

**CIMB INVESTMENT BANK BERHAD**  
**(Company Number 18417-M)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011**

	Notes	The Group		The Bank	
		30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>ASSETS</b>					
Cash and short term funds		1,965,606	2,173,609	1,877,617	2,074,296
Reverse repurchase agreements		209,967	300,067	209,967	300,067
Deposits and placements with banks and other financial institutions		301,907	689,196	300,653	687,992
Financial assets held for trading	A5	78,673	82,127	78,673	82,127
Financial investments at fair value through profit or loss	A6	92,394	-	-	-
Financial investments available-for-sale	A7	8,359	8,979	5,711	6,331
Derivative financial instruments	A18(i)	20,112	42,089	20,112	42,089
Loans, advances and financing	A8	42,225	42,710	42,225	42,710
Other assets	A9	1,618,198	806,243	1,617,134	805,114
Tax recoverable		-	1	-	-
Deferred tax assets		43,385	44,329	43,326	44,270
Statutory deposits with Bank Negara Malaysia		5,233	280	5,233	280
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		5,393	5,280	-	-
Amount due from subsidiaries		-	-	2	2
Amount due from related companies		29,082	6,564	29,082	6,564
Amount due from ultimate holding company		2	60	2	60
Property, plant and equipment		103,624	92,977	104,800	94,116
Goodwill		963	964	-	-
<b>TOTAL ASSETS</b>		<b>4,525,123</b>	<b>4,295,475</b>	<b>4,343,587</b>	<b>4,195,068</b>
<b>LIABILITIES</b>					
Deposits from customers	A10	1,171,263	1,207,639	1,171,263	1,207,639
Deposits and placements of banks and other financial institutions	A11	847,298	1,494,000	847,298	1,494,000
Derivative financial instruments	A18(i)	42,432	61,710	42,432	61,710
Other liabilities	A12	1,992,488	1,026,891	1,826,832	940,985
Provision for taxation and zakat		16,364	46,408	16,225	46,348
Amount due to related companies		920	12,105	383	12,105
Amount due to subsidiaries		-	-	3,185	3,185
<b>TOTAL LIABILITIES</b>		<b>4,070,765</b>	<b>3,848,753</b>	<b>3,907,618</b>	<b>3,765,972</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		100,000	100,000	100,000	100,000
Reserves		354,348	346,712	335,959	329,086
Redeemable preference shares		10	10	10	10
<b>TOTAL EQUITY</b>		<b>454,358</b>	<b>446,722</b>	<b>435,969</b>	<b>429,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,525,123</b>	<b>4,295,475</b>	<b>4,343,587</b>	<b>4,195,068</b>
<b>Commitment and contingencies</b>					
Principal	A18(ii)	1,654,419	2,286,857	1,654,419	2,286,857
<b>NET ASSETS PER SHARE (RM)</b>		<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Notes	The Group				The Bank			
		2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
		30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	A13	14,121	13,156	27,658	25,995	13,861	12,963	27,141	25,582
Interest expense	A14	(13,959)	(12,854)	(26,969)	(23,745)	(13,959)	(12,854)	(26,969)	(23,745)
Net interest income		162	302	689	2,250	(98)	109	172	1,837
Income from Islamic Banking operations	A21b	7,535	3,067	(2,004)	6,600	7,535	3,067	(2,004)	6,600
Non-interest income	A15	134,747	91,631	226,040	161,701	133,929	88,547	224,193	157,338
Total income		142,444	95,000	224,725	170,551	141,366	91,723	222,361	165,775
Overheads	A16	(83,730)	(73,058)	(151,074)	(136,181)	(82,937)	(72,470)	(149,529)	(134,954)
Profit before allowances		58,714	21,942	73,651	34,370	58,429	19,253	72,832	30,821
Write back of / (allowance for) impairment losses on loans and advances	A17	88	(210)	56	76	88	(210)	56	76
Allowance for other receivables (net)		(877)	(339)	(3,442)	(913)	(918)	(354)	(3,483)	(1,054)
Share of results of associates		57,925	21,393	70,265	33,533	57,599	18,689	69,405	29,843
Profit before taxation		(8)	243	113	363	-	-	-	-
Taxation		57,917	21,636	70,378	33,896	57,599	18,689	69,405	29,843
Profit for the period		(15,866)	(6,747)	(20,124)	(10,094)	(15,790)	(6,071)	(19,914)	(9,313)
Profit for the period attributable to : Owners of the Group/Bank		42,051	14,889	50,254	23,802	41,809	12,618	49,491	20,530
Earnings per share (sen) -Basic	B4	42.1	14.9	50.3	23.8	41.8	12.6	49.5	20.5

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	The Group				The Bank			
	2nd quarter ended		Six months ended		2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	42,051	14,889	50,254	23,802	41,809	12,618	49,491	20,530
<b>Other Comprehensive Income:</b>								
Revaluation reserves on financial investments available-for-sale	(465)	-	(465)	-	(465)	-	(465)	-
- Net loss from change in fair value	(620)	-	(620)	-	(620)	-	(620)	-
- Income tax effects	155	-	155	-	155	-	155	-
<b>Total comprehensive income for the period</b>	<b>41,586</b>	14,889	<b>50,254</b>	23,802	<b>41,809</b>	12,618	<b>49,491</b>	20,530
<b>Total comprehensive income attributable to:</b>								
Owners of the Group/Bank	<b>41,586</b>	14,889	<b>50,254</b>	23,802	<b>41,809</b>	12,618	<b>49,491</b>	20,530

