

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

<u>Assets</u>		31-Mar-11 RM'000	31-Dec-10 RM'000
Cash and short term funds	1	5,560,121	7,744,407
Deposits and placements with banks and other financial institutions	2	1,256,781	950,000
Financial assets held for trading	3	3,503,745	2,347,894
Financial investments available-for-sale	4	481,359	455,959
Financial investments held-to-maturity	5	1,082,337	1,093,635
Islamic derivative financial instruments	12(i)	125,945	150,688
Financing, advances and other loans	6	23,560,596	22,424,577
Other assets	7	248,981	334,227
Deferred taxation		6,527	5,589
Amount due from holding company		-	245,034
Amount due from related companies		2,433	828
Statutory deposits with Bank Negara Malaysia		290,441	143,406
Property, plant and equipment		2,546	1,862
Intangible assets		3,223	4,287
Goodwill		136,000	136,000
Total Assets		36,261,035	36,038,393
<u>Liabilities</u>			
Deposits from customers	8	22,425,466	22,677,955
Deposits and placements of banks and other financial institutions	9	11,366,498	11,125,028
Other liabilities	10	305,226	384,555
Islamic derivative financial instruments	12(i)	223,323	199,199
Provision for tax and zakat		38,165	12,989
Subordinated Sukuk	11	300,332	300,000
Amount due to holding company		154,345	-
Total liabilities		34,813,355	34,699,726
Equity			
Capital and reserves attributable to equity holder of the Bank			
Ordinary share capital		750,000	750,000
Reserves		627,680	518,667
		1,377,680	1,268,667
Perpetual preference shares		70,000	70,000
Total equity		1,447,680	1,338,667
Total equity and liabilities		36,261,035	36,038,393
Commitments and contingencies	12(ii)	15,774,082	17,877,382
Net assets per share (RM)		1.84	1.69

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2011

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	3 MONTHS	3 MONTHS
		ENDED	ENDED	ENDED	ENDED
		31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	14	373,941	268,861	373,941	268,861
Income derived from investment of shareholders' funds	15	70,097	21,061	70,097	21,061
Writeback of/(net allowances) for impairment for losses on financing	16	8,196	(32,741)	8,196	(32,741)
Allowances for other receivables		(333)	-	(333)	-
Total distributable income		451,901	257,181	451,901	257,181
Income attributable to depositors	17	(225,017)	(121,549)	(225,017)	(121,549)
Total net income		226,884	135,632	226,884	135,632
Personnel expenses	18	(41,885)	(26,030)	(41,885)	(26,030)
Other overheads and expenditures	19	(38,567)	(28,950)	(38,567)	(28,950)
Profit for the financial period		146,432	80,652	146,432	80,652
Taxation and zakat	20	(36,707)	(20,466)	(36,707)	(20,466)
Net profit for the period		109,725	60,186	109,725	60,186
Other comprehensive income:					
Revaluation reserve financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(1,187)	420	(1,187)	420
- Realised gain transferred to comprehensive income		-	(414)	-	(414)
- Income tax effects		297	(1)	297	(1)
Other comprehensive income for the period, net of tax		(890)	5	(890)	5
Total comprehensive income for the period		108,835	60,191	108,835	60,191
Earnings per share (sen)		14.63	8.02	14.63	8.02

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

CIMB ISLAMIC BANK BERHAD
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2011

