

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Notes	The Group		The Bank	
		31 Mar 2011 RM'000	30 Dec 2010 RM'000	31 Mar 2011 RM'000	30 Dec 2010 RM'000
ASSETS					
Cash and short term funds		2,128,754	2,173,609	2,034,448	2,074,296
Reverse repurchase agreements		210,096	300,067	210,096	300,067
Deposits and placements with banks and other financial institutions		543,011	689,196	541,774	687,992
Financial assets held for trading	A5	79,784	82,127	79,784	82,127
Financial investments available-for-sale	A6	8,979	8,979	6,331	6,331
Derivative financial instruments	A17(i)	39,921	42,089	39,921	42,089
Loans, advances and financing	A7	42,024	42,710	42,024	42,710
Other assets	A8	1,239,424	806,243	1,238,299	805,114
Tax recoverable		-	1	-	-
Deferred tax assets		43,229	44,329	43,170	44,270
Statutory deposits with Bank Negara Malaysia		1,410	280	1,410	280
Investment in subsidiaries		-	-	9,050	9,050
Investment in associates		5,400	5,280	-	-
Amount due from subsidiaries		-	-	49	2
Amount due from related companies		6,978	6,564	6,978	6,564
Amount due from ultimate holding company		7	60	7	60
Property, plant and equipment		94,684	92,977	95,841	94,116
Goodwill		963	964	-	-
TOTAL ASSETS		4,444,664	4,295,475	4,349,182	4,195,068
LIABILITIES					
Deposits from customers	A9	1,279,072	1,207,639	1,279,072	1,207,639
Deposits and placements of banks and other financial institutions	A10	1,195,598	1,494,000	1,195,598	1,494,000
Derivative financial instruments	A17(i)	32,751	61,710	32,751	61,710
Other liabilities	A11	1,464,098	1,026,891	1,383,713	940,985
Provision for taxation and zakat		15,700	46,408	15,596	46,348
Amount due to related companies		1,572	12,105	1,541	12,105
Amount due to subsidiaries		-	-	3,185	3,185
TOTAL LIABILITIES		3,988,791	3,848,753	3,911,456	3,765,972
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		100,000	100,000	100,000	100,000
Reserves		355,863	346,712	337,716	329,086
Redeemable preference shares		10	10	10	10
TOTAL EQUITY		455,873	446,722	437,726	429,096
TOTAL EQUITY AND LIABILITIES		4,444,664	4,295,475	4,349,182	4,195,068
Commitment and contingencies					
Principal	A17(ii)	1,618,631	2,286,857	1,618,631	2,286,857
NET ASSETS PER SHARE (RM)		4.6	4.5	4.4	4.3

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	The Group				The Bank			
		1st quarter ended		Three months ended		1st quarter ended		Three months ended	
		31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	A12	13,537	12,839	13,537	12,839	13,280	12,619	13,280	12,619
Interest expense	A13	(13,010)	(10,891)	(13,010)	(10,891)	(13,010)	(10,891)	(13,010)	(10,891)
Net interest income		527	1,948	527	1,948	270	1,728	270	1,728
Income from Islamic Banking operations	A20b	(9,539)	3,533	(9,539)	3,533	(9,539)	3,533	(9,539)	3,533
Non-interest income	A14	91,293	70,070	91,293	70,070	90,264	68,791	90,264	68,791
Total income		82,281	75,551	82,281	75,551	80,995	74,052	80,995	74,052
Overheads	A15	(67,344)	(63,123)	(67,344)	(63,123)	(66,592)	(62,484)	(66,592)	(62,484)
Profit before allowances		14,937	12,428	14,937	12,428	14,403	11,568	14,403	11,568
(Allowance for) / write back of impairment losses on loans and advances	A16	(32)	286	(32)	286	(32)	286	(32)	286
Allowance for other receivables (net)		(2,565)	(574)	(2,565)	(574)	(2,565)	(700)	(2,565)	(700)
		12,340	12,140	12,340	12,140	11,806	11,154	11,806	11,154
Share of results of associates		121	120	121	120	-	-	-	-
Profit before taxation and zakat		12,461	12,260	12,461	12,260	11,806	11,154	11,806	11,154
Taxation		(4,258)	(3,347)	(4,258)	(3,347)	(4,124)	(3,242)	(4,124)	(3,242)
Zakat		-	-	-	-	-	-	-	-
Profit after taxation and zakat		8,203	8,913	8,203	8,913	7,682	7,912	7,682	7,912
Total comprehensive income for the period		8,203	8,913	8,203	8,913	7,682	7,912	7,682	7,912
Total comprehensive income attributable to:									
Equity holders of the Group/the Bank		8,203	8,913	8,203	8,913	7,682	7,912	7,682	7,912
Earnings per RM1.00 share:									
- basic (sen)		8.20	8.91	8.20	8.91	7.68	7.91	7.68	7.91

