

CIMB GROUP HOLDINGS BERHAD (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)

(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

		The Group	
	Note	30 June 2010	31 Dec 2009
		RM'000	RM'000
ASSETS			
Cash and short-term funds		22,701,177	28,274,687
Reverse repurchase agreements		4,120,080	4,544,873
Deposits and placements with banks and other financial institutions		13,579,829	2,383,055
Financial investments at fair value through profit or loss	A7(a),(b)	14,246,307	14,999,302
Financial investments available-for-sale	A8	10,653,474	11,000,536
Financial investments held-to-maturity	A9	15,558,490	14,266,710
Derivative financial instruments	A20 (i)	4,573,437	3,689,831
Loans, advances and financing	A10	152,130,415	142,218,190
Other assets	A11	5,837,016	5,221,796
Deferred tax assets		158,810	293,708
Tax recoverable		118,764	110,416
Statutory deposits with central banks		502,228	843,757
Investment in associates and jointly controlled entities		654,920	649,138
Property, plant and equipment		1,432,088	1,499,066
Investment properties		99,807	120,349
Prepaid lease payments		247,405	279,924
Goodwill		7,646,241	7,694,653
Intangible assets		1,603,832	1,667,784
		255,864,320	239,757,775
Non-current assets held for sale		33,342	226,224
TOTAL ASSETS		255,897,662	239,983,999
LIABILITIES AND EQUITY			
Deposits from customers	A12	193,487,137	178,882,336
Deposits and placements of banks and other financial institutions	A13	10,178,570	10,131,582
Repurchase agreements		33,494	565,097
Derivative financial instruments	A20 (i)	4,649,490	3,492,587
Bills and acceptances payable		3,745,402	4,494,794
Other liabilities	A14	8,659,727	8,105,303
Deferred tax liabilities		8,201	13,247
Current tax liabilities		216,226	428,565
Amount due to Cagamas Berhad		232,636	335,612
Bonds	B6	432,591	443,051
Other borrowings	B6	3,203,031	3,218,286
Subordinated notes	B6	7,051,747	6,342,738
Non-cumulative guaranteed and redeemable preference shares		896,915	884,087
TOTAL LIABILITIES		232,795,167	217,337,285
Ordinary share capital		7,063,530	3,531,766
Reserves		13,623,391	16,813,811
Less: Shares held under trust		(563)	(563)
Treasury shares, at cost		(13)	-
		20,686,345	20,345,014
Perpetual preference shares		200,000	200,000
Minority interests		2,216,150	2,101,700
TOTAL EQUITY		23,102,495	22,646,714
TOTAL LIABILITIES AND EQUITY		255,897,662	239,983,999
COMMITMENTS AND CONTINGENCIES	A20 (ii)	358,198,934	322,892,443
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.93	2.88*

* The net assets per share for the comparative period has been restated to reflect the bonus issue completed on 24 May 2010.

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

CIMB GROUP HOLDINGS BERHAD (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)

(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS

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

	Note	The Group			
		2nd quarter ended		Six months ended	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
		RM'000	RM'000	RM'000	RM'000
Interest income	A15	2,774,981	2,574,017	5,351,606	5,304,908
Interest expense	A16	(1,108,734)	(1,072,246)	(2,081,558)	(2,396,094)
Net interest income		1,666,247	1,501,771	3,270,048	2,908,814
Income from Islamic Banking operations	A24(b)	308,531	163,286	538,569	324,145
Non-interest income (excluding gain on disposal of net assets and interest in subsidiaries)	A17	1,036,909	924,163	2,044,915	1,839,588
		3,011,687	2,589,220	5,853,532	5,072,547
Gain on disposal of net assets and interest in subsidiaries		7,076	-	7,076	30,251
		3,018,763	2,589,220	5,860,608	5,102,798
Overheads	A18	(1,634,833)	(1,414,042)	(3,197,796)	(2,740,631)
Profit before allowances		1,383,930	1,175,178	2,662,812	2,362,167
Allowance for impairment losses on loans, advances and financing	A19	(122,356)	(302,302)	(272,181)	(573,941)
Allowance for losses on other receivables		(30,762)	(19,984)	(43,302)	(54,869)
Allowance made for commitments and contingencies		(50,947)	(2,762)	(50,640)	(10,341)
Allowance (made)/written back for other impairment losses		(10,890)	25,741	(22,666)	(12,042)
		1,168,975	875,871	2,274,023	1,710,974
Share of results of jointly controlled entities		1,798	3,977	3,962	4,207
Share of results of associates		14,200	(1,298)	35,737	2,285
Profit before taxation and zakat		1,184,973	878,550	2,313,722	1,717,466
Taxation and zakat	B4	(237,891)	(170,728)	(454,341)	(345,686)
Profit for the period		947,082	707,822	1,859,381	1,371,780
Profit for the period attributable to :					
Equity holders of the Company		889,460	663,150	1,727,543	1,277,093
Minority interests		57,622	44,672	131,838	94,687
		947,082	707,822	1,859,381	1,371,780
Earnings per share (sen):					
- Basic *	B8(a)	12.6	9.4	24.5	18.1
- Fully diluted *	B8(b)	12.5	9.4	24.3	18.1

* Basic and diluted earnings per share for the comparative period have been restated to reflect the bonus issue completed on 24 May 2010.

CIMB GROUP HOLDINGS BERHAD (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)

(Company Number 50841-W)

CONDENSED INTERIM FINANCIAL STATEMENTS

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

(Continued)

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	947,082	707,822	1,859,381	1,371,780
Other comprehensive income:				
Revaluation reserve-financial investments available-for-sale	(79,618)	115,267	(189,965)	117,270
- Net gain from change in fair value	69,176	210,835	216,364	228,233
- Realised gain transferred to comprehensive income on disposal and impairment	(161,347)	(87,262)	(340,900)	(87,888)
- Transfer to/(from) deferred tax assets	11,422	10,251	(64,012)	(13,587)
- Currency translation difference	1,131	(18,557)	(1,417)	(9,488)
Net investment hedge	31,783	90,821	140,496	(19,503)
Hedging reserve- cash flow hedge				
- Net gain from change in fair value	(1,028)	(85)	16,695	1,830
Exchange fluctuation reserve	(76,326)	454,310	(340,663)	543,278
Other comprehensive income for the period, net of tax	(125,189)	660,313	(373,437)	642,875
Total comprehensive income for the period	821,893	1,368,135	1,485,944	2,014,655
Total comprehensive income for the period attributable to:				
Equity holders of the Company	767,114	1,237,207	1,350,138	1,833,578
Minority interests	54,779	130,928	135,806	181,077
	821,893	1,368,135	1,485,944	2,014,655

