CIMB GROUP

CIMB GROUP HOLDINGS BERHAD (50841-W)
(Formerly known as Bumiputra-Commerce Holdings Berhad)

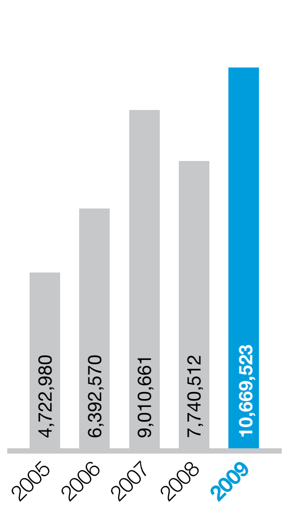
Financial Statements

Annual Report 2009

Five Year Group Financial Highlights

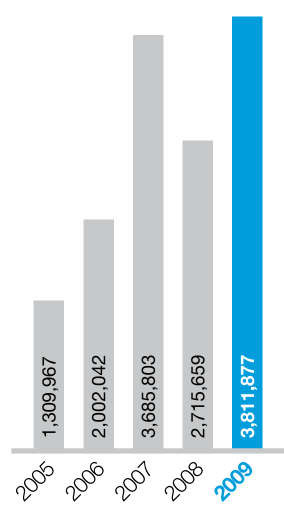
Total Income

RM '000



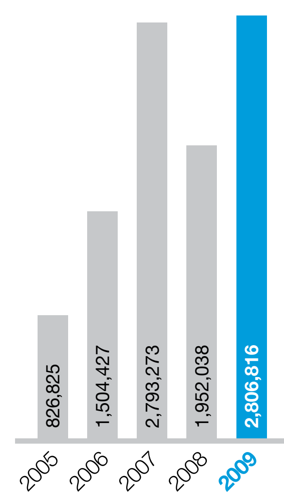
Profit Before Taxation

RM '000



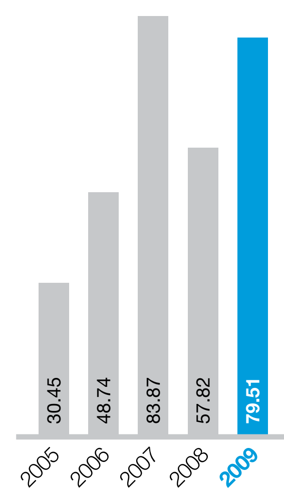
Profit After Taxation

RM '000



Net Earnings Per Share

Sen

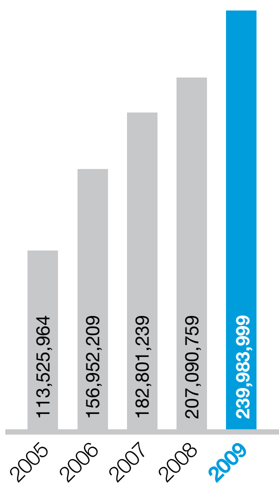


	2009	2008	2007	2006	2005
1 INCOME (RM'000)					
(i) Net interest income	**6,068,906**	4,660,596	4,395,930	3,656,447	2,986,247
(ii) Non-interest income	**4,600,617**	3,079,916	4,614,731	2,736,123	1,736,733
(iii) Profit before allowances	**4,951,888**	3,618,707	4,783,547	3,034,600	2,444,881
(iv) Profit before taxation	**3,811,877**	2,715,659	3,685,803	2,002,042	1,309,967
(v) Net profit for the financial year	**2,806,816**	1,952,038	2,793,273	1,504,427	826,825
2 BALANCE SHEET (RM'000)					
Assets					
(i) Total assets excluding contra	**239,983,999**	207,090,759	182,801,239	156,952,209	113,525,964
(ii) Total assets including contra	**262,366,131**	233,521,105	201,023,292	171,670,775	124,197,350
(iii) Loans, advances and financing	**142,218,190**	117,382,074	95,904,058	90,334,759	69,095,880
Liabilities and Shareholders' Funds					
(i) Total deposits	**189,013,918**	160,543,494	139,751,258	111,241,419	81,740,235
(ii) Paid-up capital	**3,531,766**	3,578,078	3,374,181	3,184,429	2,756,398
(iii) Total shareholders' funds	**20,345,014**	17,099,203	15,710,051	11,784,530	9,637,453

Five Year Group Financial Highlights

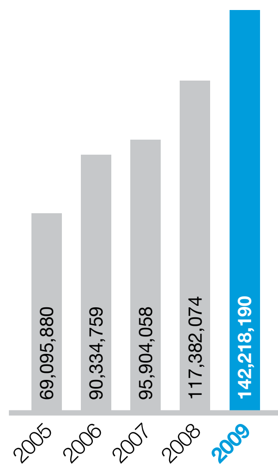
Total Assets

RM '000



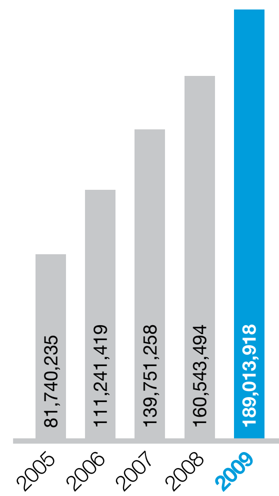
Loans, Advances and Financing

RM '000



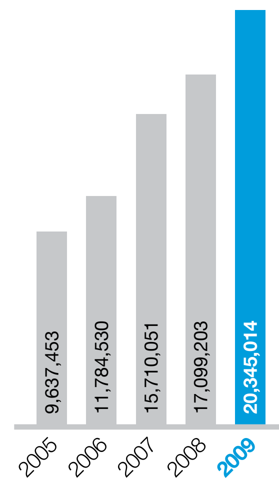
Total Deposits

RM '000



Shareholders' Funds

RM '000



	2009	2008	2007	2006	2005
3 PER SHARE					
(i) Gross earnings (sen) Δ	**107.99**	80.44	110.68	64.86	48.25
(ii) Net earnings (sen) Δ	**79.51**	57.82	83.87	48.74	30.45
(iii) Net tangible asset (RM)	**3.09**	2.52	3.17	2.11	3.26
(iv) Gross dividend (sen) *	**25.00**	25.00	40.00	15.00	15.00
4 FINANCIAL RATIO (%)					
(i) Return on average equity	**14.99**	11.90	20.05	13.98	8.89

* *Gross dividend is computed based on the actual payment made in the respective financial years.*

Δ *Based on the weighted average number of 3,529,967,000 (2008: 3,375,898,000) ordinary shares of RM1.00 each in issue during the financial year ended 31 December 2009.*

Additional information (RM'000)					
Total income	**10,669,523**	7,740,512	9,010,661	6,392,570	4,722,980
Profit After Taxation	**2,806,816**	1,952,038	2,793,273	1,504,427	826,825
Total Assets	**239,983,999**	207,090,759	182,801,239	156,952,209	113,525,964

Financial Calendar 2009

THURSDAY, 15 JANUARY 2009
Notice of Extraordinary General Meeting ("EGM") in relation to the proposed issuance by the Company of five (5)-year warrants to TPG Malaysia Finance, L.P ("TPG") ("Proposed Warrants Issue")

TUESDAY, 3 FEBRUARY 2009
Shareholders of the Company convened at an EGM and approved the Proposed Warrants Issue to TPG

MONDAY, 23 FEBRUARY 2009
Announcement of the unaudited consolidated financial results for the fourth quarter and financial year ended 31 December 2008, and interim dividend of 25 sen comprising 4.3 sen tax exempt dividend and 20.7 sen dividend less income tax of 25% for the year ended 31 December 2008

THURSDAY, 26 FEBRUARY 2009
Notice of book closure for interim dividend for the year ended 31 December 2008

TUESDAY, 10 MARCH 2009
Date of entitlement to the interim dividend for the year ended 31 December 2008

TUESDAY, 31 MARCH 2009
Date of payment of the interim dividend for the year ended 31 December 2008

WEDNESDAY, 15 APRIL 2009
Issue of Notice of 52nd Annual General Meeting and Annual Report for the financial year ended 31 December 2008

FRIDAY, 8 MAY 2009
52nd Annual General Meeting

THURSDAY, 14 MAY 2009
Announcement of the unaudited consolidated financial results for the first quarter ended 31 March 2009

WEDNESDAY, 12 AUGUST 2009
Announcement of the unaudited consolidated financial results for the second quarter and half year ended 30 June 2009, and notice of EGM in relation to the proposed change of Company's name from "Bumiputra-Commerce Holdings Berhad" to "CIMB Group Holdings Berhad"

FRIDAY, 4 SEPTEMBER 2009
Shareholders of the Company convened at an EGM and approved the proposed change of Company's name from "Bumiputra-Commerce Holdings Berhad" to "CIMB Group Holdings Berhad"

TUESDAY, 10 NOVEMBER 2009
Announcement of the unaudited consolidated financial results for the third quarter ended 30 September 2009

Contents

Directors' Report

For the financial year ended 31 December 2009

The Directors have pleasure in submitting their Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are those of investment holding, management company, property management and provision of consultancy services. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominees services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

COMPANY CHANGE OF NAME

The Company's name was changed from Bumiputra-Commerce Holdings Berhad to CIMB Group Holdings Berhad on 9 September 2009, following the shareholders' approval obtained at an Extraordinary General Meeting convened on 4 September 2009.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit after taxation and zakat		
- Equity holders of the Company	2,806,816	614,866
- Minority interests	240,251	-
	3,047,067	614,866

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2008 were as follows:

	RM'000
In respect of the financial year ended 31 December 2008:	
Dividend on 3,527,458,718 ordinary shares, paid on 31 March 2009	
- interim gross dividend of 20.7 sen per ordinary share, less income tax of 25%	547,432
- tax exempt interim dividend of 4.3 sen per ordinary share	151,955
	699,387

The Directors have declared an interim single tier dividend of 18.5 sen per ordinary share, on 3,531,765,410 ordinary shares amounting to RM653,376,601 in respect of the financial year ended 31 December 2009. The interim dividend was approved by the Board of Directors in a resolution dated 18 February 2010.

Directors' Report

For the financial year ended 31 December 2009

RESERVES, PROVISIONS AND ALLOWANCES

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

ISSUANCE OF SHARES

During the financial year, the Company issued 4,316,692 new and fully paid up ordinary shares arising from the following:

Number of shares ('000)	Purpose of issue	Class of issue	Terms of issue
4,317	Pursuant to the conversion of USD zero coupon guaranteed convertible bonds 2004/2009	Ordinary	At an average premium of RM4.81 per share
4,317			

The newly issued shares rank *pari passu* in all respects with the existing issued shares.

SHARE BUY-BACK AND CANCELLATION

The shareholders of the Company, via an ordinary resolution passed at the Annual General Meeting held on 8 May 2009, approved the Company's plan and mandate to authorise the Directors of the Company to buy back up to 10% of its existing paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company bought back 20,000 shares, as stated in Note 30(b) to the Financial Statements, at an average price of RM8.72 per share from the open market using internally generated funds. On 28 December 2009, the Company cancelled 50,629,100 ordinary shares and as at the balance sheet date, there were no ordinary shares held as treasury shares. Accordingly, the adjusted issued and paid-up share capital of the Company with voting rights as at 31 December 2009 was 3,531,765,410 shares.

The shares purchased were previously held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

SHARE-BASED EMPLOYEE BENEFIT PLANS

The various share-based employee benefit plans within the Group and the Company are as follows:

- Modified CIMBB Executive Employee Share Option Scheme ("Modified EESOS")
- Management Equity Scheme ("MES")

The above employee benefit schemes have been further explained in Note 42 to the Financial Statements.

Directors' Report

For the financial year ended 31 December 2009

BAD AND DOUBTFUL DEBTS, AND FINANCING

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than in the ordinary course of business.

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report

For the financial year ended 31 December 2009

ITEMS OF AN UNUSUAL NATURE

In opinion of the Directors:

(a) the results of the Group's and the Company's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Notes 46 and 49 to the Financial Statements; and

(b) except as disclosed in Note 47 to the Financial Statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this Report is made.

DIRECTORS

The Directors of the Company who have held office since the date of the last report and at the date of this report are as follows:

Tan Sri Dato' Md Nor bin Md Yusof	
Dato' Sri Mohamed Nazir bin Abdul Razak	
Tan Sri Dato' Seri Haidar bin Mohamed Nor	
Dato' Zainal Abidin bin Putih	
Dato' Hamzah bin Bakar	
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	
Dato' Mohd Shukri bin Hussin	
Dato' Robert Cheim Dau Meng	
Cezar Peralta Consing	
Hiroyuki Kudo	
Glenn Muhammad Surya Yusuf	(appointed on 25 January 2010)
Watanan Petersik	(appointed on 25 January 2010)

In accordance with Article 76 of the Articles of Association, the following Directors retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Dato' Robert Cheim Dau Meng
Cezar Peralta Consing

In accordance with Article 83 of the Articles of Association, the following Directors retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

Glenn Muhammad Surya Yusuf
Watanan Petersik

Tan Sri Dato' Seri Haidar bin Mohamed Nor who is above the age of seventy (70), retires from the Board at the Annual General Meeting pursuant to Section 129 of the Companies Act, 1965. Under Section 129(6) of the Companies Act, 1965 it is proposed that a resolution be passed to re-elect him as Director of the Company to hold office until the next Annual General Meeting of the Company.

Directors' Report

For the financial year ended 31 December 2009

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

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

	No. of ordinary shares of RM1 each			
	As at 1 January	Acquired	Disposed	As at 31 December
CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad)				
Direct interest				
Tan Sri Dato' Md Nor bin Md Yusof	600,000	-	(200,000)	400,000
* Dato' Sri Mohamed Nazir bin Abdul Razak	27,953,261	-	(490,000)	27,463,261
^ Dato' Zainal Abidin bin Putih	55,000	-	-	55,000
Dato' Mohd Shukri bin Hussin	300,112	-	-	300,112
Dato' Robert Cheim Dau Meng	150,000	-	(100,000)	50,000
Hiroyuki Kudo	-	80,000	(80,000)	-

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

	No. of ordinary shares of RM1 each				
	As at 1 January	Transferred from spouse	Acquired	Disposed	As at 31 December
* Datin Sri Azlina binti Abdul Aziz	4,000,000	-	-	-	4,000,000
^ Datin Jasmine binti Abdullah Heng	10,000	-	-	-	10,000
^ Mohamad Ari Zulkarnain bin Zainal Abidin	5,000	-	-	-	5,000

	No. of share options over ordinary shares of RM1 each granted under Modified CIMB EESOS@			
	As at 1 January	Granted	Exercised	As at 31 December
Hiroyuki Kudo	-	80,000	(80,000)	-

@ The options were granted at the option prices of RM4.84 and expired on 29 December 2009.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 37 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Modified CIMBB EESOS and Management Equity Scheme (see Note 42 to the Financial Statements) as disclosed in this report.

Directors' Report

For the financial year ended 31 December 2009

2009 BUSINESS PLAN AND STRATEGY

In 2009, our primary agenda was to strengthen the foundations of our regional platform in our core markets of Malaysia, Indonesia, Singapore and Thailand in line with our 2009 theme of "Regional Universal Banking". Following the onset of the global financial crisis, we braced ourselves for a tough operating environment across economies and financial markets. As it turned out, although most of the region's economies contracted, borrowers remained resilient and financial markets rebounded sharply in the later part of the year. CIMB Group posted record turnover and profits, and met or exceeded all its key targets for the year.

Following the merger of Bank Niaga and Bank Lippo, and the acquisition of BankThai Public Company Ltd. ("BankThai"), we were very focused on integrating and strengthening our regional platform. In Indonesia, CIMB Niaga successfully navigated the myriad operational challenges of the Niaga-Lippo business and IT systems integration in May, ahead of schedule and below budget. In Thailand, we completed the BankThai acquisition exercise in January, rebranded it "CIMB Thai" and we initiated its transformation programme and restructured its balance sheet. In Singapore, we launched our retail banking proposition with a unique variant of the direct banking model to mitigate our limitation of having only 2 branches. We also formally completed our acquisition of a 19.99% stake in Bank of Yingkou Co. Ltd. in China in April, and committed to a 10% equity interest in Vinashin Shipbuilding Finance Company Securities LLC in Vietnam in August, with an option to increase our stake to 40%.

In line with CIMB Group's positioning as a Southeast Asia ("SEA") banking franchise, we undertook a region-wide brand harmonisation exercise. Completed in September, all our 1113 branches from Chiang Rai to Bali and the various corporate entities assumed the Group's icon. This initiative coincided neatly with our new SEA-centric branding and marketing campaign, and the regional alignment of some of our key products and services including treasury, investment banking, our Preferred segment, credit cards and support functions.

CIMB Group achieved a good set of financial results in 2009 - our businesses responded positively and quickly to the improved operating environment as the year progressed. CIMB Group's revenues in 2009 hit a record RM10.67 billion while profit before tax ("PBT") surged to RM3.81 billion, up 40.4% year-on-year ("Y-o-Y") from 2008. The Group's Malaysian consumer "good" bank PBT grew 46.1% Y-o-Y to RM612 million on the back of a 30.9% Y-o-Y drop in net loan loss provisions. As expected, the lower recoveries at Group Special Assets Management (or "bad" bank) brought about the relatively flat 1% Y-o-Y growth in PBT at the overall Malaysian consumer bank. PBT contribution from Treasury & Investments increased 54.9% Y-o-Y to RM1.475 billion but the comparatively slower capital markets and higher international portfolio provisioning brought about a 20.3% Y-o-Y decline in Corporate & Investment Banking PBT to RM691 million. Asset Management and Insurance PBT jumped to RM120 million in 2009 from a RM50 million loss last year due to the better performance of its fund management companies and a turnaround in CIMB-Aviva's operations.

CIMB Niaga's contribution surged 160.6% Y-o-Y to RM787 million from RM302 million last year due to the addition of the ex-Bank Lippo franchise and the favourable operating environment in Indonesia. CIMB Thai brought its maiden full-year PBT contribution of RM47 million. The relative outperformance of CIMB Niaga, turnaround at CIMB-GK Securities, our global equities franchise, and the return to profitability of CIMB Thai underpinned a dramatic increase in total non-Malaysian PBT contribution to the Group, from 11% in 2008 to 26% in 2009.

The Group's total gross loans grew 21.5% Y-o-Y partly due to the inclusion of CIMB Thai's loans in 2009. Excluding this, the Group's gross loans expanded by 14.2% Y-o-Y, against a target of 8%. Total deposits grew Y-o-Y by 21.8% and 15.6% excluding CIMB Thai. And while loan loss provisions for the Group increased 28.7% to RM1.023 billion largely due to the inclusion of CIMB Thai and higher provisioning from the international portfolio, the Group's net NPL ratio hit an all-time low of 2.0% compared to 2.3% at the end of 2008.

CIMB Group undertook various initiatives to ensure that our capital position remained strong throughout 2009, and in anticipation of the adoption of Financial Reporting Standards 139 and Basel II in 2010. As a result, CIMB Bank's Risk Weighted Capital-adequacy Ratio ("RWCR") improved further to 15.1% from 13.9% at the end of 2008. CIMB Group's double leverage and gearing stood at 119.4% and 27.0% respectively, as at end 2009. CIMB Bank received a 2-notch credit rating upgrade to AAA by Rating Agency Malaysia, validating CIMB Bank's current financial strength and successful business transformation over the last 4 years.

Directors' Report

For the financial year ended 31 December 2009

OUTLOOK FOR 2010

CIMB Group's 2010 theme is "Unifying CIMB" as we recognise that many components of the Group are still new and that a better integrated and fully aligned set of businesses and companies would be a much stronger competitive force. As such, much focus will remain on reinforcing organisational cohesion between our businesses within and across borders. We anticipate a fresh set of challenges in 2010, from more intense competition, in particular in Indonesia, to the expected upward swing in the interest rate cycle and the complexities arising from the ongoing global banking regulatory reform. We are nevertheless optimistic about CIMB Group's prospects in the year ahead, and have raised our Return on Equity ("ROE") target to 16.0%. Nevertheless, it is imperative that the Group remains vigilant towards potential downside risk in what remains to be a fragile global economic recovery.

RATINGS BY EXTERNAL RATING AGENCIES

Details of the rating of the Company and its debt securities are as follows:

Rating agency	Date accorded	Rating classification
Malaysian Rating Corporation Berhad	June 2009	Long-term – AA and AA_{ID} Short-term – MARC-1and $MARC\text{-}1_{ID}$ Outlook – Stable

Rating classification description:

MARC has reaffirmed the long-term senior debt rating of the Company's RM6.0 billion Conventional and Islamic Commercial Papers/ Medium Term Notes Programme at AA and AA_{ID} whilst reaffirming its short-term senior debt rating of MARC-1 and $MARC\text{-}1_{ID}$. The ratings reflect the continued earnings strength and robust internal capital generation of the banking operations, in particular that of the universal bank, which provides a very substantial part of the consolidated recurring earnings of the Company.

Rating agency	Date accorded	Rating classification
Malaysian Rating Corporation Berhad	June 2009	A+

Rating classification description:

MARC has assigned a rating of A+ to the Company's Cumulative Subordinated Fixed Rate Notes Programme with a limit of RM3.0 billion in nominal value. The rating outlook is stable.

On 9 March 2010, MARC has withdrawn the rating upon request by the Company and as such will no longer carry out surveillance on the subordinated notes which remains outstanding.

Rating agency	Date accorded	Rating classification
Standard & Poor's	December 2009	Long-term – BBB- Short-term – A-3 Outlook – Stable

Rating classification description:

Standard & Poor's has reaffirmed its BBB-/Stable/A-3 credit ratings on the Company. The ratings reflect the shared and well diversified financial profile of the Group's operating entities, its strong market position and established franchise in Malaysia. The Group has also reasonable geographic diversity with financial operations in the region, particularly in Indonesia and Singapore. The ratings also reflect the application of Standard & Poor's group methodology for holding companies and the individual credit profiles of the holding company's core operating subsidiaries, in particular CIMB Bank Berhad and CIMB Investment Bank Berhad.

Directors' Report

For the financial year ended 31 December 2009

SHARIAH COMMITTEE

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

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

The members of the Shariah Committee are as follows:

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

ZAKAT OBLIGATIONS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 46 to the Financial Statements.

SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR END

Subsequent events after the financial year end are disclosed in Note 47 to the Financial Statements.

AUDITORS

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

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

Tan Sri Dato' Md Nor bin Md Yusof
Chairman

Dato' Sri Mohamed Nazir bin Abdul Razak
Managing Director

Kuala Lumpur
30 March 2010

Statement by Directors

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

We, Tan Sri Dato' Md Nor bin Md Yusof and Dato' Sri Mohamed Nazir bin Abdul Razak, being two of the Directors of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad), hereby state that, in the opinion of the Directors, the Financial Statements set out on pages 013 to 232 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results and cash flows of the Group and of the Company for the financial year ended on that date, in accordance with the provisions of the Companies Act, 1965, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and Bank Negara Malaysia Guidelines.

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

Tan Sri Dato' Md Nor bin Md Yusof
Chairman

Dato' Sri Mohamed Nazir bin Abdul Razak
Managing Director

Kuala Lumpur
30 March 2010

Statutory Declaration

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

I, Kim Kenny, being the officer primarily responsible for the financial management of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad), do solemnly and sincerely declare that the Financial Statements set out on pages 013 to 232 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Kim Kenny

Subscribed and solemnly declared by the abovenamed Kim Kenny at Kuala Lumpur before me, on 30 March 2010.

Commissioner for Oath

Independent Auditors' Report

To the members of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad)
Company No: 50841-W (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad), which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 013 to 232.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these Financial Statements in accordance with the Companies Act, 1965, MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and Bank Negara Malaysia Guidelines. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the Financial Statements have been properly drawn up in accordance with the Companies Act, 1965, MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

To the members of CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad)
Company No: 50841-W (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the Financial Statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the Financial Statements.

(c) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Company's Financial Statements are in form and content appropriate and proper for the purposes of the preparation of the Financial Statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Dato' Ahmad Johan Bin Mohammad Raslan
(No. 1867/09/10 (J))
Chartered Accountant

Kuala Lumpur
30 March 2010

Consolidated Balance Sheets

As at 31 December 2009

	Note	2009 RM'000	2008 RM'000
Assets			
Cash and short-term funds	2	28,274,687	24,408,711
Securities purchased under resale agreements		4,544,873	3,311,243
Deposits and placements with banks and other financial institutions	3	2,383,055	4,063,276
Securities held for trading	4	14,999,302	10,423,239
Available-for-sale securities	5	11,000,536	11,608,213
Held-to-maturity securities	6	14,266,710	11,921,430
Derivative financial instruments	7	3,689,831	5,723,801
Loans, advances and financing	8	142,218,190	117,382,074
Other assets	9	5,221,796	4,154,483
Deferred tax assets	10	293,708	260,062
Tax recoverable		110,416	388,756
Statutory deposits with central banks	11	843,757	2,736,345
Investment in associates	13	487,619	786,066
Investment in jointly controlled entities	14	161,519	127,701
Property, plant and equipment	15	1,499,066	1,559,550
Investment properties	16	120,349	100,175
Prepaid lease payments	17	279,924	256,788
Goodwill	18	7,694,653	6,204,724
Intangible assets	19	1,667,784	1,591,670
		239,757,775	207,008,307
Non-current assets held for sale	51	226,224	82,452
Total assets		239,983,999	207,090,759
Liabilities			
Deposits from customers	20	178,882,336	146,890,210
Deposits and placements of banks and other financial institutions	21	10,131,582	13,653,284
Obligations on securities sold under repurchase agreements		565,097	62,924
Derivative financial instruments	7	3,492,587	5,168,280
Bills and acceptances payable		4,494,794	3,333,266
Other liabilities	22	8,105,303	7,498,706
Deferred tax liabilities	10	13,247	14,895
Current tax liabilities		428,565	212,220
Amount due to Cagamas Berhad		335,612	993,818
Bonds	24	443,051	24,374
Other borrowings	25	3,218,286	4,004,836
Subordinated notes	26	6,342,738	5,443,518
Non-cumulative guaranteed and redeemable preference shares	28(a), 28(b)	884,087	948,336
		217,337,285	188,248,667
Liabilities directly associated with non-current assets classified as held for sale	51	-	29,499
Total liabilities		217,337,285	188,278,166

Consolidated Balance Sheets

As at 31 December 2009

	Note	2009 RM'000	2008 RM'000
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary share capital	27	3,531,766	3,578,078
Reserves	29	16,813,811	14,057,017
Less: Shares held under trust	30(a)	(563)	(74,190)
Treasury shares, at cost	30(b)	-	(461,702)
		20,345,014	17,099,203
Perpetual preference shares	28(c)	200,000	200,000
Minority interests		2,101,700	1,513,390
Total equity		22,646,714	18,812,593
Total equity and liabilities		239,983,999	207,090,759
Commitments and contingencies	7	322,892,443	321,678,842
Net assets per share attributable to ordinary equity holders of the Company (RM)		5.76	4.85

Certain comparative figures have been restated as shown in Note 52.

Consolidated Income Statements

For the financial year ended 31 December 2009

	Note	2009 RM'000	2008 RM'000
Interest income	31	10,539,770	9,590,423
Interest expense	32	(4,470,864)	(4,929,827)
Net interest income		6,068,906	4,660,596
Income from Islamic banking operations	55	807,060	437,790
Non-interest income	33	3,793,557	2,642,126
		10,669,523	7,740,512
Overheads	34	(5,717,635)	(4,121,805)
Profit before allowances		4,951,888	3,618,707
Allowance for losses on loans, advances and financing	35	(1,022,605)	(794,715)
Allowance for losses on other receivables		(56,569)	(94,768)
Provision for commitments and contingencies	22	(18,088)	(708)
Allowance (made)/written back for impairment losses	36	(76,779)	29,483
		3,777,847	2,757,999
Share of results of jointly controlled entities	14	7,755	3,253
Share of results of associates	13	26,275	(45,593)
Profit before taxation and zakat		3,811,877	2,715,659
Taxation			
- Company and subsidiaries	38	(757,690)	(703,111)
Zakat		(7,120)	(2)
Net profit after taxation and zakat		3,047,067	2,012,546
Attributable to:			
Equity holders of the Company		2,806,816	1,952,038
Minority interests		240,251	60,508
		3,047,067	2,012,546
Earnings per share attributable to ordinary equity holders of the Company (sen)			
- Basic	39	79.5	57.8
- Fully diluted	39	79.5	57.8
Dividends per ordinary share of 20.7 sen less income tax of 25% and tax exempt dividend of 4.3 sen (2008: 20.7 sen less income tax of 25% and tax exempt dividend of 4.3 sen)	40	19.8	19.8

Company Balance Sheets

As at 31 December 2009

	Note	2009 RM'000	2008 RM'000
Assets			
Cash and short-term funds	2	637,941	403,068
Available-for-sale securities	5	37,750	37,750
Held-to-maturity securities	6	46,242	137,106
Derivative financial instruments	7	8,469	13,142
Loans, advances and financing	8	1,491	2,232
Other assets	9	1,556	69,305
Deferred tax assets	10	3,012	-
Tax recoverable		80,567	207,853
Investment in subsidiaries	12	8,335,108	7,335,108
Amount owing by subsidiaries net of allowance for doubtful debts of RM510,000 (2008: RM510,000)	41	5,121,840	5,687,933
Investment in associates	13	3,834	3,834
Property, plant and equipment	15	28,567	381,420
Investment properties	16	4,465	4,590
Prepaid lease payments	17	4,358	4,516
Total assets		14,315,200	14,287,857
Liabilities			
Derivative financial instruments	7	12,733	16,854
Other liabilities	22	15,656	256,800
Amount owing to subsidiaries	41	4,341	268,062
Deferred tax liabilities	10	-	103,399
Other borrowings	25	1,687,236	2,426,450
Subordinated notes	26(l)	1,380,000	-
Total liabilities		3,099,966	3,071,565
Equity			
Ordinary share capital	27	3,531,766	3,578,078
Reserves	29	7,683,468	8,099,916
Less: Treasury shares, at cost	30(b)	-	(461,702)
Total equity		11,215,234	11,216,292
Total equity and liabilities		14,315,200	14,287,857
Commitments and contingencies	7	500,000	500,000

Company Income Statements

For the financial year ended 31 December 2009

	Note	2009 RM'000	2008 RM'000
Interest income	31	60,678	62,040
Interest expense	32	(122,052)	(128,124)
Net interest expense		(61,374)	(66,084)
Non-interest income	33	788,776	1,701,081
Net income		727,402	1,634,997
Overheads	34	(23,924)	(14,900)
Profit before allowances		703,478	1,620,097
Allowance written back/(made) for impairment losses	36	92	(888)
Profit before taxation		703,570	1,619,209
Taxation	38	(88,704)	(371,771)
Net profit after taxation		614,866	1,247,438
Dividends per ordinary share of 20.7 sen less income tax of 25% and tax exempt dividend of 4.3 sen (2008: 20.7 sen less income tax of 25% and tax exempt dividend of 4.3 sen)	40	19.8	19.8

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2009

The Group	Note	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve-available-for-sale securities RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
		← Attributable to equity holders of the Company										→			
At 1 January 2009															
- as previously reported		3,578,078	6,027,864	2,841,540	89,387	(427,599)	(74,190)	(461,702)	369,951	(113,582)	5,234,204	17,063,951	200,000	1,098,498	18,362,449
- arising from fair value adjustments on the completion of initial accounting for business combination	52	-	-	-	-	13,691	-	-	-	-	21,561	35,252	-	414,892	450,144
As restated		3,578,078	6,027,864	2,841,540	89,387	(413,908)	(74,190)	(461,702)	369,951	(113,582)	5,255,765	17,099,203	200,000	1,513,390	18,812,593
Currency translation difference		-	-	-	-	707,682	-	-	(31,078)	-	-	676,604	-	104,915	781,519
Net gain from change in fair value of available-for-sale securities		-	-	-	-	-	-	-	452,317	-	-	452,317	-	76,405	528,722
Net loss tranferred to income statement on disposal and impairment		-	-	-	-	-	-	-	(257,769)	-	-	(257,769)	-	(25,155)	(282,924)
Transfer from deferred tax assets	10	-	-	-	-	-	-	-	11,700	1,007	-	12,707	-	(229)	12,478
Net investment hedge		-	-	-	-	-	-	-	-	30,366	-	30,366	-	-	30,366
Hedging reserve - Cash flow hedge		-	-	-	-	-	-	-	-	(4,028)	-	(4,028)	-	-	(4,028)
Income and expense recognised directly in equity		-	-	-	-	707,682	-	-	175,170	27,345	-	910,197	-	155,936	1,066,133
Profit for the financial year		-	-	-	-	-	-	-	-	-	2,806,816	2,806,816	-	240,251	3,047,067
Total recognised income and expense for the financial year		-	-	-	-	707,682	-	-	175,170	27,345	2,806,816	3,717,013	-	396,187	4,113,200
Dividend for the financial year ended 31 December 2008	40	-	-	-	-	-	-	-	-	-	(699,387)	(699,387)	-	(33,921)	(733,308)

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2009

The Group	Note	Share capital RM'000	Share premium- ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve- available- for-sale securities RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
		Attributable to equity holders of the Company													
Transfer to statutory reserves		-	-	574,240	-	-	-	-	-	-	(574,240)	-	-	-	-
Issue of share capital arising from:	27														
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009		4,317	20,763	-	-	-	-	-	-	-	-	25,080	-	-	25,080
Option reserves arising from share option schemes of subsidiaries		-	-	-	(3,062)	-	-	-	-	(35,779)	37,357	(1,484)	-	2,503	1,019
Net reversal of shares held under trust	30(a)	-	-	-	-	-	73,627	-	-	-	-	73,627	-	-	73,627
Arising from accretion/dilution of equity interests in subsidiary		-	-	-	-	68,006	-	-	-	-	5,500	73,506	-	223,541	297,047
Purchase of treasury shares	30(b)	-	-	-	-	-	-	(174)	-	-	-	(174)	-	-	(174)
Cancellation of treasury shares	30(b)	(50,629)	(461,876)	-	50,629	-	-	461,876	-	-	-	-	-	-	-
Arising from issuance of warrants		-	-	-	-	-	-	-	-	57,630	-	57,630	-	-	57,630
At 31 December 2009		3,531,766	5,586,751	3,415,780	136,954	361,780	(563)	-	545,121	(64,386)	6,831,811	20,345,014	200,000	2,101,700	22,646,714

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2009

		← Attributable to equity holders of the Company →													
The Group	Note	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve-available-for-sale securities RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
At 1 January 2008		3,374,181	5,174,172	2,238,738	108,122	(405,625)	(107,166)	(34,434)	640,024	45,908	4,676,131	15,710,051	200,000	944,559	16,854,610
Currency translation difference		-	-	-	-	(21,974)	-	-	18,039	-	-	(3,935)	-	(45,499)	(49,434)
Arising from fair value adjustments on the completion of initial accounting for business combination	52	-	-	-	-	13,691	-	-	-	-	-	13,691	-	-	13,691
Net loss from change in fair value		-	-	-	-	-	-	-	(57,982)	-	-	(57,982)	-	(51,788)	(109,770)
Net loss transferred to income statement on disposal and impairment		-	-	-	-	-	-	-	(322,959)	-	-	(322,959)	-	5,179	(317,780)
Transfer from deferred tax assets	10	-	-	-	-	-	-	-	92,829	4,512	-	97,341	-	(12,306)	85,035
Net investment hedge		-	-	-	-	-	-	-	-	(133,056)	-	(133,056)	-	610	(132,446)
Hedging reserve - Cash flow hedge		-	-	-	-	-	-	-	-	(18,012)	-	(18,012)	-	-	(18,012)
Income and expense recognised directly in equity		-	-	-	-	(8,283)	-	-	(270,073)	(146,556)	-	(424,912)	-	(103,804)	(528,716)
Profit for the financial year		-	-	-	-	-	-	-	-	-	1,952,038	1,952,038	-	60,508	2,012,546
Total recognised income and expense for the financial year		-	-	-	-	(8,283)	-	-	(270,073)	(146,556)	1,952,038	1,527,126	-	(43,296)	1,483,830
Dividend for the financial year ended 31 December 2007	40	-	-	-	-	-	-	-	-	-	(619,282)	(619,282)	-	(22,726)	(642,008)

Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2009

The Group	Note	← Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Attributable to equity holders of the Company Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve-available-for-sale securities RM'000	Other reserves RM'000	Retained earnings RM'000	Total → RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
Transfer to statutory reserves		-	-	610,260	-	-	-	-	-	-	(610,260)	-	-	-	-
Issue of share capital arising from:	27														
- conversion of Redeemable Convertible Unsecured Loan Stocks ("RCULS")		79	496	-	-	-	-	-	-	(44)	-	531	-	-	531
- share exchange for acquisition of subsidiary		207,096	1,004,417	-	-	-	-	-	-	-	-	1,211,513	-	-	1,211,513
Option reserves arising from share option schemes of subsidiaries		-	-	-	-	-	-	-	-	(7,095)	-	(7,095)	-	(2,110)	(9,205)
Net reversal of shares held under trust	30(a)	-	-	-	-	-	32,976	-	-	-	-	32,976	-	-	32,976
Arising from fair value adjustments on the completion of initial accounting for business combination	52	-	-	-	-	-	-	-	-	-	21,561	21,561	-	414,892	436,453
Arising from accretion/dilution of equity interests in subsidiary		-	-	(7,458)	(22,013)	-	-	-	-	(5,795)	(281,210)	(316,476)	-	222,071	(94,405)
Transfer to retained earnings		-	(116,787)	-	-	-	-	-	-	-	116,787	-	-	-	-
Purchase of treasury shares	30(b)	-	-	-	-	-	-	(461,702)	-	-	-	(461,702)	-	-	(461,702)
Cancellation of treasury shares	30(b)	(3,278)	(34,434)	-	3,278	-	-	34,434	-	-	-	-	-	-	-
At 31 December 2008		3,578,078	6,027,864	2,841,540	89,387	(413,908)	(74,190)	(461,702)	369,951	(113,582)	5,255,765	17,099,203	200,000	1,513,390	18,812,593

Company Statements of Changes in Equity

For the financial year ended 31 December 2009

		← Non-distributable				→		Distributable	
The Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Capital redemption reserve RM'000**	**Treasury shares RM'000**	**Other reserve RM'000**	**Hedging reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2009		3,578,078	6,027,864	5,353	(461,702)	-	(13,500)	2,080,199	11,216,292
Hedging reserve - cash flow hedge		-	-	-	-	-	179	-	179
Transfer from deferred tax assets	10	-	-	-	-	-	748	-	748
Income and expenses recognised directly in equity		-	-	-	-	-	927	-	927
Profit for the financial year		-	-	-	-	-	-	614,866	614,866
Total recognised income and expense for the financial year		-	-	-	-	-	927	614,866	615,793
Dividend for the financial year ended 31 December 2008	40	-	-	-	-	-	-	(699,387)	(699,387)
Issue of share capital arising from:	27								
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009		4,317	20,763	-	-	-	-	-	25,080
Purchase of treasury shares	30(b)	-	-	-	(174)	-	-	-	(174)
Cancellation of treasury shares	30(b)	(50,629)	(461,876)	50,629	461,876	-	-	-	-
Arising from issuance of warrants		-	-	-	-	57,630	-	-	57,630
At 31 December 2009		3,531,766	5,586,751	55,982	-	57,630	(12,573)	1,995,678	11,215,234

Company Statements of Changes in Equity

For the financial year ended 31 December 2009

		Non-distributable						Distributable	
The Company	Note	Share capital RM'000	Share premium RM'000	Compound financial instrument (equity component) RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2008		3,374,181	5,174,172	44	2,075	(34,434)	-	1,335,256	9,851,294
Hedging reserve - cash flow hedge		-	-	-	-	-	(18,012)	-	(18,012)
Transfer from deferred tax assets	10	-	-	-	-	-	4,512	-	4,512
Income and expenses recognised directly in equity		-	-	-	-	-	(13,500)	-	(13,500)
Profit for the financial year		-	-	-	-	-	-	1,247,438	1,247,438
Total recognised income and expense for the financial year		-	-	-	-	-	(13,500)	1,247,438	1,233,938
Dividend for the financial year ended 31 December 2007	40	-	-	-	-	-	-	(619,282)	(619,282)
Issue of share capital arising from:	27								
- conversion of RCULS		79	496	(44)	-	-	-	-	531
- share exchange for acquisition of subsidiary		207,096	1,004,417	-	-	-	-	-	1,211,513
Transfer to retained earnings		-	(116,787)	-	-	-	-	116,787	-
Purchase of treasury shares	30(b)	-	-	-	-	(461,702)	-	-	(461,702)
Cancellation of treasury shares	30(b)	(3,278)	(34,434)	-	3,278	34,434	-	-	-
At 31 December 2008		3,578,078	6,027,864	-	5,353	(461,702)	(13,500)	2,080,199	11,216,292

Consolidated Cash Flow Statements

For the financial year ended 31 December 2009

	2009 RM'000	2008 RM'000
Operating Activities		
Profit before taxation and zakat	3,811,877	2,715,659
Adjustments for:		
Depreciation of property, plant and equipment	309,773	214,335
Amortisation of prepaid lease payments	1,863	1,588
Gain on disposal of property, plant and equipment	(97,960)	(9,586)
Gain on disposal of leased assets	(250)	(253)
Property, plant and equipment written off	4,273	775
Unrealised gain on foreign exchange	(344,631)	(328,809)
Dividends from available-for-sale securities	(38,277)	(37,679)
Dividends from held-to-maturity securities	-	(58)
Allowance for losses on loans, advances and financing	1,493,746	1,176,914
Net interest suspended	148,320	194,648
Gain on sale of available-for-sale securities	(257,769)	(322,959)
Gain on sale of securities held for trading and derivative financial instruments	(671,086)	(46,500)
Net loss arising from hedging derivatives	3,965	5,891
Gain on maturity of held-to-maturity securities	(24,505)	(4,089)
Allowance/(write-back) for impairment losses	46,424	(29,483)
Accretion of discounts less amortisation of premiums	(134,530)	(138,540)
Accretion of Redeemable Convertible Unsecured Loan Stocks ("RCULS")	-	12
Amortisation of intangible assets	180,193	122,945
Impairment of intangible assets	32,310	-
Impairment of prepaid lease payments	427	-
(Gain)/loss on disposal of net assets and interest in subsidiaries	(99,800)	2,007
Gain on disposal of interest in associate	-	(2,088)
Share of results of associates	(26,275)	45,593
Unrealised (gain)/loss on revaluation of securities held for trading	(152,792)	190,187
Unrealised loss/(gain) on revaluation of derivative financial instruments	354,274	(139,479)
Allowance for other receivables	56,569	94,768
Allowance for commitments and contingencies	18,088	708
Share of results of jointly controlled entities	(7,755)	(3,253)
	794,595	987,595
	4,606,472	3,703,254

Consolidated Cash Flow Statements

For the financial year ended 31 December 2009

	2009 RM'000	2008 RM'000
(Increase)/decrease in operating assets		
Securities purchased under resale agreements	2,009,494	1,060,070
Deposits and placements with banks and other financial institutions	2,739,904	2,790,653
Securities held for trading	(4,148,361)	(1,874,968)
Loans, advances and financing	(18,384,434)	(18,326,055)
Other assets	2,095,611	(54,090)
Statutory deposits with central banks	2,431,868	312,267
	(13,255,918)	(16,092,123)
Increase/(decrease) in operating liabilities		
Deposits from customers	16,112,190	14,563,880
Deposits and placements of banks and other financial institutions	(4,518,027)	755,735
Obligations on securities sold under repurchase agreements	502,173	(542,856)
Amount due to Cagamas Berhad	(658,206)	(1,010,889)
Bills and acceptances payable	1,145,366	(1,370,116)
Other liabilities	(2,064,077)	(992,099)
	10,519,419	11,403,655
Cash flows generated from/(used in) operations	1,869,973	(985,214)
Taxation paid	(339,125)	(1,059,696)
Net cash flows generated from/(used in) operating activities	1,530,848	(2,044,910)
Investing Activities		
Proceeds from disposal of property, plant and equipment	541,048	35,284
Proceeds from disposal of prepaid lease payments	930	2,124
Dividends received from available-for-sale securities	38,277	37,679
Dividends received from held-to-maturity securities	-	58
Dilution of interest in subsidiary	34,939	-
Acquisition of associate	(245,034)	-
Net proceeds from disposal/(purchase) of available-for-sale securities	3,840,156	(780,612)
Net purchase of held-to-maturity securities	(522,535)	(2,228,386)
Net cash outflow from acquisitions and disposals of subsidiaries	(402,396)	(1,306,296)
Purchase of property, plant and equipment	(417,702)	(396,517)
Purchase of prepaid lease payments	(18,718)	-
Purchase of intangible assets	(236,804)	(69,737)
Net cash flows generated from/(used in) investing activities	2,612,161	(4,706,403)

Consolidated Cash Flow Statements

For the financial year ended 31 December 2009

	Note	2009 RM'000	2008 RM'000
Financing Activities			
Dividends paid to shareholders		(733,308)	(642,008)
Redemption of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		-	(9,282)
Redemption of RCULS		-	(1,283)
Net proceeds from/(repayment of) other borrowings		168,324	(123,330)
Proceeds from/(repayment of) Subordinated Notes		(637,842)	2,788,776
Proceeds from TPG bonds		500,681	-
Redemption of USD200 million Subordinated Notes		(674,250)	-
Proceeds from term loan facility		1,000,000	-
Repayment of redeemable unsecured RM bonds 2001/2008		-	(250,000)
Net repayment of commercial papers and medium term notes		(275,000)	(600,000)
Purchase of treasury shares		(174)	(461,702)
Repayment of redeemable preference shares		(2,350)	-
Repayment of redeemable asset-backed bonds		-	(31,772)
Net cash flows (used in)/generated from financing activities		(653,919)	669,399
Net increase/(decrease) in cash and short-term funds during the financial year		3,489,090	(6,081,914)
Effects of exchange rate changes		376,886	(34,835)
Cash and short-term funds at beginning of the financial year		24,408,711	30,525,460
Cash and short-term funds at end of the financial year	2	28,274,687	24,408,711
Statutory deposits with Bank Indonesia *		(1,419,190)	(944,706)
Cash and cash equivalents at end of the financial year		26,855,497	23,464,005

* This represents non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation of RM1,419,190,000 (2008: RM944,706,000), which is not readily available for use by the Group.

