

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Group		Bank	
		30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Assets					
Cash and short term funds		17,088,528	25,023,098	11,640,415	17,699,691
Reverse repurchase agreements		3,851,613	4,260,951	2,920,422	2,857,456
Deposits and placements with banks and other financial institutions		13,223,461	3,402,596	20,324,261	11,934,278
Financial assets held for trading	A7	13,053,580	13,818,079	10,262,643	10,152,185
Financial investments available-for-sale	A8	8,486,241	8,080,319	7,156,941	6,524,708
Financial investments held-to-maturity	A9	13,113,744	12,875,251	10,801,727	10,702,270
Derivative financial instruments	A20(i)	4,443,618	3,504,962	4,309,065	3,203,614
Loans, advances and financing	A10	120,697,103	113,480,642	87,626,825	84,456,367
Other assets	A11	2,351,853	2,119,150	1,812,007	1,607,800
Deferred taxation		47,466	301,447	198,234	281,880
Tax recoverable		183,921	2,945	-	-
Statutory deposits with central banks		500,008	841,857	317,293	661,983
Investment in subsidiaries		-	-	3,720,051	3,816,500
Investment in jointly controlled entity		132,959	134,559	124,448	124,448
Investment in associate		368,686	268,636	323,732	245,034
Amount due from holding company and ultimate holding company		29,605	47,122	752	14,846
Amount due from subsidiaries		-	-	794,230	128,064
Amount due from related companies		1,098,723	998,818	1,092,782	994,989
Goodwill		4,878,365	4,923,701	3,555,075	3,555,075
Intangible assets		562,428	573,416	519,551	512,674
Prepaid lease payments		11,554	16,340	8,158	12,511
Property, plant and equipment		948,661	996,521	545,078	564,486
Investment properties		99,807	120,349	91,657	96,857
		205,171,924	195,790,759	168,145,347	160,147,716
Non-current assets/disposal groups held for sale		129,750	226,224	17,792	73,902
Total Assets		205,301,674	196,016,983	168,163,139	160,221,618
Liabilities					
Deposits from customers	A12	155,701,085	146,872,345	118,757,081	114,449,911
Deposits and placements of banks and other financial institutions	A13	13,413,759	14,180,946	19,392,937	17,633,397
Repurchase agreements		33,494	565,097	33,494	-
Derivative financial instruments	A20(i)	4,590,633	3,462,938	4,355,281	3,261,121
Bills and acceptances payable		3,433,202	4,056,811	2,147,459	2,826,165
Amount due to Cagamas Berhad		232,636	335,612	232,636	335,612
Amount owing to ultimate holding company		52,526	55,439	-	-
Amount due to subsidiaries		-	-	41,505	118,668
Amount due to related companies		281,887	9,710	266,169	285
Other liabilities	A14	3,302,331	3,149,346	2,685,181	2,463,818
Provision for taxation and zakat		11,649	109,169	11,649	104,395
Other borrowings		973,500	1,027,500	-	-
Bond		432,591	443,051	-	-
Subordinated notes		4,124,021	4,106,716	4,219,930	4,199,805
Redeemable preference shares		746,766	751,437	-	-
		187,330,080	179,126,117	152,143,322	145,393,177
Liabilities directly associated with non-current assets/disposal groups classified as held for sale		40,974	-	-	-
Total Liabilities		187,371,054	179,126,117	152,143,322	145,393,177

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	Note	Group		Bank	
		30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Equity					
Capital and reserves attributable to equity holders of the Bank					
Ordinary share capital		3,764,466	3,764,466	3,764,466	3,764,466
Reserves		13,680,394	12,640,620	12,025,611	10,834,235
		17,444,860	16,405,086	15,790,077	14,598,701
Perpetual preference shares		200,000	200,000	200,000	200,000
Redeemable preference shares		29,740	29,740	29,740	29,740
Minority interests		256,020	256,040	-	-
Total Equity		17,930,620	16,890,866	16,019,817	14,828,441
Total Equity and Liabilities		205,301,674	196,016,983	168,163,139	160,221,618
Commitments and contingencies	A20(ii)	339,119,514	308,557,853	295,690,766	279,521,325
Credit equivalent	A20(ii)	13,868,647	11,866,251	12,120,877	10,723,435
Net assets per ordinary share (RM)		4.63	4.36	4.19	3.88

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 2009.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

GROUP	Note	Individual Quarter		Cumulative Quarters	
		2nd Quarter Ended 30 June 2010	30 June 2009	Six months ended 30 June 2010	30 June 2009
		RM'000	RM'000	RM'000	RM'000
Interest income	A15	1,704,564	1,737,879	3,334,918	3,591,849
Interest expense	A16	(632,803)	(658,233)	(1,190,028)	(1,478,761)
Net interest income		1,071,761	1,079,646	2,144,890	2,113,088
Income from Islamic Banking operations	A24b	290,748	153,811	503,639	301,893
Non-interest income	A17	503,411	519,838	994,190	1,133,554
Overheads	A18	(1,053,010)	(872,914)	(2,032,461)	(1,778,377)
Profit before allowances		812,910	880,381	1,610,258	1,770,158
Allowances for impairment losses on loans, advances and financing	A19	(3,113)	(199,790)	(123,051)	(394,830)
Write-back of/(allowance for) losses on other receivables		25	(221)	(555)	(221)
Allowance for commitments and contingencies		(611)	(6,952)	(304)	(16,159)
Write-back of other impairment losses		19,468	25,711	24,462	17,484
		828,679	699,129	1,510,810	1,376,432
Share of results of jointly controlled entity		1,664	3,977	4,112	4,207
Share of results of associates		11,151	5,697	21,352	5,697
Profit before taxation and zakat		841,494	708,803	1,536,274	1,386,336
Taxation and zakat		(143,110)	(144,648)	(293,277)	(299,194)
Profit for the financial period		698,384	564,155	1,242,997	1,087,142
Profit for the period attributable to :					
Equity holders of the Bank		695,154	564,066	1,237,882	1,075,094
Minority interests		3,230	89	5,115	12,048
		698,384	564,155	1,242,997	1,087,142
Earnings per share attributable to ordinary equity holders of the Bank - basic/fully diluted (sen)	B3	18.47	15.49	32.88	29.53
Profit for the financial period		698,384	564,155	1,242,997	1,087,142
Other Comprehensive Income:					
Revaluation reserve financial investments available-for-sale					
- Net gain/(loss) from change in fair value		55,735	(53,520)	141,209	(42,130)
- Net gain transferred to comprehensive income on disposal and impairment		(6,726)	(34,670)	(16,490)	(74,965)
- Transfer (from)/to deferred tax assets		(12,889)	15,942	(88,323)	(4,105)
Net investment hedge		31,783	85,237	140,496	(31,067)
Exchange fluctuation reserve		(57,512)	(100,834)	(193,850)	17,493
Other comprehensive income for the period, net of tax		10,391	(87,845)	(16,958)	(134,774)
Total comprehensive income for the period		708,775	476,310	1,226,039	952,368
Total comprehensive income for the period attributable to:					
Equity holders of the Bank		705,974	475,310	1,220,006	941,045
Minority interests		2,801	1,000	6,033	11,323
		708,775	476,310	1,226,039	952,368

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Note	Individual Quarter		Cumulative Quarters	
		2nd Quarter Ended 30 June 2010	30 June 2009	Six months ended 30 June 2010	30 June 2009
BANK		RM'000	RM'000	RM'000	RM'000
Interest income	A15	1,556,776	1,481,510	3,020,076	3,045,425
Interest expense	A16	(596,725)	(570,122)	(1,112,074)	(1,259,665)
Net interest income		960,051	911,388	1,908,002	1,785,760
Income from Islamic Banking operations	A24b	4,113	864	8,279	4,000
Non-interest income	A17	491,341	383,934	975,854	959,984
Overheads	A18	1,455,505 (862,299)	1,296,186 (704,834)	2,892,135 (1,637,907)	2,749,744 (1,425,590)
Profit before allowances		593,206	591,352	1,254,228	1,324,154
Write-back of/(allowances for) impairment losses on loans, advances and financing	A19	27,799	(48,725)	(39,035)	(190,816)
Write-back of/(allowance for) losses on other receivables		25	(221)	(555)	(221)
Write-back of/(allowance for) other impairment losses		12,458	33,430	20,004	(7,643)
Profit after allowances before taxation and zakat		633,488	575,836	1,234,642	1,125,474
Taxation and zakat		(119,493)	(130,038)	(247,071)	(283,253)
Profit for the financial period		513,995	445,798	987,571	842,221
Earnings per share attributable to ordinary equity holders of the Bank - basic/fully diluted (sen)	B3	13.65	12.24	26.23	23.13
Profit for the financial period		513,995	445,798	987,571	842,221
Other Comprehensive Income:					
Revaluation reserve financial investments available-for-sale					
- Net gain/(loss) from change in fair value		42,977	(65,429)	118,779	(49,647)
- Net gain transferred to comprehensive income on disposal and impairment		(4,174)	(6,785)	(11,556)	(23,279)
- Transfer (from)/to deferred tax assets		(13,224)	14,878	(89,937)	(5,352)
Net investment hedge		31,783	85,237	140,496	(31,067)
Exchange fluctuation reserve		(15,322)	(7,842)	(17,678)	12,743
Other comprehensive income for the period, net of tax		42,040	20,059	140,104	(96,602)
Total comprehensive income for the period		556,035	465,857	1,127,675	745,619

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

The Group	Redeemable		Share premium	Statutory reserve	Exchange fluctuation reserve	Revaluation reserve- financial investments available-for-sale	Merger deficit	Capital reserve	Hedging reserve	Regulatory reserve*	Retained profits	Total	Perpetual preference shares	Minority interests	Total Equity
	Share capital	Preference Shares													
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	3,764,466	29,740	5,033,622	3,587,568	41,168	92,059	(1,085,928)	735,457	(103,375)	-	4,340,049	16,434,826	200,000	256,040	16,890,866
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	238,431	-	-	-	-	(418,663)	(180,232)	-	(2,254)	(182,486)
Adjusted 1 January 2010	3,764,466	29,740	5,033,622	3,587,568	41,168	330,490	(1,085,928)	735,457	(103,375)	-	3,921,386	16,254,594	200,000	253,786	16,708,380
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,237,882	1,237,882	-	5,115	1,242,997
Other comprehensive income (net of tax)	-	-	-	-	(194,121)	35,749	-	-	140,496	-	-	(17,876)	-	918	(16,958)
- financial investments available-for-sale	-	-	-	-	-	35,749	-	-	-	-	-	35,749	-	647	36,396
- net investment hedge	-	-	-	-	-	-	-	-	140,496	-	-	140,496	-	-	140,496
- currency translation difference	-	-	-	-	(194,121)	-	-	-	-	-	-	(194,121)	-	271	(193,850)
Total comprehensive income for the period	-	-	-	-	(194,121)	35,749	-	-	140,496	-	1,237,882	1,220,006	-	6,033	1,226,039
Transfer to statutory reserve	-	-	-	270,814	-	-	-	-	-	-	(270,814)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	102,614	(102,614)	-	-	-	-
Interim dividends for FYE2010	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,799)	(3,799)
Realisation of pre-acquisition financial investments available-for-sale revaluation reserve	-	-	-	-	-	(27,798)	-	-	-	-	27,798	-	-	-	-
At 30 June 2010	3,764,466	29,740	5,033,622	3,858,382	(152,953)	338,441	(1,085,928)	735,457	37,121	102,614	4,813,638	17,474,600	200,000	256,020	17,930,620
At 1 January 2009	2,974,009	29,740	4,157,074	3,158,429	(54,418)	131,117	(1,085,928)	735,457	(122,336)	-	2,939,895	12,863,039	200,000	18,879	13,081,918
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,075,094	1,075,094	-	12,048	1,087,142
Other comprehensive income (net of tax)	-	-	-	-	18,218	(121,200)	-	-	(31,067)	-	-	(134,049)	-	(725)	(134,774)
- financial investments available-for-sale	-	-	-	-	-	(121,200)	-	-	-	-	-	(121,200)	-	-	(121,200)
- net investment hedge	-	-	-	-	-	-	-	-	(31,067)	-	-	(31,067)	-	-	(31,067)
- currency translation difference	-	-	-	-	18,218	-	-	-	-	-	-	18,218	-	(725)	17,493
Total comprehensive income for the period	-	-	-	-	18,218	(121,200)	-	-	(31,067)	-	1,075,094	941,045	-	11,323	952,368
Transfer to statutory reserve	-	-	-	151,599	-	-	-	-	-	-	(151,599)	-	-	-	-
Interim dividends for FYE 2008	-	-	-	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(1,125)	(151,125)
Interim dividends for FYE2009	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,700)	(11,700)
Issue of shares due to rights issue	123,457	-	876,543	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	55,774	55,774
At 30 June 2009	3,097,466	29,740	5,033,617	3,310,028	(36,200)	9,917	(1,085,928)	735,457	(153,403)	-	3,713,390	14,654,084	200,000	73,151	14,927,235

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

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CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

The Bank	Share capital RM'000	Redeemable Preference Shares RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Revaluation reserve- financial investments available-for-sale RM'000	Merger deficit RM'000	Capital reserve RM'000	Hedging reserve RM'000	Regulatory reserve* RM'000	Retained profits RM'000	Perpetual preference shares RM'000	Total Equity RM'000
At 1 January 2010	3,764,466	29,740	5,033,622	3,541,277	(31,198)	34,535	(1,047,872)	746,852	(103,376)	-	2,660,394	200,000	14,828,440
Effect of adopting FRS 139 on 1 January 2010	-	-	-	-	-	238,431	-	-	-	-	(174,729)	-	63,702
Adjusted 1 January 2010	3,764,466	29,740	5,033,622	3,541,277	(31,198)	272,966	(1,047,872)	746,852	(103,376)	-	2,485,665	200,000	14,892,142
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	987,571	-	987,571
Other comprehensive income (net of tax)	-	-	-	-	(17,678)	17,286	-	-	140,496	-	-	-	140,104
- financial investments available-for-sale	-	-	-	-	-	17,286	-	-	-	-	-	-	17,286
- net investment hedge	-	-	-	-	-	-	-	-	140,496	-	-	-	140,496
- currency translation difference	-	-	-	-	(17,678)	-	-	-	-	-	-	-	(17,678)
Total comprehensive income for the period	-	-	-	-	(17,678)	17,286	-	-	140,496	-	987,571	-	1,127,675
Transfer to statutory reserve	-	-	-	246,893	-	-	-	-	-	-	(246,893)	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	102,614	(102,614)	-	-
At 30 June 2010	3,764,466	29,740	5,033,622	3,788,170	(48,876)	290,252	(1,047,872)	746,852	37,120	102,614	3,123,729	200,000	16,019,817
At 1 January 2009	2,974,009	29,740	4,157,074	3,174,009	(48,473)	81,632	(1,047,872)	746,852	(122,336)	-	1,708,589	200,000	11,853,224
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	842,221	-	842,221
Other comprehensive income (net of tax)	-	-	-	-	12,743	(78,278)	-	-	(31,067)	-	-	-	(96,602)
- financial investments available-for-sale	-	-	-	-	-	(78,278)	-	-	-	-	-	-	(78,278)
- net investment hedge	-	-	-	-	-	-	-	-	(31,067)	-	-	-	(31,067)
- currency translation difference	-	-	-	-	12,743	-	-	-	-	-	-	-	12,743
Total comprehensive income for the period	-	-	-	-	12,743	(78,278)	-	-	(31,067)	-	842,221	-	745,619
Transfer to statutory reserve	-	-	-	123,457	-	-	-	-	-	-	(123,457)	-	-
Interim dividends for FYE 2008	-	-	-	-	-	-	-	-	-	-	(150,000)	-	(150,000)
Issue of shares due to rights issue	123,457	-	876,543	-	-	-	-	-	-	-	-	-	1,000,000
At 30 June 2009	3,097,466	29,740	5,033,617	3,297,466	(35,730)	3,354	(1,047,872)	746,852	(153,403)	-	2,277,353	200,000	13,448,843

