

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	Note	The Group	
		31 Dec 2011 RM'000	31 Dec 2010 RM'000
<b>ASSETS</b>			
Cash and short-term funds		34,668,845	27,185,260
Reverse repurchase agreements		4,230,482	3,804,662
Deposits and placements with banks and other financial institutions		4,174,012	11,745,823
Financial investments at fair value through profit or loss	A8(a),(b)	13,665,700	17,082,596
Derivative financial instruments	A21 (i)	4,274,073	3,577,155
Financial investments available-for-sale	A9	13,773,219	11,658,702
Financial investments held-to-maturity	A10	16,918,784	14,120,263
Loans, advances and financing	A11	183,838,777	159,181,385
Other assets	A12	6,518,355	7,353,522
Deferred tax assets		49,998	15,269
Tax recoverable		139,258	98,358
Statutory deposits with central banks		5,084,105	1,410,436
Investment in associates and jointly controlled entities		1,357,866	680,293
Property, plant and equipment		1,458,400	1,442,948
Investment properties		8,653	61,216
Prepaid lease payments		170,564	185,542
Goodwill		8,242,489	8,159,469
Intangible assets		1,611,879	1,543,295
		<b>300,185,459</b>	<b>269,306,194</b>
Non-current assets held for sale		17,248	59,050
<b>TOTAL ASSETS</b>		<b>300,202,707</b>	<b>269,365,244</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A13	221,933,142	199,845,664
Deposits and placements of banks and other financial institutions	A14	12,964,309	13,092,157
Repurchase agreements		1,067,946	33,087
Derivative financial instruments	A21 (i)	4,217,291	3,748,516
Bills and acceptances payable		7,566,691	4,532,446
Other liabilities	A15	6,827,810	8,624,668
Deferred tax liabilities		134,285	12,124
Current tax liabilities		483,820	322,789
Amount due to Cagamas Berhad		-	107,523
Bonds	B7	521,225	423,982
Other borrowings	B7	5,324,032	3,783,587
Subordinated notes	B7	11,417,980	9,675,340
Non-cumulative guaranteed and redeemable preference shares		881,016	860,162
<b>TOTAL LIABILITIES</b>		<b>273,339,547</b>	<b>245,062,045</b>
Ordinary share capital		7,432,775	7,432,775
Reserves		18,504,288	15,797,775
Less: Shares held under trust		(563)	(563)
Treasury shares, at cost		(30)	(21)
		<b>25,936,470</b>	<b>23,229,966</b>
Perpetual preference shares		200,000	200,000
Non-controlling interests		726,690	873,233
<b>TOTAL EQUITY</b>		<b>26,863,160</b>	<b>24,303,199</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>300,202,707</b>	<b>269,365,244</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A21 (ii)	<b>414,197,407</b>	<b>349,069,257</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>3.49</b>	<b>3.13</b>

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	The Group			
		4th quarter ended		Twelve months ended	
		31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
		RM'000	RM'000	RM'000	RM'000
Interest income	A16	<b>3,356,955</b>	2,950,527	<b>12,681,512</b>	11,168,858
Interest expense	A17	<b>(1,596,974)</b>	(1,303,894)	<b>(6,005,261)</b>	(4,564,083)
Net interest income		<b>1,759,981</b>	1,646,633	<b>6,676,251</b>	6,604,775
Income from Islamic Banking operations	A24(c)	<b>362,508</b>	462,952	<b>1,470,321</b>	1,330,036
Net non-interest income (excluding gain on deemed disposal/disposal of net assets and interest in subsidiaries)	A18	<b>1,008,474</b>	1,055,956	<b>3,725,457</b>	3,916,174
		<b>3,130,963</b>	3,165,541	<b>11,872,029</b>	11,850,985
Gain on deemed disposal/disposal of net assets and interest in subsidiaries		<b>250,000</b>	20,142	<b>250,000</b>	27,218
		<b>3,380,963</b>	3,185,683	<b>12,122,029</b>	11,878,203
Overheads	A19	<b>(1,721,926)</b>	(1,899,417)	<b>(6,629,912)</b>	(6,613,304)
Profit before allowances		<b>1,659,037</b>	1,286,266	<b>5,492,117</b>	5,264,899
Allowance for impairment losses on loans, advances and financing	A20	<b>(289,204)</b>	(167,627)	<b>(487,343)</b>	(607,176)
Allowance (made)/written back for impairment losses on other receivables		<b>(3,571)</b>	16,405	<b>(8,908)</b>	(8,085)
Allowance written back/(made) for commitments and contingencies		<b>18,234</b>	(17,363)	<b>55,435</b>	(20,900)
Recoveries/(losses made) from investment management and securities services		-	-	<b>15,000</b>	(50,000)
Allowance made for other impairment losses		<b>(6,387)</b>	(11,655)	<b>(14,190)</b>	(48,189)
		<b>1,378,109</b>	1,106,026	<b>5,052,111</b>	4,530,549
Share of results of jointly controlled entities		<b>5,401</b>	2,530	<b>16,993</b>	9,548
Share of results of associates		<b>21,460</b>	34,491	<b>134,038</b>	86,620
Profit before taxation and zakat		<b>1,404,970</b>	1,143,047	<b>5,203,142</b>	4,626,717
Taxation and zakat	B4	<b>(259,804)</b>	(267,065)	<b>(1,128,816)</b>	(956,830)
Profit for the year		<b>1,145,166</b>	875,982	<b>4,074,326</b>	3,669,887
Profit for the year attributable to :					
Owners of the Parent		<b>1,132,514</b>	872,615	<b>4,030,798</b>	3,500,803
Non-controlling interests		<b>12,652</b>	3,367	<b>43,528</b>	169,084
		<b>1,145,166</b>	875,982	<b>4,074,326</b>	3,669,887
Earnings per share (sen):					
- Basic	B9(a)	<b>15.2</b>	11.8	<b>54.2</b>	48.7
- Fully diluted	B9(b)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Profit for the year	1,145,166	875,982	4,074,326	3,669,887
Other comprehensive income:				
Revaluation reserve-financial investments available-for-sale	49,217	(60,728)	39,348	(289,426)
- Net gain from change in fair value	119,592	38,366	287,091	421,912
- Realised gain transferred to income statement on disposal and impairment	(72,063)	(178,370)	(271,725)	(716,693)
- Income tax effects	7,665	83,120	22,800	18,449
- Currency translation difference	(5,977)	(3,844)	1,182	(13,094)
Net investment hedge	12,816	(1,640)	(46,887)	253,643
Hedging reserve- cash flow hedge				
- Net gain from change in fair value	1,670	-	226	-
Exchange fluctuation reserve				
- Currency translation differences in respect of foreign operations	(354,621)	(75,140)	178,309	(721,438)
Share of other comprehensive income of associate	25,041	-	25,041	-
Other comprehensive (expense)/income for the year, net of tax	(265,877)	(137,508)	196,037	(757,221)
Total comprehensive income for the year	<b>879,289</b>	738,474	<b>4,270,363</b>	2,912,666
Total comprehensive income for the year attributable to:				
Owners of the Parent	871,547	738,055	4,220,703	2,753,611
Non-controlling interests	7,742	419	49,660	159,055
	<b>879,289</b>	738,474	<b>4,270,363</b>	2,912,666

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

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Attributable to owners of the Parent															
	Share capital RM'000	Share premium- ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available- for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve <sup>a</sup> RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2011, as previously reported	7,432,775	4,192,596	3,935,308	136,954	(347,337)	(563)	(21)	474,673	131,736	-	117,595	7,156,250	23,229,966	200,000	873,233	24,303,199
Effects of adopting Amendments to FRS 2	-	-	-	-	-	-	-	-	-	-	(318,071)	(318,071)	-	-	-	-
Adjusted 1 January 2011	7,432,775	4,192,596	3,935,308	136,954	(347,337)	(563)	(21)	474,673	131,736	-	117,595	6,838,179	23,229,966	200,000	873,233	24,303,199
Profit for the financial year	-	-	(3)	-	174,664	-	-	61,089	(46,254)	409	-	4,030,798	4,030,798	-	43,528	4,074,326
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	36,048	(46,480)	-	-	(10,432)	(10,432)	-	6,132	196,057
- financial investments available-for-sales	-	-	-	-	-	-	-	-	-	-	-	(46,480)	(46,480)	-	3,300	39,348
- net investment hedge	-	-	-	-	-	-	-	-	-	-	-	226	226	-	(407)	(46,887)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	226	226	-	-	-
- currency translation difference	-	-	(3)	-	174,664	-	-	-	-	409	-	175,070	175,070	-	3,229	178,309
- share of other comprehensive income of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(3)	-	174,664	-	-	61,089	(46,254)	409	-	4,030,798	4,220,703	-	49,660	4,270,363
Dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	(594,622)	(594,622)	-	-	-	(594,622)
Dividend for the financial year ended 31 December 2011	-	-	-	-	-	-	-	-	-	-	(891,933)	(891,933)	-	-	-	(891,933)
- single for interim dividend	-	-	-	-	-	-	-	-	-	-	(891,933)	(891,933)	-	-	-	(891,933)
Non-controlling interest share of dividend	-	-	-	-	-	-	-	-	-	-	(168,286)	(168,286)	-	(11,250)	(11,250)	
Transfer to statutory reserve	-	-	168,286	-	-	-	-	-	-	-	(168,286)	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	373,032	(373,032)	-	-	-	-	-
Arising from reorganisation of investment in subsidiaries and deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of capital funds	-	-	-	150	-	-	-	-	-	-	(15,953)	(15,953)	(15,953)	-	(185,592)	(201,545)
Rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	150	-	150	
Bonus issue and capital repayment of subsidiaries	-	-	-	-	-	-	-	-	-	-	(800)	(800)	(800)	9,749	9,249	
Purchase of treasury shares	-	-	-	-	-	-	(9)	-	-	-	(1,796)	(1,796)	(1,796)	-	(9,110)	(10,906)
Share-based payment expense	-	-	-	-	-	-	-	-	76,281	-	-	76,281	76,281	-	76,281	
Shares released under Equity Ownership Plan	-	-	-	-	-	-	-	-	(20,429)	-	-	(20,429)	(20,429)	-	(20,429)	
Purchase of shares in relation to Equity Ownership Plan	-	-	-	-	-	-	-	(65,388)	-	-	-	(65,388)	(65,388)	-	(65,388)	
At 31 December 2011	7,432,775	4,192,596	4,103,591	137,104	(172,673)	(563)	(30)	535,762	20,094	374,332	496,627	8,822,855	25,936,270	200,000	726,690	26,863,160

<sup>a</sup> 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

**CIMB GROUP HOLDINGS BERHAD**  
(Company Number 50824-B)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	Attributable to owners of the Parent															
	Share capital RM'000	Share premium-ordinary shares RM'000	Statutory reserve RM'000	Capital reserve RM'000	Exchange fluctuation reserve RM'000	Shares held under trust RM'000	Treasury shares RM'000	Revaluation reserve - financial investments available-for-sale RM'000	Other reserves RM'000	Share-based payment reserve RM'000	Regulatory reserve <sup>a</sup> RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2010, as previously reported	3,531,766	5,586,751	3,415,780	136,954	361,780	(563)	-	766,500	(64,386)	298,038	-	6,265,787	20,000,369	200,000	2,079,035	22,279,404
Effects of adopting Amendments to FRS 2 Adjusted 1 January 2010	3,531,766	5,586,751	3,415,780	136,954	361,780	(563)	-	766,500	(64,386)	298,038	-	5,967,749	20,000,369	200,000	2,079,035	22,279,404
Profit for the financial year	-	-	-	-	(709,117)	-	-	(291,827)	253,752	-	-	3,500,803	(747,192)	-	169,084	3,669,887
- Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,029)	(357,221)
- financial investments available-for-sales	-	-	-	-	-	-	-	(291,827)	-	-	-	-	-	-	2,401	(289,426)
- net investment hedge	-	-	-	-	-	-	-	(291,827)	-	-	-	-	-	-	(109)	253,643
- currency translation difference	-	-	-	-	(709,117)	-	-	-	253,752	-	-	-	(709,117)	-	(12,321)	(721,438)
Total comprehensive income for the year	-	-	-	-	(709,117)	-	-	(291,827)	253,752	-	-	3,500,803	2,753,611	-	159,055	2,912,666
Dividend for the financial year ended 31 December 2009	-	-	-	-	-	-	-	-	-	-	-	(653,376)	(653,376)	-	(4,314)	(657,690)
Dividend for the financial year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(339,083)	(339,083)	-	-	(339,083)
- Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(999,708)	(999,708)	-	(11)	(999,719)
- Special dividend	-	-	-	-	-	-	-	-	-	-	-	(519,238)	(519,238)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	117,595	-	(117,595)	-	-	-	-
Arising from accretion/(dilution) of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,083)	(1,083)	-	(1,361,067)	(1,362,150)
Rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,535	20,535
Capital repayment of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21)	(21)
Issuance of bonus shares	3,531,764	(3,531,764)	-	-	-	-	-	(21)	-	-	-	-	(21)	-	-	-
Share exchange for acquisition of a subsidiary	268,000	1,675,000	-	-	-	-	-	-	-	-	-	-	1,943,000	-	-	1,943,000
Exercise of warrant	101,245	462,609	-	-	-	-	-	-	(57,630)	-	-	-	506,224	-	-	506,224
Share-based payment expense	-	-	-	-	-	-	-	-	-	20,033	-	-	20,033	-	-	20,033
At 31 December 2010	7,432,775	4,192,596	3,935,308	136,954	(347,337)	(563)	(21)	474,673	131,736	318,071	117,595	6,838,179	23,229,966	200,000	873,233	24,403,199

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

**CIMB GROUP HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation and zakat	5,203,142	4,626,717
Adjustments for non-operating and non-cash items	(412,537)	198,380
<b>Operating profit before changes in working capital</b>	<b>4,790,605</b>	<b>4,825,097</b>
Net changes in operating assets	(17,298,052)	(30,666,618)
Net changes in operating liabilities	24,124,353	23,853,192
	<b>6,826,301</b>	<b>(6,813,426)</b>
<b>Cash flows generated from/(used in) operations</b>	<b>11,616,906</b>	<b>(1,988,329)</b>
Taxation paid	(916,200)	(1,010,219)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>10,700,706</b>	<b>(2,998,548)</b>
Net cash flows (used in)/generated from investing activities	(4,650,068)	868,064
Net cash flows generated from financing activities	1,620,688	2,238,483
<b>Net increase in cash and cash equivalents during the financial year</b>	<b>7,671,326</b>	<b>107,999</b>
Effects of exchange rate changes	(187,741)	(1,197,426)
Cash and short-term funds at beginning of the financial year	27,185,260	28,274,687
<b>Cash and short-term funds at end of the financial year</b>	<b>34,668,845</b>	<b>27,185,260</b>
Statutory deposits with Bank Indonesia*	(3,887,585)	(2,985,829)
Money held in trust	(384,083)	(329,070)
<b>Cash and cash equivalents at end of the financial year</b>	<b>30,397,177</b>	<b>23,870,361</b>

\* This represent non-interest bearing statutory deposits of a foreign subsidiary maintained with Bank Indonesia in compliance with their applicable legislation which is not readily available for use by the Group.