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

<b>The Group</b> <b>30 June 2011</b>	← Attributable to the equity holders of the Bank →						
	Share capital RM'000	Statutory reserve RM'000	Share-based payments reserve RM'000	Revaluation reserves on financial investments available-for-sale RM'000	Retained profits RM'000	Redeemable Preference shares RM'000	Total RM'000
<b>At 1 January 2011</b>	100,000	155,805	-	-	190,907	10	446,722
- Effect of adopting Amendments to FRS 2	-	-	39,900	-	(39,900)	-	-
<b>As restated</b>	100,000	155,805	39,900	-	151,007	10	446,722
Profit for the period	-	-	-	-	50,254	-	50,254
Other comprehensive income (net of tax)	-	-	-	(465)	-	-	(465)
- financial investments available-for-sales	-	-	-	(465)	-	-	(465)
Total comprehensive income for the period	-	-	-	(465)	50,254	-	49,789
Share-based payments expense	-	-	11,347	-	-	-	11,347
Dividend paid in respect of the financial year ended 31 December 2010	-	-	-	-	(53,500)	-	(53,500)
<b>Balance as at 30 June 2011</b>	<b>100,000</b>	<b>155,805</b>	<b>51,247</b>	<b>(465)</b>	<b>147,761</b>	<b>10</b>	<b>454,358</b>

<b>The Group</b> <b>30 June 2010</b>	← Attributable to the equity holders of the Bank →						
	Share capital RM'000	Statutory reserve RM'000	Share-based payments reserve RM'000	Revaluation reserves on financial investments available-for-sale RM'000	Retained profits RM'000	Redeemable Preference shares RM'000	Total RM'000
<b>At 1 January 2010</b>	100,000	155,805	-	-	160,697	10	416,512
- Effect of adopting Amendments to FRS 2	-	-	18,588	-	(18,588)	-	-
<b>As restated</b>	100,000	155,805	18,588	-	142,109	10	416,512
Profit for the period	-	-	-	-	23,802	-	23,802
Total comprehensive income for the period	-	-	-	-	23,802	-	23,802
Dividend paid in respect of the financial year ended 31 December 2009	-	-	-	-	(52,300)	-	(52,300)
<b>Balance as at 30 June 2010</b>	<b>100,000</b>	<b>155,805</b>	<b>18,588</b>	<b>-</b>	<b>113,611</b>	<b>10</b>	<b>388,014</b>

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

The Bank 30 June 2011	← Non-Distributable →			← Distributable →					Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Revaluation reserves on financial investments available-for-sale RM'000	Share-based payments reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Preference shares RM'000	
<b>At 1 January 2011</b>	100,000	155,805	(272,007)	-	-	271,377	173,911	10	429,096
Effect of adopting FRS 2	-	-	-	-	39,900	-	(39,900)	-	-
<b>As restated</b>	100,000	155,805	(272,007)	-	39,900	271,377	134,011	10	429,096
Profit for the period	-	-	-	-	-	-	49,491	-	49,491
Other comprehensive income (net of tax)	-	-	-	(465)	-	-	-	-	(465)
- financial investments available-for-sales	-	-	-	(465)	-	-	-	-	(465)
<b>Total comprehensive income for the period</b>	-	-	-	(465)	-	-	49,491	-	49,026
Share-based payments expense	-	-	-	-	11,347	-	-	-	11,347
Dividend paid in respect of the financial year ended 31 December 2010	-	-	-	-	-	-	(53,500)	-	(53,500)
<b>Balance as at 30 June 2011</b>	100,000	155,805	(272,007)	(465)	51,247	271,377	130,002	10	435,969

The Bank 30 June 2010	← Non-Distributable →			← Distributable →					Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Revaluation reserves on financial investments available-for-sale RM'000	Share-based payments reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Preference shares RM'000	
<b>At 1 January 2010</b>	100,000	155,805	(272,007)	-	-	271,377	146,289	10	401,474
Effect of adopting FRS 2	-	-	-	-	18,588	-	(18,588)	-	-
<b>As restated</b>	100,000	155,805	(272,007)	-	18,588	271,377	127,701	10	401,474
Profit for the period	-	-	-	-	-	-	20,530	-	20,530
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	20,530	-	20,530
Dividend paid in respect of the financial year ended 31 December 2009	-	-	-	-	-	-	(52,300)	-	(52,300)
<b>Balance as at 30 June 2010</b>	100,000	155,805	(272,007)	-	18,588	271,377	95,931	10	369,704

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

**CIMB INVESTMENT BANK BERHAD**  
*(Company Number 18417-M)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2011**

	The Group		The Bank	
	30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
Profit before taxation	70,378	33,896	69,405	29,843
Adjustments for non-operating and non-cash items	48,291	34,567	53,028	38,504
Cash flow from operating profit before changes in working capital	118,669	68,463	122,433	68,347
Net changes in operating assets	(390,580)	(156,592)	(390,632)	(156,398)
Net changes in operating liabilities	(205,784)	(1,165,278)	(193,677)	(1,153,567)
Cash used in operating activities	(477,695)	(1,253,407)	(461,876)	(1,241,618)
Taxation paid	(49,068)	(38,060)	(48,937)	(38,060)
Net cash used in operating activities	(526,763)	(1,291,467)	(510,813)	(1,279,678)
Net cash used in investing activities	(22,538)	(22,155)	(22,469)	(26,037)
Net cash generated from financing activities	(53,500)	(52,300)	(53,500)	(52,300)
	(76,038)	(74,455)	(75,969)	(78,337)
Net decrease in cash and cash equivalents during the financial period	(602,801)	(1,365,922)	(586,782)	(1,358,015)
Cash and cash equivalents at beginning of the financial period	2,173,609	3,989,771	2,074,296	3,919,473
Effects of exchange rate changes	12,491	(8,173)	7,796	(8,173)
<b>Cash and cash equivalents at end of the period</b>	<b>1,583,299</b>	<b>2,615,676</b>	<b>1,495,310</b>	<b>2,553,285</b>
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short term funds	1,965,606	2,867,286	1,877,617	2,804,895
Adjustment for monies held in trust:				
Clients' trust and dealers' representatives' balances	(357,760)	(237,281)	(357,760)	(237,281)
Remisiers' balances	(24,547)	(14,329)	(24,547)	(14,329)
<b>Cash and cash equivalents at end of the period</b>	<b>1,583,299</b>	<b>2,615,676</b>	<b>1,495,310</b>	<b>2,553,285</b>