Company Cash Flow Statements

For the financial year ended 31 December 2009

	2009 RM'000	2008 RM'000
Operating Activities		
Profit before taxation	703,570	1,619,209
Adjustments for:		
Depreciation of property, plant and equipment	1,788	1,994
Depreciation of investment properties	125	125
Amortisation of prepaid lease payments	158	158
Write off of property, plant and equipment	-	411
Gain on disposal of property, plant and equipment	(77,263)	(69)
(Write-back)/allowance for impairment losses	(92)	888
Unrealised (gain)/loss on foreign exchange	(4,467)	19,217
Unrealised gain on revaluation of derivative financial instruments	(4,533)	(33,351)
Dividends from subsidiaries	(680,025)	(1,643,399)
Dividends from an associate	(533)	-
Interest expense on bonds	-	8,121
Accretion of investment gain	(22,860)	(41,305)
Accretion of discounts less amortisation of premiums	(50,124)	(10,587)
Amortisation of premium on commercial papers	646	26,891
Accretion of redeemable convertible unsecured loan stocks ("RCULS")	-	12
	(837,180)	(1,670,894)
	(133,610)	(51,685)
Decrease in operating assets		
Loans, advances and financing	741	379
Other assets	67,749	35,116
	68,490	35,495
(Decrease)/increase in operating liabilities		
Other liabilities	(475,318)	132,979
	(475,318)	132,979
Cash flows (used in)/generated from operations	(540,438)	116,789
Net taxation refund	47,579	19,662
Net cash flows (used in)/generated from operating activities	(492,859)	136,451

Company Cash Flow Statements

For the financial year ended 31 December 2009

	Note	2009 RM'000	2008 RM'000
Investing Activities			
Proceeds from disposal of property, plant and equipment		466,543	85
Decrease in available-for-sale securities		92	-
Proceeds from disposal of subsidiaries		-	10
Proceeds from disposal of held-to-maturity securities		50,822	1,345,024
Purchase of property, plant and equipment		(38,215)	(92,784)
Repayment from/(advances to) subsidiaries		736,749	(345,270)
Dividends from subsidiaries		565,498	934,993
Dividends from an associate		400	-
Acquisition of additional interest in subsidiary		(1,000,000)	(10,000)
Net cash flows generated from investing activities		781,889	1,832,058
Financing Activities			
Dividends paid to shareholders		(699,387)	(619,282)
Interest paid to bondholders		-	(8,121)
Interest paid to RCULS holders		-	(151)
Proceeds from term loan facility		1,000,000	-
Proceeds from commercial papers and medium term notes		149,354	1,334,898
Purchase of treasury shares		(174)	(461,702)
Redemption of redeemable unsecured RM 2001/2008 bonds		-	(250,000)
Repayment of commercial papers and medium term notes		(500,000)	(1,950,000)
Redemption of RCULS		-	(1,263)
Net cash flows used in financing activities		(50,207)	(1,955,621)
Net increase in cash and cash equivalents during the financial year		238,823	12,888
Effects of exchange rate changes		(3,950)	15,752
Cash and cash equivalents at beginning of the financial year		403,068	374,428
Cash and cash equivalents at end of the financial year	2	637,941	403,068

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

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

A BASIS OF PREPARATION

The Financial Statements of the Group and the Company have been prepared under the historical cost convention, modified by the revaluation of available-for-sale securities, securities held for trading, all derivative contracts, investment properties and non-current assets/disposal groups held for sale.

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

The Financial Statements 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 the Shariah principles.

BNM has granted indulgence to the banking subsidiaries of the Company and other local banks in Malaysia from complying with the requirements on the impairment of loans under the revised 'Guideline on Financial Reporting for Licensed Institutions' ("BNM/GP8"). Paragraph 4, Appendix A of the revised BNM/GP8 requires impaired loans to be measured at their estimated recoverable amount. This requirement is principally similar to the requirements under FRS 139 – Financial Instruments: Recognition and Measurement. In 2008, BNM issued a revised circular on BNM/GP3 which requires impaired credit facilities to be measured at their recoverable amount. This requirement supersedes paragraph 4, Appendix A of the revised BNM/GP8. In view of the implementation of FRS 139 in Malaysia with effect from 1 January 2010, the banking subsidiaries of the Company and other local banks in Malaysia will be deemed to be in compliance with the requirement on the impairment of loans under the revised BNM/GP8 if the allowance for non-performing loans, advances and financing is computed based on BNM's guidelines on the 'Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts' ("BNM/GP3") requirements.

The preparation of Financial Statements in conformity with the provisions of the Companies Act, 1965, Financial Reporting Standards and Bank Negara Malaysia Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 Company'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.

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

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

There were no new accounting standards, amendments to published standards and interpretations that were effective and applicable to the Group and the Company for the financial year ended 31 December 2009.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

A BASIS OF PREPARATION (CONTINUED)

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

The new and revised standards, amendments to published standards and interpretations that are applicable to the Group and the Company, but which the Group and the Company have not early adopted, are as follows:

- The revised FRS 3 "Business combinations" (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2011.

- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114 $_{2004}$ Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- The revised FRS 127 "Consolidated and separate financial statements" (effective prospectively from 1 July 2010) requires the effects 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. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2011.

- FRS 139 "Financial Instruments: Recognition and Measurement" (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

A BASIS OF PREPARATION (CONTINUED)

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

- IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective from 1 January 2010) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and the Company.

- FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
- FRS 7 and Improvement to FRS 7

BNM has also prescribed the use of an alternative basis for collective assessment of impairment for a transitional period for purpose of complying with the collective assessment of impairment requirement in FRS 139.

- The amendment to FRS 2 "Share-based payment: Vesting conditions and cancellations" (effective from 1 January 2010) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The improvement to FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- The amendments to FRS 132 "Financial instruments: Presentation" and FRS 101(revised) "Presentation of financial statements" - "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2010) require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

A BASIS OF PREPARATION (CONTINUED)

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

- IC Interpretation 10 "Interim Financial Reporting and Impairment" (effective from 1 January 2010) prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- IC Interpretation 11 "FRS 2 Group and treasury share transactions" (effective from 1 January 2010) provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- IC Interpretation 13 "Customer loyalty programmes" (effective from 1 January 2010) clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- IC Interpretation 14 "FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2010) provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- IC Interpretation 16 "Hedges of a net investment in a foreign operation" (effective from 1 July 2010) clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The effects of changes in foreign exchange rates" do apply to the hedged item. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2011.

- IC Interpretation 17 "Distribution of non-cash assets to owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. FRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2011.

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project:

- FRS 5 "Non-current assets held for sale and discontinued operations"
  - Improvement effective from 1 January 2010 clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.

  - Improvement effective from 1 July 2010 clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

A BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010 and 2011, respectively.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 116 "Property, plant and equipments" (consequential amendment to FRS 107 "Statement of cash flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 119 "Employee benefits" (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The Group and the Compay will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 127 "Consolidated & separate financial statements" (effective from 1 January 2010) clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5, FRS 139 would continue to be applied. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 128 "Investments in associates" (effective from 1 January 2010) clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

A BASIS OF PREPARATION (CONTINUED)

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

- FRS 128 "Investments in associates" and FRS 131 "Interests in joint ventures" (consequential amendments to FRS 132 "Financial instruments: Presentation" and FRS 7 "Financial instruments: Disclosure")(effective from 1 January 2010) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 134 "Interim financial reporting" (effective from 1 January 2010) clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 136 "Impairment of assets" (effective from 1 January 2010) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 138 "Intangible Assets"
  - Improvement effective from 1 January 2010 clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

  - Improvement effective from 1 July 2010 clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

  The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

- FRS 140 "Investment property" (effective from 1 January 2010) requires assets under construction/development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model. The Group and the Company will apply this standard from financial years beginning on or after 1 January 2010.

The adoption of the above new standards, amendments to standards and IC Interpretations are not expected to have a material impact on the Group's and the Company's Financial Statements for the financial year ending 31 December 2010.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

B ECONOMIC ENTITIES IN THE GROUP

(a) Subsidiaries

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

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

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

(a) the activities of the SPE are being conducted on the Group's behalf according to its specific business needs so that the Group obtains the benefits from the SPE's operations;

(b) the Group has the decision-making power to obtain the majority of the benefits of the activities of the SPE, or the Group has delegated these decision-making power by setting up an 'autopilot' mechanism, or

(c) the Group has the rights to obtain the majority of the benefits of the activities of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or

(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

Whenever there is a change in the substance of the relationship between the Group and the SPE, the Group performs a re-assessment of consolidation. Indicators for a re-assessment of consolidation are especially changes in ownership of the SPE, changes in contractual arrangements and changes in the financing structure.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where there is an indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount.

External costs directly attributable to an acquisition, other than the costs of issuing shares and other capital instruments, are included as part of the cost of acquisition.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting, except for business combinations involving entities or businesses under common control with agreement dates on or after 1 January 2006, which are accounted for using the pooling-of-interests method.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (Continued)

Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition up to the date of disposal. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

The Directors note that business combinations involving entities or businesses under common control are outside the scope of FRS 3 ("Business Combinations") and that there is no guidance elsewhere in FRS covering such transactions. FRS contain specific guidance to be followed where a transaction falls outside the scope of FRS. This guidance is included in paragraphs 10 to 12 of FRS 108 ("Accounting Policies, Changes in Accounting Estimates and Errors"). This requires, inter alia, that where FRS does not include guidance for a particular issue, the Directors may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards. In this regard, it is noted that the United States Financial Accounting Standards Board ("FASB") has issued an accounting standard covering business combinations ("FAS 141") that is similar in a number of respects to FRS 3.

In contrast to FRS 3, FAS 141 does include, as an Appendix, limited accounting guidance for transactions under common control which, as with FRS 3, are outside the scope of that accounting standard. The guidance contained in FAS 141 indicates that a form of accounting that is similar to pooling-of-interests method may be used when accounting for transactions under common control.

Having considered the requirements of FRS 108 and the guidance included within FAS 141, the Directors consider appropriate to use a form of accounting which is similar to pooling-of-interests when dealing with business combinations involving entities or businesses under common control.

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been reduced by a debit difference, are reclassified and presented as movement in other capital reserve.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

B ECONOMIC ENTITIES IN THE GROUP (CONTINUED)

(a) Subsidiaries (Continued)

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

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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

(b) Investment in jointly controlled entity

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

Investment in a jointly controlled entity is stated at cost less accumulated impairment losses. Where there is an indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount.

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

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

(c) Investment in associates

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

Investments in associates are accounted for in the consolidated Financial Statements by the equity method of accounting. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

C RECOGNITION OF PROFIT INCOME AND INTEREST INCOME

Interest income on financial assets is recognised on an accrual basis. Interest earned on hire purchase, leasing and block discounting agreements is spread over the terms of the loans, using the "Sum-of-Digit" method so as to produce a constant periodic rate of interest. Accretion of discount and amortisation of premium for securities are recognised on an effective yield basis.

Where an account is classified as non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of income and set off against the earned interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans is recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously. Customers' accounts are classified as non-performing where repayments are in arrears for 3 months or more from the first day of default for loans and overdrafts, and after 3 months from maturity date for trade bills, bankers' acceptances and trust receipts.

The Group's policy on recognition of interest/profit income on loans, advances and financing is in conformity with BNM/GP3 and the Revised BNM/GP8 for Malaysian banking entities, while foreign banking entities are in conformity with the requirements of their respective central banks.

Income from Islamic Banking is recognised on an accrual basis in accordance with the principles of Shariah.

D RECOGNITION OF FEES AND OTHER INCOME

Loans, advances and financing arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

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

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

Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the engagement.

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

E ALLOWANCES FOR BAD AND DOUBTFUL DEBTS AND FINANCING

Specific allowances are made for doubtful debts and financing which have been individually reviewed and specifically identified as bad or doubtful.

A general allowance based on a percentage of the loans portfolio is also made to cover possible losses which are not specifically identified.

Any uncollectible loans or portion of loans classified as bad are written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The policy on allowances for non-performing loans and financing of Malaysian subsidiary banks is in conformity with the minimum requirements of BNM/GP3 and revised BNM/GP8.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

F SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group had purchased with a commitment to re-sell at future dates. The commitment to re-sell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the balance sheet.

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

G SECURITIES

The Group and the Company classify their securities portfolio into the following categories: securities held for trading, available-for-sale securities and held-to-maturity securities. Management determines the classification of securities at initial recognition.

(a) Securities held for trading

This category comprises securities held for trading and those designated at fair value through profit or loss at inception. Securities are classified into this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Pursuant to the amendments to the revised BNM/GP8 guidelines, the Malaysian banking subsidiaries of the Company are permitted by BNM for the period from 1 July 2008 to 31 December 2009 to reclassify non-derivatives held for trading securities into held-to-maturity securities or available-for-sale securities.

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

(b) Available-for-sale securities

Available-for-sale securities are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(c) Held-to-maturity securities

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

Securities are initially recognised at fair value plus transaction costs for all securities not carried at fair value through profit or loss and securities not held for trading. Securities are derecognised when the rights to receive cash flows from the securities have expired or where the Group or the Company have transferred substantially all risks and rewards of ownership.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

G SECURITIES (CONTINUED)

(c) Held-to-maturity securities (Continued)

Securities held for trading and available-for-sale securities are subsequently carried at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value of the securities held for trading category are included in the income statement in the period in which they arise. Gains and losses arising from changes in fair value of available-for-sale securities are recognised directly in equity, until the securities are derecognised or impaired at which time the cumulative gains or losses previously recognised in equity are recognised in the income statement.

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

Interest from securities held for trading, available-for-sale securities and held-to-maturity securities is calculated using the effective interest method and is recognised in the income statement. Dividends from available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted securities are based on quoted prices in active markets. If the market for an instrument is not active and for unquoted securities, the Group and the Company establish fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

H PROPERTY, PLANT AND EQUIPMENT

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

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	50 years
Buildings on leasehold land 50 years or more	50 years or over the remaining period of the lease, whichever is shorter
Buildings on leasehold land less than 50 years	40 years or over the remaining period of the lease, whichever is shorter
Office equipment, furniture and fixtures	
- office equipment	5 years
- furniture and fixtures	10 years
Renovations to rented premises	5 years or over the period of the tenancy, whichever is shorter
Computer equipment and software	
- servers and hardware	5 years
- ATM machine	10 years
Computer equipment and software under lease	3 years or over the period of the lease, whichever is shorter
Motor vehicles	5 years
General plant and machinery	8 years

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

H PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each balance sheet date.

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

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

I INVESTMENT PROPERTIES

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

Investment properties of the Company are stated at cost less accumulated depreciation and accumulated impairment loss. At the Group level, investment properties of the Company are classified as property, plant and equipment as the properties are rented out to an entity within the Group.

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

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

J INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on business combinations when the cost of acquisition exceeds the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Impairment testing is performed annually by comparing the present value of the CGU's projected cash flows against the carrying amount of its net assets which include the allocated goodwill. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business unit (Note 18).

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

J INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

Under the current applicable approved accounting standards for business combinations, FRS 3 – Business Combinations which apply to the accounting for business combinations for which the agreement date is on or after 1 January 2006, the provisions of the standard are applied prospectively and no retrospective changes in respect of accounting for business combinations prior to 1 January 2006 have been made.

(b) Other intangible assets

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

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

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

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

Customer relationships	
- credit card	12 years
- revolving credit	4-5 years
- overdraft	6-7 years
- trade finance	5 years
Core deposits	8-20 years
Computer software	
- core and front-end systems	5 years
- others	3 years

K ASSETS PURCHASED UNDER LEASE

(a) Finance lease

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

K ASSETS PURCHASED UNDER LEASE (CONTINUED)

(b) Operating lease

Leasehold land

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

Others

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

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

L ASSETS SOLD UNDER LEASE

(a) Finance lease

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

(b) Operating lease

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

M BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

N DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

N DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

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

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

(a) Fair value hedge

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

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

(b) Cash flow hedge

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

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

(c) Net investment hedge

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

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

(d) Derivatives that do not qualify for hedge accounting

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

O BONDS

Bonds issued by the Group and the Company are stated at the issue price. When convertible Bonds are converted, the amount recognised in the shareholders' funds in respect of the shares issued is the amount at which the liability for the Bonds is stated as at the date of conversion. No gain or loss is recognised on conversion.

Gains or losses on the redemption or purchase of Bonds by the Company are taken to the income statement in the financial year they arise.

P BORROWINGS

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Q CURRENCY TRANSLATIONS

(a) Functional and presentation currency

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

(b) Foreign currency transactions and balances

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

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

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

(c) Group companies

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

Q CURRENCY TRANSLATIONS (CONTINUED)

(c) Group companies (Continued)

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

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

R INCOME AND DEFERRED TAXES

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

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

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

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

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

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

S SHARE CAPITAL

(a) Classification

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

(b) Share issue costs

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

(c) Dividends

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

T EMPLOYEE BENEFITS

(a) Short-term employee benefits

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

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

(b) Post employment benefits

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

Defined contribution plans

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

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

Defined benefit plans

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

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

The Group and the Company determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the Financial Statements do not differ materially from the amounts that would be determined at the balance sheet date.

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

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

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

T EMPLOYEE BENEFITS (CONTINUED)

(c) Other long term employee benefits

The cost of long term employee benefits (for example, long term service leave) is accrued to match the rendering of the services by the employees concerned using a basis similar to that for defined benefit plans.

(d) Termination benefits

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

(e) Share-based compensation benefits

The share options granted to Directors and employees of the Group are disclosed in the notes to the Financial Statements. The Group makes a charge to the income statement in connection with expenses relating to share-based payments from grant date to vesting date. For those share-based compensation which were granted before 31 December 2004 and had not yet vested at 1 January 2006, the Group has elected not to apply FRS 2 ("Share-Based Payment") as allowed in the transition provisions of FRS 2. Share-based payments under ESOS, Modified CIMBB EESOS, Modified CIMBB CEO Option, Management Option Programme and Employee Stock Option Programme are treated as equity settled. Employee services received in exchange for the grant of the share options are recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity. Reserves are made for equity settled share-based compensation in the Financial Statements for the financial year end according to the requirements of FRS 2. FRS 2 only applies to transactions involving a transfer of equity instruments between shareholders and option holders, hence entitlements based on ordinary shares of the Company granted under the Management Equity Scheme ("MES") have not been accounted for by the Group as they are not within the scope of FRS 2.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions for example, profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact to the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity and liability.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

U IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

V IMPAIRMENT OF SECURITIES PORTFOLIO

The Group and the Company assess at each balance sheet date whether there is objective evidence that the securities are impaired. A security or a group of securities is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the securities (a "loss event") and that loss event has an impact on the estimated future cash flows of the securities that can be reliably estimated.

(a) Securities carried at amortised cost

If there is an objective evidence that an impairment loss on held-to-maturity securities held at amortised cost has been incurred, the amount of loss is measured as the difference between the securities' carrying amount and the present value of estimated future cash flows discounted at the securities' original effective interest rate. The carrying amount of the securities is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(b) Securities carried at fair value

In the case of equity instruments classified as available-for-sale securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If there is objective evidence that an impairment loss on available-for-sale securities has been incurred, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the securities previously recognised in income statement is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale securities increases and the increase can be related objectively to an event occurring after the impairment was recognised in the income statement, the impairment loss is reversed through the income statement.

W FORECLOSED PROPERTIES

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell.

X PROVISIONS

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

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

Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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

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

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

Y CONTINGENT ASSETS AND LIABILITIES

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

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

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

Z DEALERS' HANDLING CHARGES

Handling charges paid to hire purchase dealers are expensed off to the income statement.

AA ZAKAT

This represents business zakat which is an obligating amount payable by the Group to comply with the principles of Shariah. Zakat provision is calculated based on the "Adjusted Growth" method, at 2.5% for individual Bumiputra shareholders of the Company.

AB CASH AND CASH EQUIVALENTS

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

AC COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments contain both a liability and equity element. The Group's compound financial instruments comprise its Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and Redeemable Convertible Unsecured Loan Stocks ("RCULS"). Pursuant to the transition provisions of FRS 132 – Financial Instruments: Disclosure and Presentation, the classification of compound instruments into equity and liability components need to be applied only to financial instruments that are issued for reporting periods beginning on or after 1 January 2003. Accordingly, the ICULS, which were issued prior to that date, continue to be classified according to their legal form i.e. liability instruments.

On issue of a financial instrument that contains both a liability and an equity component, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument; this amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option which is recognised and included in shareholders' equity, the value of the conversion option is not changed in subsequent periods.

AD SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Summary of Significant Group Accounting Policies

For the financial year ended 31 December 2009

AE LIFE INSURANCE FUND

The surplus transferable from the life insurance fund of CIMB Aviva Assurance Berhad ("CAAB") to its income statement is based on the surplus determined by an annual actuarial valuation of the long-term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 and the RBC Framework by CAAB's Appointed Actuary. In the event the actuarial valuation indicates that a transfer is required from CAAB's shareholders' fund, the transfer from the income statement to the life insurance fund is made in the financial year of the actuarial valuation.

AF FAMILY TAKAFUL FUND

The Family Takaful fund surplus/deficit of CIMB Aviva Takaful Berhad ("CATB") is determined by the annual actuarial valuation of the Family Takaful fund's long-term liabilities. Any actuarial deficit in the Family Takaful fund will be made good by CATB's shareholders' fund via a profit-free loan or Qardh. Surplus distributable to participants is determined after deducting claims/benefits paid and payable, retakaful, provisions, reserves, commissions and management expenses and distributed in accordance with the terms and conditions prescribed by the Shariah Committee in CATB.

AG PROVISION FOR OUTSTANDING CLAIMS

A liability for outstanding claims is recognised in respect of both direct Takaful and inward retakaful of CATB. The amount of outstanding claims is best estimate of the expenditure required together with related expenses less retakaful recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported ("IBNR") at the balance sheets date, based on an actuarial valuation by a qualified actuary.

AH NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

1 GENERAL INFORMATION

The principal activities of the Company are those of investment holding, management company, property management and provision of consultancy services. The principal activities of the significant subsidiaries as set out in Note 12 to the Financial Statements, consist of commercial banking, investment banking, Islamic banking, offshore banking, debt factoring, trustee and nominee services, property ownership and management, management of unit trust funds and fund management business, stock and sharebroking and the provision of other related financial services. There was no significant change in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

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

2 CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and balances with banks and other financial institutions	6,246,129	5,927,173	3,287	3,368
Money at call and deposit placements maturing within one month	22,028,558	18,481,538	634,654	399,700
	28,274,687	24,408,711	637,941	403,068

Included in the Group's cash and short-term funds are:

(i) money at call and deposit placements of RM990 (2008: RM236,891) relating to a jointly controlled entity, Proton Commerce Sdn Bhd ("PCSB"); and

(ii) non-interest bearing statutory deposits of a foreign subsidiary of RM1,419,190,000 (2008: RM944,706,000) maintained with Bank Indonesia in compliance with their applicable legislation.

(iii) monies held in trust in relation to the Group's stockbroking business:

	The Group	
	2009 RM'000	2008 RM'000
Client's trust balances and dealers' representatives' balances	202,838	193,698
Remisiers' trust balances	13,575	13,339
	216,413	207,037

Notes to the Financial Statements

For the financial year ended 31 December 2009

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	2009 RM'000	2008 RM'000
Licensed banks	1,154,954	3,511,322
Licensed investment banks	410,000	50,000
Bank Negara Malaysia	200,300	210,300
Other financial institutions	617,801	291,654
	2,383,055	4,063,276

4 SECURITIES HELD FOR TRADING

	The Group	
	2009 RM'000	2008 RM'000
Money market instruments:		
Unquoted:		
Malaysian Government securities	1,212,901	1,342,488
Cagamas bonds	28,283	205,323
Khazanah bonds	27,438	9,791
Malaysian Government treasury bills	185,033	38,262
Bank Negara Malaysia bills	2,779,851	552,598
Bank Negara Malaysia negotiable notes	1,887,613	46,892
Negotiable instruments of deposit	3,002,701	4,150,073
Bankers' acceptances and Islamic accepted bills	696,623	1,174,286
Credit-linked notes	158,604	172,884
Commercial papers	29,982	332,605
Other Government securities	862,061	-
Government investment issues	693,563	81,376
	11,564,653	8,106,578
Quoted securities:		
In Malaysia		
Warrants	5	5
Shares	553,599	143,820
Loan stocks	-	1,272
Unit trusts	9,720	-
Outside Malaysia		
Shares	14,969	11,959
Private and Islamic debt securities	50,144	6,127
Other Government bonds	123,884	212,781
	752,321	375,964

Notes to the Financial Statements

For the financial year ended 31 December 2009

4 SECURITIES HELD FOR TRADING (CONTINUED)

	The Group	
	2009 RM'000	2008 RM'000
Unquoted securities:		
In Malaysia		
Private and Islamic debt securities	1,983,862	1,418,725
Shares	7,323	5,001
Investment linked fund	45,893	-
Outside Malaysia		
Private and Islamic debt securities	645,250	516,971
	2,682,328	1,940,697
Total securities held for trading	14,999,302	10,423,239

During the financial year 2009, CIMB Bank Berhad reclassified securities from held for trading category to available-for-sale category. There was no such reclassification made in the previous financial year.

In the 4th quarter of 2008, the Malaysian banking subsidiaries of the Company reclassified a portion of their securities in held for trading securities to held-to-maturity category based on current market prices at the relevant dates of reclassification. There was no such reclassification in 2009.

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

The fair value of the securities reclassified from the held for trading category to available-for-sale and held-to-maturity categories, as of the respective dates of reclassification, is RM247,330,000 (2008: RMNil) and RMNil (2008: RM5,984,996,000) respectively.

Included in the non-interest income (Note 33) is the net gains/(losses) arising from the change in fair value recognised in the income statement in respect of the reclassified securities:

	The Group	
	2009 RM'000	2008 RM'000
Net fair value gain/(loss)	70	(110,641)

As of the date of reclassification, the effective interest rates on the reclassified held for trading securities to available-for-sale category and held-to-maturity category, based on the new cost is an average of 4.56% (2008: Nil%) per annum and Nil% (2008: 6.65%) per annum respectively. The expected recoverable cash flows for the reclassified securities to available-for-sale and held-to-maturity categories amount to RM246,700,000 (2008: RMNil) and RMNil (2008: RM6,143,696,000) respectively, including any coupons receivable on the securities.

Notes to the Financial Statements

For the financial year ended 31 December 2009

5 AVAILABLE-FOR-SALE SECURITIES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Money market instruments:				
Unquoted:				
Malaysian Government Securities	314,155	239,797	-	-
Cagamas bonds	275,157	296,925	-	-
Khazanah bonds	34,975	85,331	-	-
Other Government treasury bills	410	309	-	-
Government investment issues	360,354	450,776	-	-
Commercial papers	19,539	134,040	-	-
	1,004,590	1,207,178	-	-
Quoted securities:				
In Malaysia				
Shares	230,379	267,448	-	-
Unit trusts	149,026	712,283	-	-
Floating rate notes	9,413	-	-	-
Outside Malaysia				
Shares	24,614	465	-	-
Private and Islamic debt securities	119,194	128,050	-	-
Other Government bonds	2,642,690	2,238,805	-	-
Unit trusts	266,525	-	-	-
	3,441,841	3,347,051	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

5 AVAILABLE-FOR-SALE SECURITIES (CONTINUED)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted securities:				
In Malaysia				
Private and Islamic debt securities	5,963,757	6,524,704	-	-
Shares	534,736	521,030	796	888
Loan stocks	19,437	30,715	-	-
Property funds	165	116	-	-
Investment-linked funds	9,730	19,016	-	-
Redeemable preference shares	-	-	37,750	37,750
Bond funds	4,111	-	-	-
Outside Malaysia				
Shares	60,487	60,268	-	-
Private equity and unit trust funds	316,663	228,073	-	-
Private and Islamic debt securities	28,325	-	-	-
Loan stocks	497	485	-	-
	6,937,908	7,384,407	38,546	38,638
	11,384,339	11,938,636	38,546	38,638
Allowance for impairment losses:				
Private debt securities	(253,442)	(279,387)	-	-
Quoted shares	(10,980)	(11,527)	-	-
Quoted bonds	-	(1,138)	-	-
Unquoted shares	(90,692)	(38,320)	(796)	(888)
Unit trusts	(21,784)	(51)	-	-
Loan stocks	(6,905)	-	-	-
	(383,803)	(330,423)	(796)	(888)
	11,000,536	11,608,213	37,750	37,750

Included in the available-for-sale securities of the Group are securities in the form of unit trusts managed by CIMB – Principal Asset Management Berhad on behalf of the Group amounting to RM1,822,430,000 (2008: RM519,924,000).

Also included in available-for-sale securities are securities transferred from the held for trading category during the financial year 2009, with the following amortised cost and fair value as at 31 December 2009.

	The Group	
	2009 RM'000	2008 RM'000
Amortised cost	246,776	-
Fair value	249,342	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

6 HELD-TO-MATURITY SECURITIES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Money market instruments:				
Unquoted:				
Malaysian Government securities	1,123,977	149,967	-	-
Cagamas bonds	294,817	294,817	-	-
Quoted securities:				
Outside Malaysia				
Private debt securities	1,191,909	189,997	-	-
Islamic bonds	25,485	31,530	-	-
Medium term notes – Islamic	9,102	7,883	-	-
Other Government bonds	153,214	154,655	-	-
Bank Indonesia certificates	837,362	-	-	-
Structured note	342,847	-	-	-
Unquoted securities:				
In Malaysia				
Shares	270	462	-	-
Private debt securities	7,618,001	7,623,534	-	-
Detachable coupons	-	-	-	55,772
Islamic commercial paper	6,775	34,832	-	-
Redeemable Convertible Unsecured Loan Stock	-	-	34,345	34,345
Loan stocks	31,814	32,478	-	-
Danaharta Urus Sdn Bhd ("DUSB") bonds	929,639	929,639	-	-
Outside Malaysia				
Private debt securities	1,518,478	2,324,724	-	-
	14,083,690	11,774,518	34,345	90,117
Accretion of discount net of amortisation of premium	242,894	224,864	11,897	46,989
Less: Allowance for impairment losses	(59,874)	(77,952)	-	-
	14,266,710	11,921,430	46,242	137,106

Included in the held-to-maturity securities are securities transferred from the held for trading category during the previous financial year, with the following carrying value and fair value as at 31 December 2009 and 31 December 2008 respectively:

	The Group	
	2009 RM'000	2008 RM'000
Carrying value	4,735,894	6,006,742
Fair value	4,830,728	5,977,580

Notes to the Financial Statements

For the financial year ended 31 December 2009

6 HELD-TO-MATURITY SECURITIES (CONTINUED)

Also included in the held-to-maturity securities of the Group as at 31 December 2009 are 10-year promissory notes of THB746 million maturing in 2011, which were received from Thai Asset Management Corporation ("TAMC") for settlement of non-performing loans transferred by CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) ("CIMB Thai Bank") to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer non-performing loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the non-performing loans. The sharing of gain or losses will be calculated at the end of the agreement.

7 DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

(i) Derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through the income statement. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk.

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

	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
At 31 December 2009						
Foreign exchange derivatives						
Currency forwards	10,632,964	64,014	(116,727)	-	-	-
Currency swaps	33,091,814	168,613	(239,294)	-	-	-
Currency options	2,696,630	29,974	(29,606)	-	-	-
Cross currency interest rate swaps	16,891,042	485,894	(346,313)	-	-	-
	63,312,450	748,495	(731,940)	-	-	-
Interest rate derivatives						
Interest rate swaps	150,661,679	2,111,139	(1,614,648)	150,000	8,469	-
Interest rate futures	16,702,600	30,334	(25,774)	-	-	-
Interest rate options	3,130,000	11,854	(4,920)	-	-	-
	170,494,279	2,153,327	(1,645,342)	150,000	8,469	-
Equity related derivatives						
Commodity futures	31,672	842	(13)	-	-	-
Index futures	4,505	-	(4)	-	-	-
Commodity options	690,261	70,562	(66,429)	-	-	-
Equity options	11,975,449	528,843	(856,920)	-	-	-
	12,701,887	600,247	(923,366)	-	-	-
Credit related contract						
Credit default swaps	825,435	2,062	(2,363)	-	-	-
Held for hedging purpose						
Interest rate swaps	9,262,051	185,700	(176,843)	-	-	-
Cross currency interest rate swaps	350,000	-	(12,733)	350,000	-	(12,733)
	9,612,051	185,700	(189,576)	350,000	-	(12,733)
Total derivative assets/(liabilities)	256,946,102	3,689,831	(3,492,587)	500,000	8,469	(12,733)

Notes to the Financial Statements

For the financial year ended 31 December 2009

7 DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (Continued)

	The Group			The Company		
	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000	Principal amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
At 31 December 2008						
Foreign exchange derivatives						
Currency forwards	8,478,262	125,522	(89,167)	-	-	-
Currency swaps	17,073,269	270,194	(301,779)	-	-	-
Currency spots	426,064	5,237	(4,345)	-	-	-
Currency options	3,785,195	148,335^	(250,692)	-	-	-
Cross currency interest rate swaps	13,007,098	409,686	(415,500)	-	-	-
	42,769,888	958,974	(1,061,483)	-	-	-
Interest rate derivatives						
Interest rate swaps	157,826,911	3,260,712	(2,582,749)	150,000	13,142	-
Interest rate futures	28,174,595	82,820	(45,444)	-	-	-
Interest rate options	3,648,918	15,463	(13,926)	-	-	-
	189,650,424	3,358,995	(2,642,119)	150,000	13,142	-
Equity related derivatives						
Equity futures	13,009	1	(420)	-	-	-
Commodity options	971,404	986,367	(982,057)	-	-	-
Equity options	12,385,319	194,711	(201,303)	-	-	-
	13,369,732	1,181,079	(1,183,780)	-	-	-
Credit related contract						
Credit default swaps	1,010,413	4,207	(58,927)	-	-	-
Held for hedging purpose						
Interest rate swaps	5,325,688	219,190	(205,117)	-	-	-
Cross currency interest rate swaps	638,300	1,356	(16,854)	350,000	-	(16,854)
	5,963,988	220,546	(221,971)	350,000	-	(16,854)
Total derivative assets/(liabilities)	252,764,445	5,723,801	(5,168,280)	500,000	13,142	(16,854)

^ Included in currency options was restatement of RM16,135,000 arising from the fair value adjustments on the completion of initial accounting for business combination in relation to the acquisition of PT Bank Lippo Tbk as allowed by FRS 3 – "Business Combinations".

Notes to the Financial Statements

For the financial year ended 31 December 2009

7 DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

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

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

The commitments and contingencies constitute the following:

	2009			2008		
	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000
The Group						
Credit-related						
Direct credit substitutes	5,325,347	4,930,893	2,225,277	4,651,831	4,620,651	1,881,467
Certain transaction-related contingent items	5,761,442	3,444,165	2,153,047	5,347,027	3,157,433	1,948,393
Short-term self-liquidating trade-related contingencies	3,761,011	744,063	590,935	3,700,924	737,396	511,436
Islamic financing sold directly and indirectly to Cagamas	-	-	-	294,946	294,946	294,946
Obligations under underwriting agreement	250,000	125,000	125,000	65,000	32,500	32,500
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	40,252,165	5,706,680	2,709,694	40,668,836	5,352,832	2,431,770
- Maturity exceeding one year	5,948,537	116,698	114,688	8,754,634	4,377,317	3,722,448
Forward assets purchases	52,478	1	-	129,052	16	11
Miscellaneous commitments and contingencies	6,108,479	126,414	48,378	6,722,195	321,819	65,012
Total credit-related commitments and contingencies	67,459,459	15,193,914	7,967,019	70,334,445	18,894,910	10,887,983

Notes to the Financial Statements

For the financial year ended 31 December 2009

7 DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (Continued)

	2009			2008		
	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000
The Group (Continued)						
Treasury-related						
Foreign exchange related contracts:						
- less than one year	55,031,218	456,997	109,357	39,809,643	662,249	113,902
- one year to less than five years	3,876,156	1,544,495	477,976	2,119,837	888,286	222,066
- five years and above	1,333,036	387,218	114,425	2,040,477	733,002	283,815
	60,240,410	2,388,710	701,758	43,969,957	2,283,537	619,783
Interest rate related contracts						
- less than one year	91,152,067	17,120	4,641	114,353,287	13,008	2,623
- one year to less than five years	65,680,137	2,012,906	444,854	72,988,755	2,362,599	509,362
- five years and above	10,340,564	2,095,290	454,389	7,634,070	2,059,072	442,869
	167,172,768	4,125,316	903,884	194,976,112	4,434,679	954,854
Equity related contracts						
- less than one year	4,946,183	102,076	30,210	4,155,670	117,653	25,823
- one year to less than five years	6,163,740	317,527	88,596	8,185,030	695,202	197,319
- five years and above	870,031	59,199	11,840	57,628	4,365	873
	11,979,954	478,802	130,646	12,398,328	817,220	224,015
Other treasury related contracts	16,039,852	195,390	84,592	-	-	-
Total treasury-related commitments and contingencies	255,432,984	7,188,218	1,820,880	251,344,397	7,535,436	1,798,652
	322,892,443	22,382,132	9,787,899	321,678,842	26,430,346	12,686,635

Notes to the Financial Statements

For the financial year ended 31 December 2009

7 DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (Continued)

	2009			2008		
	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent * RM'000	Risk weighted amount RM'000
The Company						
Foreign exchange related contracts						
- Less than one year	350,000	11,375	5,688	-	-	-
- one year to less than five years	-	-	-	350,000	21,000	10,500
	350,000	11,375	5,688	350,000	21,000	10,500
Interest rate related contracts						
- one year to less than five years	150,000	12,969	6,484	150,000	19,142	9,571
	500,000	24,344	12,172	500,000	40,142	20,071

* Other than the credit equivalent of RM7,403,370,000 (2008: RM7,177,331,000) arising from a subsidiary, PT Bank CIMB Niaga Tbk, which is computed based on Bank Indonesia requirements, and RM625,419,000 (2008: RMNil) arising from a subsidiary, CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited), which is computed based on Bank of Thailand requirements, the other credit equivalent amounts are arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

The following approaches have been adopted for the computation of the credit equivalent and risk weighted assets:
- Adoption of bilateral netting as provided under the Standardised Approach Framework which involves the weighting of net claims rather than gross claims with the same counterparties arising out of the full range of forwards, swaps, options and similar derivative contracts.
- Irrevocable commitments to extend credit (undrawn loans) have been revised to include only those undrawn loans whereby all conditions precedent have been met.

Included in the Group's commitments and contingencies above is RM46,380,000 (2008: RM30,840,000) of irrevocable commitments to extend credit with maturity less than one year relating to a jointly controlled entity, PCSB.

Not included in the above is a performance guarantee given by CIMB Group to Hang Seng Index/Hang Seng Data Services in respect of any potential breach of licensing agreement by a subsidiary, CIMB Aviva Assurance Berhad. The Directors are of the view that the likelihood of the performance guarantee to be called on is remote.

The Company has confirmed that it will provide continuing financial support to certain of its wholly-owned subsidiaries to meet their liabilities and financial obligations as and when they fall due and to carry on their businesses without significant restriction on their operations.

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

8 LOANS, ADVANCES AND FINANCING

(i) By type

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Overdrafts	8,247,311	7,239,009	-	-
Term loans/financing				
- Housing loans/financing	41,684,502	29,344,329	-	-
- Syndicated term loans	8,225,404	7,342,689	-	-
- Hire purchase receivables	14,276,219	13,663,402	-	-
- Lease receivables	65,600	123,850	-	-
- Factoring receivables	61,393	86,888	-	-
- Other term loans/financing	53,695,874	40,006,121	-	-
Bills receivable	1,919,643	178,213	-	-
Trust receipts	878,866	822,721	-	-
Claims on customers under acceptance credits	5,004,962	5,908,166	-	-
Staff loans [of which RM4,690,160 (2008: RM859,684) are to Directors]	763,386	765,073	1,491	2,232
Credit card receivables	3,551,451	3,087,405	-	-
Revolving credits	23,337,966	17,791,176	-	-
Share margin financing	1,015,067	577,808	-	-
Other loans	9,744	774,004	-	-
	162,737,388	127,710,854	1,491	2,232
Less: Unearned interest	(13,832,357)	(4,878,552)	-	-
	148,905,031	122,832,302	1,491	2,232
Less: Islamic financing sold to Cagamas	-	(294,946)	-	-
Gross loans, advances and financing	148,905,031	122,537,356	1,491	2,232
Fair value changes arising from fair value hedge	45,028	177,618	-	-
Less: Specific allowance	(4,905,276)	(3,524,361)	-	-
	144,044,783	119,190,613	1,491	2,232
Less: General allowance	(1,826,593)	(1,808,539)	-	-
Total net loans, advances and financing	142,218,190	117,382,074	1,491	2,232

(a) Included in the Group's loans, advances and financing balances are RM2,080,513,000 (2008: RM2,061,944,000) of net loans relating to that of a jointly controlled entity, PCSB. The revenue and risks of these loan accounts are shared equally between CIMB Bank Berhad and the joint venture partner, Proton Edar Sdn Bhd, pursuant to the terms of a Joint Venture Agreement.

(b) Included in the Group's other term loans is RM7,578,237,000 (2008: RM3,021,205,000) provided on normal commercial terms which is exempted from general allowance by Bank Negara Malaysia.

(c) Included in the Group's loans, advances and financing balances are RM80,235,000 (2008: RM85,506,000) of reinstated loans which were previously non-performing and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and was done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

(d) The Group has undertaken a fair value hedge on the interest rate risk of RM5,468,179,000 (2008: RM2,000,000,000) loans using interest rate swaps.

Notes to the Financial Statements

For the financial year ended 31 December 2009

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(i) By type (Continued)

	The Group	
	2009	2008
	RM'000	RM'000
Gross loans hedged	5,468,179	2,000,000
Fair value changes arising from fair value hedges	45,028	177,618
	5,513,207	2,177,618

The fair values of interest rate swaps as at 31 December 2009 were RM104,052,171 (2008: RM202,404,724).

(e) The maturity structure of loans, advances and financing are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Within one year	29,704,720	30,397,263	11	11
One year to less than three years	37,976,800	28,092,741	38	53
Three years to less than five years	13,821,790	12,589,732	94	159
Five years and more	67,401,721	51,752,566	1,348	2,009
	148,905,031	122,832,302	1,491	2,232
Less: Islamic financing sold to Cagamas	-	(294,946)	-	-
Gross loans, advances and financing	148,905,031	122,537,356	1,491	2,232

(ii) By type of customer:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Domestic banking financial institutions	418,909	149,356	-	-
Domestic non-bank financial institutions				
- stockbroking companies	-	42,442	-	-
- others	3,698,917	2,994,551	-	-
Domestic business enterprises				
- small medium enterprises	22,874,067	20,766,537	-	-
- others	34,977,110	30,379,125	-	-
Government and statutory bodies	7,680,833	3,098,571	-	-
Individuals	68,079,927	55,756,328	1,491	2,232
Other domestic entities	4,675,844	3,942,677	-	-
Foreign entities	6,499,424	5,702,715	-	-
	148,905,031	122,832,302	1,491	2,232
Less: Islamic financing sold to Cagamas	-	(294,946)	-	-
Gross loans, advances and financing	148,905,031	122,537,356	1,491	2,232

Notes to the Financial Statements

For the financial year ended 31 December 2009

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(iii) By interest/profit rate sensitivity:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed rate				
- Housing loans	6,141,974	5,572,131	-	-
- Hire-purchase receivables	11,873,291	11,422,258	-	-
- Other fixed rate loans	20,671,280	11,741,337	1,491	2,232
Variable rate				
- BLR plus	70,842,857	63,528,871	-	-
- Cost plus	21,888,489	22,154,552	-	-
- Other variable rates	17,487,140	8,413,153	-	-
	148,905,031	122,832,302	1,491	2,232
Less: Islamic financing sold to Cagamas	-	(294,946)	-	-
Gross loans, advances and financing	148,905,031	122,537,356	1,491	2,232

(iv) Loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personal use	4,669,215	3,200,541	42	87
Credit card	3,551,889	3,087,406	-	-
Purchase of consumer durables	4,076	19,111	-	-
Construction	4,651,539	3,277,838	-	-
Residential property (Housing)	35,658,935	28,933,603	1,196	1,828
Non-residential property	9,788,024	8,726,826	-	-
Purchase of fixed assets other than land and building	5,443,961	2,843,897	-	-
Mergers and acquisitions	1,737,598	1,563,682	-	-
Purchase of securities	9,645,409	12,161,500	-	-
Purchase of transport vehicles	14,964,275	13,302,548	253	317
Working capital	43,956,121	38,071,904	-	-
Other purpose	14,833,989	7,643,446	-	-
	148,905,031	122,832,302	1,491	2,232
Less: Islamic financing sold to Cagamas	-	(294,946)	-	-
Gross loans, advances and financing	148,905,031	122,537,356	1,491	2,232

Notes to the Financial Statements

For the financial year ended 31 December 2009

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(v) Non-performing loans, advances and financing by economic purpose:

	The Group	
	2009 RM'000	2008 RM'000
Personal use	273,975	257,288
Credit card	82,008	73,565
Purchase of consumer durables	611	950
Construction	417,527	337,397
Residential property (Housing)	1,687,729	1,672,770
Non-residential property	373,205	438,087
Purchase of fixed assets other than land and building	139,361	116,226
Purchase of securities	63,485	69,980
Purchase of transport vehicles	371,491	375,828
Working capital	3,123,027	2,584,750
Other purpose	884,430	129,620
Gross non-performing loans, advances and financing	7,416,849	6,056,461

(vi) Movements in the non-performing loans, advances and financing are as follows:

	The Group	
	2009 RM'000	2008 RM'000
Balance as at 1 January	6,056,461	7,324,748
Classified as non-performing during the financial year	4,411,728	3,707,932
Reclassified as performing during the financial year	(2,241,616)	(2,618,513)
Amount written back in respect of recoveries	(1,029,647)	(1,162,022)
Arising from acquisition of a subsidiary	1,398,003	67,149
Amount written off	(1,293,983)	(826,075)
Purchase of non-performing loans from third party	3,852	-
Sale of non-performing loans	-	(385,389)
Exchange fluctuation	112,051	(51,369)
Balance as at 31 December	7,416,849	6,056,461
Specific allowance ^	(4,553,264)	(3,325,574)
Net non-performing loans, advances and financing	2,863,585	2,730,887
Ratio of net non-performing loans, advances and financing to total loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances ^	1.98%	2.29%

^ Excludes specific allowances on performing loans amounting to RM352,012,000 (2008: RM198,787,000).

