

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	Note	Group		Bank	
		31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>					
Cash and short term funds		19,747,626	20,847,989	14,309,842	12,911,193
Reverse repurchase agreements		2,424,011	3,504,914	2,424,011	2,475,591
Deposits and placements with banks and other financial institutions		8,448,623	9,641,391	14,995,365	16,083,982
Financial assets held-for-trading	A6	15,400,026	14,458,911	11,471,510	11,814,976
Financial investments available-for-sale	A7	9,018,286	8,920,018	7,509,993	7,377,258
Financial investments held-to-maturity	A8	13,987,979	13,511,190	11,634,541	11,185,993
Derivative financial instruments	A19(i)	3,668,157	3,500,891	3,468,733	3,262,534
Loans, advances and financing	A9	126,905,400	124,252,042	92,546,077	90,816,549
Other assets	A10	2,045,619	2,481,123	1,664,961	1,905,843
Deferred taxation		29,880	-	51,867	22,096
Tax recoverable		-	2,084	-	-
Statutory deposits with central banks		2,375,824	1,410,155	1,786,036	954,023
Investment in subsidiaries		-	-	4,526,972	4,526,972
Investment in jointly controlled entity		143,801	139,849	125,000	125,000
Investment in associate		396,997	382,248	297,096	298,116
Amount due from holding company and ultimate holding company		29,213	29,193	360	340
Amount due from subsidiaries		-	-	223,030	84,317
Amount due from related companies		2,066,154	2,259,363	2,060,279	2,239,775
Goodwill		4,891,434	4,923,428	3,555,075	3,555,075
Intangible assets		603,278	574,064	559,370	530,362
Prepaid lease payments		2,207	2,341	-	-
Property, plant and equipment		913,684	947,155	513,408	541,555
Investment properties		8,359	61,217	-	52,858
		<b>213,106,558</b>	<b>211,849,566</b>	<b>173,723,526</b>	<b>170,764,408</b>
Non-current assets/disposal groups held for sale		64,808	59,050	64,372	58,614
<b>Total Assets</b>		<b>213,171,366</b>	<b>211,908,616</b>	<b>173,787,898</b>	<b>170,823,022</b>
<b>Liabilities</b>					
Deposits from customers	A11	159,696,268	159,640,697	122,722,688	121,553,069
Deposits and placements of banks and other financial institutions	A12	16,151,170	14,652,435	20,893,748	18,468,654
Repurchase agreements		-	33,087	-	33,087
Derivative financial instruments	A19(i)	3,962,862	3,711,140	3,679,368	3,423,815
Bills and acceptances payable		4,326,189	4,077,611	2,305,764	2,252,722
Amount due to Cagamas Berhad		59,844	107,523	59,844	107,523
Amount due to subsidiaries		-	-	45,674	310,381
Amount due to related companies		102,382	6,751	102,382	841
Other liabilities	A13	2,626,520	3,637,462	1,946,274	2,731,046
Deferred taxation		-	1,019	-	-
Provision for taxation and zakat		185,381	39,071	167,041	41,679
Bonds		434,996	423,982	-	-
Other borrowings		907,889	925,050	-	-
Subordinated obligations		6,151,985	6,098,269	6,217,000	6,159,081
Redeemable preference shares		705,436	706,879	-	-
<b>Total Liabilities</b>		<b>195,310,922</b>	<b>194,060,976</b>	<b>158,139,783</b>	<b>155,081,898</b>

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	Note	Group		Bank	
		31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>Equity</b>					
<b>Capital and reserves attributable to equity holders of the Bank</b>					
Ordinary share capital		3,764,469	3,764,469	3,764,469	3,764,469
Reserves		13,582,486	13,571,938	11,653,906	11,746,915
		17,346,955	17,336,407	15,418,375	15,511,384
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Minority interests		283,749	281,493	-	-
<b>Total Equity</b>		17,860,444	17,847,640	15,648,115	15,741,124
<b>Total Equity and Liabilities</b>		213,171,366	211,908,616	173,787,898	170,823,022
<b>Commitments and contingencies</b>	A19(ii)	377,875,929	339,983,774	330,699,638	305,702,131
<b>Net assets per ordinary share (RM)</b>		4.61	4.61	4.10	4.12

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

<b>GROUP</b>	Note	Individual Quarter 1st Quarter Ended		Cumulative Quarters Three months ended	
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Interest income	A14	1,791,125	1,630,354	1,791,125	1,630,354
Interest expense	A15	(773,530)	(557,225)	(773,530)	(557,225)
Net interest income		1,017,595	1,073,129	1,017,595	1,073,129
Income from Islamic Banking operations	A22	328,727	212,624	328,727	212,624
Net non-interest income	A16	413,060	436,794	413,060	436,794
Overheads	A17	1,759,382 (909,119)	1,722,547 (925,199)	1,759,382 (909,119)	1,722,547 (925,199)
Profit before allowances		850,263	797,348	850,263	797,348
Write-back of/(allowances for) impairment losses on loans, advances and financing	A18	27,424	(119,938)	27,424	(119,938)
Allowance for losses on other receivables		(531)	(580)	(531)	(580)
Write-back of commitments and contingencies		-	307	-	307
(Allowance for)/write-back of other impairment losses		(6,752)	4,994	(6,752)	4,994
		870,404	682,131	870,404	682,131
Share of results of jointly controlled entity		3,952	2,448	3,952	2,448
Share of results of associates		15,770	10,201	15,770	10,201
Profit before taxation and zakat		890,126	694,780	890,126	694,780
Taxation and zakat		(189,047)	(150,167)	(189,047)	(150,167)
Profit for the financial period		701,079	544,613	701,079	544,613
<b>Other Comprehensive Income:</b>					
Revaluation reserve of financial investments available-for-sale		(26,875)	276	(26,875)	276
- Net (loss)/gain from change in fair value		(2,754)	85,474	(2,754)	85,474
- Realised gain transferred to comprehensive income on disposal and impairment		(20,895)	(9,764)	(20,895)	(9,764)
- Income tax effects		(3,226)	(75,434)	(3,226)	(75,434)
Net investment hedge		45,999	108,713	45,999	108,713
Exchange fluctuation reserve		(110,947)	(136,338)	(110,947)	(136,338)
Other comprehensive income for the period, net of tax		(91,823)	(27,349)	(91,823)	(27,349)
<b>Total comprehensive income for the period</b>		<b>609,256</b>	<b>517,264</b>	<b>609,256</b>	<b>517,264</b>
<b>Profit for the period attributable to :</b>					
Owners of the Bank		698,015	542,728	698,015	542,728
Non-controlling interests		3,064	1,885	3,064	1,885
		701,079	544,613	701,079	544,613
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Bank		607,000	514,032	607,000	514,032
Non-controlling interests		2,256	3,232	2,256	3,232
		609,256	517,264	609,256	517,264
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic (sen)</b>	B3	18.54	14.42	18.54	14.42

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

<b><u>BANK</u></b>	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
		<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A14	1,682,820	1,463,300	1,682,820	1,463,300
Interest expense	A15	(723,958)	(515,349)	(723,958)	(515,349)
Net interest income		958,862	947,951	958,862	947,951
Income from Islamic Banking operations	A22	2,938	4,166	2,938	4,166
Net non-interest income	A16	392,042	430,528	392,042	430,528
Overheads	A17	(689,861)	(721,623)	(689,861)	(721,623)
Profit before allowances		663,981	661,022	663,981	661,022
Allowances for impairment losses on loans, advances and financing	A18	(22,036)	(66,834)	(22,036)	(66,834)
Allowance for losses on other receivables		(199)	(580)	(199)	(580)
(Allowance for)/write-back of other impairment losses		(6,752)	7,546	(6,752)	7,546
Profit after allowances before tax		634,994	601,154	634,994	601,154
Taxation and zakat		(143,585)	(127,578)	(143,585)	(127,578)
Profit for the financial period		491,409	473,576	491,409	473,576
<b>Other Comprehensive Income:</b>					
Revaluation reserve financial investments available-for-sale		(26,951)	(8,293)	(26,951)	(8,293)
- Net (loss)/gain from change in fair value		(4,901)	75,802	(4,901)	75,802
- Realised gain transferred to comprehensive income on disposal and impairment		(20,517)	(7,382)	(20,517)	(7,382)
- Income tax effects		(1,533)	(76,713)	(1,533)	(76,713)
Net investment hedge		45,999	108,713	45,999	108,713
Exchange fluctuation reserve		(6,756)	(2,356)	(6,756)	(2,356)
Other comprehensive income for the period, net of tax		12,292	98,064	12,292	98,064
<b>Total comprehensive income for the period</b>		<b>503,701</b>	<b>571,640</b>	<b>503,701</b>	<b>571,640</b>
<b>Earnings per share attributable to ordinary equity holders of the Bank - basic (sen)</b>	<b>B3</b>	<b>13.05</b>	<b>12.58</b>	<b>13.05</b>	<b>12.58</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

The Group	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve*	Share-based payment reserve	Retained profits	Total	Perpetual preference shares	Non-controlling interests	Total Equity
	Share capital	Preference Shares														
	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	RM'000
<b>At 1 January 2011</b>																
- As previously stated	3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	117,595	-	4,333,401	17,366,147	200,000	281,493	17,847,640
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	231,955	(231,955)	-	-	-	-
As restated	3,764,469	29,740	5,033,633	4,126,569	(213,699)	389,033	(1,085,928)	735,457	135,877	117,595	231,955	4,101,446	17,366,147	200,000	281,493	17,847,640
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	698,015	698,015	-	3,064	701,079
Other comprehensive income (net of tax)	-	-	-	-	(110,049)	(26,959)	-	-	45,999	-	(6)	-	(91,015)	-	(808)	(91,823)
- financial investments available-for-sale	-	-	-	-	-	(26,959)	-	-	-	-	-	-	(26,959)	-	84	(26,875)
- net investment hedge	-	-	-	-	-	-	-	-	45,999	-	-	-	45,999	-	-	45,999
- currency translation difference	-	-	-	-	(110,049)	-	-	-	-	-	(6)	-	(110,055)	-	(892)	(110,947)
Total comprehensive income for the period	-	-	-	-	(110,049)	(26,959)	-	-	45,999	-	(6)	698,015	607,000	-	2,256	609,256
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	91,401	-	(91,401)	-	-	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	4,451	-	4,451	-	-	4,451
Second interim dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(600,903)	(600,903)	-	-	(600,903)
<b>At 31 March 2011</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>4,126,569</b>	<b>(323,748)</b>	<b>362,074</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>181,876</b>	<b>208,996</b>	<b>236,400</b>	<b>4,107,157</b>	<b>17,376,695</b>	<b>200,000</b>	<b>283,749</b>	<b>17,860,444</b>
<b>At 1 January 2010</b>																
- As previously stated	3,764,469	29,740	5,033,633	3,587,568	41,154	302,692	(1,085,928)	735,457	(103,375)	-	-	3,958,396	16,263,806	200,000	253,786	16,717,592
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	218,704	(218,704)	-	-	-	-
Adjusted 1 January 2010	3,764,469	29,740	5,033,633	3,587,568	41,154	302,692	(1,085,928)	735,457	(103,375)	-	218,704	3,739,692	16,263,806	200,000	253,786	16,717,592
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	542,728	542,728	-	1,885	544,613
Other comprehensive income (net of tax)	-	-	-	-	(136,609)	(800)	-	-	108,713	-	-	-	(28,696)	-	1,347	(27,349)
- financial investments available-for-sale	-	-	-	-	-	(800)	-	-	-	-	-	-	(800)	-	1,076	276
- net investment hedge	-	-	-	-	-	-	-	-	108,713	-	-	-	108,713	-	-	108,713
- currency translation difference	-	-	-	-	(136,609)	-	-	-	-	-	-	-	(136,609)	-	271	(136,338)
Total comprehensive income for the period	-	-	-	-	(136,609)	(800)	-	-	108,713	-	-	542,728	514,032	-	3,232	517,264
Transfer from statutory reserve	-	-	-	(35,080)	-	-	-	-	-	-	-	35,080	-	-	-	-
<b>At 31 March 2010</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,552,488</b>	<b>(95,455)</b>	<b>301,892</b>	<b>(1,085,928)</b>	<b>735,457</b>	<b>5,338</b>	<b>-</b>	<b>218,704</b>	<b>4,317,500</b>	<b>16,777,838</b>	<b>200,000</b>	<b>257,018</b>	<b>17,234,856</b>

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2010.