	Non-distributable						Distributable				
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Regulatory reserve*	Share-based payment reserve RM'000	Accumulated profits RM'000	Total RM'000	Perpetual preference shares RM'000	Total equity RM'000
31 March 2011											
At 1 January 2011, as previously reported	750,000	286,521	5,082	(2,457)	458	7,405	-	221,658	1,268,667	70,000	1,338,667
Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	15,159	(15,159)	-	-	-
As restated	750,000	286,521	5,082	(2,457)	458	7,405	15,159	206,499	1,268,667	70,000	1,338,667
Net profit for the financial period	-	-	-	-	-	-	-	109,725	109,725	-	109,725
Other comprehensive income (net of tax)	-	-	(890)	-	-	-	-	-	(890)	-	(890)
- Financial investments available-for-sale	-	-	(890)	-	-	-	-	-	(890)	-	(890)
Total comprehensive income for the period	-	-	(890)	-	-	-	-	109,725	108,835	-	108,835
Share-based payment expense	-	-	-	-	-	-	178	-	178	-	178
Transfer to regulatory reserve	-	-	-	-	-	27,458	-	(27,458)	-	-	-
At 31 March 2011	750,000	286,521	4,192	(2,457)	458	34,863	15,337	288,766	1,377,680	70,000	1,447,680
31 March 2010											
At 1 January 2010, as previously reported	550,000	135,635	194	(2,457)	458	-	-	78,178	762,008	70,000	832,008
Effect of adopting Amendments to FRS 2	-	-	-	-	-	-	14,573	(14,573)	-	-	-
As restated	550,000	135,635	194	(2,457)	458	-	14,573	63,605	762,008	70,000	832,008
Net profit for the financial period	-	-	-	-	-	-	-	60,186	60,186	-	60,186
Other comprehensive income (net of tax)	-	-	5	-	-	-	-	-	5	-	5
- Financial investments available-for-sale	-	-	5	-	-	-	-	-	5	-	5
Total comprehensive income for the period	-	-	5	-	-	-	-	60,186	60,191	-	60,191
At 31 March 2010, as restated	550,000	135,635	199	(2,457)	458	-	14,573	123,791	822,199	70,000	892,199

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

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

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

	31-Mar-11 RM'000	31-Mar-10 RM'000
Profit before taxation	146,432	80,652
Adjustments for non-cash items	<u>(70,958)</u>	<u>(29,234)</u>
Operating profit before changes in working capital	75,474	51,418
Net increase in operating assets	(2,383,974)	(414,740)
Net increase in operating liabilities	125,978	432,846
Tax paid	<u>(12,173)</u>	<u>(23,194)</u>
Net cash (used in)/generated from operating activities	(2,194,695)	46,330
Net cash flows (used in)/generated from investing activities	<u>10,409</u>	<u>8,687</u>
Net (decrease)/increase in cash and cash equivalents	(2,184,286)	55,017
Cash and cash equivalents at beginning of the financial period	7,744,407	4,680,918
Cash and cash equivalents at end of the financial period	<u>5,560,121</u>	<u>4,735,935</u>

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

EXPLANATORY NOTES

A. BASIS OF PREPARATION

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

The unaudited condensed interim financial statements have been prepared in accordance with FRS134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. The unaudited condensed interim financial statements should be read in conjunction with the Bank'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 Bank since the financial year ended 31 December 2010.

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

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

The 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 Bank have a cash settled share based arrangement whereby a substantial shareholder of CIMB Group grants entitlements to the employees of the Bank. Prior to the adoption of the amendment to FRS 2, the Bank do not account for the transaction in its financial statements. The Bank have changed its accounting policy upon adoption of amendment to FRS 2 on 1 January 2011 retrospectively. As the Bank do not have an obligation to settle the transaction with its employees, the Bank have accounted for the transaction as equity settled in accordance with the amendment to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note A21.

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 Bank.

The following 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 Company:

- FRS 124 "Related Party Transactions" (effective 1 January 2012)
- IC Interpretation 15 "Agreements for the Construction of Real Estate" (effective 1 January 2012)
- 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)

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 disclosures of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the 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.

B. 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.

C. ISSUANCE AND REPAYMENT OF DEBT EQUITY SECURITIES

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

D. PROPOSED DIVIDEND

There were no dividends paid or proposed for the period ended 31 March 2011.

E. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events other than those disclosed under the Issuance of Debt Securities that had occurred between 31 March 2011 and the date of this announcement

F. PERFORMANCE REVIEW

For the first quarter 31 March 2011, the Bank registered a profit after tax of RM109.7 million, an increase of 82% from a profit after tax of RM60.2 million in the previous year corresponding period. This is mainly attributable to a significant growth in business activities during the current period under review as evidenced by the increase in financing by 34% to RM23.6 billion from RM17.6 billion as at 31 March 2010.

G. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The first quarter 2011 financial performance was good with a strong performance from the Malaysian consumer bank. This momentum is expected to continue in the coming quarters.

	31-Mar-11 RM'000	31-Dec-10 RM'000
<u>Notes to the accounts</u>		
1 Cash and short-term funds		
Cash and balances with banks and other financial institutions	304,777	73,353
Money at call and deposit placements maturing within one month	5,255,344	7,671,054
	<u>5,560,121</u>	<u>7,744,407</u>
2 Deposits and placements with banks and other financial institutions		
Licensed Islamic banks	396,113	400,000
Licensed banks	6,840	-
Licensed Investment banks	52,039	-
Other financial institutions	801,789	550,000
	<u>1,256,781</u>	<u>950,000</u>
3 Financial assets held for trading		
Money market instruments		
Unquoted		
Government investment issues	278,785	194,227
Islamic negotiable instruments of deposits	995,580	638,001
Islamic accepted bills	107,237	98,364
Bank Negara negotiable notes	1,996,541	1,283,823
	<u>3,378,143</u>	<u>2,214,415</u>
Unquoted securities		
Islamic private debt securities	125,602	133,479
	<u>3,503,745</u>	<u>2,347,894</u>
4 Financial investments available-for-sale		
Money market instruments		
Unquoted		
Government investment issues	65,796	65,526
Islamic Cagamas bonds	35,485	35,423
	<u>101,281</u>	<u>100,949</u>
Unquoted securities		
Islamic private debt securities	379,503	354,435
Placement with IBFIM	575	575
	<u>481,359</u>	<u>455,959</u>
5 Financial investments held-to-maturity		
Money market instruments		
Unquoted securities		
Government investment issues	100,746	100,056
Islamic private debt securities	989,438	1,001,081
Amortisation of premium less accretion of discount	(7,847)	(7,502)
	<u>1,082,337</u>	<u>1,093,635</u>

	31-Mar-11 RM'000	31-Dec-10 RM'000
6 Financing, advances and other loans		
(i) By type of financing:		
Cash line	306,410	322,529
Term financing		
- House financing	5,841,179	5,532,014
- Syndicated financing	380,146	380,986
- Hire purchase receivables	5,279,513	5,234,598
- Other term financing	11,282,834	10,518,830
Bills receivable	1,670	2,235
Islamic trust receipts	30,060	59,091
Claims on customer under Islamic accepted bills	259,796	191,657
Credit card receivables	94,444	90,472
Revolving credits	417,015	407,330
Others	-	11
Gross financing, advances and other loans	<u>23,893,067</u>	<u>22,739,753</u>
Fair value changes arising from fair value hedges	(9,127)	17,997
Less : Allowance for impairment losses		
- Individual impairment allowance	(89,461)	(92,683)
- Portfolio impairment allowance	(233,883)	(240,490)
Total net financing, advances and other loans	<u><u>23,560,596</u></u>	<u><u>22,424,577</u></u>

The Bank has undertaken fair value hedges on financing using profit rate swaps.

Gross financing hedged	3,800,000	4,400,000
Fair value changes arising from fair value hedges	(9,127)	17,997
	<u>3,790,873</u>	<u>4,417,997</u>

The fair value loss on profit rate swaps as at 31 March 2011 were RM51.4 million (31 December 2010 : fair value loss of RM49.0 million).

(ii) By geographical distribution:

Malaysia	<u>23,893,067</u>	<u>22,739,753</u>
	<u><u>23,893,067</u></u>	<u><u>22,739,753</u></u>

(iii) By contract :

Bai' Bithaman Ajil (<i>deferred payment sale</i>)	10,608,127	10,320,341
Ijarah Muntahiyah Bittamlik/AITAB (<i>lease ended with ownership</i>)	6,048,884	5,979,854
Murabahah (<i>cost-plus</i>)	281,379	303,903
Bai' al-'inah (<i>sale and buy back</i>)	6,549,879	5,827,671
Others	404,798	307,984
	<u>23,893,067</u>	<u>22,739,753</u>