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

CIMB GROUP HOLDINGS BERHAD (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010

The Group 30 June 2010	Attributable to equity holders of the Company														
	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	Regulatory reserve* RM'000	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
At 1 January 2010	3,531,766	5,586,751	3,415,780	136,954	361,780	(563)	-	545,121	(64,386)	-	6,831,811	20,345,014	200,000	2,101,700	22,646,714
Effects of adopting FRS 139 on 1 January 2010	-	-	-	-	-	-	-	238,431	-	-	(593,849)	(355,418)	-	(19,650)	(375,068)
Adjusted 1 January 2010	3,531,766	5,586,751	3,415,780	136,954	361,780	(563)	-	783,552	(64,386)	-	6,237,962	19,989,596	200,000	2,082,050	22,271,646
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	1,727,543	1,727,543	-	131,838	1,859,381
Other comprehensive income (net of tax)	-	-	-	-	(321,860)	-	-	(212,878)	157,333	-	-	(377,405)	-	3,968	(373,437)
- Financial investments available-for-sales	-	-	-	-	-	-	-	(212,878)	-	-	-	(212,878)	-	22,913	(189,965)
- net investment hedge	-	-	-	-	-	-	-	-	140,496	-	-	140,496	-	-	140,496
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	16,837	-	-	16,837	-	(142)	16,695
- currency translation difference	-	-	-	-	(321,860)	-	-	-	-	-	-	(321,860)	-	(18,803)	(340,663)
Total comprehensive income for the period	-	-	-	-	(321,860)	-	-	(212,878)	157,333	-	1,727,543	1,350,138	-	135,806	1,485,944
Dividend for the financial year ended 31 December 2009	-	-	-	-	-	-	-	-	-	-	(653,376)	(653,376)	-	(4,324)	(657,700)
Transfer to statutory reserve	-	-	251,366	-	-	-	-	-	-	-	(251,366)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	102,614	(102,614)	-	-	-	-
Realisation of pre-acquisition revaluation reserve - financial investments available-for-sale	-	-	-	-	-	-	-	(27,799)	-	-	27,799	-	-	-	-
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	22,618	22,618
Capital repayment of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Purchase of treasury shares	-	-	-	-	-	-	(13)	-	-	-	-	(13)	-	-	(13)
Issuance of bonus shares	3,531,764	(3,531,764)	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2010	7,063,530	2,054,987	3,667,146	136,954	39,920	(563)	(13)	542,875	92,947	102,614	6,985,948	20,686,345	200,000	2,216,150	23,102,495

* 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 (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)

(Company Number 50841-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009**

Attributable to equity holders of the Company

The Group
30 June 2009

	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	Retained earnings RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
At 1 January 2009	3,578,078	6,027,864	2,841,540	89,387	(413,908)	(74,190)	(461,702)	369,951	(113,582)	5,255,765	17,099,203	200,000	1,513,390	18,812,593
Profit for the financial period	-	-	-	-	-	-	-	-	-	1,277,093	1,277,093	-	94,687	1,371,780
Other comprehensive income (net of tax)	-	-	-	-	484,992	-	-	89,166	(17,673)	-	556,485	-	86,390	642,875
- Financial investments available-for-sales	-	-	-	-	-	-	-	89,166	-	-	89,166	-	28,104	117,270
- net investment hedge	-	-	-	-	-	-	-	-	(19,503)	-	(19,503)	-	-	(19,503)
- hedging reserve - cash flow hedge	-	-	-	-	-	-	-	-	1,830	-	1,830	-	-	1,830
- currency translation difference	-	-	-	-	484,992	-	-	-	-	-	484,992	-	58,286	543,278
Total comprehensive income for the period	-	-	-	-	484,992	-	-	89,166	(17,673)	1,277,093	1,833,578	-	181,077	2,014,655
Dividend for the financial year ended 31 December 2008	-	-	-	-	-	-	-	-	-	(699,387)	(699,387)	-	(33,921)	(733,308)
Transfer to statutory reserve	-	-	237,935	-	-	-	-	-	-	(237,935)	-	-	-	-
Issue of share capital arising from:														
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009	4,317	20,763	-	-	-	-	-	-	-	-	25,080	-	-	25,080
Option reserves arising from share option schemes of subsidiaries	-	-	-	-	-	-	-	-	(11,552)	-	(11,552)	-	21,411	9,859
Net reversal of shares held under trust	-	-	-	-	-	38,073	-	-	-	-	38,073	-	-	38,073
Arising from purchase price allocation from the acquisition of PT Bank Lippo Tbk	-	-	-	-	-	-	-	-	-	(25,061)	(25,061)	-	58,888	33,827
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	55,774	55,774
Purchase of treasury shares	-	-	-	-	-	-	(65)	-	-	-	(65)	-	-	(65)
Arising from issuance of warrants	-	-	-	-	-	-	-	-	57,630	-	57,630	-	-	57,630
At 30 June 2009	3,582,395	6,048,627	3,079,475	89,387	71,084	(36,117)	(461,767)	459,117	(85,177)	5,570,475	18,317,499	200,000	1,796,619	20,314,118

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

CIMB GROUP HOLDINGS BERHAD (FORMERLY KNOWN AS BUMIPUTRA-COMMERCE HOLDINGS BERHAD)
(Company Number 50841-W)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2010

	The Group	
	30 June 2010	30 June 2009
	RM'000	RM'000
Profit before taxation and zakat	2,313,722	1,717,466
Adjustments for non-operating and non-cash items	(290,771)	268,036
	<hr/>	<hr/>
Operating profit before changes in working capital	2,022,951	1,985,502
Net changes in operating assets	(20,100,032)	(5,866,745)
Net changes in operating liabilities	13,581,227	1,301,573
	(6,518,805)	(4,565,172)
	<hr/>	<hr/>
Cash flows used in operations	(4,495,854)	(2,579,670)
Taxation paid	(462,689)	(129,620)
Net cash flows used in operating activities	(4,958,543)	(2,709,290)
Net cash flows used in investing activities	(221,111)	(146,971)
Net cash flows used in financing activities	(653,389)	(752,948)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents during the financial period	(5,833,043)	(3,609,209)
Effects of exchange rate changes	259,533	486,897
Cash and short-term funds at beginning of the financial period	28,274,687	24,408,711
Cash and short-term funds at end of the financial period	<hr/> 22,701,177	<hr/> 21,286,399
Statutory deposits with Bank Indonesia*	1,706,492	1,080,420
Cash and cash equivalents at end of the financial period	<hr/> 24,407,669	<hr/> 22,366,819