Notes to the Financial Statements

For the financial year ended 31 December 2009

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) Movements in the allowance for bad and doubtful debts and financing are as follows:

	The Group	
	2009 RM'000	2008 RM'000
Specific allowance		
Balance as at 1 January	3,524,361	3,551,988
Allowance made during the financial year	1,872,694	1,679,440
Amount written back in respect of recoveries	(502,027)	(693,323)
Amount written back from sale of non-performing loans	-	(61,099)
Amount written off	(1,117,850)	(814,807)
Arising from acquisition of subsidiaries	886,203	45,670
Allowance (written back)/made and charged to deferred assets	(2,880)	878
Amount transferred from general allowance	214,526	-
Sale of non-performing loans	-	(194,711)
Allowance made/(written back) in relation to jointly controlled entity	3,009	(4,329)
Allowance for non-performing loans purchased from third party	3,440	-
Exchange fluctuation	23,800	14,654
Balance as at 31 December	4,905,276	3,524,361
General allowance		
Balance as at 1 January	1,808,539	1,523,920
Net allowance made during the financial year	107,478	250,711
Allowance for loans arising from acquisition of subsidiaries	88,309	80,094
Amount transferred to specific allowance	(214,526)	-
Exchange fluctuation	36,793	(46,186)
Balance as at 31 December	1,826,593	1,808,539
General allowance as % of gross loans, advances and financing (including Islamic financing sold to Cagamas) less loans exempted from general allowance by BNM and specific allowance	1.34%	1.56%

Notes to the Financial Statements

For the financial year ended 31 December 2009

9 OTHER ASSETS

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Interest receivable		495,892	468,114	-	-
Due from brokers and clients net of allowance for doubtful debts of RM17,951,000 (2008: RM6,204,000)		1,337,154	512,972	-	-
Other debtors, deposits and prepayments net of allowance for doubtful debts of RM195,281,000 (2008: RM86,603,000)		1,985,616	1,831,690	1,556	69,305
Due from insurers, brokers and reinsurers		26,033	18,679	-	-
Option financing		238,224	301,995	-	-
Deferred assets	(a)	198,610	216,292	-	-
Foreclosed properties net of allowance for impairment losses of RM249,550,000 (2008: RM90,103,000)		610,944	174,047	-	-
Credit Support Annex for derivative transactions		210,761	464,823	-	-
Amounts receivable from sale of non-performing loans		118,562	165,871	-	-
		5,221,796	4,154,483	1,556	69,305

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

	The Group 2009 RM'000	The Group 2008 RM'000
At 1 January	216,292	226,311
Amortisation for the financial year	(14,802)	(10,897)
Specific allowance (written back)/made	(2,880)	878
At 31 December	198,610	216,292

Notes to the Financial Statements

For the financial year ended 31 December 2009

10 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts are shown in the balance sheet, after offsetting:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	293,708	260,062	3,012	-
Deferred tax liabilities	(13,247)	(14,895)	-	(103,399)
	280,461	245,167	3,012	(103,399)

The gross movements on the deferred taxation account are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January				
- as previously reported	528,244	459,312	(103,399)	(13,293)
- arising from fair value adjustments on the completion of initial accounting for business combination	(283,077)	-	-	-
As restated	245,167	459,312	(103,399)	(13,293)
Credited/(charged) to income statement (Note 38)				
- loans, advances and financing	(25,320)	32,063	-	-
- unutilised tax losses	(571)	(7,877)	-	-
- excess of capital allowance over depreciation	(12,691)	(12,569)	-	49
- intangible assets	11,427	14,686	-	-
- available-for-sale securities	(1,506)	145	-	-
- under/(over) accrual in prior years	13,307	(163,431)	3,562	8
- other temporary differences	83,974	(88,358)	102,101	(94,698)
	68,620	(225,341)	105,663	(94,641)
(Disposal)/acquisition of subsidiaries	(46,033)	196,909	-	-
Arising from fair value adjustments on the completion of initial accounting for business combination	-	(283,077)	-	-
Transferred to equity				
- revaluation reserve – available-for-sale securities	11,700	92,829	-	-
- hedging reserve – cash flow hedge	1,007	4,512	748	4,512
RCULS	-	23	-	23
At 31 December	280,461	245,167	3,012	(103,399)

Notes to the Financial Statements

For the financial year ended 31 December 2009

10 DEFERRED TAXATION (CONTINUED)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets (before offsetting)				
Loans, advances and financing	505,517	409,110	-	-
Available-for-sale securities	2,283	75,582	-	-
Unutilised tax losses	8,525	15,720	-	-
Other temporary differences	205,096	207,508	5,260	4,512
	721,421	707,920	5,260	4,512
Offsetting	(427,713)	(447,858)	(2,248)	(4,512)
Deferred tax assets (after offsetting)	293,708	260,062	3,012	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(72,546)	(53,786)	(147)	(164)
Available-for-sale securities	(9,583)	(27,009)	-	-
Intangible assets	(353,873)	(362,679)	-	-
Other temporary differences	(4,958)	(19,279)	(2,101)	(107,747)
	(440,960)	(462,753)	(2,248)	(107,911)
Offsetting	427,713	447,858	2,248	4,512
Deferred tax liabilities (after offsetting)	(13,247)	(14,895)	-	(103,399)

11 STATUTORY DEPOSITS WITH CENTRAL BANKS

The non-interest bearing statutory deposits are maintained by certain subsidiaries with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities. The non-interest bearing statutory deposits of a foreign subsidiary and foreign branches of the bank subsidiary are maintained with respective central banks in compliance with the applicable legislation.

12 INVESTMENT IN SUBSIDIARIES

	The Company	
	2009 RM'000	2008 RM'000
Shares at cost:		
Unquoted	8,336,383	7,336,383
Allowance for impairment loss of a subsidiary	(1,275)	(1,275)
	8,335,108	7,335,108

Notes to the Financial Statements
For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The direct subsidiaries of the Company are:

Name of Subsidiary	Principal activities	Percentage of equity held 2009 %	2008 %
CIMB Berhad	Investment holding	100	100
CIMB Group Sdn Bhd	Investment holding	100	100
Commerce MGI Sdn Bhd	Dormant	51	51
Commerce Asset Realty Sdn Bhd	Holding of properties for letting to a related company	100	100
Commerce Capital (Labuan) Ltd (Incorporated in the Federal Territory of Labuan)	Special purpose vehicle	100	100
iCIMB (MSC) Sdn Bhd	Provision of management and outsourcing services	100	100
SBB Berhad	Dormant	100	100
Modified CIMBB Options Trust (unincorporated)	Holding of accelerated CIMBB's Modified EESOS and CEO options	-	-
CIMB Foundation ∞	Special purpose vehicle	-	-

∞ In accordance with IC 112-Consolidation : "Special Purpose Entities", CIMB Foundation is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.

The subsidiaries held through CIMB Berhad are:

		Percentage of equity held			
		Directly by CIMB Berhad		Indirectly by the Company	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
CIMB Trustee Berhad	Trustee services	20	20	100	100
BHLB Trustee Berhad	Trustee services	20	20	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are:

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
CIMB Bank Berhad ("CIMB Bank")	Commercial banking and related financial services	99.9	99.9	-	-
CIMB Investment Bank Berhad ("CIMB Investment Bank")	Investment banking and the provision of related financial services	100	100	-	-
PT Bank CIMB Niaga Tbk + (Incorporated in the Republic of Indonesia)	Commercial banking and related financial services	78.3	78.3	-	-
PT Commerce Kapital # (Incorporated in the Republic of Indonesia)	Investment holding	98.9	98.9	1.1	1.1
CIMB SI Sdn Bhd	Trading in securities and direct principal investments	100	100	-	-
CIMB SI I Sdn Bhd	Investment holding	-	-	100	100
CIMB SI II Sdn Bhd	Investment holding	100	100	-	-
CIMB Private Equity Sdn Bhd	Investment holding	100	100	-	-
Maju-Uni Concept Sdn Bhd	Investment holding	-	-	100	100
Mutiara Makmur Ventures Sdn Bhd	Investment holding	-	-	100	100
Semantan Investment Holdings Ltd (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	100
Papyrus Capital Sdn Bhd	Investment holding	-	-	100	100
Armada Investment Holding Ltd (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	-
Retail Investment Holding Ltd (Incorporated in the Federal Territory of Labuan)	Investment holding	-	-	100	-

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For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are: (Continued)

Name of Subsidiary	Principal activities	Percentage of equity held Directly by CIMBG 2009 %	Directly by CIMBG 2008 %	Through CIMBG's subsidiary company 2009 %	Through CIMBG's subsidiary company 2008 %
CIMB-GK Pte Ltd + (Incorporated in the Republic of Singapore)	Investment holding	100	100	-	-
CIMB-GK Securities Pte Ltd + (Incorporated in the Republic of Singapore)	Stock and sharebroking	-	-	100	100
CIMB-GK Research Pte Ltd + (Incorporated in the Republic of Singapore)	Investment research	-	-	100	100
CIMB Securities (UK) Ltd (formerly known as CIMB-GK Securities (UK) Ltd) + (Incorporated in the United Kingdom)	Securities related business	-	-	100	100
CIMB Securities (USA) Inc (formerly known as CIMB-GK Securities (USA) Inc) # (Incoporated in the United States of America)	Dormant	-	-	100	100
CIMB Securities (HK) Ltd (formerly known as CIMB-GK Securities (HK) Ltd) + (Incorporated in Hong Kong)	Securities broking, dealing and trading	-	-	100	100
CIMB Securities (HK) Nominees Ltd (formerly known as CIMB-GK Securities (HK) Nominees Ltd) + (Incorporated in Hong Kong)	Nominee services	-	-	100	100
PT CIMB Securities Indonesia (formerly known as PT CIMB-GK Securities Indonesia) + (Incorporated in the Republic of Indonesia)	Stockbroking	-	-	100	100
KL Damansara Sdn Bhd	Dormant	-	-	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are: (Continued)

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
CIMB-GK Securities (Thailand) Ltd + (Incorporated in the Kingdom of Thailand)	Dormant	-	-	100	100
CIMB Real Estate Sdn Bhd	Real estate investment	100	100	-	-
CIMB-Mapletree Management Sdn Bhd	Real estate fund management	-	-	60	60
CIMB-Principal Asset Management Berhad	Establishment and management of unit trust fund and fund management business	60	60	-	-
CIMB-Principal Islamic Asset Management Sdn Bhd	Establishment and management of unit trust fund and fund management business in accordance with shariah principles	-	-	-	100
CIMB-Principal Asset Management (S) Pte Ltd + (Incorporated in the Republic of Singapore)	Provision of management and investment analysis services	-	-	100	100
PT CIMB-Principal Asset Management (Incorporated in the Republic of Indonesia)	Establishment and management of unit trust fund and fund management business	-	-	99	99
CIMB Wealth Advisors Berhad	Distribution of unit trust funds	-	-	100	100
i-Wealth Advisors Sdn Bhd	Provision of management services and distribution of products and services	60	60	-	-
CIMB Strategic Assets Sdn Bhd	Investment holding	100	100	-	-
CIMB Standard Strategic Asset Advisors Sdn Bhd	Investment advisory services	-	-	60	60
CIMB Standard Strategic Asset Advisors Pte Ltd + (Incorporated in the Republic of Singapore)	Investment advisory services	-	-	60	60

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are: (Continued)

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
South East Asian Strategic Assets (General Partner) Ltd (Incorporated in the Cayman Islands)	Investment advisory services	-	-	60	60
CIMB Standard Islamic Infrastructure Fund (General Partner) Limited (Incorporated in the Federal Territory of Labuan)	Managing private fund	-	-	100	-
CIMB Strategic Assets (Cayman) Ltd (Incorporated in the Cayman Islands)	Investment holding	100	100	-	-
CIMB Private Equity Advisors Sdn Bhd	Investment advisory and private equity management	100	100	-	-
CIG Berhad (formerly known as Commerce International Group Berhad)	Insurance holding company	100	100	-	-
CIMB Aviva Assurance Berhad	Life assurance business	-	-	51	51
CIMB Aviva Takaful Berhad	Takaful business	-	-	51	51
CIMB Insurance Brokers Sdn Bhd	Insurance broking	-	-	100	100
PT CIMB Sun Life (formerly known as PT Commerce International) + (Incorporated in the Republic of Indonesia)	Life assurance business	-	-	51	100
Commerce Asset Ventures Sdn Bhd ("CAV")	Investment holding company	100	100	-	-
Southeast Asia Special Asset Management Berhad (formerly known as Common Forge Berhad)	To invest in, purchase or otherwise acquire and deal with non-performing loans, credit and financing facilities or debts	100	-	-	100
Kibaru Manufacturing Sdn Bhd	Manufacturing of rubber components	-	-	71.9	71.9

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are: (Continued)

		Percentage of equity held			
		Directly by CIMBG		Through CIMBG's subsidiary company	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
CAV Private Equity Management Sdn Bhd	Providing management and advisory services	-	-	100	100
Commerce Technology Ventures Sdn Bhd	Investment holding company	-	-	100	100
Commerce Agro Ventures Sdn Bhd	Investment holding company	-	-	100	100
CAV BAT Sdn Bhd	Investment holding company	-	-	100	100
Commerce Growth Sdn Bhd	Investment holding company	-	-	100	100
Top Sigma Sdn Bhd	Investment holding company	-	-	100	100
Prima Special Sdn Bhd	Investment holding company	-	-	100	100
Edufuture Sdn Bhd	Investment holding company	-	-	100	100
Metro Bumimas Sdn Bhd	Investment holding company	-	-	100	100
Sedia Fajar Sdn Bhd	Investment holding company	-	-	100	100
Peranan Dinamik Sdn Bhd	Investment holding company	-	-	100	-
Trace Tracker Malaysia Sdn Bhd [&]	Provider of traceability services	-	-	29	-
Pesat Dinamik Sdn Bhd	Investment holding company	-	-	100	-
Prima Mahawangsa Sdn Bhd	Investment holding company	-	-	100	-
Langkawi Shrimps Sdn Bhd	Harvesting prawns and trading seafood	-	-	60	-
Tetap Fajar Sdn Bhd	Investment holding company	-	-	100	100
Vital Remarks Sdn Bhd	Manufacturing and distribution of halal meat based products	-	-	51	51
Ekspedisi Yakin Sdn Bhd [#]	Dormant	-	-	100	100
Titan Setup Sdn Bhd [#]	Investment holding company	-	-	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Group Sdn Bhd ("CIMBG") are: (Continued)

Name of Subsidiary	Principal activities	Percentage of equity held Directly by CIMBG 2009 %	Directly by CIMBG 2008 %	Through CIMBG's subsidiary company 2009 %	Through CIMBG's subsidiary company 2008 %
Commerce-KPF Ventures Sdn Bhd	Investment holding company	-	-	51	51
Radiant Direction Sdn Bhd #	Dormant	-	-	100	100
Quantum Epic Sdn Bhd #	Dormant	-	-	100	100
Goodmaid Chemical Corporation Sdn Bhd #	Manufacturing of household care products	-	-	99.6	99.6
Goodmaid Marketing Sdn Bhd #	Trading and marketing of household care products	-	-	100	100
Goodmaid Industrial Supplies Sdn Bhd #	Trading of industrial chemical products	-	-	100	100
EQ Industry Supplies Sdn Bhd #	Trading and marketing of industrial chemicals	-	-	100	100
Itopia Sdn Bhd #	Provision of telephony infrastructure, products and services	-	-	53.2	53.2
CIMB Middle East BSC (formerly known as CIMB Islamic Investment House BSCI) &+ (Incorporated in the Kingdom of Bahrain)	Islamic investment	50	50	-	-
CIMB-Trustcapital Advisors Singapore Pte Ltd # (Incorporated in the Republic of Singapore)	Real estate management and advisory	-	-	70	-

& Deemed a subsidiary by virtue of board control over the company's financial and operating policies

Audited by a firm other than member firms of PricewaterhouseCoopers International Limited

+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMBG's direct subsidiary, CIMB Investment Bank are:

		Percentage of equity held			
		Directly by CIMB Investment Bank		Through CIMB Investment Bank's subsidiary company	
Name of Subsidiary	**Principal activities**	**2009 %**	**2008 %**	**2009 %**	**2008 %**
CIMB Holdings Sdn Bhd	Investment holding	100	100	-	-
CIMB Securities (Hong Kong) Ltd ^ (Incorporated in Hong Kong)	Dormant	-	-	-	100
CIMBS Sdn Bhd	Dormant	-	-	100	100
CIMSEC Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
CIMSEC Nominees (Asing) Sdn Bhd	Nominee services	100	100	-	-
CIMSEC Nominees Sdn Bhd	Nominee services	100	100	-	-
CIMB Futures Sdn Bhd	Futures broking	100	100	-	-
CIMB Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
CIMB Nominees (Asing) Sdn Bhd	Nominee services	100	100	-	-
CIMB Discount House Berhad	Dormant	100	100	-	-
CIMB Trustee Berhad	Trustee services	-	-	20	20
BHLB Trustee Berhad	Trustee services	-	-	20	20

^ Company has been voluntarily liquidated during the financial year

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are:

Name of Subsidiary	Principal activities	Percentage of equity held Directly by CIMB Bank 2009 %	Directly by CIMB Bank 2008 %	Through CIMB Bank's subsidiary 2009 %	Through CIMB Bank's subsidiary 2008 %
Bumiputra-Commerce Factoring Berhad *	Dormant	100	100	-	-
CIMB FactorLease Bhd	Leasing, hire purchase financing, debt factoring, loan management and property management	100	100	-	-
CIMB Trustee Berhad	Trustee services	20	20	40	40
BBMB Unit Trust Management Bhd *	Dormant	100	100	-	-
CIMB Bank (L) Limited (Incorporated in the Federal Territory of Labuan)	Offshore banking	100	100	-	-
Bumiputra-Commerce Finance Bhd	Dormant	100	100	-	-
CIMB Islamic Funds DCC Ltd (Incorporated in Brunei)	Fund company	-	-	100	100
iCIMB (Malaysia) Sdn Bhd	Provision of management and outsourcing services	100	100	-	-
Bumiputra-Commerce Properties Sdn Bhd *	Dormant	100	100	-	-
CIMB Group Nominees Sdn Bhd	Nominee services	100	100	-	-
CIMB Group Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
CIMB Group Nominees (Asing) Sdn Bhd	Nominee services	100	100	-	-
BBMB Securities (Holdings) Sdn Bhd *	Investment holding company	100	100	-	-
BBMB Futures Sdn Bhd *	Dormant	-	-	100	100
Semerak Services Sdn Bhd	Service company	100	100	-	-
BOC Nominees Sdn Bhd ^	Dormant	-	100	-	-
BOC Nominees (Tempatan) Sdn Bhd ^	Dormant	-	100	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are: (Continued)

		Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary	
Name of Subsidiary	**Principal activities**	**2009 %**	**2008 %**	**2009 %**	**2008 %**
BOC Nominees (Asing) Sdn Bhd ^	Dormant	-	100	-	-
BBMB Finance (Hong Kong) Ltd (Incorporated in Hong Kong)	Dormant	100	100	-	-
CIMB Islamic Bank Berhad	Islamic banking and related financial serivces	100	100	-	-
CIMB Trust Ltd (Incorporated in the Federal Territory of Labuan)	Trustee services	100	100	-	-
Bumiputra-Commerce Corporate Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
BC Management Services Limited (Incorporated in the Federal Territory of Labuan)	Nominee services	-	-	100	100
CIMB (L) Limited (Incorporated in the Federal Territory of Labuan)	Dormant	100	100	-	-
Halyconia Asia Fund Limited (Incorporated in the British Virgin Islands)	Open-ended investment fund	-	-	100	100
CIMB Private Equity General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
CIMB Mezzanine General Partner Limited (Incorporated in the Federal Territory of Labuan)	Fund management	-	-	100	100
I-Prestige Sdn Bhd	Special purpose vehicle	100	100	-	-
Southern Nominees (Asing) Sdn Bhd	Nominee services	100	100	-	-
S.B. Venture Capital Corporation Sdn Bhd	Investment holding and provision of management services	100	100	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are: (Continued)

		Percentage of equity held			
		Directly by CIMB Bank		Through CIMB Bank's subsidiary	
Name of Subsidiary	Principal activities	2009 %	2008 %	2009 %	2008 %
Southern Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
SBB Futures Sdn Bhd *	Investment holding	100	100	-	-
BHLB Properties Sdn Bhd	Property ownership and management	100	100	-	-
SBB Nominees (Tempatan) Sdn Bhd	Nominee services	100	100	-	-
SBB Nominees (Asing) Sdn Bhd	Nominee services	100	100	-	-
CIMB Bank Nominees (S) Pte Ltd (formerly known as CIMB Bank Nominees (S) Sdn Bhd) + (Incorporated in the Republic of Singapore)	Nominee services	100	100	-	-
SBB Capital Corporation	Special purpose vehicle	100	100	-	-
SFB Auto Berhad	Dormant	100	100	-	-
Southeast Asia Special Asset Management Berhad (formerly known as Common Forge Berhad)	To invest in, purchase or otherwise acquire and deal with non-performing loans, credit and financing facilities or debts	-	100	-	-
Premier Fidelity Berhad	Dormant	100	100	-	-
Perdana Visi Hartanah Sdn Bhd	Property investment	100	100	-	-
SFB Nominees (Tempatan) Sdn Bhd ^	Nominee services	-	100	-	-
SBB Capital Markets Sdn Bhd *	Investment holding	100	100	-	-
Mohaiyani Sdn Bhd *	Investment holding	-	-	100	100
Mohaiyani Nominees Sdn Bhd ^	Dormant	-	-	-	100
Mohaiyani Nominees (Tempatan) Sdn Bhd ^	Dormant	-	-	-	100
BHLB Trustee Berhad	Trustee services	-	-	73	73

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMBG's direct subsidiary, CIMB Bank are: (Continued)

Name of Subsidiary	Principal activities	Percentage of equity held Directly by CIMB Bank 2009 %	 2008 %	 Through CIMB Bank's subsidiary 2009 %	 2008 %
BHL Venture Berhad *	Investment holding	100	100	-	-
BHLB Asset Management Sdn Bhd *	Investment holding	-	-	100	100
SBB Unit Trust Management Bhd *	Dormant	-	-	100	100
S.B. Properties Sdn Bhd	Property ownership and management	100	100	-	-
Elite Constant Development Sdn Bhd	Construction of building	-	-	100	100
SFB Development Sdn Bhd	Property investment	100	100	-	-
Seal Line Trading Sdn Bhd	Property investment	-	-	100	100
SIBB Berhad (formerly known as Southern Investment Bank Berhad)	Dormant	80	80	-	-
Perdana Nominees (Tempatan) Sdn Bhd	Nominee services	-	-	80	80
Perdana Nominees (Asing) Sdn Bhd *	Nominee services	-	-	80	80
Perdana Mutual Fund Berhad *	Dormant	-	-	80	80
Commerce Returns Berhad ∞	Special purpose vehicle	-	-	-	-
CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) # (Incorporated in the Kingdom of Thailand)	Banking	93.2	-	-	-

The subsidiaries held through PT Bank CIMB Niaga Tbk are:

Name of Subsidiary	Principal activities	Percentage of equity held 2009 %	 2008 %
PT Saseka Gelora Finance + (Incorporated in the Republic of Indonesia)	Financing services	95.9	95.9
PT Kencana Internusa Artha Finance + (Incorporated in the Republic of Indonesia)	Financing services	51	51

Notes to the Financial Statements

For the financial year ended 31 December 2009

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries held through CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) are:

Name of Subsidiary	Principal activities	Percentage of equity held 2009 %	2008 %
CIMB Securities (Thailand) Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Securities broking, dealing, underwriting and investment advisory	99.9	-
BT Insurance Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Non-life insurance	99.9	-
BT Business Consulting Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Consultancy services	99.9	-
BT Asset Management Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Investment and fund management, and other related services	99.9	-
BT Leasing Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Hire purchase, sale and leaseback and financial lease	99	-
BT Worldlease Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Hire purchase of motorcycles	75	-
Sathorn Asset Management Co., Ltd. # (Incorporated in the Kingdom of Thailand)	Managing distressed assets and buying assets	99.9	-

* Company will be liquidated in 2010
^ Company has been voluntarily liquidated during the financial year
# Not audited by any member firm of PricewaterhouseCoopers International Limited
+ Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia
∞ In accordance with IC 112-Consolidation : "Special Purpose Entities", Commerce Returns Berhad is consolidated in the Group as the substance of the relationship between CIMB Bank and the special purpose entity indicates that the entity is controlled by CIMB Bank

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES

	The Group	
	2009 RM'000	2008 RM'000
Share of net assets other than premium of associates	402,572	366,344
Premium on acquisition	85,047	419,722
	487,619	786,066

	The Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	3,834	3,834

Investment in associate as at 31 December 2009 includes premium on acquisition of RM75,321,000 that relates to the acquisition of 19.99% equity interest in Bank of Yingkou.

In 2008, included in premium on acquisition is RM379,003,000 relating to the acquisition of 42.13% equity interest in CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited)("CIMB Thai Bank"). Following the additional acquisition of 49.91% stake in 2009 and completion of CIMB Thai Bank's subsequent rights issue, CIMB Bank holds 93.15% in CIMB Thai Bank and this has been accounted for as a subsidiary as at 31 December 2009, as set out in Note 49(a)(i) to the Financial Statements.

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

	2009 RM'000	2008 RM'000
Income	144,179	126,869
Expenses	(100,446)	(126,220)
Allowance for losses on loans and advances	(3,202)	(24,911)
Allowance for impairment losses	(41)	(19,044)
Profit/(loss) before taxation	40,490	(43,306)
Taxation	(14,215)	(2,287)
Profit/(loss) after taxation	26,275	(45,593)

Notes to the Financial Statements

For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES (CONTINUED)

The Group's share of the assets and liabilities of the associates are as follows:

	2009 RM'000	2008 RM'000
Total assets	3,194,910	9,186,856
Total liabilities	(2,792,338)	(8,820,512)
Net assets	402,572	366,344

The direct associate is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Touch 'n Go Sdn Bhd (formerly known as Rangkaian Segar Sdn Bhd)	Establishment, operation and management of an electronic collection system for toll and transport operators	20	20

The associates held through CAV are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
IHS Innovations Sdn Bhd	Provider and consultant specialising in reliability testing systems, vision and imaging systems	20	20
Meru Utama Sdn Bhd	General traders and rental of media space on airport baggage trolleys	20	20
Evermal Resources Sdn Bhd	Investment holding company	20.5	20.5
In-fusion Solutions Sdn Bhd	Provision of educational and training related solutions and services to various government bodies and private institutions	-	20.3
Fortlab Holdings Sdn Bhd	Investment holding company	40	40
Qualitas Medical Group Limited (Incorporated in the Republic of Singapore)	Provision of healthcare services	16	16

Notes to the Financial Statements

For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES (CONTINUED)

The associate held through CAV's subsidiary, Ekspedisi Yakin Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Opera Café Sdn Bhd	Leisure and entertainment services	49	49

The associates held through CAV's subsidiary, Commerce-KPF are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
In-fusion Solutions Sdn Bhd	Provision of educational and training related solutions and services to various government bodies and private institutions	10.3	-
Qualitas Medical Group Limited (Incorporated in the Republic of Singapore)	Provision of healthcare services	5.4	5.4
Delphax Sdn Bhd	Manufacturer of reconstructive & spinal implants, trauma & related orthopaedic surgical products	11.9	11.9

The associate held through CAV's subsidiary, Commerce Agro Ventures Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Landas Bina Aquaventures Sdn Bhd	Aquaculture	40	40

The associates held through CAV's subsidiary, Commerce Technology Ventures Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Dbix Systems Sdn Bhd	Provision of IT and internet solutions for enterprises	34.9	34.9
Sesama Equilab Sdn Bhd	Dormant	29	29
Consolidated Liquid Eggs Sdn Bhd	Dormant	30	30
Explorium (M) Sdn Bhd	Provider for customer and marketing management services, e-learning, brand experience	30	30
In-fusion Solutions Sdn Bhd	Provision of educational and training related solutions and services to various government bodies and private institutions	20.3	20.3

Notes to the Financial Statements
For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES (CONTINUED)

The associates held through CIMB Bank are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) ("CIMB Thai Bank") (Incorporated in the Kingdom of Thailand)	Banking	-	42.1
Bank of Yingkou Co. Ltd (Incorporated in the Peoples Republic of China)	Banking	20	-

The associate held through CIMBG's subsidiary, CIMB SI I Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Engage Media Sdn Bhd	Operates out of home digital media network	35	35

The associate held through CIMBG's subsidiary, CIMB SI II Sdn Bhd is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Tune Money Sdn Bhd	Online financial services	25	25

The associates held through CIMBG's subsidiary, CIMB Private Equity Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
CIMB Mezzanine 1 Sdn Bhd	Investment holding	-	18.5
CIMB Private Equity 1 Sdn Bhd	Investment holding	28.2	28.2
Ekuiti Erasama Sdn Bhd	Investment holding	19.7	19.7

Notes to the Financial Statements

For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES (CONTINUED)

The associates held through CIMBG's subsidiary, CIMB Private Equity Sdn Bhd are: (Continued)

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
Bigbite Ventures Sdn Bhd	Investment holding	20	20
Big Ship Sdn Bhd	Investment management company	20.3	20.3
Eagle Eye Capital Sdn Bhd	Investment holding	14.1	14.1
Silverbell Capital Sdn Bhd	Investment holding	28.2	28.2
Silverbell Investment Pte Ltd (Incorporated in the Republic of Singapore)	Investment holding	28.2	28.2
Mezzanine Holdings Sdn Bhd	Investment holding	18.5	-

The associates held through CIMBG's subsidiary, CIMB Strategic Assets (Cayman) Ltd are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
The South East Asian Strategic Assets Fund (Incorporated in the Cayman Islands)	Invest in equity and equity related securities of entities operating in infrastructure, energy and natural resources and their associated industries	31.9	30
SEASAF Power Sdn Bhd	Investment holding	31.9	30
SEASAF Highway Sdn Bhd	Investment holding	31.9	30
SEASAF Education Sdn Bhd	Investment holding	31.9	30
SEASAF Sdn Bhd	Investment holding	31.9	-
SEASAF 1 Resources Pte Ltd (Incorporated in the Republic of Singapore)	Investment holding	31.9	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

13 INVESTMENT IN ASSOCIATES (CONTINUED)

The associates held through CIMBG's subsidiary, CIMB Real Estate Sdn Bhd are:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
CMREF 1 Sdn Bhd	Investment holding	24.9	24.9
Eleven Section Sixteen Sdn Bhd	Property investment and management	24.9	24.9
Dynamic Concept One Sdn Bhd	Property investment	24.9	24.9
Jaya Section Fourteen Sdn Bhd	Property investment and management	24.9	24.9
Project Asia City Sdn Bhd	Property investment and management	24.9	24.9
Forward Wealth Advisors Sdn Bhd	Property management services	24.9	24.9
Sentral Parc City Sdn Bhd	Property investment	24.9	24.9
Lot A Sentral Sdn Bhd	Property investment	24.9	24.9
Tanjung Pinang Villas Sdn Bhd	Investment and asset holdings	24.9	24.9

The associate held through PT Bank CIMB Niaga Tbk is:

Name of Associate	Principal activities	Percentage of equity held 2009 %	2008 %
PT Asuransi Cigna (Incorporated in the Republic of Indonesia)	Life insurance activities	20	20

14 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	The Group 2009 RM'000	2008 RM'000
Share of net assets of joint venture	161,519	127,701
Unquoted shares, at cost	151,063	125,000
Accumulated share of results	11,008	3,253
Less: Allowance for impairment loss	(552)	(552)
	161,519	127,701

Notes to the Financial Statements

For the financial year ended 31 December 2009

14 INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The joint ventures, which are incorporated in Malaysia and held under CIMB Group are as follows:

Name	Principal activities	Percentage of equity held through subsidiary company 2009 %	2008 %
Proton Commerce Sdn Bhd	Financing of vehicles	50	50
Alam-PE Holdings (L) Inc (Incorporated in the Federal Territory of Labuan)	Owning and chartering offshore supply vessels	51	-
CIMB-Principal Islamic Asset Management Sdn Bhd	Establishment and management of unit trust fund and fund management business in accordance with shariah principles	50	-

Proton Commerce Sdn Bhd

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

Under the joint venture, the assets and liabilities of PCSB are recorded and accounted for by CIMB Bank in a Special Project Account ("SPA") for and on behalf of PCSB. The respective balances in this SPA as at balance sheet date are consolidated and reported as the assets and liabilities of CIMB Bank Group.

All income and expenses arising from PCSB's activities are recorded in the books of PCSB. At CIMB Bank Group, the 50% share of profit and loss from the operations of PCSB is shown as a line item in the income statement. For the financial year ended 2009, PCSB recorded a profit after taxation of RM13,716,145 (2008: RM6,506,098) and the Group's share of this profit is RM6,858,072 (2008: RM3,253,049).

14 INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The assets and liabilities in the SPA as at 31 December are as follows:

	2009 RM'000	2008 RM'000
Assets		
Cash and short-term funds	1	237
Loans and advances	2,080,513	2,061,944
Other assets	4,384	4,423
Held-to-maturity securities	90,000	90,000
Total assets	2,174,898	2,156,604
Liabilities and equity		
Deposits and placements of banks and other financial institutions	1,188,571	1,030,504
Amount due to Cagamas Berhad	56,657	68,158
Other liabilities	415,310	452,539
Amount due to related company (Note 22)	314,360	405,403
Total liabilities	1,974,898	1,956,604
Perpetual preference shares	200,000	200,000
Total liabilities and equity	2,174,898	2,156,604
Commitments and contingencies	46,380	30,840

Alam-PE Holdings (L) Inc

CIMB Private Equity Sdn Bhd ("PE") entered into a joint venture agreement with Alam Maritim Resources Berhad ("AMRB") and set up a joint venture company, incorporated under the name of Alam-PE Holdings (L) Inc. ("Alam-PE"), which is 51%:49% owned by PE and AMRB respectively. The investment is made via an investment holding company, Armada Investment Holding Ltd, a wholly-owned subsidiary of PE.

CIMB-Principal Islamic Asset Management Sdn Bhd

Following the disposal of 50% equity interest in CIMB-Principal Islamic Asset Management Sdn Bhd ("CPIAM") by CIMB-Principal Asset Management Berhad as described in Note 46(b), the Group via CIMB Group Sdn Bhd owns 50% equity interest in CPIAM and is treated as a jointly controlled entity.

Notes to the Financial Statements

For the financial year ended 31 December 2009

14 INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's share of income and expenses of the jointly controlled entities are as follows:

	2009 RM'000	2008 RM'000
Income	58,110	57,224
Expenses	(48,329)	(53,175)
Profit before taxation	9,781	4,049
Taxation	(2,026)	(796)
Net profit for the financial year	7,755	3,253

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

	2009 RM'000	2008 RM'000
Non-current assets	348,803	301,371
Current assets	127,306	59,368
Current liabilities	(67,827)	(35,283)
Long term liabilities	(246,763)	(197,755)
Net assets	161,519	127,701

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 PROPERTY, PLANT AND EQUIPMENT

The Group 2009	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Computer equipment and software under lease RM'000	Motor vehicles RM'000	General plant and machinery RM'000	Capital work in progress RM'000	Total RM'000
Cost												
At 1 January												
- as previously reported		231,722	367,398	158,219	42,565	991,544	663,290	60,094	103,858	227,086	360,188	3,205,964
- arising from fair value adjustments on the completion of initial accounting for business combination	49(b)	(109,486)	-	-	-	-	-	-	-	-	-	(109,486)
As restated		122,236	367,398	158,219	42,565	991,544	663,290	60,094	103,858	227,086	360,188	3,096,478
Additions		29	2,186	14,449	17,671	305,478	27,080	5,416	5,295	274	39,824	417,702
Arising from acquisition of subsidiaries		82,595	440,675	-	43,473	83,355	154,394	-	4,143	-	-	808,635
Disposals/written off		(9,760)	(44,568)	(5,477)	(3,214)	(91,359)	(95,226)	(3,630)	(11,594)	(341)	(389,280)	(654,449)
Transfer/reclassifications		-	(125,526)	(90)	187,824	161,965	(12,050)	(82)	(807)	(210,369)	(865)	-
Reclassified to intangible assets	19	-	-	-	-	(1,081)	-	-	-	-	-	(1,081)
Reclassifed from prepaid lease payments	17	-	-	-	784	-	-	-	-	-	-	784
Reclassifed to investment properties	16	(14,383)	(7,150)	(4,310)	-	-	-	-	-	-	-	(25,843)
Reclassified to non-current assets held for sale	51(iii)	(68,510)	(208,093)	(46,649)	-	(2,817)	-	-	-	-	-	(326,069)
Exchange fluctuation		-	-	238	34,725	66,854	1,236	312	550	-	36	103,951
At 31 December		112,207	424,922	116,380	323,828	1,513,939	738,724	62,110	101,445	16,650	9,903	3,420,108

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2009	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Computer equipment and software under lease RM'000	Motor vehicles RM'000	General plant and machinery RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation and impairment loss												
At 1 January		-	146,488	65,802	15,873	646,847	424,111	38,992	48,239	150,576	-	1,536,928
Charge for the financial year		-	3,923	3,484	19,792	154,515	100,919	7,970	18,236	934	-	309,773
Arising from acquisition of subsidiaries		-	114,929	-	20,092	57,864	99,918	-	1,701	-	-	294,504
Disposals/written off		-	(8,013)	(935)	(1,188)	(85,362)	(92,804)	(2,704)	(7,497)	-	(57)	(198,560)
Transfer/reclassifications		-	(59,334)	-	127,959	74,900	(2,567)	(61)	(755)	(140,142)	-	-
Impairment												
- Arising from acquisition of a subsidiary		9,008	26,903	-	-	337	587	-	-	-	-	36,835
- Disposal		-	(8,759)	-	-	(9)	(10)	-	-	-	-	(8,778)
Reclassifed to investment properties	16	-	(1,297)	(676)	-	-	-	-	-	-	-	(1,973)
Reclassified to non-current assets held for sale	51(iii)	-	(91,853)	(21,400)	-	(1,138)	-	-	-	-	-	(114,391)
Exchange fluctuation		-	(2)	131	22,385	42,685	986	84	435	-	-	66,704
At 31 December		9,008	122,985	46,406	204,913	890,639	531,140	44,281	60,359	11,368	(57)	1,921,042
Net book value at 31 December 2009		103,199	301,937	69,974	118,915	623,300	207,584	17,829	41,086	5,282	9,960	1,499,066

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2008	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Computer equipment and software under lease RM'000	Motor vehicles RM'000	General plant and machinery RM'000	Capital work in progress RM'000	Total RM'000
Cost												
At 1 January		171,681	247,768	154,608	54,466	792,813	540,171	54,597	96,236	14,747	269,360	2,396,447
Additions		-	2,870	-	-	144,531	125,727	3,417	19,947	3,549	96,476	396,517
Arising from acquisition of subsidiaries		72,382	128,000	-	-	93,586	11,542	-	1,315	222,621	-	529,446
Arising from fair value adjustments on the completion of initial accounting for business combination		(109,486)	-	-	-	-	-	-	-	-	-	(109,486)
Disposals/written off		(1,555)	(8,304)	-	-	(29,329)	(11,254)	(349)	(12,875)	(18)	-	(63,684)
Transfer/reclassifications		-	-	3,611	(3,611)	7,105	4,236	3,101	-	(8,609)	(5,833)	-
Reclassified to intangible assets	19	-	-	-	-	-	(8,289)	-	-	-	-	(8,289)
Reclassified from/(to) non-current assets held for sale	51(i)	-	-	-	-	(45)	313	-	-	-	-	268
Exchange fluctuation		(10,786)	(2,936)	-	(8,290)	(17,117)	844	(672)	(765)	(5,204)	185	(44,741)
At 31 December		122,236	367,398	158,219	42,565	991,544	663,290	60,094	103,858	227,086	360,188	3,096,478

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 2008	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Computer equipment and software under lease RM'000	Motor vehicles RM'000	General plant and machinery RM'000	Capital work in progress RM'000	Total RM'000
Accumulated depreciation												
At 1 January		-	82,321	60,315	25,430	481,938	364,143	29,952	44,127	9,641	-	1,097,867
Charge for the financial year		-	6,349	3,529	2,696	109,594	65,560	9,539	13,472	3,596	-	214,335
Arising from acquisition of subsidiaries		-	61,370	-	-	76,019	2,386	-	558	144,604	-	284,937
Disposals/written off		-	(1,939)	-	-	(17,341)	(8,075)	(321)	(9,535)	-	-	(37,211)
Transfer/reclassifications		-	-	1,519	(1,519)	5,909	121	(80)	-	(5,950)	-	-
Reclassified to intangible assets	19	-	-	-	-	-	(1,886)	-	-	-	-	(1,886)
Reclassified from/(to) non-current assets held for sale	51(i)	-	-	-	-	(44)	263	-	-	-	-	219
Exchange fluctuation		-	(1,613)	439	(10,734)	(9,228)	1,599	(98)	(383)	(1,315)	-	(21,333)
At 31 December		-	146,488	65,802	15,873	646,847	424,111	38,992	48,239	150,576	-	1,536,928
Net book value at 31 December 2008		122,236	220,910	92,417	26,692	344,697	239,179	21,102	55,619	76,510	360,188	1,559,550

Notes to the Financial Statements

For the financial year ended 31 December 2009

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company 2009	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1 January	31	45,687	3,208	654	2,072	351,077	402,729
Additions	-	-	12	-	-	38,203	38,215
Disposals	-	-	-	-	-	(389,280)	(389,280)
At 31 December	31	45,687	3,220	654	2,072	-	51,664
Accumulated depreciation							
At 1 January	31	18,081	1,333	590	1,274	-	21,309
Charge for the financial year	-	1,357	190	29	212	-	1,788
At 31 December	31	19,438	1,523	619	1,486	-	23,097
Net book value at 31 December 2009	-	26,249	1,697	35	586	-	28,567

The Company 2008	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Renovations, office equipment, furniture and fixtures RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost							
At 1 January	31	45,687	3,196	1,113	1,907	259,125	311,059
Additions	-	-	12	59	761	91,952	92,784
Disposals	-	-	-	(518)	(596)	-	(1,114)
At 31 December	31	45,687	3,208	654	2,072	351,077	402,729
Accumulated depreciation							
At 1 January	31	16,712	1,097	645	1,516	-	20,001
Charge for the financial year	-	1,369	236	47	342	-	1,994
Disposals	-	-	-	(102)	(584)	-	(686)
At 31 December	31	18,081	1,333	590	1,274	-	21,309
Net book value at 31 December 2008	-	27,606	1,875	64	798	351,077	381,420

Notes to the Financial Statements

For the financial year ended 31 December 2009

16 INVESTMENT PROPERTIES

The Group	Note	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000	Total RM'000
2009						
At 1 January		-	-	44,699	55,476	100,175
Reclassified from property, plant and equipment	15	14,383	5,853	3,634	-	23,870
Fair value adjustments		1,592	(1,236)	5,177	(9,211)	(3,678)
Exchange fluctuation		-	-	(710)	692	(18)
At 31 December		15,975	4,617	52,800	46,957	120,349
2008						
At 1 January		-	-	44,519	52,902	97,421
Fair value adjustments		-	-	(2,141)	-	(2,141)
Exchange fluctuation		-	-	2,321	2,574	4,895
At 31 December		-	-	44,699	55,476	100,175

The Company	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
2009			
Cost			
At 1 January/31 December	1,708	4,149	5,857
Accumulated depreciation			
At 1 January	-	1,267	1,267
Charge for the financial year	-	125	125
At 31 December	-	1,392	1,392
Net book value at 31 December 2009	1,708	2,757	4,465

Notes to the Financial Statements

For the financial year ended 31 December 2009

16 INVESTMENT PROPERTIES (CONTINUED)

The Company	Freehold land RM'000	Buildings on freehold land RM'000	Total RM'000
2008			
Cost			
At 1 January/31 December	1,708	4,149	5,857
Accumulated depreciation			
At 1 January	-	1,142	1,142
Charge for the financial year	-	125	125
At 31 December	-	1,267	1,267
Net book value at 31 December 2008	1,708	2,882	4,590

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

	The Group	
	2009 RM'000	2008 RM'000
Rental income	3,440	3,287
Operating expenses arising from investment properties that generated the rental income	(163)	(426)

17 PREPAID LEASE PAYMENTS

The Group	Note	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Total RM'000
2009				
Cost				
At 1 January				
- as previously reported		61,720	5,822	67,542
- arising from fair value adjustments on the completion of initial accounting for business combination49(b)	-	246,814	246,814	
As restated		61,720	252,636	314,356
Arising from acquisition of a subsidiary		-	5,247	5,247
Additions		-	18,718	18,718
Disposals/write-off		(829)	(1,736)	(2,565)
Reclassified to non-current assets/disposal groups held for sale	51(iii)	(16,619)	-	(16,619)
Reclassified to property plant and equipment	15	(784)	-	(784)
Exchange fluctuation		(5)	18,043	18,038
At 31 December		43,483	292,908	336,391

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17 PREPAID LEASE PAYMENTS (CONTINUED)

The Group	Note	Leasehold land 50 years or more RM'000	Leasehold land less than 50 years RM'000	Total RM'000
2009 (Continued)				
Amortisation and impairment loss				
At 1 January				
- as previously reported		13,584	3,572	17,156
- arising from fair value adjustments on the completion				
of initial accounting for business combination49(b)	-	40,412	40,412	
As restated		13,584	43,984	57,568
Arising from acquisition of a subsidiary		-	2,580	2,580
Amortisation during the financial year		1,460	403	1,863
Impairment		-	427	427
Disposals/write-off		(252)	(1,633)	(1,885)
Reclassified to non-current assets/disposal				
groups held-for-sale	51(iii)	(4,012)	-	(4,012)
Exchange fluctuation		(2)	(72)	(74)
At 31 December		10,778	45,689	56,467
Net book value at 31 December 2009		32,705	247,219	279,924
2008				
Cost				
At 1 January		68,063	2,675	70,738
Arising from fair value adjustments on the completion				
of initial accounting for business combination		-	246,814	246,814
Disposals		(3,426)	-	(3,426)
Transfer/reclassifications		(2,934)	2,934	-
Exchange fluctuation		17	213	230
At 31 December		61,720	252,636	314,356
Amortisation				
At 1 January		15,739	1,259	16,998
Amortisation during the financial year		1,453	135	1,588
Arising from fair value adjustments on the completion				
of initial accounting for business combination		-	40,412	40,412
Disposals		(1,555)	-	(1,555)
Transfer/reclassifications		(2,059)	2,059	-
Exchange fluctuation		6	119	125
At 31 December		13,584	43,984	57,568
Net book value at 31 December 2008		48,136	208,652	256,788

Notes to the Financial Statements

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17 PREPAID LEASE PAYMENTS (CONTINUED)

Future amortisation of prepaid land lease is as follows:

The Group	2009 Leasehold land 50 years or more RM'000	2009 Leasehold land less than 50 years RM'000	2008 Leasehold land 50 years or more RM'000	2008 Leasehold land less than 50 years RM'000
- Not later than one year	1,460	16,019	1,460	403
- Later than one year and not later than five years	5,840	53,495	5,840	1,612
- More than five years	25,405	177,705	40,836	206,637
	32,705	247,219	48,136	208,652

The Company	Leasehold land 50 years or more RM'000	Total RM'000
2009		
Cost		
At 1 January/31 December	6,792	6,792
Amortisation		
At 1 January	2,276	2,276
Amortisation during the financial year	158	158
At 31 December	2,434	2,434
Net book value at 31 December 2009	4,358	4,358
2008		
Cost		
At 1 January/31 December	6,792	6,792
Amortisation		
At 1 January	2,118	2,118
Amortisation during the financial year	158	158
At 31 December	2,276	2,276
Net book value at 31 December 2008	4,516	4,516

Notes to the Financial Statements

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17 PREPAID LEASE PAYMENTS (CONTINUED)

Future amortisation of prepaid land lease is as follows: (Continued)

The Company	2009 Leasehold land 50 years or more RM'000	2008 Leasehold land 50 years or more RM'000
- Not later than one year	158	158
- Later than one year and not later than five years	633	633
- More than five years	3,567	3,725
	4,358	4,516

18 GOODWILL

	Note	The Group 2009 RM'000	The Group 2008 RM'000
Cost			
At 1 January			
- as previously reported		6,702,984	4,480,858
- arising from fair value adjustments on the completion of initial accounting for business combination	52	(491,521)	-
		6,211,463	4,480,858
Goodwill arising from business combinations:	49	1,204,354	1,559,452
- Acquisition of CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited)	49(a)(i)	1,199,277	-
- Acquisition of Trace Tracker Malaysia Sdn Bhd	49(a)(ii)	5,077	-
- Acquisition and merger of PT Bank Lippo Tbk and PT Bank Niaga Tbk	49(c)(i)	-	2,060,888
- arising from fair value adjustments on the completion of initial accounting for business combination	49(b)	-	(502,936)
- Affin Insurance Brokers	49(c)(ii)	-	1,500
Goodwill arising from additional acquisition of additional interest in subsidiary		-	191,827
Disposal of Qualitas		-	15,396
Disposal of Vital Remarks		-	2,570
Exchange fluctuation		289,575	(50,055)
Exchange fluctuation arising from fair value adjustments on the completion of initial accounting for business combination		-	11,415
At 31 December		7,705,392	6,211,463
Impairment			
At 1 January		(6,739)	(6,739)
Impairment charge during the financial year		(4,000)	-
At 31 December		(10,739)	(6,739)
Net book value at 31 December		7,694,653	6,204,724

Notes to the Financial Statements

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18 GOODWILL (CONTINUED)

Allocation of goodwill to cash-generating-units

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

Acquisition	CGU	2009 RM'000	2008 RM'000
CIMB Investment Bank Berhad	Corporate and Investment Banking	21,547	21,547
CIMB-GK Pte Ltd	Corporate and Investment Banking	153,081	153,081
CIMB SI Sdn Bhd	Corporate and Investment Banking	19,246	19,246
Commerce Asset Ventures Berhad	Asset Management	45,261	40,184
Insurance entities	Insurance	28,049	28,049
PT Bank CIMB Niaga Tbk	Foreign Banking Operations	2,004,410	2,004,410
SBB Berhad	Retail Banking	1,101,075	1,101,075
	Business Banking	911,000	911,000
	Corporate and Investment Banking	419,000	419,000
	Islamic Banking	136,000	136,000
	Direct Banking Group	587,000	587,000
	Treasury	537,000	537,000
	Others	-	39,000
	- arising from acquisition of SBB Group in 2006		
CIMB-Principal Asset Management Berhad	Asset Management	281,772	281,772
CIMB Thai Bank Public Company Limited	Foreign Banking Operations	1,199,277	-
Less: - reclassification to non-current assets held for sale (Note 51(ii))		-	(35,000)
Exchange fluctuation		250,935	(38,640)
		7,694,653	6,204,724

Notes to the Financial Statements

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18 GOODWILL (CONTINUED)

Impairment test for goodwill

Value-in-use

The recoverable amount of CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2010 financial budgets approved by the Board of Directors, projected for five years based on the average historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using the estimated growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments.