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

← Attributable to the equity holders of the Bank →

The Group 31 March 2011	Share capital RM'000	Statutory reserve RM'000	Share-based payments reserve RM'000	Retained profits RM'000	Redeemable Preference shares RM'000	Total RM'000
At 1 January 2011	100,000	155,805	-	190,907	10	446,722
- Effect of adopting Amendments to FRS 2	-	-	39,900	(39,900)	-	-
As restated	100,000	155,805	39,900	151,007	10	446,722
Profit for the period	-	-	-	8,203	-	8,203
Total comprehensive income for the period	-	-	-	8,203	-	8,203
Share-based payments expense	-	-	948	-	-	948
Balance as at 31 March 2011	100,000	155,805	40,848	159,210	10	455,873

← Attributable to the equity holders of the Bank →

The Group 31 March 2010	Share capital RM'000	Statutory reserve RM'000	Share-based payments reserve RM'000	Retained profits RM'000	Redeemable Preference shares RM'000	Total RM'000
At 1 January 2010	100,000	155,805	-	160,697	10	416,512
- Effect of adopting Amendments to FRS 2	-	-	18,588	(18,588)	-	-
As restated	100,000	155,805	18,588	142,109	10	416,512
Profit for the period	-	-	-	8,913	-	8,913
Total comprehensive income for the period	-	-	-	8,913	-	8,913
Balance as at 31 March 2010	100,000	155,805	18,588	151,022	10	425,425

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2011

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

The Bank 31 March 2011	← Non-Distributable →				← Distributable →			Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payments reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Preference shares RM'000	
At 1 January 2011	100,000	155,805	(272,007)	-	271,377	173,911	10	429,096
Effect of adopting FRS 2	-	-	-	39,900	-	(39,900)	-	-
As restated	100,000	155,805	(272,007)	39,900	271,377	134,011	10	429,096
Profit for the period	-	-	-	-	-	7,682	-	7,682
Total comprehensive income for the period	-	-	-	-	-	7,682	-	7,682
Share-based payments expense	-	-	-	948	-	-	-	948
Balance as at 31 March 2011	100,000	155,805	(272,007)	40,848	271,377	141,693	10	437,726

The Bank 31 March 2010	← Non-Distributable →				← Distributable →			Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Share-based payments reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Preference shares RM'000	
At 1 January 2010	100,000	155,805	(272,007)	-	271,377	146,289	10	401,474
Effect of adopting FRS 2	-	-	-	18,588	-	(18,588)	-	-
As restated	100,000	155,805	(272,007)	18,588	271,377	127,701	10	401,474
Profit for the period	-	-	-	-	-	7,912	-	7,912
Total comprehensive income for the period	-	-	-	-	-	7,912	-	7,912
Balance as at 31 March 2010	100,000	155,805	(272,007)	18,588	271,377	135,613	10	409,386

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

CIMB INVESTMENT BANK BERHAD
(Company Number 18417-M)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