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

CIMB BANK BERHAD (13491-P)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before taxation and zakat	1,536,274	1,386,336	1,234,642	1,125,474
Adjustments for non-operating and non-cash items	<u>(285,395)</u>	<u>(236,820)</u>	<u>(641,319)</u>	<u>(127,869)</u>
Operating profit before changes in working capital	1,250,879	1,149,516	593,323	997,605
Net changes in operating assets	(16,609,408)	(16,140,585)	(12,530,601)	(5,396,660)
Net changes in operating liabilities	<u>7,419,233</u>	<u>15,773,000</u>	<u>6,184,462</u>	<u>5,654,376</u>
	(9,190,175)	(367,585)	(6,346,139)	257,716
Cash flows used in operations	<u>(7,939,296)</u>	781,931	<u>(5,752,816)</u>	1,255,321
Taxation paid	<u>(324,696)</u>	<u>(137,337)</u>	<u>(282,479)</u>	<u>(133,417)</u>
Net cash flows (used in)/generated from operating activities	(8,263,992)	644,594	(6,035,295)	1,121,904
Net cash flows generated from / (used in) investing activities	494,442	(3,650,682)	30,940	(1,593,057)
Net cash flows (used in) / generated from financing activities	(124,637)	4,776	(98,744)	(424,012)
Net decrease in cash and cash equivalents	<u>(7,894,187)</u>	<u>(3,001,312)</u>	<u>(6,103,099)</u>	<u>(895,165)</u>
Effects of exchange rate changes	(40,383)	(9,008)	43,823	(4,851)
Cash and cash equivalents at beginning of financial period	25,023,098	21,966,362	17,699,691	14,308,346
Cash and cash equivalents at end of financial period	<u>17,088,528</u>	<u>18,956,042</u>	<u>11,640,415</u>	<u>13,408,330</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2009.

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The unaudited condensed interim financial statements for the financial period ended 30 June 2010 have been prepared under the historical cost convention, except for financial assets held for trading, financial investments available-for-sale, derivative financial instruments, investment properties and non-current assets/disposal groups held for sale, that have been measured at fair value.

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

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 2009, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2010:

- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 2 "Share-based Payment Vesting Conditions and Cancellations"
- FRS 4 "Insurance Contracts"
- Amendment to FRS 5 - "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 January 2010)
- FRS 7 "Financial Instruments: Disclosures"
- Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"
- FRS 8 "Operating Segments"
- Amendment to FRS 8 "Operating Segments"
- FRS 101 "Presentation of Financial Statements"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- Amendment to FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendment to FRS 117 "Leases"
- Amendment to FRS 119 "Employee Benefits"
- Amendment to FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 128 "Investments in Associates"
- Amendment to FRS 131 "Interests in Joint Ventures"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendment to FRS 134 "Interim Financial Reporting"
- Amendment to FRS 138 "Intangible Assets" (effective 1 January 2010)
- Amendment to FRS 140 "Investment Property"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customers Loyalty Programmes"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group and the Bank:

- 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" (effective 1 July 2010)
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 138 "Intangible Assets" (effective 1 July 2010)
- 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 15 "Agreements for the Construction of Real Estate"
- 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"

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.

During the 4th quarter of 2008, the Bank had reclassified a portion of financial assets held-for-trading category to financial investments held-to-maturity category based on current market prices at the relevant dates of the reclassifications. The Bank had carried out a similar reclassification from financial assets held for trading category to financial investments available-for-sale category during the financial year 2009. These reclassifications are permitted under BNM's circular dated 17 October 2008 on Reclassification of Securities under Specific Circumstances which is effective from 1 July 2008 to 31 December 2009.

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

PART A - EXPLANATORY NOTES

A2. CHANGES IN ESTIMATES

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

A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no new issuance and repayment of debt and equity securities during the six-months period ended 30 June 2010.

A4. PROPOSED DIVIDEND

The Directors proposed a tax exempt interim dividend of RM247,395,000 (approximately 8.319 sen per Redeemable Preference Shares ("RPS")) and a net taxable interim dividend of RM91,688,254 (approximately 3.083 sen per RPS) on 2,974,009,486 RPS of RM0.01 each in respect of the financial year ending 31 December 2010.

A5. STATUS OF CORPORATE PROPOSALS

Proposed acquisition by CIMB-Principal Asset Management Berhad ("CIMB-Principal"), being a 60% subsidiary of CIMB Group Sdn Bhd ("CIMBG") of equity interest in BT Asset Management Company Limited ("BTAM"), from CIMB Thai Bank Public Company Limited ("CIMB Thai") ("BTAM Transaction")

On 28 April 2010, CIMB Thai, a 93.15% owned subsidiary of CIMB Bank Berhad ("CIMB Bank"), which in turn is a 99.99% owned subsidiary of CIMBG, entered into a Share Sale Agreement with CIMB-Principal, a 60% owned subsidiary of CIMBG, to dispose to the latter 24,000,000 ordinary shares of THB10 each representing the entire equity interest in BTAM, for a cash consideration of THB250,000,000 (equivalent to approximately MYR 25,181,000). The BTAM Transaction was completed on 30 June 2010.

A6. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There were no significant events occurred between 30 June 2010 and the date of this announcement.

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Money market instruments				
Unquoted				
Malaysian Government securities	382,561	1,018,713	382,561	1,018,713
Cagamas bonds	18,333	28,283	18,333	28,283
Malaysian Government treasury bills	133,231	185,033	133,231	185,033
Other Government securities	1,059,671	862,061	1,059,671	862,061
Bank Negara Malaysia bills	2,844,482	2,779,851	2,844,482	2,779,851
Bank Negara Malaysia negotiable notes	1,280,376	1,887,613	394,000	700,649
Bankers' acceptances and Islamic accepted bills	606,697	696,623	599,176	641,989
Negotiable instruments of deposit	2,676,581	3,002,701	1,666,930	1,673,891
Credit-linked notes	128,507	158,604	128,507	136,482
Commercial papers	38,309	29,982	13,477	29,982
Government Investment Issue	87,092	500,213	16,528	1,627
	9,255,840	11,149,677	7,256,896	8,058,561
Quoted securities				
<u>In Malaysia</u>				
Shares	588,751	457,382	588,720	456,470
Warrants	5	5	-	-
	588,756	457,387	588,720	456,470
<u>Outside Malaysia</u>				
Shares	546	7,840	-	-
Private debt securities	1,719	2,696	-	-
Other Government bonds	152,532	41,500	-	-
	154,797	52,036	-	-
Unquoted securities				
<u>In Malaysia</u>				
Shares	5,795	5,001	5,795	5,001
Private & Islamic debt securities	1,824,730	1,508,728	1,617,564	1,309,247
	1,830,525	1,513,729	1,623,359	1,314,248
<u>Outside Malaysia</u>				
Private & Islamic debt securities	1,223,662	645,250	793,668	322,906
Total financial assets held for trading	13,053,580	13,818,079	10,262,643	10,152,185

PART A - EXPLANATORY NOTES (CONTINUED)

A7. FINANCIAL ASSETS HELD FOR TRADING (CONTINUED)

Reclassification from financial assets held for trading to financial investments available-for-sale

In 2009, the Bank reclassified financial assets held for trading category to financial investments available-for-sale category. There was no such reclassification in 2010.

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

The fair value of the securities reclassified from the financial assets held for trading category to financial investments available-for-sale category as of the date of reclassification is RMNil (2009: RM247,330,000).

Included in the non-interest income in 2009 is the net gains arising from the change in fair value recognised in the comprehensive income in respect of the reclassified securities:

	Group		Bank	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Net fair value gains recognised in:				
- non-interest income	-	156	-	156

As of the date of reclassification, the effective interest rates on the reclassified financial assets held for trading to financial investments available-for-sale, based on the new cost is an average of Nil% (2009: 4.56%) per annum. The expected recoverable cash flows for the reclassified financial assets held for trading to financial investments available-for-sale category amount to RMNil (2009: RM246,700,000).

PART A - EXPLANATORY NOTES (CONTINUED)

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Money market instruments				
Unquoted				
Malaysian Government securities	188,709	180,895	183,059	180,895
Khazanah bonds	-	34,975	-	-
Government Investment Issues	290,656	360,354	225,290	230,577
Commercial Papers	-	19,539	-	-
Cagamas bonds	277,725	275,157	242,842	240,765
	757,090	870,920	651,191	652,237
Quoted securities:				
<u>Outside Malaysia</u>				
Shares	5,308	5,830	447	-
Other Government bonds	381,111	469,788	-	-
Unit trusts	261,618	266,525	-	-
Private debt securities	90,337	109,214	90,337	105,042
	738,374	851,357	90,784	105,042
Unquoted securities:				
<u>In Malaysia</u>				
Private debt securities	6,225,598	5,900,409	5,872,163	5,573,980
Shares	722,101	379,095	721,465	378,520
Bonds funds	4,093	4,111	-	-
Loan stocks	19,424	19,437	19,424	19,437
	6,971,216	6,303,052	6,613,052	5,971,937
<u>Outside Malaysia</u>				
Shares	27,215	28,528	222	875
Private equity funds	78,314	119,786	-	-
Unit trusts	182,545	196,878	58,428	61,669
Private debt securities	33,529	28,325	-	-
	321,603	373,517	58,650	62,544
	8,788,283	8,398,846	7,413,677	6,791,760
Allowance for impairment losses:				
Private debt securities	(243,032)	(253,390)	(242,809)	(253,112)
Quoted shares	(2,640)	(3,026)	-	-
Unquoted shares	(28,391)	(33,552)	(7,035)	(7,035)
Loan stocks	(6,892)	(6,905)	(6,892)	(6,905)
Unit trusts	(21,087)	(21,654)	-	-
	(302,042)	(318,527)	(256,736)	(267,052)
Total financial investments available-for-sale	8,486,241	8,080,319	7,156,941	6,524,708

Included in financial investments available-for-sale are securities transferred from the financial assets held for trading in 2009 with the following amortised cost and fair value as at 30 June 2010 and 31 December 2009 respectively.

	Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Amortised cost	242,341	246,776
Fair value	317,527	249,342

PART A - EXPLANATORY NOTES (CONTINUED)

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Money market instruments :				
Unquoted				
Malaysian Government securities	1,123,977	1,123,977	1,123,977	1,123,977
Malaysian Government investment issue	600,225	-	500,189	-
Cagamas bonds	294,817	294,817	294,817	294,817
	2,019,019	1,418,794	1,918,983	1,418,794
Quoted				
<u>Outside Malaysia</u>				
Structured notes	326,886	342,847	-	-
Private debt securities	938,845	740,754	-	-
	1,265,731	1,083,601	-	-
Unquoted securities				
<u>In Malaysia</u>				
Shares	-	270	-	-
Loans stocks	31,384	31,814	-	-
Islamic commercial paper	-	6,775	-	-
Danaharta Urus Sdn Bhd bonds	929,639	929,639	929,639	929,639
Private debt securities	6,207,219	7,698,001	5,208,797	6,692,180
	7,168,242	8,666,499	6,138,436	7,621,819
<u>Outside Malaysia</u>				
Private debt securities	2,428,499	1,518,478	2,457,612	1,418,763
Accretion of discount net of amortisation of premium	286,696	242,894	286,696	242,894
Less : Allowance for impairment losses	(54,443)	(55,015)	-	-
Total financial investments held-to-maturity	13,113,744	12,875,251	10,801,727	10,702,270

Included in the financial investments held-to-maturity are securities transferred from the financial assets held-for-trading category during the 4th quarter of 2008, with the following carrying value and fair value as at 30 June 2010 and 31 December 2009 respectively:

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Carrying value	4,111,754	4,698,031	3,721,960	4,257,223
Fair value	4,074,844	4,792,894	3,662,582	4,336,098

Included in the financial investments held-to-maturity of the Group as at 30 June 2010 are 10-year promissory notes of THB746 million (2009: THB 746 million) maturing in 2011, which were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer the impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. The sharing of gain or losses will be calculated at the end of the agreement.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
(i) By type of financing				
At amortised cost				
Overdrafts	8,484,853	7,934,860	7,623,674	7,110,689
Term loans/financing				
- Housing loan/financing	42,384,545	35,941,384	26,595,510	24,788,159
- Syndicated term loan	7,617,580	7,616,727	6,169,707	3,567,819
- Other term loans/financing	51,352,591	46,171,054	29,679,085	28,901,592
- Factoring receivables	25,009	39,169	-	-
- Lease receivables	62,567	45,355	-	-
- Hire purchase receivables	14,966,143	14,276,162	8,360,713	9,181,267
Bills receivable	2,248,414	1,893,087	326,369	183,383
Trust receipts	907,308	810,827	517,455	533,707
Claim on customers under acceptance credit	3,862,164	4,294,096	3,676,987	4,113,973
Staff loans	383,114	406,409	381,033	405,075
Credit card receivables	3,689,194	3,029,562	3,619,191	2,980,589
Revolving credit	7,017,208	8,459,959	5,105,627	6,597,926
Share margin financing	417,344	430,368	397,496	407,172
	143,418,034	131,349,019	92,452,847	88,771,351
Less: Unearned interest	(17,742,919)	(13,653,593)	(1,274,927)	(1,431,100)
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251
Fair value changes arising from fair value hedges	197,193	45,028	84,992	18,509
	125,872,308	117,740,454	91,262,912	87,358,760
Less: Allowance for impairment losses				
- Individual impairment allowance	(2,913,435)	-	(1,794,163)	-
- Portfolio impairment allowance	(2,261,770)	-	(1,841,924)	-
- Specific allowance	-	(2,695,272)	-	(1,644,003)
- General allowance	-	(1,564,540)	-	(1,258,390)
	(5,175,205)	(4,259,812)	(3,636,087)	(2,902,393)
Total net loans, advances and financing	120,697,103	113,480,642	87,626,825	84,456,367

(a) Included in the Group's and the Bank's loans, advances and financing balances are RM1,704,580,000 (2009: RM2,080,513,000) of net loans relating to that of a jointly controlled entity, PCSB. The revenue and risks of these accounts are shared equally between the Bank and the joint venture partner, Proton Edar Sdn Bhd, pursuant to the terms of a Joint Venture Agreement.