	31-Mar-11 RM'000	31-Dec-10 RM'000
(iv) By type of customer :		
Domestic non-bank financial institutions		
- Others	211,925	213,028
Domestic business enterprises		
- Small medium enterprises	1,230,667	1,267,220
- Others	3,347,094	3,131,681
Government and statutory bodies	4,574,242	4,539,837
Individuals	14,285,416	13,353,200
Other domestic entities	1,957	5,467
Foreign entities	241,766	229,320
	<u>23,893,067</u>	<u>22,739,753</u>
(v) By profit rate sensitivity :		
Fixed rate		
- House financing	437,001	417,942
- Hire purchase receivables	5,279,513	5,234,598
- Others	8,498,718	8,024,882
Variable rate		
- House financing	5,404,178	5,114,072
- Other financing	4,273,657	3,948,259
	<u>23,893,067</u>	<u>22,739,753</u>
(vi) By economic purpose :		
Personal use	2,265,245	1,710,557
Credit card	94,634	90,472
Construction	872,572	759,803
Residential property	5,864,869	5,579,762
Non-residential property	1,668,748	1,651,458
Purchase of fixed assets other than land and building	412,922	391,915
Purchase of securities	19,674	20,606
Purchase of transport vehicles	5,286,719	5,234,598
Working capital	7,179,947	7,039,034
Other purpose	227,737	261,548
	<u>23,893,067</u>	<u>22,739,753</u>
(vii) By residual contractual maturity :		
Within one year	1,953,592	1,754,853
One year to less than three years	715,345	860,224
Three years to less than five years	1,741,248	1,770,618
Five years and more	19,482,882	18,354,058
	<u>23,893,067</u>	<u>22,739,753</u>

	31-Mar-11 RM'000	31-Dec-10 RM'000
(viii) Impaired financing by economic purpose :		
Personal use	15,694	17,165
Credit card	2,993	2,616
Construction	3,476	1,584
Residential property	79,881	85,002
Non-residential property	19,821	16,131
Purchased of fixed assets other than land & building	1,830	1,738
Purchase of securities	19,364	19,364
Purchase of transport vehicles	101,807	86,560
Working capital	102,321	101,590
Other purpose	3,095	4,129
	<u>350,282</u>	<u>335,879</u>
(ix) Impaired financing by geographical distribution:		
Malaysia	<u>350,282</u>	335,879
	<u>350,282</u>	<u>335,879</u>
(x) Movement in impaired financing, advances and other loans :		
Balance as at 1 January	335,879	278,259
Impaired during the period/year	78,812	337,853
Reclassified as non-impaired during the period/year	(29,727)	(74,091)
Recoveries	(18,240)	(121,592)
Amount written off	(16,442)	(84,550)
Balance as at 31 March/31 December	<u>350,282</u>	<u>335,879</u>
Ratio of gross impaired financing to total financing advances, and other loans	1.47%	1.48%

	31-Mar-11 RM'000	31-Dec-10 RM'000
(xi) Movements in allowance for impaired financing/bad and doubtful financing :		
Individual impairment allowance		
Balance as at 1 January	92,683	105,851
Amount written back in respect of recoveries	(2,721)	(273)
Unwinding income	(501)	(2,613)
Amount written off	-	(10,282)
Balance as at 31 March/31 December	<u>89,461</u>	<u>92,683</u>
Portfolio impairment allowance		
Balance as at 1 January	240,490	260,926
Net allowance made during the period/year	7,549	162,884
Transfer to CIMB Bank	-	(119,980)
Unwinding income	320	(1,838)
Amount written off	(14,476)	(61,502)
Balance as at 31 March/31 December	<u>233,883</u>	<u>240,490</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	2.30%	2.30%
7 Other assets		
Deposits and prepayments	646	308
Sundry debtors	23,727	53,235
Collateral pledged for derivative transactions	68,470	68,470
Clearing accounts	156,138	212,214
	<u>248,981</u>	<u>334,227</u>
8 Deposits from customers		
(i) By type of deposit		
<u>Mudharabah</u>		
Demand deposits	2,059,490	1,497,390
Savings deposits	331,805	289,034
General investment deposits	988,052	1,067,781
Special general investment deposits	7,825,903	7,574,239
Specific investment deposits	2,391,180	2,352,764
	13,596,430	12,781,208
<u>Non-Mudharabah</u>		
Demand deposits	2,554,306	2,941,557
Savings deposits	797,549	701,147
Fixed return investment deposit	3,913,532	5,126,454
Negotiable instruments of deposit	1,083,615	1,033,019
Commodity Murabahah	452,008	69,379
Others	28,026	25,191
	8,829,036	9,896,747
	<u>22,425,466</u>	<u>22,677,955</u>