* 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 2009

PART A - EXPLANATORY NOTES

A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The unaudited condensed interim financial statements for the financial period ended 30 June 2010 have been prepared under the historical cost convention, except for financial assets held for trading, financial 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. These financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2009, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 January 2010:

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

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

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

- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendment to FRS 1 "Limited Exemption from Comparative FRS 7 "Disclosures for First-time Adopters"
- Amendment to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- FRS 3 "Business Combinations"
- Amendments to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2010)
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 138 "Intangible Assets" (effective 1 July 2010)
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining Whether an Arrangement contains a Lease"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 15 "Agreements for the Construction of Real Estate"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets from Customers"
- TR i-4 "Shariah Compliant Sale Contract"

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

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

The preparation of unaudited condensed interim financial statements in conformity with the Financial Reporting Standards and BNM Guidelines requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and 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

Save as 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 six-month period ended 30 June 2010:-

a) On 24 February 2010, the Company purchased 1,000 of its own shares from the open market at an average market price of RM13.1 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM13.1 thousand. The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.

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

b) On 23 February 2010, the Company proposed 1-for-1 bonus issue which would increase its number of shares in issue from 3,531.76 million to 7,063.53 million. The objectives of the bonus issue are to improve tradability of CIMB Group shares ("CIMB Shares") and to align its quoted share price with pricing conventions on the Stock Exchange of Thailand ("SET") ahead of the Company's proposed listing later this year. Bank Negara Malaysia ("BNM") has granted approval pursuant to the Proposed bonus issue on 31 March 2010.

Subsequent to this, on 7 May 2010, the Company announced a 1-for-1 bonus issue of up to 3,582.39 million new ordinary shares which is inclusive of the potential exercise of the 50,622,413 warrants outstanding as at 31 March 2010, to be credited to eligible shareholders on 21 May 2010. The Company has also proposed to increase its authorised share capital from RM5,000 million comprising 5,000 million CIMB Shares to RM10,000 million comprising 10,000 million CIMB Shares to facilitate the issuance of new CIMB Shares pursuant to the Proposed Bonus Issue, as well as to cater for any future issuance of new CIMB Shares (collectively referred to as the "Proposals".) The Proposals have been completed on 24 May 2010 following the listing and quotation of 3,531,764,410 new CIMB shares on Bursa Malaysia Securities Berhad ("Bursa Securities").

c) 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.

d) On 2 April 2010, the Company announced that it will be seeking its shareholders' approval at its 53rd 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 7 May 2010.

e) On 5 April 2010, the Company completed the issuance of RM750 million Cumulative Subordinated Fixed Rate Notes. The Subordinated Notes were part of the RM3.0 billion Issuance Programme approved by the Securities Commission on 12 June 2009.

The RM750 million Subordinated Notes comprises a callable 5 year tranche and 10 year tranche, amounting to RM150 million and RM600 million respectively. Both tranches have a maturity of 50 years, with call option for the Issuer to redeem at year 5 and on each subsequent coupon payment date, and year 10 and on each subsequent coupon payment date respectively.

The 5 year Tranche pays a semi annual coupon rate of 5.3% p.a whilst the 10 year Tranche pays a coupon of 6.35% p.a. Should the Issuer does not redeem the Subordinated Notes on the respective first call date, the coupon will be stepped up by 2.0%.

A4. DIVIDENDS PAID AND PROPOSED

An interim single tier dividend of 18.5 sen per ordinary share on 3,531,765,410 ordinary shares amounting to RM653,376,601 in respect of the financial year ended 31 December 2009, which was approved by the Board of Directors in a resolution dated 18 February 2010 was paid on 12 April 2010.

The Directors have proposed a single tier interim dividend of 4.625 sen per ordinary share, on 7,331,529,820 ordinary shares (inclusive of 268 million new CIMB shares issued in relation to the proposed acquisition of up to 19.67% equity interest in PT Bank CIMB Niaga Tbk - as disclosed in A5(d)) amounting to RM339,083,254 in respect of the financial year ending 31 December 2010, to be paid on 30 September 2010. The interim dividend was approved by the Board of Directors on 23 August 2010.

A5. STATUS OF CORPORATE PROPOSALS

(a) Acquisition of additional equity stake in Touch 'n Go Sdn Bhd ("TnG")

The Company had on 19 February 2010 entered into a share purchase agreement with UEM Group Berhad and UEM Builders Berhad to acquire an additional 32.22% stake in Touch 'n Go Sdn Bhd ("TnG") for RM53.8 million. The Company's existing equity stake in TnG before the additional acquisition was 20%. The acquisition was completed on 26 March 2010. Upon completion of the acquisition, the Company's shareholding in TnG was raised to 52.22%.

(b) Subscription of equity interest in CIMB Vinashin Securities Limited Liability Company ("VFC")

On 23 February 2010, CIMB Investment Bank received approval from the Vietnam Securities Commission for its subscription of equity interest in VFC. VFC Securities has subsequently changed its name to CIMB Vinashin Securities LLC with immediate effect on 2 March 2010.

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

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

(d) Proposed Acquisition of up to 19.67% (equivalent to 4,708,529,550 Class B ordinary shares with par value of Indonesian Rupiah ("IDR") 50 each) ("CIMB Niaga B-Shares") equity interest in PT Bank CIMB Niaga Tbk ("CIMB Niaga")

On 14 May 2010, the Company entered into a conditional share sale and purchase agreement with Khazanah Nasional Berhad ("Khazanah") in relation to the proposed acquisition by CIMB Group Sdn Bhd ("CIMBG") of approximately 17.10% (equivalent to 4,092,536,308 CIMB Niaga B-Shares) equity interest in CIMB Niaga, and a further equity interest of approximately 2.57% (equivalent to 615,993,242 CIMB Niaga B-Shares) in CIMB Niaga, the latter sale of which is at the sole discretion of Khazanah. The proposed acquisition is to be satisfied via issuance of new CIMB shares of up to 134 million shares at an indicative issue price of RM14.50 each ("Purchase Consideration"). CIMB Niaga is currently a 78.26% indirect subsidiary of the Company.

Following the completion of 1-for-1 bonus issue on 24 May 2010, the total number of new CIMB Shares to be issued in satisfaction of the Purchase Consideration under the proposed acquisition is adjusted to up to 268 million new CIMB Shares. Bursa Securities has via its letter dated 6 July 2010 approved the listing and quotation of 268 million new ordinary shares of RM1.00 each in the share capital and BNM (through the Foreign Exchange Administration Department) has via its letter dated 9 July 2010 approved CIMBG's investment in CIMB Niaga pursuant to the proposed acquisition.