(b) Included in other term loans of the Group and the Bank are RM10,558,520,000 (2009: RM7,578,237,000) and RM6,058,520,000 (2009: RM6,059,115,000) respectively provided on normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

(c) Included in the Group's and the Bank's loans, advances and financing balances are RM77,619,000 (2009: RM80,235,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

(d) The Group and the Bank have undertaken fair value hedge on the interest rate risk of RM6,361,675,000 (2009: RM5,468,179,000) and RM3,118,179,000 (2009: RM4,118,179,000) respectively, using interest rate swaps.

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Gross loan hedged	6,361,675	5,468,179	3,118,179	4,118,179
Fair value changes arising from fair value hedges	197,193	45,028	84,992	18,509
	6,558,868	5,513,207	3,203,171	4,136,688

The fair values of interest rate swaps of the Group and the Bank as at 30 June 2010 were RM255,909,745 (2009: RM104,052,171) and RM122,093,519 (2009: RM62,493,674) respectively.

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

As at 30 June 2010, the gross exposure and portfolio impairment allowance/general allowance relating to RPSIA financing are RM9,262 million (2009: RM4,247 million) and RM119.2 million (2009: RM63.7 million) respectively.

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

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
(ii) By type of customers				
Domestic banking institutions	95,790	123,764	-	-
Domestic non-bank financial institutions				
- others	2,626,893	3,697,005	2,495,306	3,599,009
Domestic business enterprises				
- small medium enterprises	11,562,313	11,111,752	10,037,249	9,990,157
- others	26,760,210	26,908,896	15,866,018	16,102,866
Government and statutory bodies	10,666,325	7,680,833	6,121,992	6,148,279
Individuals	63,482,298	57,535,132	48,404,266	45,789,079
Other domestic entities	3,712,313	4,006,369	2,333,686	359,916
Foreign entities	6,768,973	6,631,675	5,919,403	5,350,945
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
(iii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/ financing	3,231,577	6,074,280	2,369,855	4,443,826
- Hire purchase receivables	12,459,248	11,872,957	7,075,482	7,736,546
- Other fixed rate loans	21,062,748	19,307,648	17,443,831	15,405,969
Variable rate				
- BLR plus	47,814,995	43,334,371	43,315,369	41,041,340
- Cost-plus	25,503,727	21,888,489	13,789,065	14,281,194
- Other variable rates	15,602,820	15,217,681	7,184,318	4,431,376
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251
(iv) By economic purpose				
Personal use	4,727,654	4,503,629	2,202,350	2,064,033
Credit cards	3,689,195	3,030,000	3,619,191	2,980,589
Purchase of consumer durables	2,677	3,688	2,426	3,667
Construction	3,454,573	3,550,772	2,070,271	2,193,835
Residential property (housing)	33,305,183	29,839,340	27,013,061	25,241,179
Non-residential property	10,780,699	9,616,125	9,346,614	8,591,312
Purchase of fixed assets other than land & buildings	1,371,973	1,340,343	415,008	440,699
Mergers and acquisitions	1,852,358	1,737,598	1,850,904	1,737,598
Purchase of securities	7,214,432	9,104,676	5,132,923	5,995,810
Purchase of transport vehicles	12,395,541	11,620,841	7,170,524	7,859,651
Working capital	32,340,119	29,508,661	20,967,168	21,413,296
Other purposes	14,540,711	13,839,753	11,387,480	8,818,582
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251
(v) By geographical distribution				
Malaysia	111,130,213	103,498,696	85,988,174	82,083,620
Thailand	9,355,154	8,940,099	-	-
Other countries	5,189,748	5,256,631	5,189,746	5,256,631
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251
(vi) By residual contractual maturity				
Within one year	21,526,573	18,602,963	14,702,911	11,339,896
One year to less than three years	31,299,271	33,085,173	26,757,000	26,652,129
Three years to less than five years	14,869,502	13,615,544	11,889,575	11,088,569
Five years and more	57,979,769	52,391,746	37,828,434	38,259,657
Gross loans, advances and financing	125,675,115	117,695,426	91,177,920	87,340,251

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
(vii) Impaired loans/non-performing loan by economic purpose				
Personal use	152,611	139,234	84,054	69,528
Credit cards	60,501	64,665	58,599	63,016
Purchase of consumer durables	262	223	262	223
Construction	1,375,632	298,068	1,044,251	125,800
Residential property (housing)	826,151	675,363	686,353	555,191
Non-residential property	223,642	194,018	207,666	185,673
Purchase of fixed assets other than land & buildings	67,811	52,666	20,398	7,459
Purchase of securities	38,340	35,455	1,742	8,676
Purchase of transport vehicles	340,292	339,556	251,272	262,055
Working capital	2,794,935	1,486,427	2,229,601	895,384
Other purposes	826,513	816,813	146,303	123,926
Gross impaired loan/non-performing loan	6,706,690	4,102,488	4,730,501	2,296,931
(viii) Impaired loan/non-performing loan by geographical distribution				
Malaysia	5,374,954	2,571,331	4,560,935	2,079,301
Thailand	1,162,170	1,313,527	-	-
Other countries	169,566	217,630	169,566	217,630
Gross impaired loan/non-performing loan	6,706,690	4,102,488	4,730,501	2,296,931
(ix) Movements in impaired loans/non-performing loans				
Balance as at 1 January				
- as previously reported	4,102,488	5,473,778	2,296,931	5,143,808
- classified as impaired due to adoption of FRS 139*	3,165,839	-	2,248,675	-
- as adjusted	7,268,327	5,473,778	4,545,606	5,143,808
Classified as impaired/non-performing during the period / year	1,762,653	3,700,995	1,520,101	2,889,444
Reclassified as not impaired/performing during the period / year	(1,154,880)	(1,954,582)	(984,185)	(1,706,141)
Amount written back in respect of recoveries	(491,459)	(889,715)	(378,004)	(738,631)
Amount written off	(268,680)	(1,025,067)	(194,248)	(683,862)
Impaired loans arising from acquisition of a subsidiary	-	1,398,003	-	-
Purchase of impaired loans/non-performing loans from third party	-	3,852	-	-
Sale of impaired loans	-	(2,607,193)	-	(2,607,193)
Amount transferred from a subsidiary	-	-	238,046	-
Amount reclassified to non-current assets held for sale	(332,199)	-	-	-
Exchange fluctuation	(77,072)	2,417	(16,815)	(494)
Balance as at 30 June/31 December	6,706,690	4,102,488	4,730,501	2,296,931
Ratio of gross impaired/non-performing loans to total loans, advances and financing	5.34%	3.49%	5.19%	2.63%

* Represents restatement of interest-in-suspense and loans previously classified as performing under GP3 but considered impaired under FRS 139.

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<u>Individual impairment allowance</u>				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	3,370,235	-	1,856,453	-
Adjusted 1 January	3,370,235	-	1,856,453	-
Allowance made during the financial period/year	56,355	-	19,677	-
Allowance made and charged to deferred assets	2,420	-	2,420	-
Amount written off	(96,924)	-	(41,656)	-
Amount reclassified to non-current assets held for sale	(318,548)	-	-	-
Amount transferred to portfolio impairment allowance	(17,637)	-	-	-
Unwinding income	(45,374)	-	(23,704)	-
Exchange fluctuation	(37,092)	-	(19,027)	-
Balance as at 30 June/31 December	2,913,435	-	1,794,163	-
<u>Portfolio impairment allowance</u>				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	2,273,849	-	1,806,014	-
Adjusted 1 January	2,273,849	-	1,806,014	-
Net allowance made during the financial period/year	217,732	-	118,907	-
Allowance written back and charged to deferred assets	(421)	-	(421)	-
Amount written off	(209,511)	-	(182,969)	-
Amount transferred from individual impairment allowance	17,637	-	-	-
Amount reclassified to non-current assets held for sale	(11,103)	-	-	-
Amount written-back in relation to jointly controlled entity	(1,166)	-	(1,166)	-
Amount transferred from a subsidiary	-	-	119,980	-
Unwinding income	(19,123)	-	(18,297)	-
Exchange fluctuation	(6,124)	-	(124)	-
Balance as at 30 June/31 December	2,261,770	-	1,841,924	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less loans exempted from portfolio impairment allowance by BNM and individual impairment allowance	2.11%	-	2.10%	-

PART A - EXPLANATORY NOTES (CONTINUED)

A10. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
<u>Specific allowance</u>				
Balance as at 1 January	2,695,272	3,184,511	1,644,003	3,140,552
Adoption of FRS 139	(2,695,272)	-	(1,644,003)	-
Adjusted 1 January	-	3,184,511	-	3,140,552
Allowance made during the financial period/year	-	1,688,817	-	1,311,706
Allowance written back and charged to deferred assets	-	(2,880)	-	(2,880)
Amount written back in respect of recoveries	-	(537,217)	-	(445,862)
Amount written off	-	(848,198)	-	(672,137)
Sale of impaired loans	-	(1,682,837)	-	(1,688,240)
Allowance arising from acquisition of a subsidiary	-	880,800	-	-
Amount transferred general allowance	-	10,183	-	-
Allowance for non-performing loans purchased from third party	-	3,440	-	-
Allowance made in relation to jointly controlled entity	-	3,009	-	3,009
Exchange fluctuation	-	(4,356)	-	(2,145)
Balance as at 30 June/31 December	-	2,695,272	-	1,644,003
<u>General allowance</u>				
Balance as at 1 January	1,564,540	1,606,498	1,258,390	1,446,535
Adoption of FRS 139	(1,564,540)	-	(1,258,390)	-
Adjusted 1 January	-	1,606,498	-	1,446,535
Net allowance written back during the financial year	-	(120,118)	-	(189,482)
Amount transferred to specific allowance	-	(10,183)	-	-
Allowance arising from acquisition a subsidiary	-	88,309	-	-
Exchange fluctuation	-	34	-	1,337
Balance as at 30 June/31 December	-	1,564,540	-	1,258,390
(General allowance as % of gross loans, advances and financing less loans exempted from general allowance by BNM and specific allowance)	-	1.46%	-	1.50%

PART A - EXPLANATORY NOTES (CONTINUED)

A11. OTHER ASSETS

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Interest receivable	241,285	178,592	96,939	207,290
Deferred assets	177,736	198,610	177,736	198,610
Foreclosed properties	196,250	230,534	19,211	24,911
Due from brokers and clients	31,593	42,482	-	-
Due from insurers, brokers and reinsurers	5,808	4,796	-	-
Option financing	168,718	238,224	168,718	238,224
Credit Support Annex for derivative transactions	463,083	210,761	463,083	210,761
Amounts receivable from impaired loans sale	118,562	118,562	118,562	118,562
Other debtors, deposits and prepayments	948,818	896,589	767,758	609,442
	2,351,853	2,119,150	1,812,007	1,607,800

A12. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
(i) By type of deposit				
Demand deposits	30,037,694	30,197,077	26,928,030	26,789,999
Saving deposits	12,895,273	12,616,669	9,773,474	9,597,651
Fixed deposits	65,200,883	67,011,173	46,984,330	50,696,236
Negotiable instruments of deposit	2,038,960	1,544,632	1,217,604	988,417
Others	45,528,275	35,502,794	33,853,643	26,377,608
	155,701,085	146,872,345	118,757,081	114,449,911
(ii) By type of customer				
Government and statutory bodies	13,901,130	20,219,428	8,901,940	10,084,788
Business enterprises	72,576,206	61,805,399	50,287,745	50,062,704
Individuals	46,493,200	44,755,386	37,592,877	35,238,687
Others	22,730,549	20,092,132	21,974,519	19,063,732
	155,701,085	146,872,345	118,757,081	114,449,911
(iii) Maturity structure of fixed deposits and negotiable instruments of deposit				
One year or less (short term)	64,044,552	65,450,245	45,129,890	49,318,407
More than one year (medium/long term)	3,195,291	3,105,560	3,072,044	2,366,246
	67,239,843	68,555,805	48,201,934	51,684,653

PART A - EXPLANATORY NOTES (CONTINUED)**A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Licensed banks	2,857,490	5,621,151	10,010,166	10,360,758
Licensed finance companies	155,949	101,307	115,480	59,979
Licensed investment banks	4,707,541	5,352,466	3,884,341	4,242,116
Bank Negara Malaysia	365,000	365,000	365,000	365,000
Other financial institutions	5,327,779	2,741,022	5,017,950	2,605,544
	13,413,759	14,180,946	19,392,937	17,633,397

A14. OTHER LIABILITIES

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Interest payable	520,482	503,733	360,156	475,975
Due to brokers and clients	72,977	42,860	-	-
Accrued employee benefits	10,980	10,980	10,980	10,980
Post employment benefit obligations	187,732	161,150	131,377	62,746
Sundry creditors	232,508	309,822	218,423	273,322
Expenditure payable	722,644	437,740	721,320	431,734
Amount due to special purpose vehicle of jointly controlled entity	265,559	314,360	265,559	314,360
Insurance fund - general insurance business	14,649	14,574	-	-
Allowance for commitments and contingencies	36,016	36,952	21,000	21,000
Provision for legal claims	154,198	212,121	140,776	186,692
Others	1,084,586	1,105,054	815,590	687,009
	3,302,331	3,149,346	2,685,181	2,463,818

PART A - EXPLANATORY NOTES (CONTINUED)

A15. INTEREST INCOME

	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Group				
Loans and advances				
- interest income other than recoveries	1,242,247	1,326,997	2,451,617	2,732,035
- recoveries from impaired loans/non-performing loans and advances	5,645	66,703	7,913	131,147
- unwinding income [^]	42,913	-	63,920	-
Money at call and deposit with financial institutions	91,440	64,780	177,202	134,486
Reverse repurchase agreements	16,705	27,644	33,341	70,944
Financial assets held-for-trading	34,295	35,547	71,099	72,050
Financial investments available-for-sale	77,102	79,196	151,738	154,831
Financial investments held-to-maturity	135,758	155,252	268,225	313,167
Others	12,317	67	25,149	77
	1,658,422	1,756,186	3,250,204	3,608,737
Accretion of discount less amortisation of premium	46,142	26,902	84,714	70,925
Net interest suspended	-	(45,209)	-	(87,813)
	1,704,564	1,737,879	3,334,918	3,591,849
Bank				
Loans and advances				
- interest income other than recoveries	1,082,315	1,129,641	2,109,644	2,324,231
- recoveries from impaired loans/non-performing loans and advances	-	67,347	-	127,513
- unwinding income [^]	27,674	-	43,726	-
Money at call and deposit with financial institutions	148,350	85,876	272,647	179,563
Reverse repurchase agreements	15,384	16,277	30,106	39,753
Financial assets held-for-trading	29,610	32,779	61,810	67,366
Financial investments available-for-sale	74,494	72,068	146,671	136,657
Financial investments held-to-maturity	121,226	103,116	242,863	203,510
Others	8,467	9	21,292	19
	1,507,520	1,507,113	2,928,759	3,078,612
Accretion of discount less amortisation of premium	49,256	17,893	91,317	51,211
Net interest suspended	-	(43,496)	-	(84,398)
	1,556,776	1,481,510	3,020,076	3,045,425

