,675	1,432,094	-	26,101,711
	<u>(186,580)</u>	<u>(208,385)</u>	<u>(299,889)</u>	<u>(231,687)</u>	<u>(579,997)</u>	<u>(116,920)</u>	<u>-</u>	<u>(1,623,458)</u>

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments

Financial instruments comprise financial assets, financial liabilities and items not recognised in the statements of financial position. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

52.4.1 Determination of fair value and fair value hierarchy

With effective from 1 January 2011, the Group adopted the Amendments to FRS 7 which requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable for the asset or liability, either directly or indirectly

Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs)

Comparative figures for the Group and the Bank are not presented for 31 December 2011 as allowed by the transitional provision arising from the adoption of Amendment to FRS 7 "Financial instruments: Disclosures – Improving Disclosures about Financial Instruments".

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following table represents assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy:

	The Group Fair Value					The Bank Fair Value				
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2011										
Financial assets										
Financial assets held for trading										
-Money market instruments	8,311,274	-	8,311,274	-	8,311,274	5,728,686	-	5,728,686	-	5,728,686
-Quoted securities	1,059,972	838,546	221,426	-	1,059,972	835,886	835,886	-	-	835,886
-Unquoted securities	3,256,450	-	3,049,068	207,382	3,256,450	2,906,919	-	2,836,334	70,585	2,906,919
Financial investments available-for-sale										
-Money market instruments	938,527	-	938,527	-	938,527	771,435	-	771,435	-	771,435
-Quoted securities	1,146,837	268,317	878,521	-	1,146,838	189	189	-	-	189
-Unquoted securities	9,002,231	-	8,001,951	1,000,279	9,002,230	8,274,057	-	7,410,144	863,913	8,274,057
Derivative financial instruments										
-Trading derivatives	3,911,041	32,645	3,878,396	-	3,911,041	3,594,161	32,647	3,561,514	-	3,594,161
-Hedging derivatives	224,336	-	224,336	-	224,336	486,763	-	486,763	-	486,763
Total	27,850,668	1,139,508	25,503,499	1,207,661	27,850,668	22,598,096	868,722	20,794,876	934,498	22,598,096
Financial liabilities										
Derivative financial instruments										
Trading derivatives	3,644,646	3,273	3,641,373	-	3,644,646	3,328,646	3,273	3,325,373	-	3,328,646
Hedging derivatives	443,143	-	443,143	-	443,143	449,530	-	449,530	-	449,530
Total	4,087,789	3,273	4,084,516	-	4,087,789	3,778,176	3,273	3,774,903	-	3,778,176

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52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.1 Determination of fair value and fair value hierarchy (Continued)

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's over the counter ("OTC") derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable inputs such as correlations and long dated volatilities) and certain bonds.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

The following represents the changes in Level 3 instruments for the financial year ended 31 December 2011 for the Group and the Bank.

	Financial Assets		Total
	Financial assets held-for-trading	Financial investments available-for-sale	
	Unquoted securities	Unquoted securities	
	RM'000	RM'000	RM'000
The Group			
2011			
At 1 January	140,081	1,004,995	1,145,076
Total gains recognised in statement of income	9,144	26,217	35,361
Total losses recognised in other comprehensive income	(553)	(19,506)	(20,059)
Purchases	58,710	98,890	157,600
Sales	-	(48,451)	(48,451)
Settlements	-	(61,866)	(61,866)
At 31 December	<u>207,382</u>	<u>1,000,279</u>	<u>1,207,661</u>
Total gains recognised in statement of income relating to assets held on 31 December 2011	<u>5,196</u>	<u>39,995</u>	<u>45,191</u>
Total gains recognised in other comprehensive income relating to assets held on 31 December 2011	<u>(553)</u>	<u>(19,568)</u>	<u>(20,121)</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.1 Determination of fair value and fair value hierarchy (Continued)**

	Financial Assets		Total
	Financial assets held- for-trading	Financial investments available-for- sale	
	Unquoted securities	Unquoted securities	
	RM'000	RM'000	RM'000
The Bank			
2011			
At 1 January	66,411	814,462	880,873
Total gains/(losses) recognised in statement of income	4,174	(1,313)	2,861
Total losses recognised in other comprehensive income	-	(17,004)	(17,004)
Purchases	-	76,272	76,272
Sales	-	(102)	(102)
Settlements	-	(8,402)	(8,402)
At 31 December	70,585	863,913	934,498
Total gains recognised in statement of income relating to assets held on 31 December 2011	226	14,537	14,762
Total gains recognised in other comprehensive income relating to assets held on 31 December 2011	-	(17,004)	(17,004)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****52 Financial Risk Management (Continued)****52.4 Fair value of financial instruments (Continued)****52.4.2 Financial instruments not measured at fair value**

The total fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Bank approximates the total carrying value as at the reporting date, except for the following:

	The Group			
	2011		2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Deposits and placements with banks and other financial institutions	4,045,865	4,270,096	9,641,391	9,740,053
Financial investments held-to-maturity	14,630,170	14,974,431	13,511,190	13,636,547
Loans, advances and financing	139,509,675	139,737,217	124,252,042	122,725,755
Other assets	2,092,419	2,072,614	2,481,123	2,412,220
	145,768,129	149,057,358	149,885,746	148,514,575
Financial liabilities				
Deposits from customers	176,478,016	176,415,275	159,640,697	159,428,493
Deposits and placements of banks and other financial institutions	13,873,413	13,951,313	14,652,435	14,678,718
Bonds	-	-	423,982	424,962
Other borrowings	462,720	392,360	-	-
Subordinated obligations	8,243,955	8,646,990	6,098,269	6,057,116
	199,058,104	199,406,938	180,814,383	180,569,289
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851
	146,710,025	149,650,420	149,071,363	147,945,286
	292,768,154	298,707,378	298,956,149	296,460,865
	439,528,179	448,357,798	448,027,512	444,405,851

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

The fair values are based on the following methodologies and assumptions:

Short term funds and placements with financial institutions

For short term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments held-to-maturity

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Bank establish fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans with maturities of six months or more, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of individual impairment allowance, being the expected recoverable amount.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

Amounts due (to)/from subsidiaries and related companies

The estimated fair values of the amount due from subsidiaries and related companies approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Amount due (to)/from holding company and ultimate holding company

The estimated fair values of the amount due from holding company approximates the carrying value as the balances are recallable on demand.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair values. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of more than six months, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

52 Financial Risk Management (Continued)

52.4 Fair value of financial instruments (Continued)

52.4.2 Financial instruments not measured at fair value (Continued)

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptances payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptance payable with similar remaining period to maturity.

Amount due to Cagamas Berhad

The estimated fair values of the amount due to Cagamas Berhad with maturities of less than six months approximate the carrying values. For amount due to Cagamas Berhad with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing interest rates for loans sold to Cagamas Berhad with similar remaining period to maturity.

Bonds, subordinated obligations and other borrowings

The fair values for the quoted bonds and subordinated obligations are obtained from quoted market prices while the fair values for unquoted bonds and subordinated obligations are estimated based on discounted cash flow models.

The estimated fair values of other borrowings with maturities of less than six months or with floating interest rates approximates the carrying values. For other borrowings with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Redeemable preference shares

The estimated fair value of redeemable cumulative preference shares ("RCPS") approximates the carrying value based on Directors' estimate as the effective interest rate of the RCPS is a fair reflection of the current rate for such similar instrument.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****53 Business combinations****(a) Disposals during the prior year****(i) Disposal of CIMB-Principal Asset Management Company Limited (formerly known as BT Asset Management Company Limited ("BTAM")) to CIMB-Principal Asset Management Berhad ("CIMB-Principal")**

On 30 June 2010, CIMB Thai, a 93.15% owned subsidiary of CIMB Bank Berhad ("CIMB Bank"), which in turn is a 99.99% owned subsidiary of CIMBG, disposed its entire 100% equity interest in BTAM to CIMB-Principal, a 60% owned subsidiary of CIMBG, for a cash consideration of THB250,000,000 (equivalent to approximately RM 25,181,000).