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

## **PART A - EXPLANATORY NOTES**

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

The unaudited condensed interim financial statements for the financial year ended 31 December 2011 have been prepared under the historical cost convention, except for financial assets held for trading, financial assets designated at fair value through profit or loss, financial investments available-for-sale, 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. The unaudited condensed interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

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

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business Combination"
- Revised FRS 127 "Consolidated and Separate Financial Statements"
- Amendment to FRS 2 "Share-based Payment"- Group cash-settled Share-based Payment Transactions"
- Amendment to FRS 7 "Financial instruments: Disclosures-Improving Disclosures about Financial Instruments"
- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendments to FRS 132 "Financial instruments: Presentation-Classification of Rights Issue "
- IC Interpretation 4 "Determining Whether an Arrangement contains a Lease"
- 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 "Transfer of Assets from Customers"
- TR i-4 "Shariah Compliant Sale Contract"
- Improvements to FRSs (2010)

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

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

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

The Amendments to FRS 2 effective 1 Jan 2011 clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. Previously, the Group has a cash settled share based arrangement whereby a substantial shareholder of the Company grants entitlements to the employees of the Group. Prior to the adoption of the Amendments to FRS 2, the Group does not account for the transaction in its financial statements. The Group has changed its accounting policy upon adoption of Amendments to FRS 2 on 1 January 2011 retrospectively. As the Group does not have an obligation to settle the transaction with its employees, the Group has accounted for the transaction as equity settled in accordance with the Amendments to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note A26.

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

In November 2011, the Malaysian Accounting Standards Board formally announced the Malaysian reporting entities would be required to comply with the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for financial years commencing on or after 1 January 2012. MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

The Group will be required to adopt the new standards, amendments to standards and interpretations in the following period and comparative financial information prepared in compliance with MFRS will be required for the year commencing 1 January 2010.

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

- MFRS 139 "Financial instruments: recognition and measurement"
- MFRS 124 "Related Party Disclosures" (effective 1 January 2012)
- Amendment to MFRS 112 "Income taxes" (effective from 1 January 2012)
- Amendments to IC Interpretation 14 "MFRS 119 - The limit on a defined benefit assets, minimum funding requirements and their interaction" (effective from 1 July 2011)
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011)

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

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

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

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

## **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**

Other than detailed below, there were no other new shares issuance, repayment of debt securities, share buy backs and share cancellations, or resale of shares held as treasury shares during the nine-month period ended 31 December 2011:-

a) From 7 January 2011 to 31 December 2011, the Company purchased 1,004 of its own shares from the open market at an average market price of RM8.60 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM8.63 thousand.

Subsequent to the financial year ended 31 December 2011, the Company purchased 11 of its own shares from the open market at an average market price of RM8.16 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM0.09 thousand.

The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

b) On 2 April 2010, the Company announced that in relation to the Proposed SET Listing, the offering size pursuant to the IPO Offering has been revised from up to 35 million CIMB Shares to up to 50 million CIMB Shares (100 million after completion of the bonus issue). The offering shall only be made via the Proposed Public Issue. The revised number of shares is to facilitate the eligibility of CIMB Thai to perform the role of a selling agent for the Proposed SET Listing which is in accordance with the relevant regulations in Thailand on the minimum size of offerings for distribution via bank branches, enable wider participation from investors in Thailand and improve liquidity in the secondary market.

Bank Negara Malaysia ("BNM") and Securities Commission ("SC") have vide their letters dated 5 April 2010 and 7 April 2010 respectively, granted approval to CIMB on the proposed dual listing.

On 21 September 2010, the Company has submitted to the SC an application for an extension of six months up to 6 April 2011 for the Company to complete the Proposed SET Listing ("Proposed Extension of Time"). The SC has vide its letter dated 12 October 2010, approved the Proposed Extension of Time of six months up to 6 April 2011.

On 22 March 2011, the Company has submitted to the SC an application for a further extension of six months up to 6 October 2011 for the Company to complete the Proposed SET Listing, which is currently pending the decision of the SC. On 25 May 2011, the Company announced the postponement of its proposed listing on the Stock Exchange of Thailand ("SET"). Concurrently, the Company retracted its application for a six-month extension from the SC.

c) On 15 November 2010, CIMB Niaga announced a 1-for-20 rights issue of up to 1,196,743,183 new CIMB Niaga shares at IDR1,250 each. The rights issue was completed and the new CIMB Niaga shares were listed on 12 January 2011.

d) On 3 March 2011, the Company announced that it will be seeking its shareholders' approval at its 54th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company. Shareholders' approval was subsequently obtained at the AGM which was held on 22 April 2011.

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

f) On 30 May 2011, CIMB Islamic had issued 250 million additional new ordinary shares of RM1 each (at par value) amounting to RM250 million, which were fully subscribed by CIMB Bank.

g) CIMB Bank (L) Limited, a subsidiary of CIMB Bank had fully settled its USD 140 million bonds and USD 300 million term loan on 15 April 2011 and 22 June 2011 respectively.

h) CIMB Bank has on 8 August 2011 completed the issuance of RM1.5 billion Subordinated Debt. The RM1.5 billion Subordinated Debt issuance was the second issuance under the RM5.0 billion Subordinated Debt Programme which was approved by the Securities Commission on 2 March 2009 and 24 September 2010 (for certain variation of terms).



### A3. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES (CONTINUED)

h) The Subordinated Debt, rated AA+ by Malaysian Rating Corporation Berhad ("MARC"), was issued in 2 separate tranches, a RM1.35 billion tranche with a maturity of 10 years callable at the end of year 5 and on each subsequent coupon payment dates thereafter ("Tranche 1"), and another RM150 million tranche with a maturity of 15 years callable at the end of year 10 and on each subsequent coupon payment dates thereafter ("Tranche 2"). Redemption of the Subordinated Debt on the call dates shall be subject to Bank Negara Malaysia's approval.

The coupon rate for the Subordinated Debt is 4.15% and 4.70% for Tranche 1 and Tranche 2 respectively. There is no step up coupon after call dates. Proceeds from the issuance will be used for CIMB Bank's working capital purposes. The Subordinated Debt qualifies as Tier-2 capital for the purpose of the RWCR computation.

i) CIMB Thai Bank, a subsidiary of CIMB Bank had fully settled its USD 50 million subordinated notes on 17 July 2011. CIMB Thai Bank had on 14 July 2011 issued 3,000,000 units unsecured 10-year subordinated notes ("the THB 3 billion Notes"). The THB 3 billion Notes were issued at a price of THB 1,000 per unit. The THB 3 billion Notes carry constant interest rate of 5.35% per annum payable every 6 months on 14 July and 14 January. The THB 3 billion Notes will mature on 14 July 2021 and qualify as Tier-2 Capital for the purpose of the RWCR computation.

j) On 19 October 2011, CIMB Niaga announced its intention to call the USD200 million subordinated notes, which is callable on 22 November 2011. The USD200 million subordinated notes was settled on 21 November 2011.

k) On 15 December 2011, CIMB Niaga issued a IDR1,500,000 million bonds with fixed interest rates. The bonds are divided into Series A Bond and Series B Bond. Series A Bond is IDR180,000 million bond with a tenor of 3 years which will mature on 23 December 2014. It bears fixed interest rate of 7.375% per annum. Series B Bond is IDR 1,320,000 million bond with a tenor of 5 years which will mature on 23 December 2016. It bears fixed interest rate of 8.30% per annum.

l) On 23 February 2012, the Company announced that it will be seeking its shareholders' approval at its 55th Annual General Meeting ("AGM") to be convened on a later announced date for the proposed renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up capital of the Company.

### A4. DIVIDENDS PAID AND PROPOSED

A second single tier interim dividend of 8 sen per ordinary share, on 7,432,772,311 ordinary shares amounting to RM594,621,785 in respect of the financial year ended 31 December 2010, which was approved by the Board of Directors on 22 February 2011, was paid on 31 March 2011.

A single tier interim dividend of 12 sen per ordinary share, on 7,432,771,757 ordinary shares amounting to RM891,932,611 in respect of the financial year ended 31 December 2011, which was approved by the Board of Directors on 18 August 2011, was paid on 30 September 2011.

The Directors have proposed a single tier second interim dividend of 10.0 sen per ordinary share, on 7,432,771,631 ordinary shares amounting to RM743,277,163 in respect of the financial year ended 31 December 2011, to be paid on 30 March 2012. The single tier second interim dividend was approved by the Board of Directors on 27 February 2012.

### A5. STATUS OF CORPORATE PROPOSAL

a) On 18 April 2011, the Company has acquired the entire issued and paid-up share capital of a company known as CIMB Southeast Asia Research Sdn. Bhd. ("CARI Sdn Bhd"), at a total cash consideration of RM2.00 for 2 shares of RM1.00 each. The shares are to be held directly by CIMB Group Sdn Bhd, a wholly-owned subsidiary of the Company. CARI Sdn Bhd will be principally involved in thought leadership, research support and advocacy to promote ASEAN integration.

b) On 31 May 2011, the Company announced that it had received Bank Negara Malaysia ("BNM") approval via its letter dated 31 May 2011, to commence negotiations with RHB Capital Berhad ("RHB") for a possible merger of the businesses of both banking groups. The approval to commence negotiations is valid for a period of 3 months from the date of BNM's letter. On 23 June 2011, the Company announced the cessation of negotiations with RHB for a possible merger.

c) On 4 August 2011, CIMB Securities International Pte. Ltd. ("CIMBSI"), an indirect wholly-owned subsidiary of the Company, has entered into a Joint Venture and Shareholders' Agreement with its partners, Mr. Alex Lovell and Ms. Reshani Dangalia to establish an investment banking advisory joint venture in Sri Lanka ("Joint Venture"). Pursuant to the Agreement, the shareholders have committed up to USD2 million for the venture and it will be a subsidiary of CIMBSI upon its incorporation. The Joint Venture company shall provide investment banking services such as corporate, equity and debt capital market and general advisory on mergers and acquisitions, initial public offerings and secondary offerings, primary and dual listings, privatisations, corporate restructuring and capital management, as well as such other related businesses that the Joint Venture company may choose to undertake in the future.

d) On 29 September 2011, CIMB Securities International Pte. Ltd. ("CSI"), an indirect wholly-owned subsidiary of the Company, has entered into a conditional Share Sale and Purchase Agreement ("SSPA") with the Siam Industrial Credit Public Company Limited ("SICCO") for the Proposed Acquisition of 70.06% interest in SICCO Securities Public Company Limited ("SSEC") at a total cash consideration of THB767,907,519 (equivalent to approximately RM78,426,395) or a cash consideration of THB1.72 per ordinary share of SSEC. Under the laws of Thailand, CSI will be required to conduct a mandatory tender offer to acquire all the remaining shares in SSEC not owned by CSI from other shareholders of SSEC, subject to the fulfilment of conditions precedents under the SSPA and upon completion of the Proposed Acquisition.

e) On 6 October 2011, the Company announced that it is in an early stage discussion with San Miguel Corp for a possible acquisition of a stake in Bank of Commerce in the Philippines.

#### **A6. EVENTS DURING THE REPORTING PERIOD**

a) Due to a realignment of the board of directors in two of the Group's insurance subsidiaries, the insurance subsidiaries are now equity accounted with effect from 1 January 2011, without a change to the Group's existing 51% equity interest held in the mentioned companies. The Group has lost control over the insurance subsidiaries and now have no significant influence over the two entities. The financial results of the insurance companies are now equity accounted for as associates in the financial statements of the Group.

The loss of control is deemed partial disposal of subsidiaries and the investment retained in the insurance companies is recognised at fair value resulting in a gain of RM250 million recognised in the statement of income in accordance with revised FRS 127 – "Consolidated and Separated Financial Statements".

b) On 10 May 2011, CIMB Strategic Assets Sdn Bhd ("CIMB SA"), a wholly owned subsidiary of the Group, had acquired 200,000 ordinary issued shares of Capital Advisors Partners Asia Sdn Bhd (formerly known as CIMB Standard Strategic Asset Advisors Sdn Bhd) ("CAPA") for a cash consideration of RM1,522,299, representing the remaining 40% of issued share capital not owned by CIMB SA. As a result, CAPA became a wholly owned subsidiary of CIMB SA and indirect wholly-owned subsidiary of the Group.

c) On 19 May 2011, Semantan Investment Holding Ltd ("SIHL"), an indirect wholly owned subsidiary of the Group, had acquired 1 ordinary issued share of CapAsia ASEAN Infrastructure Fund III (General Partner) Limited ("CAIF III GP") for a cash consideration of USD0.01, representing 100% of issued share capital of CAIF III GP. Accordingly, CAIF III GP became a wholly owned subsidiary of SIHL and indirect wholly-owned subsidiary of the Group.

d) On 23 May 2011, CIMB Strategic Assets Sdn Bhd ("CIMB SA"), a wholly owned subsidiary of the Group, acquired the remaining 40% ordinary issued shares of its subsidiary, CapAsia Islamic Infrastructure Fund (General Partner) Limited ("CIIF") (formerly known as CIMB Standard Islamic Infrastructure Fund (General Partner) Limited), for a cash consideration of USD247,620. Upon completion of the acquisition, CIIF became a wholly-owned subsidiary of CIMB SA and indirect wholly-owned subsidiary of the Group.

e) On 30 December 2011, CIMB Bank Thai disposed unsecured retail impaired loans portfolio to Sathorn Asset Management Company Limited ("STAMC"), an indirect subsidiary of the Group for a total cash consideration of THB200 million (approximately RM20,144,000 based on exchange rate of RM10.072:THB100 as at 30 December 2011).