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

PART A - EXPLANATORY NOTES (CONTINUED)**A16. INTEREST EXPENSE**

Group	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	32,961	24,672	60,930	67,262
Deposits from customers	503,807	509,155	942,068	1,139,475
Repurchase agreements	51	-	51	39
Loans sold to Cagamas	2,295	7,624	5,286	17,462
Negotiable certificates of deposits	31,405	32,832	57,741	77,960
ICULS	918	12,472	1,826	24,807
Redeemable preference shares	10,861	11,035	21,896	22,070
Subordinated obligations	50,476	59,949	99,915	129,192
Other borrowings	29	494	315	494
	632,803	658,233	1,190,028	1,478,761
Bank				
Deposits and placements of banks and other financial institutions	30,600	20,998	56,154	57,584
Deposits from customers	480,720	433,486	891,484	945,097
Repurchase agreements	51	-	51	39
Loans sold to Cagamas	2,295	7,624	5,286	17,462
Negotiable certificates of deposits	31,312	32,745	57,557	77,771
ICULS	918	12,472	1,826	24,807
Subordinated obligations	50,829	62,797	99,716	136,905
	596,725	570,122	1,112,074	1,259,665

PART A - EXPLANATORY NOTES (CONTINUED)

A17. NON-INTEREST INCOME

Group	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Fee income				
Commissions	33,308	36,788	69,768	70,175
Fee on loans and advances	74,597	60,033	129,187	136,210
Service charges and fees	50,893	54,873	104,411	108,008
Guarantee fees	12,636	13,348	25,170	28,219
Other fee income	67,453	84,855	146,940	142,806
	238,887	249,897	475,476	485,418
Gross dividend income from:				
Financial assets held-for-trading	4,496	3,117	6,811	8,274
Financial investments available-for-sale	5,981	2,619	15,300	7,712
	10,477	5,736	22,111	15,986
Net gain/(loss) arising from financial assets held-for-trading:				
- realised (loss)/gain	(12,911)	41,346	(21,052)	72,336
- unrealised (loss)/gain	(18,193)	72,708	1,129	55,596
	(31,104)	114,054	(19,923)	127,932
Net (loss)/gain arising from derivative financial instrument				
- realised (loss)/gain	(135,924)	18,014	(237,906)	322,989
- unrealised gain/(loss)	199,200	(172,267)	63,664	(100,761)
	63,276	(154,253)	(174,242)	222,228
Net (loss)/gain arising from hedging derivatives	(14,311)	4,689	(14,512)	(4,071)
Net gain from sale of financial investments available-for-sale	6,726	34,670	16,490	74,965
Net (loss)/gain from maturity of financial investments held-to-maturity	(3,865)	(2,226)	71,959	(779)
Brokerage income	3,375	4,035	7,570	5,556
Other non-interest income				
Foreign exchange gain	49,816	245,343	395,375	138,398
Rental income	4,421	5,006	9,804	9,708
Gain/(loss) on disposal of property, plant and equipment	153,597	(2,225)	166,609	(1,240)
(Loss)/gain on disposal of foreclosed properties	(563)	2,077	(1,251)	2,077
Gain on disposal of certain assets and liabilities of subsidiary	-	-	-	30,000
Net gain from insurance business	2,545	3,965	6,325	4,276
Gain on disposal of subsidiary	7,532	-	7,532	-
Others	12,602	9,070	24,867	23,100
	229,950	263,236	609,261	206,319
	503,411	519,838	994,190	1,133,554

PART A - EXPLANATORY NOTES (CONTINUED)

A17. NON-INTEREST INCOME (CONTINUED)

Bank	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Fee income				
Commissions	32,418	35,603	67,710	67,773
Fee on loans and advances	74,475	59,830	128,821	135,354
Service charges and fees	37,063	42,298	77,103	84,522
Guarantee fees	10,320	11,502	19,696	23,189
Other fee income	57,469	51,332	125,979	102,843
	211,745	200,565	419,309	413,681
Gross dividend income from:				
Financial assets held-for-trading	4,337	3,092	6,652	8,249
Financial investments available-for-sale	5,352	101	5,352	941
Subsidiaries	57,843	1,941	80,737	64,341
	67,532	5,134	92,741	73,531
Net gain/(loss) arising from financial assets held-for-trading				
- realised (loss)/gain	(12,154)	41,245	(13,974)	70,547
- unrealised (loss)/gain	(16,396)	57,417	(6,001)	34,822
	(28,550)	98,662	(19,975)	105,369
Net (loss)/gain arising from derivative financial instrument				
- realised (loss)/gain	(113,525)	23,473	(211,434)	322,749
- unrealised gain/(loss)	194,309	(192,680)	59,078	(127,440)
	80,784	(169,207)	(152,356)	195,309
Net (loss)/gain arising from hedging derivatives	(5,044)	4,677	(14,039)	(2,924)
Net gain from sale of financial investments available-for-sale	4,174	6,785	11,556	23,279
Net (loss)/gain from maturity of financial investments held-to-maturity	(4,365)	(76)	71,417	(71)
Other non-interest income				
Foreign exchange gain	36,355	224,114	388,848	126,328
Rental income	2,626	2,619	6,409	5,309
Gain on disposal of property, plant and equipment	133,550	4,686	134,260	5,203
Gain on disposal of foreclosed properties	249	-	249	-
(Loss)/gain on capital repayment of subsidiary	(21,467)	-	4,956	-
Other non operating income	13,752	5,975	32,479	14,970
	165,065	237,394	567,201	151,810
	491,341	383,934	975,854	959,984

PART A - EXPLANATORY NOTES (CONTINUED)

A18. OVERHEADS

Group	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	421,958	315,375	789,535	642,916
- Pension costs (defined contribution plan)	35,184	33,465	71,792	64,469
- Pension costs (defined benefit plan)	10,035	4,566	16,520	20,387
- Overtime	4,552	3,814	9,170	10,127
- Staff incentives and other staff payments	30,131	14,708	60,630	45,714
- Medical expenses	7,915	9,427	22,069	21,273
- Others	35,883	34,118	67,378	58,273
	545,658	415,473	1,037,094	863,159
Establishment costs				
- Depreciation of property, plant and equipment	48,362	48,915	98,276	90,897
- Amortisation of prepaid lease payments	201	1,007	421	1,989
- Rental	44,383	42,124	90,553	76,604
- Repair and maintenance	51,120	31,213	95,903	77,642
- Outsourced services	44,945	37,584	88,347	76,028
- Security expenses	18,203	17,683	46,994	34,793
- Others	30,351	29,406	56,573	56,399
	237,565	207,932	477,067	414,352
Marketing expenses				
- Sales commission	6,069	9,823	12,737	20,357
- Advertisement	35,093	40,290	81,496	62,623
- Others	25,547	13,840	29,926	27,291
	66,709	63,953	124,159	110,271
Administration and general expenses				
- Communication	7,998	8,981	19,574	19,534
- Consultancy and professional fees	9,771	13,392	20,507	25,963
- Legal expenses	11,117	14,914	27,683	23,966
- Stationery	10,393	12,337	21,158	23,133
- Merchant expenses	23,652	22,577	48,622	45,128
- Amortisation of intangible assets	30,627	27,833	61,365	56,118
- Impairment of intangible assets	-	-	1,302	-
- Postages	12,251	6,317	19,542	12,959
- Administrative travelling and vehicle expenses	7,628	6,081	14,515	10,891
- Incidental expenses on banking operations	18,737	22,954	42,504	44,945
- Insurance	17,613	18,705	45,605	37,157
- Others	53,290	31,465	71,763	90,801
	203,078	185,556	394,141	390,595
	1,053,010	872,914	2,032,461	1,778,377

PART A - EXPLANATORY NOTES (CONTINUED)

A18. OVERHEADS (CONTINUED)

	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Bank				
Personnel costs				
- Salaries, allowances and bonuses	343,114	252,724	632,058	514,044
- Pension costs (defined contribution plan)	30,690	29,521	62,921	56,479
- Pension costs (defined benefit plan)	8,655	2,836	11,479	16,276
- Overtime	3,107	2,300	6,515	6,628
- Staff incentives and other staff payments	22,062	13,949	46,291	35,103
- Medical expenses	6,887	8,179	20,262	18,920
- Others	16,517	12,936	29,575	26,350
	431,032	322,445	809,101	673,800
Establishment costs				
- Depreciation of property, plant and equipment	38,728	36,309	76,123	70,196
- Amortisation of prepaid lease payments	100	229	214	457
- Rental	34,759	30,319	69,896	57,068
- Repair and maintenance	46,408	26,887	86,826	68,387
- Outsourced services	72,382	64,016	137,101	127,324
- Security expenses	22,745	19,666	53,888	38,524
- Others	15,137	14,982	26,644	30,507
	230,259	195,503	450,692	392,463
Marketing expenses				
- Sales commission	8	784	19	1,485
- Advertisement	32,320	34,113	74,229	55,023
- Others	21,687	12,319	26,564	23,431
	54,015	47,216	100,812	79,939
Administration and general expenses				
- Communication	6,432	7,180	16,198	15,942
- Consultancy and professional fees	8,015	10,827	16,612	22,224
- Legal expenses	9,713	13,513	23,465	20,801
- Stationery	8,195	9,402	17,158	18,330
- Merchant expenses	23,928	22,577	48,622	45,128
- Amortisation of intangible assets	25,916	23,954	53,405	48,692
- Postages	10,554	5,102	16,306	10,091
- Administrative travelling and vehicle expenses	5,536	4,503	10,290	7,860
- Incidental expenses on banking operations	18,981	17,703	42,472	33,630
- Insurance	6,657	3,095	21,788	6,057
- Others	23,066	24,909	10,986	50,633
	146,993	139,670	277,302	279,388
	862,299	704,834	1,637,907	1,425,590

PART A - EXPLANATORY NOTES (CONTINUED)

A19. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	2nd quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Group				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made during the period	19,819	-	56,355	-
Specific allowance				
- made during the period	-	420,168	-	751,550
- written back	-	(120,256)	-	(206,571)
Portfolio impairment allowance				
- made during the period	84,855	-	217,732	-
General allowance				
- made during the period	-	(1,274)	-	16,750
Bad debts :				
- recovered	(102,530)	(100,737)	(152,834)	(168,460)
- written off	969	1,889	1,798	1,561
	3,113	199,790	123,051	394,830
Bank				
Allowance for bad and doubtful debts and financing :				
Individual impairment allowance				
- made during the period	(3,803)	-	19,677	-
Specific allowance				
- made during the period	-	274,774	-	553,982
- written back	-	(119,747)	-	(192,188)
Portfolio impairment allowance				
- made during the period	32,301	-	118,907	-
General allowance				
- made during the period	-	(28,632)	-	(28,464)
Bad debts :				
- recovered	(56,741)	(77,954)	(100,129)	(142,877)
- written off	444	284	580	363
	(27,799)	48,725	39,035	190,816

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES

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

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

(i) Derivative financial instruments

	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
At 30 June 2010						
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	14,430,504	72,991	(165,738)	8,746,784	57,068	(148,755)
- Less than 1 year	12,262,900	56,755	(115,568)	6,632,229	40,923	(100,993)
- 1 year to 3 years	455,977	868	(11,405)	402,928	777	(8,997)
- More than 3 years	1,711,627	15,368	(38,765)	1,711,627	15,368	(38,765)
	34,978,214	330,651	(411,821)	33,007,760	323,696	(391,766)
Currency swaps	34,674,708	310,022	(411,814)	32,704,254	303,067	(391,759)
- Less than 1 year	112,284	4,310	(7)	112,284	4,310	(7)
- 1 year to 3 years	191,222	16,319	-	191,222	16,319	-
- More than 3 years						
	1,642,078	8,539	(12,071)	1,642,078	8,539	(12,071)
Currency option	1,642,078	8,539	(12,071)	1,642,078	8,539	(12,071)
- Less than 1 year						
Cross currency interest rate swaps	15,396,808	549,126	(377,084)	14,695,320	545,728	(396,079)
- Less than 1 year	12,326,123	155,173	(83,444)	12,074,321	144,657	(80,123)
- 1 year to 3 years	997,361	199,325	(233,244)	1,028,063	206,443	(255,560)
- More than 3 years	2,073,324	194,628	(60,396)	1,592,936	194,628	(60,396)
	66,447,604	961,307	(966,714)	58,091,942	935,031	(948,671)
<u>Interest rate derivatives</u>						
Interest rate swaps	175,701,488	2,098,833	(1,780,927)	150,733,308	1,888,377	(1,602,175)
- Less than 1 year	73,317,697	175,425	(202,476)	68,204,363	160,973	(192,821)
- 1 year to 3 years	70,896,506	741,823	(664,942)	58,831,077	635,680	(625,527)
- More than 3 years	31,487,285	1,181,585	(913,509)	23,697,868	1,091,724	(783,827)
	14,919,881	24,234	(21,967)	14,919,881	24,234	(21,967)
Interest rate futures	7,524,591	12,706	(15,249)	7,524,591	12,706	(15,249)
- Less than 1 year	5,912,145	7,874	(6,718)	5,912,145	7,874	(6,718)
- 1 year to 3 years	1,483,145	3,654	-	1,483,145	3,654	-
- More than 3 years						
	2,175,000	3,694	(44,939)	2,175,000	3,694	(44,939)
Interest rate options	2,025,000	2,296	(44,824)	2,025,000	2,296	(44,824)
- Less than 1 year	150,000	1,398	(115)	150,000	1,398	(115)
- More than 3 years						
	192,796,369	2,126,761	(1,847,833)	167,828,189	1,916,305	(1,669,081)
<u>Equity related derivatives</u>						
Equity options	10,459,920	1,125,181	(1,386,376)	7,964,786	1,115,973	(1,377,169)
- Less than 1 year	4,936,398	1,112,687	(1,372,108)	3,492,106	1,112,687	(1,372,108)
- 1 year to 3 years	3,421,265	3,260	(4,946)	2,749,370	3,260	(4,946)
- More than 3 years	2,102,257	9,234	(9,322)	1,723,310	26	(115)
	110,362	50,231	(53,973)	110,362	50,231	(53,973)
Commodity options	110,362	50,231	(53,973)	110,362	50,231	(53,973)
- 1 year to 3 years						
Commodity swaps	242,886	50,939	(58,140)	242,886	50,939	(58,140)
- Less than 1 year	242,886	50,939	(58,140)	242,886	50,939	(58,140)
Index futures	419	1	-	419	1	-
- Less than 1 year	419	1	-	419	1	-
	10,813,587	1,226,352	(1,498,489)	8,318,453	1,217,144	(1,489,282)
<u>Credit related contract</u>						
Credit default swaps	324,500	3,353	(4,777)	324,500	3,353	(4,777)
- Less than 1 year	64,900	512	(159)	64,900	512	(159)
- 1 year to 3 years	16,225	-	(1,276)	16,225	-	(1,276)
- More than 3 years	243,375	2,841	(3,342)	243,375	2,841	(3,342)
<u>Hedging derivatives</u>						
Cross currency interest rate swaps	571,473	18,207	(25,966)	-	-	-
- 1 year to 3 years	341,657	18,207	-	-	-	-
- More than 3 years	229,816	-	(25,966)	-	-	-
	9,503,704	107,638	(246,854)	12,641,163	237,232	(243,470)
Interest rate swaps	7,272,267	15,825	-	7,272,267	15,825	-
- Less than 1 year	689,896	35,527	-	689,896	35,527	-
- 1 year to 3 years	1,541,541	56,286	(246,854)	4,679,000	185,880	(243,470)
- More than 3 years						
Total derivatives assets/(liabilities)	280,457,237	4,443,618	(4,590,633)	247,204,247	4,309,065	(4,355,281)