**CIMB BANK BERHAD (13491-P)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

<b>The Bank</b>	<b>Share capital</b>	<b>Redeemable Preference Shares</b>	<b>Share premium</b>	<b>Statutory reserve</b>	<b>Exchange fluctuation reserve</b>	<b>Revaluation reserve-financial investments available-for-sale</b>	<b>Merger deficit</b>	<b>Capital reserve</b>	<b>Hedging reserve</b>	<b>Regulatory reserve*</b>	<b>Share-based payment reserve</b>	<b>Retained profits</b>	<b>Perpetual preference shares</b>	<b>Total Equity</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2011</b>														
- As previously stated	3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	110,190	-	2,525,756	200,000	15,741,124
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	215,649	(215,649)	-	-
As restated	3,764,469	29,740	5,033,633	3,964,469	(46,533)	324,543	(1,047,872)	746,852	135,877	110,190	215,649	2,310,107	200,000	15,741,124
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	491,409	-	491,409
Other comprehensive income (net of tax)	-	-	-	-	(6,750)	(26,951)	-	-	45,999	-	(6)	-	-	12,292
- financial investments available-for-sale	-	-	-	-	-	(26,951)	-	-	-	-	-	-	-	(26,951)
- net investment hedge	-	-	-	-	-	-	-	-	45,999	-	-	-	-	45,999
- currency translation difference	-	-	-	-	(6,750)	-	-	-	-	-	(6)	-	-	(6,756)
Total comprehensive income for the period	-	-	-	-	(6,750)	(26,951)	-	-	45,999	-	(6)	491,409	-	503,701
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	63,943	-	(63,943)	-	-
Share-based payment expense	-	-	-	-	-	-	-	-	-	-	4,193	-	-	4,193
Second interim dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(600,903)	-	(600,903)
<b>At 31 March 2011</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,964,469</b>	<b>(53,283)</b>	<b>297,592</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>181,876</b>	<b>174,133</b>	<b>219,836</b>	<b>2,136,670</b>	<b>200,000</b>	<b>15,648,115</b>
<b>At 1 January 2010</b>														
- As previously stated	3,764,469	29,740	5,033,633	3,541,277	(31,212)	272,966	(1,047,872)	746,852	(103,375)	-	-	2,485,665	200,000	14,892,143
- Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	203,200	(203,200)	-	-
Adjusted 1 January 2010	3,764,469	29,740	5,033,633	3,541,277	(31,212)	272,966	(1,047,872)	746,852	(103,375)	-	203,200	2,282,465	200,000	14,892,143
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	473,576	-	473,576
Other comprehensive income (net of tax)	-	-	-	-	(2,356)	(8,293)	-	-	108,713	-	-	-	-	98,064
- financial investments available-for-sale	-	-	-	-	-	(8,293)	-	-	-	-	-	-	-	(8,293)
- net investment hedge	-	-	-	-	-	-	-	-	108,713	-	-	-	-	108,713
- currency translation difference	-	-	-	-	(2,356)	-	-	-	-	-	-	-	-	(2,356)
Total comprehensive income for the period	-	-	-	-	(2,356)	(8,293)	-	-	108,713	-	-	473,576	-	571,640
<b>At 31 March 2010</b>	<b>3,764,469</b>	<b>29,740</b>	<b>5,033,633</b>	<b>3,541,277</b>	<b>(33,568)</b>	<b>264,673</b>	<b>(1,047,872)</b>	<b>746,852</b>	<b>5,338</b>	<b>-</b>	<b>203,200</b>	<b>2,756,041</b>	<b>200,000</b>	<b>15,463,783</b>

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2010.

**CIMB BANK BERHAD**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	Group		Bank	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Profit before taxation and zakat	890,126	694,780	634,994	601,154
Adjustments for non-operating and non-cash items	<u>(34,554)</u>	<u>(319,649)</u>	<u>(5,191)</u>	<u>(142,635)</u>
Operating profit before changes in working capital	855,572	375,131	629,803	458,519
Net changes in operating assets	(1,849,392)	(5,217,262)	(991,776)	29,958
Net changes in operating liabilities	<u>1,117,719</u>	<u>772,412</u>	<u>2,950,965</u>	<u>300,955</u>
	<u>(731,673)</u>	<u>(4,444,850)</u>	<u>1,959,189</u>	<u>330,913</u>
Cash flows used in operations	123,899	(4,069,719)	2,588,992	789,432
Taxation paid	<u>(64,515)</u>	<u>(196,135)</u>	<u>(44,158)</u>	<u>(167,304)</u>
Net cash flows generated from/(used in) operating activities	59,384	(4,265,854)	2,544,834	622,128
Net cash flows used in investing activities	(420,313)	(393,748)	(426,401)	(59,967)
Net cash flows used in financing activities	(725,350)	(86,693)	(717,432)	(75,106)
Net (decrease)/increase in cash and cash equivalents	<u>(1,086,279)</u>	<u>(4,746,295)</u>	<u>1,401,001</u>	<u>487,055</u>
Effects of exchange rate changes	(14,084)	(19,714)	(2,352)	38,911
Cash and cash equivalents at the beginning of financial period	20,847,989	25,023,098	12,911,193	17,699,691
Cash and cash equivalents at end of financial period	<u>19,747,626</u>	<u>20,257,089</u>	<u>14,309,842</u>	<u>18,225,657</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2010.

## **PART A - EXPLANATORY NOTES**

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

The unaudited condensed interim financial statements for the financial period ended 31 March 2011 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's and the Bank's audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2010.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2010, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2011:

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

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

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

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

The Amendments to FRS 2 effective 1 Jan 2011 clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. Previously, the Group and the Bank have a cash settled share based arrangement whereby a substantial shareholder of CIMB Group grants entitlements to the employees of the Group and the Bank. Prior to the adoption of the Amendments to FRS 2, the Group and the Bank do not account for the transaction in its financial statements. The Group and the Bank have changed its accounting policy upon adoption of Amendments to FRS 2 on 1 January 2011 retrospectively. As the Group and the Bank do not have an obligation to settle the transaction with its employees, the Group and the Bank have accounted for the transaction as equity settled in accordance with the Amendments to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note A23.



## **PART A - EXPLANATORY NOTES**

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

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

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

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

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

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

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

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

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

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

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

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

No dividend have been proposed during the financial period ended 31 March 2011.

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

There were no significant events other than those disclosed under Note A3 above that had occurred between 31 March 2011 and the date of this announcement.

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

### **A6. FINANCIAL ASSETS HELD FOR TRADING**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	533,295	360,214	513,256	360,214
Cagamas bonds	13,214	13,186	13,214	13,186
Malaysian Government treasury bills	406,267	57,779	406,267	57,779
Other Government securities	1,576,131	2,053,218	1,576,131	2,053,218
Bank Negara Malaysia bills	1,566,698	2,597,966	1,566,698	2,597,966
Bank Negara Malaysia negotiable notes	3,285,017	2,226,623	1,288,476	942,801
Bankers' acceptances and Islamic accepted bills	829,166	740,811	721,930	642,447
Negotiable instruments of deposit	2,509,347	1,778,088	1,513,767	1,140,087
Credit-linked notes	121,594	123,158	121,594	123,158
Commercial papers	29,832	163,033	29,832	163,033
Government Investment Issue	360,988	320,534	102,243	126,307
	<b>11,231,549</b>	<b>10,434,610</b>	<b>7,853,408</b>	<b>8,220,196</b>
<b>Quoted securities</b>				
<b><u>In Malaysia</u></b>				
Shares	1,161,504	1,206,475	1,161,473	1,206,449
Warrants	-	5	-	-
	<b>1,161,504</b>	<b>1,206,480</b>	<b>1,161,473</b>	<b>1,206,449</b>
<b><u>Outside Malaysia</u></b>				
Shares	4,496	5,200	-	-
Private debt securities	121,059	553	-	-
Other Government bonds	40,227	8,247	-	-
	<b>165,782</b>	<b>14,000</b>	<b>-</b>	<b>-</b>
<b>Unquoted securities</b>				
<b><u>In Malaysia</u></b>				
Shares	5,998	5,948	5,998	5,948
Private and Islamic debt securities	1,364,184	1,551,084	1,370,309	1,422,402
	<b>1,370,182</b>	<b>1,557,032</b>	<b>1,376,307</b>	<b>1,428,350</b>
<b><u>Outside Malaysia</u></b>				
Private and Islamic debt securities	1,471,009	1,246,789	1,080,322	959,981
	<b>15,400,026</b>	<b>14,458,911</b>	<b>11,471,510</b>	<b>11,814,976</b>

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
<b>Unquoted</b>				
Malaysian Government Securities	220,720	208,741	220,720	208,741
Government Investment Issue	283,671	282,022	217,875	216,496
Cagamas bonds	184,776	184,494	149,291	149,071
	<b>689,167</b>	<b>675,257</b>	<b>587,886</b>	<b>574,308</b>
<b>Quoted securities:</b>				
<u>Outside Malaysia</u>				
Shares	4,824	5,287	231	463
Other Government bonds	516,161	569,024	-	-
Unit trusts	297,060	310,661	-	-
	<b>818,045</b>	<b>884,972</b>	<b>231</b>	<b>463</b>
<b>Unquoted securities:</b>				
<u>In Malaysia</u>				
Private debt securities	6,599,297	6,455,467	6,216,263	6,097,502
Shares	727,315	727,228	719,766	719,619
Bonds funds	12,433	12,380	-	-
Loan stocks	25,338	26,624	25,338	26,624
	<b>7,364,383</b>	<b>7,221,699</b>	<b>6,961,367</b>	<b>6,843,745</b>
<u>Outside Malaysia</u>				
Shares	26,300	28,583	230	377
Private equity funds	51,488	49,974	-	-
Unit trusts	172,326	169,226	68,635	69,032
Private debt securities	180,440	176,323	151,700	150,675
	<b>430,554</b>	<b>424,106</b>	<b>220,565</b>	<b>220,084</b>
	<b>9,302,149</b>	<b>9,206,034</b>	<b>7,770,049</b>	<b>7,638,600</b>
Allowance for impairment losses:				
Private debt securities	(240,215)	(240,443)	(240,215)	(240,215)
Quoted shares	(2,486)	(2,554)	-	-
Unquoted shares	(7,035)	(7,035)	(7,035)	(7,035)
Loan stocks	(12,806)	(14,092)	(12,806)	(14,092)
Unit trusts	(21,321)	(21,892)	-	-
	<b>(283,863)</b>	<b>(286,016)</b>	<b>(260,056)</b>	<b>(261,342)</b>
Total financial investments available-for-sale	<b>9,018,286</b>	<b>8,920,018</b>	<b>7,509,993</b>	<b>7,377,258</b>