The estimated growth rates and discount rates used for value-in-use calculations are as follows:

	2009		2008	
	Growth rate	**Discount rate**	**Growth rate**	**Discount rate**
Corporate and Investment Banking	0.00% - 5.00%	7.1% - 23.4%	0.00% - 5.00%	8.00% - 17.10%
Asset Management	0.00% - 5.00%	7.10%	3.50% - 5.00%	9.80%
Consumer Banking	5.00%	7.10%	5.00%	9.80%
Treasury and Investment	5.00%	7.10%	5.00%	9.80%
Others	2.50% - 5.00%	7.10% - 7.20%	1.50% - 5.00%	9.80% - 10.50%

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

Fair value less costs to sell

For foreign banking operations, the recoverable amount determined using fair value less cost to sell, is based on observable quoted market prices.

For the CGU which is associated with the proposed disposals as disclosed in Note 51, the recoverable amount is determined based on the estimated disposal price less any costs to sell. The disposal price is determined based on the net tangible assets of the affected business as at 30 January 2009, plus a premium of RM65 million which has been agreed by both CIMB Bank and the acquirer of the business.

Impairment charge

The impairment charge of RM4 million (2008: RMNil) during the financial year arises from the impairment of trustee services.

Notes to the Financial Statements
For the financial year ended 31 December 2009

19 INTANGIBLE ASSETS

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Securities stockbroking license RM'000	Computer software RM'000	Mutual fund license* RM'000	Insurance broker license* RM'000	Total RM'000
2009								
Cost or valuation								
At 1 January								
- as previously reported		153,091	263,612	30,256	362,408	1,754	1,725	812,846
- arising from fair value adjustments on the completion of initial accounting for business combination	52	48,413	1,083,896	-	-	-	-	1,132,309
As restated		201,504	1,347,508	30,256	362,408	1,754	1,725	1,945,155
Arising from acquisition of a subsidiary	49(a)(i)	10,291	1,050	256	125,320	-	-	136,917
Additions during the financial year		-	-	-	236,804	-	-	236,804
Disposals during the financial year		-	-	-	(4,350)	-	(826)	(5,176)
Reclassified from property, plant and equipment	15	-	-	-	1,081	-	-	1,081
Exchange fluctuation		-	-	423	(274)	271	-	420
At 31 December		211,795	1,348,558	30,935	720,989	2,025	899	2,315,201
Accumulated amortisation and impairment								
At 1 January		31,892	82,379	-	239,214	-	-	353,485
Arising from acquisition of a subsidiary	49(a)(i)	346	-	-	83,267	-	-	83,613
Amortisation during the financial year		18,501	83,452	103	78,137	-	-	180,193
Impairment during the financial year		-	-	30,355	1,955	-	-	32,310
Disposals during the financial year		-	-	-	(2,628)	-	-	(2,628)
Exchange fluctuation		-	-	325	24	95	-	444
At 31 December		50,739	165,831	30,783	399,969	95	-	647,417
Net book value at 31 December 2009		161,056	1,182,727	152	321,020	1,930	899	1,667,784

* Mutual fund license and insurance broker license are not amortised as they have an infinite life. They are assessed for impairment on an annual basis.

Notes to the Financial Statements

For the financial year ended 31 December 2009

19 INTANGIBLE ASSETS (CONTINUED)

The Group	Note	Customer relationship RM'000	Core deposits RM'000	Securities stockbroking license* RM'000	Computer software RM'000	Mutual fund license* RM'000	Insurance broker license* RM'000	Total RM'000
2008								
Cost or valuation								
At 1 January		153,091	263,612	29,565	285,885	-	-	732,153
Additions during the financial year		-	-	-	67,983	1,754	-	69,737
Disposals during the financial year		-	-	-	(111)	-	-	(111)
Arising from fair value adjustments on the completion of initial accounting for business combination	52	48,413	1,083,896	-	-	-	-	1,132,309
Arising from acquisition of PT Asuransi Jiwa John Hancock Indonesia (now known as PT Commerce International)	49(c)(iii)	-	-	-	-	-	1,725	1,725
Reclassified from property, plant and equipment	15	-	-	-	8,289	-	-	8,289
Reclassified from non-current assets held for sale	51(i)	-	-	-	301	-	-	301
Exchange fluctuation		-	-	691	61	-	-	752
At 31 December		201,504	1,347,508	30,256	362,408	1,754	1,725	1,945,155
Accumulated amortisation and impairment								
At 1 January		19,134	49,428	-	159,931	-	-	228,493
Amortisation during the financial year		12,758	32,951	-	77,236	-	-	122,945
Disposals during the financial year		-	-	-	(20)	-	-	(20)
Reclassified from property, plant and equipment	15	-	-	-	1,886	-	-	1,886
Reclassified from non-current assets held for sale	51(i)	-	-	-	201	-	-	201
Exchange fluctuation		-	-	-	(20)	-	-	(20)
At 31 December		31,892	82,379	-	239,214	-	-	353,485
Net book value at 31 December 2008		169,612	1,265,129	30,256	123,194	1,754	1,725	1,591,670

* Securities stockbroking license, mutual fund license and insurance broker license are not amortised as they have an infinite life. They are assessed for impairment on an annual basis.

Notes to the Financial Statements

For the financial year ended 31 December 2009

19 INTANGIBLE ASSETS (CONTINUED)

The valuation of customer relationship was determined through the sum of the discounted future excess earnings attributable to existing customers over the remaining life span of the customer relationships. Income from existing credit card, revolving credit, overdraft and trade finance loan base was projected, adjusted for expected attrition and taking into account applicable costs to determine future excess earnings. The discount rate used in the valuation of customer relationships was 10%-16%, which is arrived at using the weighted average cost of capital adjusted for the risk premium after taking into consideration the average market cost of equity.

The valuation of core deposits was derived by discounting the anticipated future benefits in the form of net interest savings from core deposits. The discount rate used was 8%-16%, which was derived from the average of the weighted average cost of capital and the cost of equity, reflecting the lower risk premium for core deposit intangibles compared with equity returns.

The remaining amortisation period of the intangible assets with finite life is as follows:

Customer relationships	
- credit card	8.5 years
- revolving credit	3-4 years
- overdraft	5-6 years
- trade finance	4 years
Core deposits	4.5-19 years
Computer software	
- core and front-end systems	1-4 years
- others	1-2 years

Impairment charge

The impairment charge of RM30,355,000 (2008: RMNil) for securities stockbroking license during the financial year arose from the stockbroking business in Thailand. This is due to the transfer of business from CIMB-GK Securities (Thailand) Ltd to CIMB Thai Bank and the liberalisation of securities licensing in Thailand resulting in difficulty to dispose the license, thus rendering the securities stockbroking license to be worth less than its original value. The recoverable amount is Nil. The impairment affects the Treasury and Investment business segment.

20 DEPOSITS FROM CUSTOMERS

(i) By type of deposit

	The Group	
	2009 RM'000	2008 RM'000
Demand deposits	36,950,453	31,076,404
Savings deposits	19,695,207	14,929,572
Fixed deposits	83,570,321	72,576,926
Negotiable instruments of deposit	2,081,384	2,705,644
Others	36,584,971	25,601,664
	178,882,336	146,890,210

Notes to the Financial Statements

For the financial year ended 31 December 2009

20 DEPOSITS FROM CUSTOMERS (CONTINUED)

(i) By type of deposit (Continued)

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

	The Group	
	2009 RM'000	2008 RM'000
Due within six months	70,293,545	63,025,230
Six months to one year	11,545,160	8,120,385
One year to three years	1,920,292	2,822,271
Three years to five years	1,638,686	1,041,204
More than five years	254,022	273,480
	85,651,705	75,282,570

(ii) By type of customer

	The Group	
	2009 RM'000	2008 RM'000
Government and statutory bodies	20,363,828	10,825,601
Business enterprises	77,199,262	73,442,172
Individuals	61,552,720	47,116,235
Others	19,766,526	15,506,202
	178,882,336	146,890,210

21 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	2009 RM'000	2008 RM'000
Licensed banks	6,280,414	6,813,348
Licensed finance companies	101,307	14,140
Licensed investment banks	193,070	2,506,885
Bank Negara Malaysia	365,000	365,000
Other financial institutions	3,191,791	3,953,911
	10,131,582	13,653,284

The Group has undertaken a fair value hedge on the interest rate risk of the negotiable instruments of deposit amounting to RM1,083,400,000 (2008: RM1,104,900,000) using interest rate swaps.

	The Group	
	2009 RM'000	2008 RM'000
Negotiable instruments of deposit	1,083,400	1,104,900
Fair value changes arising from fair value hedges	(11,765)	13,420
	1,071,635	1,118,320

The fair value of the interest rate swaps as at 31 December 2009 was RM35,953,565 (2008: RM44,861,369).

Notes to the Financial Statements

For the financial year ended 31 December 2009

22 OTHER LIABILITIES

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Interest payable		568,278	634,286	2,602	25,441
Due to brokers and clients		1,578,692	741,345	-	-
Amount due to special purpose vehicle of jointly controlled entity	14	314,360	405,403	-	-
Expenditure payable		573,005	472,641	-	-
Provision for legal claims		290,336	314,173	-	-
Sundry creditors		554,379	541,410	13,002	-
Proceeds on disposal of Menara Bumiputra-Commerce received in advance		-	231,330	-	231,330
Insurance fund – life and takaful insurance business		1,742,150	1,890,635	-	-
Insurance fund – general insurance business	(a)	14,574	-	-	-
Allowance for commitments and contingencies	(b)	72,716	32,749	-	-
Post employment benefit obligations	23	275,848	135,562	52	29
Others		2,120,965	2,099,172	-	-
		8,105,303	7,498,706	15,656	256,800

(a) Insurance fund – general insurance business

	The Group	
	2009	2008
	RM'000	RM'000
Provision for outstanding claims	14,574	-
	14,574	-

(b) The movements in the allowance for commitments and contingencies are as follows:

	The Group	
	2009	2008
	RM'000	RM'000
At 1 January	32,749	4,035
Provision made during the financial year	18,088	708
Allowance arising from acquisition of subsidiary	15,738	29,004
Exchange fluctuation	6,141	(998)
At 31 December	72,716	32,749

Notes to the Financial Statements

For the financial year ended 31 December 2009

23 POST EMPLOYMENT BENEFIT OBLIGATIONS

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Defined contribution plan – EPF	(a)	102,566	65,114	52	29
Defined benefit plans	(b)	173,282	70,448	-	-
		275,848	135,562	52	29

(a) Defined contribution plan

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

(b) Defined benefit plans

The Group operates final salary defined benefit plans for its employees in Malaysia, Indonesia, Thailand and Singapore, the assets of which are held in separate trustee-administered funds. The latest actuarial valuations of the plans in Malaysia, Indonesia, Thailand and Singapore were carried out as at 31 December 2009.

The amount recognised in the balance sheet in respect of defined benefit plans is as follows:

	The Group 2009 RM'000	The Group 2008 RM'000
Present value of funded obligations	410,414	351,129
Fair value of plan assets	(358,906)	(247,806)
Status of funded plan	51,508	103,323
Present value of unfunded obligations	98,217	14,522
Unrecognised actuarial gains/(losses)	6,005	(47,272)
Unrecognised past service costs	17,552	(927)
Unrecognised transition liability	-	802
Liability	173,282	70,448

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

	Note	The Group 2009 RM'000	The Group 2008 RM'000
Current service costs		26,292	24,276
Interest costs		35,121	32,799
Expected return on plan assets		(27,154)	(25,076)
Net actuarial losses recognised during the year		-	45,305
Past service costs		(3,315)	404
Amortisation of unrecognised loss		1,548	-
Amortisation of transition liability		-	2,116
Change in disallowed assets		-	(20,448)
Termination		(133)	9,180
Curtailment/settlement costs		-	(16,598)
Total included in personnel costs	34	32,359	51,958

The actual return on plan assets of the Group was RM71,917,000 (2008: RM21,490,000).

23 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

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

	The Group	
	2009 RM'000	2008 RM'000
At 1 January	365,651	318,032
Current service costs	26,292	24,276
Interest costs	35,121	32,799
Actuarial losses	17,846	35,709
Benefits paid	(16,759)	(14,263)
Arising from acquisition of subsidiary	89,420	-
Past service costs non-vested benefits	(17,874)	-
Past service costs vested benefits	(1,869)	-
Effects of changes in actuarial assumption	(20,299)	-
Settlements	-	(20,123)
Exchange fluctuation	31,102	(10,779)
At 31 December	508,631	365,651

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

	The Group	
	2009 RM'000	2008 RM'000
At 1 January	247,806	288,677
Expected return on plan assets	27,154	25,076
Actuarial gains/(losses)	41,040	(61,236)
Employer contributions	20,912	22,566
Contribution by plan participant	3,340	3,367
Benefits paid	(10,918)	(9,896)
Exchange fluctuation	29,572	(20,748)
At 31 December	358,906	247,806

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

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For the financial year ended 31 December 2009

23 POST EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans (Continued)

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

	The Group	
	2009	**2008**
	%	**%**
Discount rates	3.00 - 11.00	6.60 - 12.00
Expected return on plan assets	5.00 - 11.00	5.00 - 12.00
Future salary increases	4.00 - 8.00	7.00 - 9.00

The expected contribution to post employment benefits plan for the financial year ending 31 December 2010 is RM30,945,000 (2009: RM91,896,000) to the Group.

	2009 RM'000	**2008 RM'000**	**2007 RM'000**	**2006 RM'000**	**2005 RM'000**
The Group					
As at 31 December					
Present value of funded defined benefit obligation	410,414	351,129	318,032	299,399	307,568
Fair value of plan assets	(358,906)	(247,806)	(288,677)	(244,865)	(240,563)
Deficit	51,508	103,323	29,355	54,534	67,005
Experience adjustments on plan liabilities	17,846	23,187	19,190	(2,061)	1,686
Experience adjustments on plan assets	41,040	(61,236)	23,323	6,682	-

24 BONDS

		The Group	
	Note	**2009 RM'000**	**2008 RM'000**
USD zero coupon guaranteed convertible bonds 2004/2009	(a)	-	24,374
USD140 million bonds 2009/2014	(b)	443,051	-
		443,051	24,374

24 BONDS (CONTINUED)

(a) USD zero coupon guaranteed convertible bonds 2004/2009 ("USD Convertible Bonds")

The main features of the USD convertible bonds are as follows:

(i) The USD convertible bonds are issued by a special purpose vehicle, a subsidiary, Commerce Capital (Labuan) Ltd, and are guaranteed by the Company.

(ii) The nominal value of the USD convertible bonds is USD125 million.

(iii) The USD convertible bonds are convertible by holders into ordinary shares, with par value of RM1.00 per share, of the Company at any time on or after 22 October 2004 but prior to 8 September 2009. The conversion price was initially RM6.03 per share upon issuance. Effective from 31 May 2008, the conversion price was revised to RM5.81 per share pursuant to a capital distribution by the Company.

(iv) The USD convertible bonds are listed on Labuan International Financial Exchange Inc. and Singapore Exchange Securities Trading Limited.

(v) Unless the USD convertible bonds have been previously redeemed, repurchased and cancelled or converted, the issuer will redeem the USD convertible bonds on the maturity date at 107.8% of the principal amount.

The bonds matured on 22 September 2009.

The USD convertible bonds are recognised in the balance sheet as follows:

	The Group	
	2009 RM'000	2008 RM'000
Face value	475,000	475,000
Conversion of bond to ordinary shares of the Company	(475,000)	(449,920)
	-	25,080
Realisation of foreign exchange loss on translation/conversion	-	(2,215)
Interest expense	-	1,509
Balance at 31 December	-	24,374
Current	-	24,374
	-	24,374

(b) USD140 million bonds 2009/2014 ("USD140 million bonds")

During the financial year, an indirect subsidiary, CIMB Bank (L) Limited, a wholly-owned subsidiary of CIMB Bank, has issued a 2 year senior unsecured USD140 million bonds guaranteed by the Company. The USD140 million bonds were issued at par on 17 April 2009 and matures on 15 April 2011. The USD140 million bonds bear an interest rate of 3.00% per annum payable annually in arrears on 16 April 2010 and 15 April 2011. The USD140 million bonds are not listed on any exchange and shall be redeemed at the nominal value on the maturity date. The USD140 million bonds were fully subscribed by TPG Malaysia Finance, L.P.

Notes to the Financial Statements

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25 OTHER BORROWINGS

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Syndicated term loan					
- USD300 million	(a)	1,027,500	1,039,350	-	-
Syndicated term loan					
- USD100 million	(b)	342,500	346,450	342,500	346,450
Commercial Papers/Medium Term Notes	(c)	265,000	540,000	344,736	700,000
Term loan	(d)	1,000,000	1,380,000	1,000,000	1,380,000
Others		583,286	699,036	-	-
		3,218,286	4,004,836	1,687,236	2,426,450

(a) In 2006, a subsidiary, CIMB Bank (L) Limited, secured a term loan which will mature on 22 June 2011. It bears floating interest rates of LIBOR + 0.19% per annum and is guaranteed by the Company.

(b) In 2007, the Company secured a syndicated term loan amounting to USD100 million which will mature on 4 September 2010. It bears floating interest rate of LIBOR + 0.16% per annum.

(c) The Conventional Commercial Papers ("CPs"), Islamic Commercial Papers ("iCPs"), Conventional Medium Term Notes ("MTNs") and Islamic Medium Term Notes ("iMTNs") were issued by the Company. The aggregate outstanding nominal value of the CPs, iCPs, MTN, and iMTN at any point in time shall not exceed RM6 billion.

The main features of the CPs and iCPs are as follows:

(i) The CPs and iCPs were issued at discount on zero coupon basis. The discount rate for the CPs ranges from 3.62% to 3.70% and the profit rate for the iCPs ranges from 2.60% to 3.64%;

(ii) The tenure ranges from 1 month to 6 months. The CPs were issued in 2007 and 2008, and had matured in 2008. The iCPs were issued in 2008 and 2009, and had matured during the same financial year they were issued;

The main features of the MTNs and iMTNs are as follows:

(i) The MTNs and iMTNs were issued at par. The MTNs carry a fixed interest rate of 3.93% per annum and the iMTNs carry a fixed dividend rate of 5.05% per annum;

(ii) On 4 September 2007, the Company issued RM350 million of MTNs which had matured on 4 March 2009. On 30 May 2008, the Company issued RM350 million of iMTNs which will mature on 30 May 2013;

25 OTHER BORROWINGS (CONTINUED)

(iii) In 2009, the Company has undertaken a fair value hedge on the interest rate risk amounting to RM150 million of the RM350 million iMTNs using interest rate swaps;

	The Company	
	2009 RM'000	2008 RM'000
Islamic Medium Term Notes, at cost	150,000	-
Fair value changes arising from fair value hedge	(5,264)	-
	144,736	-

The fair value of interest rate swaps as at 31 December 2009 were RM8,468,615 (2008: RMNil).

(d) In 2007, the Company secured a term loan amounting to RM1.38 billion which is divided into two tranches:

(i) RM690 million term loan which will mature on 4 September 2010. It bears fixed interest rate of 4.05% per annum; and

(ii) RM690 million term loan which will mature on 4 September 2012. It bears fixed interest rate of 4.25% per annum.

During the financial year, the Company has fully repaid the outstanding principal amount and accrued interest of RM1.38 billion term loan. The repayment of the outstanding amount were from the subscription proceeds of RM1.38 billion arising from the Subordinated Notes issued by the Company to the counterparty, as disclosed in Note 26(l).

The Company had also secured a term loan amounting to RM1.0 billion during the financial year to refinance its existing borrowings. The term loan is repayable in full at the end of three years on 26 June 2012 and bears an interest of 3.4% per annum.

26 SUBORDINATED NOTES

		The Group		The Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subordinated Notes 2004/2014 (USD200 million)	(a)	-	674,250	-	-
Subordinated Notes 2005/2015 (USD100 million)	(b)	342,045	341,863	-	-
Subordinated Notes 2006/2011 (USD200 million)	(c)	523,637	528,431	-	-
Subordinated Notes 2006/2014 (USD100 million)	(d)	-	363,498	-	-
Subordinated bonds RM1.5 billion	(e)	1,516,786	1,535,476	-	-
Subordinated bonds RM1.0 billion	(f)	1,000,000	1,000,000	-	-
Subordinated bonds RM1.0 billion	(g)	931,582	1,000,000	-	-
Subordinated Notes (USD50 million)	(h)	171,424	-	-	-
Subordinated Notes (USD40 million)	(i)	137,138	-	-	-
Subordinated notes - THB544 million	(j)	55,945	-	-	-
Subordinated Sukuk - RM300 million	(k)	284,181	-	-	-
Subordinated Fixed Rate Notes RM1.38 billion	(l)	1,380,000	-	1,380,000	-
		6,342,738	5,443,518	1,380,000	-

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26 SUBORDINATED NOTES (CONTINUED)

(a) Subordinated Notes 2004/2014

The USD200 million 10-year subordinated notes ("the USD200 million Notes") were issued by a subsidiary bank, CIMB Bank on 30 June 2004. The USD200 million Notes were issued at a price of 99.028% of the principal amount and are callable with step-up in 2009. The USD200 million Notes bear an interest rate of 6.125% per annum payable semi-annually in arrears for the first 5 years, after which interest rate will be reset at a rate per annum equal to the 5-year US Treasury Rate plus 3.925%.

CIMB Bank may at its option, subject to the prior approval of BNM, redeem the USD200 million Notes in whole but not in part, on 30 June 2009 at their principal amount plus accrued interest.

The USD200 million Notes were listed on the Luxembourg Stock Exchange on 30 June 2004 and qualify as Tier-2 Capital for the purpose of the risk weighted capital ratio ("RWCR") computation.

CIMB Bank has fully redeemed the USD200 million Notes on 30 June 2009 upon obtaining approval from BNM.

(b) Subordinated Notes 2005/2015

The Subordinated Notes Callable with Step-Up in 2010 Coupon 2005/2015 were issued by a subsidiary bank, PT Bank CIMB Niaga Tbk.

The main features of the Subordinated Notes are as follows:

(i) The USD100,000,000 Notes are issued in registered form and are represented by the Global Certificate and in denominations of USD1,000.

(ii) The Notes bear interest at the rate of 7.75% per annum from and including 14 July 2005 to, but excluding, 14 July 2010 and, thereafter, at a rate per annum equal to the US Treasury Rate plus 6.1875%. Interest is payable semi-annually in arrears on 14 January and 14 July, in each year, commencing 14 January 2006.

(iii) The Notes and Coupons constitute direct and unsecured obligations of the Issuer and are subordinated in the manner described in the Conditions of the Notes and will rank *pari passu* without any preference among themselves. The instrument is listed on the Singapore Exchange.

(iv) The principal of, and interest and any additional amounts payable on, the Notes will be subordinated in right of payment upon occurrence of any Winding Up Proceeding (as defined in the Condition of the Notes) to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer except, in each case, to those liabilities which by their terms rank equally in right of payment with or are subordinate to the Notes.

(v) PT Bank CIMB Niaga Tbk may at its option, but subject to the prior written approval of Bank Indonesia, redeem the Notes on 14 July 2010 at their principal amount plus accrued interest.

(c) Subordinated Notes 2006/2011

On 22 November 2006, PT Bank CIMB Niaga Tbk through its Cayman Islands Branch has issued USD200 million Subordinated Notes ("the Notes") for a period of 10 (ten) years with call option after the fifth year, on 22 November 2011.

The main features of the Notes are as follows:

(i) The Notes are in registered form in the denomination of USD100,000 each and integral multiples of USD1,000 in excess thereof.

Notes to the Financial Statements

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26 SUBORDINATED NOTES (CONTINUED)

(c) Subordinated Notes 2006/2011 (Continued)

(ii) The Notes bear interest at the rate of 7.375% per annum from and including 22 November 2006 to but excluding 22 November 2011 and interest will be payable semi-annually in arrears on 22 May and 22 November of each year, commencing on 22 May 2007. Unless the Notes are previously redeemed, interest from and including 22 November 2011 to but excluding 22 November 2016 will be reset at the US Treasury Rate plus 4.16% per annum and interest will be payable semi-annually in arrears on 22 May and 22 November of each year, commencing on 22 May 2012.

(iii) The indebtedness evidenced by the Notes constitutes unsecured and subordinated obligations of the Issuer and upon any distribution to creditors of the Issuer in a Winding Up Proceedings (as defined in the Terms and Conditions of the Notes), the Notes shall be subordinated in right of payment, to the extent and in the manner provided in the Terms and Conditions of the Notes, to the prior payment in full of all liabilities of the Issuer, except those subordinated liabilities which by their terms rank equally in right of payment with or junior to the Notes. Claims in respect of the Notes will rank *pari passu* without any preference among themselves, but in priority to the rights and claims of holders of all classes of equity securities of the Issuer, including holders of preference shares, if any.

(iv) The instrument is listed on the Singapore Stock Exchange.

(v) PT Bank CIMB Niaga Tbk may at its option, but subject to the prior consent of Bank Indonesia, redeem the Notes on 22 November 2011 at a price equal to 100 per cent of the principal amount of the Notes together with accrued and unpaid interest to such date.

(d) Subordinated Notes 2006/2014

On 12 June 2006, the CIMB Bank obtained a USD100 million subordinated loan due on 2014 callable with step-up in 2009 from CIMB Investment Bank. The loan bears interest at the rate of 5% per annum from, and including 12 June 2006 to, but excluding 15 October 2008 and, thereafter, at a rate per annum equal to the US Treasury Rate plus 3.7%. The interest rate is payable semi-annually in arrears on 15 April and 15 October in each year, commencing on 12 June 2006. The USD100 million subordinated loan qualify as Tier-2 Capital for the purpose of the risk-weighted capital ratio ("RWCR") computation.

CIMB Bank has undertaken a fair value hedge on the foreign exchange risk and interest rate risk of the USD100 million subordinated loan using interest rate swaps and net investment hedge of CIMB Bank (L) Limited.

	The Group	
	2009 RM'000	2008 RM'000
Subordinated loans, at cost	-	367,850
Fair value changes arising from fair value hedges	-	17,806
Foreign exchange translations	-	(22,158)
	-	363,498

The fair values of interest rate swaps at 31 December 2009 were RMNil (2008: fair value loss of RM2,165,621).

The Bank has fully redeemed the USD100 million subordinated loans on 15 April 2009 upon obtaining approval from BNM.

(e) Subordinated Bonds RM1.5 billion

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

26 SUBORDINATED NOTES (CONTINUED)

(e) Subordinated Bonds RM1.5 billion (Continued)

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

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

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

	The Group	
	2009 RM'000	**2008 RM'000**
Subordinated loans, at cost	600,000	600,000
Fair value changes arising from fair value hedges	16,786	35,476
	616,786	635,476

The fair value of interest rate swaps as at 31 December 2009 were RM31,680,114 (2008: RM46,890,284).

(f) Subordinated Bonds RM1.0 billion

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

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

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

(g) Subordinated Bonds RM1.0 billion

The RM1.0 billion subordinated bonds ("the Bonds") is part of the Non-Innovative Tier 1 Stapled Securities Issuance Programme ("the programme") which was approved by the Securities Commission on 17 December 2008. Under the programme, CIMB Bank is allowed to raise Non-Innovative Tier 1 Capital of up to RM4.0 billion in nominal value outstanding at any one time comprising:

(i) Non-Cumulative Perpetual Capital Securities issued by CIMB Bank; and

(ii) Subordinated Notes issued by Commerce Returns Berhad, a wholly-owned subsidiary of CIMB Bank.

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

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

26 SUBORDINATED NOTES (CONTINUED)

(g) Subordinated Bonds RM1.0 billion (Continued)

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

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

	The Group	
	2009 RM'000	2008 RM'000
Subordinated bonds, at cost	800,000	-
Fair value changes arising from fair value hedges	(68,418)	-
	731,582	-

The fair value loss of interest rate swaps as at 31 December 2009 was RM71,803,319 (2008: RMNil).

(h) Subordinated Notes (USD50 million)

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

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

The USD50 million Notes will mature on 17 July 2016 and qualify as Tier-2 Capital for the purpose of the RWCR computation.

(i) Subordinated Notes (USD40 million)

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

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

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

(j) Subordinated Notes - THB544 million

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

26 SUBORDINATED NOTES (CONTINUED)

(k) Subordinated Sukuk - RM300 million

The RM300 million subordinated Sukuk ("the Sukuk") is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, the CIMB Islamic Bank Berhad, a subsidiary of CIMB Bank, is allowed to raise Tier 2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The Sukuk under the first issuance were issued at par on 25 September 2009 and are due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bear a profit rate of 5.85% per annum payable semi-annually in arrears. The RM300 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

(l) Subordinated Fixed Rate Notes RM1.38 billion

The RM1.38 billion subordinated fixed rate notes ("the RM1.38 billion Notes") is part of the Subordinated Notes Programme which was approved by the Securities Commission on 12 June 2009. Under the programme, the Company is allowed to issue subordinated fixed rate notes of up to RM3.0 billion in nominal value.

The RM1.38 billion Notes under the first issuance were issued at par on 30 June 2009 and are due on 30 June 2059, with optional redemption on 30 June 2019 or any periodic payment date thereafter. It bears an interest rate of 7.30% per annum payable semi-annually in arrears for the first ten years, after which the interest rate will be reset at a rate per annum equal to the 6 months KLIBOR + 1% plus original credit spread. The original credit spread is calculated as 7.3% less the 10 year swap rate as per the 11 am BNM fixing rate on 23 June 2009.

The subscription proceeds of RM1.38 billion was used to net off against the principal repayment of the Company's RM1.38 billion term loans with the counterparty, as disclosed in Note 25(d).

27 SHARE CAPITAL

	Note	The Group and the Company 2009 RM'000	2008 RM'000
Ordinary shares of RM1.00 each:			
Authorised:			
At 1 January/31 December		5,000,000	5,000,000
Issued and fully paid shares of RM1.00 each:			
At 1 January		3,578,078	3,374,181
Issued/(cancelled) during the year:			
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009		4,317	-
- conversion of Redeemable Convertible Unsecured Loan stocks		-	79
- cancellation of treasury shares	30(b)	(50,629)	(3,278)
- pursuant to the merger between PT Bank Niaga Tbk and PT Bank Lippo Tbk		-	207,096
At 31 December		3,531,766	3,578,078

The main features of the conversion of USD Zero Coupon guaranteed convertible bonds are described in Note 24 (a) to the Financial Statements.

Notes to the Financial Statements

For the financial year ended 31 December 2009

28 PREFERENCE SHARES

(a) Non-cumulative guaranteed preference shares

	The Group	
	2009 RM'000	2008 RM'000
Authorised		
Redeemable preference shares of USD0.01 each		
At 1 January/31 December	8	8
Issued and fully paid		
Redeemable preference shares of USD0.01 each		
Non-cumulative guaranteed preference shares	751,437	813,336

	The Group	
	2009 RM'000	2008 RM'000
Non-cumulative guaranteed preference shares, at cost	728,250	728,250
Fair value changes arising from fair value hedges	73,449	129,846
Foreign exchange translations	(50,262)	(44,760)
	751,437	813,336

The USD200 million 6.62% Non-cumulative Guaranteed Preference Shares of USD0.01 each at a premium of USD999.99 per share were issued on 2 November 2005 by SBB Capital Corporation ("SCC"), a wholly-owned subsidiary company of CIMB Bank incorporated in Labuan. In accordance with FRS 132 ("Financial Instruments: Disclosure and Presentation"), the SCC Preference Shares are recognised as a financial liability in the Financial Statements. The main features of the SCC Preference Shares are as follows:

(i) The SCC Preference Shares are entitled to dividends which are payable in arrears on 2 May and 2 November up to and including 2 November 2015 at a fixed rate of 6.62% per annum.

(ii) On 2 November 2015 (First Optional Redemption Date) and on each dividend date thereafter, SCC may at its option, subject to the prior approval of BNM, redeem the SCC Preference Shares in whole but not in part, at their principal amount plus accrued but unpaid dividends. If the SCC Preference Shares are not called on 2 November 2015, dividends will be reset at a floating rate per annum equal to three-month LIBOR plus 2.53%, payable quarterly on 2 February, 2 May, 2 August and 2 November.

(iii) The SCC Preference Shares will not be convertible into ordinary shares.

Notes to the Financial Statements

For the financial year ended 31 December 2009

28 PREFERENCE SHARES (CONTINUED)

(a) Non-cumulative guaranteed preference shares (Continued)

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

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

(b) Redeemable preference shares

	Note	The Group 2009 RM'000	The Group 2008 RM'000
Authorised			
Redeemable preference shares of RM0.01 each	(i)	1,000	1,000
Redeemable preference shares of RM0.01 each	(ii)	350	350
Issued and fully paid			
Redeemable preference shares of RM0.01 each			
At 1 January/31 December	(i)	100,000	100,000
Redeemable preference shares of RM0.01 each	(ii)		
At 1 January		35,000	35,000
Redeemed during the financial year		(2,350)	-
At 31 December		32,650	35,000

(i) On 2 October 2006, a subsidiary, Commerce Agro Ventures Sdn Bhd ("CAgV"), has allotted and issued redeemable preference shares ("RPS") to an external party amounting to RM100,000,000, comprising RM1,000,000 at nominal value and RM99,000,000 at premium.

The main features of the RPS are as follows:

- The RPS do not carry any fixed dividends.
- The maturity date of the RPS is either the date corresponding to the 15th anniversary of the issue date or such other date as the Board may resolve.
- In the event of winding-up of CAgV or other repayment of capital, the RPS carry the right to have the surplus assets applied first in paying off the RPS holders.
- The RPS rank *pari passu* in all aspects among themselves.
- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

Notes to the Financial Statements
For the financial year ended 31 December 2009

28 PREFERENCE SHARES (CONTINUED)

(b) Redeemable preference shares (Continued)

(ii) On 20 February 2006, a subsidiary, Commerce-KPF Ventures Sdn Bhd ("CKPF"), has allotted and issued redeemable preference shares ("RPS") to an external party amounting to RM35,000,000, comprising RM350,000 at nominal value and RM34,650,000 at premium.

The main features of the RPS are as follows:

- The RPS carry a fixed cumulative dividend of 5% per annum.
- The maturity date of the RPS is either : -
  - (i) the date corresponding to the 5th anniversary of the issue date; or
  - (ii) the date corresponding to the 7th anniversary of the issue date; or
  - (iii) such other date as the Board may resolve.
- Each RPS shall be liable to be redeemed at the option of the holders at any time after the issue date at the redemption price.

(c) Perpetual preference shares

	The Group	
	2009 RM'000	2008 RM'000
Authorised		
Perpetual preference shares of RM1.00 each	500,000	500,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each	200,000	200,000

The main features of the perpetual preference shares ("PPS") are as follows:

(i) The PPS has no right to dividends.

(ii) In the event of liquidation, dissolution or winding-up of CIMB Bank, PCSB as holder of the PPS will be entitled to receive full repayment of the capital paid up on the PPS in priority to any payments to be made to the ordinary shareholders of CIMB Bank.

(iii) The PPS rank *pari passu* in all aspects among themselves.

(iv) CIMB Bank must not redeem or buy back any portion of the PPS and the PPS will be perpetual except for any capital reduction exercise permitted by the Companies Act, 1965 and as approved by Bank Negara Malaysia.

Notes to the Financial Statements

For the financial year ended 31 December 2009

29 RESERVES

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Share premium - ordinary shares		5,586,751	6,027,864	5,586,751	6,027,864
Statutory reserves	(a)	3,415,780	2,841,540	-	-
Capital reserve		136,954	89,387	55,982	5,353
Exchange fluctuation reserves	(b)	361,780	(413,908)	-	-
Revaluation reserve					
- available-for-sale securities		545,121	369,951	-	-
Retained profits	(c)	6,831,811	5,255,765	1,995,678	2,080,199
Other reserves					
- hedging reserve – net investment hedge		(105,495)	(135,861)	-	-
- hedging reserve – cash flow hedge		(16,521)	(13,500)	(12,573)	(13,500)
- options reserve	(d)	-	35,779	-	-
- warrants reserve	(e)	57,630	-	57,630	-
		16,813,811	14,057,017	7,683,468	8,099,916

(a) The statutory reserves of the Group are maintained in compliance with the provisions of the Banking and Financial Institutions Act, 1989 and include a reserve maintained by a subsidiary in compliance with the Bursa Malaysia Securities Berhad Rules and Regulations. These reserves are not distributable by way of cash dividends.

(b) Exchange translation differences have arisen from translation of net assets of Labuan offshore subsidiaries, foreign subsidiary banks and foreign branches. These translation differences are shown under exchange fluctuation reserve.

(c) Pursuant to the Finance Act, 2007 which was gazetted on 28 December 2007, dividends paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders ("single tier system"). During the financial year, the Company has fully utilised the credit in the Section 108 balance to distribute dividend payments to its shareholders as allowed by the transitional provision under the Finance Act, 2007. As at 31 December 2009, the Company has sufficient tax exempt account balances to pay tax exempt dividends of up to RM152,156,981 out of its retained earnings.

(d) The option reserve arose from the employee share option schemes granted to Directors and employees of the Group, which are deemed equity-settled payment under FRS 2 – Share-based Payment. See Note 42 for the terms of the share options and movements in the number of share options. During the financial year, the option reserves were transferred to retained earnings as allowed by FRS 2.

(e) During the financial year, the Company issued 50,622,413 warrants to TPG Malaysia Finance, L.P. to purchase ordinary shares of the Company at a strike price of RM10 per share, exercisable at any time over a five year period. The warrants are not listed on any exchange. The warrants shall not share any participating rights to distribution.

30 SHARES HELD UNDER TRUST AND TREASURY SHARES

(a) Shares held under trust

	The Group	
	2009 RM'000	2008 RM'000
At 1 January	74,190	107,166
Utilised during the financial year	(73,627)	(32,976)
At 31 December	563	74,190

As an integral part of the CIMBB's restructuring exercise in 2005, the then existing CIMBB's ESOS and Employee Equity Scheme ("EES") ceased to have any value pursuant to the delisting from Bursa Malaysia Securities Berhad. Accordingly, consistent with the fair treatment to all Executive Employees and the spirit of continuity of the scheme in existence, the schemes were modified with terms and conditions remaining and subsequently called the Modified EESOS. For the EES, the remaining options were accelerated and exercised prior to the completion of the CIMBB's restructuring.

The CIMBB restructuring exercise and the schemes were approved by the shareholders of the Company during the Extraordinary General Meeting held on 8 September 2005. The modified schemes entailed the following:

(i) The setting up of a trust to subscribe for all the remaining CIMBB shares under the unexercisable tranches under the CIMBB ESOS ("ESOS Trust") prior to the implementation of the CIMBB restructuring. The subscription was facilitated through an accelerated vesting of the unexercisable options. The funding for the subscription for the CIMBB shares by the trustee for both Trusts was provided by the Company by way of a loan.

(ii) Under the CIMBB restructuring exercise, both trustees have opted for new shares of the Company at the ratio of approximately 1.146 of the Company's shares for one CIMBB share. The Executive Employees or the CEO are entitled to instruct the trustee as to the sale, subject to a minimum market price that is higher than a price to be determined by dividing the existing adjusted exercise price by the ratio of approximately 1.146, plus transaction costs and any income tax liability, if applicable, of such shares of the Company in the manner as previously provided under the CIMBB ESOS.

(iii) The number of the Company's shares subject to such instruction per annum will be in the same proportion as per the adjusted total outstanding number under the previous CIMBB ESOS multiplied by the ratio approximately 1.146.

(iv) If the Executive Employee or CEO opt to instruct the trustee to transfer or sell in the market, upon such instruction under the Modified EESOS and Modified CEO Option, a proportion of the proceeds received by the Trustee, plus any income tax, if applicable, will be retained by the Trustee and used to offset the Loan and the excess (net of transaction costs) will be payable to the Executive Employee or CEO.

Notes to the Financial Statements

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30 SHARES HELD UNDER TRUST AND TREASURY SHARES (CONTINUED)

(a) Shares held under trust (Continued)

Set out below are details of options over the ordinary shares of the Company granted under the Modified EESOS option as described in Note 42(A) to the Financial Statements. The Company's shares were issued and placed under Trust:

Grant Date	Expiry Date	Exercise Price RM/share	At start of year '000	Granted '000	Exercised '000	Forfeited '000	Expired '000	At end of year '000
Year ended 31.12.2009 Modified EESOS								
30 December 2004	29 December 2009	4.05	3,821	36	(3,846)	-	(11)	-
30 December 2004	29 December 2009	4.40	661	-	(661)	-	-	-
30 December 2005	29 December 2009	4.84	12,686	309	(12,855)	(34)	(106)	-
			17,168	345	(17,362)	(34)	(117)	-

Grant Date	Expiry Date	Exercise Price RM/share	At start of year '000	Granted '000	Exercised '000	Forfeited '000	At end of year '000
Year ended 31.12.2008 Modified EESOS							
30 December 2004	29 December 2009	3.85	6,843	-	(3,018)	(4)	3,821
30 December 2004	29 December 2009	4.19	706	-	(45)	-	661
30 December 2005	29 December 2009	4.61	14,234	-	(1,400)	(148)	12,686
			21,783	-	(4,463)	(152)	17,168

The share prices of the share options exercised during the financial year range from RM4.05 to RM13.40 (2008: RM5.51 to RM12.10).