	The Group		The Bank	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Profit before taxation	12,461	12,260	11,806	11,154
Adjustments for non-operating and non-cash items	25,825	27,185	30,847	29,172
Cash flow from operating profit before changes in working capital	38,286	39,445	42,653	40,326
Net changes in operating assets	(248,552)	(570,616)	(248,565)	(570,437)
Net changes in operating liabilities	(135,055)	(692,822)	(109,862)	(683,517)
Cash used in operating activities	(345,321)	(1,223,993)	(315,774)	(1,213,628)
Taxation paid	(33,866)	(34,026)	(33,776)	(34,026)
Net cash used in operating activities	(379,187)	(1,258,019)	(349,550)	(1,247,654)
Net cash used in investing activities	(7,778)	(11,970)	(7,863)	(13,739)
Net cash generated from financing activities	-	-	-	-
	(7,778)	(11,970)	(7,863)	(13,739)
Net decrease in cash and cash equivalents during the financial period	(386,965)	(1,269,989)	(357,413)	(1,261,393)
Cash and cash equivalents at beginning of the financial period	2,173,609	3,989,771	2,074,296	3,919,473
Effects of exchange rate changes	9,942	(8,850)	5,102	(8,850)
Cash and cash equivalents at end of the period	1,796,586	2,710,932	1,721,985	2,649,230
Cash and cash equivalents comprise the following:				
Cash and short term funds	2,128,754	2,950,174	2,034,448	2,888,472
Adjustment for monies held in trust:				
Clients' trust and dealers' representatives' balances	(308,388)	(225,331)	(288,683)	(225,331)
Remisiers' balances	(23,780)	(13,911)	(23,780)	(13,911)
Cash and cash equivalents at end of the period	1,796,586	2,710,932	1,721,985	2,649,230

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

EXPLANATORY NOTES

A1. Basis of preparation

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

The unaudited condensed interim financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached to the 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:

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

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

FRS 3 continues to apply the acquisition method to business combinations, with some significant change. For example, all payments to purchase a business are to be recorded at fair value at the date of acquisition, with contingent payments classified as debt subsequently re-measured through the comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the 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 amendment to FRS 2 effective 1 Jan 2011 clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. Previously, the Group has a cash settled share based arrangement whereby a substantial shareholder of CIMB Group Holdings Berhad grants entitlements to the employees of the Group. Prior to the adoption of the amendment to FRS 2, the Group does not account for the transaction in its financial statements. The Group has changed its accounting policy upon adoption of amendment to FRS 2 on 1 January 2011 retrospectively. As the Group does not have an obligation to settle the transaction with its employees, the Group has accounted for the transaction as equity settled in accordance with the amendment to FRS 2. The impact of the change in accounting policy to the prior period presented is disclosed in Note A21.

EXPLANATORY NOTES (Continued)

A1. Basis of preparation (continued)

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

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

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

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

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

A2. Changes in estimates

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

A3. Dividends paid and proposed

A final dividend comprising gross dividend of 40.46 sen per ordinary share, less 25% income tax, amounting to RM30,346,930 and tax exempt dividend of 23.15sen per ordinary share, amounting to RM23,153,070 in respect of financial year ended 31 December 2010 was paid on 14 April 2011.

No dividend have been proposed during the financial period ended 31 March 2011.

A4. Significant events after balance sheet date

There were no significant events that had occurred between 31 March 2011 and the date of this announcement.

A5. Financial assets held for trading

	The Group and The Bank	
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
<i>At fair value</i>		
Quoted securities		
<i>In Malaysia</i>		
Shares	319	3,691
Unquoted securities		
<i>In Malaysia</i>		
Private debt securities	79,465	78,436
Total financial assets held for trading	79,784	82,127

A6. Financial investments available-for-sale

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

EXPLANATORY NOTES (Continued)

A7. Loans, advances and financing

	The Group and The Bank	
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
(i) By type		
Staff loans *	42,663	43,359
Other loans	865	823
Gross loans, advances and financing	<u>43,528</u>	<u>44,182</u>
Allowance for impairment losses:		
- Individual impairment allowance	(864)	(822)
- Portfolio impairment allowance	(640)	(650)
Total net loans, advances and financing	<u>42,024</u>	<u>42,710</u>
All loans, advances and financing are measured at amortised cost using the effective interest method.		
* Included in staff loans of the Group and the Bank are loans to Directors amounting to RM228,338 (2010: RM235,667).		
(ii) By type of customers		
Individuals	<u>43,528</u>	<u>44,182</u>
(iii) By interest/profit rate sensitivity		
Fixed rate		
- Other fixed rate loan/financing	<u>43,528</u>	<u>44,182</u>
(iv) By economic purposes		
Personal use	25	220
Purchase of residential landed property	31,501	32,161
Purchase of securities	1	1
Purchase of transport vehicles	12,001	11,800
Gross loans, advances and financing	<u>43,528</u>	<u>44,182</u>
(v) By geographical distribution		
Malaysia	<u>43,528</u>	<u>44,182</u>
(vi) By residual contractual maturity		
Within one year	224	238
One year to less than three years	2,595	2,163
Three years to less than five years	4,952	4,966
Five years and more	<u>35,757</u>	<u>36,815</u>
	<u>43,528</u>	<u>44,182</u>