The effects of the disposal on the financial position of the Group as at 31 December 2010 are as follows:

	2010
	RM'000
Cash and short-term funds	(1,101)
Other assets	(2,209)
Property, plant and equipment	(685)
Intangible assets	(299)
Other liabilities	1,222
Identifiable net assets disposed	<u>(3,072)</u>
Net disposal proceeds	<u>25,181</u>
Gain on disposal before and after tax	<u>22,109</u>

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	25,181
Cash and cash equivalents of subsidiary disposed	<u>(1,101)</u>
	<u>24,080</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****53 Business combinations (Continued)****(a) Disposals during the prior year (Continued)****(ii) Disposal of BT Insurance Company Limited (“BTI”)**

On 4 November 2010, CIMB Thai disposed 99.99% of its equity interest in BT Insurance Company Limited ("BTI") to Ayudhya Insurance Public Company Limited for a total cash consideration of THB392 million (equivalent to RM40.68 million, based on exchange rate of RM1.00:THB9.6354), subject to adjustment clauses as stipulated in the SPA.

The effects of the disposal on the financial position of the Group as at 31 December 2010 are as follows:

	2010
	RM'000
Cash and short-term funds	(6,169)
Deposits and placements with banks and other financial institutions	(19,895)
Financial assets held for trading	(12,771)
Financial investments available-for-sale	(28,292)
Other assets	(7,907)
Property, plant and equipment	(414)
Intangible assets	(74)
Other liabilities	36,930
Identifiable net assets disposed	<u>(38,592)</u>
Net disposal proceeds	<u>40,691</u>
Gain on disposal before and after tax	<u><u>2,099</u></u>

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	40,691
Cash and cash equivalents for subsidiary disposed	<u>(6,169)</u>
	<u><u>34,522</u></u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****53 Business combinations (Continued)****(a) Disposals during the prior year (Continued)****(iii) Disposal of Sathorn Asset Management Company Limited (“STAMC”)**

On 28 December 2010, CIMB Thai disposed its 99.99% of its equity interest in STAMC to Mutiara Makmur Ventures Sdn Bhd (“Mutiara Makmur”), a wholly-owned subsidiary of CIMB Private Equity Sdn Bhd (wholly-owned subsidiary of CIMB Group Sdn Bhd), THB229,149,954 (approximately RM23,465,184 based on exchange rate of RM10.2401:THB100 as at 28 December 2010).

The effects of the disposal on the financial position of the Group as at 31 December 2010 are as follows:

	2010
	RM'000
Cash and short-term funds	(1,012)
Deposits and placements with banks and other financial institutions	(592)
Financial investments available-for-sale	(9,808)
Loans and advances	(7,063)
Other assets	(18,143)
Other liabilities	3,816
Identifiable net assets disposed	<u>(32,802)</u>
Net disposal proceeds	23,944
Loss on disposal before and after tax	<u>(8,858)</u>

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	23,944
Cash and cash equivalents for subsidiary disposed	<u>(1,012)</u>
	<u>22,932</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****54 Non-current assets/disposal groups held for sale**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Non-current assets held for sale:				
- foreclosed properties	-	8,835	-	8,756
- prepaid lease payments	691	-	-	-
- property plant and equipment	14,286	3,411	5,043	3,054
- investment properties	2,271	46,804	-	46,804
Total non-current assets held for sale	17,248	59,050	5,043	58,614

Foreclosed properties, property, plant and equipment and investment properties of the Group and the Bank where deposits have been received from buyers of the properties and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2012.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****55 Changes in accounting policies and comparatives**

(i) Change in accounting policies

During the financial year, the Group and the Bank changed the following accounting policies upon adoption of new accounting standards, amendments and improvements to published standards and interpretations:

- Employee Benefits – Management Equity Scheme, to comply with Amendment to FRS 2 “Share-based payment: Group Cash-settled Share-based Payment Transactions”
- Enhanced fair value disclosure of financial instruments, to comply with Amendment to FRS 7 “Financial instruments: Disclosures - Improving Disclosures about Financial Instruments”

Refer to the summary of significant group accounting policies for the details of the changes in accounting policies.

(a) The following are effects arising from the adoption of Amendment to FRS 2:

Statement of changes in equityThe Group

	Balances as at 1 January 2010		
	As previously reported RM'000	Effects of adopting Amendment to FRS 2 RM'000	As restated RM'000
Retained earnings	3,958,396	(224,902)	3,733,494
Share-based payment reserve	-	224,902	224,902

	Balances as at 1 January 2011		
	As previously reported RM'000	Effects of adopting Amendment to FRS 2 RM'000	As restated RM'000
Retained earnings	4,333,401	(238,906)	4,094,495
Share-based payment reserve	-	238,906	238,906

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****55 Changes in accounting policies and comparatives (Continued)**

(i) Change in accounting policies (Continued)

(a) The following are effects arising from the adoption of Amendment to FRS 2 (Continued):

Statement of changes in equity (Continued)The Group (Continued)**Increase/(decrease) to balances as at 31 December 2011**

	Effects of adopting Amendment to FRS 2 RM'000
Retained earnings	(16,697)
Share-based payment reserve	16,697

The Bank**Balances as at 1 January 2010**

	As previously reported RM'000	Effects of adopting Amendment to FRS 2 RM'000	As restated RM'000
Assets			
Retained earnings	2,485,665	(201,919)	2,283,746
Share-based payment reserve	-	201,919	201,919

Balances as at 1 January 2011

	As previously reported RM'000	Effects of adopting Amendment to FRS 2 RM'000	As restated RM'000
Assets			
Retained earnings	2,525,756	(215,059)	2,310,697
Share-based payment reserve	-	215,059	215,059

Increase/(decrease) to balances as at 31 December 2011

	Effects of adopting Amendment to FRS 2 RM'000
Retained earnings	(15,629)
Share-based payment reserve	15,629

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****55 Changes in accounting policies and comparatives (Continued)**

(i) Change in accounting policies (Continued)

(a) The following are effects arising from the adoption of Amendment to FRS 2 (Continued):

Statement of incomeThe Group

	For the financial year ended 31 December 2010		
	As previously reported RM'000	Effects of adopting Amendment to FRS 2 RM'000	As restated RM'000
Overheads	(3,974,672)	(14,004)	(3,988,676)
Profit before taxation	2,972,776	(14,004)	2,958,772
Profit after taxation	2,378,894	(14,004)	2,364,890
Profit for the financial year attributable to owners of the Parent	2,370,684	(14,004)	2,356,680
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	62.98	(0.38)	62.60

**Increase/(decrease) for the financial year
ended 31 December 2011**

	Effects of adopting Amendment to FRS 2
Overheads	(16,697)
Profit before/after taxation	(16,697)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****55 Changes in accounting policies and comparatives (Continued)**

(i) Change in accounting policies (Continued)

(a) The following are effects arising from the adoption of Amendment to FRS 2 (Continued):

Statement of income (Continued)The Bank

	For the financial year ended 31 December 2010		
	As previously reported	Effects of adopting Amendment to FRS 2	As restated
	RM'000	RM'000	RM'000
Overheads	(3,183,236)	(13,140)	(3,196,376)
Profit before taxation	2,365,868	(13,140)	2,352,728
Profit after taxation	1,912,556	(13,140)	1,899,416
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	50.81	(0.35)	50.46

**Increase/(decrease) for the financial year
ended 31 December 2011**

	Effects of adopting Amendment to FRS 2
Overheads	(15,629)
Profit before/after taxation	(15,629)

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

55 Changes in accounting policies and comparatives (Continued)

(i) Change in accounting policies (Continued)

(b) Adoption of Amendment to FRS 7

The impact arising from adoption of Amendment to FRS 7 is the enhanced disclosure of fair value measurements by level of fair value measurement hierarchy and the liquidity risk disclosure on trading derivatives by expected maturity as shown in Note 52.