	The Group 2009 '000	The Group 2008 '000
Number of share options vested at balance sheet date	-	17,168

(b) Treasury shares, at cost

	The Group and the Company 2009 Units '000	2009 RM'000	2008 Units '000	2008 RM'000
At 1 January	50,609	461,702	3,278	34,434
Purchased during the year	20	174	50,609	461,702
Cancelled during the year	(50,629)	(461,876)	(3,278)	(34,434)
At 31 December	-	-	50,609	461,702

The shareholders of the Company, via an ordinary resolution passed at the Annual General Meeting held on 8 May 2009, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of existing total paid-up share capital. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the share buyback can be applied in the best interests of the Company and its shareholders.

Notes to the Financial Statements

For the financial year ended 31 December 2009

30 SHARES HELD UNDER TRUST AND TREASURY SHARES (CONTINUED)

(b) Treasury shares, at cost (Continued)

During the financial year, the Company bought back 20,000 (2008: 50,609,100) of its issued share capital at an average price of RM8.72 per share (2008: RM9.12 per share), from the open market. As at balance sheet date, there were no ordinary shares held as treasury shares (2008: 50,609,100 ordinary shares were held as treasury shares). The total consideration paid for the share buyback during the financial year, including transaction costs is RM174,400 (2008: RM461,701,519) and was financed by internally generated funds. Treasury shares have no rights to vote, dividends and participation in other distribution.

31 INTEREST INCOME

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loans, advances and financing				
- interest income other than recoveries	8,372,559	7,116,860	61	74
- recoveries from non-performing loans	253,786	377,567	-	-
- recoveries from NPL sale	-	5,541	-	-
Money at call and deposits with financial institutions	283,182	824,056	10,493	6,638
Securities purchased under resale agreement	115,693	132,914	-	-
Securities held for trading	165,861	538,426	-	-
Available-for-sale securities	556,611	382,692	-	-
Held-to-maturity securities	768,857	209,442	-	-
Others	37,011	59,033	-	44,741
	10,553,560	9,646,531	10,554	51,453
Accretion of discounts less amortisation of premiums	134,530	138,540	50,124	10,587
Net interest suspended	(148,320)	(194,648)	-	-
	10,539,770	9,590,423	60,678	62,040

32 INTEREST EXPENSE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits and placements of banks and other financial institutions	96,959	314,386	-	-
Deposits from other customers	3,674,484	3,805,320	-	-
Obligation on securities sold under repurchase agreements	947	9,269	-	-
Bonds	-	8,121	-	8,121
Loan stocks/ICULS	-	1,452	-	-
Subordinated notes	301,694	206,933	-	-
Loans sold to Cagamas	26,575	60,376	-	-
Negotiable certificates of deposits	133,498	227,534	-	-
Other borrowings	127,468	156,537	122,052	119,970
Others	109,239	139,899	-	33
	4,470,864	4,929,827	122,052	128,124

Notes to the Financial Statements

For the financial year ended 31 December 2009

33 NON-INTEREST INCOME

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fee income:				
Commissions	212,381	226,582	-	-
Fee on loans, advances and financing	526,114	427,453	-	-
Portfolio management fees	27,386	25,398	-	-
Service charges and fees	332,412	244,544	-	-
Corporate advisory fees	70,028	133,459	-	-
Guarantee fees	56,775	55,093	-	-
Other fee income	264,196	239,571	-	-
Placement fees	145,432	18,841	-	-
Underwriting commission	32,289	9,555	-	-
Al-Wakalah fee	29,466	34,089	-	-
	1,696,479	1,414,585	-	-
Gross dividend income from:				
In Malaysia				
- Subsidiaries	-	-	680,025	1,643,399
- Associates	-	-	533	-
- Securities held for trading	16,398	30,142	-	-
- Available-for-sale securities	22,100	35,974	-	-
- Held-to-maturity securities	-	58	-	-
Outside Malaysia				
- Securities held for trading	798	1,731	-	-
- Available-for-sale securities	16,177	1,705	-	-
	55,473	69,610	680,558	1,643,399
Net gain/(loss) arising from securities held for trading				
- realised	177,244	(11,117)	-	-
- unrealised	152,792	(190,187)	-	-
	330,036	(201,304)	-	-
Net gain/(loss) arising from derivative financial instruments				
- realised	493,842	57,617	(4,768)	(2,639)
- unrealised	(354,274)	139,479	4,533	33,351
	139,568	197,096	(235)	30,712
Net loss arising from hedging derivatives	(3,965)	(5,891)	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

33 NON-INTEREST INCOME (CONTINUED)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Net gain from sale of available-for-sale securities	257,769	322,959	-	-
Net gain from sale of held-to-maturity securities	24,505	4,089	-	-
Income from assets management and securities services	162,272	145,889	-	-
Brokerage income	281,778	253,025	-	-
Other non-interest income:				
Foreign exchange gain/(loss):				
- realised	36,601	63,302	(1)	-
- unrealised	344,631	328,809	4,467	(19,217)
Accretion of investment gain	-	-	22,860	41,305
Gain/(loss) on disposal of net assets and interests in subsidiaries	99,800	(2,007)	-	-
Rental income	19,538	17,220	3,813	4,059
Gain on disposal of property, plant and equipment	97,960	9,586	77,263	69
Gain on disposal of leased assets	250	253	-	-
Net gain/(loss) from insurance business	105,438	(86,525)	-	-
Other non-operating income	153,544	111,711	51	754
Loss on disposal of foreclosed properties	(8,120)	(281)	-	-
	849,642	442,068	108,453	26,970
	3,793,557	2,642,126	788,776	1,701,081

34 OVERHEADS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personnel costs				
- Salaries, allowances and bonus	2,175,025	1,453,064	1,495	2,581
- Pension costs (defined contribution plan)	201,910	131,725	221	283
- Pension costs (defined benefit plans (Note 23(b))	32,359	51,958	-	-
- Others	464,115	332,750	44	99

Notes to the Financial Statements

For the financial year ended 31 December 2009

34 OVERHEADS (CONTINUED)

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Establishment costs				
- Depreciation of property, plant and equipment	309,773	214,335	1,788	1,994
- Depreciation of investment properties	-	-	125	125
- Amortisation of prepaid lease payments	1,863	1,588	158	158
- Impairment of prepaid lease payments	427	-	-	-
- Rental	267,708	160,558	6	90
- Insurance	84,312	19,843	215	134
- Repair and maintenance	194,753	190,285	489	1,243
- Outsourced services	214,241	103,617	-	-
- Others	254,623	182,321	374	205
Marketing expenses				
- Sales commission	67,684	42,591	-	-
- Advertisement	212,666	191,445	118	191
- Others	33,504	72,183	-	-
Administration and general expenses				
- Impairment of intangible assets				
- computer software	1,955	-	-	-
- Amortisation of intangible assets	180,193	122,945	-	-
- Legal and professional fees	182,866	149,838	9,867	2,017
- Stationery	102,905	88,809	989	1,102
- Merchant expenses	93,929	96,469	-	-
- Communication	146,573	67,012	85	111
- Incidental expenses on banking operations	110,701	84,134	-	-
- Others	383,550	364,335	7,950	4,567
	5,717,635	4,121,805	23,924	14,900

The above expenditure includes the following statutory disclosures:

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration (Note 37)	21,323	10,538	2,160	1,858
Rental of premises	175,722	125,987	-	-
Hire of equipment	9,235	7,392	-	-
Lease rental	18,283	4,476	-	-
Auditors' remuneration				
- Statutory audit (PricewaterhouseCoopers Malaysia*)	3,058	2,840	211	216
- Statutory audit (other member firms of PricewaterhouseCoopers International Limited*)	3,114	3,047	-	-
- Non-audit services (PricewaterhouseCoopers Malaysia*)	2,360	3,393	139	442
- Non-audit services (other member firms of PricewaterhouseCoopers International Limited*)	942	4,644	-	-
Property, plant and equipment written off	4,273	775	-	411

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

35 ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group	
	2009 RM'000	2008 RM'000
Allowance for bad and doubtful debts on loans and financing		
(a) Specific allowance		
- made during the financial year	1,872,694	1,679,440
- written back	(502,027)	(693,323)
- written back from NPL sale	-	(61,099)
	(502,027)	(754,422)
(b) General allowance		
- made during the financial year	107,478	250,711
Bad debts on loans and financing		
- recovered	(471,141)	(355,923)
- recovered from NPL sale	-	(26,276)
- written off	15,601	1,185
	1,022,605	794,715

During the financial year, the Malaysian banking subsidiaries have evaluated their portfolio of non-performing loans, advances and financing that have been in default and that remained uncollected for more than 7 years and also those non-performing loans, advances and financing in default for more than 5 but less than 7 years. For loans, advances and financing in default for more than 7 years, 20% of the realisable value of assets held has been assigned as the value of collateral with effect from 1 January 2009, as allowed by BNM. In prior years, no value was assigned as the realisable value of collateral. For loans, advances and financing which are in default for more than 5 but less than 7 years, 50% of the realisable value of assets held has been assigned as the value of collateral. The effect of this exercise resulted in specific allowances of RM104,310,083 (2008: RM186,537,987) made by the Group during the financial year.

36 ALLOWANCE MADE/(WRITTEN BACK) FOR IMPAIRMENT LOSSES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Available-for-sale-securities				
- net allowance made/(written back) during the financial year	17,718	(60,446)	(92)	888
Held-to-maturity securities				
- net allowance made during the financial year	24,706	30,963	-	-
Goodwill				
- impaired during the financial year	4,000	-	-	-
Intangible assets- securities stockbroking license				
- impaired during the financial year	30,355	-	-	-
	76,779	(29,483)	(92)	888

Notes to the Financial Statements

For the financial year ended 31 December 2009

37 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Executive Directors

Dato' Sri Mohamed Nazir bin Abdul Razak
Dato' Mohd Shukri bin Hussin

Non-Executive Directors

Tan Sri Dato' Md Nor bin Md Yusof
Tan Sri Dato' Seri Haidar bin Mohamed Nor
Dato' Zainal Abidin bin Putih
Dato' Hamzah bin Bakar
Datuk Dr Syed Muhamad bin Syed Abdul Kadir
Dato' Robert Cheim Dau Meng
Cezar Peralta Consing
Hiroyuki Kudo

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive Directors				
- Salary and other remuneration	16,003 #^	6,168	1,022	660
- Benefits-in-kind	121	145	50	48
	16,124	6,313	1,072	708
Non-Executive Directors				
- Fees	1,128	1,106	696	708
- Other remuneration	3,234 #	2,960	392	442
- Benefits-in-kind	837	159	-	-
	5,199	4,225	1,088	1,150
	21,323	10,538	2,160	1,858

These salary and other remuneration include bonus accruals for financial year 2009 in relation to the directorship of certain Directors in certain subsidiaries excluding Bank CIMB Niaga (see note below). Consistent with the practice for certain key personnel, the Directors' bonus for financial year 2009 will be paid in tranches, spread over financial years 2010 and 2011 with the final tranches to be paid out in the first quarter of financial year 2011, after certain key financial performance indicators for the Group in respect of the financial year 2010 has been met. A similar condition is also imposed on the bonus for financial year 2009 of certain key personnel.

^ These salary and other remuneration:

(a) include RM552,000 (2008: RM480,000) paid by Bank CIMB Niaga in relation to the directorship of Dato' Mohd Shukri bin Hussin in Bank CIMB Niaga. The amount was paid to CIMB Group Sdn Bhd, in which he is employed; and

(b) exclude bonus accruals for financial year 2009, in relation to the directorship of Dato' Mohd Shukri bin Hussin in Bank CIMB Niaga, which is subject to approval from the shareholders of Bank CIMB Niaga at their Annual General Meeting.

Notes to the Financial Statements

For the financial year ended 31 December 2009

37 DIRECTORS' REMUNERATION (CONTINUED)

	Fees RM'000	Salary and/or other remuneration RM'000	Benefits-In-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and/or other remuneration RM'000	Benefits-In-kind RM'000	The Company Total RM'000
2009								
Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak	-	14,429	71	14,500	-	-	-	-
Dato Mohd Shukri bin Hussin	-	1,574	50	1,624	-	1,022	50	1,072
	-	16,003	121	16,124	-	1,022	50	1,072
Non-Executive Directors								
Tan Sri Dato' Md Nor bin Md Yusof	126	259	-	385	102	254	-	356
Tan Sri Dato' Seri Haidar bin Mohamed Nor	210	400	28	638	114	22	-	136
Dato' Zainal Abidin bin Putih	214	289	-	503	126	44	-	170
Dato' Hamzah bin Bakar	174	258	-	432	126	33	-	159
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	217	334	10	561	126	30	-	156
Dato' Robert Cheim Dau Meng	-	1,100	35	1,135	-	-	-	-
Hiroyuki Kudo	-	580	764	1,344	-	-	-	-
Cezar Peralta Consing	187	14	-	201	102	9	-	111
	1,128	3,234	837	5,199	696	392	-	1,088
	1,128	19,237	958	21,323	696	1,414	50	2,160

Notes to the Financial Statements

For the financial year ended 31 December 2009

37 DIRECTORS' REMUNERATION (CONTINUED)

	Fees RM'000	Salary and/or other remuneration RM'000	Benefits-In-kind RM'000	The Group Total RM'000	Fees RM'000	Salary and/or other remuneration RM'000	Benefits-In-kind RM'000	The Company Total RM'000
2008								
Executive Directors								
Dato' Sri Mohamed Nazir bin Abdul Razak	-	5,028	97	5,125	-	-	-	-
Dato Mohd Shukri bin Hussin	-	1,140	48	1,188	-	660	48	708
	-	6,168	145	6,313	-	660	48	708
Non-Executive Directors								
Tan Sri Dato' Md Nor bin Md Yusof	126	271	-	397	102	261	-	363
Tan Sri Dato' Seri Haidar bin Mohamed Nor	210	390	31	631	114	25	-	139
Dato' Zainal Abidin bin Putih	210	297	-	507	132	55	-	187
Dato' Hamzah bin Bakar	177	245	24	446	129	41	-	170
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	198	282	29	509	129	42	-	171
Dato' Robert Cheim Dau Meng	-	888	39	927	-	-	-	-
Hiroyuki Kudo	-	560	36	596	-	-	-	-
Cezar Peralta Consing	185	27	-	212	102	18	-	120
	1,106	2,960	159	4,225	708	442	-	1,150
	1,106	9,128	304	10,538	708	1,102	48	1,858

Notes to the Financial Statements

For the financial year ended 31 December 2009

38 TAXATION

	Note	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Taxation based on the profit for the financial year:					
- Malaysian income tax		581,410	555,481	194,337	277,122
- Foreign tax		283,461	92,674	-	-
		864,871	648,155	194,337	277,122
Deferred tax	10	(55,313)	61,910	(102,101)	94,649
Over accrual in prior years		(51,868)	(6,954)	(3,532)	-
		757,690	703,111	88,704	371,771

Reconciliation between tax charge and the Malaysian tax rate:

	The Group 2009 RM'000	The Group 2008 RM'000	The Company 2009 RM'000	The Company 2008 RM'000
Profit before taxation and zakat	3,811,877	2,715,659	703,570	1,619,209
Tax calculated at a rate of 25% (2008: 26%)	952,969	706,072	175,893	420,994
Income not subject to tax	(205,300)	(161,060)	(93,556)	(51,823)
Effects of different tax rates in other countries	(34,304)	27,009	-	-
Effects of change in tax rates	-	7,758	-	(4,324)
Expenses not deductible for tax purposes	123,177	166,708	9,899	6,924
Utilisation of previously unrecognised tax losses	(26,984)	(36,422)	-	-
Over accrual in prior years	(51,868)	(6,954)	(3,532)	-
Tax charge of current year	757,690	703,111	88,704	371,771

Notes to the Financial Statements

For the financial year ended 31 December 2009

39 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2009	2008
Net profit for the financial year (RM'000)	2,806,816	1,952,038
Weighted average number of ordinary shares in issue ('000)	3,529,967	3,375,898
Basic earnings per share (expressed in sen per share)	79.5	57.8

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As at 31 December 2009, the Company's dilutive potential ordinary shares comprises the 50,622,413 warrants issued during the financial year (2008: USD Zero Coupon Guaranteed Convertible Bonds). As the warrants do not have a dilutive effect to EPS in the current financial year, the warrants have not been included in arriving at the diluted EPS for the financial year ended 31 December 2009.

	2009 RM'000	2008 RM'000
Net profit for the financial year	2,806,816	1,952,038
Elimination of interest expense on USD Zero Coupon Guaranteed Convertible Bonds	-	331
Net profit used to determine diluted earnings per share	2,806,816	1,952,369

	2009 Unit'000	2008 Unit'000
Weighted average number of ordinary shares in issue	3,529,967	3,375,898
Adjustments for		
- Conversion of USD Zero Coupon Guaranteed Convertible Bonds	-	4,317
Weighted average number of ordinary shares for diluted earnings per share	3,529,967	3,380,215
Diluted earnings per share (expressed in sen per share)	79.5	57.8

Notes to the Financial Statements
For the financial year ended 31 December 2009

40 DIVIDENDS PER ORDINARY SHARE
Dividends recognised as distributions to equity holders:

	The Group and the Company			
	2009		2008	
	Gross per share sen	Amount of dividend net of tax RM'000	Gross per share sen	Amount of dividend net of tax RM'000
Interim dividend	25.0	699,387	-	-
Final dividend	-	-	25.0	619,282
	25.0	699,387	25.0	619,282

The interim dividends for the previous financial year were approved by the Board of Directors on 20 February 2009 and paid in the current financial year. This is shown as a deduction from the retained profits in the statement of changes in equity in the current financial year.

The Directors have declared an interim single tier dividend of 18.5 sen per ordinary share on 3,531,765,410 ordinary shares amounting to RM653,376,601 in respect of the financial year ended 31 December 2009. The interim dividend was approved by the Board of Directors in a resolution dated 18 February 2010.

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES
(a) The related parties of, and their relationship with the Company, are as follows:

Related parties	Relationship
Subsidiaries of the Company as disclosed in Note 12	Subsidiaries
Associates of the Company as disclosed in Note 13	Associates
Jointly controlled entities as disclosed in Note 14	Jointly controlled entities
Key management personnel	See below

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Related party transactions

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Interest rates on fixed and short-term deposits were at normal commercial rates.

	Subsidiaries		Associates		Key management personnel	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Related party transactions						
The Group						
Income earned						
Interest on loans, advances and financing	-	-	-	-	140	31
Brokerage income	-	-	-	-	113	38
Expenditure incurred						
Interest on deposits from customers and securities sold under repurchase agreements	-	-	-	-	496	723
The Company						
Income earned						
Interest on fixed deposits and money market	10,463	6,364	-	-	-	-
Interest on preference shares	-	42,875	-	-	-	-
Accretion on held-to-maturity securities	50,124	10,587	-	-	-	-
Accretion of investment gain	22,860	41,305	-	-	-	-
Interest on savings account	30	273	-	-	-	-
Dividend income	680,025	1,643,399	533	-	-	-
Rental income	3,813	4,059	-	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2009

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Related party balances

	Subsidiaries		Associates		Key management personnel	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Related party balances						
The Group						
Amount due from						
Loans, advances and financing	-	-	-	-	5,085	1,460
Amount due to						
Deposits from customers and securities sold under repurchase agreements	-	-	-	-	182,570	76,092
Others	-	-	-	-	30	1,183
The Company						
Amount due from						
Demand deposits, savings and fixed deposits	637,941	403,068	-	-	-	-
Amount due from unincorporated trust, BC Trustee	-	66,571	-	-	-	-
Commerce International Group RCULS	34,345	34,345	-	-	-	-
ICULS 2001/2011	-	553,974	-	-	-	-
Advance to Commerce MGI	510	510	-	-	-	-
CIMB Bank ICULS Detachable coupons	-	55,772	-	-	-	-
Redeemable preference shares	37,750	37,750	-	-	-	-
Others	5,121,840	4,895,385	-	-	-	-
Amount due to						
Amount due to Commerce Capital Labuan	(4,341)	(29,515)	-	-	-	-

Other inter-company balances are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2009

41 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Key management personnel

Key management compensation

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Salaries and other short-term employee benefits	88,268	94,594	2,160	2,285
Share options of the Company (units)	16,580,800	24,531,424	5,200,000	6,750,000

Included in the above table is the Executive Directors' compensation which is disclosed in Note 37. The share options granted are on the same terms and conditions as those offered to other employees of the Group and the Company as disclosed in Note 42 to the Financial Statements.

Excluded in the above table are bonus accruals for financial year 2009, in relation to the key management personnel in CIMB Niaga, which is subject to approval from the shareholders of CIMB Niaga at their Annual General Meeting.

Loans made to other key management personnel of the Group and the Company are on similar terms and conditions generally available to other employees within the Group. No specific allowance has been required in 2009 and 2008 for the loans, advances and financing made to the key management personnel.

(e) Credit transactions and exposures with connected parties

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

	The Group	
	2009 RM'000	2008 RM'000
Outstanding credit exposures with connected parties	7,109,618	6,293,236
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	4.80%	4.77%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	0.00%

42 EMPLOYEE BENEFITS

A Modified CIMBB Executive Employee Share Option Scheme ("Modified EESOS")

The share options granted to Directors and employees of the Group are that of the Company. The Employee Share Option Scheme was granted on 11 March 2006 and is governed by the by-laws approved by the Company's shareholders on 8 September 2006.

Prior to the CIMBB Restructuring and consistent with the fair treatment to all Executive Employees and continuance of the CIMBB EESOS, a trust was set up to subscribe for all the remaining CIMBB shares through an accelerated vesting of the unexercisable tranches under the CIMBB EESOS in 2006. The EESOS Trustee opted for new shares in the Company at the ratio approximately 1.146 of the Company's shares for one CIMBB share held pursuant to the CIMBB scheme.

Notes to the Financial Statements

For the financial year ended 31 December 2009

42 EMPLOYEE BENEFITS (CONTINUED)

A Modified CIMBB Executive Employee Share Option Scheme ("Modified EESOS") (Continued)

The main features of the Modified EESOS are as follows:

(a) An entitlement is personal to the Eligible Executive and is non-assignable and non-transferable by the Eligible Executive except with prior written consent of the Employee Share Scheme ("ESS") Committee.

(b) The reference strike price of the entitlement is determined by reference to the amount of the ESS Loan utilised by the Trustee to procure the ESS shares and shall be calculated on a step-up basis from the first anniversary of the effective date of ESS.

(c) The Eligible Executive shall be entitled to the voting rights of the ESS shares which are in his Employee CDS Account and over which he has entitlements until the termination or lapse of the entitlements in accordance with the terms and conditions.

(d) The Eligible Executive shall be entitled to the distribution rights of the ESS shares upon acceptance of the entitlements and until the lapse or earlier termination of the entitlements in accordance with the terms and conditions.

(e) A total of 41,014,009 share options with adjusted option price were offered to the Eligible Executives. The total share options are categorised as follows:

(i) Modified EESOS 1
4,675,000 share options were offered at an initial option price of RM1.27 per share option which has expired on 29 December 2007;

(ii) Modified EESOS 2
16,021,459 share options were offered at an initial option price of RM3.49 per share option with expiry date on 29 December 2008. The expiry date was subsequently extended to 29 December 2009 and has since expired;

(iii) Modified EESOS 3
1,051,875 share options were offered at an initial option price of RM3.80 per share option with expiry date on 29 December 2008. The expiry date was subsequently extended to 29 December 2009 and has since expired; and

(iv) Modified EESOS 4
19,265,675 share options were offered at an initial option price of RM4.18 per share option with expiry date on 29 December 2009 and has since expired.

The option price above was adjusted using the ratio approximately 1.146 Company's shares for one CIMBB shares from the original option prices.

The extension of the expiry date from 29 December 2008 to 29 December 2009 for Modified EESOS 2 and Modified EESOS 3 which were previously not in scope under FRS 2 prior to the extension was deemed as a modification in the terms of the share option scheme and as such FRS 2 was applicable in the financial year ended 31 December 2008 onwards. The share options had since expired on 29 December 2009.

Notes to the Financial Statements

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42 EMPLOYEE BENEFITS (CONTINUED)

A Modified CIMBB Executive Employee Share Option Scheme ("Modified EESOS") (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices for share options captured under FRS 2, are as follows:

	2009		2008	
	Weighted average exercise price RM/share	Options (units '000)	Weighted average exercise price RM/share	Options (units '000)
At 1 January	4.65	17,168	4.23	13,640
Arising from modification of Modified EESOS 2 & 3	-	-	4.22	8,143
Granted	4.76	345	-	-
Forfeited	4.84	(34)	4.59	(152)
Exercised	4.65	(17,362)	4.10	(4,463)
Expired	4.76	(117)	-	-
At 31 December	-	-	4.65	17,168

There were no outstanding share options that were exercisable as at 31 December 2009 (2008: 17,167,865 units). The weighted average share price during the period, should the options have been exercised on a regular basis throughout the period was RM9.70 (2008: RM9.56) per share.

The weighted average fair value of options granted under EESOS 2, EESOS 3 and Tranche 4 of EESOS 4 which are deemed as an equity-settled payment under FRS 2- Share-based Payment, determined using the Trinomial valuation model was RM3.84, RM3.53 and RM1.50 per option respectively.

The significant inputs into the model were as follows:

	EESOS 2	EESOS 3	EESOS 4
Valuation assumptions:			
- expected volatility	41.00%	41.00%	28.45%
- expected dividend yield	3.23%	3.23%	2.04%
- expected option life	1 year	1 year	5 years
Weighted average share price at grant date	RM7.75	RM7.75	RM4.40
Weighted average risk-free interest rate	3.55%	3.55%	3.49%

The volatility measured at the standard deviation on daily share price returns was based on statistical analysis of daily prices over the last 1 year from grant date.

Notes to the Financial Statements

For the financial year ended 31 December 2009

42 EMPLOYEE BENEFITS (CONTINUED)

B Management Equity Scheme ("MES")

This scheme was initiated as part of a performance linked compensation scheme by a substantial shareholder of the Company. The scheme was initially launched on 1 March 2004 and the scheme will continue to be in force until 28 February 2012.

The eligibility for participation in the scheme shall be at the discretion of the Nomination and Remuneration Committee of the Company. Entitlements of eligible members of senior management are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of the Company administers the scheme on behalf of the substantial shareholder. The entitlements granted vest in proportions across various exercised periods.

On 22 December 2008, the substantial shareholder of the Company had approved the extension of the MES Scheme from 28 February 2009 to 28 February 2012. The MES will continue to be in force until 28 February 2012, after which the voting rights of unexercised balances will remain with the substantial shareholder of the Company.

The number of entitlements granted during the financial year is 10,397,000 units (2008: 4,450,000 units) and number of entitlements outstanding as at year end is 21,310,350 units (2008: 18,623,000 units).

All entitlements have the same reference price of RM3.48 each. The weighted average remaining contractual life is 2.2 years (2008: 3.2 years).

43 CAPITAL COMMITMENTS

Capital expenditure approved by Directors but not provided for in the Financial Statements are as follows:

	The Group	
	2009 RM'000	2008 RM'000
Capital expenditure:		
Authorised and contracted for	323,546	311,133
Authorised but not contracted for	733,937	682,073
	1,057,483	993,206

Analysed as follows:

	The Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment	433,769	661,313
Subscription for investments	55,979	57,610
Bank guarantee	65,550	121,381
Software development	2,478	3,929
Computer software	467,320	132,568
Projects	32,387	16,405
	1,057,483	993,206

Notes to the Financial Statements

For the financial year ended 31 December 2009

44 LEASE COMMITMENTS

The lease commitments are in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments net of sub-leases is as follows:

	The Group	
	2009 RM'000	2008 RM'000
Within one year	135,337	112,879
One year to less than five years	233,617	89,271
Five years and more	185,751	4,979

45 SEGMENT REPORTING

(a) Primary reporting format – business segments

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.

Consumer Banking

Consumer Banking comprises of Retail Banking, Business Banking, Direct Banking and Cards and CIMB Express.

Retail Banking focuses on introducing innovative products and services to individual customers. It offers products such as credit facilities (residential mortgages, personal loans, shares financing and hire purchase financing), private client services, remittance services and deposit acceptance.

Business Banking is responsible for the development of products and services for customer segments comprising micro-enterprises, small and medium-scale enterprises (SMEs) and mid-sized corporation, as well as the management of business loan portfolios of these customer segments.

Direct Banking and Cards focuses on mass affluent customers and credit card business while CIMB Express caters to lower income customers offering product such as microcredit loan.

Corporate and Investment Banking

Corporate and Investment Banking comprise investment banking, corporate finance, corporate banking, international banking and transactional services, equity capital markets, retail and institutional equities, equity derivatives and equity investment and trading.

Investment Banking and Corporate Finance offers financial advisory services to corporations, advising issuance of equity and equity-linked products, debt restructuring, mergers and acquisitions, initial public offerings, secondary offerings and general corporate advisory. 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. International Banking and Transactional Services 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.

Notes to the Financial Statements

For the financial year ended 31 December 2009

45 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format – business segments (Continued)

Corporate and Investment Banking (Continued)

Equity Capital Markets provides services including acting as underwriter, global co-ordinator, book runner or lead manager for equity and equity-linked transactions, originating, structuring, pricing and executing equity and equity-linked issues and executing programme trades, block trades and market making. Equity Derivatives Group 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 and institutional equities provide stock broking services to retail and corporate clients.

Treasury and Investment

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

Asset Management and Insurance

Asset Management comprises wholesale fund management, unit trust, private equity and venture capital activities. It includes the Group's life and takaful activities.

Foreign Banking Operations

Foreign Banking Operations comprise of PT Bank CIMB Niaga Tbk, CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) and Bank of Yingkou Co Ltd, which are involved in the provision in the commercial banking and related services.

Support and others

Support services comprise all middle and back-office processes, cost centres and non-profit generating divisions of companies in the Group. Other business segments in the Group include investment holding, property management and other related services, whose results are not material to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

45 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format – business segments (Continued)

	2009						
	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Group							
Net interest income							
- external income/(expense)	2,653,925	1,370,750	(255,071)	13,634	2,363,193	(77,525)	6,068,906
- inter-segment income	(172,427)	(651,248)	842,224	-	-	(18,549)	-
	2,481,498	719,502	587,153	13,634	2,363,193	(96,074)	6,068,906
Non-interest income/(expense)	731,023	876,146	914,672	297,100	988,029	(13,413)	3,793,557
Income from Islamic banking operations	377,922	100,914	268,812	-	41,113	18,299	807,060
	3,590,443	1,696,562	1,770,637	310,734	3,392,335	(91,188)	10,669,523
Overheads	(2,594,059)	(739,855)	(355,608)	(187,417)	(1,845,895)	5,199	(5,717,635)
Profit/(loss) before allowances	996,384	956,707	1,415,029	123,317	1,546,440	(85,989)	4,951,888
Allowance (made)/written back for losses on loans, advances and financing	(295,551)	(261,685)	83,315	-	(548,189)	(495)	(1,022,605)
Allowance (made)/written back for other receivables	(731)	(537)	66,561	(13)	(121,360)	(489)	(56,569)
Provision (made)/written back for commitments and contingencies	-	(21,000)	47,473	(3,000)	(41,561)	-	(18,088)
Allowance written back/(made) for impairment losses	-	22,766	(88,532)	-	(5,153)	(5,860)	(76,779)
Segment results	700,102	696,251	1,523,846	120,304	830,177	(92,833)	3,777,847
Share of results of jointly controlled entity	6,858	-	897	-	-	-	7,755
Share of results of associates	-	-	(4,575)	-	27,667	3,183	26,275
Profit/(loss) before taxation	706,960	696,251	1,520,168	120,304	857,844	(89,650)	3,811,877
Taxation							(757,690)
Zakat							(7,120)
Profit after taxation							3,047,067

45 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format – business segments (Continued)

	2009						
	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Group							
Segment assets	53,772,739	59,193,202	65,044,563	3,870,549	51,007,395	1,785,161	234,673,609
Investment in associates and jointly controlled entities	134,559	-	191,488	-	298,403	24,688	649,138
	53,907,298	59,193,202	65,236,051	3,870,549	51,305,798	1,809,849	235,322,747
Unallocated assets	-	-	-	10,445	-	4,650,807	4,661,252
Total assets	53,907,298	59,193,202	65,236,051	3,880,994	51,305,798	6,460,656	239,983,999
Segment liabilities	56,144,469	21,316,762	83,198,706	2,333,979	47,244,732	3,655,382	213,894,030
Unallocated liabilities	-	818,719	-	10,488	-	3,614,048	3,443,255
Total liabilities	56,144,469	22,135,481	83,198,706	2,344,467	47,244,732	6,269,430	217,337,285
Other segment items							
Incurred capital expenditure	49,278	18,780	10,818	20,739	144,123	429,486	673,224
Depreciation of property, plant and equipment	(22,870)	(18,484)	(4,869)	(10,464)	(103,648)	(149,438)	(309,773)
Amortisation of prepaid lease payments	-	-	-	-	(332)	(1,531)	(1,863)
Amortisation of intangible assets	(10,550)	(2,814)	(3,004)	(4,373)	(64,435)	(95,017)	(180,193)
Accretion of discounts less amortisation of premium	-	-	112,928	124	-	21,478	134,530
Investment in jointly controlled entities	134,559	-	26,960	-	-	-	161,519
Investment in associates	-	-	164,528	-	298,403	24,688	487,619

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed principally based on the interest-bearing assets and liabilities of each business segment with appropriate rates applied.

Notes to the Financial Statements

For the financial year ended 31 December 2009

45 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format – business segments (Continued)

				2008			
	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Group							
Net interest income							
- external income/(expense)	2,807,894	1,303,805	(349,673)	4,653	907,032	(13,115)	4,660,596
- inter-segment income	(304,510)	(610,868)	951,377	-	-	(35,999)	-
	2,503,384	692,937	601,704	4,653	907,032	(49,114)	4,660,596
Non-interest income/(expense)	666,529	879,897	521,429	157,265	388,725	28,281	2,642,126
Income from Islamic banking operations	202,237	76,957	115,184	-	36,181	7,231	437,790
	3,372,150	1,649,791	1,238,317	161,918	1,331,938	(13,602)	7,740,512
Overheads	(2,258,651)	(620,501)	(198,743)	(193,614)	(785,380)	(64,916)	(4,121,805)
Profit/(loss) before allowances	1,113,499	1,029,290	1,039,574	(31,696)	546,558	(78,518)	3,618,707
Allowance (made)/written back for losses on loans, advances and financing	(393,731)	(235,334)	-	-	(169,489)	3,839	(794,715)
Allowance written back/(made) for other receivables	(280)	(1,117)	-	(11,934)	(81,902)	465	(94,768)
Provision made for commitments and contingencies	-	-	-	-	(708)	-	(708)
Allowance written back/(made) for impairment losses	-	92,104	(56,737)	(11,465)	415	5,166	29,483
Segment results	719,488	884,943	982,837	(55,095)	294,874	(69,048)	2,757,999
Share of results of jointly controlled entity	3,253	-	-	-	-	-	3,253
Share of results of associates	-	-	(19,063)	5,235	(33,754)	1,989	(45,593)
Profit/(loss) before taxation	722,741	884,943	963,774	(49,860)	261,120	(67,059)	2,715,659
Taxation							(703,111)
Zakat							(2)
Profit after taxation							2,012,546

45 SEGMENT REPORTING (CONTINUED)

(a) Primary reporting format – business segments (Continued)

				2008			
	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Group							
Segment assets	61,277,835	36,809,717	64,808,080	4,264,354	33,152,431	1,610,965	201,923,382
Investment in associates and jointly controlled entity	127,701	-	115,900	69,633	576,100	24,433	913,767
	61,405,536	36,809,717	64,923,980	4,333,987	33,728,531	1,635,398	202,837,149
Unallocated assets	-	-	-	-	-	4,253,610	4,253,610
Total assets	61,405,536	36,809,717	64,923,980	4,333,987	33,728,531	5,889,008	207,090,759
Segment liabilities	49,415,305	13,022,146	86,411,445	3,237,663	29,500,825	4,001,956	185,589,340
Unallocated liabilities	-	-	-	-	-	2,688,826	2,688,826
Total liabilities	49,415,305	13,022,146	86,411,445	3,237,663	29,500,825	6,690,782	188,278,166
Other segment items							
Incurred capital expenditure	21,639	18,814	11,915	31,460	30,413	352,013	466,254
Depreciation of property, plant and equipment	(18,156)	(21,095)	(8,568)	(12,606)	(37,792)	(116,118)	(214,335)
Amortisation of prepaid lease payments	-	-	-	-	-	(1,588)	(1,588)
Amortisation of intangible assets	(50,131)	(1,693)	(1,716)	(3,025)	-	(66,380)	(122,945)
Accretion of discounts less amortisation of premium	-	596	139,512	(1,512)	-	(56)	138,540
Investment in jointly controlled entity	127,701	-	-	-	-	-	127,701
Investment in associates	-	-	115,900	69,633	576,100	24,433	786,066

Basis of pricing for inter-segment transfers:

Intersegmental charges are computed principally based on the interest-bearing assets and liabilities of each business segment with appropriate rates applied.

Notes to the Financial Statements

For the financial year ended 31 December 2009

45 SEGMENT REPORTING (CONTINUED)

(b) Secondary reporting format – geographical segments

The Group's business segments are managed on a worldwide basis and they operate mainly in four main geographical areas:

- Malaysia, the home country of the Group, which includes all the areas of operations in the primary business segments.

- Indonesia, the areas of operation in this country include all the primary business segments of a subsidiary bank, PT Bank CIMB Niaga Tbk.

- Thailand, the areas of operation in this country include all the primary business segments of a subsidiary bank, CIMB Thai Bank.

- Other countries include branch and subsidiary operations in Singapore, United Kingdom, United States of America and Hong Kong. The overseas operations involved mainly in corporate lending and borrowing, and stockbroking activities. With the exception of Malaysia, Indonesia and Thailand (2008: Malaysia and Indonesia), no other individual country contributed more than 10% of the consolidated net interest income or assets.

The Group	Net interest income RM'000	Total assets RM'000	Total liabilities RM'000	Capital expenditure RM'000
2009				
Malaysia	3,682,347	186,208,923	169,031,029	520,491
Indonesia	1,891,965	39,073,270	34,982,355	104,117
Thailand	472,069	13,031,349	12,334,120	40,007
Other countries	22,525	1,670,457	989,781	8,609
	6,068,906	239,983,999	217,337,285	673,224
2008				
Malaysia	3,709,832	172,241,503	157,447,420	428,634
Indonesia	907,247	33,574,548	30,151,966	30,413
Other countries	43,517	1,274,708	678,780	7,207
	4,660,596	207,090,759	188,278,166	466,254

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of additional equity stake in CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) ("CIMB Thai Bank")

On 13 January 2009, CIMB Bank Berhad acquired additional 3.33 billion CIMB Thai Bank Public Company Limited shares representing approximately 49.91% of the total issued and paid-up capital of CIMB Thai Bank, thus making it a subsidiary of CIMB Bank with total equity holdings of 92.04%. Upon completion of CIMB Thai Bank's subsequent rights issue, CIMB Bank's shareholding in CIMB Thai Bank was raised to 93.15%.

See Note 49(a)(i) for the effects of the acquisition on the Financial Statements of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Disposal of equity interest in CIMB-Principal Islamic Asset Management Sdn Bhd ("CPIAM") to CIMB Group Sdn Bhd ("CIMBG") and Principal Global Investors Holding Co. Inc. ("PGIH") ("CPIAM Transfer")

On 30 January 2009, CIMB-Principal Asset Management Berhad ("CIMB-Principal"), a 60%-owned subsidiary of CIMBG which in turn is a wholly-owned subsidiary of the Company, had disposed its 100% equity interest in CPIAM as follows:

(i) 50% equity interest in CPIAM to CIMBG; and
(ii) 50% equity interest in CPIAM to PGIH (a wholly-owned subsidiary of Principal Financial Group, Inc.)

for a total cash consideration of RM16 million.

(c) Disposal by CIMB Bank of certain assets, liabilities and the asset/fund management business of Southern Investment Bank Berhad ("SIBB") to HLG Credit Sdn Bhd ("HLGC"), a 75% indirect subsidiary of Hong Leong Financial Group Berhad ("SIBB Disposal")

The proposed SIBB Disposal was approved by the Minister of Finance II on 20 May 2008 and the vesting of the certain assets and liabilities to HLGC was completed on 31 January 2009.

See Note 49(c)(i) for the effects of the disposal on the Financial Statements of the Group.

(d) Sale and leaseback of Menara Bumiputra-Commerce

On 3 December 2007, CIMB Bank and the Company entered into a Sale and Purchase Agreement ("SPA") and Lease Agreement ("LA") with Pelaburan Hartanah Bumiputra Berhad ("PHBB") for the proposed sale and leaseback of Menara Bumiputra-Commerce.

Pursuant to the SPA and LA, the Company has disposed Menara Bumiputra-Commerce to PHBB for a total cash consideration of RM460 million. CIMB Bank leases Menara Bumiputra-Commerce for an initial lease tenure of ten years with renewal options for two additional periods of five years each.

The proposed sale and leaseback of Menara Bumiputra-Commerce was completed on 16 February 2009.

(e) Redemption of United States Dollar ("USD") 100.0 million 5% subordinated bonds

CIMB Investment Bank Berhad, a wholly-owned subsidiary of the Company, had on 15 April 2009 fully redeemed the USD100.0 million 5% subordinated bonds.

Notes to the Financial Statements

For the financial year ended 31 December 2009

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(f) Acquisition of Bank of Yingkou Co Ltd

On 17 April 2008, CIMBG entered into a share subscription agreement with Bank of Yingkou Co. Ltd ("BOYK") to acquire 141.2 million new ordinary shares in BOYK for RMB348.8 million cash (RM156.2 million). These shares represent 19.99% equity interest in the share capital of BOYK. On 14 May 2008 and 22 December 2008, CIMBG received approval from Bank Negara Malaysia and China Banking Regulatory Commission respectively for the proposed acquisition.

The proposed acquisition was completed on 17 April 2009.

(g) Issuance of USD140 million senior unsecured guaranteed bonds ("Bonds") and issuance of 5 year warrants ("Warrants")

On 3 November 2008, CIMB Bank (L) Limited ("CIMB Bank (L)") and the Company entered into an agreement with TPG Malaysia Finance, L. P. for the proposed issuance of up to USD150 million senior unsecured guaranteed bonds ("Bonds") by CIMB Bank (L) and the proposed issuance of 5 year warrants ("Warrants") by the Company. The Bonds will be guaranteed by the Company in the manner set out in the conditions applicable to the Bonds.

On 17 April 2009, CIMB Bank (L) and the Company issued USD140 million senior unsecured guaranteed bonds and 50,622,413 warrants respectively.

(h) Execution of Exclusivity Agreement by CIMB Standard Strategic Asset Advisors Pte Ltd

The Company, through its 60% owned subsidiary, CIMB Standard Strategic Asset Advisors Pte Ltd ("CIMB Standard"), had on 29 May 2009 entered into an Exclusivity Agreement ("EA") with Babcock & Brown Falcon Investment Pty Ltd ("B&B"), to evaluate and negotiate the terms and sale of B&B's interests in the Babcock & Brown Asia Infrastructure Fund GP Limited, the General Partner of Babcock & Brown Asia Infrastructure Fund L.P. (together, the "Sale Property"). The purpose of the EA is to provide a general framework for the negotiation of binding agreements to implement the sale of the Sale Property, and is not subject to approval of the shareholders of the Company and/or any regulatory authorities. The acquisition was subsequently completed by The South East Asian Strategic Assets Fund L.P., a fund advised by CIMB Standard.

(i) Proposed Tier 2 Subordinated Bonds and Tier 2 Junior Sukuk Programmes by CIMB Bank Berhad

CIMB Bank Berhad (a 99.99% owned subsidiary of CIMBG, which in turn is a 100% owned subsidiary of the Company), had on 2 June 2009 obtained the approval from the Securities Commission with regards to the proposed Tier 2 Subordinated Bonds Programme and proposed Tier 2 Junior Sukuk Programme ("Bonds and Sukuk") with a combined limit of RM5.0 billion (or its foreign currency equivalent) in nominal value. The Bonds and Sukuk have not been issued as at 31 December 2009.

(j) Proposed issuance of Cumulative Subordinated Fixed Rate Notes pursuant to a Cumulative Subordinated Fixed Rate Notes Programme of RM3.0 billion in nominal value ("Programme")

The Programme has been approved by BNM and Securities Commission respectively on 12 June 2009. Other than BNM and SC's approval, no further regulatory approval is required. On 30 June 2009, the Company issued RM1.38 billion subordinated fixed rate notes.

(k) Incorporation of subsidiary

On 17 June 2009, CIMB Strategic Assets Sdn Bhd (an indirect wholly-owned subsidiary of the Company) incorporated a wholly-owned subsidiary, CIMB Standard Islamic Infrastructure Fund (General Partner) Limited ("CIMB Standard"), in the Federal Territory of Labuan, Malaysia. CIMB Standard has an issued and paid-up share capital of USD 6 comprising 6 ordinary share of USD1 each.

Notes to the Financial Statements

For the financial year ended 31 December 2009

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(l) Rights issue of up to 297,400,949 new CIMB Bank shares

Pursuant to the Board of Directors resolution of CIMB Bank dated 25 June 2009, approval was granted for CIMB Bank to increase the authorised share capital by way of a non-renounceable rights issue of up to 297,400,949 new CIMB Bank shares ("Right Shares") at an issue price of RM8.10 for each Right Shares to the shareholders of the CIMB Bank, whose name appear in the Register of Members of CIMB Bank as at the close of business on 26 June 2009 on a basis of 1 Rights Share for every 10 existing CIMB Bank shares held on 26 June 2009.

On 30 June 2009, CIMB Bank issued 123,456,800 new ordinary shares at an issue price of RM8.10 each.