On 10 August 2010, Khazanah exercised its discretion to sell the additional 615,993,242 CIMB Niaga B-Shares, which represents approximately 2.57% in CIMB Niaga. Hence, a total of 4,708,529,550 CIMB Niaga B-Shares will be acquired by CIMBG from Khazanah's subsidiaries for a total Purchase Consideration of approximately IDR5,438 billion. The completion of sale and purchase of the total of 4,708,529,550 CIMB Niaga B-Shares, representing approximately 19.67% in CIMB Niaga, will take place simultaneously.

The Proposed Acquisition has been completed following the listing and quotation of 268,000,000 new ordinary shares of RM1.00 each in CIMB on the Main Market of Bursa Malaysia Securities Berhad on 19 August 2010. Accordingly, the Company's indirect interest in CIMB Niaga has increased to 97.93%.

A6. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There were no significant events other than those disclosed under status of corporate proposals that had occurred between 30 June 2010 and the date of this announcement.

PART A - EXPLANATORY NOTES

A7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

A7(a). FINANCIAL ASSETS HELD FOR TRADING

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	382,561	1,212,901
Cagamas bonds	18,333	28,283
Khazanah bonds	-	27,438
Malaysian Government treasury bills	133,231	185,033
Bank Negara Malaysia bills	2,844,482	2,779,851
Bank Negara Malaysia negotiable notes	1,280,376	1,887,613
Negotiable instruments of deposit	2,676,581	3,002,701
Bankers' acceptances and Islamic accepted bills	606,697	696,623
Credit-linked notes	128,507	158,604
Other Government's securities	1,059,671	862,061
Commercial papers	38,309	29,982
Government investment issues	87,092	693,563
	9,255,840	11,564,653
Quoted securities:		
<i>In Malaysia:</i>		
Warrants	5	5
Shares	589,825	553,599
Unit trusts	-	9,720
<i>Outside Malaysia:</i>		
Shares	17,380	14,969
Private and Islamic debt securities	59,862	50,144
Other Government bonds	303,160	123,884
Investment linked funds	1,132	-
	971,364	752,321
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	1,910,553	1,983,862
Shares	5,795	7,323
Investment linked funds	-	45,893
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	1,223,662	645,250
	3,140,010	2,682,328
Total financial assets held-for-trading	13,367,214	14,999,302

Reclassification from financial assets held for trading to financial investments held-to-maturity

In the 4th quarter of 2008, the Malaysian banking subsidiaries of the Company reclassified a portion of their financial assets held for trading to financial investments held-to-maturity based on current market prices at the relevant dates of reclassification. There was no such reclassification in 2009 and 2010.

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

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

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

The fair value of the securities reclassified from financial assets held for trading to financial investments available-for-sale and held-to maturity, as of the respective dates of reclassification is RMNil (2009: RM247,330,000) and RMNil (2009: RMNil, 2008: RM5,984,996,000).

A7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**A7(a). FINANCIAL ASSETS HELD FOR TRADING (Continued)**

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

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

As of the date of reclassification, the effective interest rates on the reclassified financial assets held for trading to financial investments available-for-sale, based on the new cost is an average of Nil% (2009: 4.56%) per annum for the Group and 6.65% per annum for financial assets held for trading reclassified to financial investments held-to-maturity in 2008. The expected recoverable cash flows for the reclassified financial assets held for trading to financial investments available-for-sale and held-to-maturity categories amount to RMNil (2009: RM246,700,000) and RMNil (2009: RMNil, 2008: RM6,143,696,000) respectively, including any coupons receivable on the securities.

A7(b). FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	220,096	-
Caqamas bonds	21,726	-
Khazanah bonds	7,761	-
Government investment issues	194,709	-
	444,292	-
Quoted securities:		
<i>In Malaysia:</i>		
Shares	73,258	-
Unit trusts	9,779	-
	83,037	-
Unquoted securities:		
<i>In Malaysia:</i>		
Private and Islamic debt securities	303,325	-
Shares	2,348	-
Investment linked fund	46,091	-
	351,764	-
Total financial assets designated at fair value through profit or loss	879,093	-
TOTAL FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	14,246,307	14,999,302

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 as result of the adoption of FRS 139 as at 1 January 2010. These securities eliminate or significantly reduces 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.

A8. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	318,964	314,155
Cagamas bonds	277,725	275,157
Khazanah bonds	-	34,975
Other Government treasury bills	437	410
Government investment issues	290,656	360,354
Commercial papers	-	19,539
	887,782	1,004,590
Quoted securities:		
<i><u>In Malaysia:</u></i>		
Shares	124,807	230,379
Unit trusts	175,367	149,026
Floating rate notes	8,552	9,413
<i><u>Outside Malaysia:</u></i>		
Shares	6,654	24,614
Private and Islamic debt securities	90,337	119,194
Other Government bonds	1,807,578	2,642,690
Unit trusts	267,398	266,525
	2,480,693	3,441,841
Unquoted securities:		
<i><u>In Malaysia:</u></i>		
Private and Islamic debt securities	6,260,055	5,963,757
Shares	1,014,145	534,736
Loan stocks	19,424	19,437
Property funds	165	165
Investment-linked funds	6,759	9,730
Bond funds	4,093	4,111
<i><u>Outside Malaysia:</u></i>		
Shares	61,786	60,487
Private equity and unit trust funds	265,265	316,663
Private and Islamic debt securities	33,529	28,325
Loan stocks	476	497
	7,665,697	6,937,908
	11,034,172	11,384,339
Allowance for impairment loss:		
Private debt securities	(243,032)	(253,442)
Quoted shares	(10,636)	(10,980)
Unquoted shares	(99,051)	(90,692)
Unit trusts	(21,087)	(21,784)
Loan stocks	(6,892)	(6,905)
	(380,698)	(383,803)
Total financial investments available-for-sale	10,653,474	11,000,536

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

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

A9. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Money market instruments:		
Unquoted		
Malaysian Government securities	1,123,977	1,123,977
Cagamas bonds	294,817	294,817
Malaysian Government investment issues	600,225	-
	2,019,019	1,418,794
Quoted securities		
<i>Outside Malaysia</i>		
Private debt securities	1,371,613	1,191,909
Islamic bonds	25,058	25,485
Medium term notes - Islamic	8,949	9,102
Other Government bonds	145,377	153,214
Bank Indonesia certificates	1,922,578	837,362
Structured notes	326,886	342,847
	3,800,461	2,559,919
Unquoted securities		
<i>In Malaysia</i>		
Shares	-	270
Private debt securities	6,127,219	7,618,001
Islamic commercial paper	-	6,775
Loan stocks	31,384	31,814
Danaharta Urus Sdn Bhd ("DUSB") bonds	929,639	929,639
<i>Outside Malaysia</i>		
Private debt securities	2,428,499	1,518,478
	9,516,741	10,104,977
	15,336,221	14,083,690
Accretion of discount net of amortisation of premium	286,696	242,894
Less : Allowance for impairment losses	(64,427)	(59,874)
Total financial investments held-to-maturity	15,558,490	14,266,710

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

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Carrying value	4,148,983	4,735,894
Fair value	4,112,440	4,830,728

Also included in the financial investments held-to-maturity of the Group as at 30 June 2010 are 10-year promissory notes of THB746 million (2009: THB746 million) maturing in 2011, which 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 impaired loans to TAMC, CIMB Thai Bank has a gain and loss sharing arrangement with TAMC arising from the recovery of the impaired loans. The sharing of gain or losses will be calculated at the end of the agreement.