#### **A7. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

(a) On 12 January 2012, the Group announced that discussions on the possible acquisition of a stake in Bank of Commerce in the Philippines is still on-going and wishes to conclude the negotiations with San Miguel Corporation by first quarter 2012.

(b) On 15 February 2012, CIMB Securities International Pte. Ltd. ("CSI"), an indirect wholly-owned subsidiary of the Company, has completed a conditional Share Sale and Purchase Agreement ("SSPA") with Siam Industrial Credit Public Company Limited ("SICCO") for the Proposed Acquisition of 70.06% interest in SICCO Securities Public Company Limited ("SSEC") at a total cash consideration of THB767,907,519 (equivalent to RM78,426,395) or cash consideration of THB1.72 per ordinary share of SSEC. CSI currently owns approximately 82.07% of the total issued and outstanding shares of SSEC.

CSI will proceed to make a tender offer under the laws of Thailand to acquire the remaining SSEC shares not owned by CSI which represents approximately 17.93% of the total issued and outstanding shares of SSEC ("Tender Offer"). The Tender Offer is expected to be completed by April 2012.

**PART A - EXPLANATORY NOTES**

**A8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**A8(a). FINANCIAL ASSETS HELD FOR TRADING**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	253,409	360,214
Cagamas bonds	52,511	13,186
Malaysian Government treasury bills	90,484	57,779
Bank Negara Malaysia bills	156,856	2,597,966
Bank Negara Malaysia negotiable notes	1,817,293	2,226,623
Negotiable instruments of deposit	2,069,683	1,778,088
Bankers' acceptances and Islamic accepted bills	575,819	740,811
Credit-linked notes	46,059	123,158
Other Government's securities	2,933,501	2,053,218
Commercial papers	168,458	163,033
Government investment issues	147,201	320,534
	<b>8,311,274</b>	<b>10,434,610</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Warrants	-	5
Shares	904,743	1,210,166
<i>Outside Malaysia:</i>		
Shares	6,534	26,102
Private and Islamic debt securities	305,183	57,525
Other Government bonds	448,161	79,143
Bank Indonesia certificates	67,775	1,478,043
Investment linked funds	299,213	54,017
	<b>2,031,609</b>	<b>2,905,001</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	1,925,800	1,628,798
Shares	6,243	5,948
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	1,322,944	1,246,789
Shares	58,157	-
Unit trust	9,673	-
	<b>3,322,817</b>	<b>2,881,535</b>
Total financial assets held-for-trading	<b>13,665,700</b>	<b>16,221,146</b>

**A8. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)****A8(b). FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	-	223,810
Cagamas bonds	-	22,536
Khazanah bonds	-	8,012
Government investment issues	-	195,523
	-	449,881
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	-	81,637
Unit trusts	-	10,797
	-	92,434
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	-	265,410
Shares	-	2,334
Investment linked fund	-	51,391
	-	319,135
 Total financial assets designated at fair value through profit or loss	 -	 861,450

Financial assets designated at fair value through profit or loss arises from securities held by an insurance subsidiary which has been reclassified from financial assets held for trading as a result of the adoption of FRS 139 as at 1 January 2010. These securities eliminate or significantly reduce a measurement or recognition inconsistency ('accounting mismatch') that would otherwise have arisen from measuring the assets at a basis different from the liabilities of the insurance subsidiary.

**TOTAL FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH  
PROFIT OR LOSS**

<b>13,665,700</b>	<b>17,082,596</b>
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**A9. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	320,703	346,720
Cagamas bonds	201,174	184,494
Khazanah bonds	44,786	-
Other Government securities	25,874	-
Government investment issues	345,990	282,022
	<b>938,527</b>	<b>813,236</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	26,504	115,676
Unit trusts	122,654	240,949
<i>Outside Malaysia:</i>		
Shares	21,319	12,074
Private and Islamic debt securities	371,387	24,582
Other Government bonds	2,807,382	2,635,564
Unit trusts	292,209	318,435
	<b>3,641,455</b>	<b>3,347,280</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	6,789,561	6,477,787
Shares	925,604	905,404
Loan stocks	19,774	26,624
Property funds	188	175
Investment-linked funds	-	6,947
Unit trusts	51,000	-
Bond funds	12,611	12,380
<i>Outside Malaysia:</i>		
Shares	207,581	80,480
Private equity and unit trust funds	81,604	224,453
Private and Islamic debt securities	1,476,710	176,323
Loan stocks	1,568	1,531
	<b>9,566,201</b>	<b>7,912,104</b>
	<b>14,146,183</b>	<b>12,072,620</b>
<b>Allowance for impairment loss:</b>		
Private debt securities	(210,510)	(240,661)
Quoted shares	(16,854)	(27,413)
Quoted bonds	(3,411)	-
Unquoted shares	(128,270)	(130,874)
Unit trusts	(1,113)	(878)
Loan stocks	(12,806)	(14,092)
	<b>(372,964)</b>	<b>(413,918)</b>
Total financial investments available-for-sale	<b>13,773,219</b>	<b>11,658,702</b>

**A10. FINANCIAL INVESTMENTS HELD-TO-MATURITY**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	1,088,815	1,123,977
Cagamas bonds	255,977	254,817
Other government securities	490,820	-
Bank Negara negotiable notes	9,986	9,948
Khazanah bonds	134,776	-
Malaysian Government investment issues	862,212	600,245
	<b>2,842,586</b>	<b>1,988,987</b>
<b>Quoted securities</b>		
<i>Outside Malaysia</i>		
Private debt securities	3,602,677	1,414,395
Islamic bonds	23,818	23,983
Medium term notes - Islamic	3,527	8,565
Other Government bonds	204,816	117,303
Bank Indonesia certificates	103,495	131,231
Structured notes	259,855	154,859
	<b>4,198,188</b>	<b>1,850,336</b>
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private debt securities	6,685,239	7,190,838
Loan stocks	30,781	31,814
Danaharta Urus Sdn Bhd ("DUSB") bonds	795,335	795,335
<i>Outside Malaysia</i>		
Private debt securities	2,071,299	2,036,903
	<b>9,582,654</b>	<b>10,054,890</b>
	<b>16,623,428</b>	<b>13,894,213</b>
Accretion of discount net of amortisation of premium	341,979	271,562
Less : Allowance for impairment losses	(46,623)	(45,512)
<b>Total financial investments held-to-maturity</b>	<b>16,918,784</b>	<b>14,120,263</b>

Included in the financial investments held-to-maturity of the Group as at 31 December 2011 are 10-year promissory notes of THB415 million (2010: THB746 million) maturing between 2011 to 2015. The promissory notes were received from Thai Asset Management Corporation ("TAMC") for settlement of impaired loans transferred by CIMB Thai Bank Public Company Limited ("CIMB Thai Bank") to TAMC. Such promissory notes are non-transferable, bear interest at the average deposit rate of 5 major banks in Thailand and availed by the Financial Institutions Development Fund. As part of the agreement to transfer 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. During the financial year, promissory notes of THB331 million has matured and CIMB Bank Thai has recognised a total gains of approximately RM101 million arising from the sharing arrangement.

## A11. LOANS, ADVANCES AND FINANCING

### (i) By type

	The Group	
	31 Dec 2011	31 Dec 2010
At amortised cost	RM'000	RM'000
Overdrafts	6,052,496	6,317,493
Term loans/financing		
- Housing loans/financing	48,812,565	42,496,812
- Syndicated term loans	9,738,460	6,996,472
- Hire purchase receivables	11,614,260	11,384,643
- Lease receivables	109,868	32,087
- Factoring receivables	12,172	23,655
- Other term loans/financing	72,645,836	60,588,953
Bills receivable	3,740,413	2,636,548
Trust receipts	1,300,741	1,145,109
Claims on customers under acceptance credits	4,578,277	4,548,433
Staff loans *	706,835	728,594
Credit card receivables	5,604,180	4,981,667
Revolving credits	24,593,593	24,289,359
Share margin financing	1,882,615	1,299,816
Other loans	890	9,730
Gross loans, advances and financing	191,393,201	167,479,371
Fair value changes arising from fair value hedge	398,797	44,340
	<b>191,791,998</b>	<b>167,523,711</b>
Less: Allowance for impairment losses		
- Individual impairment allowance	(3,988,345)	(4,079,367)
- Portfolio impairment allowance	(3,964,876)	(4,262,959)
	<b>(7,953,221)</b>	<b>(8,342,326)</b>
<b>Total net loans, advances and financing</b>	<b>183,838,777</b>	<b>159,181,385</b>

\* Included in staff loans of the Group are loans to Directors amounting to RM10,050,224 (31 December 2010: RM6,473,245).

Included in the Group's loans, advances and financing balances are RM69,977,000 (31 December 2010: RM75,347,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

The Group has undertaken fair value hedge on the interest rate risk of loans, advances and financing with RM7,237,885,000 (31 December 2010: RM7,663,278,000) of its loan exposure using interest rate swaps.

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Gross loan hedged	7,237,885	7,663,278
Fair value changes arising from fair value hedges	398,797	44,340
	<b>7,636,682</b>	<b>7,707,618</b>

The fair value loss of interest rate swaps as at 31 December 2011 was RM445,176,674 (2010: fair value loss of RM127,755,094).

**A11. LOANS, ADVANCES AND FINANCING (Continued)**

**(ii) By type of customers**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Domestic banking financial institutions	57,963	65,091
Domestic non-bank financial institutions		
- others	1,705,420	2,645,801
Domestic business enterprises		
- small medium enterprises	29,824,771	24,984,641
- others	44,209,093	37,442,575
Government and statutory bodies	12,657,089	10,666,029
Individuals	89,303,602	80,444,835
Other domestic entities	3,515,254	3,878,422
Foreign entities	10,120,009	7,351,977
Gross loans, advances and financing	<u>191,393,201</u>	<u>167,479,371</u>

**(iii) By interest/profit rate sensitivity**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Fixed rate		
- Housing loans	2,124,114	3,718,109
- Hire-purchase receivables	11,646,009	11,403,949
- Other fixed rate loans	40,379,810	33,221,004
Variable rate		
- BLR plus	91,771,906	78,906,381
- Cost plus	23,129,879	20,295,232
- Other variable rates	22,341,483	19,934,696
Gross loans, advances and financing	<u>191,393,201</u>	<u>167,479,371</u>

**(iv) By economic purpose**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Personal use	6,781,937	5,123,491
Credit card	5,604,180	4,981,667
Purchase of consumer durables	954	1,216
Construction	5,217,186	4,324,911
Residential property (Housing)	48,808,900	43,708,701
Non-residential property	12,758,609	11,843,651
Purchase of fixed assets other than land and building	16,528,217	10,261,260
Mergers and acquisitions	4,750,746	2,620,451
Purchase of securities	9,103,875	8,013,606
Purchase of transport vehicles	16,281,213	15,803,368
Working capital	46,078,495	46,081,461
Other purpose	19,478,889	14,715,588
Gross loans, advances and financing	<u>191,393,201</u>	<u>167,479,371</u>

**(v) By geographical distribution**

	The Group	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Malaysia	118,894,085	111,065,224
Indonesia	46,022,974	37,516,196
Thailand	13,077,940	9,906,698
Singapore	9,514,291	5,964,290
United Kingdom	996,344	621,152
Hong Kong	598,442	248,187
Other countries	2,289,125	2,157,624
Gross loans, advances and financing	<u>191,393,201</u>	<u>167,479,371</u>



**A11. LOANS, ADVANCES AND FINANCING (Continued)**
**(vi) By residual contractual maturity**

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Within one year	42,579,113	35,403,191
One year to less than three years	44,274,774	38,204,037
Three years to less than five years	21,348,048	22,449,382
Five years and more	83,191,266	71,422,761
Gross loans, advances and financing	<u>191,393,201</u>	<u>167,479,371</u>

**(vii) Impaired loans by economic purpose**

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Personal use	355,210	399,960
Credit card	127,609	98,523
Purchase of consumer durables	570	251
Construction	1,343,284	1,380,526
Residential property (Housing)	1,781,704	1,909,586
Non-residential property	406,835	491,942
Purchase of fixed assets other than land and building	556,579	365,872
Purchase of securities	123,855	101,641
Purchase of transport vehicles	424,208	322,967
Working capital	3,566,045	4,123,317
Other purpose	1,118,782	1,089,794
Gross impaired loan	<u>9,804,681</u>	<u>10,284,379</u>

**(viii) Impaired loans by geographical distribution**

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Malaysia	6,058,318	6,781,354
Indonesia	1,846,522	1,687,775
Thailand	1,442,422	1,466,154
Singapore	62,500	116,176
United Kingdom	54,025	48,095
Other countries	340,894	184,825
Gross impaired loan	<u>9,804,681</u>	<u>10,284,379</u>

**(ix) Movements in impaired loans**

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
At 1 January	10,284,379	11,490,890
Classified as impaired during the year	3,973,790	5,433,418
Reclassified as not impaired during the year	(1,967,542)	(3,346,847)
Amount written back in respect of recoveries	(1,380,212)	(1,446,918)
Arising from deconsolidation of a subsidiary	(942)	-
Amount written off	(1,202,023)	(1,500,162)
Purchase of impaired loans from third party	126	294
Sale of impaired loans	-	(145,981)
Exchange fluctuation	97,105	(200,315)
At 31 December	<u>9,804,681</u>	<u>10,284,379</u>
Ratio of gross impaired loans to gross loans, advances and financing	<u>5.12%</u>	<u>6.14%</u>