(ii) Change in comparatives

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 Statement of Income and Statement of Comprehensive Income). With effective from financial year ended 2011, the Group has elected to present the Statement of Comprehensive Income in two statements, to give a better presentation of the Group's and the Bank's performance. Therefore, the Statement of Income and the Statement of Comprehensive Income of the Group and the Bank for the financial year ended 31 December 2010 have been re-presented to conform to the current financial year presentation.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking****Statements of Financial Position as at 31 December 2011**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets					
Cash and short-term funds	(a)	7,732,152	7,840,258	94,841	153,473
Deposits and placements with banks and other financial institutions	(b)	1,567,837	1,053,053	532,817	550,177
Financial assets held for trading	(c)	2,911,603	2,549,533	158,534	201,640
Financial investments available-for-sale	(d)	942,126	455,962	184,696	-
Financial investments held-to-maturity	(e)	1,541,113	1,328,746	363,756	235,111
Islamic derivative financial instruments	(f)	147,915	157,901	307	7,213
Financing, advances and other financing/loans	(g)	28,360,944	22,764,498	286,840	339,921
Other assets	(h)	300,808	334,828	1,866	737
Deferred taxation	(i)	8,035	5,589	-	-
Amount due from holding company		560,222	505,031	-	-
Amount due from related company		44,572	48,767	42,812	47,940
Statutory deposits with Bank Negara Malaysia	(j)	1,097,797	143,406	-	-
Goodwill	(k)	136,000	136,000	-	-
Intangible assets	(l)	4,170	4,287	-	-
Property, plant and equipment	(m)	3,900	1,862	-	-
Total assets		45,359,194	37,329,721	1,666,469	1,536,212
Liabilities					
Deposits from customers	(n)	29,758,280	23,479,669	435,978	637,441
Deposits and placements of banks and other financial institutions	(o)	10,874,026	10,769,939	748,783	566,899
Islamic derivative financial instruments	(f)	400,611	199,199	4,757	-
Other liabilities	(q)	724,399	643,911	422,393	266,750
Amount due to holding company		402,487	184,519	-	-
Amount due to related company		139	-	-	-
Provision for taxation and Zakat	(r)	14,853	11,228	-	-
Subordinated Sukuk	(p)	564,679	300,000	-	-
Total liabilities		42,739,474	35,588,465	1,611,911	1,471,090
Equity					
Ordinary share capital	(s)	1,000,000	750,000	-	-
Perpetual preference shares	(t)	70,000	70,000	-	-
Reserves	(u)	1,549,720	921,256	54,558	65,122
Total equity		2,619,720	1,741,256	54,558	65,122
Total equity and liabilities		45,359,194	37,329,721	1,666,469	1,536,212
Commitment and contingencies	(f)	17,446,799	18,266,504	522,425	389,122

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Income for the financial year ended 31 December 2011**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income derived from investment of depositors' funds and others	(v)	1,643,715	1,413,376	19,345	14,970
Net income derived from investment of shareholders' funds	(w)	272,922	184,461	5,026	1,500
(Allowances for)/writeback of allowances for impairment losses on financing, advances and other financing/loans	(x)	(141,435)	(47,798)	(27,604)	49,797
Allowance for other receivables		(21)	-	-	-
Total distributable income/(loss)		1,775,181	1,550,039	(3,233)	66,267
Income attributable to depositors	(y)	(611,647)	(461,530)	(5,232)	(5,073)
Total net income/(loss)		1,163,534	1,088,509	(8,465)	61,194
Personnel expenses	(z)	(202,031)	(117,018)	-	-
Other overheads and expenditures	(aa)	(120,612)	(112,901)	-	-
Profit before taxation		840,891	858,590	(8,465)	61,194
Taxation	(ac)	(211,459)	(188,711)	-	-
Profit/(loss)after taxation		629,432	669,879	(8,465)	61,194

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Comprehensive Income for the financial year ended 31 December 2011**

	Note	The Group		The Bank	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(loss) for the financial year		629,432	669,879	(8,465)	61,194
Other comprehensive income:					
Revaluation reserve of financial investments available-for-sale		(474)	4,227	(3,178)	-
- Net gain/(loss) from change in fair value		7,826	6,386	(2,622)	-
- Realised gain transferred to statement of income on disposal		(7,238)	(530)	(556)	-
- Income tax effects	(i)	(1,062)	(1,629)	-	-
Exchange fluctuation reserve		(1,459)	10,411	1,079	(2,141)
Other comprehensive (loss)/income for the year, net of tax		(1,933)	14,638	(2,099)	(2,141)
Total comprehensive income/(loss) for the year		627,499	684,517	(10,564)	59,053
Total net income/(loss)		1,163,534	1,088,509	(8,465)	61,194
Add: Allowances for /(writeback of) impairment losses on financing, advances and other financing/loans		141,435	47,798	27,604	(49,797)
Add: Allowances for other receivables		21	-	-	-
		1,304,990	1,136,307	19,139	11,397

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2011**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2011									
- As previously stated	750,000	70,000	288,603	9,169	4,421	7,405	-	611,658	1,741,256
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	15,534	(15,534)	-
As restated	750,000	70,000	288,603	9,169	4,421	7,405	15,534	596,124	1,741,256
Profit for the financial year	-	-	-	-	-	-	-	629,432	629,432
Other comprehensive income, net of tax	-	-	-	(1,459)	(474)	-	-	-	(1,933)
- financial investments available-for-sale	-	-	-	-	(474)	-	-	-	(474)
- currency translation difference	-	-	-	(1,459)	-	-	-	-	(1,459)
Total comprehensive income for the year	-	-	-	(1,459)	(474)	-	-	629,432	627,499
Share-based payment expense	-	-	-	-	-	-	1,100	-	1,100
Shares released under Equity Ownership plan	-	-	-	-	-	-	(135)	-	(135)
Issuance of shares	250,000	-	-	-	-	-	-	-	250,000
Transfer to statutory reserve	-	-	167,866	-	-	-	-	(167,866)	-
Transfer to regulatory reserve	-	-	-	-	-	51,708	-	(51,708)	-
At 31 December 2011	1,000,000	70,000	456,469	7,710	3,947	59,113	16,499	1,005,982	2,619,720

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2010**

	Share capital RM'000	Perpetual preference shares RM'000	Statutory reserve RM'000	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Regulatory reserve RM'000	Share-based payment reserve RM'000	Retained profits RM'000	Total RM'000
The Group									
At 1 January 2010									
- As previously stated	550,000	70,000	137,717	(1,242)	194	-	-	99,421	856,090
- Effect of adopting Amendments to FRS 2							14,885	(14,885)	-
As restated	550,000	70,000	137,717	(1,242)	194	-	14,885	84,536	856,090
Profit for the financial year	-	-	-	-	-	-	-	669,879	669,879
Other comprehensive income, net of tax	-	-	-	10,411	4,227	-	-	-	14,638
- financial investments available-for-sale	-	-	-	-	4,227	-	-	-	4,227
- currency translation difference	-	-	-	10,411	-	-	-	-	10,411
Total comprehensive income for the year	-	-	-	10,411	4,227	-	-	669,879	684,517
Share-based payment expense	-	-	-	-	-	-	649	-	649
Issuance of shares	200,000	-	-	-	-	-	-	-	200,000
Transfer to statutory reserve	-	-	150,886	-	-	-	-	(150,886)	-
Transfer to regulatory reserve	-	-	-	-	-	7,405	-	(7,405)	-
At 31 December 2010	750,000	70,000	288,603	9,169	4,421	7,405	15,534	596,124	1,741,256

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Changes in Equity for the financial year ended 31 December 2011
(Continued)**