A10. LOANS, ADVANCES AND FINANCING

(i) By type

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
At amortised cost		
Overdrafts	8,922,336	8,247,311
Term loans/financing		
- Housing loans/financing	48,627,954	41,684,502
- Syndicated term loans	7,619,551	8,225,404
- Hire purchase receivables	14,965,429	14,276,219
- Lease receivables	72,131	65,600
- Factoring receivables	35,516	61,393
- Other term loans/financing	61,633,187	53,695,874
Bills receivable	2,323,132	1,919,643
Trust receipts	987,189	878,866
Claims on customers under acceptance credits	4,541,988	5,004,962
Staff loans *	737,057	763,386
Credit card receivables	4,257,676	3,551,451
Revolving credits	23,305,552	23,337,966
Share margin financing	959,758	1,015,067
Other loans	9,753	9,744
	178,998,209	162,737,388
Less: Unearned interest	(17,956,214)	(13,832,357)
Gross loans, advances and financing	161,041,995	148,905,031
Fair value changes arising from fair value hedge	197,193	45,028
	161,239,188	148,950,059
Less: Allowance for impairment losses		
- Individual impairment allowance	(4,767,498)	-
- Portfolio impairment allowance	(4,341,275)	-
- Specific allowance	-	(4,905,276)
- General allowance	-	(1,826,593)
	(9,108,773)	(6,731,869)
Total net loans, advances and financing	152,130,415	142,218,190

* Included in staff loans of the Group are loans to Directors amounting to RM5,896,630 (31 December 2009: RM4,690,160).

Included in loans, advances and financing balances are RM1,704,580,000 (31 December 2009: RM2,080,513,000) of net loans relating to that of a jointly controlled entity, Proton Commerce Sdn Bhd ("PCSB"). The revenue and risks of these accounts are shared equally between CIMB Bank and the joint venture partner, Proton Edar Sdn Bhd, pursuant to the terms of a Joint Venture Agreement.

Included in other term loans is RM10,558,520,000 (31 December 2009: RM7,578,237,000) provided on normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

Included in the Group's loans, advances and financing balances are RM77,619,000 (31 December 2009: RM80,235,000) of reinstated loans which were previously impaired and written off prior to 2005. The reinstatement of these loans has been approved by BNM on 5 February 2010 and were done selectively on the basis of either full settlement of arrears or upon regularised payments of rescheduled loan repayments.

The Group has undertaken fair value hedge on RM6,361,675,000 (31 December 2009: RM5,468,179,000) of its loan exposure using interest rate swaps.

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Gross loan hedged	6,361,675	5,468,179
Fair value changes arising from fair value hedges	197,193	45,028
	6,558,868	5,513,207

The fair values of interest rate swaps as at 30 June 2010 were RM255,909,745 (2009: RM104,052,171).

A10. LOANS, ADVANCES AND FINANCING (Continued)**(ii) By type of customers**

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Domestic banking financial institutions	95,747	418,909
Domestic non-bank financial institutions		
- others	2,638,001	3,698,917
Domestic business enterprises		
- small medium enterprises	23,771,754	22,874,067
- others	37,348,495	34,977,110
Government and statutory bodies	10,666,325	7,680,833
Individuals	75,446,641	68,079,927
Other domestic entities	4,365,127	4,675,844
Foreign entities	6,709,905	6,499,424
Gross loans, advances and financing	161,041,995	148,905,031

(iii) By interest/profit rate sensitivity

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Fixed rate		
- Housing loans	3,308,077	6,141,974
- Hire-purchase receivables	12,459,162	11,873,291
- Other fixed rate loans	24,211,390	20,671,280
Variable rate		
- BLR plus	77,083,201	70,842,857
- Cost plus	25,501,659	21,888,489
- Other variable rates	18,478,506	17,487,140
Gross loans, advances and financing	161,041,995	148,905,031

(iv) By economic purpose

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Personal use	4,933,062	4,669,215
Credit card	4,258,136	3,551,889
Purchase of consumer durables	3,186	4,076
Construction	4,293,661	4,651,539
Residential property (Housing)	39,533,686	35,658,935
Non-residential property	11,002,313	9,788,024
Purchase of fixed assets other than land and building	9,066,755	5,443,961
Mergers and acquisitions	1,852,358	1,737,598
Purchase of securities	7,724,437	9,645,409
Purchase of transport vehicles	16,564,534	14,964,275
Working capital	46,418,609	43,956,121
Other purpose	15,391,258	14,833,989
Gross loans, advances and financing	161,041,995	148,905,031

(v) By geographical distribution

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Malaysia	112,305,254	103,379,402
Indonesia	33,387,134	30,816,196
Thailand	9,690,352	8,940,099
Other countries	5,659,255	5,769,334
Gross loans, advances and financing	161,041,995	148,905,031

A10. LOANS, ADVANCES AND FINANCING (Continued)
(vi) By residual contractual maturity

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Within one year	28,663,693	29,704,720
One year to less than three years	39,131,987	37,976,800
Three years to less than five years	22,864,514	13,821,790
Five years and more	70,381,801	67,401,721
Gross loans, advances and financing	161,041,995	148,905,031

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

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Personal use	412,056	273,975
Credit card	78,761	82,008
Purchase of consumer durables	771	611
Construction	1,531,201	417,527
Residential property (Housing)	1,993,412	1,687,729
Non-residential property	443,301	373,205
Purchase of fixed assets other than land and building	252,670	139,361
Purchase of securities	139,634	63,485
Purchase of transport vehicles	345,291	371,491
Working capital	5,376,938	3,123,027
Other purpose	1,046,589	884,430
Gross impaired loan/non-performing loan	11,620,624	7,416,849