**A11. LOANS, ADVANCES AND FINANCING (Continued)**

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

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Individual impairment allowance</u>		
At 1 January	4,079,367	4,988,992
Net allowance made during the year	348,005	157,058
Amount written off	(339,739)	(873,331)
Allowance made and charged to deferred assets	140	2,431
Amount transferred to portfolio impairment allowance	(1,970)	(5,795)
Allowance written off in relation to deconsolidation of a subsidiary	(942)	-
Unwinding income	(73,737)	(110,843)
Exchange fluctuation	(22,779)	(79,145)
At 31 December	<u>3,988,345</u>	<u>4,079,367</u>
 <u>Portfolio impairment allowance</u>		
At 1 January	4,262,959	4,252,946
Net allowance made during the year	539,855	816,418
Amount transferred from individual impairment allowance	1,970	5,795
Amount written off	(828,307)	(702,457)
Allowance made/(written back) and charged to deferred assets	844	(3,352)
Unwinding income	(20,293)	(89,698)
Exchange fluctuation	7,848	(16,693)
At 31 December	<u>3,964,876</u>	<u>4,262,959</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less individual impairment allowance	<u>2.55%</u>	<u>2.87%</u>

**A12. OTHER ASSETS**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from brokers and clients net of allowance for doubtful debts	<b>1,352,950</b>	1,250,003
Other debtors, deposits and prepayments net of allowance for doubtful debts	<b>2,471,597</b>	2,976,433
Due from jointly controlled entity	<b>1,371,367</b>	1,671,488
Due from insurers, brokers and reinsurers	<b>28,716</b>	25,476
Option premium receivable	<b>249,461</b>	278,032
Deferred assets	<b>131,204</b>	170,961
Foreclosed properties net of allowance for impairment losses	<b>167,765</b>	228,785
Collateral pledged for derivative transactions	<b>745,295</b>	752,344
	<b>6,518,355</b>	7,353,522

**A13. DEPOSITS FROM CUSTOMERS**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposit</u>		
Demand deposits	<b>51,191,447</b>	43,982,722
Savings deposits	<b>25,380,012</b>	22,242,066
Fixed deposits	<b>98,439,974</b>	90,291,236
Negotiable instruments of deposit	<b>3,017,584</b>	1,545,997
Others	<b>43,904,125</b>	41,783,643
	<b>221,933,142</b>	199,845,664
 <u>By type of customer</u>		
Government and statutory bodies	<b>12,579,786</b>	14,123,891
Business enterprises	<b>102,071,661</b>	95,496,601
Individuals	<b>84,078,467</b>	70,213,582
Others	<b>23,203,228</b>	20,011,590
	<b>221,933,142</b>	199,845,664
 <u>The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:</u>		
One year or less (short term)	<b>98,006,686</b>	88,610,604
More than one year (medium/long term)	<b>3,450,872</b>	3,226,629
	<b>101,457,558</b>	91,837,233

**A14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	<b>8,549,707</b>	7,241,711
Licensed finance companies	<b>129,555</b>	145,025
Licensed investment banks	<b>200,041</b>	529,845
Bank Negara Malaysia	<b>372,677</b>	1,598,400
Other financial institutions	<b>3,712,329</b>	3,577,176
	<b>12,964,309</b>	13,092,157

**A15. OTHER LIABILITIES**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to brokers and clients	1,732,776	1,381,307
Expenditure payable	1,534,593	1,788,075
Provision for legal claims	128,254	138,319
Sundry creditors	981,769	900,913
Insurance fund - life and takaful insurance business	45,397	998,019
Insurance fund - general insurance business	-	541,062
Allowance for commitments and contingencies	33,061	88,631
Post employment benefit obligations	282,427	271,273
Credit card expenditure payable	125,537	221,237
Call deposit borrowing	402,705	281,833
Others	1,561,291	2,013,999
	<b>6,827,810</b>	<b>8,624,668</b>

**A16. INTEREST INCOME**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries	2,691,100	2,371,764	10,127,348	8,919,848
- Recoveries from impaired loans	150	2,390	2,664	13,543
- Unwinding income <sup>^</sup>	33,827	19,060	158,602	190,871
Money at call and deposit placements with financial institutions	158,077	105,391	531,544	359,571
Reverse repurchase agreements	31,579	22,879	107,351	79,410
Financial assets held for trading	77,529	46,393	351,863	298,284
Financial assets designated at fair value through profit or loss	-	872	-	3,442
Financial investments available-for-sale	125,961	159,171	511,145	500,869
Financial investments held-to-maturity	178,490	168,157	705,049	600,357
Others	6,783	3,820	17,878	10,001
	<b>3,303,496</b>	<b>2,899,897</b>	<b>12,513,444</b>	<b>10,976,196</b>
Accretion of discounts less amortisation of premiums	53,459	50,630	168,068	192,662
	<b>3,356,955</b>	<b>2,950,527</b>	<b>12,681,512</b>	<b>11,168,858</b>

<sup>^</sup> Unwinding income is interest income earned on impaired financial assets

**A17. INTEREST EXPENSE**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	17,727	14,169	112,832	55,279
Deposits from other customers	1,283,100	1,094,421	4,868,975	3,817,391
Repurchase agreements	981	96	2,480	569
Bonds	968	-	968	-
Subordinated notes	155,058	94,107	576,782	386,559
Loans sold to Cagamas	-	1,583	1,635	8,974
Negotiable certificates of deposits	29,515	55,945	141,756	152,066
Other borrowings	69,582	14,911	186,480	81,518
Others	40,043	28,662	113,353	61,727
	<b>1,596,974</b>	<b>1,303,894</b>	<b>6,005,261</b>	<b>4,564,083</b>

**A18. NET NON-INTEREST INCOME**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
(a) Net fee income and commission income:				
Commissions	115,072	78,733	475,792	350,398
Fee on loans, advances and financing	77,759	90,817	357,342	329,266
Portfolio management fees	8,401	8,314	27,305	24,308
Service charges and fees	82,922	95,295	332,060	369,141
Corporate advisory fees	24,195	51,756	133,989	121,355
Guarantee fees	13,044	9,250	66,148	48,624
Other fee income	98,497	146,457	381,719	412,696
Placement fees	14,371	10,455	51,441	53,819
Underwriting commission	8,746	113,950	34,286	143,267
Al-Wakalah fee	-	9,426	-	29,738
Fee and commission income	443,007	614,453	1,860,082	1,882,612
Fee and commission expense	(100,054)	(106,844)	(365,195)	(337,047)
Net fee and commission income	342,953	507,609	1,494,887	1,545,565
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	6,321	3,878	31,477	16,857
- Financial investments available-for-sale	7,253	7,591	20,757	21,861
- Financial investments held-to-maturity	-	77	-	77
<i>Outside Malaysia</i>				
- Financial assets held for trading	64	338	2,143	980
- Financial investments available-for-sale	552	1,240	20,023	20,547
	14,190	13,124	74,400	60,322
(c) Net gain/(loss) arising from financial assets held for trading	6,076	218	(352,239)	52,087
- realised	(101,932)	46,277	(315,618)	84,963
- unrealised	108,008	(46,059)	(36,621)	(32,876)
(d) Net gain/(loss) arising from derivative financial instruments	93,773	91,898	887,936	(203,075)
- realised	122,198	197,888	538,520	(181,881)
- unrealised	(28,425)	(105,990)	349,416	(21,194)
(e) Net loss arising from hedging derivatives	(1,187)	(20,270)	(16,284)	(60,234)
(f) Net gain from sale of financial investments available-for-sale	127,141	162,139	329,432	707,041
(g) Net gain from redemption / maturity of financial investment held-to-maturity	51,239	2,117	76,864	104,278
(h) Net (loss)/gain from financial assets designated at fair value through profit or loss	-	(644)	-	6,988
(i) Income from assets management and securities services	41,871	48,491	178,901	175,170
(j) Brokerage income	76,687	118,269	349,461	372,433
(k) Other non-interest income:				
Foreign exchange gain	74,049	10,251	201,764	682,127
Rental income	2,187	3,455	13,069	17,947
Gain on disposal of property, plant and equipment	842	12,790	16,194	170,669
Gain on disposal of leased assets	99	511	99	511
Net gain from insurance business	-	13,891	-	38,845
Underwriting surplus before management expenses	4,475	1,660	16,809	6,748
Share of gain from recovery of impaired loans	101,220	-	101,220	-
(Loss)/gain on disposal of foreclosed properties	(6,253)	359	(19,942)	(1,016)
Other non-operating income	79,112	90,088	372,886	239,768
	255,731	133,005	702,099	1,155,599
Total other operating income	1,008,474	1,055,956	3,725,457	3,916,174

## A19. OVERHEADS

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	695,298	738,565	2,711,023	2,574,840
- Pension cost	92,956	45,576	216,433	212,753
- Overtime	7,642	7,823	33,014	31,931
- Staff incentives and other staff payments	7,088	23,799	139,560	128,032
- Medical expenses	21,555	25,838	78,530	76,700
- Others	78,732	97,240	339,375	297,307
	<b>903,271</b>	<b>938,841</b>	<b>3,517,935</b>	<b>3,321,563</b>
Establishment costs				
- Depreciation of property, plant and equipment	84,983	93,878	332,205	345,395
- Amortisation of prepaid lease payments	3,827	16,446	14,910	60,483
- Rental	78,563	68,525	301,823	273,309
- Repair and maintenance	56,409	87,258	215,492	297,264
- Outsourced services	99,081	60,966	287,695	253,736
- Security expenses	22,541	21,390	95,600	91,191
- Others	49,838	51,236	196,428	175,365
	<b>395,242</b>	<b>399,699</b>	<b>1,444,153</b>	<b>1,496,743</b>
Marketing expenses				
- Sales commission	3,831	3,143	13,556	41,824
- Advertisement	63,819	70,199	278,573	261,666
- Others	18,000	25,550	64,543	68,459
	<b>85,650</b>	<b>98,892</b>	<b>356,672</b>	<b>371,949</b>
Administration and general expenses				
- Amortisation of intangible assets	62,409	77,434	242,179	271,508
- Legal and professional fees	43,331	69,619	171,449	206,164
- Stationery	26,387	26,427	91,070	91,543
- Communication	43,710	40,023	160,733	145,585
- Incidental expenses on banking operations	33,449	33,462	56,487	79,683
- Insurance	39,655	29,827	150,796	138,896
- Others	88,822	185,193	438,438	489,670
	<b>337,763</b>	<b>461,985</b>	<b>1,311,152</b>	<b>1,423,049</b>
	<b>1,721,926</b>	<b>1,899,417</b>	<b>6,629,912</b>	<b>6,613,304</b>

## A20. ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS, ADVANCES AND FINANCING

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing :				
Net allowance made during the financial year				
- Individual impairment allowance	156,887	111,752	348,005	157,058
- Portfolio impairment allowance	242,479	121,325	539,855	816,418
Impaired loans and financing :				
- recovered	(112,448)	(93,024)	(413,472)	(396,983)
- written off	2,286	27,574	12,955	30,683
	<b>289,204</b>	<b>167,627</b>	<b>487,343</b>	<b>607,176</b>

**A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES**
**(i) DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

	The Group		
	Principal amount	Fair values	
		Assets	Liabilities
	RM'000	RM'000	RM'000
<b>At 31 December 2011</b>			
<b>Trading derivatives</b>			
<b>Foreign exchange derivatives</b>			
Currency forward	<b>11,664,292</b>	<b>152,198</b>	<b>(172,128)</b>
- Less than 1 year	9,407,525	107,872	(126,346)
- 1 year to 3 years	971,908	40,641	(22,110)
- More than 3 years	1,284,859	3,685	(23,672)
Currency swaps	<b>38,210,727</b>	<b>412,086</b>	<b>(328,753)</b>
- Less than 1 year	37,870,738	394,071	(324,315)
- 1 year to 3 years	128,276	6,806	(4,081)
- More than 3 years	211,713	11,209	(357)
Currency spot	<b>3,185,666</b>	<b>2,100</b>	<b>(2,329)</b>
- Less than 1 year	3,185,666	2,100	(2,329)
Currency options	<b>2,246,845</b>	<b>9,030</b>	<b>(14,226)</b>
- Less than 1 year	2,246,845	9,030	(14,226)
Cross currency interest rate swaps	<b>16,993,262</b>	<b>535,129</b>	<b>(393,016)</b>
- Less than 1 year	3,516,246	90,581	(130,104)
- 1 year to 3 years	6,199,649	255,084	(106,253)
- More than 3 years	7,277,367	189,464	(156,659)
	<b>72,300,792</b>	<b>1,110,543</b>	<b>(910,452)</b>
<b>Interest rate derivative</b>			
Interest rate swaps	<b>244,561,024</b>	<b>2,711,995</b>	<b>(2,338,891)</b>
- Less than 1 year	32,606,090	85,636	(60,632)
- 1 year to 3 years	131,899,721	1,010,775	(1,050,691)
- More than 3 years	80,055,213	1,615,584	(1,227,568)
Interest rate futures	<b>11,930,771</b>	<b>31,861</b>	<b>(2,279)</b>
- Less than 1 year	5,734,380	10,485	(2,279)
- 1 year to 3 years	4,844,425	17,375	-
- More than 3 years	1,351,966	4,001	-
Interest rate options	<b>150,000</b>	<b>10,407</b>	<b>(4,549)</b>
- Less than 1 year	-	7,452	(4,542)
- 1 year to 3 years	100,000	2,278	-
- More than 3 years	50,000	677	(7)
	<b>256,641,795</b>	<b>2,754,263</b>	<b>(2,345,719)</b>
<b>Equity related derivatives</b>			
Index futures	<b>17,121</b>	<b>1</b>	<b>(132)</b>
- Less than 1 year	17,121	1	(132)
Equity options	<b>8,651,175</b>	<b>60,008</b>	<b>(374,549)</b>
- Less than 1 year	1,839,406	50,392	(272,089)
- 1 year to 3 years	3,087,134	351	(69,162)
- More than 3 years	3,724,635	9,265	(33,298)
Equity swaps	<b>525,927</b>	<b>416</b>	<b>(18,399)</b>
- More than 3 years	525,927	416	(18,399)
	<b>9,194,223</b>	<b>60,425</b>	<b>(393,080)</b>
<b>Commodity related derivatives</b>			
Commodity swaps	<b>80,961</b>	<b>4,456</b>	<b>(5,498)</b>
- Less than 1 year	44,312	3,730	(3,663)
- 1 year to 3 years	36,649	726	(1,835)
Commodity futures	<b>39,642</b>	<b>782</b>	<b>(863)</b>
- Less than 1 year	38,235	684	(845)
- 1 year to 3 years	1,407	98	(18)
Commodity options	<b>203,200</b>	<b>48,048</b>	<b>(48,048)</b>
- Less than 1 year	34,947	10,075	(10,075)
- 1 year to 3 years	168,253	37,973	(37,973)
	<b>323,803</b>	<b>53,286</b>	<b>(54,409)</b>
<b>Credit related contract</b>			
Credit default swaps	<b>1,344,019</b>	<b>38,374</b>	<b>(40,744)</b>
- Less than 1 year	158,850	24	-
- 1 year to 3 years	839,250	3,613	(10,290)
- More than 3 years	345,919	34,737	(30,454)
<b>Hedging derivatives</b>			
Interest rate swaps	<b>14,221,710</b>	<b>257,182</b>	<b>(472,290)</b>
- Less than 1 year	20,911	318	(329)
- 1 year to 3 years	1,163,570	32,874	(10,503)
- More than 3 years	13,037,229	223,990	(461,458)
Cross currency interest rate swaps	<b>71,131</b>	<b>-</b>	<b>(597)</b>
- More than 3 years	71,131	-	(597)
	<b>14,292,841</b>	<b>257,182</b>	<b>(472,887)</b>
Total derivative assets/(liabilities)	<b>354,097,473</b>	<b>4,274,073</b>	<b>(4,217,291)</b>