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) Derivative financial instruments (continued)

At 31 December 2009	The Group Fair values			The Bank Fair values		
	Principal RM'000	Assets RM'000	Liabilities RM'000	Principal RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
<u>Foreign exchange derivatives</u>						
Currency forward	10,594,076	63,687	(116,660)	7,522,561	55,589	(108,723)
Currency swaps	33,048,786	167,904	(238,702)	31,878,930	161,837	(228,260)
Currency option	1,383,714	5,018	(4,537)	1,383,714	5,018	(4,537)
Cross currency interest rate swaps	17,139,468	500,600	(345,448)	15,821,588	468,853	(333,916)
	62,166,044	737,209	(705,347)	56,606,793	691,297	(675,436)
<u>Interest rate derivatives</u>						
Interest rate swaps	148,823,859	1,975,599	(1,626,041)	134,200,816	1,783,373	(1,558,902)
Interest rate futures	16,702,600	30,334	(25,774)	16,702,600	30,334	(25,774)
Interest rate options	3,130,000	11,854	(4,920)	3,130,000	11,854	(4,920)
	168,656,459	2,017,787	(1,656,735)	154,033,416	1,825,561	(1,589,596)
<u>Equity related derivatives</u>						
Equity options	11,975,449	528,843	(856,920)	8,991,160	424,075	(752,152)
Commodity options	690,261	70,562	(66,429)	690,261	70,562	(66,429)
Commodity futures	31,672	842	(13)	31,672	842	(13)
	12,697,382	600,247	(923,362)	9,713,093	495,479	(818,594)
<u>Credit related contract</u>						
Credit default swaps	397,879	2,062	(651)	397,879	2,062	(651)
<u>Hedging derivatives</u>						
Interest rate swaps	8,628,728	147,657	(176,843)	9,978,728	189,215	(176,844)
	252,546,492	3,504,962	(3,462,938)	230,729,909	3,203,614	(3,261,121)

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 Value-at-Risk (VaR) model, in addition to reviewing and analysing its treasury trading strategy, positions and activities vis-à-vis changes in the financial market, monitoring limit usage, assessing limit adequacy, and verifying transaction prices.

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2010, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM4,443,618,000 and RM4,309,065,000 respectively (31 December 2009: RM3,504,962,000 and RM3,203,614,000 respectively). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

- 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 are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and the Risk Management section of the 2009 Annual Report.

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies

The Group	30 June 2010			31 Dec 2009		
	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Credit-related						
Direct credit substitutes	1,752,239	1,752,239	1,226,701	1,695,289	1,300,835	1,134,888
Transaction-related contingent items	4,434,818	2,217,409	1,718,352	4,634,554	2,317,277	1,814,403
Short-term self-liquidating trade-related contingencies	2,981,157	596,232	440,833	3,761,011	744,063	590,935
Obligations under underwriting agreement	190,000	62,500	62,500	250,000	125,000	125,000
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	32,797,082	-	-	34,545,466	-	-
- maturity exceeding one year	7,017,785	246,124	244,049	5,948,048	116,698	114,688
Forward asset purchase	1,313,248	1,231	676	52,478	1	-
Miscellaneous commitments and contingencies	8,286,310	601,341	153,482	6,210,077 #	228,012	68,928
Total credit-related commitments and contingencies	58,772,639	5,477,076	3,846,593	57,096,923	4,831,886	3,848,842
Treasury-related						
Foreign exchange related contracts :						
- less than one year	55,794,668	618,827	153,336	53,042,013	392,185	103,669
- one year to less than 5 years	3,705,509	1,152,033	345,758	4,368,956	1,589,408	500,432
- five years and above	1,377,742	367,107	137,997	1,333,036	387,218	114,425
	60,877,919	2,137,967	637,091	58,744,005	2,368,811	718,526
Interest rate related contracts :						
- less than one year	98,054,296	46,792	10,107	91,152,067	17,918	4,801
- one year to less than 5 years	62,921,481	2,281,296	529,265	63,956,743	1,917,155	440,286
- five years and above	20,058,084	3,290,149	672,701	9,592,814	2,056,288	434,888
	181,033,861	5,618,237	1,212,073	164,701,624	3,991,361	879,975
Equity related contracts:						
- less than one year	4,936,817	112,765	23,943	4,941,677	102,076	30,209
- one year to less than 5 years	3,873,963	223,227	54,001	6,163,741	317,527	88,596
- five years and above	1,892,445	116,403	25,154	870,031	59,200	11,840
	10,703,225	452,395	103,098	11,975,449	478,803	130,645
Other treasury related contracts	27,731,870	182,972	81,299	16,039,852	195,390	84,592
Total treasury-related commitments and contingencies	280,346,875	8,391,571	2,033,561	251,460,930	7,034,365	1,813,738
	339,119,514	13,868,647	5,880,154	308,557,853	11,866,251	5,662,580

PART A - EXPLANATORY NOTES (CONTINUED)

A20. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Commitments and contingencies (continued)

	30 June 2010			31 Dec 2009		
	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
The Bank						
<u>Credit-related</u>						
Direct credit substitutes	1,498,381	1,498,381	974,124	1,386,270	1,022,641	859,116
Transaction-related contingent items	3,381,342	1,690,671	1,212,595	3,657,150	1,828,575	1,344,973
Short-term self-liquidating trade-related contingencies	2,726,255	545,251	392,819	3,356,089	671,218	520,791
Obligations under underwriting agreement	190,000	62,500	62,500	250,000	125,000	125,000
Irrevocable commitments to extend credit :						
- maturity not exceeding one year	31,073,409	-	-	32,336,000	-	-
- maturity exceeding one year	5,151,571	83,522	81,447	4,495,174	83,731	81,721
Forward assets purchase	1,223,248	1,184	667	52,478	1	-
Miscellaneous commitments and contingencies	3,352,675	580,944	133,085	4,343,817 #	214,394	65,480
Total credit-related commitments and contingencies	48,596,881	4,462,453	2,857,237	49,876,978	3,945,560	2,997,081
<u>Treasury-related</u>						
Foreign exchange related contracts :						
- less than one year	53,207,804	589,682	146,964	51,223,368	397,253	104,656
- one year to less than 5 years	3,506,395	1,110,421	335,484	4,050,389	1,561,119	493,024
- five years and above	1,377,743	367,107	137,997	1,333,036	387,218	114,425
	58,091,942	2,067,210	620,445	56,606,793	2,345,590	712,105
Interest rate related contracts :						
- less than one year	98,007,013	46,745	10,097	91,396,954	18,041	4,825
- one year to less than 5 years	66,457,391	2,213,568	514,565	61,667,342	1,873,563	430,555
- five years and above	16,329,448	2,977,272	610,126	10,982,098	2,178,418	459,314
	180,793,852	5,237,585	1,134,788	164,046,394	4,070,022	894,694
Equity related contracts:						
- less than one year	3,492,525	93,963	20,183	3,307,970	87,024	27,199
- one year to less than 5 years	3,202,068	172,117	43,779	5,031,764	227,069	70,504
- five years and above	1,513,498	87,549	19,383	651,426	48,170	9,634
	8,208,091	353,629	83,345	8,991,160	362,263	107,337
Total treasury-related commitments and contingencies	247,093,885	7,658,424	1,838,578	229,644,347	6,777,875	1,714,136
	295,690,766	12,120,877	4,695,815	279,521,325	10,723,435	4,711,217

* Other than the credit equivalent of RM618,221,000 (2009: RM625,419,000) arising from a subsidiary, CIMB Thai Bank Public Company Limited, which is computed based on Bank of Thailand requirements, the credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Effective 1 October 2008, the following approaches have been adopted for the computation of the credit equivalent and risk weighted assets:

- adoption of bilateral netting as provided under the Standardised Approach Framework which involves the weighting of net claims rather than gross claims with the same counterparties arising out of the full range of forwards, swaps, options and similar derivative contracts.
- irrevocable commitments to extend credit (undrawn loans) have been revised to include only those undrawn loans whereby all conditions precedent have been met.

In 2009, included in miscellaneous commitment and contingencies was a commitment by the Bank to place an additional RM2,250 million with CIMB Islamic in relation to the RPSIA arrangement.

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY

(a) The capital adequacy ratios of the Bank, CIMB Islamic Bank and CIMB Thai Bank are as follows:

	The Bank*		CIMB Islamic Bank		CIMB Thai Bank**	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital	15,585,730	14,874,153	807,195	690,239	686,367	640,167
Eligible Tier II capital	3,474,278	2,868,642	515,319	458,004	653,544	640,167
	19,060,008	17,742,795	1,322,514	1,148,243	1,339,911	1,280,334
Less:						
Investment in subsidiaries and holding of other banking institution's capital	(2,590,501)	(2,618,131)	-	-	-	-
Capital base before proposed dividend	16,469,507	15,124,664	1,322,514	1,148,243	1,339,911	1,280,334
Less: Proposed dividends	(339,083)	-	-	-	-	-
Capital base	16,130,424	15,124,664	1,322,514	1,148,243	1,339,911	1,280,334
Before deducting proposed dividend						
Core capital ratio	14.47%	14.81%	10.00%	6.82%	6.34%	6.00%
Risk-weighted capital ratio	15.29%	15.06%	16.38%	11.34%	12.37%	11.99%
After deducting proposed dividend						
Core capital ratio (net of proposed dividends)	14.15%	14.81%	10.00%	6.82%	6.34%	6.00%
Risk-weighted capital ratio (net of proposed dividends)	14.97%	15.06%	16.38%	11.34%	12.37%	11.99%

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

	The Bank*		CIMB Islamic Bank		CIMB Thai Bank**	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up share capital	3,764,466	3,764,466	550,000	550,000	668,327	685,791
Perpetual preference shares	200,000	200,000	70,000	70,000	-	-
Non-innovative Tier I capital	1,000,000	1,000,000	-	-	-	-
Innovative Tier I capital	1,649,000	1,685,000	-	-	-	-
Other reserves	12,725,573	12,061,642	329,816	250,864	18,040	(45,624)
	19,339,039	18,711,108	949,816	870,864	686,367	640,167
Less:						
Deferred tax assets	(198,234)	(281,880)	(6,621)	(44,625)	-	-
Goodwill	(3,555,075)	(3,555,075)	(136,000)	(136,000)	-	-
Total Tier I capital	15,585,730	14,874,153	807,195	690,239	686,367	640,167
Tier II capital						
Subordinated notes	1,500,000	1,500,000	300,000	300,000	584,400	568,134
Redeemable preference shares	29,740	29,740	-	-	4,650	1,693
Revaluation reserve	-	-	-	-	37,726	47,118
Regulatory reserve	102,614	-	-	-	-	-
Portfolio impairment allowance/General allowance	1,841,924	1,338,902	215,319	158,004	26,768	23,222
Total Eligible Tier II capital	3,474,278	2,868,642	515,319	458,004	653,544	640,167
Add/(less):						
(i) Investment in subsidiaries	(2,191,153)	(2,287,602)	-	-	-	-
(ii) Investment in joint venture^	(72,608)	(72,608)	-	-	-	-
(iii) Investment in associate	(323,732)	(245,034)	-	-	-	-
(iv) Holding of other banking institutions' capital instruments	(3,008)	(12,887)	-	-	-	-
	16,469,507	15,124,664	1,322,514	1,148,243	1,339,911	1,280,334

PART A - EXPLANATORY NOTES (CONTINUED)

A21. CAPITAL ADEQUACY (CONTINUED)

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

	The Bank *		The Bank *		CIMB Islamic Bank		CIMB Islamic Bank		CIMB Thai Bank**		CIMB Thai Bank**	
	30 June 2010		31 Dec 2009		30 June 2010		31 Dec 2009		30 June 2010		31 Dec 2009	
	Principal	Risk-weighted	Principal	Risk-weighted	Principal	Risk-weighted	Principal	Risk-weighted	Principal	Risk-weighted	Principal	Risk-weighted
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	25,942,179	-	30,359,481	-	12,828,223	-	6,100,082	-	4,207,926	-	5,174,033	-
10%	268,514	26,851	24,173	2,417	-	-	-	-	-	-	-	-
20%	28,482,155	5,696,431	21,909,123	4,381,825	3,067,496	613,499	2,070,774	414,155	715,194	143,039	822,660	164,532
35%	-	-	-	-	-	-	-	-	1,326,227	464,179	1,064,206	372,472
50%	23,686,850	11,843,425	22,437,082	11,218,541	4,357,998	2,178,999	3,068,223	1,534,112	279,345	139,673	358,716	179,358
75%	-	-	-	-	-	-	-	-	1,666,447	1,249,835	1,690,677	1,268,008
100%#	83,242,722	83,242,722	79,804,879	79,804,879	4,905,390	4,905,390	7,628,648	7,628,648	7,385,283	7,385,283	7,181,200	7,181,200
150%	-	-	-	-	-	-	-	-	266,936	400,404	360,587	540,881
Total risk-weighted assets for credit risks	161,622,420	100,809,429	154,534,738	95,407,662	25,159,107	7,697,888	18,867,727	9,576,915	15,847,358	9,782,413	16,652,079	9,706,451
Risk-weighted assets for market risk	6,735,205	6,735,205	4,834,636	4,834,636	377,276	377,276	548,828	548,828	262,525	262,525	123,231	123,231
Risk-weighted assets for large exposure risk requirements	193,983	193,983	193,983	193,983	-	-	-	-	789,281	789,281	848,117	848,117
Total risk-weighted assets	168,551,608	107,738,617	159,563,357	100,436,281	25,536,383	8,075,164	19,416,555	10,125,743	16,899,164	10,834,219	17,623,427	10,677,799

* Includes the operations of CIMB Bank (L) Limited for 2010 (2009: includes the operations of CIMB Bank (L) Limited and CIMB (L) Limited).