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

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Malaysia	8,320,447	4,959,287
Indonesia	1,655,802	926,405
Thailand	1,474,809	1,313,527
Other countries	169,566	217,630
Gross impaired loan/non-performing loan	11,620,624	7,416,849

(ix) Movements in impaired loans/non-performing loans

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Balance as at 1 January		
- as previously reported	7,416,849	6,056,461
- classified as impaired due to adoption of FRS 139*	4,109,746	-
- as adjusted	11,526,595	6,056,461
Classified as impaired/non-performing during the period / year	2,859,229	4,411,728
Reclassified as not impaired/performing during the period / year	(1,358,792)	(2,241,616)
Amount written back in respect of recoveries	(777,280)	(1,029,647)
Arising from acquisition of a subsidiary	-	1,398,003
Amount written off	(454,872)	(1,293,983)
Purchase of impaired loans/non-performing loans from third party	164	3,852
Exchange fluctuation	(174,420)	112,051
Balance as at 30 June / 31 December	11,620,624	7,416,849
Ratio of gross impaired / non-performing loans to gross loans, advances and financing	7.22%	4.98%

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

A10. LOANS, ADVANCES AND FINANCING (Continued)

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

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Individual impairment allowance		
At 1 January, as previously stated	-	-
Adoption of FRS 139	5,215,427	-
At 1 January, as restated	5,215,427	-
Allowance made during the period / year	114,082	-
Amount written back in respect of recoveries	(11,795)	-
Amount written off	(290,610)	-
Allowance made and charged to deferred assets	2,420	-
Amount transferred to portfolio impairment allowance	(153,783)	-
Unwinding income	(51,958)	-
Exchange fluctuation	(56,285)	-
Balance as at 30 June / 31 December	4,767,498	-
Portfolio impairment allowance		
At 1 January, as previously stated	-	-
Adoption of FRS 139	4,078,331	-
At 1 January, as restated	4,078,331	-
Net allowance made during the period / year	362,432	-
Amount transferred from individual impairment allowance	153,783	-
Amount written off	(213,358)	-
Allowance written back and charged to deferred assets	(421)	-
Unwinding income	(29,471)	-
Exchange fluctuation	(10,021)	-
Balance as at 30 June / 31 December	4,341,275	-
Portfolio impairment allowance (inclusive of regulatory reserve) as % of gross loans, advances and financing less loans exempted from portfolio impairment allowance by BNM and individual impairment allowance	3.05%	-
Specific allowance		
At 1 January, as previously stated	4,905,276	3,524,361
Adoption of FRS 139	(4,905,276)	-
At 1 January, as restated	-	3,524,361
Allowance made during the period / year	-	1,872,694
Amount written back in respect of recoveries	-	(502,027)
Amount written off	-	(1,117,850)
Arising from acquisition of subsidiaries	-	886,203
Allowance written back and charged to deferred assets	-	(2,880)
Amount transferred from general allowance	-	214,526
Allowance made in relation to jointly controlled entity	-	3,009
Allowance for non-performing loans purchased from third party	-	3,440
Exchange fluctuation	-	23,800
Balance as at 30 June / 31 December	-	4,905,276
General allowance		
At 1 January, as previously stated	1,826,593	1,808,539
Adoption of FRS 139	(1,826,593)	-
At 1 January, as restated	-	1,808,539
Net allowance made during the period / year	-	107,478
Amount transferred to specific allowance	-	(214,526)
Allowance for loans arising from acquisition of subsidiaries	-	88,309
Exchange fluctuation	-	36,793
Balance as at 30 June / 31 December	-	1,826,593
General allowance as % of gross loans, advances and financing less loans exempted from general allowance by BNM and specific allowance	-	1.34%

A11. OTHER ASSETS

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Interest receivable	536,719	495,892
Due from brokers and clients net of allowance for doubtful debts	1,396,128	1,337,154
Other debtors, deposits and prepayments net of allowance for doubtful debts	2,367,928	1,985,616
Due from insurers, brokers and reinsurers	17,757	26,033
Option financing	168,718	238,224
Deferred assets	177,736	198,610
Foreclosed properties net of allowance for impairment losses	590,385	610,944
Credit Support Annex for derivative transactions	463,083	210,761
Amounts receivable from sale of impaired loans/non-performing loans	118,562	118,562
	5,837,016	5,221,796

A12. DEPOSITS FROM CUSTOMERS

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
<u>By type of deposit</u>		
Demand deposits	38,560,202	36,950,453
Savings deposits	20,433,677	19,695,207
Fixed deposits	87,087,380	83,570,321
Negotiable instruments of deposit	1,992,479	2,081,384
Others	45,413,399	36,584,971
	193,487,137	178,882,336
<u>By type of customer</u>		
Government and statutory bodies	13,997,130	20,363,828
Business enterprises	93,189,808	77,199,262
Individuals	63,752,613	61,552,720
Others	22,547,586	19,766,526
	193,487,137	178,882,336
<u>Maturity structure of fixed deposits and negotiable instruments of deposit</u>		
One year or less (short term)	85,051,825	81,838,705
More than one year (medium/long term)	4,028,034	3,813,000
	89,079,859	85,651,705

A13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Licensed banks	3,140,090	6,280,414
Licensed finance companies	155,949	101,307
Licensed investment banks	485,180	193,070
Bank Negara Malaysia	365,000	365,000
Other financial institutions	6,032,351	3,191,791
	10,178,570	10,131,582

A14. OTHER LIABILITIES

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Interest payable	612,383	568,278
Due to brokers and clients	1,516,516	1,578,692
Amount due to special purpose vehicle of jointly controlled entity	265,559	314,360
Expenditure payable	869,215	573,005
Provision for legal claims	211,401	290,336
Sundry creditors	616,719	554,379
Insurance fund - life and takaful insurance business	1,313,290	1,742,150
Insurance fund - general insurance business	440,141	14,574
Allowance for commitments and contingencies	120,883	72,716
Post employment benefit obligations	189,904	275,848
Others	2,503,716	2,120,965
	8,659,727	8,105,303

A15. INTEREST INCOME

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries	2,203,157	2,014,666	4,297,783	4,185,727
- Recoveries from impaired loans/non-performing loans	6,424	66,953	8,946	131,596
- Unwinding income [^]	58,850	-	80,849	-
Money at call and deposit placements with financial institutions	86,365	80,711	164,961	126,342
Reverse repurchase agreements	18,098	28,519	35,919	73,209
Financial assets held for trading	39,857	44,358	82,165	87,305
Financial assets designated at fair value through profit or loss	854	-	1,707	-
Financial investments available-for-sale	93,643	146,303	210,008	280,349
Financial investments held-to-maturity	213,753	202,016	372,434	414,952
Others	6,413	5,157	9,202	17,427
	2,727,414	2,588,683	5,263,974	5,316,907
Accretion of discounts less amortisation of premiums	47,567	30,543	87,632	75,814
Net interest suspended	-	(45,209)	-	(87,813)
	2,774,981	2,574,017	5,351,606	5,304,908