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments :</b>				
<b>Unquoted</b>				
Malaysian Government Securities	<b>1,128,711</b>	1,123,977	<b>1,128,711</b>	1,123,977
Malaysian Government Investment Issue	<b>604,360</b>	600,245	<b>503,640</b>	500,189
Cagamas bonds	<b>255,919</b>	254,817	<b>255,919</b>	254,817
	<b>1,988,990</b>	1,979,039	<b>1,888,270</b>	1,878,983
<b>Quoted</b>				
<u>Outside Malaysia</u>				
Structured notes	<b>151,483</b>	154,859	-	-
Private debt securities	<b>975,987</b>	999,621	-	-
	<b>1,127,470</b>	1,154,480	-	-
<b>Unquoted securities</b>				
<u>In Malaysia</u>				
Loans stocks	<b>31,814</b>	31,814	-	-
Danaharta Urus Sdn Bhd bonds	<b>795,335</b>	795,335	<b>795,335</b>	795,335
Private debt securities	<b>7,442,846</b>	7,270,838	<b>6,465,304</b>	6,268,969
	<b>8,269,995</b>	8,097,987	<b>7,260,639</b>	7,064,304
<u>Outside Malaysia</u>				
Private debt securities	<b>2,335,203</b>	2,036,903	<b>2,182,996</b>	1,956,183
Accretion of discount net of amortisation of premium	<b>302,636</b>	279,020	<b>302,636</b>	286,523
Less : Allowance for impairment losses	<b>(36,315)</b>	(36,239)	-	-
Total financial investments held-to-maturity	<b>13,987,979</b>	13,511,190	<b>11,634,541</b>	11,185,993

Included in the financial investments held-to-maturity of the Group as at 31 March 2011 are 10-year promissory notes of THB783 million (2010: THB 746 million) maturing between 2011 to 2015, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. The sharing of gain or losses will be calculated at the end of the agreement.

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

**A9. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>(i) By type of financing</b>				
<b>At amortised cost</b>				
Overdrafts	9,016,724	8,966,676	8,094,909	8,017,494
Term loans/financing				
- Housing loan/financing	37,622,510	36,155,040	30,010,090	28,921,962
- Syndicated term loan	6,813,580	6,994,167	5,754,569	5,820,904
- Other term loans/financing	46,995,391	45,864,091	31,511,412	30,987,988
- Factoring receivables	35,168	20,435	-	-
- Lease receivables	16,630	29,720	-	-
- Hire purchase receivables	11,454,381	11,375,883	5,307,231	5,361,387
Bills receivable	2,787,278	2,523,053	588,639	484,483
Trust receipts	927,657	1,043,959	490,237	513,515
Claim on customers under acceptance credit	3,955,336	3,755,603	3,689,746	3,557,332
Staff loans	392,680	399,310	362,921	371,292
Credit card receivables	4,200,550	4,266,422	4,106,106	4,175,950
Revolving credit	6,323,809	6,418,920	5,472,296	5,330,939
Share margin financing	539,838	652,998	519,284	627,691
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937
Fair value changes arising from fair value hedges	<b>(9,374)</b>	44,340	<b>921</b>	26,864
	<b>131,072,158</b>	128,510,617	<b>95,908,361</b>	94,197,801
Less: Allowance for impairment losses				
- Individual impairment allowance	<b>(1,913,834)</b>	(1,975,959)	<b>(1,523,167)</b>	(1,527,289)
- Portfolio impairment allowance	<b>(2,252,924)</b>	(2,282,616)	<b>(1,839,117)</b>	(1,853,963)
	<b>(4,166,758)</b>	(4,258,575)	<b>(3,362,284)</b>	(3,381,252)
Total net loans, advances and financing	<b>126,905,400</b>	124,252,042	<b>92,546,077</b>	90,816,549

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM74,052,000 (2010: RM75,347,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

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

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

(b) The Group and the Bank have undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,735,877,000 (2010: RM7,663,278,000) and RM3,892,437,000 (2010: RM3,218,655,000) respectively, using interest rate swaps.

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross loan hedged	<b>7,735,877</b>	7,663,278	<b>3,892,437</b>	3,218,655
Fair value changes arising from fair value hedges	<b>(9,374)</b>	44,340	<b>921</b>	26,864
	<b>7,726,503</b>	7,707,618	<b>3,893,358</b>	3,245,519

The fair value loss of interest rate swaps of the Group and the Bank as at 31 March 2011 were RM119,101,187 (2010: RM127,755,094) and RM65,779,079 (2010: RM76,134,054) respectively.

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

As at 31 March 2011, the gross exposure and portfolio impairment allowance relating to RPSIA financing are RM7,549 million (2010: RM7,331 million) and RM164.3 million (2010: RM154.8 million) respectively.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(ii) By type of customers</b>				
Domestic banking institutions	<b>57,764</b>	65,091	-	-
Domestic non-bank financial institutions				
- others	<b>2,511,087</b>	2,634,068	<b>2,134,942</b>	2,339,548
Domestic business enterprises				
- small medium enterprises	<b>11,934,187</b>	11,965,343	<b>9,430,169</b>	9,581,478
- others	<b>25,038,431</b>	24,978,456	<b>16,967,494</b>	16,788,782
Government and statutory bodies	<b>10,688,656</b>	10,666,029	<b>6,107,956</b>	6,122,203
Individuals	<b>69,799,303</b>	67,403,920	<b>51,680,439</b>	50,348,790
Other domestic entities	<b>3,370,993</b>	2,952,578	<b>2,334,229</b>	1,679,408
Foreign entities	<b>7,681,111</b>	7,800,792	<b>7,252,211</b>	7,310,728
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(iii) By interest/profit rate sensitivity</b>				
Fixed rate				
- Housing loans/ financing	<b>3,320,935</b>	3,530,315	<b>2,398,738</b>	2,540,512
- Hire purchase receivables	<b>11,468,609</b>	11,391,669	<b>5,297,341</b>	5,350,880
- Other fixed rate loans	<b>27,039,400</b>	26,244,965	<b>17,777,107</b>	17,274,899
Variable rate				
- BLR plus	<b>51,762,013</b>	50,358,559	<b>46,348,021</b>	45,232,876
- Cost-plus	<b>20,711,001</b>	20,198,388	<b>14,570,400</b>	14,532,505
- Other variable rates	<b>16,779,574</b>	16,742,381	<b>9,515,833</b>	9,239,265
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937
<b>(iv) By economic purpose</b>				
Personal use	<b>5,466,354</b>	4,965,717	<b>2,246,823</b>	2,270,733
Credit cards	<b>4,210,659</b>	4,266,418	<b>4,116,025</b>	4,175,950
Purchase of consumer durables	<b>951</b>	1,216	<b>951</b>	1,216
Construction	<b>3,807,124</b>	3,520,140	<b>2,191,821</b>	2,105,992
Residential property (housing)	<b>37,866,787</b>	36,716,467	<b>30,208,276</b>	29,426,822
Non-residential property	<b>11,691,289</b>	11,470,480	<b>10,022,541</b>	9,819,022
Purchase of fixed assets other than land and buildings	<b>1,262,650</b>	1,224,935	<b>499,473</b>	490,267
Mergers and acquisitions	<b>2,547,837</b>	2,620,451	<b>2,466,699</b>	2,524,594
Purchase of securities	<b>6,646,831</b>	6,774,574	<b>6,578,544</b>	6,699,906
Purchase of transport vehicles	<b>11,334,236</b>	11,093,357	<b>5,362,266</b>	5,413,012
Working capital	<b>32,693,913</b>	32,586,007	<b>21,356,736</b>	21,006,734
Other purposes	<b>13,552,901</b>	13,226,515	<b>10,857,285</b>	10,236,689
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937
<b>(v) By geographical distribution</b>				
Malaysia	<b>110,682,239</b>	108,665,708	<b>85,632,132</b>	84,481,958
Indonesia	<b>949,789</b>	828,184	<b>817,901</b>	691,921
Thailand	<b>9,973,025</b>	9,906,698	<b>51,144</b>	47,578
Singapore	<b>6,427,640</b>	6,666,705	<b>6,427,640</b>	6,666,705
United Kingdom	<b>528,394</b>	597,461	<b>528,394</b>	597,461
Hong Kong	<b>260,133</b>	552,120	<b>260,133</b>	552,120
Other countries	<b>2,260,312</b>	1,249,401	<b>2,190,096</b>	1,133,194
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937
<b>(vi) By residual contractual maturity</b>				
Within one year	<b>25,604,532</b>	21,969,698	<b>18,641,570</b>	14,955,084
One year to less than three years	<b>31,204,248</b>	30,034,432	<b>29,308,492</b>	28,054,604
Three years to less than five years	<b>12,342,293</b>	15,095,548	<b>9,659,764</b>	12,155,052
Five years and more	<b>61,930,459</b>	61,366,599	<b>38,297,614</b>	39,006,197
Gross loans, advances and financing	<b>131,081,532</b>	128,466,277	<b>95,907,440</b>	94,170,937

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

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

	Group		Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
<b>(vii) Impaired loans by economic purpose</b>				
Personal use	136,059	135,673	88,160	84,306
Credit cards	83,959	82,095	80,966	79,479
Purchase of consumer durables	171	251	171	251
Construction	1,191,179	1,197,100	1,032,343	1,032,935
Residential property (housing)	810,644	816,457	702,590	706,774
Non-residential property	248,364	241,794	228,543	225,663
Purchase of fixed assets other than land and buildings	74,394	76,365	30,977	32,364
Purchase of securities	46,175	46,579	7,981	8,357
Purchase of transport vehicles	350,887	318,288	239,729	223,074
Working capital	1,736,116	1,705,453	1,503,480	1,466,256
Other purposes	416,398	438,237	128,516	128,689
Gross impaired loans	<b>5,094,346</b>	<b>5,058,292</b>	<b>4,043,456</b>	<b>3,988,148</b>
<b>(viii) Impaired loans by geographical distribution</b>				
Malaysia	4,253,064	4,177,553	3,761,356	3,696,797
Indonesia	86,587	84,019	5,898	-
Thailand	475,623	502,687	-	-
Singapore	55,677	61,114	55,677	61,114
United Kingdom	49,243	48,095	49,243	48,095
Other countries	174,152	184,824	171,282	182,142
Gross impaired loans	<b>5,094,346</b>	<b>5,058,292</b>	<b>4,043,456</b>	<b>3,988,148</b>
<b>(ix) Movements in impaired loans</b>				
At 1 January	5,058,292	7,232,623	3,988,148	4,509,902
Classified as impaired during the financial period/year	903,164	3,680,090	797,225	3,206,367
Reclassified as not impaired during the financial period/year	(523,051)	(2,522,586)	(484,574)	(2,366,392)
Amount written back in respect of recoveries	(203,529)	(1,089,328)	(171,110)	(852,718)
Amount written off	(119,399)	(1,013,869)	(81,554)	(808,141)
(Sale)/purchase of impaired loans	-	(145,981)	-	-
Amount transferred from subsidiary	-	-	-	321,716
Amount transferred to related company	-	(621,107)	-	-
Disposal of subsidiary	-	(338,026)	-	-
Exchange fluctuation	(21,131)	(123,524)	(4,679)	(22,586)
At 31 March/31 December	<b>5,094,346</b>	<b>5,058,292</b>	<b>4,043,456</b>	<b>3,988,148</b>
Ratio of gross impaired loans to total loans, advances and financing	<b>3.89%</b>	3.94%	<b>4.22%</b>	4.24%