** Computation is based on Bank of Thailand requirements.

^ In accordance with a circular by Bank Negara Malaysia ("BNM") dated 25 April 2006, the Bank is required to deduct 50% of its investment in its jointly controlled entity, PCSB, from the capital base for purposes of computing the capital adequacy ratio.

In accordance with BNM guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent ("PSIA Guidelines"), the credit and market risks on the assets funded by the PSIA are included in the risk weighted capital ('RWCR') calculation, where a 100% risk weight is assigned.

The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which is effective from 1 April 2005.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. INTEREST/PROFIT RATE RISK

Group	Non-trading book							Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %	Effective interest rate (THB) %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000					
As at 30 June 2010												
Assets												
Cash and short-term funds	13,850,753	-	-	-	-	-	3,237,775	-	17,088,528	2.52	0.38	1.22
Reverse repurchase agreements	3,561,286	285,358	4,564	405	-	-	-	-	3,851,613	2.56	1.07	0.93
Deposit and placement with banks and other financial institutions	-	4,882,570	3,417,935	6,192	4,861,962	-	54,802	-	13,223,461	3.26	0.57	1.05
Financial assets held-for-trading	-	-	-	-	-	-	-	13,053,580	13,053,580	3.21	-	4.04
Financial investments available-for-sale	72,371	271,129	150,958	602,338	3,121,003	3,083,897	1,184,545	-	8,486,241	5.07	-	2.01
Financial investments held-to-maturity	6,524	310,780	82,687	366,911	7,395,373	4,951,469	-	-	13,113,744	5.17	-	2.47
Derivative financial instruments	-	3,234	-	12,591	38,253	234,909	31,149	4,123,482	4,443,618	-	-	-
Loans, advances and financing												
- not impaired	56,705,680	4,428,322	1,771,348	3,677,880	21,088,814	31,393,121	100,453	-	119,165,618	5.03	2.26	8.17
- impaired ^	-	-	-	-	-	-	1,531,485	-	1,531,485	-	-	-
Other assets	-	-	118,615	50,102	-	-	2,183,136	-	2,351,853	4.49	3.70	-
Deferred taxation	-	-	-	-	-	-	47,466	-	47,466	-	-	-
Tax recoverable	-	-	-	-	-	-	183,921	-	183,921	-	-	-
Statutory deposits with central banks	-	-	-	-	-	-	500,008	-	500,008	-	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	132,959	-	132,959	-	-	-
Investment in associate	-	-	-	-	-	-	368,686	-	368,686	-	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	29,605	-	29,605	-	-	-
Amount due from related companies	-	-	-	-	-	-	1,098,723	-	1,098,723	-	-	-
Goodwill	-	-	-	-	-	-	4,878,365	-	4,878,365	-	-	-
Intangible assets	-	-	-	-	-	-	562,428	-	562,428	-	-	-
Prepaid lease payments	-	-	-	-	-	-	11,554	-	11,554	-	-	-
Property, plant and equipment	-	-	-	-	-	-	948,661	-	948,661	-	-	-
Investment properties	-	-	-	-	-	-	99,807	-	99,807	-	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	129,750	-	129,750	-	-	10.87
Total assets	74,196,614	10,181,393	5,546,107	4,716,419	36,505,405	39,663,396	17,315,278	17,177,062	205,301,674			
Liabilities												
Deposits from customers	74,947,018	19,526,494	10,627,565	9,901,730	4,866,836	527,472	35,303,970	-	155,701,085	2.34	0.42	4.49
Deposit and placement of banks and other financial institutions	5,422,773	3,523,901	1,279,877	1,072,820	2,021,192	-	93,196	-	13,413,759	3.06	0.58	3.07
Repurchase agreements	-	33,494	-	-	-	-	-	-	33,494	-	-	-
Derivative financial instruments	-	-	-	-	13,555	281,671	231,969	4,063,438	4,590,633	-	-	-
Bills and acceptances payable	901,058	1,419,424	605,491	53,190	-	-	454,039	-	3,433,202	2.79	-	1.30
Amount due to Cagamas Berhad	6,018	-	98,603	128,015	-	-	-	-	232,636	4.63	-	-
Amount owing to ultimate holding company	-	-	-	-	-	-	52,526	-	52,526	-	-	-
Amount due to related companies	-	-	-	-	-	-	281,887	-	281,887	-	-	-
Other liabilities	-	-	-	-	-	-	3,302,331	-	3,302,331	-	-	-
Provision for taxation and zakat	-	-	-	-	-	-	11,649	-	11,649	-	-	-
Other borrowings	973,500	-	-	-	-	-	-	-	973,500	-	0.63	-
Subordinated obligations	-	-	-	-	1,513,320	2,556,181	54,520	-	4,124,021	6.04	4.06	-
Bonds	-	-	-	432,591	-	-	-	-	432,591	-	3.00	-
Redeemable preference shares	-	-	-	-	-	746,766	-	-	746,766	-	6.62	-
Liabilities directly associated with non-current assets/disposal groups classified as held for sale	-	-	-	-	-	-	40,974	-	40,974	-	-	-
Total liabilities	82,250,367	24,503,313	12,611,536	11,588,346	8,414,903	4,112,090	39,827,061	4,063,438	187,371,054			
Total interest rate sensitivity gap	(8,053,753)	(14,321,920)	(7,065,429)	(6,871,927)	28,090,502	35,551,306		13,113,624				

^ After deducting individual impairment allowance and portfolio impairment allowance of RM5,175,205,000.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. INTEREST/PROFIT RATE RISK (CONTINUED)

Group	Non-trading book							Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %	Effective interest rate (THB) %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest bearing RM'000					
As at 31 December 2009												
Assets												
Cash and short-term funds	22,965,482	-	-	-	-	-	2,057,616	-	25,023,098	2.02	0.34	1.12
Reverse repurchase agreements	3,181,479	1,074,357	551	4,564	-	-	-	-	4,260,951	2.06	-	1.21
Deposit and placement with banks and other financial institutions	-	2,542,206	686,718	137,871	-	-	35,801	-	3,402,596	2.07	0.70	0.55
Financial assets held-for-trading	-	-	-	-	-	-	-	13,818,079	13,818,079	2.57	4.10	-
Financial investments available-for-sale	139,386	370,867	79,874	355,194	2,867,686	3,123,327	1,143,985	-	8,080,319	4.99	2.00	2.21
Financial investments held-to-maturity	2,796	278,869	15,483	181,825	5,473,069	6,923,209	-	-	12,875,251	5.42	5.58	4.15
Derivative financial instruments	-	-	-	2,750	60,302	101,498	53,643	3,286,769	3,504,962	-	-	-
Loans, advances and financing												
- performing	58,333,959	10,007,363	1,504,969	1,601,453	17,021,854	25,018,134	150,234	-	113,637,966	4.93	3.09	7.46
- non-performing [^]	-	-	-	-	-	-	(157,324)	-	(157,324)	-	-	-
Other assets	-	-	143,565	85,000	-	-	1,890,585	-	2,119,150	4.73	3.50	-
Deferred taxation	-	-	-	-	-	-	301,447	-	301,447	-	-	-
Tax recoverable	-	-	-	-	-	-	2,945	-	2,945	-	-	-
Statutory deposits with central bank	-	-	-	-	-	-	841,857	-	841,857	-	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	134,559	-	134,559	-	-	-
Investment in associate	-	-	-	-	-	-	268,636	-	268,636	-	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	47,122	-	47,122	-	-	-
Amount due from related companies	-	-	-	-	-	-	998,818	-	998,818	-	-	-
Goodwill	-	-	-	-	-	-	4,923,701	-	4,923,701	-	-	-
Intangible assets	-	-	-	-	-	-	573,416	-	573,416	-	-	-
Prepaid lease payments	-	-	-	-	-	-	16,340	-	16,340	-	-	-
Property, plant and equipment	-	-	-	-	-	-	996,521	-	996,521	-	-	-
Investment properties	-	-	-	-	-	-	120,349	-	120,349	-	-	-
Non current-assets/disposal groups held for sale	-	-	-	-	-	-	226,224	-	226,224	-	-	-
Total assets	84,623,102	14,273,662	2,431,160	2,368,657	25,422,911	35,166,168	14,626,475	17,104,848	196,016,983			
Liabilities												
Deposits from customers	74,696,660	21,395,747	10,178,775	9,232,694	5,060,102	165,037	26,143,330	-	146,872,345	2.15	0.34	5.09
Deposits and placements of banks and other financial institutions	1,670,353	8,929,384	867,977	763,810	1,766,162	72,504	110,756	-	14,180,946	2.19	0.38	3.30
Repurchase agreements	565,097	-	-	-	-	-	-	-	565,097	-	-	1.22
Derivative financial instruments	-	-	-	-	(963)	158,204	245,482	3,060,215	3,462,938	-	-	-
Bills and acceptances payable	1,337,938	1,820,252	387,880	583	-	-	510,158	-	4,056,811	2.25	-	1.27
Amount due to Cagamas Berhad	-	66,666	-	120,463	148,483	-	-	-	335,612	4.68	-	-
Amount due to related companies	-	-	-	-	-	-	9,710	-	9,710	-	-	-
Other liabilities	-	-	-	-	-	-	3,149,346	-	3,149,346	-	-	-
Provision for taxation and zakat	-	-	-	-	-	-	109,169	-	109,169	-	-	-
Amount due to ultimate holding company	-	-	-	-	-	-	55,439	-	55,439	-	-	-
Other borrowings	1,027,500	-	-	-	-	-	-	-	1,027,500	-	0.86	-
Subordinated obligations	308,562	-	-	-	1,516,786	2,225,423	55,945	-	4,106,716	5.58	-	-
Bonds	-	-	-	-	443,051	-	-	-	443,051	-	3.00	-
Redeemable preference shares	-	-	-	-	-	751,437	-	-	751,437	-	6.62	-
Total liabilities	79,606,110	32,212,049	11,434,632	10,117,550	8,933,621	3,372,605	30,389,335	3,060,215	179,126,117			
Total interest rate sensitivity gap	5,016,992	(17,938,387)	(9,003,472)	(7,748,893)	16,489,290	31,793,563		14,044,633				

[^] After deducting specific allowances and general allowances of RM4,259,812,000.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. INTEREST/PROFIT RATE RISK (CONTINUED)

Bank	Non-trading book						Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate (RM) %	Effective interest rate (USD) %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 6 months RM'000	6 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000					
As at 30 June 2010											
Assets											
Cash and short-term funds	9,147,211	-	-	-	-	-	2,493,204	-	11,640,415	2.53	-
Reverse repurchase agreements	2,630,092	285,361	4,564	405	-	-	-	-	2,920,422	2.56	1.07
Deposit and placement with banks and other financial institutions	-	12,827,507	2,633,866	1,528	4,861,360	-	-	-	20,324,261	3.33	0.69
Financial assets held-for-trading	-	-	-	-	-	-	-	10,262,643	10,262,643	3.21	5.87
Financial investments available-for-sale	32,052	170,130	150,759	454,021	2,814,897	2,749,024	786,058	-	7,156,941	5.10	-
Financial investments held-to-maturity	6,524	45,027	67,204	235,244	5,420,609	5,027,119	-	-	10,801,727	5.16	5.43
Derivative financial instruments	-	3,234	-	12,591	38,253	234,909	-	4,020,078	4,309,065	-	-
Loans, advances and financing											
- not impaired	53,723,426	1,876,267	979,920	2,356,521	14,800,735	12,702,828	92,714	-	86,532,411	5.05	3.88
- impaired ^	-	-	-	-	-	-	1,094,414	-	1,094,414	-	-
Other assets	-	-	118,615	50,102	-	-	1,643,290	-	1,812,007	4.49	-
Deferred taxation	-	-	-	-	-	-	198,234	-	198,234	-	-
Statutory deposits with central banks	-	-	-	-	-	-	317,293	-	317,293	-	-
Investment in subsidiaries	-	-	-	-	-	-	3,720,051	-	3,720,051	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	124,448	-	124,448	-	-
Investment in associate	-	-	-	-	-	-	323,732	-	323,732	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	752	-	752	-	-
Amount due from subsidiaries	-	-	-	-	-	-	794,230	-	794,230	-	-
Amount due from related companies	-	-	-	-	-	-	1,092,782	-	1,092,782	-	-
Goodwill	-	-	-	-	-	-	3,555,075	-	3,555,075	-	-
Intangible assets	-	-	-	-	-	-	519,551	-	519,551	-	-
Property, plant and equipment	-	-	-	-	-	-	545,078	-	545,078	-	-
Prepaid lease payments	-	-	-	-	-	-	8,158	-	8,158	-	-
Investment properties	-	-	-	-	-	-	91,657	-	91,657	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	17,792	-	17,792	-	-
Total assets	65,539,305	15,207,526	3,954,928	3,110,412	27,935,854	20,713,880	17,418,513	14,282,721	168,163,139		
Liabilities											
Deposits from customers	53,777,867	11,977,907	6,530,781	7,952,682	3,191,734	410,119	34,915,991	-	118,757,081	2.42	0.49
Deposit and placement of banks and other financial institutions	11,796,230	4,397,795	913,230	1,071,534	1,159,630	-	54,518	-	19,392,937	2.49	0.45
Repurchase agreements	-	33,494	-	-	-	-	-	-	33,494	-	-
Derivative financial instruments	-	-	-	-	13,555	281,671	-	4,060,055	4,355,281	-	-
Bills and acceptances payable	457,230	795,258	449,724	42,145	-	-	403,102	-	2,147,459	2.79	-
Amount due to Cagamas Berhad	6,018	-	98,603	128,015	-	-	-	-	232,636	4.63	-
Amount due to subsidiaries	-	-	-	-	-	-	41,505	-	41,505	-	-
Amount due to related companies	-	-	-	-	-	-	266,169	-	266,169	-	-
Other liabilities	-	-	-	-	-	-	2,685,181	-	2,685,181	-	-
Provision for taxation and zakat	-	-	-	-	-	-	11,649	-	11,649	-	-
Subordinated obligations	-	-	-	-	1,513,320	2,706,610	-	-	4,219,930	6.05	6.62
Total liabilities	66,037,345	17,204,454	7,992,338	9,194,376	5,878,239	3,398,400	38,378,115	4,060,055	152,143,322		
Total interest rate sensitivity gap	(498,040)	(1,996,928)	(4,037,410)	(6,083,964)	22,057,615	17,315,480		10,222,666			

^ After deducting individual impairment allowance and portfolio impairment allowance of RM3,636,087,000.