EXPLANATORY NOTES (Continued)

A7. Loans, advances and financing (continued)

The Group and The Bank
31 Mar 2011 **31 Dec 2010**
RM'000 **RM'000**

(vii) Impaired loans/non-performing loans by economic purpose

Purchase of residential landed property	722	690
Purchase of transport vehicles	143	132
Gross impaired loans/non-performing loans, advances and financing	865	822

(viii) Impaired loans/non-performing loans by geographical distribution

Malaysia	865	822
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(ix) Movement in the impaired loans/non-performing loans, advances and financing:

At 1 January, as restated	822	877
Impaired/non-performing during the period/year	42	214
Amount written back in respect of recoveries/reclassification	-	(269)
At 31 December	864	822
Gross impaired loans as a percentage of gross loans, advances and financing	2.0%	1.9%

* Represents restatement of interest-in-suspense

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

Individual impairment allowance

At 1 January	822	877
Allowance made during the year	42	214
Amounts written back during the year	-	(269)
At 31 March/December	864	822

Portfolio impairment allowance

At 1 January	650	679
Amounts written back during the year	(10)	(29)
At 31 March/December	640	650

Portfolio impairment allowance as % of gross loans, advances and financing less individual impairment allowance	1.5%	1.5%
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EXPLANATORY NOTES (Continued)

	The Group		The Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
A8. Other assets				
Due from brokers and clients net of allowance for impairment loss	936,444	533,925	936,400	533,880
Other debtors, deposits and prepayments net of allowance for doubtful debts	302,980	272,318	301,899	271,234
	1,239,424	806,243	1,238,299	805,114

	The Group and The Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000
A9. Deposits from customers		
Fixed deposits	446,591	640,634
Negotiable instruments of deposit	342,200	378,840
Others	490,281	188,165
	1,279,072	1,207,639

(i) <u>The maturity structure of fixed deposits and negotiable instruments of deposits</u>		
Due within six months	-	707,307
Six months to less than one year	626,936	-
One year to less than three years	-	197,045
More than five years	161,855	115,122
	788,791	1,019,474

(ii) <u>By type of customers</u>		
Local government and statutory authorities	69,400	69,400
Business enterprises	769,955	729,876
Individuals	435,717	404,362
Others	4,000	4,001
	1,279,072	1,207,639

A10. Deposits and placements of banks and other financial institutions		
Licensed banks	843,859	1,147,692
Other financial institutions	351,739	346,308
	1,195,598	1,494,000

	The Group		The Bank	
	31 Mar 2011 RM'000	31 Dec 2010 RM'000	31 Mar 2011 RM'000	31 Dec 2010 RM'000
A11. Other liabilities				
Due to brokers and clients	1,255,764	845,346	1,176,815	761,186
Others	208,334	181,545	206,898	179,799
	1,464,098	1,026,891	1,383,713	940,985

EXPLANATORY NOTES (Continued)

	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
A12. Interest income				
<u>Group</u>				
Loans, advances and financing				
- interest income other than recoveries	391	384	391	384
- recoveries from impaired loans	2	-	2	-
Money at call and deposits placements with banks and other financial institutions	9,406	8,938	9,406	8,938
Reverse repurchase agreements	1,675	1,184	1,675	1,184
Financial assets held for trading	1,172	1,171	1,172	1,171
Others	290	504	290	504
	12,936	12,181	12,936	12,181
Accretion of discount less amortisation of premium	601	658	601	658
	13,537	12,839	13,537	12,839
<u>Bank</u>				
Loans, advances and financing				
- interest income other than recoveries	391	384	391	384
- recoveries from impaired loans	2	-	2	-
Money at call and deposits placements with banks and other financial institutions	9,149	8,718	9,149	8,718
Reverse repurchase agreements	1,675	1,184	1,675	1,184
Financial assets held for trading	1,172	1,171	1,172	1,171
Others	290	504	290	504
	12,679	11,961	12,679	11,961
Accretion of discount less amortisation of premium	601	658	601	658
	13,280	12,619	13,280	12,619
A13. Interest expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	5,418	6,517	5,418	6,517
Deposits from customers	7,592	4,374	7,592	4,374
	13,010	10,891	13,010	10,891
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	5,418	6,517	5,418	6,517
Deposits from customers	7,592	4,374	7,592	4,374
	13,010	10,891	13,010	10,891