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

## EXPLANATORY NOTES

### **A1. Basis of preparation**

The unaudited condensed interim financial statements for the financial period ended 30 June 2011 have been prepared under the historical cost convention, except for financial assets held for trading, financial assets designated at fair value through profit or loss, financial investments available-for-sale and derivative financial instruments that have been measured at fair value.

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

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

- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendment to FRS 1 "Limited Exemption from Comparative FRS 7 "Disclosures for First-time Adopters"
- Amendment to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- FRS 3 "Business Combinations"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- TR i-4 "Shariah Compliant Sale Contract"
- Improvements to FRSs (2010)

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

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

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

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

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

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

- FRS 124 "Related Party Transactions"
- Amendments to IC Interpretation 14 "Prepayments of a Minimum Funding Requirement" (effective 1 July 2011)
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective 1 July 2011)

## EXPLANATORY NOTES (Continued)

### A1. Basis of preparation (continued)

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

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

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

### A2. Changes in estimates

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

### A3. Dividends paid and proposed

A final dividend comprising tax exempt dividend of 43.62 sen per ordinary share, amounting to RM43,621,245 and single tier dividend of 9.88sen per ordinary share, amounting to RM9,878,755 in respect of financial year ended 31 December 2010 was paid on 14 April 2011.

No dividend have been proposed during the financial period ended 30 June 2011.

### A4. Significant events after balance sheet date

There were no significant events that had occurred between 30 June 2011 and the date of this announcement.

### A5. Financial assets held for trading

	The Group and The Bank	
	30 June 2011	31 Dec 2010
	RM'000	RM'000
<u>At fair value</u>		
<b>Quoted securities</b>		
<i>In Malaysia</i>		
Shares	2,875	3,691
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private debt securities	75,798	78,436
Total financial assets held for trading	<b>78,673</b>	82,127

### A6. Financial investments at fair value through profit or loss

	The Group		The Bank	
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
<b>Quoted securities</b>				
<i>In Malaysia</i>				
Shares	92,394	-	-	-
Total financial investments at fair value through profit or loss	<b>92,394</b>	-	-	-



EXPLANATORY NOTES (Continued)

A7. Financial investments available-for-sale

	The Group		The Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
<i>At fair value</i>				
<b>Unquoted securities</b>				
<i>In Malaysia</i>				
Shares	2,200	2,200	-	-
<i>Outside Malaysia</i>				
Shares	6,159	6,779	5,711	6,331
Total financial investments available-for-sale	<b>8,359</b>	<b>8,979</b>	<b>5,711</b>	<b>6,331</b>

A8. Loans, advances and financing

	The Group and The Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>(i) By type</b>		
Staff loans *	42,866	43,359
Other loans	765	823
Gross loans, advances and financing	<b>43,631</b>	<b>44,182</b>
Allowance for impairment losses:		
- Individual impairment allowance	(764)	(822)
- Portfolio impairment allowance	(642)	(650)
<b>Total net loans, advances and financing</b>	<b>42,225</b>	<b>42,710</b>
<b>(ii) By type of customers</b>		
Individuals	<b>43,631</b>	<b>44,182</b>
<b>(iii) By interest/profit rate sensitivity</b>		
Fixed rate		
- Other fixed rate loan/financing	<b>43,631</b>	<b>44,182</b>
<b>(iv) By economic purposes</b>		
Personal use	7	220
Purchase of residential landed property	31,366	32,161
Purchase of securities	1	1
Purchase of transport vehicles	12,257	11,800
Gross loans, advances and financing	<b>43,631</b>	<b>44,182</b>
<b>(v) By geographical distribution</b>		
Malaysia	<b>43,631</b>	<b>44,182</b>
<b>(vi) By residual contractual maturity</b>		
Within one year	185	238
One year to less than three years	2,469	2,163
Three years to less than five years	4,887	4,966
Five years and more	36,090	36,815
	<b>43,631</b>	<b>44,182</b>

\* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM220,960 (2010: RM235,667).