PART A - EXPLANATORY NOTES (CONTINUED)

A22. INTEREST/PROFIT RATE RISK (CONTINUED)

Bank	Non-trading book							Trading book	Total	Effective interest rate (RM) %	Effective interest rate (USD) %
	Up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing				
As at 31 December 2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Assets											
Cash and short-term funds	16,074,700	-	-	-	-	-	1,624,991	-	17,699,691	2.05	0.26
Reverse repurchase agreements	1,777,984	1,074,357	551	4,564	-	-	-	-	2,857,456	2.06	-
Deposit and placement with banks and other financial institutions	-	11,254,736	561,438	118,104	-	-	-	-	11,934,278	2.09	0.96
Financial assets held-for-trading	-	-	-	-	-	-	-	10,152,185	10,152,185	2.68	2.11
Financial investments available-for-sale	71,113	110,055	49,723	315,277	2,709,241	2,904,564	364,735	-	6,524,708	5.03	-
Financial investments held-to-maturity	-	6,524	-	150,859	3,647,409	6,897,478	-	-	10,702,270	5.46	-
Derivative financial instruments	-	-	-	2,750	60,302	101,498	24,665	3,014,399	3,203,614	-	-
Loans, advances and financing											
- performing	53,871,917	3,467,511	1,133,050	523,272	13,642,468	12,405,102	18,509	-	85,061,829	4.82	-
- non-performing [^]	-	-	-	-	-	-	(605,462)	-	(605,462)	-	-
Other assets	-	-	143,565	85,000	-	-	-	-	1,379,235	4.73	-
Deferred taxation	-	-	-	-	-	-	281,880	-	281,880	-	-
Statutory deposits with central banks	-	-	-	-	-	-	661,983	-	661,983	-	-
Investment in subsidiaries	-	-	-	-	-	-	3,816,500	-	3,816,500	-	-
Investment in jointly controlled entity	-	-	-	-	-	-	124,448	-	124,448	-	-
Investment in associate	-	-	-	-	-	-	245,034	-	245,034	-	-
Amount due from holding company and ultimate holding company	-	-	-	-	-	-	14,846	-	14,846	-	-
Amount due from subsidiaries	-	-	-	-	-	-	128,064	-	128,064	-	-
Amount due from related companies	-	-	-	-	-	-	994,989	-	994,989	-	-
Goodwill	-	-	-	-	-	-	3,555,075	-	3,555,075	-	-
Intangible assets	-	-	-	-	-	-	512,674	-	512,674	-	-
Prepaid lease payments	-	-	-	-	-	-	12,511	-	12,511	-	-
Property, plant and equipment	-	-	-	-	-	-	564,486	-	564,486	-	-
Investment properties	-	-	-	-	-	-	96,857	-	96,857	-	-
Non-current assets/disposal groups held for sale	-	-	-	-	-	-	73,902	-	73,902	-	-
Total assets	71,795,714	15,913,183	1,888,327	1,199,826	20,059,420	22,308,642	13,889,922	13,166,584	160,221,618		
Liabilities											
Deposits from customers	57,598,785	13,216,234	7,067,455	8,019,060	2,782,872	44,187	25,721,318	-	114,449,911	2.27	0.35
Deposits and placements of banks and other financial institutions	11,082,151	3,802,144	306,342	499,358	1,837,751	583	105,068	-	17,633,397	2.05	0.33
Derivative financial instruments	-	-	-	-	(963)	129,949	47,858	3,084,277	3,261,121	-	-
Bills and acceptances payable	716,643	1,269,956	358,212	583	-	-	480,771	-	2,826,165	2.25	-
Amount due to Cagamas Berhad	-	66,666	-	120,463	148,483	-	-	-	355,612	4.68	-
Amount due to subsidiaries	-	-	-	-	-	-	118,668	-	118,668	-	-
Amount due to related company	-	-	-	-	-	-	285	-	285	-	-
Other liabilities	-	-	-	-	-	-	2,463,818	-	2,463,818	-	-
Provision for taxation	-	-	-	-	-	-	104,395	-	104,395	-	-
Subordinated obligations	-	-	-	-	1,516,786	2,683,019	-	-	4,199,805	6.04	6.62
Total liabilities	69,397,579	18,355,000	7,732,009	8,639,464	6,284,929	2,857,738	29,042,181	3,084,277	145,393,177		
Total interest rate gap	2,398,135	(2,441,817)	(5,843,682)	(7,439,638)	13,774,491	19,450,904	-	10,082,307			

[^] After deducting specific allowances and general allowances of RM2,902,393,000.

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT

Definition of segments

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

Treasury

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

Corporate and Investment Banking

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

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

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

Retail Banking

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

Business Banking

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

Foreign Banking Operations

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

Support and others

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

PART A - EXPLANATORY NOTES (CONTINUED)

A23. SEGMENTAL REPORT (CONTINUED)

Group
30 June 2010

	Treasury RM'000	Corporate and Investment Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Net interest income							
- external income	(214,904)	696,961	1,210,648	165,962	256,983	29,240	2,144,890
- inter-segment	572,057	(347,623)	(311,769)	117,256	-	(29,921)	-
	357,153	349,338	898,879	283,218	256,983	(681)	2,144,890
Income from Islamic Banking operations	202,404	55,002	220,761	25,472	-	-	503,639
Non-interest income	364,507	115,746	356,656	47,326	83,702	26,253	994,190
Net income	924,064	520,086	1,476,296	356,016	340,685	25,572	3,642,719
Overheads	(199,195)	(202,887)	(1,066,990)	(247,084)	(272,158)	(44,147)	(2,032,461)
Profit before allowance	724,869	317,199	409,306	108,932	68,527	(18,575)	1,610,258
Allowance for losses on other receivables	-	-	-	-	-	(555)	(555)
Write-back of/(allowance for) impairment losses on loans, advances and financing	11	100,930	(156,892)	(29,958)	(35,852)	(1,290)	(123,051)
Allowance for commitments and contingencies	-	-	-	-	(304)	-	(304)
Write-back of/(allowance for) other impairment losses	25,885	328	-	-	(2,181)	430	24,462
Segment result	750,765	418,457	252,414	78,974	30,190	(19,990)	1,510,810
Share of results of associates	21,352	-	-	-	-	-	21,352
Share of results of jointly controlled entity	-	-	4,112	-	-	-	4,112
Taxation and zakat	-	-	-	-	-	-	(293,277)
Profit for the financial period							1,242,997

30 June 2009

	Treasury RM'000	Corporate and Investment Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Foreign Banking Operations RM'000	Support and Others RM'000	Total RM'000
Net interest income							
- external income	(114,815)	678,644	1,123,512	215,091	213,079	(2,423)	2,113,088
- inter-segment	546,340	(406,231)	(213,733)	92,192	-	(18,568)	-
	431,525	272,413	909,779	307,283	213,079	(20,991)	2,113,088
Income from Islamic Banking operations	(19,302)	101,504	200,955	18,670	-	66	301,893
Non-interest income	508,890	143,790	264,912	51,276	141,611	23,075	1,133,554
Net income	921,113	517,707	1,375,646	377,229	354,690	2,150	3,548,535
Overheads	(136,096)	(153,600)	(932,430)	(270,187)	(251,800)	(34,264)	(1,778,377)
Profit/(loss) before allowance	785,017	364,107	443,216	107,042	102,890	(32,114)	1,770,158
Allowance for losses on loans, advances and financing	(64)	(59,111)	(233,782)	(9,257)	(92,222)	(394)	(394,830)
Allowance for losses on other receivables	(221)	-	-	-	-	-	(221)
Allowance for commitments and contingencies	-	-	-	-	(16,159)	-	(16,159)
(Allowance for)/write-back of other impairment losses	18,361	2,641	-	-	(3,518)	-	17,484
Segment result	803,093	307,637	209,434	97,785	(9,009)	(32,508)	1,376,432
Share of results of associates	-	-	4,207	-	-	-	4,207
Share of results of jointly controlled entity	5,697	-	-	-	-	-	5,697
Taxation and zakat	-	-	-	-	-	-	(299,194)
Profit for the financial period							1,087,142

PART A - EXPLANATORY NOTES (CONTINUED)**A24. OPERATIONS OF ISLAMIC BANKING****A24a. UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Group		Bank	
		30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Assets					
Cash and short-term funds		9,094,276	5,342,372	242,586	484,261
Deposit and placement with banks and other financial institutions		1,118,904	1,485,276	129,991	493,001
Financial assets held-for-trading		2,463,543	3,491,709	238,286	207,415
Financial investments available-for-sale		431,952	542,277	-	-
Financial investments held-to-maturity		1,079,803	1,011,378	-	-
Islamic derivative financial instruments		137,228	263,732	4,386	6,044
Financing, advances and other loans	A24c	22,988,698	16,454,805	102,573	213,664
Other assets		122,159	111,877	3,918	3,841
Deferred tax assets		6,622	44,625	-	-
Tax recoverable		37,982	-	-	-
Amount due from related companies		561	-	-	-
Statutory deposits with Bank Negara Malaysia		124,426	172,806	-	-
Goodwill		136,000	136,000	-	-
Intangible assets		2,325	3,676	-	-
Property, plant and equipment		2,714	2,625	-	-
TOTAL ASSETS		37,747,193	29,063,158	721,740	1,408,226
Liabilities					
Deposits from customers	A24d	21,067,178	18,184,606	565,453	525,463
Deposits and placements of banks and other financial institutions		13,519,959	9,086,271	87,213	805,577
Islamic derivative financial instruments		239,838	159,357	1,269	1,321
Other liabilities		1,051,174	292,691	53,987	69,649
Amount due to banking holding company		438,983	24,183	-	-
Amount due to related company		13,585	6,425	-	147
Provision for taxation and zakat		6,421	17,034	-	-
Subordinated note		300,000	300,000	-	-
TOTAL LIABILITIES		36,637,138	28,070,567	707,922	1,402,157
Ordinary share capital		550,000	550,000	-	-
Perpetual preference shares		70,000	70,000	-	-
Reserves		490,055	372,591	13,818	6,069
Islamic banking capital funds		1,110,055	992,591	13,818	6,069
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		37,747,193	29,063,158	721,740	1,408,226

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24b. UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

	Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	311,251	209,202	626,187	438,899
Income derived from investment of shareholders' funds	49,732	24,956	71,482	47,251
Allowance for impairment losses on financing, advances and other loans	(75,064)	(96,673)	(107,499)	(130,437)
Total distributable income	285,919	137,485	590,170	355,713
Income attributable to the depositors	(70,235)	(80,347)	(194,030)	(184,257)
Total net income	215,684	57,138	396,140	171,456
Other operating expenses	(54,429)	(53,961)	(110,099)	(101,379)
Profit before taxation and zakat	161,255	3,177	286,041	70,077
Taxation and zakat	(20,622)	(8,649)	(41,088)	(18,246)
Profit for the financial period	140,633	(5,472)	244,953	51,831

	Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Total net income	215,684	57,138	396,140	171,456
Add: Allowances for impairment losses on financing, advances and other loans	75,064	96,673	107,499	130,437
Income from Islamic operations (per page 3)	290,748	153,811	503,639	301,893

	Bank			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	5,423	3,618	11,087	10,155
Income derived from investment of shareholders' funds	153	-	153	-
Allowance for impairment losses on financing, advances and other loans	-	(1,771)	-	(1,785)
Total distributable income	5,576	1,847	11,240	8,370
Income attributable to the depositors	(1,463)	(2,754)	(2,961)	(6,155)
Total net income	4,113	(907)	8,279	2,215
Other operating expenses	-	(79)	-	(157)
Profit for the financial period	4,113	(986)	8,279	2,058

	Bank			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Total net income	4,113	(907)	8,279	2,215
Add: Allowances for impairment losses on financing, advances and other loans	-	1,771	-	1,785
Income from Islamic operations (per page 4)	4,113	864	8,279	4,000

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24b. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

	Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	140,633	(5,472)	244,953	51,831
Other Comprehensive Income:				
Revaluation reserve financial investments available-for-sale				
- Net gain/(loss) from change in fair value	2,423	(3,801)	2,015	(3,216)
- Realised loss transferred to comprehensive income on disposal and impairment	116	116	530	521
- Transfer (from)/to deferred tax assets	(653)	492	(654)	674
Exchange fluctuation reserve	5,203	665	7,120	1,218
Other comprehensive income for the period, net of tax	<u>7,089</u>	<u>(2,528)</u>	<u>9,011</u>	<u>(803)</u>
Total comprehensive income for the period	<u>147,722</u>	<u>(8,000)</u>	<u>253,964</u>	<u>51,028</u>
	Bank			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	4,113	(986)	8,279	2,058
Other Comprehensive Income:				
Exchange fluctuation reserve	(219)	665	(531)	1,218
Other comprehensive income for the period, net of tax	<u>(219)</u>	<u>665</u>	<u>(531)</u>	<u>1,218</u>
Total comprehensive income for the period	<u>3,894</u>	<u>(321)</u>	<u>7,748</u>	<u>3,276</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER LOANS

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
i) By type				
Cashline	262,693	241,179	-	-
Term financing	38,120,036	27,554,018	103,271	214,536
- Housing financing	14,278,971	9,950,056	21,602	24,652
- Syndicated term financing	720,802	797,833	81,669	189,884
- Hire purchase receivables	5,860,198	4,436,748	-	-
- Other term financing	17,260,065	12,369,381	-	-
Bills receivables	2,282	1,625	-	-
Islamic trust receipts	33,287	29,827	-	-
Claims on customers under acceptance credit	178,437	173,893	-	-
Credit card receivables	70,003	48,973	-	-
Revolving credit	1,015,064	845,716	-	-
Other financing	-	72	-	-
	39,681,802	28,895,303	103,271	214,536
Less: Unearned income	(16,313,945)	(12,093,880)	(698)	(872)
Gross financing, advances and other loans	23,367,857	16,801,423	102,573	213,664
Fair value changes arising from fair value hedges	111,878	26,519	-	-
	23,479,735	16,827,942	102,573	213,664
Less: Individual impairment allowance	(275,718)	-	-	-
Specific allowance	-	(212,890)	-	-
	23,204,017	16,615,052	102,573	213,664
Less: Portfolio impairment allowance	(215,319)	-	-	-
General allowance	-	(160,247)	-	-
Total net financing, advances and other loans	22,988,698	16,454,805	102,573	213,664

a) Included in other term financing is RM4,500 million (2009: RM 1,519 million) financing provided in normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

b) During the financial year, CIMB Islamic has undertaken fair value hedges on the profit rate risk of RM3,200 million (2009: RM1,350 million) financing using Islamic profit rate swaps.