	31-Mar-11 RM'000	31-Dec-10 RM'000
(ii) Maturity structure of investment deposits and negotiable instruments of deposit		
One year or less (short term)	14,299,100	15,049,260
More than one year (medium/long term)	1,903,183	2,104,997
	16,202,283	17,154,257
(iii) By type of customer		
Government and statutory bodies	4,488,857	5,685,744
Business enterprises	12,689,122	12,465,878
Individuals	3,921,921	3,573,972
Others	1,325,566	952,361
	22,425,466	22,677,955
9 Deposits and placements of banks and other financial institutions		
<u>Mudharabah</u>		
Licensed Islamic banks	320,730	390,000
Licensed banks	8,581,574	8,459,878
Licensed investment banks	750,638	571,200
	9,652,942	9,421,078
<u>Non-Mudharabah</u>		
Licensed Islamic banks	65,128	4,625
Licensed banks	1,608,703	1,649,076
Other financial institutions	39,725	50,249
	1,713,556	1,703,950
	11,366,498	11,125,028
10 Other liabilities		
Accruals and other payables	32,893	25,099
Clearing accounts	200,539	327,463
Others	71,794	31,993
	305,226	384,555
11 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, the 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.

12 Islamic derivative financial instruments, commitments and contingencies

(i) Islamic derivative financial instruments

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

	31-Mar-11			31-Dec-10		
	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
<u>Foreign exchange derivatives</u>						
Currency forwards						
- Less than 1 year	45,793	163	(99)	33,825	42	(460)
Currency swaps						
- Less than 1 year	1,226,096	15,168	(20,487)	1,621,195	8,235	(20,753)
Currency spot						
- Less than 1 year	17,178	7	(12)	245	1	-
Cross currency profit rate swaps						
- 1 year to 3 years	88,424	3,695	(3,695)	88,549	2,653	(2,653)
	<u>1,377,491</u>	<u>19,033</u>	<u>(24,293)</u>	<u>1,743,814</u>	<u>10,931</u>	<u>(23,866)</u>
<u>Islamic profit rate derivatives</u>						
Islamic profit rate swaps	4,893,764	86,069	(126,755)	5,799,537	122,279	(108,850)
- Less than 1 year	563,213	18,690	(108)	377,279	2,390	-
- 1 year to 3 years	3,100,266	5,008	(22,123)	4,315,158	91,132	(15,490)
- More than 3 years	1,230,285	62,371	(104,524)	1,107,100	28,757	(93,360)
<u>Equity related derivatives</u>						
Equity options	2,299,526	20,701	(20,701)	2,219,544	6,342	(6,342)
- Less than 1 year	430,901	2,082	(2,082)	637,740	1,937	(1,937)
- 1 year to 3 years	1,086,658	8,754	(8,754)	1,075,479	3,728	(3,728)
- More than 3 years	781,967	9,865	(9,865)	506,325	677	(677)
<u>Held for hedging purpose</u>						
Islamic profit rate swaps	3,800,000	142	(51,574)	4,400,000	11,136	(60,141)
- More than 3 years	3,800,000	142	(51,574)	4,400,000	11,136	(60,141)
Total derivative assets/(liabilities)	<u>12,370,781</u>	<u>125,945</u>	<u>(223,323)</u>	<u>14,162,895</u>	<u>150,688</u>	<u>(199,199)</u>

Market Risk

Market risk is defined as any fluctuation in the value arising from changes in value of market risk factors such as profit 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 profit rate swaps, are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2011, the amount of credit risk in the Bank, measured in terms of the cost to replace the profitable contracts, was RM126 million (31 December 2010: RM151 million). 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 Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2010.