EXPLANATORY NOTES (Continued)

A8. Loans, advances and financing (continued)	The Group and The Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000
<b>(vii) Impaired loans by economic purpose</b>		
Purchase of residential landed property	635	690
Purchase of transport vehicles	129	132
Gross impaired loans/non-performing loans, advances and financing	<u>764</u>	<u>822</u>
<b>(viii) Impaired loans by geographical distribution</b>		
Malaysia	<u>764</u>	<u>822</u>
<b>(ix) Movement in the impaired loans, advances and financing:</b>		
At 1 January, as restated	822	877
Impaired/non-performing during the period/year	42	214
Amount written back in respect of recoveries	(90)	(269)
Amount written off	(10)	-
At 30 June/December	<u>764</u>	<u>822</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>1.8%</u>	<u>1.9%</u>

**(x) Movements in the allowance for impaired loans are as follows:**

Individual impairment allowance

At 1 January	822	877
Allowance made during the year	42	214
Amounts written back during the year	(90)	(269)
Amounts written off during the year	(10)	-
At 30 June/December	<u>764</u>	<u>822</u>

Portfolio impairment allowance

At 1 January	650	679
Amounts written back during the year	(8)	(29)
At 30 June/December	<u>642</u>	<u>650</u>

Portfolio impairment allowance as % of gross loans, advances and financing  
less individual impairment allowance

1.5%                      1.5%

A9. Other assets	The Group		The Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000	30 June 2011 RM'000	31 Dec 2010 RM'000
Due from brokers and clients net of allowance for impairment loss	1,011,763	533,925	1,011,710	533,880
Other debtors, deposits and prepayments net of allowance for doubtful debts	606,435	272,318	605,424	271,234
	<u>1,618,198</u>	<u>806,243</u>	<u>1,617,134</u>	<u>805,114</u>

A10. Deposits from customers	The Group and The Bank	
	30 June 2011 RM'000	31 Dec 2010 RM'000
Fixed deposits	210,300	640,634
Negotiable instruments of deposit	96,906	378,840
Others	864,057	188,165
	<u>1,171,263</u>	<u>1,207,639</u>

EXPLANATORY NOTES (Continued)

	The Group and The Bank	
	30 June 2011	31 Dec 2010
	RM'000	RM'000
<b>A10. Deposits from customers (continued)</b>		
(i) <u>The maturity structure of fixed deposits and negotiable instruments of deposit</u>		
Due within six months	-	707,307
One year to less than three years	136,496	197,045
More than five years	170,710	115,122
	<b>307,206</b>	<b>1,019,474</b>
(ii) <u>By type of customers</u>		
Local government and statutory authorities	69,400	69,400
Business enterprises	878,957	729,876
Individuals	218,906	404,362
Others	4,000	4,001
	<b>1,171,263</b>	<b>1,207,639</b>
<b>A11. Deposits and placements of banks and other financial institutions</b>		
Licensed banks	687,916	1,147,692
Other financial institutions	159,382	346,308
	<b>847,298</b>	<b>1,494,000</b>

	The Group		The Bank	
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
<b>A12. Other liabilities</b>				
Due to brokers and clients	1,413,041	845,346	1,341,578	761,186
Others	579,447	181,545	485,254	179,799
	<b>1,992,488</b>	<b>1,026,891</b>	<b>1,826,832</b>	<b>940,985</b>

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>A13. Interest income</b>				
<b>Group</b>				
Loans, advances and financing				
- interest income other than recoveries	395	387	786	771
- recoveries from impaired loans	-	-	2	-
Money at call and deposits placements with banks and other financial institutions	10,253	9,297	19,659	18,235
Reverse repurchase agreements	1,413	1,394	3,088	2,578
Financial assets held for trading	1,122	1,163	2,294	2,334
Others	254	266	544	770
	<b>13,437</b>	<b>12,507</b>	<b>26,373</b>	<b>24,688</b>
Accretion of discount less amortisation of premium	684	649	1,285	1,307
	<b>14,121</b>	<b>13,156</b>	<b>27,658</b>	<b>25,995</b>
<b>Bank</b>				
Loans, advances and financing				
- interest income other than recoveries	395	387	786	771
- recoveries from impaired loans	-	-	2	-
Money at call and deposits placements with banks and other financial institutions	9,993	9,105	19,142	17,823
Reverse repurchase agreements	1,413	1,394	3,088	2,578
Financial assets held for trading	1,122	1,163	2,294	2,334
Others	254	265	544	769
	<b>13,177</b>	<b>12,314</b>	<b>25,856</b>	<b>24,275</b>
Accretion of discount less amortisation of premium	684	649	1,285	1,307
	<b>13,861</b>	<b>12,963</b>	<b>27,141</b>	<b>25,582</b>

<b>A14. Interest expense</b>				
<b>Group</b>				
Deposits and placements of banks and other financial institutions	3,744	7,486	9,162	14,003
Deposits from customers	10,215	5,368	17,807	9,742
	<b>13,959</b>	<b>12,854</b>	<b>26,969</b>	<b>23,745</b>
<b>Bank</b>				
Deposits and placements of banks and other financial institutions	3,744	7,486	9,162	14,003
Deposits from customers	10,215	5,368	17,807	9,742
	<b>13,959</b>	<b>12,854</b>	<b>26,969</b>	<b>23,745</b>

EXPLANATORY NOTES (Continued)