EXPLANATORY NOTES (Continued)

A14. Non interest income

	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Group				
a) Fee income:				
Fee on loans ,advances and financing	411	6,493	411	6,493
Portfolio management fees	2,337	4,533	2,337	4,533
Advisory and arrangement fees	29,303	8,288	29,303	8,288
Underwriting commissions	120	4,760	120	4,760
Placement fees	5,766	7,488	5,766	7,488
Other fee income	503	1,024	503	1,024
	38,440	32,586	38,440	32,586
b) Net trading income:				
Gain arising from trading in financial assets held for trading	64	3,939	64	3,939
- realised gain/(loss)	276	(267)	276	(267)
- unrealised (loss)/gain	(212)	4,206	(212)	4,206
Gain/(loss) arising from trading in derivative financial instruments	507	93	507	93
- realised gain	499	90	499	90
- unrealised gain	8	3	8	3
	571	4,032	571	4,032
c) Dividend income from:				
Financial assets held for trading	20	1	20	1
d) Other income:				
Foreign exchange loss	(570)	(8,412)	(570)	(8,412)
Gain on disposal of property, plant and equipment	265	179	265	179
Income from asset management and securities services	5,107	5,636	5,107	5,636
Brokerage income	47,142	35,244	47,142	35,244
Other non-operating income	318	804	318	804
	52,262	33,451	52,262	33,451
Total non interest income	91,293	70,070	91,293	70,070

EXPLANATORY NOTES (Continued)

A14. Non interest income (continued)

	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Bank				
a) Fee income:				
Fee on loans ,advances and financing	411	6,493	411	6,493
Portfolio management fees	2,337	4,533	2,337	4,533
Advisory and arrangement fees	29,303	8,288	29,303	8,288
Underwriting commissions	120	4,760	120	4,760
Placement fees	5,766	7,488	5,766	7,488
Other fee income	503	1,024	503	1,024
	38,440	32,586	38,440	32,586
b) Net trading income:				
Gain arising from trading in financial assets held for trading	64	3,939	64	3,939
- realised gain/(loss)	276	(267)	276	(267)
- unrealised (loss)/gain	(212)	4,206	(212)	4,206
Gain/(loss) arising from trading in derivative financial instruments	507	93	507	93
- realised gain	499	90	499	90
- unrealised gain	8	3	8	3
	571	4,032	571	4,032
c) Dividend income from:				
Financial assets held for trading	20	1	20	1
	20	1	20	1
d) Other income:				
Foreign exchange loss	(570)	(8,412)	(570)	(8,412)
Gain on disposal of property, plant and equipment	265	179	265	179
Income from asset management and securities services	5,107	5,636	5,107	5,636
Brokerage income	46,113	34,589	46,113	34,589
Other non-operating income	318	180	318	180
	51,233	32,172	51,233	32,172
Total non interest income	90,264	68,791	90,264	68,791

EXPLANATORY NOTES (Continued)

A15. Overheads

Group	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	34,603	30,407	34,603	30,407
- EPF	4,550	4,476	4,550	4,476
- Others	3,867	1,143	3,867	1,143
Establishment costs				
- Depreciation of property, plant and equipment	6,510	6,211	6,510	6,211
- Rental	1,836	3,634	1,836	3,634
- Others	4,430	3,705	4,430	3,705
Marketing expenses				
- Advertisement	938	229	938	229
- Others	1,866	1,267	1,866	1,267
Administration and general expenses				
- Legal and other professional fees	1,802	1,077	1,802	1,077
- Others	6,942	10,974	6,942	10,974
	67,344	63,123	67,344	63,123
Bank				
Personnel costs				
- Salaries, allowances and bonuses	34,296	30,148	34,296	30,148
- EPF	4,518	4,445	4,518	4,445
- Others	3,850	1,120	3,850	1,120
Establishment costs				
- Depreciation of property, plant and equipment	6,418	6,282	6,418	6,282
- Rental	1,648	3,309	1,648	3,309
- Others	4,425	3,689	4,425	3,689
Marketing expenses				
- Advertisement	935	229	935	229
- Others	1,857	1,263	1,857	1,263
Administration and general expenses				
- Legal and other professional fees	1,796	1,079	1,796	1,079
- Others	6,849	10,920	6,849	10,920
	66,592	62,484	66,592	62,484