	<u>Non-distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Revaluation reserve - financial investments available for-sale RM'000	Retained profits RM'000	Total RM'000
The Bank				
At 1 January 2011	(2,174)	-	67,296	65,122
Loss for the financial year	-	-	(8,465)	(8,465)
Currency translation difference	1,079	-	-	1,079
Financial investments available-for-sale	-	(3,178)	-	(3,178)
At 31 December 2011	<u>(1,095)</u>	<u>(3,178)</u>	<u>58,831</u>	<u>54,558</u>
	<u>Non-distributable</u>	<u>Distributable</u>		
	Exchange fluctuation reserves RM'000	Retained profits RM'000	Total RM'000	
At 1 January 2010	(33)	6,102	6,069	
Profit for the financial year	-	61,194	61,194	
Currency translation difference	(2,141)	-	(2,141)	
At 31 December 2010	<u>(2,174)</u>	<u>67,296</u>	<u>65,122</u>	

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2011**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	840,891	858,590	(8,465)	61,194
Adjustments for:				
Depreciation of property, plant and equipment	1,039	1,139	-	-
Amortisation of intangible assets	1,280	3,030	-	-
Allowance for losses on other receivables	21	-	-	-
Net gain from disposal of financial investments available-for-sale	(7,237)	(530)	(556)	-
Share-based payment expense	1,100	649	-	-
Unrealised loss on Islamic derivative financial instruments	10,599	147,031	-	-
Unrealised foreign exchange loss/(gain)	31,935	(93,735)	-	-
Allowance made/(written back) for impairment losses on financing, advances and other financing/loans	179,211	68,698	27,604	(49,797)
Unrealised loss/(gain) from revaluation of financial assets held for trading	1,431	(247)	959	(1,240)
Accretion of discount less amortisation of premium	(25,142)	(28,839)	152	-
Profit income from financial investments available-for-sale	(26,693)	(20,372)	(1,862)	-
Profit income from financial investments held-to-maturity	(57,687)	(56,602)	(5,691)	(1,338)
Net loss from sale of financial investments held-to-maturity	250	177	-	-
Net gain from hedging derivatives	(4,272)	-	(4,272)	-
Profit expense on subordinated Sukuk	23,307	17,505	-	-
	970,033	896,494	7,869	8,819
(Increase) / decrease in operating assets				
Deposits and placements with banks and other financial institutions	(514,784)	432,223	17,360	(57,176)
Financial assets held for trading	(337,713)	942,423	42,147	7,015
Financing, advances and other financing/loans	(5,771,385)	(6,530,006)	29,749	(76,460)
Other assets	43,720	(295,224)	3,849	(64,056)
Amount due from holding company	(155,266)	(591,695)	-	-
Amount due from related company	4,195	(48,767)	5,128	(47,939)
Statutory deposits with Bank Negara Malaysia	(954,391)	29,400	-	-
Increase / (decrease) in operating liabilities				
Deposits from customers	6,278,611	5,295,063	(201,463)	111,978
Deposits and placements of banks and other financial institutions	104,087	1,683,668	181,884	(238,678)
Islamic derivative financial instruments	200,799	(1,358)	11,663	(2,490)
Amount due to holding company	217,968	160,336	-	-
Amount due to related companies	139	(6,425)	-	(147)
Other liabilities	61,219	444,758	155,643	197,101
Cash flows generated from/(used in) operations	147,232	2,410,890	253,829	(162,033)
Taxation paid	(111,268)	(55,332)	-	-
Cash flows generated from/(used in) operating activities	35,964	2,355,558	253,829	(162,033)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****Statements of Cash Flow for the financial year ended 31 December 2011 (Continued)**

Note	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from / (used in) investing activities				
Net purchase from financial investments held-to-maturity	(210,282)	(313,241)	(127,664)	(233,773)
Net (purchase)/proceeds of financial investments available-for-sale	(474,592)	120,913	(185,736)	-
Profit income from financial investments held-to-maturity	54,037	52,298	4,710	-
Profit income from financial investments available-for-sale	23,615	20,999	128	-
Purchase of property, plant and equipment	(3,551)	(1,208)	-	-
Purchase of intangible assets	(689)	(2,809)	-	-
Net cash generated (used in)/from investing activities	<u>(611,462)</u>	<u>(123,048)</u>	<u>(308,562)</u>	<u>(233,773)</u>
Cash flows from financing activities				
Issuance of Sukuk	250,000	-	-	-
Issuance of share capital	250,000	200,000	-	-
Profit expense paid on subordinated Sukuk	(21,293)	(17,309)	-	-
Net cash generated from financing activities	<u>478,707</u>	<u>182,691</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(96,791)	2,415,201	(54,733)	(395,806)
Cash and cash equivalents at beginning of financial year	7,840,258	5,342,372	153,473	484,261
Effect of exchange rate changes	(11,315)	82,685	(3,899)	65,018
Cash and cash equivalents at end of financial year	<u>7,732,152</u>	<u>7,840,258</u>	<u>94,841</u>	<u>153,473</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	(a) <u>7,732,152</u>	<u>7,840,258</u>	<u>94,841</u>	<u>153,473</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(a) Cash and short-term funds**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	142,823	73,353	-	-
Money at call and deposit placements maturing within one month	7,589,329	7,766,905	94,841	153,473
	7,732,152	7,840,258	94,841	153,473

(b) Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,338,473	503,053	532,817	550,177
Licensed investment banks	229,364	-	-	-
Other financial institutions	-	550,000	-	-
	1,567,837	1,053,053	532,817	550,177

(c) Financial assets held for trading

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted				
Government Investment Issues	95,456	194,227	-	-
Malaysian Government Securities	20,163	-	-	-
Malaysian Government treasury bills	9,734	-	-	-
Bank Negara Malaysia negotiable notes	1,806,188	1,283,822	-	-
Islamic negotiable instruments of deposits	504,157	638,001	-	-
Islamic accepted bills	146,891	98,364	-	-
	2,582,589	2,214,414	-	-
Quoted securities				
<u>Outside Malaysia</u>				
Sukuk	122,356	96,185	122,356	96,185
Unquoted securities				
<u>In Malaysia</u>				
Private debt securities	170,480	133,479	-	-
<u>Outside Malaysia</u>				
Islamic debt securities	36,178	105,455	36,178	105,455
	2,911,603	2,549,533	158,534	201,640

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(d) Financial investments available-for-sale**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Money market instruments				
Unquoted				
Government Investment Issues	97,538	65,526	-	-
Islamic Cagamas bonds	35,857	35,423	-	-
Malaysian Government Securities	98,940	-	65,243	-
	<u>232,335</u>	<u>100,949</u>	<u>65,243</u>	<u>-</u>
Unquoted securities				
<u>In Malaysia</u>				
Private debt securities	597,723	354,435	15,715	-
Placements with Islamic Banking and Finance Institute Malaysia	575	575	-	-
<u>Outside Malaysia</u>				
Private debt securities	103,738	-	103,738	-
Private equity funds	7,755	3	-	-
	<u>942,126</u>	<u>455,962</u>	<u>184,696</u>	<u>-</u>

(e) Financial investments held-to-maturity

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unquoted securities				
<u>In Malaysia</u>				
Government Investment Issues	354,429	100,056	-	-
Private debt securities	831,991	1,001,081	-	-
<u>Outside Malaysia</u>				
Private debt securities	363,756	235,111	363,756	235,111
Amortisation of premium less accretion of discounts	(9,063)	(7,502)	-	-
	<u>1,541,113</u>	<u>1,328,746</u>	<u>363,756</u>	<u>235,111</u>

Private debt securities amounting to RMNil million (2010: RM865 million) are funded by a Restricted Profit Sharing Investment Account ('RPSIA') depositor, as part of an arrangement between CIMB Islamic and the Bank.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies****(i) Islamic derivative financial instruments**

The following tables summarise the contractual or underlying principal amounts of trading derivative and financial instruments held for hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at 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 "Islamic derivative financial instruments" Assets and Liabilities respectively.