A15. Non interest income

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
a) <b>Fee income:</b>				
Fee on loans ,advances and financing	412	561	823	7,054
Portfolio management fees	2,050	2,091	4,387	6,624
Advisory and arrangement fees	55,840	15,991	85,143	24,279
Underwriting commissions	3,448	4,989	3,568	9,749
Placement fees	28,745	17,570	34,511	25,058
Other fee income	5,882	5,833	6,385	6,857
	<u>96,377</u>	<u>47,035</u>	<u>134,817</u>	<u>79,621</u>
b) <b>Net trading income:</b>				
(Loss) / gain arising from trading in financial assets held for trading	(120)	(1,462)	(56)	2,477
- realised gain	1,067	458	1,343	191
- unrealised (loss)/gain	(1,187)	(1,920)	(1,399)	2,286
(Loss)/gain arising from trading in derivative financial instruments	(2,408)	5	(1,901)	98
- realised gain	131	-	630	90
- unrealised (loss)/ gain	(2,539)	5	(2,531)	8
	<u>(2,528)</u>	<u>(1,457)</u>	<u>(1,957)</u>	<u>2,575</u>
c) <b>Dividend income from:</b>				
Financial assets held for trading	-	1	20	2
	<u>-</u>	<u>1</u>	<u>20</u>	<u>2</u>
d) <b>Other income:</b>				
Foreign exchange (loss)/gain	281	2,995	(289)	(5,417)
Gain on disposal of property, plant and equipment	1,366	689	1,631	868
Income from asset management and securities services	3,611	6,609	8,718	12,245
Brokerage income	34,898	34,707	82,040	69,951
Other non-operating income	742	1,052	1,060	1,856
	<u>40,898</u>	<u>46,052</u>	<u>93,160</u>	<u>79,503</u>
<b>Total non interest income</b>	<u>134,747</u>	<u>91,631</u>	<u>226,040</u>	<u>161,701</u>
<b>Bank</b>				
a) <b>Fee income:</b>				
Fee on loans,advances and financing	412	561	823	7,054
Portfolio management fees	2,050	2,091	4,387	6,624
Advisory and arrangement fees	55,840	15,991	85,143	24,279
Underwriting commissions	3,448	4,989	3,568	9,749
Placement fees	28,745	17,570	34,511	25,058
Other fee income	5,882	5,833	6,385	6,857
	<u>96,377</u>	<u>47,035</u>	<u>134,817</u>	<u>79,621</u>
b) <b>Net trading income:</b>				
(Loss) / gain arising from trading in financial assets held for trading	(120)	(1,462)	(56)	2,477
- realised gain	1,067	458	1,343	191
- unrealised (loss)/gain	(1,187)	(1,920)	(1,399)	2,286
(Loss)/gain arising from trading in derivative financial instruments	(2,408)	5	(1,901)	98
- realised gain	131	-	630	90
- unrealised (loss)/ gain	(2,539)	5	(2,531)	8
	<u>(2,528)</u>	<u>(1,457)</u>	<u>(1,957)</u>	<u>2,575</u>
c) <b>Dividend income from:</b>				
Financial assets held for trading	-	1	20	2
Subsidiary	-	(2,457)	-	(2,457)
	<u>-</u>	<u>(2,456)</u>	<u>20</u>	<u>(2,455)</u>

EXPLANATORY NOTES (Continued)

A15. Non interest income (continued)	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
<b>Bank</b>				
d) Other income:				
Foreign exchange (loss)/gain	281	2,995	(289)	(5,417)
Gain on disposal of property, plant and equipment	1,366	689	1,631	868
Income from asset management and securities services	3,611	6,609	8,718	12,245
Brokerage income	34,079	34,081	80,192	68,670
Other non-operating income	743	1,051	1,061	1,231
	<b>40,080</b>	<b>45,425</b>	<b>91,313</b>	<b>77,597</b>
<b>Total non interest income</b>	<b>133,929</b>	<b>88,547</b>	<b>224,193</b>	<b>157,338</b>

A16. Overheads	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	52,596	36,685	87,199	67,092
- EPF	3,430	5,417	7,980	9,893
- Others	945	5,910	4,812	7,053
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	6,412	6,543	12,922	12,754
- Rental	2,402	806	4,238	4,440
- Others	3,943	2,297	8,373	6,002
<b>Marketing expenses</b>				
- Advertisement	4,254	3,351	5,192	3,580
- Others	(83)	(396)	1,783	871
<b>Administration and general expenses</b>				
- Legal and other professional fees	1,912	3,329	3,714	4,406
- Others	7,919	9,116	14,861	20,090
	<b>83,730</b>	<b>73,058</b>	<b>151,074</b>	<b>136,181</b>

<b>Bank</b>				
<b>Personnel costs</b>				
- Salaries, allowances and bonuses	52,167	36,430	86,463	66,578
- EPF	3,393	5,385	7,911	9,830
- Others	914	5,887	4,764	7,007
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	6,393	6,427	12,811	12,709
- Rental	2,208	695	3,856	4,004
- Others	3,938	2,288	8,363	5,977
<b>Marketing expenses</b>				
- Advertisement	4,253	3,351	5,188	3,580
- Others	(90)	(400)	1,767	863
<b>Administration and general expenses</b>				
- Legal and other professional fees	1,898	3,323	3,694	4,402
- Others	7,863	9,084	14,712	20,004
	<b>82,937</b>	<b>72,470</b>	<b>149,529</b>	<b>134,954</b>

A17. Write back of/(allowance for) impairment losses on loans, advances and financing	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>The Group and The Bank</b>				
<b>Individual impairment allowance</b>	<b>90</b>	<b>(207)</b>	<b>48</b>	<b>63</b>
- (made)/written back during the period	90	(207)	48	63
<b>Portfolio impairment allowance</b>				
- (made)/written back during the period	(2)	(3)	8	13
	<b>88</b>	<b>(210)</b>	<b>56</b>	<b>76</b>

EXPLANATORY NOTES (Continued)