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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Individual impairment allowance</u></b>				
At 1 January	<b>1,975,959</b>	3,370,235	<b>1,527,289</b>	1,856,453
Net allowance made during the financial period/year	<b>(32,181)</b>	25,391	<b>1,237</b>	97,731
Allowance made and charged to deferred assets	<b>10</b>	2,431	<b>10</b>	2,431
Amount written off	<b>(15,074)</b>	(651,755)	<b>(4,851)</b>	(463,129)
Disposal of subsidiary	-	(314,202)	-	-
Amount transferred to portfolio impairment allowance	<b>(1,818)</b>	(5,795)	-	-
Amount transferred from subsidiary	-	-	-	88,127
Amount transferred to related company	-	(357,590)	-	-
Unwinding income	<b>(8,611)</b>	(63,538)	<b>(4,223)</b>	(45,238)
Exchange fluctuation	<b>(4,451)</b>	(29,218)	<b>3,705</b>	(9,086)
At 31 March/31 December	<b>1,913,834</b>	1,975,959	<b>1,523,167</b>	1,527,289
<b><u>Portfolio impairment allowance</u></b>				
At 1 January	<b>2,282,616</b>	2,222,029	<b>1,853,963</b>	1,754,194
Net allowance made during the financial period/year	<b>86,431</b>	603,725	<b>66,690</b>	372,183
Allowance made/(written back) and charged to deferred assets	<b>1,161</b>	(3,352)	<b>1,161</b>	(3,352)
Amount written off	<b>(112,211)</b>	(464,059)	<b>(80,081)</b>	(345,012)
Disposal of subsidiary	-	(11,298)	-	-
Amount transferred from individual impairment allowance	<b>1,818</b>	5,795	-	-
Amount transferred from subsidiary	-	-	-	119,980
Amount transferred to related company	-	(28,956)	-	-
Unwinding income	<b>(6,511)</b>	(34,758)	<b>(6,823)</b>	(32,925)
Exchange fluctuation	<b>(380)</b>	(6,510)	<b>4,207</b>	(11,105)
At 31 March/31 December	<b>2,252,924</b>	2,282,616	<b>1,839,117</b>	1,853,963
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<b>2.1%</b>	2.1%	<b>2.1%</b>	2.1%

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

### **A10. OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred assets	166,942	170,961	166,942	170,961
Foreclosed properties	160,008	171,675	2,365	2,425
Due from brokers and clients	34,328	37,305	-	-
Option financing	277,589	278,032	277,589	278,032
Collateral pledged for derivative transactions	566,814	531,941	498,346	463,470
Clearing accounts	114,369	250,256	153,388	67,618
Other debtors, deposits and prepayments	725,569	1,040,953	566,331	923,337
	<b>2,045,619</b>	<b>2,481,123</b>	<b>1,664,961</b>	<b>1,905,843</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) By type of deposit</b>				
Demand deposits	35,679,701	34,920,585	30,875,488	30,091,373
Saving deposits	14,617,294	14,092,199	11,012,762	10,562,489
Fixed deposits	66,504,420	66,917,400	49,902,812	48,937,747
Negotiable instruments of deposit	1,853,315	1,930,628	793,678	859,859
Others	41,041,538	41,779,885	30,137,948	31,101,601
	<b>159,696,268</b>	<b>159,640,697</b>	<b>122,722,688</b>	<b>121,553,069</b>
<b>(ii) By type of customer</b>				
Government and statutory bodies	13,348,048	14,054,491	8,241,746	8,285,269
Business enterprises	65,232,589	73,592,242	51,284,524	52,673,540
Individuals	54,388,557	51,863,891	44,479,152	41,842,495
Others	26,727,074	20,130,073	18,717,266	18,751,765
	<b>159,696,268</b>	<b>159,640,697</b>	<b>122,722,688</b>	<b>121,553,069</b>
<b>(iii) Maturity structure of fixed deposits and negotiable instruments of deposit</b>				
Due within six months	57,020,230	55,751,393	41,468,298	39,228,996
Six months to less than one year	8,594,334	9,859,396	6,597,986	7,495,459
One year to less than three years	1,150,103	1,544,333	1,005,880	1,394,158
Three years to less than five years	1,575,742	1,665,300	1,609,924	1,651,387
Five years and more	17,326	27,606	14,402	27,606
	<b>68,357,735</b>	<b>68,848,028</b>	<b>50,696,490</b>	<b>49,797,606</b>

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>8,454,729</b>	6,830,585	<b>14,040,481</b>	11,382,428
Licensed finance companies	<b>117,555</b>	145,025	<b>85,835</b>	112,363
Licensed investment banks	<b>2,761,664</b>	2,847,557	<b>2,011,026</b>	2,276,357
Bank Negara Malaysia	<b>1,788,953</b>	1,598,400	<b>1,788,953</b>	1,598,400
Other financial institutions	<b>3,028,269</b>	3,230,868	<b>2,967,453</b>	3,099,106
	<b>16,151,170</b>	14,652,435	<b>20,893,748</b>	18,468,654

### **A13. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	<b>33,882</b>	39,412	-	-
Accrued employee benefits	<b>10,224</b>	10,224	<b>10,127</b>	10,127
Post employment benefit obligations	<b>95,049</b>	153,537	<b>36,598</b>	56,607
Sundry creditors	<b>180,719</b>	589,489	<b>162,912</b>	400,125
Expenditure payable	<b>663,729</b>	970,770	<b>658,475</b>	930,818
Allowance for commitments and contingencies	<b>47,960</b>	49,208	<b>33,333</b>	33,333
Provision for legal claims	<b>127,022</b>	137,415	<b>111,230</b>	110,563
Credit card expenditure payable	<b>112,924</b>	195,688	<b>107,498</b>	194,244
Call deposit borrowing	<b>262,143</b>	281,833	<b>262,143</b>	281,833
Others	<b>1,092,874</b>	1,209,886	<b>563,958</b>	713,396
	<b>2,626,520</b>	3,637,462	<b>1,946,274</b>	2,731,046

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

### **A14. INTEREST INCOME**

	<b>1st Quarter Ended</b>		<b>Three months ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Loans and advances				
- interest income other than recoveries	<b>1,349,561</b>	1,209,370	<b>1,349,561</b>	1,209,370
- recoveries from impaired loans	<b>1,669</b>	2,268	<b>1,669</b>	2,268
- unwinding income <sup>^</sup>	<b>22,082</b>	21,007	<b>22,082</b>	21,007
Money at call and deposit with financial institutions	<b>98,503</b>	85,762	<b>98,503</b>	85,762
Reverse repurchase agreements	<b>20,815</b>	16,636	<b>20,815</b>	16,636
Financial assets held-for-trading	<b>40,038</b>	36,804	<b>40,038</b>	36,804
Financial investments available-for-sale	<b>79,383</b>	74,636	<b>79,383</b>	74,636
Financial investments held-to-maturity	<b>131,570</b>	132,467	<b>131,570</b>	132,467
Others	<b>6,089</b>	12,832	<b>6,089</b>	12,832
	<b>1,749,710</b>	1,591,782	<b>1,749,710</b>	1,591,782
Accretion of discount less amortisation of premium	<b>41,415</b>	38,572	<b>41,415</b>	38,572
	<b>1,791,125</b>	1,630,354	<b>1,791,125</b>	1,630,354
<b>Bank</b>				
Loans and advances				
- interest income other than recoveries	<b>1,174,264</b>	1,027,223	<b>1,174,264</b>	1,027,223
- recoveries from impaired loans	-	106	-	106
- unwinding income <sup>^</sup>	<b>18,105</b>	16,052	<b>18,105</b>	16,052
Money at call and deposit with financial institutions	<b>185,217</b>	124,297	<b>185,217</b>	124,297
Reverse repurchase agreements	<b>15,743</b>	14,722	<b>15,743</b>	14,722
Financial assets held-for-trading	<b>36,419</b>	32,200	<b>36,419</b>	32,200
Financial investments available-for-sale	<b>76,210</b>	72,177	<b>76,210</b>	72,177
Financial investments held-to-maturity	<b>125,178</b>	121,637	<b>125,178</b>	121,637
Others	<b>6,165</b>	12,825	<b>6,165</b>	12,825
	<b>1,637,301</b>	1,421,239	<b>1,637,301</b>	1,421,239
Accretion of discount less amortisation of premium	<b>45,519</b>	42,061	<b>45,519</b>	42,061
	<b>1,682,820</b>	1,463,300	<b>1,682,820</b>	1,463,300

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

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

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three months ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>30,829</b>	27,969	<b>30,829</b>	27,969
Deposits from other customers	<b>609,760</b>	438,261	<b>609,760</b>	438,261
Repurchase agreements	<b>332</b>	286	<b>332</b>	286
Loans sold to Cagamas	<b>1,124</b>	2,991	<b>1,124</b>	2,991
Negotiable certificates of deposits	<b>46,853</b>	26,336	<b>46,853</b>	26,336
ICULS	<b>666</b>	908	<b>666</b>	908
Redeemable preference shares	<b>10,088</b>	11,035	<b>10,088</b>	11,035
Subordinated obligations	<b>66,080</b>	45,522	<b>66,080</b>	45,522
Other borrowings	<b>7,798</b>	3,917	<b>7,798</b>	3,917
	<b>773,530</b>	557,225	<b>773,530</b>	557,225
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	<b>35,323</b>	25,554	<b>35,323</b>	25,554
Deposits from other customers	<b>571,811</b>	410,764	<b>571,811</b>	410,764
Repurchase agreements	<b>52</b>	-	<b>52</b>	-
Loans sold to Cagamas	<b>1,124</b>	2,991	<b>1,124</b>	2,991
Negotiable certificates of deposits	<b>46,732</b>	26,245	<b>46,732</b>	26,245
ICULS	<b>666</b>	908	<b>666</b>	908
Subordinated obligations	<b>68,250</b>	48,887	<b>68,250</b>	48,887
	<b>723,958</b>	515,349	<b>723,958</b>	515,349