At 31 December 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>						
Foreign exchange derivatives						
Currency forward	463,003	8,586	(1,641)	-	-	-
Currency swaps	1,788,566	11,293	(13,542)	522,425	307	(4,757)
Currency spot	1,425	2	-	-	-	-
Currency option	67,409	714	(714)	-	-	-
Cross currency profit rate swaps	330,114	15,938	(15,939)	-	-	-
	2,650,517	36,533	(31,836)	522,425	307	(4,757)
Profit rate derivatives						
Islamic profit rate swaps	5,290,799	92,632	(95,791)	-	-	-
Equity related derivatives						
Equity options	1,896,611	10,555	(10,555)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps	4,629,498	8,195	(262,429)	-	-	-
Total derivative assets/(liabilities)	14,467,425	147,915	(400,611)	522,425	307	(4,757)

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies
(Continued)****(i) Islamic 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>						
Foreign exchange derivatives						
Currency forward	33,825	42	(460)	-	-	-
Currency swaps	2,010,317	15,448	(20,753)	389,122	7,213	-
Currency spot	245	1	-	-	-	-
Cross currency profit rate swaps	88,549	2,653	(2,653)	-	-	-
	2,132,936	18,144	(23,866)	389,122	7,213	-
Profit rate derivatives						
Islamic profit rate swaps						
	5,799,537	122,279	(108,850)	-	-	-
Equity related derivatives						
Equity options						
	2,219,544	6,342	(6,342)	-	-	-
<u>Hedging derivatives</u>						
Islamic profit rate swaps						
	4,400,000	11,136	(60,141)	-	-	-
Total derivative assets/(liabilities)	14,552,017	157,901	(199,199)	389,122	7,213	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies
(Continued)****(ii) Commitments and contingencies**

In the normal course of business, the Group and the Bank entered into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions and hence, they are not provided for in the Financial Statements. The commitments and contingencies constitute the following:

These commitments and contingencies are not secured over the assets of the Group and the Bank, except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

The notional/principal amount of the commitments and contingencies constitute the following:

	The Group		The Bank	
	2011 Principal RM'000	2010 Principal RM'000	2011 Principal RM'000	2010 Principal RM'000
<u>Credit related</u>				
Direct credit substitutes	28,627	37,197	-	-
Certain transaction-related contingent items	345,460	374,102	-	-
Short-term self-liquidating trade-related contingencies	249,517	17,949	-	-
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	1,469,541	1,782,407	-	-
- maturity exceeding one year	857,762	1,411,601	-	-
Miscellaneous commitments and contingencies	28,467	91,231	-	-
Total credit-related commitments and contingencies	<u>2,979,374</u>	<u>3,714,487</u>	<u>-</u>	<u>-</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(f) Islamic derivative financial instruments, commitments and contingencies
(Continued)****(ii) Commitments and contingencies (Continued)**

	The Group		The Bank	
	2011	2010	2011	2010
	Principal	Principal	Principal	Principal
	RM'000	RM'000	RM'000	RM'000
<u>Treasury related</u>				
Foreign exchange related contracts:				
- less than one year	2,320,403	2,044,387	522,425	389,122
- one year to less than five years	89,714	88,549	-	-
- five years and above	240,400	-	-	-
Profit rate related contracts:				
- less than one year	1,391,478	377,279	-	-
- one year to less than five years	2,712,481	4,315,158	-	-
- five years and above	5,816,338	5,507,100	-	-
Equity related contracts:				
- less than one year	208,568	637,740	-	-
- one year to less than five years	962,110	1,075,479	-	-
- five years and above	725,933	506,325	-	-
Total treasury-related commitments and contingencies	14,467,425	14,552,017	522,425	389,122
	17,446,799	18,266,504	522,425	389,122

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans****(i) By type:**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash line	373,056	322,529	-	-
Term financing				
- Housing financing	7,134,214	5,532,014	-	-
- Syndicated term financing	287,618	579,701	95,553	198,715
- Hire purchase receivables	5,410,652	5,234,598	-	-
- Other term financing	14,585,450	10,660,036	141,153	141,206
Credit card receivables	104,078	90,472	-	-
Bills receivable	2,581	2,235	-	-
Islamic trust receipts	35,391	59,091	-	-
Claim on customers under acceptance credit	233,479	191,657	-	-
Revolving credits	502,125	407,330	78,800	-
Other financing/loans	-	11	-	-
Gross financing, advances and other financing/loans	28,668,644	23,079,674	315,506	339,921
Fair value changes arising from fair value hedges	241,966	17,997	-	-
	28,910,610	23,097,671	315,506	339,921
Less: Individual impairment allowance	(131,922)	(92,683)	(28,666)	-
	28,778,688	23,004,988	286,840	339,921
Less: Portfolio impairment allowance	(417,744)	(240,490)	-	-
	28,360,944	22,764,498	286,840	339,921

- a) During the financial year, the Group has undertaken fair value hedges on the profit rate risk of RM4,350 million (2010: RM4,400 million) financing using Islamic profit rate swaps.

	The Group	
	2011 RM'000	2010 RM'000
Gross financing hedged	4,350,000	4,400,000
Fair value changes arising from fair value hedges	241,966	17,997
	4,591,966	4,417,997

The fair value loss on Islamic profit rate swaps in this hedge transaction as at 31 December 2011 was RM262.0 million (2010: RM49.0 million).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

- b) Included in financing, advances and other financing/loans of the Group are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the allowances for impairment losses for bad and doubtful debts arising thereon.

As at 31 December 2011, the gross exposures to RPSIA financing is RM1,065 million (2010: RM7,331 million) and the portfolio impairment allowance relating to this RPSIA is RM3.7 million (2010: RM154.8 million).

(ii) By contract:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Bai'-Bithaman Ajil (<i>deferred payment sale</i>)	11,569,606	10,320,341	-	-
Murabahah (<i>Cost Plus Sale</i>)	542,273	643,825	315,506	339,921
Ijarah Muntahiyah Bittamlik/AITAB (<i>lease ending with ownership</i>)	6,299,331	5,979,854	-	-
Bai' al-'inah (<i>sales and repurchase</i>)	9,913,017	5,827,671	-	-
Others	344,417	307,983	-	-
	28,668,644	23,079,674	315,506	339,921

(iii) By type of customer:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	357,211	213,028	-	-
Domestic business enterprises				
- small medium enterprises	1,332,710	1,267,220	-	-
- others	3,146,765	3,131,681	-	-
Government and statutory bodies	6,545,671	4,539,837	-	-
Individuals	16,714,078	13,353,200	-	-
Other domestic entities	90,017	34,246	77,572	28,779
Foreign entities	482,192	540,462	237,934	311,142
	28,668,644	23,079,674	315,506	339,921

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(iv) By profit rate sensitivity:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- House financing	402,488	417,942	-	-
- Hire-purchase receivables	5,410,652	5,234,598	-	-
- Other financing	11,924,643	8,024,882	-	-
Variable rate				
- House financing	6,731,726	5,114,072	-	-
- Others	4,199,135	4,288,180	315,506	339,921
	28,668,644	23,079,674	315,506	339,921

(v) By economic purposes:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personal use	3,179,054	1,710,557	-	-
Credit card	104,078	90,472	-	-
Residential property	7,163,093	5,579,762	-	-
Non residential property	1,926,886	1,651,458	-	-
Purchase of fixed assets other than land and building	428,357	391,915	-	-
Construction	1,014,686	759,803	-	-
Purchase of securities	10	20,606	-	-
Purchase of transport vehicles	5,410,377	5,234,598	-	-
Working capital	6,815,023	7,160,532	173,126	121,498
Merger and acquisition	34,787	-	-	-
Other purpose	2,592,293	479,971	142,380	218,423
	28,668,644	23,079,674	315,506	339,921