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

A16. INTEREST EXPENSE

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	18,009	16,491	33,537	54,379
Deposits from other customers	913,067	891,945	1,707,085	1,960,859
Repurchase agreements	51	-	51	39
Subordinated notes	64,973	77,341	130,255	168,738
Loans sold to Cagamas	2,295	7,624	5,286	17,462
Negotiable certificates of deposits	31,405	32,832	57,741	78,002
Other borrowings	53,248	30,928	96,273	61,127
Others	25,686	15,085	51,330	55,488
	1,108,734	1,072,246	2,081,558	2,396,094

A17. NON-INTEREST INCOME

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
(a) Fee income :				
Commissions	74,639	61,751	133,612	113,942
Fee on loans, advances and financing	76,637	96,785	136,724	204,702
Portfolio management fees	4,455	5,944	11,446	10,471
Service charges and fees	90,629	92,619	179,573	190,345
Corporate advisory fees	24,517	12,893	57,538	45,916
Guarantee fees	12,636	12,616	25,170	28,219
Other fee income	82,256	103,620	169,191	158,272
Placement fees	19,464	9,225	29,191	9,547
Underwriting commission	9,390	4,814	22,785	6,378
Al-Wakalah fee	6,935	178	14,427	14,394
	401,558	400,445	779,657	782,186
(b) Gross dividend income from :				
<i>In Malaysia</i>				
- Financial assets held for trading	4,521	3,634	6,860	9,510
- Financial investments available-for-sale	7,375	6,196	17,902	11,289
<i>Outside Malaysia</i>				
- Financial assets held for trading	437	333	495	397
	12,333	10,163	25,257	21,196
(c) Net (loss)/gain arising from financial assets held for trading	(25,989)	143,693	(298)	172,595
- realised	(2,713)	64,128	(1,341)	99,390
- unrealised	(23,276)	79,565	1,043	73,205
(d) Net gain/(loss) arising from derivative financial instruments	58,502	(143,497)	(219,062)	238,118
- realised	(138,787)	54,786	(245,486)	321,744
- unrealised	197,289	(198,283)	26,424	(83,626)
(e) Net (loss)/gain arising from hedging derivatives	(12,610)	4,689	(12,923)	(4,071)
(f) Net gain from sale of financial investments available-for-sale	185,866	50,952	401,551	81,221
(g) Net (loss)/gain from redemption / maturity of financial investment held-to-maturity	(3,865)	(2,226)	71,959	(779)
(h) Net gain from financial assets designated at fair value through profit or loss	1,542	-	2,921	-
(i) Income from assets management and securities services	40,530	28,640	81,486	57,439
(j) Brokerage income	86,638	81,686	170,371	121,030
(k) Other non-interest income:				
Foreign exchange gain	73,762	260,610	465,262	159,995
Rental income	4,476	5,614	9,982	10,741
Gain/(loss) on disposal of property, plant and equipment	143,586	(2,125)	156,806	67,732
Net gain from insurance business	15,976	50,365	15,674	66,915
Underwriting surplus before management expenses	3,328	-	3,328	-
Other non-operating income	51,276	35,154	92,944	65,270
	292,404	349,618	743,996	370,653
Total other operating income	1,036,909	924,163	2,044,915	1,839,588

A18. OVERHEADS

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	628,825	523,155	1,231,476	1,016,148
- Pension cost	57,426	58,696	111,051	111,795
- Overtime	8,113	8,785	16,355	18,393
- Staff incentives and other staff payments	34,776	12,730	68,022	45,742
- Medical expenses	13,477	13,976	31,884	29,065
- Others	40,948	56,085	108,197	100,420
	783,565	673,427	1,566,985	1,321,563
Establishment costs				
- Depreciation of property, plant and equipment	82,987	79,272	167,521	149,216
- Amortisation of prepaid lease payments	334	1,141	11,648	2,255
- Rental	65,017	61,197	132,454	114,662
- Repair and maintenance	77,855	53,166	140,048	117,498
- Outsourced services	70,970	55,062	134,779	108,481
- Security expenses	18,586	17,683	47,424	34,793
- Others	41,685	38,891	83,399	71,201
	357,434	306,412	717,273	598,106
Marketing expenses				
- Sales commission	11,510	17,875	24,220	30,167
- Advertisement	88,394	58,207	152,663	98,551
- Others	12,679	14,906	25,671	36,037
	112,583	90,988	202,554	164,755
Administration and general expenses				
- Amortisation of intangible assets	65,487	60,067	130,010	88,476
- Impairment of intangible assets	-	-	1,302	-
- Legal and professional fees	43,324	50,509	88,823	81,391
- Stationery	22,280	25,591	45,367	44,478
- Merchant expenses	23,652	22,004	48,622	45,130
- Communication	32,892	30,194	69,176	62,349
- Incidental expenses on banking operations	18,737	22,953	42,504	44,945
- Insurance	17,613	18,705	45,605	37,157
- Others	157,266	113,192	239,575	252,281
	381,251	343,215	710,984	656,207
	1,634,833	1,414,042	3,197,796	2,740,631

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

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans/bad and doubtful debts on loans and financing :				
Individual impairment allowance				
- made during the period	68,716	-	102,287	-
Specific allowance				
- made during the period	-	497,577	-	864,418
- written back	-	(132,104)	-	(216,131)
Portfolio impairment allowance				
- made during the period	183,547	-	362,432	-
General allowance				
- made during the period	-	31,846	-	92,553
Bad debts on loans and financing :				
- recovered	(130,876)	(96,906)	(194,336)	(168,460)
- written off	969	1,889	1,798	1,561
	122,356	302,302	272,181	573,941

A20. 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 balance sheet date, and do not represent amounts at risk.