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

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

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three months ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net fee and commission income</b>				
Commissions	35,428	36,460	35,428	36,460
Fee on loans and advances	74,710	54,590	74,710	54,590
Service charges and fees	48,780	53,518	48,780	53,518
Guarantee fees	29,782	12,534	29,782	12,534
Other fee income	72,056	79,487	72,056	79,487
Fee and commission income	260,756	236,589	260,756	236,589
Fee and commission expense	(56,477)	(53,985)	(56,477)	(53,985)
Net fee and commission income	204,279	182,604	204,279	182,604
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	6,005	2,315	6,005	2,315
Financial investments available-for-sale	9,892	9,319	9,892	9,319
	15,897	11,634	15,897	11,634
<b>Net gain/(loss) arising from financial assets held-for-trading:</b>				
- realised loss	(21,738)	(8,141)	(21,738)	(8,141)
- unrealised (loss)/gain	(30,059)	19,322	(30,059)	19,322
	(51,797)	11,181	(51,797)	11,181
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised gain/(loss)	143,025	(101,982)	143,025	(101,982)
- unrealised gain/(loss)	28,867	(135,536)	28,867	(135,536)
	171,892	(237,518)	171,892	(237,518)
<b>Net loss arising from hedging derivatives</b>	(10,266)	(201)	(10,266)	(201)
<b>Net gain from sale of financial investments available-for-sale</b>	20,895	9,764	20,895	9,764
<b>Net gain from maturity of financial investments held-to-maturity</b>	336	75,824	336	75,824
<b>Brokerage income</b>	5,701	4,195	5,701	4,195
<b>Other non-interest income</b>				
Foreign exchange gain	37,525	345,559	37,525	345,559
Rental income	3,984	5,383	3,984	5,383
Gain on disposal of property, plant and equipment	677	13,012	677	13,012
Loss on disposal of foreclosed properties	(2,587)	(688)	(2,587)	(688)
Net gain or loss from insurance business	-	3,780	-	3,780
Others	16,524	12,265	16,524	12,265
	56,123	379,311	56,123	379,311
	413,060	436,794	413,060	436,794

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

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

<b>Bank</b>	<b>1st Quarter Ended</b>		<b>Three months ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net fee and commission income</b>				
Commissions	32,737	35,292	32,737	35,292
Fee on loans and advances	75,270	54,346	75,270	54,346
Service charges and fees	37,825	40,040	37,825	40,040
Guarantee fees	27,225	9,376	27,225	9,376
Other fee income	75,885	68,510	75,885	68,510
Fee and commission income	248,942	207,564	248,942	207,564
Fee and commission expense	(56,477)	(53,985)	(56,477)	(53,985)
Net fee and commission income	192,465	153,579	192,465	153,579
<b>Gross dividend income from:</b>				
Financial assets held-for-trading	6,005	2,315	6,005	2,315
Financial investments available-for-sale	840	-	840	-
Subsidiaries	-	22,894	-	22,894
	6,845	25,209	6,845	25,209
<b>Net gain/(loss) arising from financial assets held-for-trading</b>				
- realised loss	(23,006)	(1,820)	(23,006)	(1,820)
- unrealised (loss)/gain	(25,504)	10,395	(25,504)	10,395
	(48,510)	8,575	(48,510)	8,575
<b>Net (loss)/gain arising from derivative financial instrument</b>				
- realised gain/(loss)	156,919	(97,909)	156,919	(97,909)
- unrealised gain/(loss)	16,045	(135,231)	16,045	(135,231)
	172,964	(233,140)	172,964	(233,140)
<b>Net loss arising from hedging derivatives</b>	(9,798)	(8,995)	(9,798)	(8,995)
<b>Net gain from sale of financial investments available-for-sale</b>	20,517	7,382	20,517	7,382
<b>Net (loss)/gain from maturity of financial investments held-to-maturity</b>	(11)	75,782	(11)	75,782
<b>Other non-interest income</b>				
Foreign exchange gain	42,067	352,493	42,067	352,493
Rental income	2,464	3,783	2,464	3,783
Gain on disposal of property, plant and equipment	345	710	345	710
Gain on disposal of foreclosed properties	61	-	61	-
Gain on capital repayment of subsidiary	-	26,423	-	26,423
Other non operating income	12,633	18,727	12,633	18,727
	57,570	402,136	57,570	402,136
	392,042	430,528	392,042	430,528

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

**A17. OVERHEADS**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three months ended</b>	
	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>	<b>31 Mar 2011</b>	<b>31 Mar 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	<b>410,101</b>	367,577	<b>410,101</b>	367,577
- Pension costs (defined contribution plan)	<b>44,715</b>	36,608	<b>44,715</b>	36,608
- Pension costs (defined benefit plan)	<b>(50,353)</b>	6,485	<b>(50,353)</b>	6,485
- Overtime	<b>5,090</b>	4,618	<b>5,090</b>	4,618
- Staff incentives and other staff payments	<b>35,502</b>	30,499	<b>35,502</b>	30,499
- Medical expenses	<b>11,448</b>	14,154	<b>11,448</b>	14,154
- Others	<b>51,265</b>	31,495	<b>51,265</b>	31,495
	<b>507,768</b>	491,436	<b>507,768</b>	491,436
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	<b>54,172</b>	50,028	<b>54,172</b>	50,028
- Amortisation of prepaid lease payments	<b>646</b>	106	<b>646</b>	106
- Rental	<b>50,286</b>	46,170	<b>50,286</b>	46,170
- Repair and maintenance	<b>37,205</b>	44,783	<b>37,205</b>	44,783
- Outsourced services	<b>25,137</b>	43,402	<b>25,137</b>	43,402
- Security expenses	<b>22,308</b>	28,791	<b>22,308</b>	28,791
- Others	<b>29,071</b>	26,222	<b>29,071</b>	26,222
	<b>218,825</b>	239,502	<b>218,825</b>	239,502
<b>Marketing expenses</b>				
- Sales commission	<b>1,156</b>	6,668	<b>1,156</b>	6,668
- Advertisement	<b>22,686</b>	28,099	<b>22,686</b>	28,099
- Others	<b>9,066</b>	4,195	<b>9,066</b>	4,195
	<b>32,908</b>	38,962	<b>32,908</b>	38,962
<b>Administration and general expenses</b>				
- Communication	<b>13,290</b>	11,576	<b>13,290</b>	11,576
- Consultancy and professional fees	<b>10,085</b>	10,736	<b>10,085</b>	10,736
- Legal expenses	<b>4,644</b>	16,566	<b>4,644</b>	16,566
- Stationery	<b>10,462</b>	10,765	<b>10,462</b>	10,765
- Amortisation of intangible assets	<b>36,922</b>	30,738	<b>36,922</b>	30,738
- Impairment of intangible assets	-	1,302	-	1,302
- Postages	<b>6,971</b>	7,291	<b>6,971</b>	7,291
- Administrative travelling and vehicle expenses	<b>7,358</b>	6,887	<b>7,358</b>	6,887
- Incidental expenses on banking operations	<b>11,789</b>	12,973	<b>11,789</b>	12,973
- Insurance	<b>14,383</b>	27,992	<b>14,383</b>	27,992
- Others	<b>33,714</b>	18,473	<b>33,714</b>	18,473
	<b>149,618</b>	155,299	<b>149,618</b>	155,299
	<b>909,119</b>	925,199	<b>909,119</b>	925,199



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

**A17. OVERHEADS (CONTINUED)**

	1st Quarter Ended		Three months ended	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
<b>Bank</b>				
Personnel costs				
- Salaries, allowances and bonuses	329,930	288,944	329,930	288,944
- Pension costs (defined contribution plan)	39,956	32,231	39,956	32,231
- Pension costs (defined benefit plan)	(60,000)	2,824	(60,000)	2,824
- Overtime	3,377	3,408	3,377	3,408
- Staff incentives and other staff payments	27,158	24,229	27,158	24,229
- Medical expenses	10,685	13,375	10,685	13,375
- Others	17,681	13,058	17,681	13,058
	<b>368,787</b>	<b>378,069</b>	<b>368,787</b>	<b>378,069</b>
Establishment costs				
- Depreciation of property, plant and equipment	44,774	37,509	44,774	37,509
- Rental	39,710	35,137	39,710	35,137
- Repair and maintenance	32,724	40,418	32,724	40,418
- Outsourced services	59,985	64,719	59,985	64,719
- Security expenses	24,749	31,143	24,749	31,143
- Others	5,132	11,507	5,132	11,507
	<b>207,074</b>	<b>220,433</b>	<b>207,074</b>	<b>220,433</b>
Marketing expenses				
- Sales commission	392	11	392	11
- Advertisement	20,356	23,605	20,356	23,605
- Others	4,753	4,877	4,753	4,877
	<b>25,501</b>	<b>28,493</b>	<b>25,501</b>	<b>28,493</b>
Administration and general expenses				
- Communication	11,730	9,766	11,730	9,766
- Consultancy and professional fees	8,888	8,597	8,888	8,597
- Legal expenses	3,197	13,752	3,197	13,752
- Stationery	8,200	8,963	8,200	8,963
- Amortisation of intangible assets	32,280	27,489	32,280	27,489
- Postages	4,900	5,752	4,900	5,752
- Administrative travelling and vehicle expenses	5,137	4,754	5,137	4,754
- Incidental expenses on banking operations	11,768	12,504	11,768	12,504
- Insurance	4,484	15,131	4,484	15,131
- Others	(2,085)	(12,080)	(2,085)	(12,080)
	<b>88,499</b>	<b>94,628</b>	<b>88,499</b>	<b>94,628</b>
	<b>689,861</b>	<b>721,623</b>	<b>689,861</b>	<b>721,623</b>

**PART A - EXPLANATORY NOTES (CONTINUED)****A18. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING**

	1st Quarter Ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- (written-back)/made during the period	(32,181)	36,536	(32,181)	36,536
Portfolio impairment allowance				
- made during the period	86,431	132,877	86,431	132,877
Bad debts :				
- recovered	(82,983)	(50,304)	(82,983)	(50,304)
- written off	1,309	829	1,309	829
	<u>(27,424)</u>	<u>119,938</u>	<u>(27,424)</u>	<u>119,938</u>
<b>Bank</b>				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made during the period	1,237	23,480	1,237	23,480
Portfolio impairment allowance				
- made during the period	66,690	86,606	66,690	86,606
Bad debts :				
- recovered	(45,993)	(43,388)	(45,993)	(43,388)
- written off	102	136	102	136
	<u>22,036</u>	<u>66,834</u>	<u>22,036</u>	<u>66,834</u>

## PART A - EXPLANATORY NOTES (CONTINUED)

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

The following tables summarise the contractual the underlying principal amounts of trading derivative and financial instruments held for hedging purpose. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at the end of the reporting period, and do not represent amounts at risk.