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(vi) By geographical distribution:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	28,353,138	22,739,753	-	-
Other countries	315,506	339,921	315,506	339,921
	28,668,644	23,079,674	315,506	339,921

(vii) Impaired financing, advances and other financing/loans by economic purposes:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Personal use	19,240	17,165	-	-
Credit card	4,506	2,616	-	-
Residential property	85,570	85,002	-	-
Non residential property	27,302	16,131	-	-
Purchase of fixed assets other than land and building	1,154	1,738	-	-
Construction	3,319	1,584	-	-
Purchase of securities	3	19,364	-	-
Purchase of transport vehicles	99,353	86,560	-	-
Working capital	191,558	101,590	95,553	-
Other purpose	9,326	4,129	-	-
	441,331	335,879	95,553	-

(viii) Impaired financing, advances and other financing/loans by geographical distribution:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	345,778	335,879	-	-
Other countries	95,553	-	95,553	-
	441,331	335,879	95,553	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(ix) Movements in impaired financing, advances and other financing/loans are as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	335,879	497,111	-	-
Classified as impaired during the financial year	445,550	337,853	95,553	258
Reclassified as not impaired during the financial year	(122,608)	(166,596)	-	(92,883)
Amount written back in respect of recoveries	(90,543)	(121,592)	-	-
Amount written off	(126,947)	(84,077)	-	-
Sale of impaired financing	-	(105,739)	-	-
Amount transferred from subsidiary	-	-	-	92,625
Exchange fluctuation	-	(21,081)	-	-
At 31 December	441,331	335,879	95,553	-
Ratio of gross impaired financing, advances and other loans to total financing, advances and other financing/loans	1.54%	1.46%	30.29%	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(g) Financing, advances and other financing/loans (Continued)**

(xii) Movements in allowance for bad and doubtful financing:

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Individual impairment allowance				
At 1 January	92,683	268,587	-	-
Net allowance made/(written back) during the financial year	44,095	(94,191)	27,604	(49,797)
Amount written off	(4,441)	(74,076)	-	-
Unwinding income	(1,477)	(2,622)	-	-
Amount transferred from subsidiary	-	-	-	47,578
Exchange fluctuation	1,062	(5,015)	1,062	2,219
At 31 December	131,922	92,683	28,666	-
Portfolio impairment allowance				
At 1 January	240,490	261,029	-	-
Allowance made during the financial year	135,113	162,884	-	-
Amount written off	(119,912)	(61,605)	-	-
Unwinding income	(4,181)	(1,838)	-	-
Transfer from/(to) intercompany	166,234	(119,980)	-	-
At 31 December	417,744	240,490	-	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other financing/loans (excluding RPSIA financing) less individual impairment allowance	2.28%	2.23%	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(h) Other assets**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deposits and prepayments	150	308	-	-
Clearing accounts	217,475	212,214	-	-
Collateral pledged for derivative transactions	52,090	68,470	-	-
Sundry debtors	31,093	53,836	1,866	737
	300,808	334,828	1,866	737

(i) Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are offset and shown in the statements of financial position:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	11,603	8,092	-	-
Deferred tax liabilities	(3,568)	(2,503)	-	-
	8,035	5,589	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(i) Deferred taxation (continued)**

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Portfolio impairment allowance for bad and doubtful financing RM'000	Accelerated tax depreciation RM'000	Revaluation reserves - financial investments available-for- sale RM'000	Other temporary differences RM'000	Provision for expenses RM'000	Total RM'000
<u>Deferred tax assets</u>							
<u>2011</u>							
At 1 January 2011		-	(809)	(1,694)	-	8,092	5,589
(Credited)/charged to statement of income	(ac)	27	(8)	-	-	2,689	2,708
Under/(over) provision in prior year		-	(22)	-	-	822	800
Transferred to equity		-	-	(1,062)	-	-	(1,062)
At 31 December 2011		27	(839)	(2,756)	-	11,603	8,035
<u>2010</u>							
At 1 January 2010		46,541	(912)	(65)	6,501	7,674	59,739
(Credited)/charged to statement of income	(ac)	(46,541)	39	-	(6,501)	1,124	(51,879)
Under/(over) provision in prior year		-	64	-	-	(706)	(642)
Transferred to equity		-	-	(1,629)	-	-	(1,629)
At 31 December 2010		-	(809)	(1,694)	-	8,092	5,589

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(j) Statutory deposits with Bank Negara Malaysia**

The non-profit bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 the amounts of which are determined at set percentages of total eligible liabilities.

(k) Goodwill

	The Group	
	2011	2010
	RM'000	RM'000
Cost		
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit('CGU').

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2012 financial budgets approved by management, projected for five years based on the average to year historical Gross Domestic Product ('GDP') growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (2010: 5.00%). The discount rate is 8.72% (2010: 8.89%) which reflects the specific risks relating to the CGU.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(l) Intangible assets**

	The Group	
	2011	2010
	RM'000	RM'000
Computer software		
Cost		
At 1 January	15,979	12,338
Additions	689	2,809
Reclassified from property, plant and equipment (Note m)	474	832
At 31 December	<u>17,142</u>	<u>15,979</u>
Amortisation		
At 1 January	11,692	8,662
Charge for the financial year	1,280	3,030
At 31 December	<u>12,972</u>	<u>11,692</u>
Net book value at 31 December	<u>4,170</u>	<u>4,287</u>

The remaining amortisation period of the intangible assets are as follows:

Computer software 3-15 years

The above intangible assets include computer software under construction at cost of RM77,000 (2010: RM479,000).

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(m) Property, plant and equipment**

The Group 2011	Renovations, office equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	6,833	13	853	7,699
Additions	1,954	-	1,597	3,551
Written-off	(19)	-	-	(19)
Reclassified to intangible assets (Note 1)	(474)	-	-	(474)
At 31 December	<u>8,294</u>	<u>13</u>	<u>2,450</u>	<u>10,757</u>
Depreciation				
At 1 January	5,498	13	326	5,837
Charge for the financial year	860	-	179	1,039
Written-off	(19)	-	-	(19)
At 31 December	<u>6,339</u>	<u>13</u>	<u>505</u>	<u>6,857</u>
Net book value at 31 December	<u>1,955</u>	<u>-</u>	<u>1,945</u>	<u>3,900</u>
The Group 2010	Renovations, office equipment, furniture and fittings RM'000	Computer equipments RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January	7,000	21	302	7,323
Additions	657	-	551	1,208
Reclassifications	8	(8)	-	-
Reclassified to intangible assets (Note 1)	(832)	-	-	(832)
At 31 December	<u>6,833</u>	<u>13</u>	<u>853</u>	<u>7,699</u>
Depreciation				
At 1 January	4,507	13	178	4,698
Charge for the financial year	987	4	148	1,139
Reclassifications	4	(4)	-	-
At 31 December	<u>5,498</u>	<u>13</u>	<u>326</u>	<u>5,837</u>
Net book value at 31 December	<u>1,335</u>	<u>-</u>	<u>527</u>	<u>1,862</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(n) Deposits from customers****(i) By type of deposits**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<u>Non-Mudharabah</u>				
Demand deposits	3,122,181	2,973,411	9,641	2,045
Savings deposits	932,787	701,147	-	-
General investment deposits	419,745	634,517	419,745	634,517
Fixed return investment account	5,564,248	5,127,333	-	879
Islamic negotiable instruments of deposit	2,510,276	1,033,019	-	-
Commodity Murabahah	440,600	69,379	-	-
Short term money market deposit-i	3,994,930	-	-	-
Others	37,489	25,191	894	-
	17,022,256	10,563,997	430,280	637,441
<u>Mudharabah</u>				
Demand deposits	2,550,795	1,497,380	-	-
Savings deposits	397,201	289,034	-	-
General investment deposits (inclusive of Special General investment deposits of RM6,987,965,000 (2010: RM7,561,472,000))	8,032,067	8,776,494	5,698	-
Specific investment deposit	1,755,961	2,352,764	-	-
	12,736,024	12,915,672	5,698	-
	29,758,280	23,479,669	435,978	637,441