A18. Derivative Financial Instruments and Commitment and Contingencies

i) Derivative Financial Instruments

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

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

	The Group and The Bank		
	Principal amount	Fair values	
	RM'000	Assets RM'000	Liabilities RM'000
<b>At 30 June 2011</b>			
<b>Trading derivative</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	-	-	-
- 1 year to 3 years	353,760	1,835	(10,905)
- More than 3 years	630,900	10,098	(23,346)
	<b>984,660</b>	<b>11,933</b>	<b>(34,251)</b>
<u>Equity derivatives</u>			
Index futures			
- Less than 1 year	1,423	-	(2)
	<b>1,423</b>	<b>-</b>	<b>(2)</b>
Equity options			
- Less than 1 year	-	-	-
- 1 year to 3 years	280,168	-	-
- More than 3 years	320,206	8,179	(8,179)
	<b>600,374</b>	<b>8,179</b>	<b>(8,179)</b>
<b>Total derivative assets/(liabilities)</b>	<b>1,586,457</b>	<b>20,112</b>	<b>(42,432)</b>
<b>At 31 December 2010</b>			
<b>Trading derivative</b>			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	181,550	1,637	-
- 1 year to 3 years	196,780	8,299	-
- More than 3 years	439,200	21,822	(51,371)
	<b>817,530</b>	<b>31,758</b>	<b>(51,371)</b>
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	223,117	-	-
- 1 year to 3 years	302,293	-	-
- More than 3 years	341,943	10,331	(10,331)
Index futures			
- Less than 1 year	1,756	-	(8)
	<b>869,109</b>	<b>10,331</b>	<b>(10,339)</b>
<b>Total derivative assets/(liabilities)</b>	<b>1,686,639</b>	<b>42,089</b>	<b>(61,710)</b>

EXPLANATORY NOTES (Continued)

A18. Derivative Financial Instruments and Commitment and Contingencies (Continued)

i) Derivative Financial Instruments (Continued)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM20,112,000 (31 December 2010: RM42,089,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2010 and the Risk Management section of the 2010 in Annual Report of CIMB Group Holdings Berhad

ii) Commitment and Contingencies

In the normal course of business, the Group and the Bank enters 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. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

The commitments and contingencies constitute the following :

	<b>The Group and The Bank</b>	
	<b>30 June 2011</b>	<b>31 December 2010</b>
	<b>Principal amount</b>	<b>Principal amount</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related</u>		
Obligations under underwriting agreement	67,891	-
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	71	218
Forward asset purchase	-	300,000
Miscellaneous commitments and contingencies	-	300,000
Total credit-related commitments and contingencies	<u>67,962</u>	<u>600,218</u>
Interest rate related Contracts		
- Less than one year	-	181,550
- One year to less than 5 years	353,760	196,780
- Five years and above	630,900	439,200
Equity related contracts		
- Less than one year	1,423	224,873
- One year to less than 5 years	280,168	302,293
- Five years and above	320,206	341,943
Total treasury-related commitments and contingencies	<u>1,586,457</u>	<u>1,686,639</u>
	<u>1,654,419</u>	<u>2,286,857</u>

## EXPLANATORY NOTES (Continued)

### A19. Capital Adequacy

#### 30 June 2011

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

	<b>The Group</b>	<b>The Bank</b>
Core capital ratio	21.19%	20.75%
Risk-weighted capital ratio	21.33%	20.75%
	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Components of Tier I and Tier II capital :</b>		
<b><u>Tier I capital</u></b>		
Paid-up capital	100,000	100,000
Retained profits	138,303	130,002
Other reserves	206,422	206,422
	444,725	436,424
Less: Deferred tax assets	(43,230)	(43,171)
Deduction in excess of Tier II Capital	-	(6,354) N1
<b>Total Tier I capital</b>	<b>401,495</b>	<b>386,899</b>
<b><u>Tier II capital</u></b>		
Cumulative preference shares	10	10
Portfolio impairment allowance	643	643
Surplus of total eligible provision over total expected loss under the IRB approach, subject to limit	2,043	2,043
<b>Total Tier II capital</b>	<b>2,696</b>	<b>2,696</b>
Less:		
Investments in subsidiaries	(50)	(9,050)
<b>Total eligible Tier II capital</b>	<b>2,646</b>	<b>-</b> N1
<b>Total capital base</b>	<b>404,141</b>	<b>386,899</b>

(b) Breakdown of risk-weighted assets by exposure in each major risk category is as follows:

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	865,029	842,927
Market risk	252,276	252,246
Operational risk	777,414	769,759
	<b>1,894,719</b>	<b>1,864,932</b>

*N1 The excess of Tier II capital was deducted under Tier I capital*



## EXPLANATORY NOTES (Continued)

### A19. Capital Adequacy (Continued)

#### 31 December 2010

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

	<b>The Group</b>	<b>The Bank</b>
<b>Before deducting proposed dividend</b>		
Core capital ratio	19.76%	19.24%
Risk-weighted capital ratio	19.80%	19.24%
<b>After deducting proposed dividend</b>		
Core capital ratio	17.06%	16.51%
Risk-weighted capital ratio	17.11%	16.51%
	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Components of Tier I and Tier II capital :</b>		
<b><u>Tier I capital</u></b>		
Paid-up capital	100,000	100,000
Retained profits	181,566	173,911
Other reserves	155,175	155,175
	436,741	429,086
Less: Deferred tax assets	(44,329)	(44,270)
Deduction in excess of Tier II Capital	-	(8,181) N1
<b>Total Tier I capital</b>	<b>392,412</b>	<b>376,635</b>
<b><u>Tier II capital</u></b>		
Cumulative Preference Shares	10	10
Portfolio impairment allowance/General allowance and allowance for doubtful debts	650	650
Surplus of total eligible provision over total expected loss under the IRB approach, subject to limit	209	209
<b>Total Tier II capital</b>	<b>869</b>	<b>869</b>
Less:		
Investments in subsidiaries	(50)	(9,050)
<b>Total eligible Tier II capital</b>	<b>819</b>	<b>-</b> N1
<b>Total capital base before proposed dividend</b>	<b>393,231</b>	<b>376,635</b>
<b>Proposed dividend</b>	<b>(53,500)</b>	<b>(53,500)</b>
<b>Total capital base after proposed dividend</b>	<b>339,731</b>	<b>323,135</b>

(d) Breakdown of risk-weighted assets by exposure in each major risk category is as follows:

	<b>The Group</b>	<b>The Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	1,028,430	1,008,040
Market risk	192,321	192,289
Operational risk	765,308	757,404
	<b>1,986,059</b>	<b>1,957,733</b>

*N1 The excess of Tier II capital was deducted under Tier I capital*

## EXPLANATORY NOTES (Continued)

### A20. Segment reporting

#### Definition of segments

For management purposes, the Group is divided into five major business lines - Financial advisory, underwriting and other fees, Debt related, Equity related, Investments and securities services and Others. The business lines are the basis on which the Group reports its primary segment information.