(m) Launch of Islamic Infrastructure Fund ("IIF") and joint venture to jointly manage the IIF

On 2 July 2009, the Company announced the launch of the IIF and the joint venture between CIMB Strategic Assets Sdn Bhd, an indirect wholly-owned subsidiary of the Company and Standard Bank Group International Limited, a subsidiary of Standard Bank Group Limited of South Africa, to jointly manage the IIF. The IIF is a target US$500 million Shari'ah compliant infrastructure private equity fund jointly sponsored by the Asian Development Bank and the Islamic Development Bank. It is established as an Offshore Limited Partnership under the Labuan Offshore Limited Partnership Act. CIMB Standard Islamic Infrastructure Fund (General Partner) Limited is the general partner of IIF and is responsible for the management and control of the activities and affairs of the IIF.

(n) Settlement of RM667 million irredeemable convertible unsecured loan stocks ("ICULS") ("Settlement")

On 10 July 2009, CIMB Bank, a subsidiary of the Company, has allotted and issued 667,000,000 new ordinary shares of RM1.00 each in CIMB Bank ("CIMB Bank Shares") to its 99.999% shareholder, CIMBG, which in turn is a wholly-owned subsidiary of the Company.

The allotment and issuance of the new CIMB Bank Shares is in connection with the settlement of the coupon and principal of the ICULS which are due and payable to the Company. The Company has nominated CIMBG to be the holder of the 667,000,000 new CIMB Bank Shares.

(o) Disposal of 49% equity interest in PT CIMB Sun Life (formerly known as PT Commerce International) ("CIMB Sun Life")

On 16 March 2009, an indirect subsidiary of the Company, CIG Berhad (formerly known as Commerce International Group Berhad) ("CIGB") entered into a Share Purchase Agreement ("SPA") with PT Sun Life Indonesia Services (formerly known as PT Parahiyangan Griyanusa), a 99.0% owned subsidiary of Sun Life Assurance Company of Canada, for the disposal by CIGB of its 49% equity interest in CIMB Sun Life for a total consideration of 22.7 million United States Dollars ("USD") (or approximately RM84.1 million).

The purchase consideration involves contingent consideration ("Earn Out Payment") which is subject to revision as detailed in the SPA. The net asset value of CIMB Sun Life as at September 2008 is 72.7 billion Indonesian Rupiah (equivalent to approximately RM22.5 million).

In conjunction with the disposal, CIMB Sun Life will enter into a bancassurance agreement with PT Bank CIMB Niaga Tbk ("Bank CIMB Niaga") for the distribution of life insurance products through the distribution network of Bank CIMB Niaga.

The disposal was completed on 28 July 2009 for an actual consideration of USD 23.3 million (equivalent to approximately RM81.6 million).

See Note 49(d)(ii) for the effects of the disposal on the Financial Statements of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(p) Signing of collaboration agreement ("CA") with CIMB Vinashin Securities Limited Liability Company (formerly known as Vinashin Shipbuilding Finance Company Securities LLC) ("VFC")

On 21 December 2007, CIMB Investment Bank Berhad entered into a CA with VFC to jointly set up a securities company in Vietnam. Pursuant to the CA, CIMB Investment Bank Berhad will provide the guidance and assistance on the set up of the securities company.

The Vietnam State Securities Commissions' license was obtained on 18 December 2008 and a Shareholders Agreement was entered into on 7 August 2009. Under the terms of the Shareholders Agreement, CIMB Investment will subscribe for an initial equity interest of 10% in VFC for Vietnamese Dong ("VND") 34 billion (approximately RM6.7 million), and has the option to increase its shareholding to 40% for a total capital contribution of up to VND200 billion (approximately RM39.2 million).

The initial amount of VND33 billion (approximately RM6.3 million) representing approximately 6.6% equity interest in VFC was paid on 25 November 2009.

(q) Company change in name

On 4 September 2009, the shareholders of the Company had approved the Special Resolution in connection with the proposed change of Company's name from "Bumiputra-Commerce Holdings Berhad" to "CIMB Group Holdings Berhad".

(r) Issuance of up to RM2.0 billion nominal value Junior Sukuk ("Sukuk")

CIMB Islamic Bank Berhad had on 15 April 2009 and 22 May 2009, obtained the approval from Bank Negara Malaysia and the Securities Commission for the proposed issuance of up to RM2.0 billion Tier 2 Junior Sukuk Programme in nominal value.

On 25 September 2009, CIMB Islamic Bank Berhad issued RM300 million Sukuk under Syariah principle of Musyarakah. The Junior Sukuk carries a profit rate of 5.85% per annum payable semi annually and are due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter.

(s) Joint venture between CIMB Real Estate Sdn Bhd ("CIMB RE") and Trustcapital Advisors Pte Ltd ("TCA") to establish and manage an Australian Real Estate Fund ("Joint Venture")

On 19 October 2009, CIMB RE and TCA signed a Joint Venture Agreement to establish a joint venture entity ("Joint Venture Entity") in which CIMB RE and TCA will own 70% and 30% of the equity interest respectively.

The Joint Venture Entity is incorporated as a private limited company in Singapore and will have an issued and paid-up share capital of Singapore Dollars ("SGD") 960,000 comprising 960,000 ordinary shares of SGD1.00 each upon the injection of their proportionate capital from both shareholders.

The results of the joint venture entity, CIMB-Trustcapital Advisors Pte Ltd has been consolidated in the Group's results for financial year ended 31 December 2009 by virtue of board control over the joint venture entity's financial and operating policies.

(t) Sale of Sathorn Building

On 20 October 2009, CIMB Thai Bank, a 93.15% subsidiary of CIMB Bank had entered into a Sale and Purchase Agreement ("SPA") for the Sale of Sathorn Building. Pursuant to the SPA, CIMB Thai Bank shall dispose of Sathorn Building for a total cash consideration of approximately THB 1 billion (or approximately RM100 million). The sale was completed on 4 January 2010. As at 31 December 2009, the Sathorn Building has been reclassified to non-current asset held for sale (see Note 51).

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(u) Sale of non-performing loans to Southeast Asia Special Asset Management Berhad (formerly known as Common Forge Berhad) ("SEASAM")

On 11 November 2009, CIMBG received approval from the Minister of Finance ("MoF") and disposed of certain non-performing loans ("NPLs") of CIMB Bank to a special purpose company, SEASAM. SEASAM is a wholly-owned subsidiary of CIMBG, which in turn is wholly-owned by the Company. CIMB Bank disposed a portfolio of mostly legacy NPLs comprising approximately 25,000 accounts with gross loan amount of RM2.6 billion to SEASAM at net book value of RM925 million.

(v) Proposed dual listing of the Company on The Stock Exchange of Thailand

On 16 November 2009, the Company announced its proposal to seek a dual listing of ordinary shares of RM1.00 each in CIMB Shares on The Stock Exchange of Thailand ("SET") ("Proposed SET Listing").

Pursuant to the Proposed SET Listing, the Company proposes to undertake an initial public offering ("IPO") of up to 35 million CIMB Shares ("IPO Shares") to be made available for application by local retail and institutional investors in Thailand ("IPO Offering"), which may include, amongst others, the customers, staff and/or minority shareholders of its 93.15% subsidiary in Thailand, CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) ("CIMB Thai Bank").

The new CIMB Shares to be issued pursuant to the Proposed Public Issue, if applicable, shall upon issuance, rank equally in all respects with the existing CIMB Shares, except for any dividends, rights, benefits, entitlements and/or to the distributions, the entitlement date of which precedes the date of issue and allotment of the said new CIMB Shares.

The proposed SET Listing is subject to the approvals from Bank Negara Malaysia, the Securities Commission, Bursa Securities and shareholders of the Company at the extraordinary general meeting to be convened, and is expected to be completed by the first half of year 2010.

(w) Cancellation of Treasury Shares

On 28 December 2009, the Company had cancelled 50,629,100 ordinary shares held as treasury shares and as at the balance sheet date, there were no ordinary shares held as treasury shares. Accordingly, the adjusted issued and paid-up share capital of the Company with voting rights as at 31 December 2009 was 3,531,765,410 shares.

The shares cancelled were previously purchased under the share buy-back programme approved by shareholders and held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

(x) Sale and leaseback of properties of CIMB Bank Berhad

On 30 December 2009, CIMB Bank, a 99.99% owned subsidiary of CIMBG and its related companies (collectively the "Vendors"), have entered into a sale and purchase agreement with Kumpulan Wang Simpanan Pekerja ("KWSP") to sell up to 65 properties ("Properties") for a total cash consideration of up to RM302,450,000. As part of the arrangement, CIMB Bank has entered into a lease agreement with KWSP for a lease over the Properties on completion of the sale. The properties have been reclassified to non-current assets held for sale (See Note 51).

Notes to the Financial Statements

For the financial year ended 31 December 2009

47 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) Acquisition of additional equity stake in Touch N' Go Sdn Bhd ("TnG")

The Company had on 19 February 2010 entered into a share purchase agreement with UEM Group Berhad and UEM Builders Berhad to acquire an additional 32.22% stake in Touch N' Go Sdn Bhd ("TnG") for RM53.8 million. The Company currently owns 20% equity stake in TnG. The acquisition was completed on 26 March 2010.

(b) Proposed bonus issue by the Company and proposed increase in authorised share capital of the Company (collectively referred to as the "Proposals")

The Company is proposing 1-for-1 bonus issue which would increase its number of shares in issue from 3,531.76 million to 7,063.53 million. The objectives of the bonus issue are to improve tradability of CIMB Group shares ("CIMB Shares") and to align its quoted share price with pricing conventions on the Stock Exchange of Thailand ("SET") ahead of the Company's proposed listing later this year.

The Company has also proposed to increase its authorised share capital from RM5,000 million comprising 5,000 million CIMB Shares to RM10,000 million comprising 10,000 million CIMB Shares to facilitate the issuance of new CIMB Shares pursuant to the Proposed Bonus Issue, as well as to cater for any future issuance of new CIMB Shares.

(c) Subscription of equity interest in CIMB Vinashin Securities Limited Liability Company ("VFC")

On 23 February 2010, CIMB Investment Bank received approval from the Vietnam Securities Commission for its subscription of equity interest in VFC.

48 CAPITAL ADEQUACY

(a) The capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited and CIMB (L) Limited), CIMB Investment Bank, CIMB Islamic Bank, Bank CIMB Niaga and CIMB Thai Bank for the financial year ended 31 December 2009 are as follows:

31 December 2009	CIMB Bank RM'000	CIMB Investment Bank RM'000	CIMB Islamic Bank RM'000	Bank CIMB Niaga RM'000	CIMB Thai Bank RM'000
Tier I capital	14,874,153	396,707	690,239	3,520,387	640,167
Eligible Tier II capital	2,868,642	928	458,004	760,031	640,167
	17,742,795	397,635	1,148,243	4,280,418	1,280,334
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	(2,618,131)	(9,050)	-	(43,351)	-
Capital base before proposed dividend	15,124,664	388,585	1,148,243	4,237,067	1,280,334
Before deducting proposed dividends					
Core capital ratio	14.81%	19.77%	6.82%	11.29%	6.00%
Risk-weighted capital ratio	15.06%	19.77%	11.34%	13.59%	11.99%
After deducting proposed dividends					
Core capital ratio	14.81%	17.11%	6.82%	11.29%	6.00%
Risk-weighted capital ratio	15.06%	17.11%	11.34%	13.59%	11.99%

Notes to the Financial Statements

For the financial year ended 31 December 2009

48 CAPITAL ADEQUACY (CONTINUED)

(b) Components of Tier I and Tier II capital for the financial year ended 31 December 2009 are as follows:

31 December 2009	CIMB Bank RM'000	CIMB Investment Bank RM'000	CIMB Islamic Bank RM'000	Bank CIMB Niaga RM'000	CIMB Thai Bank RM'000
Tier I capital					
Paid-up capital	3,764,467	100,000	550,000	565,191	685,791
Perpetual preference shares	200,000	-	70,000	-	-
Non-innovative Tier I Capital	1,000,000	-	-	-	-
Innovative Tier I Capital	1,685,000	-	-	-	-
Share premium	5,033,622	-	-	2,426,456	-
Other reserves	7,028,019	301,726	250,864	572,091	(45,624)
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	-	-	-	(43,351)	-
Deferred tax assets	(281,880)	(5,019)	(44,625)	-	-
Goodwill	(3,555,075)	-	(136,000)	-	-
Total Tier I capital	14,874,153	396,707	690,239	3,520,387	640,167
Tier II capital					
Redeemable preference shares	29,740	10	-	-	1,693
Subordinated notes	1,500,000	-	300,000	-	568,134
Subordinated loans	-	-	-	329,739	-
Revaluation reserve	-	-	-	-	47,118
General allowance for bad and doubtful debts and financing	1,338,902	918	158,004	388,496	23,222
Others	-	-	-	41,796	-
Total eligible Tier II capital	2,868,642	928	458,004	760,031	640,167
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	(2,300,489)	(9,050)	-	(43,351)	-
Investment in joint venture ^	(72,608)	-	-	-	-
Investment in associates	(245,034)	-	-	-	-
Total Capital base	15,124,664	388,585	1,148,243	4,237,067	1,280,334
Less:					
Proposed 2009 final dividend	-	(52,300)	-	-	-
Total Capital base (net of proposed dividend)	15,124,664	336,285	1,148,243	4,237,067	1,280,334

^ In accordance with a circular by Bank Negara Malaysia dated 25 April 2006, CIMB Bank is required to deduct 50% of its investment in joint venture company, PCSB from the capital base for the purposes of computing capital adequacy ratio.

Notes to the Financial Statements

For the financial year ended 31 December 2009

48 CAPITAL ADEQUACY (CONTINUED)

(c) Breakdown of risk-weighted assets in the various categories of risk-weights as at 31 December 2009 are as follows:

	CIMB Bank		CIMB Investment Bank		CIMB Islamic Bank		Bank CIMB Niaga		CIMB Thai Bank	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:										
0%	30,359,481	-	427,170	-	6,554,422	-	7,019,813	-	5,174,033	-
10%	24,173	2,417	-	-	-	-	123,192	12,319	-	-
20%	21,909,123	4,381,825	5,949,667	1,189,933	2,070,774	414,155	1,816,284	363,257	822,660	164,532
35%	-	-	-	-	-	-	-	-	1,064,206	372,472
50%	22,437,082	11,218,541	66,764	33,382	3,068,223	1,534,112	9,992,852	4,996,426	358,716	179,358
75%	-	-	-	-	-	-	-	-	1,690,677	1,268,008
100%	79,804,879	79,804,879	417,380	417,380	7,628,648	7,628,648	25,707,687	25,707,687	7,181,200	7,181,200
150%	-	-	-	-	-	-	-	-	360,587	540,881
	154,534,738	95,407,662	6,860,981	1,640,695	19,322,067	9,576,915	44,659,828	31,079,689	16,652,079	9,706,451
Counterparty risk requirement		-		1		-		-		-
Total risk-weighted assets equivalent for credit risk		95,407,662		1,640,696		9,576,915		31,079,689		9,706,451
Total risk-weighted assets equivalent for market risk		4,834,636		324,340		548,828		97,253		123,231
Total risk-weighted assets equivalent for large exposure risk requirements		193,983		-		-		-		848,117
		100,436,281		1,965,036		10,125,743		31,176,942		10,677,799

The above capital adequacy ratio calculations of CIMB Bank, CIMB Investment Bank and CIMB Islamic Bank are based on the guidelines issued by Bank Negara Malaysia to the banking institutions in Malaysia. The capital adequacy ratio calculation of Bank CIMB Niaga is based on the guidelines issued by Bank Indonesia and the capital adequacy ratio calculation of CIMB Thai Bank is based on Bank of Thailand requirements. Although the Company is not subject to the above guidelines, disclosure of the capital adequacy ratios are made on a voluntary basis.

Notes to the Financial Statements

For the financial year ended 31 December 2009

48 CAPITAL ADEQUACY (CONTINUED)

(d) The capital adequacy ratios of CIMB Bank (including the operations of CIMB Bank (L) Limited), CIMB Investment Bank, CIMB Islamic Bank and Bank CIMB Niaga for the financial year ended 31 December 2008 are as follows:

31 December 2008	CIMB Bank RM'000	CIMB Investment Bank RM'000	CIMB Islamic Bank RM'000	Bank CIMB Niaga RM'000
Tier I capital	11,662,347	629,641	590,060	3,021,172
Eligible Tier II capital	4,752,839	1,105	75,613	952,519
	16,415,186	630,746	665,673	3,973,691
Less:				
Investment in subsidiaries and holding of other banking institutions' capital	(1,376,978)	(19,420)	-	(65,448)
Capital base before proposed dividend	15,038,208	611,326	665,673	3,908,243
Before deducting proposed dividends				
Core capital ratio	10.89%	40.15%	10.36%	12.05%
Risk-weighted capital ratio	14.04%	40.15%	11.69%	15.59%
After deducting proposed dividends				
Core capital ratio	10.75%	35.56%	10.36%	11.62%
Risk-weighted capital ratio	13.90%	35.56%	11.69%	15.16%

Notes to the Financial Statements

For the financial year ended 31 December 2009

48 CAPITAL ADEQUACY (CONTINUED)

(e) Components of Tier I and Tier II capital for the financial year ended 31 December 2008 are as follows:

31 December 2008	CIMB Bank RM'000	CIMB Investment Bank RM'000	CIMB Islamic Bank RM'000	Bank CIMB Niaga RM'000
Tier I capital				
Paid-up capital	2,974,009	219,242	550,000	489,478
Perpetual preference shares	200,000	-	70,000	-
Non-innovative Tier 1 Capital	1,000,000	-	-	-
Innovative Tier I Capital	1,692,900	-	-	-
Share premium	4,157,074	33,489	-	2,116,445
Other reserves	5,461,432	382,445	127,122	415,249
Less:				
Deferred tax assets	(263,993)	(5,535)	(21,062)	-
Goodwill	(3,559,075)	-	(136,000)	-
Total Tier I capital	11,662,347	629,641	590,060	3,021,172
Tier II capital				
ICULS issued	667,000	-	-	-
Redeemable preference shares	29,740	10	-	-
Subordinated notes	2,539,350	-	-	-
Subordinated loans	-	-	-	653,361
General allowance for bad and doubtful debts and financing	1,516,749	1,095	75,613	299,158
Total eligible Tier II capital	4,752,839	1,105	75,613	952,519
Less:				
Investment in subsidiaries and holding of other banking institutions' capital	(729,600)	(19,420)	-	(65,448)
Investment in joint venture ^	(51,564)	-	-	-
Investment in associates	(595,814)	-	-	-
Total Capital base	15,038,208	611,326	665,673	3,908,243
Less:				
Proposed 2008 final dividend	(150,000)	(70,000)	-	(106,917)
Total Capital base (net of proposed dividend)	14,888,208	541,326	665,673	3,801,326

^ In accordance with a circular by Bank Negara Malaysia dated 25 April 2006, CIMB Bank is required to deduct 50% of its investment in joint venture company, PCSB from the capital base for the purposes of computing capital adequacy ratio.

48 CAPITAL ADEQUACY (CONTINUED)

(f) Breakdown of risk-weighted assets in the various categories of risk-weights as at 31 December 2008 are as follows:

	CIMB Bank		CIMB Investment Bank		CIMB Islamic Bank		Bank CIMB Niaga	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:								
0%	23,692,884	-	590,951	-	5,402,401	-	7,022,454	-
10%	147,282	14,728	-	-	-	-	108,066	10,807
20%	22,637,137	4,527,427	2,731,019	546,204	2,814,340	562,868	4,570,706	914,141
50%	24,013,412	12,006,706	40,967	20,484	733,413	366,707	7,854,214	3,927,107
100%	85,765,298	85,765,298	694,746	694,746	4,458,449	4,458,449	19,080,606	19,080,606
	156,256,013	102,314,159	4,057,683	1,261,434	13,408,603	5,388,024	38,636,046	23,932,661
Counterparty risk requirement		-		5		-		-
Total risk-weighted assets equivalent for credit risk		102,314,159		1,261,439		5,388,024		23,932,661
Total risk-weighted assets equivalent for market risk		4,629,925		261,009		308,695		1,141,138
Total risk-weighted assets equivalent for large exposure risk requirements		196,983		-		-		-
		107,141,067		1,522,448		5,696,719		25,073,799

The above capital adequacy ratio calculations of CIMB Bank, CIMB Investment Bank and CIMB Islamic Bank are based on the guidelines issued by Bank Negara Malaysia to the banking institutions in Malaysia. The capital adequacy ratio calculation of Bank CIMB Niaga is based on the guidelines issued by Bank Indonesia. Although the Company is not subject to the above guidelines, disclosure of the capital adequacy ratios are made on a voluntary basis.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS

(a) Acquisitions during the financial year:

(i) Additional investment in CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited ("CIMB Thai Bank")

On 5 November 2008, CIMB Bank Berhad had acquired approximately 42.127% of the total issued share capital of CIMB Thai Bank for a cash consideration of RM595,814,000. The goodwill and intangibles arising from this acquisition amounted to RM401,224,000 and RM4,790,000 respectively.

On 13 January 2009, CIMB Bank acquired additional 3.33 billion CIMB Thai Bank shares representing approximately 49.91% of the total issued and paid-up capital of CIMB Thai Bank for a purchase consideration of RM718,762,000. Upon completion of CIMB Thai Bank's subsequent rights issue, CIMB Bank's shareholding in CIMB Thai Bank was increased by a further 1.11%.

The assets and liabilities arising from the additional investment and subsequent rights issue representing an equity interest of 51.02% are shown as follows:

	Acquiree's carrying amount at date of acquisition RM'000	Generally Accepted Accounting Principles adjustments (GAAP) RM'000	Fair value adjustments RM'000	Acquiree's adjusted carrying amount at date of acquisition RM'000
Cash and short-term funds	460,392	-	-	460,392
Deposits and placements with bank and other financial institutions	4,310,694	-	-	4,310,694
Investments	4,524,707	(4,473)	-	4,520,234
Loans, advances and financing	8,315,495	(7,157)	(43,542)	8,264,796
Properties foreclosed	246,773	-	(40,615)	206,158
Customers' liability under acceptance	16,162	-	-	16,162
Property, plant and equipment	453,765	(74,035)	134,421	514,151
Intangible assets	59,818	-	(6,514)	53,304
Prepaid lease payments	2,667	-	-	2,667
Other assets	2,797,259	(9,304)	(41,999)	2,745,956
Deposits from customers	(15,877,032)	-	-	(15,877,032)
Deposits and placements of bank and other financial institutions	(1,018,825)	-	-	(1,018,825)
Bills and acceptances payable	(16,162)	-	-	(16,162)
Borrowings	(702,672)	-	-	(702,672)
Deferred tax liabilities	-	-	(1,418)	(1,418)
Other liabilities	(3,062,599)	(4,882)	(62,044)	(3,129,525)
Net assets	510,442	(99,851)	(61,711)	348,880
Share of net assets acquired				174,575
Goodwill on acquisition				798,053
Purchase consideration satisfied via cash				972,628
Less: cash and cash equivalents acquired				(460,392)
Cash outflow on acquisition				512,236

The additional investment in CIMB Thai Bank and subsequent rights issue has increased the Group's equity interest in CIMB Thai Bank to 93.15% and accordingly, the results of CIMB Thai Bank has been consolidated as a subsidiary in the financial statements of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisitions during the financial year: (Continued)

(i) Additional investment in CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited ("CIMB Thai Bank") (Continued)

Total goodwill and intangibles arising from the entire 93.15% acquisition of CIMB Thai Bank amounted to RM1,199,277,000 and RM10,460,000 respectively. The goodwill on acquisition represents the value of synergies arising from the acquisition. The GAAP, fair value adjustments and intangible assets identified on acquisition are based on finalised purchase price allocation and fair value exercise engaged by an external professional body.

For the financial year ended 31 December 2009, the acquisition contributed to revenue (comprising net income and non-interest income) and net profit of RM657,863,788 and RM40,727,470 respectively, to the Group for the period from 1 January 2009 to 31 December 2009. Due to the close proximity of the additional investment acquisition date to 1 January 2009, the contribution to revenue and net profit to the Group has been deemed to be the same as if the acquisition took place on 1 January 2009.

(ii) Acquisition of Trace Tracker Malaysia Sdn Bhd

On 29 April 2009, Commerce Asset Ventures Sdn Bhd, a wholly-owned subsidiary of the Company had via its subsidiary acquired 29% equity interest in Trace Tracker Malaysia Sdn Bhd for a cash consideration of RM4,917,000. The assets and liabilities arising from the acquisition are as follows:

	At fair value RM'000
Other assets	8
Property, plant and equipment	16
Borrowings	(31)
Trade creditors	(27)
Hire purchase creditors	(7)
Provision for taxation	(26)
Other liabilities	(93)
Net liabilities acquired	(160)
Goodwill on acquisition	5,077
Purchase consideration satisfied via cash	4,917
Cash outflow on acquisition	4,917

The goodwill on acquisition represents the value of synergies arising from the acquisition.

Trace Tracker Malaysia Sdn Bhd is deemed an indirect subsidiary of the Company by virtue of board control over its financial and operating policies, and has thus been consolidated as a subsidiary in the financial statements of the Group. The acquisition contributed to revenue of RM2,040,560 and net profit of RM1,385,786 to the Group for the period from 29 April 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, the subsidiary would have contributed revenue and net profit of RM2,195,748 and RM1,025,065 respectively, to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(b) Completion of initial accounting for the acquisition of PT Bank Lippo Tbk ("Bank Lippo") and merger of Bank Lippo and PT Bank Niaga Tbk ("Bank CIMB Niaga")

As highlighted in Note 49(c)(i), on 28 October 2008, the Company had via its direct subsidiary, CIMB Group Sdn Bhd acquired 51% equity interest in Bank Lippo from Khazanah Nasional Berhad ("Khazanah") and approximately 4.7% equity interest in Bank Lippo from other minority shareholders.

As allowed by FRS 3 – Business Combinations, the Group has accounted for the acquisition of Bank Lippo using the provisional fair values of the assets and liabilities which were based on Bank Lippo's carrying amount as at 28 October 2008.

The goodwill on acquisition of RM896.9 million, which was determined provisionally, represents the value of synergies arising from the acquisition.

In financial year 2009, the Group has completed its allocation of cost of business combination to the assets acquired and liabilities and contingent liabilities assumed. The fair value adjustments and intangible assets identified on acquisition are based on finalised purchase price allocation and fair value exercise engaged by an external professional body.

As required by FRS 3, the fair values of assets and liabilities arising from the acquisition of Bank Lippo on 28 October 2008 have been restated and are set out as follows. The goodwill on acquisition of Bank Lippo was restated to RM1,557,952,000.

	Acquiree's provisional fair values RM'000	Generally Accepted Accounting Principles adjustments (GAAP) RM'000	Fair value adjustments RM'000	Adjusted fair value RM'000
Cash and short-term funds	1,297,717	-	-	1,297,717
Deposits and placements with banks and other financial institutions	625,947	-	-	625,947
Securities held for trading	83,319	-	-	83,319
Available-for-sale securities	1,058,335	-	-	1,058,335
Held-to-maturity securities	184,453	-	-	184,453
Derivative financial instruments	237,080	-	(57,103)	179,977
Loans, advances and financing	7,969,842	-	-	7,969,842
Other assets	534,587	-	(83,443)	451,144
Deferred tax assets	198,538	-	-	198,538
Investment in associates	951	-	-	951
Property, plant and equipment	244,509	(109,486)	-	135,023
Intangible assets identified on acquisition	-	-	1,132,309	1,132,309
Prepaid lease payments	-	69,074	137,328	206,402
Deposits from customers	(9,798,552)	-	-	(9,798,552)
Deposits and placements of bank and other financial institutions	(23,479)	-	-	(23,479)
Derivative financial instruments	(352,300)	-	-	(352,300)
Bills and acceptances payable	(63,441)	-	-	(63,441)
Provision for taxation	(44,582)	-	(59,722)	(104,304)
Deferred tax liabilities arising from fair value adjustments attributable to intangible assets	-	-	(283,077)	(283,077)

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(b) Completion of initial accounting for the acquisition of PT Bank Lippo Tbk ("Bank Lippo") and merger of Bank Lippo and PT Bank Niaga Tbk ("Bank CIMB Niaga") (Continued)

	Acquiree's provisional fair values RM'000	Generally Accepted Accounting Principles adjustments (GAAP) RM'000	Fair value adjustments RM'000	Adjusted fair value RM'000
Subordinated notes	(706,939)	-	154,817	(552,122)
Borrowings	(25,412)	-	-	(25,412)
Other liabilities	(481,268)	-	-	(481,268)
Net assets	939,305	(40,412)	941,109	1,840,002
Less: Minority interest	(425,744)	18,982	(416,743)	(823,505)
Net assets acquired	513,561	(21,430)	524,366	1,016,497
Goodwill on acquisition				393,953
Purchase consideration				1,410,450
Purchase consideration satisfied via issuance of the Company's new shares				1,211,513
Purchase consideration satisfied via cash				198,937
				1,410,450
Less: cash and cash equivalents acquired				(723,060)
Cash outflow on acquisition				687,390

(c) Acquisitions during the prior financial year:

(i) Acquisition of Bank Lippo and merger of Bank Lippo and PT Bank Niaga Tbk ("Bank CIMB Niaga")

On 28 October 2008, the Company had via its direct subsidiary, CIMB Group Sdn Bhd acquired 51% equity interest in Bank Lippo from Khazanah Nasional Berhad ("Khazanah") and approximately 4.7% equity interest in Bank Lippo from other minority shareholders. The acquisition was satisfied by issuance of 207,096,186 new ordinary shares of the Company and cash consideration amounting to RM198.9 million respectively.

The assets and liabilities arising from the acquisition of Bank Lippo on 28 October 2008 based on its provisional fair values are as follows:

	Acquiree's provisional fair values RM'000
Cash and short-term funds	1,297,717
Deposits and placements with banks and other financial institutions	625,947
Securities held for trading	83,319
Available-for-sale securities	1,058,335
Held-to-maturity securities	184,453
Derivative financial instruments	237,080
Loans, advances and financing	7,969,842
Other assets	534,587

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(c) Acquisitions during the prior financial year: (Continued)

(i) Acquisition of Bank Lippo and merger of Bank Lippo and PT Bank Niaga Tbk ("Bank CIMB Niaga") (Continued)

	Acquiree's provisional fair values RM'000
Deferred tax assets	198,538
Investment in associates	951
Property, plant and equipment	244,509
Intangible assets identified on acquisition	-
Prepaid lease payments	-
Deposits from customers	(9,798,552)
Deposits and placements of bank and other financial institutions	(23,479)
Derivative financial instruments	(352,300)
Bills and acceptances payable	(63,441)
Provision for taxation	(44,582)
Deferred tax liabilities arising from fair value adjustments attributable to intangible assets	-
Subordinated notes	(706,939)
Borrowings	(25,412)
Other liabilities	(481,268)
Net assets	939,305
Less: Minority interest	(425,744)
Net assets acquired	513,561
Provisional goodwill on acquisition	896,889
Purchase consideration	1,410,450
Purchase consideration satisfied via issuance of new BCHB shares	1,211,513
Purchase consideration satisfied via cash	198,937
	1,410,450
Less: cash and cash equivalents acquired	(723,060)
Cash outflow on acquisition	687,390

The provisional fair values of the assets and liabilities were based on Bank Lippo's carrying amount as at 28 October 2008. The goodwill on acquisition, which was determined provisionally, represents the value of synergies arising from the acquisition. Fair value adjustments and values attributed to the identified intangible assets and other assets and liabilities was finalised in the 2009 Financial Statements.

As part of the proposed merger scheme, a cash offer facility was also offered to the minority shareholders of Bank CIMB Niaga. Approximately 36.26% of minority shareholders participated in the cash offer facility. The total cash consideration from the Bank CIMB Niaga cash offer facility was RM1.78 billion, resulting in additional goodwill amounting to RM1.16 billion.

The acquisition contributed to revenue (comprising net income, Islamic banking operations and non-interest income) of RM186,967,968 and net profit of RM22,217,101 to the Group for the period from 28 October 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, the subsidiary would have contributed revenue and net profit of RM899,060,807 and RM59,816,072 respectively, to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(c) Acquisitions during the prior financial year: (Continued)

(ii) Acquisition of Affin Insurance Brokers Sdn Bhd (now known as CIMB Insurance Brokers Sdn Bhd) ("CIB")

On 10 November 2008, the Group acquired the entire equity interest in CIB for a cash consideration of RM2,500,000.

The assets and liabilities arising from the acquisition of CIB are as follows:

	At fair value RM'000
Cash and short-term funds	209
Deposits and placements with bank and other financial institutions	609
Other assets	117
Property, plant and equipment	236
Deferred tax liability	(39)
Provision for taxation	(85)
Other liabilities	(47)
Net assets acquired	1,000
Goodwill on acquisition	1,500
Purchase consideration satisfied via cash	2,500
Less: cash and cash equivalents acquired	(209)
Cash outflow on acquisition	2,291

The premium on acquisition represents the value of synergies arising from the acquisition.

The acquisition contributed to revenue (comprising net income and non-interest income) of RM2,359,490 and net profit of RM1,191,552 to the Group for the period from 10 November 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, the subsidiary would have contributed revenue and net profit of RM5,651,825 and RM1,095,410 respectively, to the Group.

(iii) Acquisition of PT Commerce International (now known as PT CIMB Sun Life) ("CIMB Sun Life")

On 9 September 2008, Commerce International Group Berhad and PT Bank CIMB Niaga Tbk, both indirect subsidiaries of the Company, completed the acquisition of the entire equity interest in CIMB Sun Life from John Hancock Life Insurance Company and PT Indras Insan Jaya Utama for a total cash consideration of approximately 76,472 million Indonesian Rupiah ("Rp") (equivalent to approximately RM28 million). The purchase consideration is based on the net asset value of CIMB Sun Life plus premium of Rp4,500 million (equivalent to approximately RM1.7 million).

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(c) Acquisitions during the prior financial year: (Continued)

(iii) Acquisition of PT Commerce International (now known as PT CIMB Sun Life) ("CIMB Sun Life") (Continued)

The assets and liabilities arising from the acquisition of CIMB Sun Life are as follows:

	At fair value RM'000
Cash and short-term funds	7,829
Deposits and placements with bank and other financial institutions	18,992
Other assets	124
Intangible assets identified upon acquisition	1,725
Net assets acquired/purchase consideration satisfied via cash	28,670
Less: cash and cash equivalents acquired	(7,829)
Cash outflow on acquisition	20,841

The premium on acquisition represents the value of the insurance license acquired.

The acquisition contributed to revenue (comprising net income and non-interest income) of RM2,522,826 and net profit of RM2,492,257 to the Group for the period from 9 September 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, the subsidiary would have contributed revenue and net profit of RM2,508,691 and RM2,490,150 respectively, to the Group.

(d) Disposals during the financial year:

(i) Disposal of certain assets, liabilities and the asset/fund management business of Southern Investment Bank Berhad ("SIBB")

On 31 January 2009, SIBB disposed its certain assets, liabilities and the asset/fund management to Hong Leong Investment Bank Berhad. The disposal was done at premium of RM65 million.

The effects of the disposal on the financial position of the Group as at 31 December 2009 are as follows:

	2009 RM'000
Loans and advances	(38,040)
Property, plant and equipment	(21)
Intangible assets	(83)
Deposits from customer	603
Deposits and placements of banks and other financial institutions	47,796
Other liabilities	82
Identifiable net assets disposed	10,337
Less: Goodwill	(35,000)
	(24,663)
Net disposal proceeds	54,663
Gain on disposal before and after tax	30,000

The net cash inflow arising from the disposal amounted to RM54,663,000.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(d) Disposals during the financial year: (Continued)

(ii) Disposal of 49% equity interest in PT CIMB Sun Life (formerly known as PT Commerce International) ("CIMB Sun Life")

On 28 July 2009, an indirect subsidiary of the Company, CIG Berhad ("CIGB") (formerly known Commerce International Group Berhad) had disposed 49% out of its 96.24% equity interest in PT CIMB Sun Life ("CIMB Sun Life") for a total consideration of 23.3 million United States Dollars ("USD") (equivalent to approximately RM81.6 million).

The disposal was satisfied via cash of RM63,760,569 and capital contribution of RM17,850,000 by PT Sun Life Indonesia Services (formerly known as PT Parahiyangan Griyanusa).

The effects of the disposal on the financial position of the Group as at 31 December 2009 are as follows:

	2009 RM'000
Identifiable net assets disposed	(11,662)
Net disposal proceeds	
- cash consideration	63,761
- capital contribution	17,850
Gain on disposal before and after tax	69,949
Total proceeds satisfied via cash	63,761
Cash and cash equivalents of subsidiary disposed	(3,667)
Net cash inflow on disposal	60,094

Subsequent to the above disposal, CIMB Sun Life is still a subsidiary of the Group by virtue of an additional interest of 3.76% held by the Group through Bank CIMB Niaga. The Group holds equity interest of 51% in CIMB Sun Life as at 31 December 2009.

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(e) Disposals during the prior financial year:

(i) Disposal of South East Asian Bank Limited ("SEA Bank")

On 1 April 2008, CIMB Bank disposed its entire 60% equity interest in SEA Bank to British American Investment Co (Mauritius) Ltd, for a total cash consideration of 339 million Mauritius Rupees (or approximately RM40 million).

The effects of the disposal on the financial position of the Group as at 31 December 2008 are as follows:

	2008 RM'000
Cash and short-term funds	(13,262)
Deposits and placements with banks and other financial institutions	(125,144)
Securities and other investments	(36,500)
Derivative financial instruments	(11)
Loans, advances and financing	(108,797)
Other assets	(4,232)
Intangible assets	(1,205)
Property, plant and equipment	(8,413)
Deposits from customers	268,825
Deposits and placements of banks and other financial institutions	153
Deferred tax liabilities	434
Provision for taxation	214
Other liabilities	7,268
Identifiable net assets disposed	(20,670)
Less: Goodwill	(1,574)
	(22,244)
Net disposal proceeds	40,002
Gain on disposal before and after tax	17,758

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	40,002
Expenses directly attributable to the disposal, paid in cash	-
Net disposal proceeds	40,002
Cash and cash equivalents of subsidiary disposed	(13,262)
Net cash inflow on disposal	26,740

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(e) Disposals during the prior financial year: (Continued)

(ii) Disposal of SBB Securities Sdn Bhd ("SSSB")

On 22 October 2008, SBB Capital Markets Sdn Bhd ("SCMSB"), a wholly-owned subsidiary of CIMB Bank, had disposed its 100% equity interest in SSSB to HLG Credit Sdn Bhd ("HLGC") for a cash consideration of RM75.2 million.

The effects of the disposal on the financial position of the Group as at 31 December 2008 are as follows:

	2008 RM'000
Property, plant and equipment	(2,288)
Deferred tax assets	(1,588)
Clients and brokers balances (assets)	(29,746)
Other receivables, deposits and prepayments	(1,085)
Tax recoverable	(4,936)
Cash and bank balances	(43,610)
Clients and brokers balances (liabilities)	17,132
Other payables and accruals	8,179
Identifiable net assets disposed	(57,942)
Less: Goodwill	(37,000)
	(94,942)
Net disposal proceeds	75,177
Loss on disposal before and after tax	(19,765)

The net cash flow on disposal was determined as follows:

Total proceeds from disposal - cash consideration	75,177
Expenses directly attributable to the disposal, paid in cash	-
Net disposal proceeds	75,177
Cash and cash equivalents of subsidiary disposed	(43,610)
Net cash inflow on disposal	31,567

Notes to the Financial Statements

For the financial year ended 31 December 2009

49 BUSINESS COMBINATIONS (CONTINUED)

(e) Disposals during the prior financial year: (Continued)

(iii) Disposal of Navis-CIMB General Partner Ltd ("Navis-CIMB")

On 18 September 2008, CIMB(L) Limited, a wholly-owned subsidiary of CIMB Bank, had disposed its entire 25% equity interest in Navis-CIMB to Navis Capital Partners Ltd.

The effects of the disposal on the financial position of the Group as at 31 December 2008 are as follows:

	2008 RM'000
Non-current assets	(229)
Current assets	(741)
Current liabilities	375
Net assets	(595)
Net disposal proceeds	3,499
Gain on disposal before and after tax	2,904

50 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Impairment of available-for-sale securities and held-to-maturity securities

The Group and the Company follow the guidance of the revised BNM/GP8 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of the investment is less than cost; and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(b) Allowance on loans, advances and financing

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

Notes to the Financial Statements
For the financial year ended 31 December 2009

50 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill impairment

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

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

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

(d) Intangible assets

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

51 NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE

	Note	The Group 2009 RM'000	The Group 2008 RM'000
Non-current assets held for sale:			
- disposal of certain assets of Southern Investment Bank Berhad	(i)	-	39,740
- goodwill	(ii)	-	35,000
- property, plant and equipment	(iii)	211,678	120
- prepaid lease payments	(iii)	12,607	-
- foreclosed properties	(iii)	1,939	7,592
Total non-current assets held for sale		226,224	82,452
Liabilities directly associated with non-current assets classified as held for sale:			
- disposal of certain liabilities of Southern Investment Bank Berhad	(i)	-	29,499
Total liabilities directly associated with non-current assets classified as held for sale		-	29,499

(i) Disposal of certain assets, liabilities and asset/fund management business of SIBB Berhad (formerly known as Southern Investment Bank Berhad) ("SIBB")

Certain assets and liabilities of SIBB have been presented as held for sale following the proposed sale to Hong Leong Investment Bank Berhad. The disposal was completed on 31 January 2009.

The assets and liabilities identified for disposal as at 31 December 2008 are as follows:

	The Group 2008 RM'000
Assets	
Loans, advances and financing	39,636
Intangible assets	83
Property, plant and equipment	21
Non-current assets held for sale	39,740
Liabilities	
Deposits from customers	3,507
Deposits and placements of banks and other financial institutions	25,296
Other liabilities	696
Liabilities directly associated with non-current assets classified as held for sale	29,499

Notes to the Financial Statements

For the financial year ended 31 December 2009

51 NON-CURRENT ASSETS/DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

(ii) Goodwill

Arising from item (i) above, the goodwill arising from the acquisition of SIBB is classified as non-current assets held for sale as at 31 December 2008.

	The Group	
	2009 RM'000	2008 RM'000
SIBB	-	35,000
	-	35,000

(iii) Property, plant and equipment, prepaid lease payments, and foreclosed properties

Property, plant and equipment, prepaid lease payments, and foreclosed properties of the Group where deposits have been received from buyers of the properties, and where a definitive buyer has been identified have been classified as held for sale. The disposals are expected to be completed in 2010.

52 COMPARATIVES

(a) Restatement of comparatives

Certain comparatives were restated to conform with the current financial year's presentation. There was no impact to the financial results and financial ratios in relation to the financial year ended 31 December 2008. The restatements are as follows:

Group	Note	As previously reported RM'000	Restatement/ Reclassification RM'000	As restated RM'000
Balance sheet				
Assets				
Derivative financial instruments	(i)	5,739,936	(16,135)	5,723,801
Other assets	(i)	4,237,926	(83,443)	4,154,483
Deferred tax assets	(i)	543,139	(283,077)	260,062
Property, plant and equipment	(i)	1,669,036	(109,486)	1,559,550
Prepaid lease payments	(i)	50,386	206,402	256,788
Goodwill	(i)	6,696,245	(491,521)	6,204,724
Intangible assets	(i)	459,361	1,132,309	1,591,670
Liabilities				
Deposits from customers	(ii)	153,424,976	(6,534,766)	146,890,210
Deposits and placements of banks and other financial institutions	(ii)	7,118,518	6,534,766	13,653,284
Current tax liabilities	(i)	152,498	59,722	212,220
Subordinated notes	(i)	5,598,335	(154,817)	5,443,518
Equity				
Reserves				
- Retained earnings	(i)	5,234,204	21,561	5,255,765
- Exchange fluctuation reserve	(i)	(427,599)	13,691	(413,908)
Minority interests	(i)	1,098,498	414,892	1,513,390

Notes to the Financial Statements

For the financial year ended 31 December 2009

52 COMPARATIVES (CONTINUED)

(a) Restatement of comparatives (Continued)

(i) The restatement is in relation to the finalisation of the fair value exercise and purchase price allocation in respect of the acquisition of PT Bank Lippo Tbk as allowed by FRS 3 – "Business Combinations". There was no impact to the income statement for the financial year ended 31 December 2008.

(ii) The reclassification is in relation to the Negotiable Instrument of Deposit placed by financial institutions classified under deposits from customers, now reclassified under deposits and placements of banks and other financial institutions.

53 FINANCIAL INSTRUMENTS

A Financial risk management objectives and policies

The Group's financial risk management policy is adopted from the Company and the main operating subsidiaries risk management policies. Various initiatives and developments have been formed at the Company and operating subsidiaries in order to identify, measure, control and monitor all identifiable risks.

The Group operates within a clearly defined set of principles and guidelines that are approved by the Board. Various working committees were formed at the operating subsidiaries in carrying out the process to ensure that all identifiable risks are addressed and managed adequately.

The main areas of financial risks faced by the Group and the policies to address these financial risks in respect of the Company and the major areas of banking activities represented by the commercial banks, namely CIMB Group and Bank CIMB Niaga are set out as follows:

The Company

Market risk

The Company's market risk exposures arise mainly from placement of cash at banking subsidiaries such as CIMB Bank and Bank CIMB Niaga. For these placements, market risk is mitigated by risk management framework and regulated investment policies and procedures that exist at the respective subsidiaries. The performance of respective placements is monitored via the monthly statements and acknowledged by the management.

Credit risk

Credit risk is the risk of loss due to the failure of a counterparty to meet its financial obligations due to the Company.

Except for intercompany balances, the Company is not exposed to any other significant credit risk.

Liquidity risk

Liquidity risk is the risk where the Company is unable to meet its obligations when they fall due.

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Company and any potential strategic investments.

Operational risk

Operational risk arises from inadequacies or failure in internal processes and controls due to fraud, errors, inefficiencies, systems failures or external events.

In order to reduce or mitigate these risks, the Company established and maintained an internal control environment, which incorporates various control mechanisms at different levels throughout the organisation. These control mechanisms ensure that operational policies and procedures are being adhered to. The responsibilities to oversee compliance with internal control has been delegated to Group Internal Audit Division.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group

An effective risk management system is critical for the Group to achieve continued profitability and sustainable growth in shareholder's value, more so in today's globalised, yet inter-linked financial and economic environment.