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

#### (i) Derivative financial instruments

At 31 March 2011	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>11,281,200</b>	<b>186,419</b>	<b>(151,643)</b>	<b>9,413,051</b>	<b>180,174</b>	<b>(129,096)</b>
- Less than 1 year	8,914,968	49,805	(123,374)	7,004,819	43,560	(100,471)
- 1 year to 3 years	612,532	36,203	(15,350)	612,532	36,203	(15,350)
- More than 3 years	1,753,700	100,411	(12,919)	1,795,700	100,411	(13,275)
Currency swaps	<b>37,664,826</b>	<b>375,835</b>	<b>(341,112)</b>	<b>32,053,408</b>	<b>326,332</b>	<b>(298,209)</b>
- Less than 1 year	37,363,720	369,356	(336,036)	31,752,302	319,853	(293,133)
- 1 year to 3 years	48,763	1,439	-	48,763	1,439	-
- More than 3 years	252,343	5,040	(5,076)	252,343	5,040	(5,076)
Currency spot	<b>8,569,222</b>	<b>4,926</b>	<b>(4,911)</b>	<b>6,690,415</b>	<b>3,083</b>	<b>(3,516)</b>
- Less than 1 year	8,569,222	4,926	(4,911)	6,690,415	3,083	(3,516)
Currency option	<b>2,148,467</b>	<b>5,224</b>	<b>(8,226)</b>	<b>2,133,386</b>	<b>5,210</b>	<b>(8,197)</b>
- Less than 1 year	2,148,467	5,224	(8,226)	2,133,386	5,210	(8,197)
Cross currency interest rate swaps	<b>16,481,360</b>	<b>756,077</b>	<b>(883,719)</b>	<b>15,574,859</b>	<b>721,087</b>	<b>(850,206)</b>
- Less than 1 year	5,632,098	260,191	(295,226)	5,057,990	218,515	(287,841)
- 1 year to 3 years	5,674,599	305,079	(339,344)	5,655,689	311,765	(318,179)
- More than 3 years	5,174,663	190,807	(249,149)	4,861,180	190,807	(244,186)
	<b>76,145,075</b>	<b>1,328,481</b>	<b>(1,389,611)</b>	<b>65,865,119</b>	<b>1,235,886</b>	<b>(1,289,224)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>204,557,903</b>	<b>1,586,593</b>	<b>(1,262,941)</b>	<b>175,029,956</b>	<b>1,449,217</b>	<b>(1,102,571)</b>
- Less than 1 year	38,771,882	126,665	(124,801)	28,926,419	94,597	(107,356)
- 1 year to 3 years	107,552,820	541,763	(492,212)	94,933,506	529,051	(492,021)
- More than 3 years	58,233,201	918,165	(645,928)	51,170,031	825,569	(503,194)
Interest rate futures	<b>13,365,326</b>	<b>14,367</b>	<b>(8,707)</b>	<b>13,365,326</b>	<b>14,367</b>	<b>(8,707)</b>
- Less than 1 year	5,502,550	5,811	(6,691)	5,502,550	5,811	(6,691)
- 1 year to 3 years	6,816,464	6,052	(2,016)	6,816,464	6,052	(2,016)
- More than 3 years	1,046,312	2,504	-	1,046,312	2,504	-
Interest rate options	<b>750,000</b>	<b>7,362</b>	<b>(3,583)</b>	<b>750,000</b>	<b>7,362</b>	<b>(3,583)</b>
- Less than 1 year	600,000	-	-	600,000	-	-
- 1 year to 3 years	100,000	5,187	(3,199)	100,000	5,187	(3,199)
- More than 3 years	50,000	2,175	(384)	50,000	2,175	(384)
	<b>218,673,229</b>	<b>1,608,322</b>	<b>(1,275,231)</b>	<b>189,145,282</b>	<b>1,470,946</b>	<b>(1,114,861)</b>
<u>Equity related derivatives</u>						
Equity swap	<b>282,232</b>	<b>2,027</b>	<b>(54,604)</b>	<b>282,232</b>	<b>1,253</b>	<b>(53,829)</b>
- Less than 1 year	257,909	-	(52,597)	257,909	-	(52,597)
- 1 year to 3 years	19,375	230	(223)	19,375	230	(223)
- More than 3 years	4,948	1,797	(1,784)	4,948	1,023	(1,009)
Equity options	<b>10,301,102</b>	<b>549,535</b>	<b>(961,745)</b>	<b>8,001,576</b>	<b>529,567</b>	<b>(941,819)</b>
- Less than 1 year	7,217,149	156,642	(558,124)	6,786,248	154,560	(556,042)
- 1 year to 3 years	1,092,443	359,357	(367,071)	5,785	350,561	(358,317)
- More than 3 years	1,991,510	33,536	(36,550)	1,209,543	24,446	(27,460)
Index futures	<b>9,392</b>	<b>5</b>	<b>(71)</b>	<b>9,392</b>	<b>5</b>	<b>(71)</b>
- Less than 1 year	9,392	5	(71)	9,392	5	(71)
	<b>10,592,726</b>	<b>551,567</b>	<b>(1,016,420)</b>	<b>8,293,200</b>	<b>530,825</b>	<b>(995,719)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

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

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

At 31 March 2011	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	<b>36,274</b>	<b>5,668</b>	<b>(5,389)</b>	<b>36,274</b>	<b>5,668</b>	<b>(5,389)</b>
- Less than 1 year	5,990	764	(705)	5,990	764	(705)
- 1 year to 3 years	30,284	4,904	(4,684)	30,284	4,904	(4,684)
Commodity future	<b>42,510</b>	<b>1,344</b>	<b>(38)</b>	<b>42,510</b>	<b>1,344</b>	<b>(38)</b>
- Less than 1 year	25,238	906	(14)	25,238	906	(14)
- 1 year to 3 years	17,272	438	(24)	17,272	438	(24)
Commodity options	<b>102,884</b>	<b>14,089</b>	<b>(14,090)</b>	<b>102,884</b>	<b>14,089</b>	<b>(14,090)</b>
- Less than 1 year	102,854	14,089	(14,089)	102,854	14,089	(14,089)
- 1 year to 3 years	30	-	(1)	30	-	(1)
	<b>181,668</b>	<b>21,101</b>	<b>(19,517)</b>	<b>181,668</b>	<b>21,101</b>	<b>(19,517)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>1,736,824</b>	<b>31,780</b>	<b>(62,476)</b>	<b>1,736,824</b>	<b>31,780</b>	<b>(62,476)</b>
- Less than 1 year	378,250	51	(1,610)	378,250	51	(1,610)
- 1 year to 3 years	541,554	133	(5,271)	541,554	133	(5,271)
- More than 3 years	817,020	31,596	(55,595)	817,020	31,596	(55,595)
<u>Hedging derivatives</u>						
Interest rate swaps	<b>12,171,760</b>	<b>126,906</b>	<b>(199,607)</b>	<b>15,915,170</b>	<b>178,195</b>	<b>(197,571)</b>
- Less than 1 year	365,212	9,365	-	365,212	9,365	-
- 1 year to 3 years	1,770,500	20,784	-	1,770,500	20,784	-
- More than 3 years	10,036,048	96,757	(199,607)	13,779,458	148,046	(197,571)
Total derivatives assets/(liabilities)	<b>319,501,282</b>	<b>3,668,157</b>	<b>(3,962,862)</b>	<b>281,137,263</b>	<b>3,468,733</b>	<b>(3,679,368)</b>

## PART A - EXPLANATORY NOTES (CONTINUED)

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

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

At 31 December 2010	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	<b>10,295,460</b>	<b>159,844</b>	<b>(154,852)</b>	<b>8,546,302</b>	<b>152,256</b>	<b>(102,140)</b>
- Less than 1 year	8,019,805	52,355	(127,493)	6,270,647	44,767	(73,826)
- 1 year to 3 years	423,654	13,602	(4,281)	423,654	13,602	(4,281)
- More than 3 years	1,852,001	93,887	(23,078)	1,852,001	93,887	(24,033)
Currency swaps	<b>34,680,313</b>	<b>515,786</b>	<b>(488,225)</b>	<b>31,027,117</b>	<b>457,444</b>	<b>(446,027)</b>
- Less than 1 year	34,371,184	507,987	(485,176)	30,717,988	449,645	(442,978)
- 1 year to 3 years	49,362	2,018	-	49,362	2,018	-
- More than 3 years	259,767	5,781	(3,049)	259,767	5,781	(3,049)
Currency spot	<b>270,937</b>	<b>305</b>	<b>(197)</b>	<b>134,454</b>	<b>282</b>	<b>(148)</b>
- Less than 1 year	270,937	305	(197)	134,454	282	(148)
Currency option	<b>2,404,827</b>	<b>1,624</b>	<b>(5,694)</b>	<b>2,404,828</b>	<b>1,624</b>	<b>(5,694)</b>
- Less than 1 year	2,404,827	1,624	(5,694)	2,404,828	1,624	(5,694)
Cross currency interest rate swaps	<b>16,047,393</b>	<b>687,934</b>	<b>(736,030)</b>	<b>15,375,452</b>	<b>649,282</b>	<b>(740,073)</b>
- Less than 1 year	4,983,605	208,267	(239,136)	4,395,165	163,949	(231,353)
- 1 year to 3 years	5,862,844	265,963	(284,832)	6,100,611	271,629	(305,079)
- More than 3 years	5,200,944	213,704	(212,062)	4,879,676	213,704	(203,641)
	<b>63,698,930</b>	<b>1,365,493</b>	<b>(1,384,998)</b>	<b>57,488,153</b>	<b>1,260,888</b>	<b>(1,294,082)</b>
<u>Interest rate derivatives</u>						
Interest rate swaps	<b>181,322,125</b>	<b>1,698,397</b>	<b>(1,323,655)</b>	<b>161,336,017</b>	<b>1,511,081</b>	<b>(1,168,420)</b>
- Less than 1 year	53,935,327	327,540	(309,313)	46,104,326	314,648	(295,194)
- 1 year to 3 years	63,088,197	420,408	(361,841)	47,945,246	320,781	(324,795)
- More than 3 years	64,298,601	950,449	(652,501)	67,286,445	875,652	(548,431)
Interest rate futures	<b>13,746,090</b>	<b>18,185</b>	<b>(15,428)</b>	<b>13,746,090</b>	<b>18,185</b>	<b>(15,428)</b>
- Less than 1 year	7,276,246	8,610	(13,457)	7,276,246	8,610	(13,457)
- 1 year to 3 years	5,273,591	6,772	(1,971)	5,273,591	6,772	(1,971)
- More than 3 years	1,196,253	2,803	-	1,196,253	2,803	-
Interest rate options	<b>750,000</b>	<b>7,179</b>	<b>(3,602)</b>	<b>750,000</b>	<b>7,179</b>	<b>(3,602)</b>
- Less than 1 year	600,000	-	-	600,000	-	-
- 1 year to 3 years	100,000	5,314	(2,818)	100,000	5,314	(2,818)
- More than 3 years	50,000	1,865	(784)	50,000	1,865	(784)
	<b>195,818,215</b>	<b>1,723,761</b>	<b>(1,342,685)</b>	<b>175,832,107</b>	<b>1,536,445</b>	<b>(1,187,450)</b>
<u>Equity related derivatives</u>						
Equity swaps	<b>273,717</b>	<b>1,777</b>	<b>(51,329)</b>	<b>273,717</b>	<b>1,777</b>	<b>(51,329)</b>
- Less than 1 year	272,086	1,433	(51,023)	272,086	1,433	(51,023)
- More than 3 years	1,631	344	(306)	1,631	344	(306)
Equity options	<b>10,545,684</b>	<b>223,081</b>	<b>(606,369)</b>	<b>8,326,139</b>	<b>216,503</b>	<b>(600,027)</b>
- Less than 1 year	3,593,370	168,358	(571,441)	2,955,630	166,185	(569,504)
- 1 year to 3 years	3,606,022	3,849	(3,849)	2,530,542	121	(121)
- More than 3 years	3,346,292	50,874	(31,079)	2,839,967	50,197	(30,402)
Index futures	<b>9,089</b>	<b>-</b>	<b>(137)</b>	<b>9,089</b>	<b>-</b>	<b>(137)</b>
- Less than 1 year	9,089	-	(137)	9,089	-	(137)
	<b>10,828,490</b>	<b>224,858</b>	<b>(657,835)</b>	<b>8,608,945</b>	<b>218,280</b>	<b>(651,493)</b>