*Financial advisory, underwriting and other fees* mainly comprise fees derived from structured financial solutions, origination of capital market products including debt and equity, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, Islamic capital market products and project advisory. In addition, this segment also includes underwriting of primary equities and debt products.

*Debt related* mainly comprises proprietary trading and market making in the secondary market for debt, debt related derivatives and structured products. It also invests in proprietary capital.

*Equity related* mainly comprises institutional and retail broking business for securities listed on the Exchange. It also includes income from trading and investing in domestic and regional equities market.

*Investments and securities services* mainly comprise annuity income derived from fund management, agency and securities services.

*Support and others* mainly comprise all middle and back-office processes and other related services which are non-core operations.

The following table presents an analysis of the Group's results by business segments:

The Group	Financial advisory, underwriting and other fees	Debt related	Equity related	Investments and securities services	Support and others	Total
30 June 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External net interest income	-	689	-	-	-	689
Non interest income	108,987	22,729	82,040	8,928	3,356	226,040
Income from Islamic Banking operations	869	(3,054)	-	-	181	(2,004)
	109,856	20,364	82,040	8,928	3,537	224,725
Overheads	(21,686)	(65,903)	(46,799)	(10,549)	(6,137)	(151,074)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(595)	(3,192)	(2,381)	(1,214)	(5,540)	(12,922)
Profit/(loss) before allowances	88,170	(45,539)	35,241	(1,621)	(2,600)	73,651
Write back of impairment losses on loans, advances and financing	-	56	-	-	-	56
Allowance for losses on other receivables	(3,442)	-	-	-	-	(3,442)
Segment result	84,728	(45,483)	35,241	(1,621)	(2,600)	70,265
Share of results of associates						113
Profit before taxation						70,378
Taxation						(20,124)
<b>Net profit after taxation</b>						<b>50,254</b>

## EXPLANATORY NOTES (Continued)

### A20. Segment reporting (Continued)

The following table presents an analysis of the Group's results by business segments: (continued)

The Group 30 June 2010	Financial advisory, underwriting and other fees RM'000	Debt related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
External net interest income	-	2,250	-	-	-	2,250
Non interest income	65,408	13,202	69,951	12,245	895	161,701
Income from Islamic Banking operations	126	6,474	-	-	-	6,600
	65,534	21,926	69,951	12,245	895	170,551
Overheads	(16,193)	(53,828)	(38,567)	(2,746)	(24,847)	(136,181)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(660)</i>	<i>(2,578)</i>	<i>(3,331)</i>	<i>(751)</i>	<i>(5,434)</i>	<i>(12,754)</i>
Profit(loss) before allowances	49,341	(31,902)	31,384	9,499	(23,952)	34,370
Write back of impairment losses on loans, advances and financing	-	76	-	-	-	76
Allowance for losses on other receivables	(913)	-	-	-	-	(913)
Segment result	48,428	(31,826)	31,384	9,499	(23,952)	33,533
Share of results of associates						363
Profit before taxation						33,896
Taxation						(10,094)
<b>Net profit after taxation</b>						<b>23,802</b>

**EXPLANATORY NOTES (Continued)**

**A21. The operations of Islamic Banking**

**A21a. Unaudited Statement of Financial Position as at 30 June 2011**

	Notes	The Group and The Bank	
		30 June 2011	31 Dec 2010
		RM'000	RM'000
<b>Assets</b>			
Cash and short-term funds		349,268	201,408
Deposit and placements with banks and other financial institutions		300,549	370,000
Islamic derivative financial instruments		22,648	42,089
Other assets		217,607	337,528
Amount due from related companies		502	68
Property, plant and equipment		26	93
<b>Total assets</b>		<b>890,600</b>	<b>951,186</b>
<b>Liabilities and Islamic Banking capital funds</b>			
Deposits from customers	A21c	307,206	493,452
Deposits and placements of banks and other financial institutions		167,513	33,500
Islamic derivative financial instruments		42,431	61,702
Provision for taxation and zakat		80,744	80,440
Other liabilities		15,981	1,583
Amount due to related companies		-	308
<b>Total liabilities</b>		<b>613,875</b>	<b>670,985</b>
Islamic Banking capital funds		55,000	55,000
Reserves		221,725	225,201
<b>Total Islamic Banking capital funds</b>		<b>276,725</b>	<b>280,201</b>
<b>Total liabilities and Islamic Banking capital funds</b>		<b>890,600</b>	<b>951,186</b>