12 Islamic derivative financial instruments, commitments and contingencies

(ii) Commitments and contingencies

In the normal course of business, the Bank 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.

The commitments and contingencies constitute the following :

	31-Mar-11	31-Dec-10
	Principal amount	Principal amount
	RM'000	RM'000
<u>Credit-related</u>		
Direct credit substitutes	30,043	37,197
Certain transaction-related contingent items	370,933	374,102
Short-term self-liquidating trade-related contingencies	31,169	17,949
Irrevocable commitments to extend credit :		
- maturity not exceeding one year	1,313,626	1,782,407
- maturity exceeding one year	1,361,314	1,411,601
Forward assets purchases	110,530	-
Miscellaneous commitments and contingencies	185,685	91,231
Total credit-related commitments and contingencies	<u>3,403,300</u>	<u>3,714,487</u>
<u>Treasury-related</u>		
Foreign exchange related contracts :		
- less than one year	1,289,068	1,655,265
- one year to less than five years	88,424	88,549
Profit rate related contracts :		
- less than one year	563,213	377,279
- one year to less than five years	3,136,051	4,315,158
- over five years	4,994,500	5,507,100
Equity related contracts :		
- less than one year	430,901	637,740
- one year to less than five years	1,086,658	1,075,479
- above 5 years	781,967	506,325
Total treasury-related commitments and contingencies	<u>12,370,782</u>	<u>14,162,895</u>
	<u>15,774,082</u>	<u>17,877,382</u>

13 CAPITAL ADEQUACY

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

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

	31-Mar-11	31-Dec-10
	RM'000	RM'000
Tier I capital	1,184,591	1,184,591
Eligible Tier II capital	380,788	355,874
Capital base	<u>1,565,379</u>	<u>1,540,465</u>
Core capital ratio	11.93%	13.24%
Risk-weighted capital ratio	15.77%	17.21%

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

<u>Tier I capital</u>		
Paid-up share capital	750,000	750,000
Perpetual preference share	70,000	70,000
Retained profits and other reserves	506,180	506,180
	<u>1,326,180</u>	<u>1,326,180</u>
Less : Goodwill	(136,000)	(136,000)
Less : Deferred taxation	(5,589)	(5,589)
Total Tier-1 Capital	1,184,591	1,184,591
<u>Tier II capital</u>		
Subordinated sukuk	300,000	300,000
Regulatory reserve	7,405	7,405
Portfolio impairment allowance [^]	56,361	30,892
Surplus of total eligible provision over expected loss	17,022	17,577
Total Tier II capital	380,788	355,874
Total capital base	<u>1,565,379</u>	<u>1,540,465</u>

(c) Breakdown of risk-weighted assets in the various categories of risk-weights

Risk weighted assets for credit risk	8,430,023	7,623,657
Risk weighted assets for market risk	363,020	285,115
Risk weighted assets for operational risk	1,135,438	1,041,278
	<u>9,928,481</u>	<u>8,950,050</u>

[^] The capital base of the Bank as at 31 March 2011 has excluded portfolio impairment allowance on impaired financings for standardise approach assets restricted from Tier II capital of RM19,909,673 (2010 : RM19,709,506).

Notes to the accounts

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
QUARTER ENDED	QUARTER ENDED	3 MONTHS ENDED	3 MONTHS ENDED
31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
RM'000	RM'000	RM'000	RM'000

14 Income derived from investment of depositors funds and others

Income derived from investment of :

- General investment deposits	125,605	121,713	125,605	121,713
- Specific investment deposits	141,533	56,379	141,533	56,379
- Other deposits	106,803	90,769	106,803	90,769
	373,941	268,861	373,941	268,861