(ii) By type of customer

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Government and statutory bodies	5,399,490	5,739,644	77,187	53,898
Business enterprises	16,010,402	12,631,767	73,391	1,615
Individuals	4,122,938	3,622,835	772	48,863
Others	4,225,450	1,485,423	284,628	533,065
	29,758,280	23,479,669	435,978	637,441

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(o) Deposits and placements of banks and other financial institutions**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Licensed Islamic banks	317,074	394,625	-	-
Licensed banks	9,328,483	9,692,225	381,745	505,259
Licensed investment banks	853,083	571,200	-	-
Other financial institutions	375,386	111,889	367,038	61,640
	10,874,026	10,769,939	748,783	566,899

(p) Subordinated Sukuk

The RM550 million subordinated Sukuk ('the Sukuk') is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic Bank is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The Sukuk of RM300 million under the first issuance was issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The second tranche of the Sukuk of RM250 million was issued at par on 21 April 2011 and is due on 21 April 2021. The Sukuk bears a profit rate of 4.20% per annum payable semi-annually in arrears.

The RM550 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

(q) Other liabilities

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Clearing accounts	215,259	327,463	-	-
Accruals and other payables	34,296	25,165	-	38
Others	474,844	291,283	422,393	266,712
	724,399	643,911	422,393	266,750

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(r) Provision for taxation and Zakat**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Taxation	12,287	5,281	-	-
Zakat	2,566	5,947	-	-
	<u>14,853</u>	<u>11,228</u>	<u>-</u>	<u>-</u>

(s) Ordinary share capital

	The Group	
	2011	2010
	RM'000	RM'000
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January	900,000	900,000
Created during the financial year	600,000	-
At 31 December	<u>1,500,000</u>	<u>900,000</u>
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January	750,000	550,000
Issued during the financial year	250,000	200,000
At 31 December	<u>1,000,000</u>	<u>750,000</u>

(t) Perpetual preference shares

	The Group	
	2011	2010
	RM'000	RM'000
Authorised		
Perpetual preference shares of RM1.00 each:		
At 1 January / 31 December	<u>100,000</u>	<u>100,000</u>
Issued and fully paid		
Perpetual preference shares of RM1.00 each:		
At 1 January / 31 December	<u>70,000</u>	<u>70,000</u>

The preference shares shall rank pari passu among themselves, and in priority to the ordinary shares.

Each preference share shall on a winding-up or other return of capital confer on its holder the right to receive, in priority to the holders of ordinary shares, the cash repayment in full the nominal amount and premium payable of that preference share after the payment and discharge of all debts and liabilities of the Bank and the costs of winding up or such capital reduction exercise.

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

56 The operations of Islamic Banking (Continued)

(t) Perpetual preference shares (continued)

A preference share shall not entitle its holder to participate in the surplus assets and profits of the Bank beyond such redemption rights as are expressly set out in these Articles.

The Bank may declare dividends on any of the preference shares.

The preference shares are not convertible to ordinary shares or any other class of share of the Bank.

(u) Reserves

- (a) The statutory reserves are maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.
- (b) Movement of the revaluation reserve of financial investments available-for-sale is shown in the statements of comprehensive income.
- (c) Regulatory reserve is maintained as an additional credit risk absorbent to ensure robustness on the loan impairment financing assessment methodology with the adoption of FRS 139 beginning 1 January 2010.
- (d) Share-based payment reserve arose from the Management Equity Scheme and Employee Ownership Plan, the Group's share-based compensation benefits.
- (e) Currency translation differences have arisen from translation of net assets of foreign subsidiaries, Labuan offshore banking subsidiaries and the Bank's foreign branches. These translation differences are shown under exchange fluctuation reserve.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(v) Income derived from investment of depositors' funds and others**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) General investment deposits	624,639	589,426	19,345	14,970
(ii) Specific investment deposits	325,387	436,896	-	-
(iii) Other deposits	693,689	387,054	-	-
	<u>1,643,715</u>	<u>1,413,376</u>	<u>19,345</u>	<u>14,970</u>

(i) Income derived from investment of general investment deposits

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- income other than recoveries	504,251	446,732	6,375	3,757
- unwinding income [^]	2,198	2,870	-	107
Financial assets held for trading	9,843	15,185	2,227	4,240
Financial investments available-for-sale	12,820	11,526	1,862	-
Financial investments held-to-maturity	15,747	7,510	5,571	1,308
Money at call and deposits with financial institutions	<u>73,435</u>	<u>78,509</u>	<u>2,277</u>	<u>833</u>
	<u>618,294</u>	<u>562,332</u>	<u>18,312</u>	<u>10,245</u>
Accretion of discount less amortisation of premium	<u>12,174</u>	<u>16,374</u>	<u>(152)</u>	<u>-</u>
Total finance income and hibah	<u>630,468</u>	<u>578,706</u>	<u>18,160</u>	<u>10,245</u>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
-realised	2,332	1,358	1,654	2,073
-unrealised	(1,233)	676	(942)	1,212
- Net gain from sale of financial investments available-for-sale	3,098	287	556	-
- Net loss from sale of financial investments held-to-maturity	(104)	(100)	-	-
- Net loss from foreign exchange transactions	<u>(15,651)</u>	<u>(353)</u>	<u>(789)</u>	<u>(1,335)</u>
	<u>(11,558)</u>	<u>1,868</u>	<u>479</u>	<u>1,950</u>
Fee and commission income	<u>5,729</u>	<u>8,852</u>	<u>706</u>	<u>2,775</u>
	<u>624,639</u>	<u>589,426</u>	<u>19,345</u>	<u>14,970</u>

[^] Unwinding income is income earned on impaired financial assets

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(v) Income derived from investment of depositors' funds and others (continued)****(ii) Income derived from specific investment deposits**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- income other than recoveries	233,922	349,922	-	-
Money at call and deposit with financial institutions	64,135	42,657	-	-
Financial investments held-to-maturity	27,330	44,317	-	-
	<u>325,387</u>	<u>436,896</u>	<u>-</u>	<u>-</u>

(iii) Income derived from investment of other deposits

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Financing, advances and other financing/loans				
- income other than recoveries	573,767	303,848	-	-
- unwinding income [^]	2,568	1,781	-	-
Financial assets held for trading	8,325	7,678	-	-
Financial investments available-for-sale	12,580	7,967	-	-
Financial investments held-to-maturity	13,269	4,274	-	-
Money at call and deposits with financial institutions	79,641	50,263	-	-
	<u>690,150</u>	<u>375,811</u>	<u>-</u>	<u>-</u>
Accretion of discount less amortisation of premium	11,555	11,226	-	-
Total finance income and hibah	<u>701,705</u>	<u>387,037</u>	<u>-</u>	<u>-</u>
Other operating income				
- Net gain/(loss) from financial assets held for trading				
- realised	812	(487)	-	-
- unrealised	(152)	(409)	-	-
- Net gain from sale of financial investments available-for-sale	3,827	218	-	-
- Net loss from sale of financial investments held-to-maturity	(136)	(70)	-	-
- Net loss from foreign exchange transactions	(16,530)	(1,130)	-	-
	<u>(12,179)</u>	<u>(1,878)</u>	<u>-</u>	<u>-</u>
Fee and commission income	4,163	1,895	-	-
	<u>693,689</u>	<u>387,054</u>	<u>-</u>	<u>-</u>