A16. (Allowance for)/write back of impairment losses on loans, advances and financing

The Group and The Bank	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance	(42)	270	(42)	270
- made during the period	(42)	-	(42)	-
- written back during the period	-	270	-	270
Portfolio impairment allowance	10	16	10	16
- written back during the period	10	16	10	16
	(32)	286	(32)	286

EXPLANATORY NOTES (Continued)

A17. Derivative Financial Instruments and Commitment and Contingencies

i) Derivative Financial Instruments

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

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

	The Group and The Bank		
	Principal amount RM'000	Assets RM'000	Fair values Liabilities RM'000
At 31 March 2011			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	177,650	801	-
- 1 year to 3 years	185,930	6,370	-
- More than 3 years	427,200	21,518	(21,519)
	790,780	28,689	(21,519)
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	217,246	-	-
- 1 year to 3 years	284,215	-	-
- More than 3 years	326,084	11,232	(11,232)
	827,545	11,232	(11,232)
Total derivative assets/(liabilities)	1,618,325	39,921	(32,751)
At 31 December 2010			
Trading derivative			
<u>Interest rate derivatives</u>			
Interest rate swaps			
- Less than 1 year	181,550	1,637	-
- 1 year to 3 years	196,780	8,299	-
- More than 3 years	439,200	21,822	(51,371)
	817,530	31,758	(51,371)
<u>Equity derivatives</u>			
Equity options			
- Less than 1 year	223,117	-	-
- 1 year to 3 years	302,293	-	-
- More than 3 years	341,943	10,331	(10,331)
	869,109	10,331	(10,339)
Index futures			
- Less than 1 year	1,756	-	(8)
	869,109	10,331	(10,339)
Total derivative assets/(liabilities)	1,686,639	42,089	(61,710)

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 fulfill their obligation to pay the Group and the Bank the positive fair value or receivable resulting from the execution of contract terms. As at 31 March 2011, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM39,921,000 (31 December 2010: RM42,089,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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

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

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

EXPLANATORY NOTES (Continued)**A17. Derivative Financial Instruments and Commitment and Contingencies (continued)****ii) Commitment and Contingencies**

In the normal course of business, the Group and the Bank enters into various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are not secured over their assets of the Group and the Bank.

The commitments and contingencies constitute the following :

	31 March 2011	31 December 2010
	Principal amount	Principal amount
	RM'000	RM'000
<u>Credit-related</u>		
Irrevocable commitments to extend credit:		
- Maturity exceeding 1 year	306	218
Forward asset purchase	-	300,000
Miscellaneous commitments and contingencies	-	300,000
Total credit-related commitments and contingencies	306	600,218
<u>Treasury-related</u>		
Interest rate related Contracts		
- Less than one year	177,650	181,550
- One year to less than 5 years	185,930	196,780
- Five years and above	427,200	439,200
Equity related contracts		
- Less than one year	217,246	224,873
- One year to less than 5 years	284,215	302,293
- Five years and above	326,084	341,943
Total treasury-related commitments and contingencies	1,618,325	1,686,639
	1,618,631	2,286,857

EXPLANATORY NOTES (Continued)