14a Income derived from investment of general investment deposits

Financing, advances and other loans

- Income other than recoveries	101,000	106,827	101,000	106,827
- Unwinding income [^]	486	47	486	47
Financial assets held for trading	2,288	3,426	2,288	3,426
Financial investments available-for-sale	2,559	3,046	2,559	3,046
Financial investments held-to-maturity	1,401	1,575	1,401	1,575
Money at call and deposit with financial institutions	17,723	7,948	17,723	7,948
	125,457	122,869	125,457	122,869
Accretion of discount less amortisation of premium	4,783	4,142	4,783	4,142
Total finance income and hibah	130,241	127,011	130,241	127,011

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	56	(108)	56	(108)
- unrealised loss	(320)	(590)	(320)	(590)
- Net gain from sale of financial investments available-for-sale	-	225	-	225
- Net loss from sale of financial investments held-to-maturity	(128)	-	(128)	-
- Net loss from foreign exchange transactions	(5,111)	(5,077)	(5,111)	(5,077)
	(5,503)	(5,550)	(5,503)	(5,550)
Fee and commission income	867	252	867	252
	125,605	121,713	125,605	121,713

14b Income derived from investment of specific investment deposits

Financing, advances and other loans

- Income other than recoveries	115,993	38,932	115,993	38,932
Financial investments held-to-maturity	10,143	9,370	10,143	9,370
Money at call and deposit with financial institutions	15,397	8,077	15,397	8,077
	141,533	56,379	141,533	56,379

[^] Unwinding income is income earned on impaired financing, advances and other loans

Notes to the accounts

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED	QUARTER ENDED	3 MONTHS ENDED	3 MONTHS ENDED
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	RM'000	RM'000	RM'000	RM'000

14c Income derived from investment of other deposits

Financing, advances and other loans				
- Income other than recoveries	85,882	79,668	85,882	79,668
- Unwinding income [^]	413	36	413	36
Financial assets held for trading	1,945	2,555	1,945	2,555
Financial investments available-for-sale	2,176	2,272	2,176	2,272
Financial investments held-to-maturity	1,191	1,174	1,191	1,174
Money at call and deposit with financial institutions	15,070	5,927	15,070	5,927
	106,677	91,632	106,677	91,632
Accretion of discount less amortisation of premium	4,067	3,089	4,067	3,089
Total finance income and hibah	110,744	94,721	110,744	94,721

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised (loss)	48	(81)	48	(81)
- unrealised loss	(272)	(440)	(272)	(440)
- Net gain from sale of financial investments available-for-sale	-	168	-	168
- Net loss from sale of financial investments held-to-maturity	(109)	-	(109)	-
- Net loss from foreign exchange transactions	(4,346)	(3,787)	(4,346)	(3,787)
	(4,679)	(4,140)	(4,679)	(4,140)
Fee and commission income	738	188	738	188
	106,803	90,769	106,803	90,769

15 Income derived from investment of shareholders' funds

Financing, advances and other loans				
- Income other than recoveries	10,812	10,087	10,812	10,087
- Unwinding income [^]	52	5	52	5
Financial assets held for trading	245	324	245	324
Financial investments available-for-sale	274	288	274	288
Financial investments held-to-maturity	150	149	150	149
Money at call and deposit with financial institutions	1,897	751	1,897	751
	13,430	11,604	13,430	11,604
Accretion of discount less amortisation of premium	512	391	512	391
Total finance income and hibah	13,942	11,995	13,942	11,995

Other operating income

- Net gain/(loss) arising from financial assets held for trading				
- realised gain/(loss)	6	(10)	6	(10)
- unrealised loss	(34)	(56)	(34)	(56)
- Net gain from sale of financial investments available-for-sale	-	21	-	21
- Net loss from sale of financial investments held-to-maturity	(14)	-	(14)	-
- Net loss from foreign exchange transactions	(547)	(479)	(547)	(479)
- Net gain/(loss) arising from hedging activities	251	(473)	251	(473)
- Net gain/(loss) arising from derivative financial instrument				
- realised gain	26,333	19,131	26,333	19,131
- unrealised gain/(loss)	9,918	(21,157)	9,918	(21,157)
	35,913	(3,023)	35,913	(3,023)
Fee and commission income	19,473	10,837	19,473	10,837
Less : fee and commission expense	(490)	(690)	(490)	(690)
Net fee and commission income	18,983	10,147	18,983	10,147
Other income				
- Sundry income	1,259	1,942	1,259	1,942
	70,097	21,061	70,097	21,061