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

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

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

At 31 December 2010	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Commodity related derivatives</u>						
Commodity swaps	<b>60,480</b>	<b>4,085</b>	-	<b>60,480</b>	<b>4,085</b>	-
- Less than 1 year	20,400	1,624	-	20,400	1,624	-
- 1 year to 3 years	40,080	2,461	-	40,080	2,461	-
Commodity future	<b>60,553</b>	<b>1</b>	<b>(3,653)</b>	<b>60,553</b>	<b>1</b>	<b>(3,653)</b>
- Less than 1 year	60,553	1	(3,653)	60,553	1	(3,653)
Commodity options	<b>104,840</b>	<b>15,028</b>	<b>(15,028)</b>	<b>104,840</b>	<b>15,028</b>	<b>(15,028)</b>
- Less than 1 year	70,921	12,068	(12,068)	70,921	12,068	(12,068)
- 1 year to 3 years	33,919	2,960	(2,960)	33,919	2,960	(2,960)
	<b>225,873</b>	<b>19,114</b>	<b>(18,681)</b>	<b>225,873</b>	<b>19,114</b>	<b>(18,681)</b>
<u>Credit related contract</u>						
Credit default swaps	<b>1,366,348</b>	<b>29,138</b>	<b>(56,883)</b>	<b>1,366,348</b>	<b>29,138</b>	<b>(56,883)</b>
- Less than 1 year	194,617	358	(175)	194,617	358	(175)
- 1 year to 3 years	169,593	143	(2,386)	169,593	143	(2,386)
- More than 3 years	1,002,138	28,637	(54,322)	1,002,138	28,637	(54,322)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	<b>218,378</b>	-	<b>(43,342)</b>	-	-	-
- More than 3 years	218,378	-	(43,342)	-	-	-
Interest rate swaps	<b>12,412,998</b>	<b>138,527</b>	<b>(206,716)</b>	<b>16,752,811</b>	<b>198,669</b>	<b>(215,226)</b>
- Less than 1 year	965,611	9,719	-	965,611	9,719	-
- 1 year to 3 years	800,500	24,969	-	800,500	24,970	-
- More than 3 years	10,646,887	103,839	(206,716)	14,986,700	163,980	(215,226)
Total derivatives assets/(liabilities)	<b>284,569,232</b>	<b>3,500,891</b>	<b>(3,711,140)</b>	<b>260,274,237</b>	<b>3,262,534</b>	<b>(3,423,815)</b>

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

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

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

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

##### **Market Risk**

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

##### **Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM3,668,157,000 and RM3,468,733,000 respectively (31 December 2010: RM3,500,891,000 and RM3,262,534,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group are discussed in the audited annual financial statements for the financial year ended 31 December 2010.

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

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

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

<b>The Group</b>	<b>31-Mar-11</b>	<b>31-Dec-10</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related</u>		
Direct credit substitutes	2,331,607	2,147,004
Transaction-related contingent items	4,775,818	4,338,700
Short-term self-liquidating trade-related contingencies	2,690,984	3,511,093
Obligations under underwriting agreement	225,000	235,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	34,873,042	33,360,091
- maturity exceeding one year	6,922,188	6,778,212
Forward asset purchase	1,189,299	3,084
Miscellaneous commitments and contingencies	6,407,661	5,908,957
Total credit-related commitments and contingencies	<b>59,415,599</b>	<b>56,282,141</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	53,759,200	45,578,346
- one year to less than 5 years	9,893,721	10,326,952
- five years and above	3,653,063	3,353,629
	<b>67,305,984</b>	<b>59,258,927</b>
Interest rate related contracts :		
- less than one year	51,202,351	55,274,126
- one year to less than 5 years	119,705,174	103,488,444
- five years and above	33,419,742	23,566,421
	<b>204,327,267</b>	<b>182,328,991</b>
Equity related contracts:		
- less than one year	2,921,293	3,614,590
- one year to less than 5 years	5,038,754	5,121,016
- five years and above	2,632,678	2,092,883
	<b>10,592,725</b>	<b>10,828,490</b>
Other treasury related contracts	36,234,354	31,285,226
Total treasury-related commitments and contingencies	<b>318,460,330</b>	<b>283,701,634</b>
	<b>377,875,929</b>	<b>339,983,775</b>



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

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

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

	<b>31-Mar-11</b>	<b>31-Dec-10</b>
	<b>Principal</b>	<b>Principal</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Bank</b>		
<u>Credit-related</u>		
Direct credit substitutes	2,117,082	1,880,066
Transaction-related contingent items	3,578,184	3,158,201
Short-term self-liquidating trade-related contingencies	2,381,890	3,228,857
Obligations under underwriting agreement	225,000	235,000
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	33,340,022	31,228,089
- maturity exceeding one year	5,560,874	5,366,611
Forward assets purchase	1,066,665	3,084
Miscellaneous commitments and contingencies	2,333,610	1,195,586
Total credit-related commitments and contingencies	<b>50,603,327</b>	<b>46,295,494</b>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	52,470,129	43,923,081
- one year to less than 5 years	9,727,870	10,184,529
- five years and above	3,667,120	3,380,543
	<b>65,865,119</b>	<b>57,488,153</b>
Interest rate related contracts :		
- less than one year	51,398,074	55,007,853
- one year to less than 5 years	118,168,111	101,633,153
- five years and above	36,371,807	36,668,534
	<b>205,937,992</b>	<b>193,309,540</b>
Equity related contracts:		
- less than one year	2,490,394	2,976,850
- one year to less than 5 years	3,952,096	4,045,536
- five years and above	1,850,710	1,586,558
	<b>8,293,200</b>	<b>8,608,944</b>
Total treasury-related commitments and contingencies	<b>280,096,311</b>	<b>259,406,637</b>
	<b>330,699,638</b>	<b>305,702,131</b>

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

### **A20. CAPITAL ADEQUACY**

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

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

	<b>The Group</b>		<b>The Bank*</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
Core capital ratio	<b>10.94%</b>	11.42% #	<b>13.39%</b>	13.90% #
Risk-weighted capital ratio	<b>14.34%</b>	14.89% #	<b>14.37%</b>	14.80% #

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

	<b>The Group</b>		<b>The Bank*</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>107,105,365</b>	104,892,665	<b>88,630,144</b>	87,236,173
Market risk	<b>12,883,167</b>	9,658,308	<b>11,987,687</b>	9,176,183
Large exposure risk requirements	<b>362,848</b>	360,424	<b>362,848</b>	360,424
Operational risk	<b>11,518,216</b>	11,242,737	<b>9,368,138</b>	9,604,531
Total risk-weighted assets	<b>131,869,596</b>	126,154,134	<b>110,348,817</b>	106,377,311

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

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

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

	<b>The Group</b>		<b>The Bank*</b>	
	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>	<b>31 Mar 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I capital</b>				
Paid-up capital	3,764,469	3,764,469	3,764,469	3,764,469
Perpetual preference shares	200,000	200,000	200,000	200,000
Non-innovative Tier I Capital	1,000,000	1,000,000	1,000,000	1,000,000
Innovative Tier I Capital	1,605,200	1,616,700	1,605,200	1,616,700
Other reserves	12,484,209	13,085,117	11,784,137	12,385,045
Non-controlling interests	260,586	260,586	-	-
Less:				
Deferred tax assets	-	-	(22,096)	(22,096)
Goodwill	(4,891,434)	(4,923,428)	(3,555,075)	(3,555,075)
<b>Total Tier I capital</b>	<b>14,423,030</b>	<b>15,003,444</b>	<b>14,776,635</b>	<b>15,389,043</b>
<b>Tier II capital</b>				
Subordinated notes	3,933,533	3,936,919	3,500,000	3,500,000
Redeemable preference shares	29,740	29,740	29,740	29,740
Regulatory reserve	208,996	117,595	174,133	110,190
Portfolio impairment allowance ^	467,084	381,876	282,256	221,940
Surplus of total eligible provision over expected loss under IRB approach	347,700	409,200	412,017	404,989
<b>Total eligible Tier II capital</b>	<b>4,987,053</b>	<b>4,875,330</b>	<b>4,398,146</b>	<b>4,266,859</b>
Less:				
Investment in subsidiaries	(175,352)	(175,352)	(2,998,050)	(2,998,050)
Securitisation exposures subject to deductions^^	(70,116)	(70,116)	(70,116)	(70,116)
Investment in associates	(245,134)	(245,134)	(245,134)	(245,134)
Holding of other banking institutions' capital instruments	(7,926)	(2,842)	(7,926)	(2,842)
<b>Total Eligible Tier II capital</b>	<b>4,488,525</b>	<b>4,381,886</b>	<b>1,076,920</b>	<b>950,717</b>
<b>Total capital base</b>	<b>18,911,555</b>	<b>19,385,330</b>	<b>15,853,555</b>	<b>16,339,760</b>

^ The capital base of the Group and the Bank as at 31 March 2011 has excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM398,728,411 (2010: RM495,950,492) and RM378,818,738 (2010: RM476,240,986) respectively.

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

The investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy

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

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

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

#### **As at 31 Mar 2011**

	<b>CIMB Islamic Bank**</b>	<b>CIMB Thai Bank***</b>	<b>CIMB Bank PLC****</b>
Core capital ratio	<b>11.93%</b>	<b>8.45%</b>	<b>N/A</b>
Risk-weighted capital ratio	<b>15.77%</b>	<b>13.96%</b>	<b>261.16%</b>

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

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

# Net of dividend for financial year ended 31 December 2010, which was paid on 28 March 2011.

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

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

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

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

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

### **A21. SEGMENTAL REPORT**

#### **Definition of segments**

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

#### **Treasury**

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

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

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

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

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

#### **Retail Banking**

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

#### **Business Banking**

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

#### **Foreign Banking Operations**

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

#### **Support and others**

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

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

### **A21. SEGMENTAL REPORT (CONTINUED)**

#### **Group**

**31 March 2011**

	Treasury RM'000	Corporate and Investment Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Net interest income							
- external income	(44,367)	287,238	560,343	77,822	131,235	5,324	1,017,595
- inter-segment	131,469	(123,821)	(80,865)	82,343	(3)	(9,123)	-
	87,102	163,417	479,478	160,165	131,232	(3,799)	1,017,595
Islamic Banking Income	149,734	20,540	135,462	22,991	-	-	328,727
Non-interest income	81,052	104,281	163,557	26,912	37,153	105	413,060
Net income	317,888	288,238	778,497	210,068	168,385	(3,694)	1,759,382
Overheads	(33,671)	(89,819)	(508,047)	(119,754)	(137,925)	(19,903)	(909,119)
of which:							
Depreciation of property, plant and equipment	(1,574)	(4,078)	(33,386)	(8,263)	(6,871)	-	(54,172)
Amortisation of prepaid lease payments	-	-	-	-	(646)	-	(646)
Amortisation of intangible assets	(1,625)	(3,455)	(22,740)	(5,351)	(3,751)	-	(36,922)
Profit before allowance	284,217	198,419	270,450	90,314	30,460	(23,597)	850,263
Allowance for losses on other receivables	(494)	-	(2)	-	-	(35)	(531)
Write-back of/(allowance for) impairment losses on loans, advances and financing	(3)	18,176	(6,064)	10,404	3,393	1,518	27,424
Write-back of allowance for commitments and contingencies	-	-	-	-	-	-	-
Write-back of allowance for other impairment losses	2	(6,749)	-	-	-	(5)	(6,752)
Segment result	283,722	209,846	264,384	100,718	33,853	(22,119)	870,404
Share of results of associates	15,770	-	-	-	-	-	15,770
Share of results of jointly controlled entity	-	-	3,952	-	-	-	3,952
Taxation and zakat	-	-	-	-	-	-	(189,047)
<b>Profit for the financial period</b>							<b>701,079</b>