A18. Capital Adequacy

31 March 2011

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

	The Group	The Bank
Before deducting proposed dividend		
Core capital ratio	20.87%	20.43%
Risk-weighted capital ratio	21.01%	20.43%
After deducting proposed dividend		
Core capital ratio	18.03% *	17.54% *
Risk-weighted capital ratio	18.17% *	17.54% *
	The Group	The Bank
	RM'000	RM'000
Components of Tier I and Tier II capital :		
<u>Tier I capital</u>		
Paid-up capital	100,000	100,000
Retained profits	141,666	134,011
Other reserves	195,075	195,075
	436,741	429,086
Less: Deferred tax assets	(44,329)	(44,270)
Deduction in excess of Tier II Capital	-	(6,398) N1
Total Tier I capital	392,412	378,418
<u>Tier II capital</u>		
Cumulative preference shares	10	10
Portfolio impairment allowance	640	640
Surplus of total eligible provision over total expected loss under the IRB approach, subject to limit	2,002	2,002
Total Tier II capital	2,652	2,652
Less:		
Investments in subsidiaries	(50)	(9,050)
Total eligible Tier II capital	2,602	- N1
Total capital base before proposed dividend	395,014	378,418
Proposed dividend	(53,500)	(53,500)
Total capital base after proposed dividend	341,514	324,918

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

	The Group	The Bank
	RM'000	RM'000
Credit risk	934,694	915,314
Market risk	171,068	171,036
Operational risk	774,057	766,272
	1,879,819	1,852,622

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

** Dividend for financial year ended 31 December 2010 was paid on 14 April 2011.*

EXPLANATORY NOTES (Continued)

A18. Capital Adequacy (Continued)

31 December 2010

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

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

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

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

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

EXPLANATORY NOTES (Continued)

A19. Segment reporting

Definition of segments

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

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

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

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

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

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

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

	Financial advisory, underwriting and other fees RM'000	Debt related RM'000	Equity related RM'000	Investments and securities services RM'000	Support and others RM'000	Total RM'000
The Group						
31 March 2011						
External net interest income	-	527	-	-	-	527
Non interest income	32,477	6,142	47,142	5,117	415	91,293
Income from Islamic						
Banking operations	-	(9,704)	-	-	165	(9,539)
	32,477	(3,035)	47,142	5,117	580	82,281
Overheads	(6,640)	(20,971)	(19,619)	(2,572)	(17,542)	(67,344)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	(304)	(1,615)	(1,301)	(541)	(2,749)	(6,510)
Profit/(loss) before allowances	25,837	(24,006)	27,523	2,545	(16,962)	14,937
Allowance for impairment losses on loans, advances and financing	-	(32)	-	-	-	(32)
Allowance for losses on other receivables	(2,565)	-	-	-	-	(2,565)
Segment result	23,272	(24,038)	27,523	2,545	(16,962)	12,340
Share of results of associates						121
Profit before taxation						12,461
Taxation						(4,258)
Net profit after taxation						8,203

EXPLANATORY NOTES (Continued)

A19. Segment reporting (Continued)

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

The Group 31 March 2010	Financial advisory, underwriting and other fees	Debt related	Equity related	Investments and securities services	Support and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External net interest income	-	1,948	-	-	-	1,948
Non interest income	21,910	13,387	35,244	6,540	(7,011)	70,070
Income from Islamic Banking operations	76	3,457	-	-	-	3,533
	21,986	18,792	35,244	6,540	(7,011)	75,551
Overheads	(6,739)	(23,864)	(20,170)	(79)	(12,271)	(63,123)
<i>of which :</i>						
<i>Depreciation of property, plant and equipment</i>	<i>(354)</i>	<i>(1,232)</i>	<i>(798)</i>	<i>(364)</i>	<i>(3,463)</i>	<i>(6,211)</i>
Profit/(loss) before allowances	15,247	(5,072)	15,074	6,461	(19,282)	12,428
Write back of impairment losses on loans, advances and financing	-	286	-	-	-	286
Allowance for losses on other receivables	(574)	-	-	-	-	(574)
Segment result	14,673	(4,786)	15,074	6,461	(19,282)	12,140
Share of results of associates						120
Profit before taxation						12,260
Taxation						(3,347)
Net profit after taxation						8,913

EXPLANATORY NOTES (Continued)