[^] Unwinding income is income earned on impaired financing, advances and other loans

Notes to the accounts

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31-Mar-11 RM'000	QUARTER ENDED 31-Mar-10 RM'000	3 MONTHS ENDED 31-Mar-11 RM'000	3 MONTHS ENDED 31-Mar-10 RM'000
16 (Writeback of)/net allowances for impairment for losses on financing				
(Writeback of)/net allowance for impaired financing/bad and doubtful financing :				
Individual impairment allowance				
- Written back	(2,721)	(220)	(2,721)	(220)
Portfolio impairment allowance				
- Made during the period	7,549	37,415	7,549	37,415
Bad debts on financing :				
- recovered	(13,025)	(4,458)	(13,025)	(4,458)
- written off	1	4	1	4
	<u>(8,196)</u>	<u>32,741</u>	<u>(8,196)</u>	<u>32,741</u>
17 Income attributable to depositors				
Deposits from customers				
- Mudharabah	75,673	53,639	75,673	53,639
- Non-Mudharabah	46,655	17,947	46,655	17,947
Deposits and placements of banks and other financial institutions				
- Mudharabah	87,351	37,602	87,351	37,602
- Non-Mudharabah	10,937	8,007	10,937	8,007
Subordinated Sukuk	4,401	4,354	4,401	4,354
	<u>225,017</u>	<u>121,549</u>	<u>225,017</u>	<u>121,549</u>
18 Personnel expenses				
Salaries, allowances and bonuses	5,502	5,931	5,502	5,931
Management cost charged	31,826	17,564	31,826	17,564
Other staff related costs	4,557	2,535	4,557	2,535
	<u>41,885</u>	<u>26,030</u>	<u>41,885</u>	<u>26,030</u>
19 Other overheads				
Establishment				
Rental	248	194	248	194
Depreciation of fixed assets	280	265	280	265
EDP expenses	93	1,003	93	1,003
Management cost charged	19,017	9,075	19,017	9,075
Others	888	2,487	888	2,487
Marketing				
Advertisement and publicity	182	3,222	182	3,222
Management cost charged	2,519	(1,038)	2,519	(1,038)
Others	516	157	516	157
General expenses				
Auditor's remuneration-statutory audit	23	23	23	23
Amortisation of intangible assets	410	944	410	944
Professional fees	291	476	291	476
Management cost charged	11,670	9,290	11,670	9,290
Others	2,430	2,852	2,430	2,852
	<u>38,567</u>	<u>28,950</u>	<u>38,567</u>	<u>28,950</u>

Notes to the accounts

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
QUARTER	QUARTER	3 MONTHS	3 MONTHS
ENDED	ENDED	ENDED	ENDED
31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
RM'000	RM'000	RM'000	RM'000

20 Taxation and zakat

Major components of tax and zakat expense:

Current tax and zakat expense

Deferred taxation

37,349	21,092	37,349	21,092
(642)	(626)	(642)	(626)
36,707	20,466	36,707	20,466

Reconciliation

Profit before taxation and zakat

Tax calculated at a rate of 25% (2010: 25%)

Tax effects:

- income not subject to tax

- expenses not deductible for tax purposes

Tax expense

146,432	80,652	146,432	80,652
36,608	20,163	36,608	20,163
(13)	(54)	(13)	(54)
112	357	112	357
36,707	20,466	36,707	20,466

21 CHANGE IN ACCOUNTING POLICIES

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

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

Statement of changes in equity

	Balances as at 1 January 2010		
	As previously reported	Effects of adopting Amendments to FRS 2	As restated
	RM'000	RM'000	RM'000
Accumulated profits	78,178	(14,573)	63,605
Share-based payment reserve	-	14,573	14,573

	Balances as at 1 January 2011		
	As previously reported	Effects of adopting Amendments to FRS 2	As restated
	RM'000	RM'000	RM'000
Accumulated profits	221,658	(15,159)	206,499
Share-based payment reserve	-	15,159	15,159