A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	The Group		
	Principal amount RM'000	Fair values Assets RM'000	Liabilities RM'000
At 31 December 2010			
<b>Trading derivatives</b>			
<u>Foreign exchange derivatives</u>			
Currency forward	10,433,718	159,990	(154,949)
- Less than 1 year	8,158,063	52,501	(127,590)
- 1 year to 3 years	423,654	13,602	(4,281)
- More than 3 years	1,852,001	93,887	(23,078)
Currency swaps	34,993,961	515,653	(489,576)
- Less than 1 year	34,684,832	507,854	(486,527)
- 1 year to 3 years	49,362	2,018	-
- More than 3 years	259,767	5,781	(3,049)
Currency spot	462,152	387	(400)
- Less than 1 year	462,152	387	(400)
Currency options	3,405,312	16,694	(20,901)
- Less than 1 year	3,405,312	16,694	(20,901)
Cross currency interest rate swaps	15,962,201	626,336	(746,157)
- Less than 1 year	4,521,983	145,670	(239,900)
- 1 year to 3 years	6,239,274	266,962	(294,195)
- More than 3 years	5,200,944	213,704	(212,062)
	65,257,344	1,319,060	(1,411,983)
<u>Interest rate derivative</u>			
Interest rate swaps	183,436,844	1,791,631	(1,344,587)
- Less than 1 year	54,389,510	339,772	(308,923)
- 1 year to 3 years	63,610,038	441,927	(357,772)
- More than 3 years	65,437,296	1,009,932	(677,892)
Interest rate futures	13,746,090	18,185	(15,428)
- Less than 1 year	7,276,246	8,610	(13,457)
- 1 year to 3 years	5,273,591	6,772	(1,971)
- More than 3 years	1,196,253	2,803	-
Interest rate options	750,000	7,179	(3,602)
- Less than 1 year	600,000	-	-
- 1 year to 3 years	100,000	5,314	(2,818)
- More than 3 years	50,000	1,865	(784)
	197,932,934	1,816,995	(1,363,617)
<u>Equity related derivatives</u>			
Index futures	10,845	-	(145)
- Less than 1 year	10,845	-	(145)
Equity options	10,545,680	223,081	(606,369)
- Less than 1 year	3,593,370	168,358	(571,441)
- 1 year to 3 years	3,606,018	3,849	(3,849)
- More than 3 years	3,346,292	50,874	(31,079)
Equity swaps	273,717	1,777	(51,329)
- Less than 1 year	272,086	1,433	(51,023)
- More than 3 years	1,631	344	(306)
	10,830,242	224,858	(657,843)
<u>Commodity related derivatives</u>			
Commodity swaps	60,480	4,085	-
- Less than 1 year	20,400	1,624	-
- 1 year to 3 years	40,080	2,461	-
Commodity futures	60,553	1	(3,653)
- Less than 1 year	60,553	1	(3,653)
Commodity options	104,840	15,028	(15,028)
- Less than 1 year	70,921	12,068	(12,068)
- 1 year to 3 years	33,919	2,960	(2,960)
	225,873	19,114	(18,681)
<u>Credit related contract</u>			
Credit default swaps	1,397,612	31,585	(37,674)
- Less than 1 year	580,483	2,805	(175)
- 1 year to 3 years	169,593	143	(2,386)
- More than 3 years	647,536	28,637	(35,113)
<u>Hedging derivatives</u>			
Interest rate swaps	13,426,998	165,543	(215,376)
- Less than 1 year	1,428,650	31,058	-
- 1 year to 3 years	1,180,155	30,646	(6,211)
- More than 3 years	10,818,193	103,839	(209,165)
Cross currency interest rate swaps	218,378	-	(43,342)
- More than 3 years	218,378	-	(43,342)
	13,645,376	165,543	(258,718)
Total derivative assets/(liabilities)	289,289,381	3,577,155	(3,748,516)

A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)

(i) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

**Market Risk**

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

**Credit Risk**

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 31 December 2011, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,274,073,000 (31 December 2010: RM3,577,155,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

**A21. DERIVATIVE FINANCIAL INSTRUMENTS, COMMITMENTS AND CONTINGENCIES (continued)****(ii) COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group enter into various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured over the Group's assets except for certain financial assets held for trading being pledged as credit support assets for certain over-the-counter derivative contracts.

<b><u>The Group</u></b>	<b>31 Dec 2011 Principal Amount RM'000</b>	<b>31 Dec 2010 Principal Amount RM'000</b>
<b><u>Credit-related</u></b>		
Direct credit substitutes	5,255,701	4,929,234
Certain transaction-related contingent items	5,464,748	5,468,256
Short-term self-liquidating trade-related contingencies	2,549,245	3,511,093
Obligations under underwriting agreement	226,887	235,000
Irrevocable commitments to extend credit		
- maturity not exceeding one year	36,370,852	33,812,453
- maturity exceeding one year	6,710,863	6,778,430
Forward assets purchases	-	303,084
Miscellaneous commitments and contingencies	4,941,508	5,609,923
Total credit-related commitments and contingencies	<b>61,519,804</b>	<b>60,647,473</b>
<b><u>Treasury-related</u></b>		
<b><u>Foreign exchange related contracts</u></b>		
- less than one year	50,683,044	47,207,625
- one year to less than five years	11,901,101	10,641,952
- five years and above	4,523,518	3,353,629
	<b>67,107,663</b>	<b>61,203,206</b>
<b><u>Interest rate related contracts</u></b>		
- less than one year	49,632,388	55,274,126
- one year to less than five years	162,478,157	88,003,758
- five years and above	37,636,526	41,825,221
	<b>249,747,071</b>	<b>185,103,105</b>
<b><u>Equity related contracts</u></b>		
- less than one year	1,852,206	3,616,346
- one year to less than five years	4,949,209	5,121,018
- five years and above	2,392,808	2,092,883
	<b>9,194,223</b>	<b>10,830,247</b>
Other treasury related contracts	26,628,646	31,285,226
Total treasury-related commitments and contingencies	<b>352,677,603</b>	<b>288,421,784</b>
	<b>414,197,407</b>	<b>349,069,257</b>

**A22. CAPITAL ADEQUACY**  
**31 December 2011**

The capital adequacy ratios of the banking subsidiaries of the Group are computed as follows:

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

- In November 2011, the capital adequacy ratios of the Investment Bank Group and Investment Bank are computed in accordance with Standardised approach (SA approach) for Credit Risk and Basic Indicator Approach for Operational Risk. Market Risk remained unchanged under Standardised Approach. In 2010, IRB approach is adopted to compute Credit Risk.

Subsequent to the transition to Basel II IRB in 2010, and following a refinement in the interpretation of the guideline, management is of the opinion that it is proved to be impractical to apply IRB Approach due to lack of IRB assets in the Investment Bank Group and Investment Bank. In November 2011, Investment Bank has adopted the SA approach for the Bank to better reflect the nature of the underlying business activities. The change does not in any way affect how business is conducted at the Investment Bank Group and Investment Bank and will in fact maintain the efficient employment of capital at the Group.

- The capital adequacy ratios of Bank CIMB Niaga and CIMB Thai Bank remained unchanged based on Bank Indonesia and Bank of Thailand requirements respectively. The approach for Credit Risk and Market Risk is Standardised Approach (SA). Operational Risk is based on Basic Indicator Approach. The capital adequacy ratio of CIMB Bank PLC is completed based on National Bank of Cambodia's requirements.

	CIMB Bank RM '000	CIMB Islamic Bank RM '000	CIMB Thai Bank RM '000	CIMB Bank Group RM '000	CIMB Investment Bank Group RM '000	Bank CIMB Niaga RM '000	CIMB Bank PLC * RM '000
<b>Before deducting proposed dividend</b>							
Core capital ratio	15.26%	10.44%	7.65%	11.97%	21.02%	10.17%	N/A
Risk-weighted capital ratio	17.59%	14.42%	13.00%	16.87%	21.04%	13.09%	56.33%
<b>After deducting proposed dividend</b>							
Core capital ratio	14.45% +	10.44%	7.65%	11.33% +	16.51% @	10.17%	N/A
Risk-weighted capital ratio	16.78% +	14.42%	13.00%	16.24% +	16.53% @	13.09%	56.33%

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
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Components of Tier I and Tier II capitals are as follows:

**Tier I capital**

Paid-up capital	3,764,469	1,000,000	809,961	3,764,469	100,000	561,888	117,549
Perpetual preference shares	200,000	70,000	-	200,000	-	-	-
Non-innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-
Innovative Tier I capital	1,635,400	-	-	1,635,400	-	-	-
Share premium	5,033,633	-	147,266	5,033,633	-	2,823,236	-
Other reserves	7,642,406	791,169	141,948	8,783,032	402,127	1,948,607	(12,130)
Non-controlling interests	-	-	-	266,211	-	-	-
Less :							
Investment in subsidiaries and holding of other banking institutions' capital	-	-	-	-	-	(35,245)	-
Deferred tax assets	(118,506)	(10,791)	-	(89,327)	(40,460)	-	-
Intangible assets	-	-	-	-	-	-	(2,916)
Goodwill	(3,555,075)	(136,000)	-	(4,899,904)	-	-	-
Total Tier I capital	15,602,327	1,714,378	1,099,175	15,693,514	461,667	5,298,486	102,503

**Tier II capital**

Redeemable preference shares	29,740	-	-	29,740	10	-	-
Subordinated notes	5,000,000	550,000	439,728	5,813,057	-	-	-
Subordinated loans	-	-	-	-	-	1,051,495	-
Revaluation reserve	-	-	36,571	-	-	-	-
Regulatory reserve	431,514	59,113	-	490,627	-	-	-
Portfolio impairment allowance <sup>√</sup>	188,389	64,585	41,044	397,291	623	464,878	1,346
Surplus of total eligible provision over expected loss under the IRB approach	359,190	(18,719)	-	255,860	-	-	-
Others	-	-	251,674	-	-	40,010	-
Total Tier II capital	6,008,833	654,979	769,017	6,986,575	633	1,556,383	1,346
Less :							
Investment in subsidiaries and holding of other banking institutions' capital	(3,249,823)	-	-	(177,125)	(50)	(35,245)	-
Securitisation exposures subject to deductions**	(70,116)	-	-	(70,116)	-	-	-
Investment in associates	(306,061)	-	-	(306,061)	-	-	-
Total Eligible Tier II capital	2,382,833	654,979	769,017	6,433,273	583	1,521,138	1,346
Total capital base	17,985,160	2,369,357	1,868,192	22,126,787	462,250	6,819,624	103,849
Less :							
Proposed dividends	(827,000)	-	-	(827,000)	(99,034)	-	-
Total capital base (net of proposed dividend)	17,158,160	2,369,357	1,868,192	21,299,787	363,216	6,819,624	103,849

Breakdown of risk-weighted assets ("RWA") by each major risk category:

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	83,785,262	14,677,578	13,168,819	109,351,226	1,081,967	46,387,969	184,352
Market risk	8,105,302	346,673	339,155	8,785,131	307,315	611,862	-
Operational risk	9,949,736	1,402,324	-	12,620,584	807,424	5,117,613	-
Large exposure risk	400,148	-	862,316	400,148	-	-	-
	102,240,448	16,426,575	14,370,290	131,157,089	2,196,706	52,117,444	184,352

@ Interim dividend for financial year ended 31 December 2011 to be paid in March 2012

+ Interim dividend for financial year ended 31 December 2011 to be paid in March 2012

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

The investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

<sup>√</sup> The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2011 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM463,064,140, RM441,690,248 and RM21,373,892 respectively.