**A21b. Unaudited Statements of Comprehensive Income for Period Ended 30 June 2011**

	The Group and The Bank			
	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	1,523	1,015	2,769	1,852
Income derived from investment of shareholders' funds	4,822	8,335	975	16,557
Allowance for other receivables	10	(14)	(64)	(61)
<b>Total attributable income</b>	<b>6,355</b>	<b>9,336</b>	<b>3,680</b>	<b>18,348</b>
Income attributable to the depositors	1,190	(6,282)	(5,748)	(11,808)
<b>Total net income</b>	<b>7,545</b>	<b>3,054</b>	<b>(2,068)</b>	<b>6,540</b>
Personnel expenses	(232)	(96)	(412)	(208)
Other overheads and expenditures	(489)	(694)	(695)	(1,789)
<b>Profit before taxation and zakat</b>	<b>6,824</b>	<b>2,264</b>	<b>(3,175)</b>	<b>4,543</b>
Taxation and zakat	(3,201)	(566)	(303)	(1,136)
<b>Profit after taxation and zakat</b>	<b>3,623</b>	<b>1,698</b>	<b>(3,478)</b>	<b>3,407</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>3,623</b>	<b>1,698</b>	<b>(3,478)</b>	<b>3,407</b>

**A21c. Deposits from customers**

By type of deposits	The Group and The Bank	
	30 June 2011	31 Dec 2010
	RM'000	RM'000
<b>Non-Mudharabah Fund</b>		
Variable rate deposits	96,906	378,330
Equity Linked Sukuk	210,300	115,122
	<b>307,206</b>	<b>493,452</b>

**EXPLANATORY NOTES (Continued)**

**A22. Credit transactions and exposures with connected parties**

	The Group	
	30 June 2011 RM'000	31 Dec 2010 RM'000
Outstanding credit exposures with connected parties	116,793	134,228
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.6%	4.6%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.0%	0.0%

**A23. CHANGE IN ACCOUNTING POLICIES**

- (a) On adoption of the Amendment to FRS2 – Group Cash-Settled Share-based Payment Transactions, the Group has changed its accounting policy with respect to the share-based payments where a substantial shareholder of CIMB Group Holdings Berhad has the obligation to settle the payment transaction.

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

Consolidated statement of changes in equity

The Group	Balances as at 1 January 2010		
	As previously reported RM000	Effects of adopting Amendments to FRS 2 RM000	As restated RM000
Retained profits	160,697	(18,588)	142,109
Share-based payments reserve	-	18,588	18,588

The Group	Balances as at 1 January 2011		
	As previously reported RM000	Effects of adopting Amendments to FRS 2 RM000	As restated RM000
Retained profits	190,907	(39,900)	151,007
Share-based payments reserve	-	39,900	39,900

Statement of changes in equity

The Bank	Balances as at 1 January 2010		
	As previously reported RM000	Effects of adopting Amendments to FRS 2 RM000	Restated RM000
Retained profits	146,289	(18,588)	127,701
Share-based payments reserve	-	18,588	18,588

The Bank	Balances as at 1 January 2011		
	As previously reported RM000	Effects of adopting Amendments to FRS 2 RM000	As restated RM000
Retained profits	173,911	(39,900)	134,011
Share-based payments reserve	-	39,900	39,900

## EXPLANATORY NOTES (Continued)

### B1. Group Performance Review

The Group achieved a profit after tax of RM50.3million for the period ended 30 June 2011, 111.1% increase compared to profit after tax of RM23.8 million achieved in the same period of 2010 mainly due to higher fee income by 69.3% and higher brokerage income by 17.3%. However this was mitigated by decrease in trading income by 176% and decrease in income from asset management and securities services by 28.8%

### B2. Prospects for the Current Financial Year

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

### B3. Tax Expense

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	12,643	18,529	19,025	25,043
Deferred tax	3,223	(11,782)	1,099	(14,949)
	<b>15,866</b>	<b>6,747</b>	<b>20,124</b>	<b>10,094</b>
<b>Reconciliation</b>				
Profit before taxation	57,917	21,636	70,378	33,896
Tax calculated at a tax rate of 25% (2010: 25%)	14,479	5,409	17,595	8,474
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,387	1,338	2,529	1,620
	<b>15,866</b>	<b>6,747</b>	<b>20,124</b>	<b>10,094</b>

	The Bank			
	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	12,567	17,870	18,815	24,282
Deferred tax	3,223	(11,799)	1,099	(14,969)
	<b>15,790</b>	<b>6,071</b>	<b>19,914</b>	<b>9,313</b>
<b>Reconciliation</b>				
Profit before taxation	57,599	18,689	69,405	29,843
Tax calculated at a tax rate of 25% (2010: 25%)	14,400	4,672	17,351	7,461
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,390	1,399	2,563	1,852
	<b>15,790</b>	<b>6,071</b>	<b>19,914</b>	<b>9,313</b>

EXPLANATORY NOTES (Continued)

**B4. Computation of Earning Per Share (EPS)**

**Basic EPS**

The Group's and the Bank's basic EPS is calculated by dividing the net profit for the financial period by the weighted average number of ordinary shares in issue during the financial period.

<b>The Group</b>	<b>2nd quarter ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	30 June 2010	<b>30 June 2011</b>	30 June 2010
Net profit for the financial period (RM '000)	<b>42,051</b>	14,889	<b>50,254</b>	23,802
Weighted average number of share ('000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (sen)	<b>42.05</b>	14.89	<b>50.25</b>	23.80

  

<b>The Bank</b>	<b>2nd quarter ended</b>		<b>Six months ended</b>	
	<b>30 June 2011</b>	30 June 2010	<b>30 June 2011</b>	30 June 2010
Net profit for the financial period (RM '000)	<b>41,809</b>	12,618	<b>49,491</b>	20,530
Weighted average number of share ('000)	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Basic earnings per share (sen)	<b>41.81</b>	12.62	<b>49.49</b>	20.53