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(w) Net income derived from investment of shareholders' funds**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Financing, advances and other financing/loans				
- income other than recoveries	121,917	90,336	100	79
- unwinding income [^]	261	192	-	-
Financial assets held for trading	924	948	34	99
Financial investments available-for-sale	1,293	879	-	-
Financial investments held-to-maturity	1,341	501	120	30
Money at call and deposits with financial institutions	8,697	6,500	481	1,039
	134,433	99,356	735	1,247
Accretion of discount less amortisation of premium	1,413	1,239	-	-
Total finance income and hibah	135,846	100,595	735	1,247
Other operating income				
- Net gain/(loss) from financial assets held for trading				
- Realised	118	(5)	36	48
- Unrealised	(46)	(20)	(17)	28
- Net gain from sale of financial investments available-for-sale	312	25	-	-
- Net loss from sale of financial investments held-to-maturity	(10)	(7)	-	-
- Net gain/(loss) from derivative financial instruments				
- Realised	57,130	165,725	-	-
- Unrealised	(10,599)	(147,031)	-	-
- Net gain from foreign exchange transactions	(1,741)	(187)	-	(49)
- Net gain from hedging derivatives	4,272	-	4,272	-
	49,436	18,500	4,291	27
Fee and commission income	83,829	57,935	-	226
Fee and commission expense	(1,961)	(1,430)	-	-
Net fee and commission expense	81,868	56,505	-	226
Sundry income	5,772	8,861	-	-
	272,922	184,461	5,026	1,500

[^] Unwinding income is income earned on impaired financial assets

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(x) Allowances for impairment losses on financing, advances and other financing/loans**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Allowance for bad and doubtful debts and financing:				
(i) Individual impairment allowance				
- Net allowance made/(written back) during the financial year	44,095	(94,191)	27,604	(49,797)
(iii) Portfolio impairment allowance				
- Net allowance made during the financial year	135,113	162,884	-	-
Bad debts on financing:				
- recovered	(37,775)	(20,900)	-	-
- written off	<u>2</u>	<u>5</u>	<u>-</u>	<u>-</u>
	141,435	47,798	27,604	(49,797)

(y) Income attributable to depositors

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits from customers				
- Mudharabah	285,799	287,656	8	933
- Non-Mudharabah	260,977	121,016	1,966	2,117
Deposits and placements of banks and other financial institutions				
- Mudharabah	31,632	27,133	1,245	170
- Non-Mudharabah	9,932	8,220	2,013	1,853
Others	23,307	17,505	-	-
	611,647	461,530	5,232	5,073

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(z) Personnel expenses**

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	13,859	10,109	-	-
Allowances and bonuses	38,474	14,690	-	-
Personnel expenses charged by				
CIMB Bank Berhad	133,949	79,194	-	-
Staff incentive	2,288	4,645	-	-
Other staff related costs	13,461	8,380	-	-
	202,031	117,018	-	-

Included in the personnel costs are fees paid to the Shariah Committee's members amounting to RM382,700 (2010: RM306,750).

(aa) Other overheads and expenditures

	The Group		The Bank	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Establishment				
Rental	1,189	1,122	-	-
Depreciation of property, plant and equipment	1,039	1,139	-	-
Repairs and maintenance	(2,658)	2,661	-	-
Overheads charged by CIMB Bank Berhad	60,044	37,920	-	-
EDP expenses	2,721	1,204	-	-
Takaful/insurance	7	12	-	-
Others	1,060	928	-	-
Promotion				
Advertisement and publicity	960	4,819	-	-
Promotion costs charged by CIMB Bank Berhad	8,496	16,544	-	-
Others	2,605	4,112	-	-
General expenses				
Auditor's remuneration - statutory audit	105	105	-	-
Amortisation of intangible assets	1,280	3,030	-	-
General expenses charged by CIMB Bank Berhad	29,523	21,577	-	-
Legal and professional fees	2,041	2,133	-	-
Communication	791	170	-	-
Incidental expenses on banking operations	1,203	2,712	-	-
Others	10,206	12,713	-	-
	120,612	112,901	-	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(ab) Significant related party transactions and balances**

The related parties of, and their relationship with the Group and Bank, are disclosed in Note 40.

	Parent company RM'000	Other related companies RM'000	Key management personnel RM'000
2011			
Income			
Profit income on deposits and placements with banks and other financial institution	715	4,920	-
Profit income on financial investments held-to-maturity	1,010	-	3
Expenditure			
Profit expense on deposits and placements of banks and other financial institution	338,001	23,062	-
Profit expense on deposits from customers	11	2,276	2,471
Profit expense on subordinated Sukuk	23,248	59	-
Outsourced back-office processing	205,540	26,472	-
Security services	-	33	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	285,930	229,000	-
Profit income on deposits and placements with banks and other financial institution	350	876	-
Financial investments held-to-maturity	20,132	-	-
Profit income on financial investments held-to-maturity	89	-	-
Financing, advances and other loans	-	-	1
Amounts due to			
Deposits from customers	12,145	125,548	14,133
Deposits and placements of banks and other financial institutions	8,934,915	848,270	-
Profit expense on deposits from customers	8	51	-
Profit expense on deposits and placements of banks and other financial institution	137,413	4,813	-
Subordinated Sukuk	549,000	1,000	-
Profit expense on subordinated Sukuk	6,704	16	-
Outsourced back-office processing	15,501	1,441	-

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(ab) Significant related party transactions and balances (continued)**

	Parent company RM'000	Other related companies RM'000	Key management personnel RM'000
2010			
Income			
Profit income on deposits and placements with banks and other financial institution	168	1,993	-
Profit income on financial investments held-to-maturity	1,010	-	-
Profit income on financing, advances and other financing/loans	-	-	2
Expenditure			
Profit expense on deposits and placements of banks and other financial institution	290,521	26,431	-
Profit expense on deposits from customers	-	141	-
Profit expense on subordinated Sukuk	17,447	58	-
Outsourced back-office processing	113,721	41,513	-
Security services	-	47	-
Amounts due from			
Current accounts, deposits and placements with banks and other financial institutions	77,088	33,500	-
Profit income on deposits and placements with banks and other financial institution	32	326	-
Financial investments held-to-maturity	20,075	-	-
Profit income on financial investments held-to-maturity	89	-	-
Financing, advances and other financing/loans	-	-	4
Amounts due to			
Deposits from customers	-	213,626	1,773
Deposits and placements of banks and other financial institutions	10,108,954	621,449	-
Profit expense on deposits from customers	-	75	-
Profit expense on deposits and placements of banks and other financial institution	126,696	1,408	-
Others	-	-	2
Subordinated Sukuk	299,000	1,000	-
Profit expense on subordinated Sukuk	4,690	16	-
Outsourced back-office processing	7,349	282	-

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

Key management compensation and credit transaction and exposures with connected parties are disclosed in Note 40.

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**Notes to the Financial Statements
for the financial year ended 31 December 2011 (Continued)****56 The operations of Islamic Banking (Continued)****(ac) Taxation****(i) Tax expense for the financial year**

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the financial year:				
- Malaysian income tax	214,880	134,050	-	-
Deferred taxation (Note i)	(2,708)	51,879	-	-
(Over)/under accrual in prior year	(713)	2,782	-	-
	211,459	188,711	-	-

(ii) Numerical reconciliation of income tax expense

The explanation on the relationship between tax expense and profit before taxation is as follows:

	The Group		The Bank	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	840,891	858,590	(8,465)	61,194
Tax calculated at tax rate of 25%	210,223	214,648	(2,116)	15,299
- effect of different tax rates in other countries	4,328	(24,445)	4,813	(12,554)
- income not subject to tax	(3,078)	(4,931)	(2,697)	(2,745)
- expenses not deductible for tax purposes	699	657	-	-
(Over)/under accrual in prior year	(713)	2,782	-	-
	211,459	188,711	-	-

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Notes to the Financial Statements for the financial year ended 31 December 2011 (Continued)

57 Authorisation for issue of Financial Statements

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 12 March 2012.