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

A22. CAPITAL ADEQUACY (continued)  
31 December 2010

	CIMB Bank RM '000	CIMB Islamic Bank RM '000	CIMB Thai Bank RM '000	CIMB Bank Group RM '000	CIMB Investment Bank Group RM '000	Bank CIMB Niaga RM '000	CIMB Bank PLC* RM '000
<b>Before deducting proposed dividend</b>							
Core capital ratio	14.38%	13.22%	9.04%	11.83%	19.76%	9.53%	N/A
Risk-weighted capital ratio	15.27%	17.19%	14.69%	15.30%	19.80%	13.24%	636.20%
<b>After deducting proposed dividend</b>							
Core capital ratio	13.81% +	13.22%	9.04%	11.35% +	17.06% @	9.53%	N/A
Risk-weighted capital ratio	14.71% +	17.19%	14.69%	14.82% +	17.11% @	13.24%	636.20%

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
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Components of Tier I and Tier II capitals are as follows:

**Tier I capital**

Paid-up capital	3,764,469	750,000	837,999	3,764,469	100,000	531,876	114,090
Perpetual preference shares	200,000	70,000	-	200,000	-	-	-
Non-innovative Tier I Capital	1,000,000	-	-	1,000,000	-	-	-
Innovative Tier I capital	1,616,700	-	-	1,616,700	-	-	-
Share premium	5,033,633	-	152,364	5,033,633	-	2,283,429	-
Other reserves	7,351,412	506,180	95,115	8,051,484	336,741	1,053,455	(1,395)
Non-controlling interests	-	-	-	260,586	-	-	-
Less :							
Investment in subsidiaries and holding of other banking institutions' capital	-	-	-	-	-	(56,634)	-
Deferred tax assets	(115,206)	(7,283)	-	(82,519)	(44,329)	-	-
Intangible assets	-	-	-	-	-	-	(3,374)
Goodwill	(3,555,075)	(136,000)	-	(4,923,428)	-	-	-
Total Tier I capital	15,295,933	1,182,897	1,085,478	14,920,925	392,412	3,812,126	109,321

**Tier II capital**

Redeemable preference shares	29,740	-	-	29,740	10	-	-
Subordinated notes	3,500,000	300,000	342,732	3,936,919	-	-	-
Subordinated loans	-	-	-	-	-	1,108,000	-
Revaluation reserve	-	-	38,336	-	-	-	-
Regulatory reserve	110,190	7,405	-	117,595	-	-	-
Portfolio impairment allowance <sup>√</sup>	221,940	30,892	30,840	381,876	650	391,631	-
Surplus of total eligible provision over expected loss under the IRB approach	404,989	17,577	-	409,200	209	-	-
Others	-	-	265,240	-	-	39,333	-
Total Tier II capital	4,266,859	355,874	677,148	4,875,330	869	1,538,964	-
Less :							
Investment in subsidiaries and holding of other banking	(3,000,892)	-	-	(178,194)	(50)	(56,634)	-
Securitisation exposures subject to deductions**	(70,116)	-	-	(70,116)	-	-	-
Investment in associates	(245,134)	-	-	(245,134)	-	-	-
Total Eligible Tier II capital	950,717	355,874	677,148	4,381,886	819	1,482,330	-
Total capital base	16,246,650	1,538,771	1,762,626	19,302,811	393,231	5,294,456	109,321
Less :							
Proposed dividends	(600,903)	-	-	(600,903)	(53,500)	-	-
Total capital base (net of dividend)	15,645,747	1,538,771	1,762,626	18,701,908	339,731	5,294,456	109,321

Breakdown of risk-weighted assets ("RWA") by each major risk category:

	CIMB Bank RM'000	CIMB Islamic Bank RM'000	CIMB Thai Bank RM'000	CIMB Bank Group RM'000	CIMB Investment Bank Group RM'000	Bank CIMB Niaga RM'000	CIMB Bank PLC RM'000
Credit risk	87,236,173	7,623,657	10,911,021	104,892,665	1,028,430	36,364,455	17,184
Market risk	9,176,183	285,115	313,670	9,658,308	192,321	394,887	-
Operational risk	9,604,531	1,041,278	-	11,242,737	765,308	3,230,655	-
Large exposure risk	360,424	-	777,097	360,424	-	-	-
	106,377,311	8,950,050	12,001,788	126,154,134	1,986,059	39,989,997	17,184

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

@ Final dividend for financial year ended 31 December 2010 was paid on 14 April 2011

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

The investment in owner's note is accounted in accordance with Securitisation Framework under Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) Guideline dated 31 December 2009.

<sup>√</sup> The capital base of CIMB Bank Group, CIMB Bank and CIMB Islamic Bank as at 31 December 2010 have excluded portfolio impairment allowance on impaired loans restricted from Tier II capital of RM495,950,492, RM476,240,986 and RM19,709,506 respectively.

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

**A22. CAPITAL ADEQUACY (continued)**  
**31 December 2010**

In November 2011, Investment Bank Group has adopted the SA approach to better reflect the nature of the underlying business activities. Had the Investment Bank Group adopted the SA approach in 2010, the capital adequacy ratios and risk-weighted assets are as follows:

	<b>CIMB Investment Bank Group RM '000</b>
<b><u>Before deducting proposed dividend</u></b>	
Core capital ratio	19.12%
Risk-weighted capital ratio	<u>19.16%</u>
<b><u>After deducting proposed dividend</u></b>	
Core capital ratio	16.51%
Risk-weighted capital ratio	<u>16.55%</u>
Risk-weighted assets	<u>2,052,644</u>

#### A23. SEGMENTAL REPORT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as its chief operating decision-maker.

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

The business segment results are prepared based on the Group's internal management reporting, which reflect the organisation's management reporting structure.

#### Business segment reporting

Definition of segments:

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

**Consumer Banking** comprises of Retail Financial Services, Commercial Banking, Enterprise Banking, and Direct Banking, Cards and Personal Financing.

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

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

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

**Corporate and Investment Banking** comprise Investment Banking, Corporate Finance, Corporate Banking, Regional Banking, Equity Capital Markets, Retail and Institutional Equities, Equity Derivatives, and Equity Investment and Trading.

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

Corporate Banking provides a broad spectrum of financial and Ringgit lending services for domestic and multinational corporations as well as institutional and public sector clients.

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 Capital Markets provides services including acting as underwriter, global co-ordinator, book runner or lead manager for equity and equity-linked transactions, originating, structuring, pricing and executing equity and equity-linked issues and executing program trades, block trades and market making. Equity Derivatives Group develops and issues new equity derivative instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues. Equity Investment and Trading is the Group's Proprietary Equity Trading Unit. Retail and Institutional Equities provide stock broking services to retail and corporate clients.

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

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

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

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

A23. SEGMENTAL REPORT (continued)

	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and others RM'000	Total RM'000
<b>31 December 2011</b>							
Net interest income	2,537,928	1,223,026	(121,095)	12,739	3,218,236	(194,583)	6,676,251
-external income / (expense)	62,386	(531,475)	492,386	(11)	(19)	(23,267)	-
-inter-segment income							
Income from Islamic Banking operations	2,600,314	691,551	371,291	12,728	3,218,217	(217,850)	6,676,251
Net non-interest income (excluding gain on deemed disposal of interest in a subsidiary)	643,269	158,287	585,365	-	80,600	2,800	1,470,321
Gain on deemed disposal of interest in subsidiaries	821,693	868,429	673,645	262,928	1,091,759	7,003	3,725,457
	-	-	250,000	-	-	-	250,000
Net income/(expense) Overheads	4,065,276	1,718,267	1,880,301	275,656	4,390,576	(208,047)	12,122,029
	(2,646,782)	(891,501)	(522,476)	(205,169)	(2,341,090)	(22,894)	(6,629,912)
of which:	(142,064)	(35,178)	(12,633)	(9,601)	(117,535)	(15,194)	(332,205)
- Depreciation of property, plant and equipment	(112,489)	(13,620)	(8,040)	(2,487)	(14,910)	-	(14,910)
- Amortisation of prepaid lease payments					(101,895)	(3,648)	(242,179)
- Amortisation of intangible assets							
Profit/(loss) before allowances	1,418,494	826,766	1,357,825	70,487	2,049,486	(230,941)	5,492,117
Allowance made for impairment losses on loans, advances and financing	(9,102)	(38,088)	(5,803)	-	(434,306)	(44)	(487,343)
Allowance (made)/written back for losses on other receivables	(896)	(2,501)	18,227	(1,072)	(17,926)	(4,740)	(8,908)
Allowance (made)/written back for commitments and contingencies	(1,518)	20,336	-	-	36,617	-	55,435
Recoveries written back from investment management and securities services	-	-	15,000	-	-	-	15,000
Allowance written back/(made) for other impairment losses	-	473	(13,648)	-	(3,504)	2,489	(14,190)
Segment results	1,406,978	806,986	1,371,601	69,415	1,630,367	(233,236)	5,052,111
Share of results of jointly controlled entities	9,359	-	8,898	(1,264)	-	-	16,993
Share of results of associates	-	-	22,225	23,413	88,400	-	134,038
Profit/(loss) before taxation and zakat	1,416,337	806,986	1,402,724	91,564	1,718,767	(233,236)	5,203,142
% of profit before taxation and zakat	27.2	15.5	27.0	1.8	33.0	(4.5)	100.0
Taxation and zakat							(1,128,816)
<b>Profit after taxation before non-controlling interests</b>							<b>4,074,326</b>



A23. SEGMENTAL REPORT (continued)

	Consumer Banking RM'000	Corporate and Investment Banking RM'000	Treasury and Investment RM'000	Asset Management and Insurance RM'000	Foreign Banking Operations RM'000	Support and others RM'000	Total RM'000
<b>31 December 2010</b>							
Net interest income	2,601,577	1,212,813	(132,066)	17,192	3,055,506	(150,247)	6,604,775
-external income / (expense)	(150,417)	(505,062)	675,879	(6)	(7)	(20,387)	-
-inter-segment income							
Income from Islamic Banking operations	2,451,160	707,751	543,813	17,186	3,055,499	(170,634)	6,604,775
Non-interest income (excluding gain on disposal of interest in a subsidiary)	552,332	220,930	493,944	-	62,091	739	1,330,036
Gain on disposal of interest in subsidiaries	774,796	971,741	693,569	297,392	1,119,182	59,494	3,916,174
	-	-	27,218	-	-	-	27,218
Net income/(expense)	3,778,288	1,900,422	1,758,544	314,578	4,236,772	(110,401)	11,878,203
Overheads	(2,735,067)	(952,755)	(553,494)	(225,597)	(2,078,432)	(67,959)	(6,613,304)
of which:							
- Depreciation of property, plant and equipment	(145,779)	(39,544)	(13,192)	(9,907)	(123,907)	(13,066)	(345,395)
- Amortisation of prepaid lease payments	-	-	-	-	(60,483)	-	(60,483)
- Amortisation of intangible assets	(94,312)	(16,151)	(7,740)	(4,568)	(143,463)	(5,274)	(271,508)
Profit/(loss) before allowances	1,043,221	947,667	1,205,050	88,981	2,158,340	(178,360)	5,264,899
Allowance (made)/written back for impairment losses on loans, advances and financing	(250,963)	226,871	(35,051)	-	(546,679)	(1,354)	(607,176)
Allowance written back/(made) for losses on other receivables	-	2,731	(16,330)	(813)	6,642	(315)	(8,085)
Allowance (made)/written back for commitment and contingencies	(12,601)	-	-	-	(8,567)	268	(20,900)
Losses from investment management and securities services	-	-	(50,000)	-	-	-	(50,000)
Allowance written back/(made) for other impairment losses	-	835	(46,630)	-	(3,513)	1,119	(48,189)
Segment results	779,657	1,178,104	1,057,039	88,168	1,606,223	(178,642)	4,530,549
Share of results of jointly controlled entities	10,449	-	299	(1,200)	-	-	9,548
Share of results of associates	-	-	31,222	-	54,586	812	86,620
Profit/(loss) before taxation and zakat	790,106	1,178,104	1,088,560	86,968	1,660,809	(177,830)	4,626,717
% of profit before taxation and zakat	17.1	25.5	23.5	1.9	35.9	(3.8)	100.0
Taxation and zakat	-	-	-	-	-	-	(956,830)
<b>Profit after taxation before non-controlling interests</b>							<b>3,669,887</b>

## A24. OPERATIONS OF ISLAMIC BANKING

### A24a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	The Group	
		31 Dec 2011 RM'000	31 Dec 2010 RM'000
<b>Assets</b>			
Cash and short-term funds		8,391,678	7,934,045
Deposits and placements with banks and other financial institutions		1,557,983	1,340,924
Financial assets held for trading		2,911,603	2,549,533
Islamic derivative financial instruments		249,169	284,789
Financial investments available-for-sale		942,125	459,123
Financial investments held-to-maturity		1,884,889	1,425,372
Financing, advances and other loans	A24d(i)	29,500,400	23,368,509
Deferred tax assets		8,035	5,589
Amount due from related companies		55,439	48,835
Amount due from holding company		568,921	514,680
Statutory deposits with Bank Negara Malaysia		1,097,797	143,406
Property, plant and equipment		9,567	7,314
Other assets		545,199	764,109
Goodwill		136,000	136,000
Intangible assets		4,170	4,287
<b>TOTAL ASSETS</b>		<b>47,862,975</b>	<b>38,986,515</b>
<b>Liabilities and Islamic banking capital funds</b>			
Deposits from customers	A24(e)	31,565,815	24,923,994
Deposits and placements of banks and other financial institutions		10,726,368	10,244,515
Islamic derivative financial instruments		452,582	265,725
Amount due to holding company		402,487	184,519
Amount due to related companies		1,112	247
Provision for taxation and zakat		112,330	86,284
Other liabilities		1,005,532	853,473
Subordinated Sukuk		564,679	300,000
<b>TOTAL LIABILITIES</b>		<b>44,830,905</b>	<b>36,858,757</b>
<b>Equity</b>			
Ordinary share capital		1,000,000	750,000
Islamic banking funds		55,000	91,693
Perpetual preference shares		70,000	70,000
Reserves		1,897,025	1,176,620
		3,022,025	2,088,313
Non-controlling interests		10,045	39,445
<b>TOTAL EQUITY</b>		<b>3,032,070</b>	<b>2,127,758</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>47,862,975</b>	<b>38,986,515</b>