A20. The operations of Islamic Banking

A20a. Unaudited Statement of Financial Position as at 31 March 2011

	Notes	The Group and The Bank	
		31 Mar 2011	31 Dec 2010
		RM'000	RM'000
Assets			
Cash and short-term funds		209,204	201,408
Deposit and placements with banks and other financial institutions		541,670	370,000
Islamic derivative financial instruments		39,920	42,089
Other assets		227,800	337,528
Amount due from related companies		-	68
Property, plant and equipment		55	93
Total assets		1,018,649	951,186
Liabilities and Islamic Banking capital funds			
Deposits from customers	A21c	524,017	493,452
Deposits and placements of banks and other financial institutions		104,470	33,500
Islamic derivative financial instruments		32,750	61,702
Provision for taxation and zakat		77,542	80,440
Other liabilities		6,425	1,583
Amount due to related companies		344	308
Total liabilities		745,548	670,985
Islamic Banking capital funds		55,000	55,000
Reserves		218,101	225,201
Total Islamic Banking capital funds		273,101	280,201
Total liabilities and Islamic Banking capital funds		1,018,649	951,186

A20b. Unaudited Statements of Comprehensive Income for Period Ended 31 March 2011

	The Group and The Bank			
	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of dep	1,246	837	1,246	837
Income derived from investment of sha	(3,847)	8,222	(3,847)	8,222
Allowance for other receivables	(74)	(47)	(74)	(47)
Total attributable income	(2,675)	9,012	(2,675)	9,012
Income attributable to the depositors	(6,938)	(5,526)	(6,938)	(5,526)
Total net income	(9,613)	3,486	(9,613)	3,486
Personnel expenses	(180)	(112)	(180)	(112)
Other overheads and expenditures	(206)	(1,095)	(206)	(1,095)
Profit before taxation and zakat	(9,999)	2,279	(9,999)	2,279
Taxation and zakat	2,898	(570)	2,898	(570)
Profit after taxation and zakat	(7,101)	1,709	(7,101)	1,709
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	(7,101)	1,709	(7,101)	1,709

A20c. Deposits from customers

By type of deposits	The Group and The Bank	
	31 Mar 2011	31 Dec 2010
	RM'000	RM'000
Non-Mudharabah Fund		
Variable rate deposits	181,817	378,330
Equity Linked Sukuk	342,200	115,122
	524,017	493,452

EXPLANATORY NOTES (Continued)

A21. CHANGE IN ACCOUNTING POLICIES

(a) CHANGE IN ACCOUNTING POLICIES

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

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

Consolidated statement of changes in equity

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

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

Statement of changes in equity

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

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

EXPLANATORY NOTES (Continued)

B1. Group Performance Review

The Group achieved a profit after tax of RM8.2million for the period ended 31 March 2011, 8% decrease compared to profit after tax of RM8.9 million achieved in the same period of 2010 mainly due to lower net interest income by 72.9% as a result of higher average interest rate in 1Q2011. In addition, net trading income decreased by 85.8%. However this was mitigated by increase in higher brokerage income by 33.8% and lower foreign exchange losses by 93.2%.

B2. Prospects for the Current Financial Year

The Bank expects the capital market deal pipeline to remain strong for the rest of the year.

B3. Tax Expense

	The Group			
	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	6,382	6,514	6,382	6,514
Deferred tax	(2,124)	(3,167)	(2,124)	(3,167)
	4,258	3,347	4,258	3,347
Reconciliation				
Profit before taxation	12,461	12,260	12,461	12,260
Tax calculated at a tax rate of 25%	3,115	3,065	3,115	3,065
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,143	282	1,143	282
	4,258	3,347	4,258	3,347

	The Bank			
	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	6,248	6,412	6,248	6,412
Deferred tax	(2,124)	(3,170)	(2,124)	(3,170)
	4,124	3,242	4,124	3,242
Reconciliation				
Profit before taxation	11,806	11,154	11,806	11,154
Tax calculated at a tax rate of 25%	2,952	2,789	2,952	2,789
Income not subject to tax, expenses not deductible for tax purposes and overprovision in prior years	1,172	453	1,172	453
	4,124	3,242	4,124	3,242

EXPLANATORY NOTES (Continued)**B4. Computation of Earning Per Share (EPS)****Basic EPS**

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

The Group

	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
Net profit for the financial period (RM '000)	8,203	8,913	8,203	8,913
Weighted average number of share	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	8.20	8.91	8.20	8.91

The Bank

	1st quarter ended		Three months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
Net profit for the financial period (RM '000)	7,682	7,912	7,682	7,912
Weighted average number of share	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	7.68	7.91	7.68	7.91