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Gross financing hedged	3,200,000	1,350,000	-	-
Fair value changes arising from fair value hedges	111,878	26,519	-	-
	3,311,878	1,376,519	-	-

The fair values loss on profit rate swaps as at 30 June 2010 were RM129.6 million (2009: RM 41.6million).

ii) By geographical distribution

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Malaysia	23,265,284	16,587,759	-	-
Other countries	102,573	213,664	102,573	213,664
Gross loans, advances and financing	23,367,857	16,801,423	102,573	213,664

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

iii) Impaired financing/non-performing financing by geographical distribution

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Malaysia	528,074	357,115	-	-
Gross impaired loan/non-performing loan	528,074	357,115	-	-

iv) Movements in impaired financing/non-performing financing, advances and other loans ("NPF") are as follows :

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Balance as at 1 January				
- as previously reported	357,115	201,468	-	-
- classified as impaired due to adoption of FRS 139*	139,996	-	-	-
- as adjusted	497,111	201,468	-	-
Impaired/non-performing during the period/year	156,352	376,283	-	-
Reclassified as not impaired/performing during the period/year	(49,172)	(90,353)	-	-
Recoveries	(28,849)	(34,424)	-	-
Amount written off	(37,882)	(95,859)	-	-
Exchange fluctuation	(9,486)	-	-	-
Balance as at 30 June/31 December	528,074	357,115	-	-
Ratio of gross impaired / non-performing loans to gross financing, advances and other loans	2.26%	2.13%	0.00%	0.00%

* Represents restatement of income-in-suspense and financing previously classified as performing under GP3 but considered impaired under FRS 139.

PART A - EXPLANATORY NOTES (CONTINUED)

A24. OPERATIONS OF ISLAMIC BANKING

A24c. FINANCING, ADVANCES AND OTHER LOANS (CONTINUED)

v) Movements in allowance for bad and doubtful financing

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Individual impairment allowance				
Balance as at 1 January	-	-	-	-
Adoption of FRS 139	268,587	-	-	-
Adjusted 1 January	268,587	-	-	-
Amount written back in respect of recoveries	10,490	-	-	-
Unwinding income	(1,621)	-	-	-
Exchange fluctuation	(1,738)	-	-	-
Balance as at 30 June/31 December	275,718	-	-	-
Portfolio impairment allowance				
Balance as at 1 January	-	-	-	1,181
Adoption of FRS 139	261,029	-	-	-
Adjusted 1 January	261,029	-	-	1,181
Allowance made during the financial period/year	106,754	-	-	-
Allowance transferred to conventional operations	(119,980)	-	-	(1,181)
Amount written off	(31,800)	-	-	-
Unwinding income	(684)	-	-	-
Balance as at 30 June/31 December	215,319	-	-	-
As % of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from portfolio impairment allowance by BNM) less individual impairment allowance	2.31%	-	0.00%	-

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Specific allowance				
Balance as at 1 January	212,890	99,374	-	-
Adoption of FRS 139	(212,890)	-	-	-
Adjusted 1 January	-	99,374	-	-
Allowance made during the financial period/year	-	236,951	-	-
Amount written back in respect of recoveries	-	(25,785)	-	-
Amount written off	-	(95,616)	-	-
Exchange fluctuation	-	(2,034)	-	-
Balance as at 30 June/31 December	-	212,890	-	-
General allowance				
Balance as at 1 January	160,247	80,615	-	1,181
Adoption of FRS 139	(160,247)	-	-	-
Adjusted 1 January	-	80,615	-	1,181
Allowance made during the financial period/year	-	80,813	-	-
Allowance transferred to conventional operations	-	(1,181)	-	(1,181)
Exchange fluctuation	-	-	-	-
Balance as at 30 June/31 December	-	160,247	-	-
As % of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from general allowance by BNM) less specific allowance	-	1.48%	-	0.00%

PART A - EXPLANATORY NOTES (CONTINUED)**A24. OPERATIONS OF ISLAMIC BANKING****A24d. DEPOSITS FROM CUSTOMERS**

By type of deposits

	Group		Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Non-Mudharabah				
Demand deposits	1,398,318	985,490	2,457	819
Savings deposits	575,768	510,379	-	-
Fixed return investment account	3,532,042	2,964,472	562,996	524,644
Islamic negotiable instruments of deposit	786,802	523,089	-	-
Commodity Murabahah	16,225	17,125	-	-
Others	21,343	7,366	-	-
	6,330,498	5,007,921	565,453	525,463
Mudharabah				
Demand deposits	1,362,723	2,155,363	-	-
Savings deposits	229,295	204,066	-	-
General investment deposits (inclusive of Special General investment deposits of RM9,936,626,000 (2009: 7,425,800,000))	11,475,452	9,158,674	-	-
Specific investment deposit	1,669,210	1,658,582	-	-
	14,736,680	13,176,685	-	-
Total deposits from customers	21,067,178	18,184,606	565,453	525,463

A25. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	The Group		The Bank	
	30 June 2010 RM'000	31 Dec 2009 RM'000	30 June 2010 RM'000	31 Dec 2009 RM'000
Outstanding credit exposures with connected parties	13,148,102	6,921,854	12,494,116	6,508,435
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	7.8%	4.7%	9.0%	5.2%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.0%	0.0%	0.0%	0.0%

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

(a) CHANGE IN ACCOUNTING POLICIES

During the current reporting period, the Group and the Bank adopted the following significant standards and amendments to standards:

- i) FRS 139 Financial Instruments : Recognition and Measurement
- ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- iii) FRS 7 Financial Instruments : Disclosures
- iv) Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

The objective of FRS 139 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. FRS 139 also deals with derecognition of financial assets and financial liabilities and hedge accounting. A significant portion of the requirements under FRS 139 had been addressed on 1 January 2005, with the adoption of BNM's revised GP8 : Guidelines on Financial Reporting for Licensed Institutions. These included principles which address the conditions of recognition, derecognition and measurement of financial instruments and hedge accounting. With the full adoption of FRS 139 on 1 January 2010, the additional requirements implemented by the Group and the Bank are as follows:

Impairment of financial assets

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

Loan Impairment

Impairment losses are calculated on individual loans and on loans assessed collectively.

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a portfolio of loans has occurred. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group and the Bank assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the individual impairment allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest income.

Loans that have been individually assessed and for which no evidence of loss has been specifically identified on an individual basis are grouped together for portfolio impairment assessment . These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The Group and the Bank is currently reporting under the BNM's transitional arrangement as prescribed in the guidelines on 'Classification and Impairment Provision for Loans/Financing' issued on 8 January 2010.

However, our Group's and Bank's financial statements are prepared in full compliance with FRS 139 principles.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(a) CHANGE IN ACCOUNTING POLICIES (continued)

Interest Income Recognition

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

Recognition of Embedded Derivatives

In accordance with FRS 139 and IC Interpretation 9, embedded derivatives are to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract and the fair value of the resulting derivative can be reliably measured. This assessment is made when the entity first becomes a party to the contract.

Based on the assessment by the Group and the Bank upon adoption of FRS 139 on 1 January 2010, there were no material embedded derivatives which were not closely related to the host contracts and which required bifurcation.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 has been accounted for prospectively.

(b) COMPARATIVE FIGURES

(i) FRS 101 Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group and the Bank for the comparative financial period ended 30 June 2009 have been re-presented as a combined statements of total comprehensive income comprising components of profit or loss and other comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact to the results, performance and on earnings per ordinary share of the Group and the Bank.

(ii) FRS 7 Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group and the Bank. The standard also requires disclosure of the statement of financial position and statement of total comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group and the Bank, as the current presentation is already made by categories of financial assets and liabilities.

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

Group	Effects of adopting FRS 139		
	Audited as at 31 December 2009 RM'000	Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
Assets			
Cash and short term funds	25,023,098	-	25,023,098
Reverse repurchase agreements	4,260,951	-	4,260,951
Deposits and placements with banks and other financial institutions	3,402,596	-	3,402,596
Financial assets held-for-trading	13,818,079	-	13,818,079
Financial investments available-for-sale	8,080,319	317,908	8,398,227
Financial investments held-to-maturity	12,875,251	-	12,875,251
Derivative financial instruments	3,504,962	-	3,504,962
Loans, advances and financing	113,480,642	(473,207)	113,007,435
Other assets	2,119,150	(12,285)	2,106,865
Deferred taxation	301,447	(165,962)	135,485
Tax recoverable	2,945	53,042	55,987
Statutory deposits with central banks	841,857	-	841,857
Investment in jointly controlled entity	134,559	(5,711)	128,848
Investment in associate	268,636	-	268,636
Amount due from holding company and ultimate holding company	47,122	-	47,122
Amount due from related companies	998,818	-	998,818
Goodwill	4,923,701	-	4,923,701
Intangible assets	573,416	-	573,416
Prepaid lease payments	16,340	-	16,340
Property, plant and equipment	842,341	-	842,341
Investment properties	120,349	-	120,349
	<u>195,636,579</u>	<u>(286,215)</u>	<u>195,350,364</u>
Non-current assets/disposal groups held for sale	380,404	-	380,404
Total Assets	<u>196,016,983</u>	<u>(286,215)</u>	<u>195,730,768</u>

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

Group	Audited as at 31 December 2009 RM'000	Effects of adopting FRS 139	
		Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
Liabilities			
Deposits from customers	146,872,345	-	146,872,345
Deposits and placements of banks and other financial institutions	14,180,946	-	14,180,946
Repurchase agreements	565,097	-	565,097
Derivative financial instruments	3,462,938	-	3,462,938
Bills and acceptances payable	4,056,811	-	4,056,811
Amount due to Cagamas Berhad	335,612	-	335,612
Amount due to subsidiaries	55,439	-	55,439
Amount due to related companies	9,710	-	9,710
Other liabilities	3,149,346	(6,118)	3,143,228
Provision for taxation and zakat	109,169	(97,611)	11,558
Other borrowings	1,027,500	-	1,027,500
Bond	443,051	-	443,051
Subordinated notes	4,106,716	-	4,106,716
Redeemable preference shares	751,437	-	751,437
Total Liabilities	179,126,117	(103,729)	179,022,388
Equity			
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital	3,764,466	-	3,764,466
Reserves	12,640,620	(180,232)	12,460,388
	16,405,086	(180,232)	16,224,854
Perpetual preference shares	200,000	-	200,000
Redeemable preference shares	29,740	-	29,740
Minority interests	256,040	(2,254)	253,786
Total Equity	16,890,866	(182,486)	16,708,380
Total Equity and Liabilities	196,016,983	(286,215)	195,730,768

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

	Audited as at 31 December 2009 RM'000	<u>Effects of adopting FRS 139</u> Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
<u>Bank</u>			
Assets			
Cash and short term funds	17,699,691	-	17,699,691
Reverse repurchase agreements	2,857,456	-	2,857,456
Deposits and placements with banks and other financial institutions	11,934,278	-	11,934,278
Financial assets held-for-trading	10,152,185	-	10,152,185
Financial investments available-for-sale	6,524,708	317,908	6,842,616
Financial investments held-to-maturity	10,702,270	-	10,702,270
Derivative financial instruments	3,203,614	-	3,203,614
Loans, advances and financing	84,456,367	(217,616)	84,238,751
Other assets	1,607,800	(12,285)	1,595,515
Deferred taxation	281,880	(128,034)	153,846
Statutory deposits with central banks	661,983	-	661,983
Investment in subsidiaries	3,816,500	-	3,816,500
Investment in jointly controlled entity	124,448	-	124,448
Investment in associate	245,034	-	245,034
Amount due from holding company and ultimate holding company	14,846	-	14,846
Amount due from subsidiaries	128,064	-	128,064
Amount due from related companies	994,989	-	994,989
Goodwill	3,555,075	-	3,555,075
Intangible assets	512,674	-	512,674
Prepaid lease payments	12,511	-	12,511
Property, plant and equipment	564,486	-	564,486
Investment properties	96,857	-	96,857
	160,147,716	(40,027)	160,107,689
Non-current assets/disposal groups held for sale	73,902	-	73,902
Total Assets	160,221,618	(40,027)	160,181,591

PART A - EXPLANATORY NOTES (CONTINUED)

A26. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(c) ADOPTION OF FRS 139 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

	Audited as at 31 December 2009 RM'000	<u>Effects of adopting FRS 139</u> Fair value / impairment RM'000	Adjusted 1 January 2010 RM'000
<u>Bank</u>			
Liabilities			
Deposits from customers	114,449,911	-	114,449,911
Deposits and placements of banks and other financial institutions	17,633,397	-	17,633,397
Derivative financial instruments	3,261,121	-	3,261,121
Bills and acceptances payable	2,826,165	-	2,826,165
Amount due to Cagamas Berhad	335,612	-	335,612
Amount due to subsidiaries	118,668	-	118,668
Amount due to related companies	285	-	285
Other liabilities	2,463,818	(6,118)	2,457,700
Provision for taxation and zakat	104,395	(97,611)	6,784
Subordinated notes	4,199,805	-	4,199,805
Total Liabilities	145,393,177	(103,729)	145,289,448
Equity			
Capital and reserves attributable to equity holders of the Bank			
Ordinary share capital	3,764,466	-	3,764,466
Reserves	10,834,235	63,702	10,897,937
	14,598,701	63,702	14,662,403
Perpetual preference shares	200,000	-	200,000
Redeemable preference shares	29,740	-	29,740
Total Equity	14,828,441	63,702	14,892,143
Total Equity and Liabilities	160,221,618	(40,027)	160,181,591

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

B1. GROUP PERFORMANCE REVIEW

For the first half 2010, the Group registered a profit before tax of RM1,536.3 million, an increase of RM150.0 million as compared to RM1,386.3 million registered in the same period of 2009. Net interest income increase by RM31.8 million to RM2,144.9 million and income from Islamic banking operation rose 66.8% to RM503.6 million. Non-interest income is lower by RM139.4 million, mainly due to higher net loss arising from financial assets held for trading and derivative financial instruments by RM147.9 million and RM560.9 million respectively. This was however offset by higher gain from foreign exchange by RM257.0 million and gain on disposal of property, plant and equipment by RM167.8 million. Overheads was up by 14.3% or RM254.1 million while allowance for impairment losses on loan, advances and financing drop by RM271.8 million to RM123.1 million.

B2. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Group's outlook for 2H10 is positive as pipeline of corporate activity is good while our consumer assets and liability base is growing well. However, the Group remains conservative on its capital position as the Group is migrating to Basel II and the international banking reform process has yet to land on some important details.

B3. COMPUTATION OF EARNINGS PER SHARE (EPS)

Basic EPS/fully diluted

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

	Group			
	2nd Quarter Ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests (RM '000)	695,154	564,066	1,237,882	1,075,094
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,466	3,641,009	3,764,466	3,641,009
Basic earnings per share (expressed in sen per share)	18.47	15.49	32.88	29.53

	Bank			
	2nd Quarter Ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests (RM '000)	513,995	445,798	987,571	842,221
Weighted average number of ordinary shares in issue - proforma ('000)	3,764,466	3,641,009	3,764,466	3,641,009
Basic earnings per share (expressed in sen per share)	13.65	12.24	26.23	23.13