**A24b. UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	495,192	429,643	1,817,027	1,594,000
Net income derived from investment of shareholders' funds	81,763	208,534	390,223	343,851
Allowance made for impairment losses on financing, advances and other loans	(94,832)	(17,667)	(151,366)	(54,116)
Allowance made for impairment losses on other receivables	(2,473)	(14)	(2,753)	(134)
Allowance written back for commitments and contingencies	340	-	-	-
<b>Total distributable income</b>	<b>479,990</b>	<b>620,496</b>	<b>2,053,131</b>	<b>1,883,601</b>
Income attributable to the depositors	(214,447)	(175,225)	(736,929)	(607,815)
<b>Total net income</b>	<b>265,543</b>	<b>445,271</b>	<b>1,316,202</b>	<b>1,275,786</b>
Other operating expenses	(93,975)	(83,436)	(369,190)	(283,063)
Profit before allowances	171,568	361,835	947,012	992,723
Writeback for other impairment losses	7	-	7	-
<b>Profit before taxation and zakat</b>	<b>171,575</b>	<b>361,835</b>	<b>947,019</b>	<b>992,723</b>
Taxation and zakat	(140,038)	(145,627)	(233,420)	(218,749)
<b>Profit for the year</b>	<b>31,537</b>	<b>216,208</b>	<b>713,599</b>	<b>773,974</b>
Profit for the year attributable to:				
Owners of the Parent	32,369	215,239	713,931	771,559
Non-controlling interests	(832)	969	(332)	2,415
	<b>31,537</b>	<b>216,208</b>	<b>713,599</b>	<b>773,974</b>

**A24c. UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	31,537	216,208	713,599	773,974
Other comprehensive income:				
Revaluation reserve-financial investments available-for-sale	(1,042)	531	(473)	3,885
- Net gain/(loss) from change in fair value	4,555	(338)	7,827	6,044
- Realised (gain)/loss transferred to income statement on disposal and impairment	(6,121)	1,117	(7,238)	(530)
- Income tax effects	524	(248)	(1,062)	(1,629)
Exchange fluctuation reserve	692	(1,424)	14,906	593
Other comprehensive income for the year, net of tax	(350)	(893)	14,433	4,478
<b>Total comprehensive income for the year</b>	<b>31,187</b>	<b>215,315</b>	<b>728,032</b>	<b>778,452</b>
Total comprehensive income for the year attributable to:				
Owners of the Parent	93,445	212,871	720,620	780,180
Non-controlling interests	357	2,444	7,412	(1,728)
	<b>93,802</b>	<b>215,315</b>	<b>728,032</b>	<b>778,452</b>
Income from Islamic operations (per page 2)				
Total net income	265,543	445,271	1,316,202	1,275,786
Add: Allowance made for impairment losses on financing, advances and other loans	94,832	17,667	151,366	54,116
Add: Allowance made for impairment losses on other receivables	2,473	14	2,753	134
Add: Allowance written back for commitments and contingencies	(340)	-	-	-
	<b>362,508</b>	<b>462,952</b>	<b>1,470,321</b>	<b>1,330,036</b>

#### A24d. FINANCING, ADVANCES AND OTHER LOANS

##### (i) By type

	The Group	
	31 Dec 2011	31 Dec 2010
At amortised cost	RM'000	RM'000
Cash line	373,056	322,529
Term financing	28,345,701	22,509,813
Bills receivable	2,581	2,235
Trust receipts	35,391	59,091
Claims on customers under acceptance credits	233,479	191,657
Revolving credits	502,124	407,330
Credit card receivables	111,886	90,472
Share margin financing	167,485	92,962
Other financing	55,172	17,796
Gross financing, advances and other loans	29,826,875	23,693,885
Fair value changes arising from fair value hedge	241,966	17,997
	30,068,841	23,711,882
Less: Allowance for impairment losses		
- Individual impairment allowance	(139,775)	(97,021)
- Portfolio impairment allowance	(428,666)	(246,352)
	(568,441)	(343,373)
<b>Net financing, advances and other loans</b>	<b>29,500,400</b>	<b>23,368,509</b>

(a) During the financial year, the Group has undertaken fair value hedges on RM4,350 million (31 December 2010: RM4,400 million) financing using profit rate swaps.

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Gross financing hedged	4,350,000	4,400,000
Fair value changes arising from fair value hedges	241,966	17,997
	4,591,966	4,417,997

The fair value loss on profit rate swaps in the hedge transaction as at 31 December 2011 were RM262.0 million (31 December 2010: RM49.0 million).

##### (ii) By geographical distribution

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Malaysia	28,381,803	22,739,752
Indonesia	1,158,232	614,211
Other countries	286,840	339,922
Gross financing, advances and other loans	29,826,875	23,693,885

##### (iii) Impaired financing, advances and other loans by geographical distribution

	The Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Malaysia	441,331	335,879
Indonesia	31,301	6,294
Gross impaired financing, advances and other loans	472,632	342,173

**A24d. FINANCING, ADVANCES AND OTHER LOANS (Continued)**

**(iv) Movements in impaired financing, advances and other loans:**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	342,173	506,348
Classified as impaired during the year	505,090	345,743
Reclassified as not impaired during the year	(127,965)	(174,234)
Amount recovered	(90,543)	(121,239)
Amount written off	(130,641)	(87,164)
Sale of impaired loans	-	(105,739)
Exchange fluctuation	(25,482)	(21,542)
At 31 December	<u>472,632</u>	<u>342,173</u>
Ratio of gross impaired financing, advances and other loans to gross financing, advances and other loans	<u>1.58%</u>	<u>1.44%</u>

**(v) Movements in the allowance for impaired financing:**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
At 1 January	97,021	272,235
Net allowance made/(written back) during the year	48,229	(93,419)
Amount written off	(8,135)	(77,163)
Amount transferred from portfolio impairment allowance	3,001	2,899
Unwinding income	(1,477)	(2,622)
Exchange fluctuation	1,136	(4,909)
At 31 December	<u>139,775</u>	<u>97,021</u>
<b>Portfolio impairment allowance</b>		
At 1 January	246,352	264,540
Allowance made during the year	143,075	168,430
Amount transferred to individual impairment allowance	(3,001)	(2,899)
Amount written off	(119,912)	(61,605)
Allowance transferred from/(to) conventional operations	166,234	(119,980)
Unwinding income	(4,181)	(1,838)
Exchange fluctuation	99	(296)
At 31 December	<u>428,666</u>	<u>246,352</u>
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross financing, advances and other loans (excluding RPSIA financing) less individual impairment allowance	<u>2.21%</u>	<u>2.16%</u>

**A24e. DEPOSITS FROM CUSTOMERS****By type of deposits**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah</b>		
Demand deposits	3,204,849	3,055,079
Savings deposits	1,169,598	821,968
General investment deposits	419,745	634,517
Commodity Murabahah-i	440,600	69,379
Fixed return investment account	5,564,248	5,127,333
Negotiable instruments of deposit	2,510,276	1,033,019
Variable rate deposits	77,340	378,330
Equity Linked Sukuk	286,629	219,600
Short term money market deposit-i	3,994,930	-
Others	37,489	25,192
	<b>17,705,704</b>	<b>11,364,417</b>
<b>Mudharabah</b>		
Demand deposits	2,550,795	1,497,380
Savings deposits	478,449	328,971
General investment deposits	2,086,941	1,806,223
Special general investment deposits	6,987,965	7,574,239
Specific investment deposits	1,755,961	2,352,764
	<b>13,860,111</b>	<b>13,559,577</b>
	<b>31,565,815</b>	<b>24,923,994</b>

**A25. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Outstanding credit exposures with connected parties	<b>11,984,397</b>	14,928,121
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<b>5.13%</b>	7.22%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>0.00%</b>	0.00%

## A26. CHANGE IN ACCOUNTING POLICIES

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

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

### Impact on the Group's consolidated statement of changes in equity as at 31 December 2010 and 31 December 2009:

	Balances as at 31 December 2010		
	As previously reported	Effects of adopting	
		Amendments to FRS 2	As restated
	RM'000	RM'000	RM'000
Retained earnings	7,156,250	(318,071)	6,838,179
Share-based payment reserve	-	318,071	318,071

	Balances as at 31 December 2009		
	As previously reported	Effects of adopting	
		Amendments to FRS 2	As restated
	RM'000	RM'000	RM'000
Retained earnings	6,265,787	(298,038)	5,967,749
Share-based payment reserve	-	298,038	298,038

	Increase/(decrease) to balances as at 31 December 2011	
	RM'000	
	Effects of adopting Amendments to FRS 2	
Retained earnings		(23,718)
Share-based payment reserve		23,718

### Impact on the Group's consolidated statement of income

#### For the financial year ended 31 December 2010

	As previously reported	Effects of adopting Amendments to FRS 2	Reclassification (b)(iii)	As restated				
					RM'000	RM'000	RM'000	RM'000
					Interest expenses	(4,631,581)	-	67,498
Overheads	(6,525,773)	(20,033)	(67,498)	(6,613,304)				
Profit before taxation and zakat	4,646,750	(20,033)	-	4,626,717				
Profit after taxation and zakat	3,689,920	(20,033)	-	3,669,887				
Profit for the financial year attributable to owners of the Parent	3,520,836	(20,033)	-	3,500,803				
Earnings per share attributable to ordinary equity holders of the Parent - basic (sen)	49.0	(0.3)	-	48.7				

	Increase/(decrease) for the financial year ended 31 December 2011	
	RM'000	
	Effects of adopting Amendments to FRS 2	
Overheads		(23,718)
Profit before/after taxation and zakat		(23,718)



**A26. CHANGE IN ACCOUNTING POLICIES (CONTINUED)**

(b) The following comparatives were restated to conform to the current financial year's presentation. There was no impact to the financial performance and ratios in relation to the financial year ended 31 December 2010.

	<b>Balances as at 31 December 2010</b>			
	<b>Note</b>	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
<b>Assets</b>				
Goodwill	(i)	8,159,469	(8,037)	8,151,432
Intangible assets	(i)	1,543,295	8,037	1,551,332
<b>Liabilities</b>				
Bills and acceptances payable	(ii)	4,831,366	(298,920)	4,532,446
Other borrowings	(ii)	3,484,667	298,920	3,783,587

(i) The restatement was in relation to the finalisation of the fair value exercise and purchase price allocation in respect of the acquisition of additional interest in Touch 'n Go ("TnG") as allowed by FRS 3 (revised) – "Business Combinations". There was no impact to the statement of income for the financial year ended 31 December 2010.

(ii) The reclassification was in relation to the STAMC short term loan, now reclassified to other borrowings to conform with current year's presentation.

(iii) The reclassification was in relation to a subsidiary's insurance deposit expense previously classified as interest expenses, now classified as overheads to be consistent with current year's presentation.

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

### **B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS**

#### **CIMB Group Holdings ("CIMB Group") Results**

CIMB Group Holdings Berhad ("CIMB Group") reported a record net profit of RM4.031 billion for 2011, representing a 15.1% year-on-year ("Y-o-Y") growth and equivalent to net earnings per share ("EPS") of 54.2 sen. The FY11 net return on equity ("ROE") was 16.4%, below the Group's full-year target of 17%. The Group announced a second interim dividend of 10.0 sen amounting to a total net payment of RM743 million. This brings the total FY11 dividends to RM1.635 billion or 22.0 sen, translating to a dividend payout ratio of 40.6% of FY11 profits.

For 4Q11 alone, the Group's net profit of RM1.133 billion was 12.0% higher than 3Q11, and 29.8% above its 4Q10 net profit of RM873 million.

The Group delivered record profits and ROE in a year when revenue growth was subdued due to the high 2010 non interest income base, compressing interest margins and more cautious approach to asset growth. It managed costs well and drove down credit charges. The Group is therefore very pleased with its operating results and especially proud of the efforts and sacrifices made by most of its staff across the region this year. The Group's primary disappointment was its share price which significantly underperformed benchmarks.

#### **CIMB Group Y-o-Y Results**

CIMB Group's FY11 revenues were 2.1% higher Y-o-Y at RM12.122 billion. Net interest income grew by 3.0% while non-interest income was up just 0.3% higher Y-o-Y as last year's non-interest revenues were boosted by several large items including the sale of ex-Lippo bonds. The Group's profit before tax ("PBT") was 12.4% higher at RM5.203 billion driven by lower credit losses and better cost management.

In 2011, the Group's Malaysian Consumer Bank PBT increased by 86.1% Y-o-Y to RM1.327 billion as the 7.6% revenue uplift was complemented by sharply lower credit charges and lower overhead costs. The Consumer Bank's performance was boosted by a 24% growth in retail deposits. PBT at Treasury & Investments improved 27.6% Y-o-Y to RM1.393 billion, while Corporate & Investment Banking ("CIB") was 33.1% lower Y-o-Y at RM751 million in view of several major transactions in 2010.

CIMB Niaga's PBT rose 24.6% to IDR4,392 billion but its contribution to the Group was 2.7% lower Y-o-Y at RM1.530 billion due to the absence of gains arising from the sale of ex-Lippo Bank bonds which occurred in FY10. CIMB Thai's PBT contribution (after GAAP and FRS139 adjustments) improved by 134.0% to RM110 million. Asset Management and Insurance PBT rose 5.7% Y-o-Y to RM92 million.

CIMB Niaga was the largest contributor to Group PBT at 29% compared to 34% in FY10. The Malaysian Consumer Bank's contribution to Group PBT was significantly higher at 26% versus 15% in FY10. Treasury and Investments contributed 27%, CIB 14%, Group Asset Management ("GAM") and Insurance 2%, while CIMB Thai's contribution was 2%.

Total non-Malaysian PBT declined to 38% in FY11 from 48% in FY10 due to absence of the ex-Lippo Bank bond gains at CIMB Niaga.

The Group's total gross loans expanded 14.3% Y-o-Y, underpinned by the strong 23.4% growth (in RM terms) at CIMB Niaga as well as the 11.7% increase in Malaysian consumer loans. Mortgages, credit cards and the Group's micro credit lending grew by 14.5%, 9.0% and 78.9% respectively Y-o-Y. Commercial banking loans were 4.5% higher Y-o-Y while hire purchase loans were unchanged. Corporate loans expanded 12.8% Y-o-Y. The Group's overall net interest margins eased to 3.12% from 3.34% last year.

Total Group deposits grew by 11.1% Y-o-Y driven by a 25.8% expansion in CIMB Bank's retail deposits. CIMB Niaga's deposit grew by 14.0% Y-o-Y (in RM terms) growth while CIMB Thai's deposits grew by 6.2% (in RM terms).