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

### **A21. SEGMENTAL REPORT (CONTINUED)**

#### **Group**

**31 March 2010**

	<b>Treasury RM'000</b>	<b>Corporate and Investment Banking RM'000</b>	<b>Retail Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Foreign Banking Operations RM'000</b>	<b>Support and Others RM'000</b>	<b>Total RM'000</b>
Net interest income							
- external income	14,020	316,056	509,101	93,747	128,781	11,424	1,073,129
- inter-segment	154,948	(120,325)	(77,035)	48,669	-	(6,257)	-
	168,968	195,731	432,066	142,416	128,781	5,167	1,073,129
Islamic Banking Income	58,726	29,345	112,003	12,550	-	-	212,624
Non-interest income	154,289	35,322	148,684	39,598	46,453	12,448	436,794
Net income	381,983	260,398	692,753	194,564	175,234	17,615	1,722,547
Overheads	(77,018)	(96,535)	(487,382)	(126,291)	(140,248)	2,275	(925,199)
of which:							
Depreciation of property, plant and equipment	(1,755)	(4,264)	(26,017)	(9,349)	(8,643)	-	(50,028)
Amortisation of prepaid lease payments	-	-	-	-	(106)	-	(106)
Amortisation of intangible assets	(1,976)	(3,876)	(18,111)	(4,702)	(2,073)	-	(30,738)
Profit/(loss) before allowance	304,965	163,863	205,371	68,273	34,986	19,890	797,348
Allowance for losses on other receivables	(53)	-	-	-	-	(527)	(580)
Write-back of/(allowance for) impairment losses on loans, advances and financing	2	2,422	(85,591)	(11,392)	(28,531)	3,152	(119,938)
Write-back of allowance for commitments and contingencies	-	-	-	-	307	-	307
Write-back of allowance for other impairment losses	4,994	-	-	-	-	-	4,994
Segment result	309,908	166,285	119,780	56,881	6,762	22,515	682,131
Share of results of associate	10,201	-	-	-	-	-	10,201
Share of results of jointly controlled entity	-	-	2,448	-	-	-	2,448
Taxation and zakat							(150,167)
<b>Profit for the financial period</b>							<b>544,613</b>

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

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

#### **A22a. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	Note	Group		Bank	
		31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>					
Cash and short-term funds		5,693,911	7,840,258	60,867	153,473
Deposit and placement with banks and other financial institutions		1,303,907	1,053,053	113,999	550,177
Financial assets held-for-trading		3,693,761	2,549,533	190,016	201,640
Financial investments available-for-sale		481,768	455,962	-	-
Financial investments held-to-maturity		1,317,947	1,328,746	235,610	235,111
Islamic derivative financial instruments		128,214	157,901	2,270	7,213
Financing, advances and other loans	A22c	23,894,853	22,764,498	334,256	339,921
Other assets		245,004	334,828	1,866	737
Deferred taxation		6,527	5,589	-	-
Taxation recoverable		1,761	-	-	-
Amount due from holding company		453,290	591,695	-	-
Amount due from related companies		49,697	48,767	47,264	47,939
Statutory deposits with Bank Negara Malaysia		290,441	143,406	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		3,223	4,287	-	-
Property, plant and equipment		2,546	1,862	-	-
<b>TOTAL ASSETS</b>		<b>37,702,850</b>	<b>37,416,385</b>	<b>986,148</b>	<b>1,536,211</b>
<b>Liabilities</b>					
Deposits from customers	A22d	22,910,077	23,479,669	328,662	637,441
Deposits and placements of banks and other financial institutions		11,376,186	10,769,939	201,622	566,899
Islamic derivative financial instruments		223,323	199,199	-	-
Other liabilities		681,165	643,911	388,648	266,750
Amount due to holding company		126,073	184,519	-	-
Provision for taxation and zakat		38,165	11,228	-	-
Subordinated Sukuk		300,332	300,000	-	-
<b>TOTAL LIABILITIES</b>		<b>35,655,321</b>	<b>35,588,465</b>	<b>918,932</b>	<b>1,471,090</b>
Ordinary share capital		750,000	750,000	-	-
Perpetual preference shares		70,000	70,000	-	-
Reserves		1,227,529	1,007,920	67,216	65,121
<b>Islamic banking capital funds</b>		<b>2,047,529</b>	<b>1,827,920</b>	<b>67,216</b>	<b>65,121</b>
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>37,702,850</b>	<b>37,416,385</b>	<b>986,148</b>	<b>1,536,211</b>





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

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

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

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
<b>i) By type</b>				
Cashline	306,410	322,529	-	-
Term financing	23,088,462	22,006,349	304,789	339,921
- Housing financing	5,841,179	5,532,014	-	-
- Syndicated term financing	546,786	579,701	166,640	198,715
- Hire purchase receivables	5,279,513	5,234,598	-	-
- Other term financing	11,420,984	10,660,036	138,149	141,206
Bills receivables	1,670	2,235	-	-
Islamic trust receipts	30,060	59,091	-	-
Claims on customers under acceptance credit	259,796	191,657	-	-
Credit card receivables	94,444	90,472	-	-
Revolving credit	446,482	407,330	29,467	-
Other financing	-	11	-	-
Gross financing, advances and other loans	24,227,324	23,079,674	334,256	339,921
Fair value changes arising from fair value hedges	(9,127)	17,997	-	-
	24,218,197	23,097,671	334,256	339,921
Less: Individual impairment allowance	(89,461)	(92,683)	-	-
	24,128,736	23,004,988	334,256	339,921
Less: Portfolio impairment allowance	(233,883)	(240,490)	-	-
<b>Total net financing, advances and other loans</b>	<b>23,894,853</b>	<b>22,764,498</b>	<b>334,256</b>	<b>339,921</b>

During the financial period, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM3,800 million (2010: RM4,400 million) financing using Islamic profit rate swaps.

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
Gross financing hedged	3,800,000	4,400,000	-	-
Fair value changes arising from fair value hedges	(9,127)	17,997	-	-
	3,790,873	4,417,997	-	-

The fair values loss on Islamic profit rate swaps as at 31 March 2011 was RM51.4 million (2010: RM 49.0million)

#### **ii) By geographical distribution**

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
Malaysia	23,893,068	22,739,753	-	-
Other countries	334,256	339,921	334,256	339,921
Gross financing, advances and other loans	24,227,324	23,079,674	334,256	339,921

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

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

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

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

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
Malaysia	350,282	335,879	-	-
Gross impaired financing	350,282	335,879	-	-

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

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
At 1 January	335,879	497,111	-	-
Classified as impaired during the period/year	78,812	337,853	-	258
Reclassified as not impaired during the period/year	(29,727)	(166,596)	-	(92,883)
Amount written back in respect of recoveries	(18,240)	(121,592)	-	-
Amount written off	(16,442)	(84,077)	-	-
Sale of impaired financing	-	(105,739)	-	-
Amount transferred from subsidiary	-	-	-	92,625
Exchange fluctuation	-	(21,081)	-	-
Balance as at 31 March/31 December	350,282	335,879	-	-
Ratio of gross impaired financing, advances and other loans to total financing, advances and other loans	1.45%	1.46%	0.00%	0.00%

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

	Group		Bank	
	31 March 2011 RM'000	31 Dec 2010 RM'000	31 March 2011 RM'000	31 Dec 2010 RM'000
<b>Individual impairment allowance</b>				
At 1 January	92,683	268,587	-	-
Net allowance made during the financial period/year	(2,721)	(94,191)	-	(49,797)
Amount written off	-	(74,076)	-	-
Unwinding income	(501)	(2,622)	-	-
Amount transferred from subsidiary	-	-	-	47,578
Exchange fluctuation	-	(5,015)	-	2,219
Balance as at 31 March/31 December	89,461	92,683	-	-
<b>Portfolio impairment allowance</b>				
At 1 January	240,490	261,029	-	-
Net allowance made during the financial period/year	7,549	162,884	-	-
Amount written off	(14,476)	(61,605)	-	-
Unwinding income	320	(1,838)	-	-
Transfer to intercompany	-	(119,980)	-	-
Balance as at 31 March/31 December	233,883	240,490	-	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	2.24%	2.23%	0.00%	0.00%

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

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

#### **A22d. DEPOSITS FROM CUSTOMERS**

##### **By type of deposits**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2011</b>	<b>31 Dec 2010</b>	<b>31 March 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah</b>				
Demand deposits	<b>2,623,667</b>	2,973,411	<b>54,561</b>	2,045
Savings deposits	<b>797,549</b>	701,147	-	-
General investment deposits	<b>273,223</b>	634,517	<b>273,223</b>	634,517
Fixed return investment account	<b>3,914,409</b>	5,127,333	<b>878</b>	879
Islamic negotiable instruments of deposit	<b>1,083,615</b>	1,033,019	-	-
Commodity Murabahah	<b>452,008</b>	69,379	-	-
Others	<b>28,026</b>	25,191	-	-
	<b>9,172,497</b>	10,563,997	<b>328,662</b>	637,441
<b>Mudharabah</b>				
Demand deposits	<b>2,059,490</b>	1,497,380	-	-
Savings deposits	<b>331,805</b>	289,034	-	-
General investment deposits (inclusive of Special General investment deposits of RM7,825,903,000 (2010: 7,561,472,000))	<b>8,955,105</b>	8,776,494	-	-
Specific investment deposit	<b>2,391,180</b>	2,352,764	-	-
	<b>13,737,580</b>	12,915,672	-	-
<b>Total deposits from customers</b>	<b>22,910,077</b>	23,479,669	<b>328,662</b>	637,441

## A23. CHANGE IN ACCOUNTING POLICIES

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

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

### Consolidated Statement of Changes in Equity

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

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

### Statement of Changes in Equity

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

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

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

### B1. GROUP PERFORMANCE REVIEW

The Group registered a profit before tax of RM890.1 million for the three months ended 31 March 2011, increased by RM195.3 million or 28.1% as compared to RM694.8 million registered in the same period of 2010. Income from Islamic banking operations improved by RM116.1 million to RM328.7 million, mainly attributable to a significant growth in Islamic business activities during the current period under review. Net interest income was slightly decreased by 5.2% to RM1,017.6 million and net non-interest income was lowered by RM23.7 million, mainly due to lower gain from maturity of financial investments held-to-maturity and foreign exchange gain by RM75.5 million and RM308.0 million respectively. However, these losses were offset by higher gain arising from derivative financial instruments of RM171.9 million as opposed to a loss of RM237.5 million reported in March 2010. Overheads decreased by 1.7% to RM909.1 million while allowance for impairment losses on loans, advances and financing reduced by RM147.3 million, mainly due to improvement in credit losses, writeback from recoveries and bad debts recovered.

### B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The 1Q11 financial performance was good with a strong performance from the Malaysian consumer bank. This momentum is expected to continue in the coming quarters.

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

#### a) Basic EPS

The Group and Bank basic and fully diluted EPS is calculated by dividing the net profit for the financial period after minority interests by the weighted average number of ordinary shares in issue during the financial period.

	Group			
	1st Quarter Ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period after minority interests (RM '000)	698,015	542,728	698,015	542,728
Weighted average number of ordinary shares in issue - proforma ( '000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	18.54	14.42	18.54	14.42

	Bank			
	1st Quarter Ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period after minority interests (RM '000)	491,409	473,576	491,409	473,576
Weighted average number of ordinary shares in issue - proforma ( '000)	3,764,469	3,764,469	3,764,469	3,764,469
Basic earnings per share (expressed in sen per share)	13.05	12.58	13.05	12.58

#### b) Diluted EPS

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