Risk management is an integral part of CIMB Group's activities and is an important feature in all its business, operations, delivery channels and decision-making processes. The extent to which CIMB Group is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its safety, soundness and profitability. CIMB Group's risk management function is independent of its operating units and reports to the Board on a regular basis. The Group does not embark on new businesses, introduce new products, engage in new activities or enter into new markets, unless approved by the Group Risk Committee.

Generally, the objectives of CIMB Group's risk management activities are to:

- Identify the various risk exposures and risk capital requirements;
- Ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board;
- Help create shareholder value through proper allocation of risk capital and facilitate development of new business and products;

Enterprise Risk Management and Control Framework

CIMB Group employs the Enterprise Wide Risk Management (EWRM) framework to manage its risk and opportunity effectively. The EWRM framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group, implemented through a number of committees established by the Board of Directors. The framework provides the Board and its management with a tool to anticipate and manage both the existing and potential risk, taking into consideration the changing risk profiles, as dictated by changes in business strategies and regulatory environment and functional activities throughout the year.

The Group employs a Capital-at-Risk (CaR) framework as the common measure of risk across CIMB Group. The CaR framework provides the basis of allocating economic capital within the Group, to cushion against unexpected losses. CaR can be aggregated, thus allowing measurement of the Group's total risk. It also provides a yardstick for evaluating risk-return relationship in different lines of business. The CaR framework also enables measurement of return of risk-adjusted-capital, to compare profitability across different businesses and for performance measurement in the Group.

A group wide stress test is performed on a semi-annual basis to evaluate the financial impact on the Group in the event of projected adverse economic and financial situations. This process enables the Group to assess the sufficiency of its liquidity surplus and reserves, and whether it could continue to meet its minimum capital requirement under such scenario. Such group wide stress test allows management to gain a better understanding of how portfolios and investments are likely to react to changing economic conditions and how the Group can best prepare for and react to them. In addition, the Group performs ad-hoc stress tests on selected portfolio to evaluate its performance under a given stress scenario.

Risk Management Organisation

At the apex of the Group's risk management structure is the Board Risk Committee (the "BRC"), which comprises exclusively of non-executive Directors of the Group. In line with best practices, the BRC determines the risk policy objectives for the Group, and assumes responsibility on behalf of the Board for the supervision of risk management. The BRC also decides the yearly allocation of risk capital to support all risks taken by the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Risk Management Organisation (Continued)

The day-to-day responsibility for risk management and control is delegated to the Group Risk Committee (the "GRC"). The GRC, comprises of senior management of the Group, undertakes the oversight function for capital allocation and overall risk limits, in line with the risk appetite determined by the Board of Directors. The GRC is supported by five (5) specialised sub-committees, namely the Group Market Risk Committee, the Credit Risk Committee, the Regional Credit Committee, the Regional Liquidity Risk Committee and the Operational Risk Committee, each addressing one of the following:

- *Market risk*, arising from changes in value of market risk factors such as interest rates, currency exchange rate, credit spreads, equity prices, commodities prices and their associated volatility;

- *Credit risk*, arising from losses due to obligor, market counterparty or issuer failing to perform its contractual obligations to the Group;

- *Liquidity risk*, arising from a counterparty's inability to efficiently meet its present and future funding needs or regulatory obligations, when they come due, which may adversely affect its daily operations and incur unacceptable losses; and

- *Operational risk*, arising from internal processes which may result from inadequacies or failures in processes, controls or projects due to fraud, unauthorised activities, error, omission, inefficiency, systems failures or from external events.

The roles and responsibilities of the committees and sub-committees are set out in the chart below:

BOARD OF DIRECTORS

BOARD RISK COMMITTEE

- Review and recommend risk policies and strategies for approval
- Oversee entire EWRM and provide strategic guidance to various risk committees

GROUP RISK COMMITTEE

- Review and advise on risk policies and strategies
- Oversee management of risk, capital allocation and asset liability management process across the Group

GROUP MARKET RISK COMMITTEE ("GMRC")	CREDIT RISK COMMITTEE ("CRC")	REGIONAL CREDIT COMMITTEE ("RCC")	REGIONAL LIQUIDITY RISK COMMITTEE ("LRC")	OPERATIONAL RISK COMMITTEE ("ORC")
• Oversee exposures to market risks • Evaluate and approve proposals for primary and secondary market deals for debt and equity instruments	• Credit approval authority for Malaysian centric cases • Assign and review the Malaysian centric Inter-bank Limits, Sectoral Exposures and Global Counterparty Credit Limits	• Credit approval authority for non-Malaysian centric cases • Ensuring Group overall loan portfolio meets regulatory guidelines and approved internal policies and procedures	• Oversee the Group's overall liquidity management • Ensure Group is able to meet its cash flow obligations in a timely and cost effective manner	• Oversee issues relating to the operational risk and internal control environment • Review and evaluate all Business Continuity Management (BCM)/ Disaster Recovery (DR) activities

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Group Risk Division ("GRD")

The primary oversight body is the Group Risk Division, comprising of Group Risk Management ("GRM"), Group Credit ("GC") and Regional Credit Management ("RCM"), which are independent of business units and assist the Management and the various risk committees in monitoring and controlling the Group's risk exposures.

The key responsibilities of GRD are to identify, analyse, monitor, review and report the principal risks to which the Group is exposed. Further, it provides the management with timely information and analysis of the risk positions in order for the Management to exercise control over all exposures. It also helps to create shareholder value through proper allocation of risk capital, development of risk-based pricing framework and facilitate development of new business and products.

Group Risk Management ("GRM")

GRM monitors risk-taking activities, initiates and proposes risk policies, risk measurement methodologies, risk limits and risk capital allocation, performs independent review of loan assets quality and loan recovery plan, coordinates new products deployments and develops the risk-based product pricing framework for loan portfolios.

In propagating and ensuring compliance to the Market Risk framework, GRM reviews and analyses treasury trading strategy, positions and activities vis-à-vis changes in the financial market and performs mark-to-market as part of financial valuation. Further, GRM also conducts validation on the risk pricing parameters and models used.

GRM is also tasked with the co-ordination of the Group's effort towards implementation of the Basel II framework in compliance with the International Convergence of Capital Measurement and Capital Standards prescribed by the Bank of International Settlements and as adopted by BNM. In this regard, GRM develops, implements and validates all internal rating and scoring models and closely monitors the usage of the rating and scoring systems to ensure relevance to current market conditions and integrity of the ratings.

Group Credit ("GC")

GC carries out independent assessments and evaluations of all credit risk related proposals originating from the various business units such as loans and advances, fixed income, derivatives, sales and trading, prior to submission to the BCC, CRC, the EXCO or Board for approval. GC ensures proper grouping of entities and counterparties under the single customer framework. GC also reviews the Group's holdings of all fixed income assets issued by Malaysian companies and recommends the internal ratings for CRC's approval.

Regional Credit Management ("RCM")

A new regional credit platform was established towards the second half of 2009 with a primary objective of enhancing efficiency and effectiveness of the credit oversight as well as credit approval process for all non-Malaysian centric Corporate and Financial Institutions at CIMB Group level. The platform includes two (2) credit committees, one for smaller-sized exposures of up to SGD10 million and the other for larger regional exposures. All credit proposals submitted to the two (2) credit committees for approval/concurrence are routed through RCM for independent assessment and due recommendation to the credit committees.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Key Areas of Risk Management

1. Credit Risk

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held failing to perform its contractual obligations to the Group.

Credit risk arises primarily from lending activities through loans as well as commitments to support clients' obligations to third parties, i.e. guarantees. In sales and trading activities, credit risk arises from the possibility that counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivatives activities, 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. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of the Group's investment in that entity's financial instruments to fall.

Credit risk remains the most significant risk to which the Group is exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risk.

All credit exposures are subjected to an internal rating, based on a combination of quantitative and qualitative criteria. Adherence to set credit limits is monitored daily by GRM, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on the industry sector and rating classification.

Credit exposures are evaluated by GC/RCM and are monitored against approved limits on a regular basis. Adherence to and compliance with single customer limit as well as assessing the quality of collateral are approaches adopted to address concentration risk to any large sector/ industry, or to a particular counterparty group or individual.

Following the pro-active measures undertaken by GC to scale down the Group's exposure in several industries/sectors, countries and counterparties that were affected by the 2008 global and the recent Dubai financial meltdown, the Group weathered the market challenges in 2009 well with asset quality remained intact.

2. Market Risk

Market risk is defined as any fluctuation in the value of the portfolio 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.

Market risk results from trading activities that can arise from customer-related businesses or from proprietary positions. The Group hedges the exposures to market risk by employing varied strategies, including the use of derivative instruments.

CIMB adopts various measures in its risk management process to manage market risk. An accurate and timely valuation of position is critical to providing the Group with its current market exposure. GRM values the exposure using market price or a pricing model where appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Key Areas of Risk Management (Continued)

2. Market Risk (Continued)

The Group also adopts a value-at-risk ("VAR") approach in the measurement of market risk. Backtesting is performed to validate and reassess the accuracy of the existing VAR model. VAR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. Backtesting involves the comparison of the daily model-generated VAR forecast against the actual or hypothetical profit or loss data over the corresponding period.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenario, consideration is given to various aspects of the market; for example identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

Policies and procedures governing risk-taking activities translate limits and management triggers to complement the global CaR limit. Limits constitute the key mechanism to control allowable risk taking, and are regularly reviewed in the face of changing business needs, market conditions, and regulatory changes.

Risk Middle Office ("RMO") within GRM undertakes monitoring and oversight process at Group Treasury and Equity Market & Derivatives trading floor, which includes reviewing and analysing treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

3. Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings, shareholders' funds or the reputation arising from the Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses.

CIMB Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. Liquidity risk undertaken by the Group is governed by a set of established risk tolerance levels. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The Group's early warning system and contingency funding plans are in place to alert and enable management to act effectively and efficiently during a liquidity crisis and under adverse market conditions.

The Regional Liquidity Risk Committee meets at least once a month to discuss the liquidity risk and funding profile and is chaired by the Head of Group Risk Division. The Asset Liability Management function, which is responsible for the independent monitoring of CIMB's liquidity risk profile, works closely with Group Treasury in its surveillance on market conditions and performs frequent stress testing on liquidity positions. Liquidity positions are monitored on a daily basis and complied with internal risk thresholds and regulatory requirements for liquidity risk. The Group maintains large buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Key Areas of Risk Management (Continued)

4. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The existing Operational Risk Management Framework, which is revised periodically to cater for changing business conditions, is designed objectively to monitor and control operational risk effectively leading to a sound and stable operational environment within the CIMB group. All operational risks, both inherent and anticipated, are properly identified, captured, monitored, mitigated, and reported in a systematic and consistent manner. The Operational Risk Committee (ORC) has oversight responsibility for all Group operational activities conducted on a day-to-day basis. In anticipation of the occurrence of potential operational risks which may impact the Group, ORC is entrusted with the added role to discuss and provide recommendations on forward looking operations matters affecting the financial services industry.

The adoption of the Control Risk Self Assessment (CRSA) and the Self Assessment Review Project (ShARP) are part of CIMB's initiatives to ensure that operational risks within the processes in each business unit are properly identified, analysed and mitigated on a periodic basis. Relevant Key Risk Indicators (KRI) are continuously being developed and used to track changes that may highlight new risk concerns and potential areas of weaknesses in operational control.

Each new or varied product and changes to the process flow are subjected to a rigorous risk review through sign-offs from the relevant support units where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners. The Group New Product Development Policy Manual also safeguards and protects the interest of customers through proper regulatory disclosure requirements, the availability of options or choices when the products and services are offered to the public.

CIMB continues to stress the importance of adhering to internal controls and established procedures to deter fraud and to minimise losses due to staff negligence. In order to demonstrate the seriousness of such offences, strict disciplinary actions are instituted against staff concerned. The promotion of a culture within the Group whereby the demand for integrity and honesty is non-negotiable remains the core theme in its operational risk awareness programme.

5. Basel II Implementation

BNM has announced a two-phase approach for implementing the standards recommended by the Bank of International Settlements set out in "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II) in Malaysia. In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the Internal Rating-Based approach (IRB Approach) beginning from 2010.

BNM has approved the Group's application for direct migration to IRB. The approach for credit risk will be Advance IRB for retail exposure and Foundation IRB for corporate exposure. Operational risk will be based on Basic Indicator Approach and working towards Standardised Approach in 2010.

A Basel II Steering Committee chaired by the Group CEO has been set up to oversee the implementation initiatives across the Group with the assistance of various sub-committees. Over the last few years, the Group has implemented various initiatives to enhance its risk management standards to meet Basel II requirements. Regular meetings were held with the regulator and on-going validations were carried out by both external consultants and the regulator to ensure the Group is moving towards IRB compliance within the stipulated timeframe.

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

CIMB Group (Continued)

Key Areas of Risk Management (Continued)

5. Basel II Implementation (Continued)

The Group employs an economic capital allocation framework, whereby capital is allocated to all business units for risk-taking purposes. All major categories of risk are measured. This is in line with the Pillar 2 of the Basel II framework – Supervisory Review Process and also BNM's Internal Capital Adequacy Assessment Process, which requires banks adopting IRB approach to develop a robust risk management framework (methodologies and process) to assess the adequacy of its internal economic capital in relation to the risk profile. The initiatives that were implemented under Basel II further enhanced the use of risk management parameters in the internal economic capital framework.

PT Bank CIMB Niaga Tbk ("Bank CIMB Niaga")

Market risk

Market risk involves the possibility of losses incurred from changes in interest rate and foreign exchange rate due to market volatility. Bank CIMB Niaga monitors these changes and their impact on its portfolios as well as net open positions as part of its market risk management, through the Market Risk Committee ("Marco").

Marco defines acceptable limits on trading exposures, including daily net open position limits and potential losses on current positions. Factors considered in setting these position limits include risk and return levels acceptable by management. Position limits are reviewed at least once a year, although in periods of extreme volatility they are scrutinised more often or suspended altogether momentarily.

Trading limits are monitored daily on a mark-to-market basis and by applying the VaR concept. Thus, by keeping track of its daily VaR, Bank CIMB Niaga is in a position to liquidate its gap, which indicates a potential loss greater than the allowable limits.

Bank CIMB Niaga is recently implementing Treasury and Risk Management System Automation. The system which covers front, middle and back office enables Bank CIMB Niaga to have more efficient and effective treasury and market risk management.

Credit risk

Bank CIMB Niaga's credit policy is used as the main guidance in granting loan. All personnel concerned with credit, including Board of Commissioners and Directors are required to understand these policies and have the discipline to implement these policies in their daily activities. Credit risk is managed based on the review of:

(1) The diversification of credit risk and portfolio (business segment/industry sector/largest borrowers composition).
(2) Credit policy and procedure (including target market and risk acceptance criteria).
(3) Adequacy of allowances for loan losses.
(4) Other major risk indicators and methods of credit risk measurement.

The credit strategy and goal setting are planned and established by the Credit Risk and Policy Committee who is also responsible for managing credit portfolio and credit risk. The Credit Risk and Policy Committee meets at least six times a year and is chaired by Director of Compliance and Risk Management and attended by the President Director and the other Board of Senior Executive members.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

PT Bank CIMB Niaga Tbk ("Bank CIMB Niaga") (Continued)

Credit risk (Continued)

The main factor that can control and reduce credit risk is the ability and maturity level of the credit units to analyse the credit, which will eventually result in a balance between credit risk and business development considerations.

Liquidity risk

The Asset and Liability Committee ("ALCO") is responsible for directing liquidity and asset-liability management position. The committee meets with business, treasury, credit and other relevant units on a monthly basis to ensure that Bank CIMB Niaga's liquidity objectives are met.

Bank CIMB Niaga sets the interest rate through interest sensitivity gap simulation and adjustment between the interest rate of asset and liability and source of fund composition.

Bank CIMB Niaga manages its liquidity by focusing on cash inflow and cash outflow. The gap in cash flow is anticipated through its first tier assets such as reserve requirements and highly liquid short-term marketable securities. Second-tier assets are managed through short-term placements with other banks and available-for-sale long term marketable securities. Liquidity is also achieved through prudent structuring of Bank CIMB Niaga's funding. This includes maintaining proper check and balances in the concentration of the depositors, as well as the amount and maturity of deposits. In addition, Bank CIMB Niaga assures liquidity by maintaining its ability to access the financial market, which in large is dependent upon its credibility and market standing.

Operational Risk

Bank CIMB Niaga's Operational and Information Risk Committee ("OIRC") which meets at least four times a year and is chaired by the Director of IT and System with participation by the Board of Senior Executives and selected Group Heads. OIRC's function includes, amongst others, defining the roles and responsibilities for managing and reporting operational risks. In keeping with governance structure, the Risk Taking Units ("RTU") are responsible for all the operational risks within the business. Such risks are managed through bank-wide or business segment specific policies and procedures, operational risk limits, controls and monitoring tools. To manage operational risks, Bank CIMB Niaga maintains a specialised Control Unit to assist the RTUs to monitor all operational risk exposures from transactions on daily basis, and to ensure that the execution of transactions complies with the policies, procedures and limits established by senior management and adhere to Accounting Principle and Standards applied. Operational Risk Management unit, working in conjunction with senior business segment executives developing key tools to help manage, monitor and summarise operational risks. Internal Audit unit attests internal control systems effectiveness, including those of operational risks.

Bank CIMB Niaga has implemented Key Risk Indicators as well as Control Risk Self Assessment ("CRSA") as a tool to identify a specific operational risk profile (high risk potential) for business lines. Bank CIMB Niaga's CRSA is also used for identifying emerging operational risk issues and determining how they should be managed. Focus is on business efficiency and improvement of control. Bank CIMB Niaga continuously reviews Risk Library and if necessary, revises its policies, procedures and risk limits to mitigate operational risks arising from data reconciliation process, money-laundering activities, transaction processing, systems interruptions, fraud management and new product introduction processes. Bank CIMB Niaga continues its efforts to minimise operational risk associated with communication, security, data and processing systems through the development of back-up systems, emergency plans and enhanced information technology ("IT") capability. To strengthen its operational risk management capability, Bank CIMB Niaga always places great importance in its personnel management practices and employee development specially on the implementation and enforcing good ethics and integrity as stated in Bank CIMB Niaga's code of conduct. Bank CIMB Niaga engages in regular employee training to help limit the operational defects or mistakes. Where appropriate, Bank CIMB Niaga purchases insurance against operational risks.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

A Financial risk management objectives and policies (Continued)

PT Bank CIMB Niaga Tbk ("Bank CIMB Niaga") (Continued)

Operational Risk (Continued)

Going forward, Bank CIMB Niaga is in the process of enhancing operational risk management practices through development of additional operational risk management tools, including Loss Event Database and Risk Dashboard.

B Interest rate risk

The tables below summarise the Group's and the Company's exposure to interest rate risks. Included in the tables are the Group's and the Company's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative financial instruments. As interest rates and yield curves change over time, the Group and the Company may be exposed to a loss in earnings due to the effects of interest rates on the structure of the balance sheets. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Group 2009							
	Non-trading book							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	24,137,452	430,794	-	-	-	3,706,441	-	28,274,687
Securities purchased under resale agreements	3,371,486	1,168,272	5,115	-	-	-	-	4,544,873
Deposits and placements with banks and other financial institutions	221,812	1,288,340	827,031	10,072	-	35,800	-	2,383,055
Securities held for trading	-	-	-	-	-	7,128	14,992,174	14,999,302
Available-for-sale securities	139,386	396,277	438,068	3,503,789	4,608,218	1,914,798	-	11,000,536
Held-to-maturity securities	157,080	729,975	429,280	5,979,640	6,970,735	-	-	14,266,710
Derivative financial instruments	-	-	2,750	60,302	101,498	331,777	3,193,504	3,689,831
Loans, advances and financing								
- performing	61,713,320	12,729,560	10,496,300	25,302,667	31,150,028	141,335	-	141,533,210
- non-performing	-	-	-	-	-	684,980^	-	684,980
Other assets	-	-	228,565	-	-	4,993,231	-	5,221,796
Tax recoverable	-	-	-	-	-	110,416	-	110,416
Deferred tax assets	-	-	-	-	-	293,708	-	293,708
Statutory deposits with central banks	-	-	-	-	-	843,757	-	843,757
Investment in associates	-	-	-	-	-	487,619	-	487,619
Investment in jointly controlled entities	-	-	-	-	-	161,519	-	161,519
Property, plant and equipment	-	-	-	-	-	1,499,066	-	1,499,066
Investment properties	-	-	-	-	-	120,349	-	120,349
Prepaid lease payments	-	-	-	-	-	279,924	-	279,924
Goodwill	-	-	-	-	-	7,694,653	-	7,694,653
Intangible assets	-	-	-	-	-	1,667,784	-	1,667,784
Non-current assets held for sale	-	-	-	-	-	226,224	-	226,224
Total assets	89,740,536	16,743,218	12,427,109	34,856,470	42,830,479	25,200,509	18,185,678	239,983,999

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Group 2009							
	Non-trading book							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	79,625,075	29,820,056	23,629,318	12,056,518	414,287	33,337,082	-	178,882,336
Deposits and placements of banks and other financial institutions	2,218,859	4,410,338	1,196,787	1,766,162	72,504	466,932	-	10,131,582
Derivative financial instruments	39,744	-	-	(963)	158,204	431,195	2,864,407	3,492,587
Obligations on securities sold under repurchase agreements	565,097	-	-	-	-	-	-	565,097
Bills and acceptances payable	1,337,938	1,820,252	388,463	-	-	948,141	-	4,494,794
Other liabilities	-	-	-	-	-	8,105,303	-	8,105,303
Deferred tax liabilities	-	-	-	-	-	13,247	-	13,247
Current tax liabilities	-	-	-	-	-	428,565	-	428,565
Amount due to Cagamas Berhad	-	66,666	120,463	148,483	-	-	-	335,612
Bonds	-	-	443,051	-	-	-	-	443,051
Other borrowings	1,063,085	162,711	398,358	1,578,039	6,263	9,830	-	3,218,286
Redeemable preference shares	-	-	-	-	751,437	132,650	-	884,087
Subordinated notes	308,562	-	-	1,483,611	4,504,279	46,286	-	6,342,738
Total liabilities	85,158,360	36,280,023	26,176,440	17,031,850	5,906,974	43,919,231	2,864,407	217,337,285
Total interest rate sensitivity gap	4,582,176	(19,536,805)	(13,749,331)	17,824,620	36,923,505		15,321,271	

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Group 2008							
	Non-trading book							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	19,571,288	-	-	-	-	4,837,423	-	24,408,711
Securities purchased under resale agreements	1,672,818	1,638,425	-	-	-	-	-	3,311,243
Deposits and placements with banks and other financial institutions	1,278,321	1,848,565	402,569	397,867	135,924	30	-	4,063,276
Securities held for trading	-	-	-	-	-	5,814	10,417,425	10,423,239
Available-for-sale securities	188,147	213,075	876,572	2,668,828	3,513,640	4,147,951	-	11,608,213
Held-to-maturity securities	79,090	263,527	406,123	4,440,286	6,324,004	408,400	-	11,921,430
Derivative financial instruments	-	-	-	-	-	334,000	5,389,801	5,723,801
Loans, advances and financing								
- performing	67,255,207	6,996,665	7,344,810	15,748,653	19,118,083	195,094	-	116,658,512
- non-performing	-	-	-	-	-	723,562 ^	-	723,562
Other assets	-	-	301,995	-	-	3,852,488	-	4,154,483
Tax recoverable	-	-	-	-	-	388,756	-	388,756
Deferred tax assets	-	-	-	-	-	260,062	-	260,062
Statutory deposits with central banks	-	-	-	-	-	2,736,345	-	2,736,345
Investment in associates	-	-	-	-	-	786,066	-	786,066
Investment in jointly controlled entities	-	-	-	-	-	127,701	-	127,701
Property, plant and equipment	-	-	-	-	-	1,559,550	-	1,559,550
Investment properties	-	-	-	-	-	100,175	-	100,175
Prepaid lease payments	-	-	-	-	-	256,788	-	256,788
Goodwill	-	-	-	-	-	6,204,724	-	6,204,724
Intangible assets	-	-	-	-	-	1,591,670	-	1,591,670
Non-current assets held for sale	-	-	-	-	-	82,452	-	82,452
Total assets	90,044,871	10,960,257	9,332,069	23,255,634	29,091,651	28,599,051	15,807,226	207,090,759

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Group 2008							
	Non-trading book							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Deposits from customers	77,845,903	20,104,309	21,592,027	3,421,178	15,866	23,910,927	-	146,890,210
Deposits and placements of banks and other financial institutions	3,777,050	6,165,696	1,083,753	2,260,746	365,231	808	-	13,653,284
Derivative financial instruments	-	-	-	-	-	266,045	4,902,235	5,168,280
Obligations on securities sold under repurchase agreements	-	-	-	-	-	62,924	-	62,924
Bills and acceptances payable	1,243,331	1,275,058	78,537	-	-	736,340	-	3,333,266
Other liabilities	-	-	-	-	-	7,498,706	-	7,498,706
Deferred tax liabilities	-	-	-	-	-	14,895	-	14,895
Current tax liabilities	-	-	-	-	-	212,220	-	212,220
Amount due to Cagamas Berhad	11,524	73,487	435,646	473,161	-	-	-	993,818
Bonds	-	-	24,374	-	-	-	-	24,374
Other borrowings	1,101,937	601,416	623,401	1,670,434	7,648	-	-	4,004,836
Redeemable preference shares	-	-	-	-	813,336	135,000	-	948,336
Subordinated notes	-	-	1,037,748	1,380,659	3,025,111	-	-	5,443,518
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	29,499	-	29,499
Total liabilities	83,979,745	28,219,966	24,875,486	9,206,178	4,227,192	32,867,364	4,902,235	188,278,166
Total interest rate sensitivity gap	6,065,126	(17,259,709)	(15,543,417)	14,049,456	24,864,459		10,904,991	

^ Includes specific allowances and general allowances of RM6,731,869,000 (2008: RM5,332,900,000).

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Company 2009							
	← Non-trading book →							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	635,884	-	-	-	-	2,057	-	637,941
Available-for-sale securities	-	-	-	-	-	37,750	-	37,750
Held-to-maturity securities	-	-	-	34,345	-	11,897	-	46,242
Derivative financial instruments	-	-	-	-	-	-	8,469	8,469
Loans, advances and financing	-	-	11	131	1,349	-	-	1,491
Other assets	-	-	-	-	-	1,556	-	1,556
Tax recoverable	-	-	-	-	-	80,567	-	80,567
Deferred tax assets	-	-	-	-	-	3,012	-	3,012
Investment in subsidiaries	-	-	-	-	-	8,335,108	-	8,335,108
Investment in associate	-	-	-	-	-	3,834	-	3,834
Property, plant and equipment	-	-	-	-	-	28,567	-	28,567
Investment properties	-	-	-	-	-	4,465	-	4,465
Prepaid lease payments	-	-	-	-	-	4,358	-	4,358
Amount owing by subsidiaries	-	-	-	-	-	5,121,840	-	5,121,840
Total assets	635,884	-	11	34,476	1,349	13,635,011	8,469	14,315,200
Liabilities								
Derivative financial instruments	-	-	-	-	-	-	12,733	12,733
Other liabilities	-	-	-	-	-	15,656	-	15,656
Other borrowings	-	342,500	-	1,344,736	-	-	-	1,687,236
Subordinated notes	-	-	-	-	1,380,000	-	-	1,380,000
Amount owing to subsidiaries	-	-	-	-	-	4,341	-	4,341
Total liabilities	-	342,500	-	1,344,736	1,380,000	19,997	12,733	3,099,966
Total interest rate sensitivity gap	635,884	(342,500)	11	(1,310,260)	(1,378,651)		(4,264)	

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

	The Company 2008 Non-trading book							
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	400,750	-	-	-	-	2,318	-	403,068
Available-for-sale securities	-	-	-	-	-	37,750	-	37,750
Held-to-maturity securities	-	-	29,074	61,043	-	46,989	-	137,106
Derivative financial instruments	-	-	-	-	-	-	13,142	13,142
Loans, advances and financing	-	-	11	212	2,009	-	-	2,232
Other assets	-	-	-	-	-	69,305	-	69,305
Tax recoverable	-	-	-	-	-	207,853	-	207,853
Investment in subsidiaries	-	-	-	-	-	7,335,108	-	7,335,108
Investment in associate	-	-	-	-	-	3,834	-	3,834
Property, plant and equipment	-	-	-	-	-	381,420	-	381,420
Investment properties	-	-	-	-	-	4,590	-	4,590
Prepaid lease payments	-	-	-	-	-	4,516	-	4,516
Amount owing by subsidiaries	-	-	-	-	-	5,687,933	-	5,687,933
Total assets	400,750	-	29,085	61,255	2,009	13,781,616	13,142	14,287,857
Liabilities								
Derivative financial instruments	-	-	-	-	-	-	16,854	16,854
Other liabilities	-	-	-	-	-	256,800	-	256,800
Deferred tax liabilities	-	-	-	-	-	103,399	-	103,399
Other borrowings	-	346,450	350,000	1,730,000	-	-	-	2,426,450
Amount owing to subsidiaries	-	-	-	-	-	268,062	-	268,062
Total liabilities	-	346,450	350,000	1,730,000	-	628,261	16,854	3,071,565
Total interest rate sensitivity gap	400,750	(346,450)	(320,915)	(1,668,745)	2,009		(3,712)	

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

B Interest rate risk (Continued)

The table below summarises the effective average interest rate by major currencies for each class of financial asset and financial liability:

	The Group 2009				The Group 2008		
	RM %	IDR %	USD %	THB %	RM %	IDR %	USD %
Financial assets							
Cash and short-term funds	1.98	1.61	0.33	1.12	3.11	2.94	1.09
Securities purchased under resale agreements	2.06	-	-	1.21	2.83	-	-
Deposits and placements with banks and other financial institutions	2.09	6.40	0.72	0.55	2.97	4.86	1.93
Securities held for trading	2.58	10.41	4.10	-	3.63	10.20	5.46
Available-for-sale securities	5.03	10.81	7.05	2.21	4.94	9.96	-
Held-to-maturity securities	5.43	7.06	6.26	4.15	5.66	6.97	6.89
Loans, advances and financing	4.93	13.05	6.93	7.46	5.72	11.94	4.07
Other assets	4.73	-	3.50	-	5.93	-	-
Financial liabilities							
Deposits from customers	2.14	5.24	1.10	5.09	3.22	5.60	0.56
Deposits and placements of banks and other financial institutions	2.18	5.23	0.45	3.30	3.22	1.69	1.36
Obligations on securities sold under repurchase agreements	-	-	-	1.22	-	-	-
Bills and acceptances payable	2.25	-	-	1.27	3.72	-	-
Amount due to Cagamas Berhad	4.68	-	-	-	4.74	-	-
Bonds	-	-	3.00	-	-	-	4.80
ICULS	-	-	-	-	7.50	-	-
Other borrowings	3.13	13.69	0.86	-	3.42	13.49	2.19
Redeemable preference shares	-	-	6.62	-	-	-	6.62
Subordinated notes	6.37	7.38	-	-	6.07	7.38	5.52

53 FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk

The following tables set out the credit risk concentrations:

The Group 2009	Short-term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Securities held for trading RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	On-balance sheet Total RM'000	Credit related commitments and contingencies RM'000	Treasury related commitments and contingencies RM'000
Agricultural	-	-	116,620	162,730	259,439	997	4,626,913	5,166,699	54,867	2,132
Mining and quarrying	-	-	31	-	-	83,577	1,067,267	1,150,875	180,125	27,830
Manufacturing	-	-	21,664	324,997	70,420	952	14,185,989	14,604,022	699,225	205,633
Electricity, gas and water	-	-	286,610	1,219,261	1,389,802	275	1,986,234	4,882,182	204,306	57,662
Construction	-	-	154,639	870,059	394,791	5,011	5,482,385	6,906,885	1,251,552	32,815
Real estate	-	-	139,414	155,598	626,911	19,371	15,961,663	16,902,957	95,911	50
General Commerce	-	-	67,519	20,285	-	1,771	7,751,532	7,841,107	1,026,051	5,895
Transport, storage and communication	-	-	2,868,057	1,524,893	3,383,855	109,594	8,269,530	16,155,929	209,122	361,699
Finance, insurance and business services	13,469,859	3,965,916	2,464,207	1,605,535	4,494,213	3,458,885	7,147,968	36,606,583	10,893,564	6,477,379
Government and government agencies	14,510,064	578,957	7,733,177	4,110,300	3,465,762	775	-	30,399,035	-	7,606
Purchase of residential, landed property, securities and transport vehicles	-	-	-	583	-	-	54,196,798	54,197,381	155,698	3,600
Consumption credit	-	-	67,000	55,632	-	-	8,456,560	8,579,192	461	-
Others	2,489,872	-	504,468	202,119	181,247	8,623	14,911,944	18,298,273	423,032	5,917
	30,469,795	4,544,873	14,423,406	10,251,992	14,266,440	3,689,831	144,044,783	221,691,120	15,193,914	7,188,218
Assets not subject to credit risk	187,947	-	575,896	748,544	270	-	-	1,512,657	-	-
	30,657,742	4,544,873	14,999,302	11,000,536	14,266,710	3,689,831	144,044,783^	223,203,777	15,193,914	7,188,218

Included in assets not subject to credit risk are equity instruments of RM575,896,000 under securities held for trading, RM748,544,000 under available-for-sale securities and RM270,000 under held-to-maturity securities.

^ Excludes general allowance amounting to RM1,826,593,000 for loans, advances and financing.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk (Continued)

The following tables set out the credit risk concentrations: (Continued)

	The Group 2008									
	Short-term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Securities held for trading RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	On-balance sheet Total RM'000	Credit related commitments and contingencies RM'000	Treasury related commitments and contingencies RM'000
Agricultural	-	-	140,618	181,001	284,836	340	3,831,511	4,438,306	320,868	8,701
Mining and quarrying	-	-	-	3,751	-	-	767,504	771,255	209,963	31,215
Manufacturing	-	-	5,471	131,104	110,126	61,617	12,763,161	13,071,479	689,813	244,518
Electricity, gas and water	-	-	229,561	1,391,954	1,567,379	70,669	1,165,017	4,424,580	101,168	96,108
Construction	-	-	55,016	625,170	206,003	38	5,699,339	6,585,566	1,417,506	148,217
Real estate	-	-	33,352	285,750	930,668	-	14,038,871	15,288,641	417,885	10,982
General commerce	-	-	-	381,450	46,809	4,019	8,053,280	8,485,558	1,363,631	105,024
Transport, storage and communication	-	-	615,350	1,683,263	4,072,739	445,460	8,529,627	15,346,439	783,366	222,635
Finance, insurance and business services	22,379,739	96,062	5,734,417	1,815,475	1,649,776	5,037,954	1,544,127	38,257,550	9,302,121	6,611,373
Government and government agencies	6,042,171	3,215,181	3,394,917	3,962,603	2,995,654	5,336	-	19,615,862	-	14,207
Purchase of residential, landed property, securities and transport vehicles	-	-	-	15,580	-	429	45,372,128	45,388,137	172,347	8,086
Consumption credit	-	-	-	-	-	-	10,704,001	10,704,001	14,678	-
Others	-	-	53,757	331,748	56,978	97,939	6,722,047	7,262,469	4,101,564	34,370
	28,421,910	3,311,243	10,262,459	10,808,849	11,920,968	5,723,801	119,190,613	189,639,843	18,894,910	7,535,436
Assets not subject to credit risk	50,077	-	160,780	799,364	462	-	-	1,010,683	-	-
	28,471,987	3,311,243	10,423,239	11,608,213	11,921,430	5,723,801	119,190,613^	190,650,526	18,894,910	7,535,436

Included in assets not subject to credit risk are equity instruments of RM160,780,000 under securities held for trading, RM799,364,000 under available-for-sale securities and RM462,000 under held-to-maturity securities.

^ Excludes general allowance amounting to RM1,808,539,000 for loans, advances and financing.

Notes to the Financial Statements

For the financial year ended 31 December 2009

53 FINANCIAL INSTRUMENTS (CONTINUED)

C Credit risk (Continued)

	The Company 2009						
	Short-term funds and placements with financial institutions RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	On-balance sheet total RM'000	Treasury related commitments and contingencies RM'000
Finance, insurance and business services	637,941	-	46,242	8,469	-	692,652	24,344
Others	-	37,750	-	-	1,491	39,241	-
	637,941	37,750	46,242	8,469	1,491	731,893	24,344

	The Company 2008						
	Short-term funds and placements with financial institutions RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Loans, advances and financing RM'000	On-balance sheet total RM'000	Treasury related commitments and contingencies RM'000
Finance, insurance and business services	403,068	-	137,106	13,142	-	553,316	40,142
Others	-	37,750	-	-	2,232	39,982	-
	403,068	37,750	137,106	13,142	2,232	593,298	40,142

54 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the balance sheet date.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

In addition, fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of FRS 132 - Financial Instruments: Disclosure and Presentation which requires the fair value information to be disclosed.

Notes to the Financial Statements

For the financial year ended 31 December 2009

54 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

A range of methodologies and assumptions have been used in deriving the fair values of the Group's and the Company's financial instruments at balance sheet date. The total fair values by each financial instrument approximates the total carrying value, except for the following:

	The Group			
	2009		2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Held-to-maturity securities	14,266,710	14,380,327	11,921,430	11,951,386
Loans, advances and financing	142,218,190	139,233,753	117,382,074	115,500,209
Financial liabilities				
Deposits from customers	178,882,336	177,437,927	146,890,210	146,995,445
Deposits and placements of banks and other financial institutions	10,131,582	9,898,982	13,653,284	13,646,423
Amount due to Cagamas Berhad	335,612	338,340	993,818	994,453
Subordinated notes	6,342,738	6,228,366	5,443,518	5,414,226
Other borrowings	3,218,286	3,218,286	4,004,836	3,941,353

	The Company			
	2009		2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Held-to-maturity securities	46,242	47,643	137,106	141,559
Financial liabilities				
Subordinated notes	1,380,000	1,138,735	-	-
Other borrowings	1,687,236	1,692,500	2,426,450	2,362,967

The carrying amount of financial assets at the balance sheet date were not reduced to their estimated fair values as the Directors are of the opinion that the amounts will be recoverable in full on the maturity date.

54 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with financial institutions

For short-term funds and placements with financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of six months and above, the estimated fair value is based on discounted cash flows using prevailing money market interest/profit rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Securities held for trading, available-for-sale and held-to-maturity securities

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturity.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of specific allowance, being the expected recoverable amount.

Other assets

The estimated fair values of other assets identified as financial instruments approximate the carrying values as these assets constitute receivables due from government related agencies and based on the Directors' estimate, the realisable value of the final consideration as at balance sheet date is similar to that of the carrying value.

Amount owing by/to subsidiaries

The estimated fair values of the amount owing by/to subsidiaries approximate the carrying values as the balances are either recallable on demand or are based on the current rates for such similar loans.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of six months or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements

The estimated fair values of obligations on securities sold under repurchase agreements with maturities of less than six months approximate the carrying values. For obligations on securities sold under repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

Notes to the Financial Statements

For the financial year ended 31 December 2009

54 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Floating rate certificates of deposits

For floating rate certificates of deposits, values are estimated based on discounted cash flow using prevailing market interest rates for floating rate certificates of deposits.

Bills and acceptances payable

The estimated fair values of bills and acceptances payable with maturities of less than six months approximate the carrying values. For bills and acceptances payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates for bills and acceptances payable with similar remaining period to maturities.

Amount due to Cagamas Berhad

The estimated fair values of the amount due to Cagamas Berhad with maturities of less than six months approximate the carrying values. For amount due to Cagamas Berhad with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing interest rates for loans sold to Cagamas Berhad with similar remaining period to maturities.

Other liabilities

The fair value of other liabilities approximates the carrying value at the balance sheet date.

Bonds

For bonds with maturities of six months or more, the fair values are estimated based on discounted cash flows using indicative yields taking into consideration the credit rating of the Bonds.

Loan stocks

Loan stocks comprise negotiable certificates of deposits issued by a subsidiary bank. The estimated fair values are estimated based on discounted cash flows using prevailing market rates for similar negotiable certificates of deposits. Where market rates are not readily available, fair values are estimated by reference to corporate bond indicative yields taking into consideration the credit rating of the subsidiary bank.

Other borrowings

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

Subordinated notes

The fair values for the quoted subordinated notes are obtained from quoted market prices while the fair values for unquoted subordinated notes are estimated based on discounted cash flow models.

Redeemable preference shares

The estimated fair value of redeemable preference shares ("RPS") approximates the carrying value based on Directors' estimate as the effective interest rate of the RPS is a reflection of the current rate for such similar instrument.

Derivative financial instruments

The fair values of derivative financial instruments are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models and option pricing models, as appropriate.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING

Balance sheets as at 31 December 2009

	Note	2009 RM'000	2008 RM'000
Assets			
Cash and short-term funds	(a)	5,943,123	6,762,644
Deposits and placements with banks and other financial institutions	(b)	2,409,258	929,001
Securities held for trading	(c)	3,491,709	3,502,420
Available-for-sale securities	(d)	589,242	612,378
Held-to-maturity securities	(e)	1,045,721	1,234,040
Derivative financial instruments	(f)	459,659	388,279
Financing, advances and other loans	(g)	16,859,101	6,561,253
Deferred tax assets	(h)	44,625	21,369
Amount due from related companies		1,547	4,801
Amount due from holding company		-	110,118
Statutory deposits with Bank Negara Malaysia	(i)	172,806	269,224
Property, plant and equipment	(j)	6,613	7,106
Other assets	(k)	642,696	110,596
Goodwill	(l)	136,000	136,000
Intangible assets	(m)	3,676	5,962
Total assets		31,805,776	20,655,191
Liabilities			
Deposits from customers	(n)	20,180,319	15,371,280
Deposits and placements of banks and other financial institutions	(o)	9,120,340	3,668,949
Derivative financial instruments	(f)	248,478	52,253
Bills and acceptances payable		-	5,258
Amount due to holding company		13,523	-
Amount due to related companies		8,111	4,871
Provision for taxation and zakat	(p)	70,711	40,486
Other liabilities	(q)	552,803	461,535
Subordinated Sukuk	(r)	300,000	-
Total liabilities		30,494,285	19,604,632
Equity			
Islamic banking funds		91,693	91,693
Ordinary share capital	(s)	550,000	550,000
Perpetual preference shares	(s)	70,000	70,000
Reserves	(t)	558,625	302,891
		1,270,318	1,014,584
Minority interests		41,173	35,975
Total equity		1,311,491	1,050,559
Total equity and liabilities		31,805,776	20,655,191
Commitments and contingencies	(f)	18,380,215	15,558,024

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Income statements for the financial year ended 31 December 2009

	Note	2009 RM'000	2008 RM'000
Income derived from investment of depositors' funds and others	(u)	990,110	705,220
Income derived from investment of shareholders' funds	(v)	210,857	210,945
Allowances for losses on financing, advances and other loans	(w)	(243,521)	(85,739)
Allowance for other receivables		(35)	(209)
Transfer to profit equalisation reserve		-	2,200
Other expenses directly attributable to the investment of the depositors and shareholders' funds		(10)	(11,031)
Total distributable income		957,401	821,386
Income attributable to depositors	(x)	(393,897)	(467,135)
Total net income		563,504	354,251
Personnel expenses	(y)	(105,417)	(55,684)
Other overheads and expenditures	(z)	(140,563)	(94,293)
Profit before allowances		317,524	204,274
Writeback of/(allowance for) impairment losses		96	(199)
Profit before taxation and zakat		317,620	204,075
Taxation	(aa)	(55,978)	(35,833)
Zakat		(7,061)	(234)
Profit after taxation and zakat		254,581	168,008
Attributable to:			
Equity holders of the Company		249,289	165,501
Minority interests		5,292	2,507
		254,581	168,008
Income from Islamic Banking operations:			
Total net income		563,504	354,251
Add: Allowances for losses on financing, advances and other loans		243,521	85,739
Add: Allowance for losses on other receivables		35	-
Less: Transfer to profit equalisation reserve		-	(2,200)
		807,060	437,790

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statement of changes in equity for the financial year ended 31 December 2009

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Statutory reserve RM'000	Revaluation reserve-available-for-sale securities RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total RM'000
2009										
At 1 January 2009	550,000	70,000	91,693	77,180	(1,719)	(6,548)	233,978	1,014,584	35,975	1,050,559
Net gain from change in fair value of available-for-sale securities net of deferred tax	-	-	-	-	2,186	-	-	2,186	-	2,186
Currency translation difference	-	-	-	-	-	4,259	-	4,259	(94)	4,165
Income and expenses recognised directly in equity	-	-	-	-	2,186	4,259	-	6,445	(94)	6,351
Net profit for the financial year	-	-	-	-	-	-	249,289	249,289	5,292	254,581
Total recognised income and expenses for the financial year	-	-	-	-	2,186	4,259	249,289	255,734	5,198	260,932
Transfer to statutory reserve	-	-	-	75,038	-	-	(75,038)	-	-	-
At 31 December 2009	550,000	70,000	91,693	152,218	467	(2,289)	408,229	1,270,318	41,173	1,311,491

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Statement of changes in equity for the financial year ended 31 December 2009 (Continued)

	Share capital RM'000	Perpetual preference shares RM'000	Islamic Banking funds RM'000	Statutory reserve RM'000	Revaluation reserve-available-for-sale securities RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interests RM'000	Total RM'000
2008										
At 1 January 2008	550,000	70,000	91,693	40,520	303	(5,084)	105,137	852,569	34,790	887,359
Net gain from change in fair value of available-for-sale securities net of deferred tax	-	-	-	-	(2,022)	-	-	(2,022)	-	(2,022)
Currency translation difference	-	-	-	-	-	(1,464)	-	(1,464)	(1,322)	(2,786)
Income and expenses recognised directly in equity	-	-	-	-	(2,022)	(1,464)	-	(3,486)	(1,322)	(4,808)
Net profit for the financial year	-	-	-	-	-	-	165,501	165,501	2,507	168,008
Total recognised income and expenses for the financial year	-	-	-	-	(2,022)	(1,464)	165,501	162,015	1,185	163,200
Transfer to statutory reserve	-	-	-	36,660	-	-	(36,660)	-	-	-
At 31 December 2008	550,000	70,000	91,693	77,180	(1,719)	(6,548)	233,978	1,014,584	35,975	1,050,559

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Cash flow statements for the financial year ended 31 December 2009

	2009 RM'000	2008 RM'000
Operating activities		
Profit before taxation and zakat	317,620	204,075
Add/(less) adjustments:		
Transfer from profit equalisation reserve	-	(2,200)
Depreciation of property, plant and equipment	4,556	2,122
Amortisation of intangible assets	3,581	3,829
Net unrealised gain on revaluation of securities held for trading	(4,308)	(197)
Net unrealised loss on derivatives	80,889	149,725
Accretion of discount less amortisation of premium	(52,071)	(31,966)
Net gain from sale of available-for-sale securities	(2,540)	(105)
Net gain from sale of securities held for trading	(2,543)	(8,638)
Dividend from held-to-maturity securities	(59,682)	(21,905)
Dividend from available-for-sale securities	(24,828)	(24,433)
(Writeback of)/allowance for impairment losses on securities	(96)	164
Allowance for losses on financing, advances and other loans	258,152	93,061
	518,730	363,532
(Increase)/decrease in operating assets		
Deposits and placements with banks and other financial institutions	(1,480,257)	268,545
Securities held for trading	17,562	(2,793,815)
Derivative financial instruments	43,956	(334,609)
Financing, advances and other loans	(10,556,000)	(4,156,355)
Statutory deposits with Bank Negara Malaysia	96,418	(168,080)
Other assets	(531,655)	(4,503)
Amount due from related company	3,254	7,333
Amount due from holding company	110,118	(109,511)
	(12,296,604)	(7,290,995)
Increase/(decrease) in operating liabilities		
Deposits from customers	4,809,039	6,903,733
Bills and acceptances payable	(5,258)	4,290
Deposits and placements of banks and other financial institutions	5,451,391	2,968,389
Other liabilities	91,268	304,654
Amount due to ultimate holding company	13,523	(201,869)
Amount due to related companies	3,240	(136,483)
	10,363,203	9,842,714
Cash flows (used in)/generated from operations	(1,414,671)	2,915,251
Taxation paid	(56,708)	(26,850)
Net cash flows (used in)/generated from operating activities	(1,471,379)	2,888,401

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Cash flow statements for the financial year ended 31 December 2009 (Continued)

	Note	2009 RM'000	2008 RM'000
Investing activities			
Net proceeds from disposal of available-for-sale securities		28,500	43,125
Purchase of property, plant and equipment		(5,542)	(1,735)
Purchase of intangible assets		(214)	(278)
Net proceeds from maturity/(purchase) of held-to-maturity securities		240,486	(1,115,468)
Dividend from held-to-maturity securities		59,682	21,905
Dividend from available-for-sale securities		24,828	24,433
Net cash flows generated from/(used in) investing activities		347,740	(1,028,018)
Financing activity			
Issuance of Subordinated Sukuk		300,000	-
Net cash flows generated from financing activity		300,000	-
Net (decrease)/increase in cash and cash equivalents		(823,639)	1,860,383
Cash and cash equivalents at beginning of financial year		6,762,644	4,908,276
Effect of exchange rate changes		4,118	(6,015)
Cash and cash equivalents at end of financial year		5,943,123	6,762,644
Cash and cash equivalents comprise:			
Cash and short-term funds	(a)	5,943,123	6,762,644

	2009 RM'000	2008 RM'000
(a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	325,218	254,450
Money at call and deposit placements maturing within one month	5,617,905	6,508,194
	5,943,123	6,762,644
(b) Deposits and placements with banks and other financial institutions		
Licensed banks	1,842,358	729,001
Licensed investment banks	29,900	-
Other financial institutions	537,000	200,000
	2,409,258	929,001

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(c) Securities held for trading		
Money market instruments:		
Unquoted:		
Government Investment Issues	498,587	14,649
Bank Negara Malaysia Negotiable Notes	1,186,923	-
Khazanah bonds	-	9,791
Bankers' acceptance and Islamic accepted bills	54,634	578,421
Islamic commercial papers	-	19,666
Negotiable instruments of deposits	1,328,917	2,864,182
	3,069,061	3,486,709
Unquoted securities:		
In Malaysia		
Private debt securities	215,233	15,711
Outside Malaysia		
Islamic debt securities	207,415	-
	3,491,709	3,502,420

In 2008, the Malaysian Islamic subsidiary, CIMB Islamic, had reclassified certain held for trading securities to the held-to-maturity category. The reclassification has been accounted for in accordance with the BNM circular on 'Reclassification of Securities under Specific Circumstances' and is effective from 1 July 2008 until 31 December 2009.