The total loan impairment for the Group declined by 19.8% Y-o-Y at RM487 million in FY11 versus RM607 million in FY10. As a result, the Group's total annualised credit charge was 0.25% compared to the 0.40% full year target. The Group's gross impairment ratio continued to improve to 5.1% for FY11 from 5.5% as at 9MFY11 and 6.1% as at end-FY10, with an impairment allowance coverage of 81.1%. The Group's cost to income ratio declined/improved to 54.7% compared to 55.7% in FY10.

CIMB Bank's risk weighted capital ratio stood at 16.8% while its Tier 1 capital ratio stood at 14.5% as at 31 December 2011 (after inclusion of FY11 net profits and proposed second interim dividend). CIMB Group's double leverage and gearing stood at 119.1% and 21.8% respectively as at end-December 2011.

**B1. GROUP PERFORMANCE REVIEW COMPARISON WITH THE PRECEDING QUARTER'S RESULTS  
(CONTINUED)**

**CIMB Group Q-on-Q Results**

The Group's 4Q11 revenues of RM3.381 billion were 11.5% higher than 3Q11, translating to a 12.0% Q-o-Q net profit growth to RM1.133 billion. Net interest income increased by 4.6% while non-interest income grew by 24.7%.

The Group's Malaysian Consumer Banking division PBT declined 24.1% Q-o-Q mainly due to a one off change in methodology in provisions for retail loans. CIB was 42.7% lower given the slower advisory activities in 4Q11 but Treasury and Investments was 73.3% higher due to a large gain on deconsolidation of investment in CIMB Aviva. CIMB Niaga's PBT contribution was 3.5% lower Q-o-Q at RM390 million. GAM and Insurance PBT fell 5.6% to RM17 million. CIMB Thai's PBT contribution (after GAAP adjustments) increased three-fold to RM49 million compared to 3Q11.

**CIMB Niaga Results**

On 22 February 2012, CIMB Niaga reported a FY11 net profit of IDR3,174 billion, a 24.6% Y-o-Y growth, translating to a FY11 net ROE of 19.1%. The improved performance was attributed to the strong loans and deposits growth, much improved non interest income and lower provisions. On a sequential basis, the 4Q11 net profit of IDR796 billion was 4.4% lower than 3Q11 as the better revenues were offset by higher overhead expenses.

CIMB Niaga's gross loans grew 19.8% Y-o-Y for FY11 as all retail and corporate segments expanded robustly. The Gross NPL of 2.6% as at end-December 2011 was unchanged compared to the previous corresponding period and 3Q11. CIMB Niaga's loan loss coverage (based on BI definition) stood at 104.0% as at end-FY11 compared to 122.0% as at end-FY10.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 10.2% and 13.1% respectively as at 31 December 2011.

**CIMB Thai Results**

On 19 February 2012, CIMB Thai announced a FY11 net profit of THB1.316 billion, a 58.8% improvement from the THB829 million in FY10. In 4Q11, CIMB Thai enjoyed a windfall gain of THB1.009 billion being share of recoveries from legacy bad loans managed by Thai Asset Management Corp, which was partly used to increase provisions following the national flood disaster. The annualised loan loss charge was 1.0% for FY11 while the loan loss coverage ratio declined from 91.6% at end-December 2010 to 81.6% currently. For FY11, CIMB Thai posted revenue of THB7.565 billion, a 19.0% Y-o-Y increase.

As at 31 December 2011, CIMB Thai's Tier 1 capital and risk weighted capital ratios were at 7.7% and 13.0% respectively. CIMB Thai's net NPL ratio rose to 2.3% from 1.8% as at the previous corresponding period.

**CIMB Islamic**

CIMB Islamic's Y-o-Y PBT jumped 10.9% to RM447 million as Shariah-compliant products continue to gain ground. CIMB Islamic's gross financing assets grew 24.7% Y-o-Y, accounting for 14.8% of total Group loans. Total deposits grew by 28.9% Y-o-Y to RM29.2 billion.

## **B2. CORPORATE DEVELOPMENTS**

The significant corporate developments in 2011 were:

### **(a) Capital Management**

- On 15 November 2010, CIMB Niaga announced a 1-for-20 rights issue of up to 1,196,743,183 new CIMB Niaga shares at IDR1,250 each. The rights issue was completed and the new CIMB Niaga shares were listed on 12 January 2011.
- On 21 April 2011, CIMB Islamic completed the issuance of RM250 million 10-year Tier 2 Junior Sukuk.
- On 30 May 2011, CIMB Islamic issued 250 million new ordinary shares amounting to RM250 million, which were fully subscribed by CIMB Bank.
- On 14 July, CIMB Thai issued THB3 billion of unsecured 10-year subordinated notes. CIMB Thai fully settled its USD50 million subordinated loans on 17 July 2011.
- On 8 August 2011, CIMB Bank completed the issuance of RM1.5 billion (RM1.35 billion 10-year and RM150 million 15-year) subordinated debt.
- On 19 October 2011, CIMB Niaga announced its intention to call the USD200 million subordinated notes, which were subsequently called on 22 November 2011.
- On 15 December 2011, CIMB Niaga completed the issuance of a IDR1.5 trillion fixed rate Senior Debt.

### **(b) Mergers and acquisitions**

- On 31 May 2011, CIMB Group announced that it had received Bank Negara Malaysia's approval to commence negotiations with RHB Capital for a possible merger of the businesses of both banking groups.
- On 23 June 2011, CIMB Group announced the cessation of negotiations with RHB Capital for a possible merger.
- On 4 August 2011, CIMB Securities International entered into a joint venture to establish an investment banking advisory in Sri Lanka.
- On 29 September 2011, CIMB Securities International ("CSI") entered into an agreement for the proposed acquisition of 70.06% interest in SICCO Securities plc in Thailand for THB767.9 million (RM78.4 million). The acquisition was completed on 15 February 2012 and CSI announced the purchase of shares from the market, bringing its interest to 82.07%. CSI made a tender offer for remaining shares it does not own.
- On 6 October 2011, CIMB Group confirmed that it is in discussions with San Miguel Corp with regards to a possible acquisition of a stake in Bank of Commerce in the Philippines. On 12 January 2012, CIMB Group informed that it hoped to conclude negotiations by 1Q12.

### **(c) Others**

- On 9 May 2011, Fitch Ratings revised the outlook for CIMB Bank and CIMB Investment Bank to Stable from Positive, while maintaining the long term rating for both entities at BBB+.
- On 13 May 2011, Fitch Ratings upgraded the foreign currency long-term ratings for CIMB Thai to BBB (stable) from BBB- (positive) previously. Concurrently, Fitch Ratings Thailand upgraded the local long-term rating for CIMB Thai to AA- from A+.
- On 25 May 2011, CIMB Group announced the postponement of its proposed listing on the Stock Exchange of Thailand ("SET"). Concurrently, CIMB Group retracted its application for a 6-month extension from the Securities Commission.
- On 3 July 2011, Dagong Global Credit Rating Co. Ltd assigned CIMB Bank a long term local currency rating of AA (positive), and a long term foreign currency rating of AA- (positive)
- On 2 August 2011, CIMB Group announced the opening of its Mumbai representative office and signed a Business Cooperation Arrangement with Kotak Mahindra Bank Ltd.

## **B2. CORPORATE DEVELOPMENTS (CONTINUED)**

### **(c) Others (Continued)**

- On 25 August 2011, Moody's revised CIMB Investment Bank's long and short term local currency ratings to A3 and P-1 (Stable) respectively. Concurrently, Moody's lowered CIMB Bank's outlook from Positive to Stable, while maintaining the long and short term ratings at A3 and P-1 respectively.
- On 28 September 2011, Pefindo assigned a idAAA rating for both Senior Debt, and Corporate Rating (local currency rating) of Bank CIMB Niaga.
- On 19 December 2011, Fitch Ratings upgraded CIMB Niaga's Long-Term Issuer Default Ratings (IDRs) to BBB from BB+ with Stable Outlook, following the upgrade on Indonesia's sovereign ratings.
- On 30 December 2011, CIMB Thai disposed unsecured retail impaired loans portfolio to Sathorn Asset Management Company Ltd ("STAMC") for THB200 million.
- On 18 January 2012, Moody's raised CIMB Niaga's foreign currency long-term/short-term deposit to Baa3/Prime-3 from Ba2/Not Prime and foreign currency issuer to Baa3 from Ba1. The revised ratings have stable outlook.

## **B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The Group thinks 2012 could surprise on the upside as most of the downside risks are already quite visible. On its part, the Group believes recent changes to its business model and processes have made it more competitive in its regional wholesale business and its 2012 deal pipeline is very good. Despite the anticipated slower credit growth environment for retail loans in Malaysia, the Group believes it can build on the huge advances made in consumer banking as a whole last year. The Group expects CIMB Niaga to continue its high growth rates in line with robust Indonesian markets and CIMB Thai's transformation to pick up momentum following the commissioning of its new core banking system in March/April this year. The Group is overall cautiously optimistic and has set a ROE target of 16.4% for the year

**B4. TAXATION**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	314,017	109,345	1,104,240	623,729
Deferred tax expense	(34,072)	173,983	92,485	361,133
Over-accrual in prior years	(20,141)	(16,263)	(67,909)	(28,032)
	<b>259,804</b>	<b>267,065</b>	<b>1,128,816</b>	<b>956,830</b>
<b>Reconciliation</b>				
Profit before taxation and zakat	1,404,970	1,143,047	5,203,142	4,626,717
Tax at statutory income tax rate of 25% (2010: 25%)	351,243	285,762	1,300,786	1,156,679
Effect of different tax rates in other countries and change in tax rates	(59,752)	(103,028)	(58,092)	(69,253)
Due to income not subject to income tax and expenses not deductible for tax purposes	(11,546)	100,594	(45,969)	(102,564)
Over-accrual in prior years	(20,141)	(16,263)	(67,909)	(28,032)
	<b>259,804</b>	<b>267,065</b>	<b>1,128,816</b>	<b>956,830</b>

**B5. PARTICULARS OF PURCHASE AND SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no material gains or losses on disposal of investments or properties during the period under review other than in the ordinary course of business.

**B6. REALISED AND UNREALISED PROFITS**

	Group	
	31 Dec 2011	31 Dec 2010
	RM'000	RM'000
Total retained earnings of the Group and subsidiaries		
- Realised	8,555,184	5,372,164
- Unrealised	268,222	371,480
	<b>8,823,406</b>	<b>5,743,644</b>
Total share of retained earnings from associates		
- Realised	158,721	50,400
- Unrealised	26,503	786
Total share of retained earnings from jointly controlled entities		
- Realised	29,932	13,306
- Unrealised	677	310
	<b>9,039,239</b>	<b>5,808,446</b>
Consolidation adjustments	(216,384)	1,029,733
Total group retained earnings as per consolidated financial statements	<b>8,822,855</b>	<b>6,838,179</b>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The marked-to-market gains and losses on derivative contracts and financial investments at fair value through profit or loss that remain outstanding in the financial statements of the Group as at 31 December 2011 and 31 December 2010 are deemed unrealised and should be read together as it reflects the nature of the transactions and financial position of the Group. In addition, the unrealised retained profits of the Group as disclosed above excludes the translation gains and losses on monetary items denominated in a currency other than the functional currency, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

**B7. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES**

	<b>The Group</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bonds and notes*</b>		
<b>Unsecured</b>		
More than one year (medium/long term)	<u>521,225</u>	<u>423,982</u>
	<b>521,225</b>	<b>423,982</b>
<p>* Included in bonds and notes for the current year is USD denominated bonds equivalent to USD140,000,000 and IDR denominated bonds equivalent to IDR1,500,000 million. USD140,000,000 has matured on 15 April 2011.</p>		
<b>Other borrowings**</b>		
<b>Unsecured</b>		
One year or less (short term)	<b>1,059,251</b>	1,501,215
More than one year (medium/long term)	<u>4,264,781</u>	<u>2,282,372</u>
	<b>5,324,032</b>	<b>3,783,587</b>
<p>** Included in other borrowings for the current year is USD denominated syndicated term loans of USD400,000,000. Of this USD denominated syndicated term loans of USD400,000,000, USD300,000,000 has matured on 22 June 2011.</p>		
<b>Subordinated Notes***</b>		
<b>Unsecured</b>		
More than one year (medium/long term)	<u>11,417,980</u>	<u>9,675,340</u>
	<b>11,417,980</b>	<b>9,675,340</b>

\*\*\* Includes USD denominated Subordinated Notes of USD290,000,000, IDR denominated Subordinated Notes of IDR2,980,000,000,000 and THB denominated Subordinated Notes of THB3,544,000,000. Of this USD denominated Subordinated Notes, USD50,000,000 and USD200,000,000 was fully settled on 17 July 2011 and 21 November 2011 respectively.

## B8. MATERIAL LITIGATION

At the date of this report, there are no pending material litigation not in the ordinary course of business which would have materially affected the Group's financial position.

## B9. COMPUTATION OF EARNINGS PER SHARE (EPS)

### Basic EPS

The Group's basic EPS is calculated by dividing the net profit attributable to equity holders of the Parent by the weighted average number of ordinary shares in issue during the financial year.

#### a) Basic EPS

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period/year after non-controlling interests	1,132,514	872,615	4,030,798	3,500,803
Weighted average number of ordinary shares in issue				
- proforma ('000)	7,432,772	7,418,466	7,432,772	7,186,034
Basic earnings per share (expressed in sen per share)	15.2	11.8	54.2	48.7

#### b) Diluted EPS

Net profit for the financial period/year after non-controlling interests	1,132,514	872,615	4,030,798	3,500,803
Income from investment of proceeds from exercise of warrants in money market instruments during the period	-	-	-	-
Net profit used to determine diluted EPS	1,132,514	872,615	4,030,798	3,500,803
Weighted average number of ordinary shares in issue ('000)	7,432,772	7,418,466	7,432,772	7,186,034
Adjustments for:				
- Warrants	-	-	-	-
Weighted average number of ordinary shares for diluted EPS	7,432,772	7,418,466	7,432,772	7,186,034
Diluted EPS (expressed in sen per share)	N/A **	N/A **	N/A **	N/A **

\*\* The Group has no dilution in its earnings per ordinary share in the current financial period as there are no dilutive potential ordinary shares.