The fair value of the securities reclassified from held for trading category to held-to-maturity category, as of the respective dates of reclassification was RM38 million.

Included in the other operating income (Note (u) and (v)) is the net gains arising from the change in fair value recognised in the income statement in respect of the reclassified securities:

	2009 RM'000	2008 RM'000
Net fair value gain	-	894

As of the date of reclassification, the effective profit rates on the reclassified held for trading securities, based on the new cost is an average of 5.36% per annum with expected recoverable cash flows of approximately RM40 million in face value inclusive of coupon receivable on the securities.

There was no such reclassification of securities for the financial year ended 31 December 2009.

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(d) Available-for-sale securities		
Money market instruments:		
Unquoted:		
Government Investment Issues	129,778	121,237
Islamic Cagamas bonds	34,392	48,914
Islamic commercial papers	19,539	-
Khazanah bonds	34,975	48,585
Floating rate notes	9,413	-
	228,097	218,736
Quoted securities:		
Outside Malaysia		
Private and Islamic debt securities	37,552	-
Unquoted securities:		
In Malaysia		
Private debt securities	323,018	393,067
Placement with Islamic Banking and Finance Institute Malaysia	575	575
	323,593	393,642
	589,242	612,378
(e) Held-to-maturity securities		
Money market instruments:		
Unquoted:		
Islamic commercial papers	6,775	34,832
Unquoted securities:		
In Malaysia		
Private debt securities	1,010,812	1,168,385
Quoted securities:		
Outside Malaysia		
Islamic bonds	25,485	28,377
Medium term notes	9,102	7,883
	1,052,174	1,239,477
Amortisation of premium less accretion of discount	(6,453)	(4,997)
Less: Allowance for impairment loss	-	(440)
	1,045,721	1,234,040

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

Included in the held-to-maturity securities are securities transferred from securities held for trading category during the financial year ended 31 December 2008, with the following carrying value and fair value as at 31 December:

	2009 RM'000	2008 RM'000
Carrying value	38,037	37,430
Fair value	39,027	37,609

The carrying value and fair value of the securities as of the transfer date is RM37.4 million and RM37.6 million respectively.

(f) Derivative financial instruments, commitments and contingencies

(i) Derivative financial instruments

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through income statement and hedging purposes. The principal or contractual amounts of these instruments reflect the volume of transactions outstanding at balance sheet date, and do not represent amounts at risk. In the financial statements, 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.

	2009			2008		
	Principal RM'000	Asset RM'000	Liability RM'000	Principal RM'000	Asset RM'000	Liability RM'000
Foreign exchange derivatives						
Currency forwards	542,757	1,982	(479)	652,126	106	-
Currency swaps	1,471,617	12,111	(11,763)	313,695	2,349	(3,480)
Cross currency profit rate swaps	89,703	201	(201)	-	-	-
	2,104,077	14,294	(12,443)	965,821	2,455	(3,480)
Profit rate derivatives						
Profit rate swaps	6,368,178	255,583	(4,694)	5,807,679	337,495	(437)
Equity derivatives						
Equity options	4,712,450	189,782	(189,782)	5,544,171	48,329	(48,336)
Held for hedging purpose						
Profit rate swaps	1,350,000	-	(41,559)	-	-	-
Total derivative assets/(liabilities)	14,534,705	459,659	(248,478)	12,317,671	388,279	(52,253)

(ii) Commitments and contingencies

In the normal course of business, the Group makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) Derivative financial instruments, commitments and contingencies (Continued)

(ii) Commitments and contingencies (Continued)

The commitments and contingencies constitute the following:

	2009			2008		
	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000
Credit related						
Direct credit substitutes	26,949	26,949	26,949	35,057	35,057	35,057
Certain transaction-related contingent items	334,694	167,347	162,021	381,536	190,768	113,978
Short-term self-liquidating trade-related contingencies	33,982	6,796	6,796	147,568	29,514	3,042
Obligation under underwriting agreements	-	-	-	50,000	25,000	25,000
Islamic financing sold directly and indirectly to Cagamas with recourse	-	-	-	294,946	294,946	294,946
Irrevocable commitments to extend credit:						
- maturity less than one year	2,039,155	28,562	13,565	1,738,739	21,905	10,799
- maturity exceeding one year	1,386,942	1	1	586,343	293,172	76,963
Forward assets purchases	-	-	-	5,000	-	-
Miscellaneous commitments and contingencies:						
- Shariah-compliant equity option	23,788	13,618	3,448	1,164	1,164	1,164
Total credit-related commitments and contingencies	3,845,510	243,273	212,780	3,240,353	891,526	560,949

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(f) Derivative financial instruments, commitments and contingencies (Continued)

(ii) Commitments and contingencies (Continued)

	2009			2008		
	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent* RM'000	Risk weighted amount RM'000
Treasury related						
Foreign exchange related contracts:						
- less than one year	2,014,374	30,865	6,200	652,126	12,384	3,531
- one year to less than five years	89,703	11,817	4,113	-	-	-
- five years and above	-	-	-	313,695	10,742	2,883
Profit rate related contracts:						
- less than one year	1,307,700	5,704	1,141	-	-	-
- one year to less than five years	4,312,728	78,157	16,644	5,807,679	192,352	38,470
- five years and above	2,097,750	160,502	43,801	-	-	-
Equity related contracts:						
- less than one year	2,834,171	35,235	7,047	3,974,326	88,446	17,689
- one year to less than five years	1,443,294	116,485	23,297	1,540,947	206,296	41,259
- five years and above	434,985	48,498	9,700	28,898	1,484	297
Total treasury-related commitments and contingencies	14,534,705	487,263	111,943	12,317,671	511,704	104,129
	18,380,215	730,536	324,723	15,558,024	1,403,230	665,078

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. The following approaches have been adopted for the computation of the credit equivalent and risk weighted assets:

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(g) Financing, advances and other loans		
(i) By type:		
Cash line	241,179	235,945
Term financing		
- House financing	10,066,664	2,118,816
- Syndicated financing	797,834	559,285
- Hire purchase receivables	4,436,748	2,030,346
- Other term financing	12,710,056	4,312,092
Bills receivable	1,625	-
Trust receipts	29,827	23,887
Claims on customers under acceptance credits	173,893	156,709
Staff financing	-	17
Revolving credits	845,716	422,299
Credit card receivables	48,973	2,980
Share margin financing	-	68,003
Other financing	73	74
	29,352,588	9,930,453
Less: Unearned income	(12,174,821)	(2,887,714)
	17,177,767	7,042,739
Less: Financing sold to Cagamas	-	(294,946)
Gross financing, advances and other loans	17,177,767	6,747,793
Fair value changes arising from fair value hedge	26,519	-
Less: Specific allowance	(181,427)	(102,902)
	17,022,859	6,644,891
Less: General allowance	(163,758)	(83,638)
Net financing, advances and other loans	16,859,101	6,561,253

Included in financing, advances and other loans are exposures to Restricted Profit Sharing Investment Accounts ('RPSIA'), as part of an arrangement between CIMB Islamic and CIMB Bank. CIMB Bank is exposed to risks and rewards on RPSIA financing and will account for all the general and specific allowances for bad and doubtful debts arising thereon. As at 31 December 2009, the gross exposures to RPSIA financing is RM4,247 million (2008: RM1,893 million) and the general allowance relating to this RPSIA amounting to RM63.7 million (2008: RM32.2 million). There was no specific allowance provided for the RPSIA financing.

(a) Included in other term financing is RM1,519 million (2008: RMNil) financing provided in normal commercial terms which is exempted from general allowance by Bank Negara Malaysia.

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Financing, advances and other loans (Continued)

(b) During the financial year, the Group has undertaken fair value hedges on RM1,350 million (2008: RMNil) financing using profit rate swaps.

	2009 RM'000	2008 RM'000
Gross financing hedged	1,350,000	-
Fair value changes arising from fair value hedges	26,519	-
	1,376,519	-

The fair value loss on profit rate swaps as at 31 December 2009 were RM41.6 million (2008: RMNil).

	2009 RM'000	2008 RM'000
(ii) By contract:		
Bai Bithaman Ajil *(deferred payment sale)*	7,195,630	3,530,591
Murabahah *(cost-plus)*	3,224,062	728,647
Ijarah Muntahia Bittamlik/AITAB *(lease ended with ownership)*	6,686,080	2,080,452
Others	71,995	703,049
	17,177,767	7,042,739
Less: Financing sold to Cagamas	-	(294,946)
	17,177,767	6,747,793
(iii) By type of customers:		
Domestic non-bank financial institutions	51,355	1,454
Domestic business enterprises		
- small medium enterprises	921,774	807,012
- others	5,366,716	2,896,762
Government and statutory bodies	1,527,492	8,231
Individuals	8,836,580	2,988,508
Other domestic entities	17,803	41,908
Foreign entities	456,047	298,864
	17,177,767	7,042,739
Less: Financing sold to Cagamas	-	(294,946)
	17,177,767	6,747,793

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(g) Financing, advances and other loans (Continued)		
(iv) By profit sensitivity:		
Fixed rate		
- House financing	372,867	390,465
- Hire purchase receivables	3,577,319	1,639,046
- Other fixed rate financing	4,778,876	1,630,051
Variable rate		
- Home financing	3,119,597	433,474
- Others	5,329,108	2,949,703
	17,177,767	7,042,739
Less: Financing sold to Cagamas	-	(294,946)
	17,177,767	6,747,793
(v) By economic purposes:		
Personal use	1,419,805	522,813
Credit card	48,973	2,980
Purchase of consumer durables	21	1,626
Construction	258,358	33,700
Residential property	3,458,840	829,142
Non-residential property	1,005,163	661,912
Purchase of fixed assets other than land and building	317,848	167,293
Purchase of securities	2,515,992	1,417,806
Purchase of transport vehicles	3,583,748	1,656,270
Working capital	4,264,211	1,471,894
Other purpose	304,808	277,303
	17,177,767	7,042,739
Less: Financing sold to Cagamas	-	(294,946)
	17,177,767	6,747,793
(vi) Movements in non-performing financing, advances and other loans		
At 1 January	207,093	257,787
Non-performing during the financial year	384,855	173,119
Reclassified to performing during the financial year	(94,443)	(137,010)
Recoveries	(34,424)	(30,441)
Amount written off	(97,599)	(56,362)
Exchange fluctuation	870	-
At 31 December	366,352	207,093
Less: Specific allowance	(181,427)	(102,902)
Net non-performing financing, advances and other loans	184,925	104,191
Ratio of net non-performing financing, advances and other loans to total financing, advances and other loans (including Islamic financing sold to Cagamas) less specific allowance	1.09%	1.50%

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(g) Financing, advances and other loans (Continued)		
(vii) Movements in allowance for bad and doubtful financing		
Specific allowance		
At 1 January	102,902	97,379
Allowance made during the financial year	202,593	99,654
Amount recovered	(25,785)	(40,611)
Amount written off	(97,356)	(54,506)
Exchange fluctuation	(927)	986
At 31 December	181,427	102,902
General allowance		
At 1 January	83,638	51,318
Allowance made during the financial year	81,309	34,018
Allowance transferred to conventional operations	(1,181)	-
Exchange fluctuation	(8)	(1,698)
At 31 December	163,758	83,638
As % of gross financing, advances and other loans (including Islamic financing sold to Cagamas, but excluding RPSIA financing and financing exempted from general allowance by BNM) less specific allowances	1.45%	1.66%
(viii) Non-performing financing by economic sectors:		
Personal use	15,846	21,854
Residential property	57,986	56,963
Non-residential property	8,345	15,770
Purchase of fixed assets other than land and building	1,620	1,620
Purchase of securities	18,670	18,672
Purchase of transport vehicles	42,779	40,063
Working capital	169,931	48,903
Credit cards	1,211	-
Other purpose	49,964	3,248
	366,352	207,093

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(h) Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2009 RM'000	2008 RM'000
General allowance for bad and doubtful financing	37,928	17,637
Accelerated tax depreciation	(912)	(1,543)
Available-for-sale securities	(65)	573
Other temporary differences	7,674	4,702
Deferred tax assets	44,625	21,369

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

Deferred tax assets/(liabilities)	Note	General allowance for bad and doubtful financing RM'000	Accelerated tax depreciation RM'000	Available-for-sale securities RM'000	Other temporary differences RM'000	Total RM'000
2009						
At 1 January 2009		17,637	(1,543)	573	4,702	21,369
Credited to income statement	(aa)	20,291	631	-	2,665	23,587
Under provision in prior year	(aa)	-	-	-	307	307
Transferred to equity		-	-	(638)	-	(638)
At 31 December 2009		37,928	(912)	(65)	7,674	44,625
2008						
At 1 January 2008		10,061	(1,384)	549	7,625	16,851
Credited/(charged) to income statement	(aa)	7,576	(159)	-	(2,923)	4,494
Transferred from equity		-	-	24	-	24
At 31 December 2008		17,637	(1,543)	573	4,702	21,369

(i) Statutory deposits with Bank Negara Malaysia

The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.

Notes to the Financial Statements
For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(j) Property, plant and equipment

	Note	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Plant and machinery RM'000	Total RM'000
2009						
Cost						
At 1 January		11,258	446	1,785	74	13,563
Additions		2,691	-	2,851	-	5,542
Reclassified to intangible assets	(m)	(1,081)	-	-	-	(1,081)
Disposals		(499)	-	-	(74)	(573)
Exchange fluctuation		18	4	(7)	-	15
At 31 December		12,387	450	4,629	-	17,466
Accumulated depreciation						
At 1 January		5,227	196	1,016	18	6,457
Charge for the financial year		2,902	89	1,565	-	4,556
Disposals		(125)	-	-	(18)	(143)
Exchange fluctuation		(11)	1	(7)	-	(17)
At 31 December		7,993	286	2,574	-	10,853
Net book value at 31 December		4,394	164	2,055	-	6,613

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(j) Property, plant and equipment (Continued)

	Note	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computer equipment and software under lease RM'000	Plant and machinery RM'000	Total RM'000
2008						
Cost						
At 1 January		6,717	387	1,912	1,583	10,599
Additions arising from business combination		599	-	-	121	720
Additions		1,504	-	231	-	1,735
Disposals		(56)	-	-	(47)	(103)
Reclassified from intangible assets	(m)	861	-	-	-	861
Exchange fluctuation		1,633	59	(358)	(1,583)	(249)
At 31 December		11,258	446	1,785	74	13,563
Accumulated depreciation						
At 1 January		2,360	113	751	250	3,474
Depreciation arising from business combination		162	-	-	18	180
Charge for the financial year		1,704	44	372	2	2,122
Reclassified from intangible assets	(m)	818	-	-	-	818
Exchange fluctuation		183	39	(107)	(252)	(137)
At 31 December		5,227	196	1,016	18	6,457
Net book value at 31 December		6,031	250	769	56	7,106

The above property, plant and equipment include renovations and computer equipment and software under construction at cost of RM173,000 (2008: RM659,000).

	2009 RM'000	2008 RM'000
(k) Other assets		
Dividend receivables	30,942	34,433
Due from brokers and clients net of allowance for doubtful debts of RM244,414 (2008: RMNil)	207,867	-
Other debtors, deposits and prepayments	403,887	76,163
	642,696	110,596

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(l) Goodwill		
At 1 January/31 December	136,000	136,000

Goodwill is wholly allocated to the retail banking cash-generating unit ('CGU'). The CGU does not carry any intangible assets with indefinite useful lives.

The recoverable amount of CGU which are not classified as held for sale is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the 2010 financial budgets approved by Board of Directors, projected for five years based on the average to year historical Gross Domestic Product ("GDP") growth of the country covering a five year period, revised for current economic conditions. Cash flows beyond the five year period are extrapolated using an estimated growth rate of 5.00% (2008: 5.00%). The cash flow projections are derived based on a number of key factors including the past performance and management's expectation of market developments. The discount rate used in determining the recoverable amount of the CGUs is 7.10% (2008: 9.80%). The discount rate is pre-tax and reflects the specific risks relating to the CGUs.

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

	Note	2009 RM'000	2008 RM'000
(m) Intangible assets			
Computer software			
Cost			
At 1 January		11,043	11,626
Additions		214	278
Reclassified from/(to) property, plant and equipment	(j)	1,081	(861)
At 31 December		12,338	11,043
Accumulated amortisation			
At 1 January		5,081	2,070
Charge for the financial year		3,581	3,829
Reclassified to property, plant and equipment	(j)	-	(818)
At 31 December		8,662	5,081
Net book value at 31 December		3,676	5,962

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

Computer software

- core and front-end systems 1 - 4 years
- others 1 - 2 years

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(n) Deposits from customers		
(i) By type of deposits		
Non-Mudharabah		
Demand deposits	1,086,766	1,925,997
Savings deposits	550,330	319,480
Commodity Murabahah-i	17,125	379,480
Fixed return investment account	2,964,471	2,131,893
Negotiable Instruments of deposit	523,089	242,975
Fixed rate deposits	1,102,280	1,163,130
Equity linked sukuk	249,250	-
Others	7,366	12,322
	6,500,677	6,175,277
Mudharabah		
Demand deposits	2,155,363	398,731
Savings deposits	243,458	129,375
General investment deposits	2,196,438	1,636,457
Special general investment deposits	7,425,800	5,266,698
Specific investment deposits	1,658,583	1,746,613
Others	-	18,129
	13,679,642	9,196,003
	20,180,319	15,371,280
(ii) By type of customer		
Government and statutory bodies	4,216,297	3,363,354
Business enterprises	10,939,625	8,043,665
Individuals	3,948,896	3,307,475
Others	1,075,501	656,786
	20,180,319	15,371,280
(o) Deposits and placements of banks and other financial institutions		
Licensed banks	7,984,983	3,082,020
Licensed investment banks	1,110,350	200,300
Bank Negara Malaysia	-	64,809
Other financial institutions	25,007	321,820
	9,120,340	3,668,949

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(p) Provision for taxation and zakat		
Taxation	63,683	40,486
Zakat	7,028	-
	70,711	40,486
(q) Other liabilities		
Income payable	57,844	42,201
Due to brokers and clients	207,624	-
Accruals and other payables	287,335	419,334
	552,803	461,535

(r) Subordinated Sukuk

The RM300 million subordinated Sukuk ('the Sukuk') is part of the Tier-2 Junior Sukuk programme which was approved by the Securities Commission on 22 May 2009. Under the programme, CIMB Islamic Bank Berhad is allowed to raise Tier-2 capital of up to RM2.0 billion in nominal value outstanding at any one time.

The Sukuk under the first issuance were issued at par on 25 September 2009 and is due on 25 September 2024, with optional redemption on 25 September 2019 or any periodic payment date thereafter. The Sukuk bears a profit rate of 5.85% per annum payable semi-annually in arrears.

The RM300 million Sukuk qualify as Tier-2 capital for the purpose of the RWCR computation.

	2009 RM'000	2008 RM'000
(s) Ordinary share capital		
Authorised		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	900,000	900,000
Issued and fully paid		
Ordinary shares of RM1.00 each:		
At 1 January/31 December	550,000	550,000
Perpetual preference shares		
Authorised		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	100,000	100,000
Issued and fully paid		
Perpetual preference shares of RM1.00 each		
At 1 January/31 December	70,000	70,000

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(t) Reserves

(a) The statutory reserve is maintained in compliance with Section 15 of the Islamic Banking Act, 1983 and is not distributable as cash dividends.

(b) Movement of the revaluation reserve of available-for-sale securities is as follows:

	2009 RM'000	2008 RM'000
At 1 January	(1,719)	303
Net gain/(loss) from change in fair value	5,364	(1,941)
Net loss transferred to net profit on disposal and impairment	(2,540)	(105)
Deferred taxation	(638)	24
Net change in available-for-sale securities	2,186	(2,022)
	467	(1,719)

(u) Income derived from investment of depositors' funds and others

	2009 RM'000	2008 RM'000
Income derived from investment of:		
(i) General investment deposits	562,565	477,843
(ii) Specific investment deposits	183,138	84,565
(iii) Other deposits	244,407	142,812
	990,110	705,220

(i) Income derived from investment of general investment deposits

	2009 RM'000	2008 RM'000
Finance income and hibah:		
Financing, advances and other loans	384,828	215,330
Securities held for trading	5,911	8,364
Available-for-sale securities	15,494	18,219
Held-to-maturity securities	6,230	4,236
Money at call and deposit with financial institutions	58,259	168,406
Others	-	9,168
	470,722	423,723
Accretion of discount less amortisation of premium	28,311	23,381
	499,033	447,104

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(u) Income derived from investment of depositors' funds and others (Continued)		
(i) Income derived from investment of general investment deposits (Continued)		
Other operating income:		
Net (loss)/gain from foreign exchange transactions	(3,295)	1,761
Net gain from sale of available-for-sale securities	1,195	78
Net gain/(loss) from securities held for trading		
- realised	1,463	(37)
- unrealised	(201)	(164)
Net gain on derivative instruments	-	2,349
	(838)	3,987
Fees and commission income:		
Fee on financing and advances	14,250	14,216
Guarantee fees	2,392	3,677
Service charges and fees	4,965	255
	21,607	18,148
Other income:		
Sundry income	42,763	8,604
	562,565	477,843
(ii) Income derived from investment of specific investment deposits		
Finance income and hibah		
Financing, advances and other loans	105,619	21,309
Money at call and deposit with banks and other financial institutions	34,686	51,004
Held-to-maturity securities	43,033	11,635
Others	-	617
	183,338	84,565
Other operating income		
Net loss from maturity/redemption of held-to-maturity securities	(200)	-
	183,138	84,565
(iii) Income derived from investment of other deposits		
Finance income and hibah		
Financing, advances and other loans	189,674	79,611
Securities held for trading	3,265	1,883
Available-for-sale securities	7,939	4,543
Held-to-maturity securities	3,140	986
Money at call and deposit with banks and other financial institutions	25,840	39,251
	229,858	126,274
Accretion of discount less amortisation of premium	13,773	6,476
	243,631	132,750

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(u) Income derived from investment of depositors' funds and others (Continued)		
(iii) Income derived from investment of other deposits (Continued)		
Other operating income:		
Net gain from sale of available-for-sale securities	635	20
Net gain/(loss) from securities held for trading		
- realised	976	8,337
- unrealised	(196)	227
Net (loss)/gain from foreign exchange transactions	(1,885)	488
	(470)	9,072
Fees and commission income:		
Guarantee fees	1,246	990
	244,407	142,812
(v) Income derived from investment of shareholders' funds		
Finance income and hibah:		
Financing, advances and other loans	47,799	17,084
Available-for-sale securities	1,395	1,671
Securities held for trading	514	9,565
Held-to-maturity securities	7,279	5,048
Money at call and deposit with financial institutions	24,652	43,657
Others	-	150
	81,639	77,175
Accretion of discount less amortisation of premium	9,987	2,109
	91,626	79,284
Other operating income:		
Net gain from securities held for trading		
- realised	104	338
- unrealised	4,705	134
Net (loss)/gain from foreign exchange transactions	(291)	365
Net gain from sale of available-for-sale securities	710	7
Net (loss)/gain from derivative financial instruments		
- realised	130,515	(32,901)
- unrealised	(80,889)	149,725
Shariah compliant option premium	(19,979)	(16,078)
Net loss from hedging derivatives	(1,625)	-
	33,250	101,590

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(v) Income derived from investment of shareholders' funds and others (Continued)		
Fees and commission income:		
Fees on financing, advances and other loans	58,174	22,913
Advisory fees	7,977	1,501
Guarantee fees	3,670	5,515
Service charges and fees	3,615	-
Others	1,856	13
	75,292	29,942
Other income		
Sundry Income	10,689	129
	210,857	210,945
(w) Allowance for losses on financing, advances and other loans		
Allowance for bad and doubtful debts and financing:		
(i) Specific allowance		
- made during the financial year	202,593	99,654
- written back during the financial year	(25,785)	(40,611)
(ii) General allowance		
- made during the financial year	81,309	34,018
Bad debts on financing:		
- recovered	(14,631)	(7,369)
- written-off	35	47
	243,521	85,739
(x) Income attributable to depositors		
Deposits from customers		
- Mudharabah	206,227	258,218
- Non-Mudharabah	90,519	128,469
Deposits and placements of banks and other financial institutions		
- Mudharabah	64,667	62,487
- Non-Mudharabah	27,732	17,961
Others	4,752	-
	393,897	467,135

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(y) Personnel expenses		
- salaries, allowances and bonuses	24,160	21,619
- others	81,257	34,065
	105,417	55,684

Included in the personnel costs are fees paid to the Shariah Committee members amounting to RM849,020 (2008: RM659,568).

		2009 RM'000	2008 RM'000
(z) Other overheads and expenditures			
Establishment costs			
- rental		2,661	3,041
- depreciation of property, plant and equipment		4,556	2,122
- others		32,533	24,948
		39,750	30,111
Marketing expenses			
- advertisement and publicity		14,109	14,369
- handling fees		22,535	8,333
- others		12,934	8,814
		49,578	31,516
Administration and general expenses			
- legal and professional fees		2,544	1,224
- amortisation of intangible assets		3,581	3,829
- others		45,110	27,613
		51,235	32,666
		140,563	94,293
(aa) Taxation			
(i) Tax expense for the financial year			
Current year tax			
- Malaysian income tax		79,872	43,664
Deferred taxation	(h)	(23,587)	(4,494)
Over accrual in prior year		(307)	(3,337)
		55,978	35,833

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

	2009 RM'000	2008 RM'000
(aa) Taxation (Continued)		
(ii) Numerical reconciliation of income tax expense		
The explanation on the relationship between tax expense and profit before taxation and zakat is as follows:		
Profit before taxation and zakat	317,620	204,075
Tax calculated at tax rate of 25% (2008: 26%)	79,405	53,060
- effect of different tax rates in other countries	670	548
- income not subject to tax	(59,573)	(35,339)
- expenses not deductible for tax purposes	35,783	20,081
- change in tax rate	-	820
Over accrual in prior year	(307)	(3,337)
	55,978	35,833

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) Profit rate risk

The tables below summarise the Group's exposure to rate of return risk. Included in the tables are the Group's assets and liabilities at their full carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As market rates and yield curves change over time, the Group may be exposed to loss in earnings due to the effects of market rates on the structure of the balance sheets. Sensitivity to market rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

	Non-trading book								
	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 6 months RM'000	>6 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
2009									
Assets									
Cash and short-term funds	5,617,906	-	-	-	-	-	325,217	-	5,943,123
Deposits and placements of banks and other financial institutions	-	1,540,961	854,316	-	44	13,937	-	-	2,409,258
Securities held for trading	-	-	-	-	-	-	-	3,491,709	3,491,709
Available-for-sale securities	59,525	55,157	30,151	20,191	205,352	218,668	198	-	589,242
Held-to-maturity securities	-	15,483	15,483	30,966	862,392	121,397	-	-	1,045,721
Derivative financial instruments	-	-	-	-	-	-	-	459,659	459,659
Financing, advances and other loans									
- Performing	1,100,366	3,750,512	378,048	88,119	1,666,441	9,850,464	-	-	16,833,950
- Non-performing	-	-	-	-	-	-	25,151 ^	-	25,151
Deferred tax assets	-	-	-	-	-	-	44,625	-	44,625
Amount due from related companies	-	-	-	-	-	-	1,547	-	1,547
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	172,806	-	172,806
Property, plant and equipment	-	-	-	-	-	-	6,613	-	6,613
Other assets	-	-	-	-	-	-	642,696	-	642,696
Goodwill	-	-	-	-	-	-	136,000	-	136,000
Intangible assets	-	-	-	-	-	-	3,676	-	3,676
Total assets	6,777,797	5,362,113	1,277,998	139,276	2,734,229	10,204,466	1,358,529	3,951,368	31,805,776

^ Includes specific allowances and general allowance of RM345,185,000

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) Profit rate risk (Continued)

	Non-trading book								
	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 6 months RM'000	>6 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
2009									
Liabilities									
Deposits from customers	10,674,423	4,493,970	1,939,579	625,825	2,067,921	370,100	8,501	-	20,180,319
Deposits and placements of banks and other financial institutions	3,001,933	5,195,271	804,843	118,293	-	-	-	-	9,120,340
Derivative financial instruments	-	-	-	-	-	28,255	13,304	206,919	248,478
Subordinated Sukuk	-	-	-	-	-	300,000	-	-	300,000
Amount due to holding company	-	-	-	-	-	-	13,523	-	13,523
Amount due to related companies	-	-	-	-	-	-	8,111	-	8,111
Provision for taxation and zakat	-	-	-	-	-	-	70,711	-	70,711
Other liabilities	-	-	-	-	-	-	552,803	-	552,803
Total liabilities	13,676,356	9,689,241	2,744,422	744,118	2,067,921	698,355	666,953	206,919	30,494,285
Total profit rate sensitivity gap	(6,898,559)	(4,327,128)	(1,466,424)	(604,842)	666,308	9,506,111		3,744,449	

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) Profit rate risk (Continued)

	Non-trading book								
	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 6 months RM'000	>6 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
2008									
Assets									
Cash and short-term funds	6,508,757	-	-	-	-	-	253,887	-	6,762,644
Deposits and placements of banks and other financial institutions	126,991	500,289	245,024	50,027	6,670	-	-	-	929,001
Securities held for trading	-	-	-	-	-	-	-	3,502,420	3,502,420
Available-for-sale securities	5,000	-	25,055	54,380	306,832	220,536	575	-	612,378
Held-to-maturity securities	892,884	69,664	8,708	17,416	123,557	120,250	1,561	-	1,234,040
Derivative financial instruments	-	-	-	-	-	-	-	388,279	388,279
Financing, advances and other loans									
- Performing	1,870,624	917,886	157,617	84,111	983,215	2,521,029	3,048	-	6,537,530
- Non-performing	-	-	-	-	-	-	23,723 ^	-	23,723
Deferred tax assets	-	-	-	-	-	-	21,369	-	21,369
Amount due from related companies	-	-	-	-	-	-	4,801	-	4,801
Amount due from holding company	-	-	-	-	-	-	110,118	-	110,118
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	269,224	-	269,224
Property, plant and equipment	-	-	-	-	-	-	7,106	-	7,106
Other assets	-	-	-	-	-	-	110,596	-	110,596
Goodwill	-	-	-	-	-	-	136,000	-	136,000
Intangible assets	-	-	-	-	-	-	5,962	-	5,962
Total assets	9,404,256	1,487,839	436,404	205,934	1,420,274	2,861,815	947,970	3,890,699	20,655,191

^ Includes specific allowances and general allowance of RM186,540,000

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) Profit rate risk (Continued)

	Non-trading book								
	Up to 1 month RM'000	>1 – 3 months RM'000	>3 – 6 months RM'000	>6 – 12 months RM'000	>1 – 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
2008									
Liabilities									
Deposits from customers	7,793,988	3,463,419	706,481	219,472	3,153,046	15,866	19,008	-	15,371,280
Deposits and placements of banks and other financial institutions	2,645,655	1,018,294	-	-	5,000	-	-	-	3,668,949
Derivative financial instruments	-	-	-	-	-	-	-	52,253	52,253
Bills and acceptances payable	1,808	1,913	1,537	-	-	-	-	-	5,258
Amount due to related companies	-	-	-	-	-	-	4,871	-	4,871
Provision for taxation and zakat	-	-	-	-	-	-	40,486	-	40,486
Other liabilities	-	-	-	-	-	-	461,535	-	461,535
Total liabilities	10,441,451	4,483,626	708,018	219,472	3,158,046	15,866	525,900	52,253	19,604,632
Total profit rate sensitivity gap	(1,037,195)	(2,995,787)	(271,614)	(13,538)	(1,737,772)	2,845,949		3,838,446	

Notes to the Financial Statements

For the financial year ended 31 December 2009

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ab) Profit rate risk (Continued)

The table below summarises the effective average profit rate for each class of financial assets and financial liabilities.

	RM		USD		SGD	
	2009 %	2008 %	2009 %	2008 %	2009 %	2008 %
Financial assets						
Cash and short-term funds	2.02	3.05	0.37	2.53	-	-
Deposits and placements with banks and other financial institutions	1.15	2.85	0.76	2.80	0.63	1.81
Securities held for trading	2.28	3.51	-	-	-	-
Available-for-sale securities	4.53	4.48	-	-	-	-
Held-to-maturity securities	4.99	5.23	-	-	-	-
Financing, advances and other loans	5.45	5.86	1.51	4.34	-	-
Financial liabilities						
Deposits from customers	2.57	2.56	0.84	1.29	0.87	0.93
Deposits and placements of banks and other financial institutions	2.01	3.38	0.52	2.17	-	-

55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ac) Credit risk

The following table sets out the credit risk concentrations by economic sectors of the Group:

2009	Cash and short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities held for trading RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Financing, advances and other loans ^ RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000	Treasury related commitments and contingencies RM'000
Agriculture	-	-	5,051	254,503	-	352,553	612,107	161	-
Mining and quarrying	-	-	-	-	-	2,597	2,597	-	-
Manufacturing	-	-	-	-	-	479,411	479,411	65,518	74
Electricity, gas and water	-	5,037	41,359	9,543	-	144,854	200,793	9,618	-
Construction	-	95,314	37,288	8,390	-	123,572	264,564	83,907	-
Real estate	-	-	20,593	626,911	-	62,604	710,108	-	-
General commerce	-	-	-	-	-	399,096	399,096	10,170	14
Transport, storage and communications	-	25,013	59,333	91,927	-	3,053,850	3,230,123	3,641	11,210
Finance, insurance and business services	4,119,920	2,025,941	126,384	20,104	459,659	2,623,933	9,375,941	11,695	475,965
Government and government agencies	4,226,789	1,340,404	265,958	-	-	-	5,833,151	-	-
Purchase of residential, landed property, securities and transport vehicles	-	-	-	-	-	8,027,204	8,027,204	-	-
Consumption credit	-	-	-	-	-	1,438,420	1,438,420	-	-
Others	-	-	33,276	34,343	-	314,765	382,384	58,563	-
	8,346,709	3,491,709	589,242	1,045,721	459,659	17,022,859	30,955,899	243,273	487,263
Assets not subject to credit risk	5,672	-	-	-	-	-	5,672	-	-
Total	8,352,381	3,491,709	589,242	1,045,721	459,659	17,022,859	30,961,571	243,273	487,263

^ Before general allowance amounting to RM163,758,000

Notes to the Financial Statements

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55 THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(ac) Credit risk (Continued)

The following table sets out the credit risk concentrations by economic sectors of the Group:

2008	Cash and short-term funds and deposits and placements with banks and other financial institutions RM'000	Securities held for trading RM'000	Available-for-sale securities RM'000	Held-to-maturity securities RM'000	Derivative financial instruments RM'000	Financing, advances and other loans ^ RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000	Treasury related commitments and contingencies RM'000
Agriculture	-	-	19,909	174,160	-	252,313	446,382	88,319	-
Manufacturing	-	-	-	-	-	216,421	216,421	32,320	-
Electricity, gas and water	-	-	60,424	4,816	-	695	65,935	8,659	-
Construction	-	-	49,378	-	-	107,922	157,300	88,060	-
Real estate	-	-	20,715	892,884	-	262,751	1,176,350	32,712	-
General commerce	-	-	9,415	-	-	285,014	294,429	83,513	-
Transport, storage and communications	-	15,710	130,535	106,070	-	36,549	288,864	99,328	-
Finance, insurance and business services	2,462,096	3,442,604	115,364	20,126	388,279	519,601	6,948,070	296,152	511,704
Government and government agencies	5,131,807	44,106	200,974	-	-	-	5,376,887	-	-
Purchase of residential, landed property, securities and transport vehicles	-	-	-	-	-	4,227,368	4,227,368	13,556	-
Consumption credit	-	-	-	-	-	520,185	520,185	-	-
Others	97,742	-	5,089	35,984	-	216,072	354,887	148,907	-
	7,691,645	3,502,420	611,803	1,234,040	388,279	6,644,891	20,073,078	891,526	511,704
Assets not subject to credit risk	-	-	575*	-	-	-	575	-	-
Total	7,691,645	3,502,420	612,378	1,234,040	388,279	6,644,891	20,073,653	891,526	511,704

* Being equity instruments amounting to RM575,000

^ Before general allowance amounting to RM83,638,000

56 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 February 2010.

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Group Financial Highlights

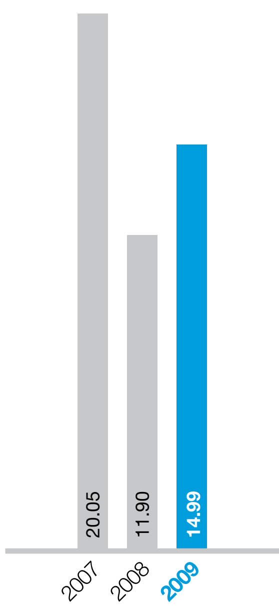
	Financial Year Ended 31 December			Changes		
	2009	2008	2007	**2009**	2008	2007
	RM'000	**RM'000**	**RM'000**	**%**	**%**	**%**
Income Statement and Balance Sheet						
Net interest income	**6,068,906**	4,660,596	4,395,930	**30.22**	6.02	20.22
Non-interest income	**4,600,617**	3,079,916	4,614,731	**49.37**	(33.26)	68.66
Overheads	**5,717,635**	4,121,805	4,227,114	**38.72**	(2.49)	25.88
Profit before allowances	**4,951,888**	3,618,707	4,783,547	**36.84**	(24.35)	57.63
Allowance for losses on loans, advances and financing	**1,022,605**	794,715	1,127,431	**28.68**	(29.51)	10.90
Profit before taxation	**3,811,877**	2,715,659	3,685,803	**40.37**	(26.32)	84.10
Net profit for the financial year	**2,806,816**	1,952,038	2,793,273	**43.79**	(30.12)	85.67
Gross dividends paid	**881,865**	836,868	1,346,833	**5.38**	(37.86)	184.91
Loans, advances and financing	**142,218,190**	117,382,074	95,904,058	**21.16**	22.40	6.17
Total assets	**239,983,999**	207,090,759	182,801,239	**15.88**	13.29	16.47
Deposits from customers	**178,882,336**	146,890,210	126,866,791	**21.78**	15.78	21.73
Total liabilities	**217,337,285**	188,278,166	165,946,629	**15.43**	13.46	14.95
Shareholders' funds	**20,345,014**	17,099,203	15,710,051	**18.98**	8.84	33.31
Commitments and contingencies	**322,892,443**	321,678,842	267,168,733	**0.38**	20.40	10.99
Ratios						
Core capital ratio (CIMB Bank)	**14.81**	10.75	9.36	**37.77**	14.85	10.90
Risk-weighted capital ratio (CIMB Bank)	**15.06**	13.90	12.46	**8.35**	11.56	(1.58)
Return on average equity	**14.99**	11.90	20.05	**25.97**	(40.65)	43.42
Return on total assets	**1.17**	0.94	1.53	**24.08**	(38.31)	59.42
Cost to income ratio	**53.59**	53.25	46.91	**0.64**	13.51	(10.69)
Cost to total assets	**2.38**	1.99	2.31	**19.70**	(13.93)	8.08
Gross NPL to gross loans	**4.98**	4.94	7.25	**0.78**	(31.86)	(17.94)
Net NPL to gross loans less specific allowance [$]	**1.98**	2.29	3.93	**(13.19)**	(41.91)	(28.34)
Coverage ratio	**90.76**	88.05	69.30	**3.08**	27.06	20.49
Loan deposit ratio	**79.50**	79.91	75.59	**(0.51)**	5.71	(12.79)
Equity to assets	**8.48**	8.26	8.59	**2.67**	(3.92)	14.46
Equity to loans	**14.31**	14.57	16.38	**(1.80)**	(11.07)	25.57
Other information						
Earnings per share (sen)						
- basic	**79.51**	57.82	83.87	**37.51**	(31.06)	72.09
- fully diluted	**79.51**	57.76	83.77	**37.67**	(31.05)	74.09
Net tangible assets per share (RM)	**3.09**	2.52	3.17	**22.53**	(20.55)	50.21
Gross dividend per share (sen)	**25.00**	25.00	40.00	**-**	(37.50)	166.67
Number of shares in issue ('000)	**3,531,766**	3,578,078	3,374,181	**(1.29)**	6.04	5.96
Weighted average number of shares in issue ('000)	**3,529,967**	3,375,898	3,330,288	**4.56**	1.37	7.89
Share price at year-end (RM)	**12.84**	5.85	11.00	**119.49**	(46.82)	41.94
Number of employees	**35,922**	31,932	25,614	**12.50**	24.67	5.55

[$] Specific allowance excludes specific allowance on performing loans amounting to RM352,012,000 (2008: RM198,787,000)

Group Financial Highlights

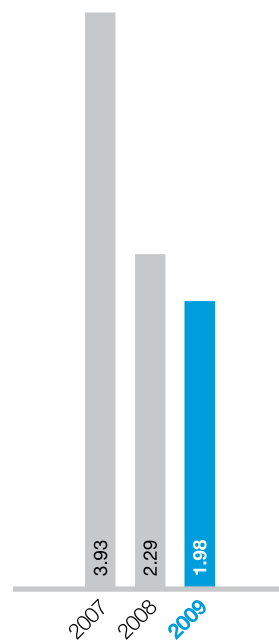
Selected Key Performance Indicators

Return on average equity
%

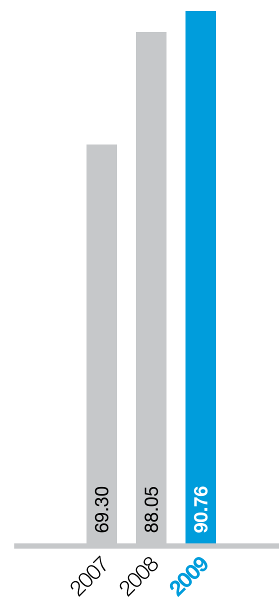


Gross dividend per share
Sen

Net NPL ratio
%



Loan loss coverage ratio
%



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