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

	The Group		
	Principal amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
At 30 June 2010			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	12,764,122	68,779	(162,035)
- Less than 1 year	10,596,518	52,543	(111,865)
- 1 year to 3 years	455,977	868	(11,405)
- More than 3 years	1,711,627	15,368	(38,765)
Currency swaps	36,071,311	330,996	(409,599)
- Less than 1 year	34,392,924	310,022	(408,562)
- 1 year to 3 years	1,487,166	4,655	(1,037)
- More than 3 years	191,221	16,319	-
Currency spot	2,608,514	4,855	(4,201)
- Less than 1 year	2,608,514	4,855	(4,201)
Currency options	2,876,941	31,147	(35,070)
- Less than 1 year	1,642,078	8,539	(12,071)
- 1 year to 3 years	1,234,863	22,608	(22,999)
Cross currency interest rate swap	15,031,246	512,399	(378,600)
- Less than 1 year	12,453,361	155,797	(84,960)
- 1 year to 3 years	504,561	161,974	(233,244)
- More than 3 years	2,073,324	194,628	(60,396)
	69,352,134	948,176	(989,505)
<u>Interest rate derivative</u>			
Interest rate swaps	177,989,263	2,210,443	(1,789,336)
- Less than 1 year	73,666,249	189,603	(203,485)
- 1 year to 3 years	71,869,229	782,539	(661,832)
- More than 3 years	32,453,785	1,238,301	(924,019)
Interest rate futures	14,919,881	24,234	(21,967)
- Less than 1 year	7,524,591	12,706	(15,249)
- 1 year to 3 years	5,912,145	7,874	(6,718)
- More than 3 years	1,483,145	3,654	-
Interest rate options	2,175,000	3,694	(44,939)
- Less than 1 year	2,025,000	2,296	(44,824)
- More than 3 years	150,000	1,398	(115)
	195,084,144	2,238,371	(1,856,242)
<u>Equity related derivatives</u>			
Index futures	811	6	-
- Less than 1 year	811	6	-
Equity options	10,459,920	1,125,181	(1,386,376)
- Less than 1 year	4,936,398	1,112,687	(1,372,108)
- 1 year to 3 years	3,421,265	3,260	(4,946)
- More than 3 years	2,102,257	9,234	(9,322)
Commodity options	110,362	50,233	(53,972)
- 1 year to 3 years	110,362	50,233	(53,972)
Commodity swaps	242,886	50,939	(58,140)
- Less than 1 year	242,886	50,939	(58,140)
	10,813,979	1,226,359	(1,498,488)
<u>Credit related contract</u>			
Credit default swaps	730,125	4,316	(4,777)
- Less than 1 year	64,900	512	(159)
- 1 year to 3 years	421,850	963	(1,276)
- More than 3 years	243,375	2,841	(3,342)
<u>Hedging derivatives</u>			
Interest rate swaps	9,990,454	138,008	(246,854)
- Less than 1 year	7,272,267	15,825	-
- 1 year to 3 years	1,176,646	65,897	-
- More than 3 years	1,541,541	56,286	(246,854)
Cross currency interest rate swaps	921,473	18,207	(53,624)
- 1 year to 3 years	341,657	18,207	-
- More than 3 years	579,816	-	(53,624)
	10,911,927	156,215	(300,478)
Total derivative assets/(liabilities)	286,892,309	4,573,437	(4,649,490)

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

(i) **DERIVATIVE FINANCIAL INSTRUMENTS** (continued)

	The Group		
	Principal amount	Fair values	
	RM'000	Assets	Liabilities
		RM'000	RM'000
At 31 December 2009			
Trading derivatives			
<u>Foreign exchange derivatives</u>			
Currency forward	10,632,964	64,014	(116,727)
Currency swaps	33,091,814	168,613	(239,294)
Currency options	2,696,630	29,974	(29,606)
Cross currency interest rate swaps	16,891,042	485,894	(346,313)
	63,312,450	748,495	(731,940)
<u>Interest rate derivatives</u>			
Interest rate swaps	150,661,679	2,111,139	(1,614,648)
Interest rate futures	16,702,600	30,334	(25,774)
Interest rate options	3,130,000	11,854	(4,920)
	170,494,279	2,153,327	(1,645,342)
<u>Equity related derivatives</u>			
Commodity futures	31,672	842	(13)
Index futures	4,505	-	(4)
Commodity options	690,261	70,562	(66,429)
Equity options	11,975,449	528,843	(856,920)
	12,701,887	600,247	(923,366)
<u>Credit related contract</u>			
Credit default swaps	825,435	2,062	(2,363)
<u>Hedging derivatives</u>			
Interest rate swaps	9,262,051	185,700	(176,843)
Cross currency interest rate swaps	350,000	-	(12,733)
	9,612,051	185,700	(189,576)
Total derivative assets/(liabilities)	256,946,102	3,689,831	(3,492,587)

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

Market Risk

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

Credit Risk

Credit risk arises when counterparties to derivative contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay the Group the positive fair value or receivable resulting from the execution of contract terms. As at 30 June 2010, the amount of credit risk in the Group, measured in terms of the cost to replace the profitable contracts, was RM4,573,437,000 (31 December 2009: RM3,689,831,000). 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 are discussed in the audited annual financial statements for the financial year ended 31 December 2009 and the Risk Management section of the 2009 Annual Report.

A20. 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.

Risk Weighted Exposures of the Group as at:

<u>The Group</u>	30 June 2010			31 Dec 2009		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount RM'000
<u>Credit-related</u>						
Direct credit substitutes	4,243,291	4,243,291	1,808,631	5,325,347	4,930,893	2,225,277
Certain transaction-related contingent items	5,489,345	3,271,936	2,040,307	5,761,442	3,444,165	2,153,047
Short-term self-liquidating trade-related contingencies	2,981,157	596,232	440,833	3,761,011	744,063	590,935
Obligations under underwriting agreement	214,750	74,875	74,875	250,000	125,000	125,000
Irrevocable commitments to extend credit						
- maturity not exceeding one year	41,732,641	8,935,540	4,278,146	40,252,165	5,706,680	2,709,694
- maturity exceeding one year	7,018,323	246,124	244,049	5,948,537	116,698	114,688
Forward assets purchases	1,313,248	1,231	676	52,478	1	-
Miscellaneous commitments and contingencies	8,424,232	670,820	221,926	6,108,479	126,414	48,378
Total credit-related commitments and contingencies	71,416,987	18,040,049	9,109,443	67,459,459	15,193,914	7,967,019
<u>Treasury-related</u>						
<u>Foreign exchange related contracts</u>						
- less than one year	59,947,623	649,610	156,136	55,031,218	456,997	109,357
- one year to less than five years	3,212,709	1,152,033	345,758	3,876,156	1,544,495	477,976
- five years and above	1,377,742	367,107	137,997	1,333,036	387,218	114,425
	64,538,074	2,168,750	639,891	60,240,410	2,388,710	701,758
<u>Interest rate related contracts</u>						
- less than one year	98,054,296	42,499	9,248	91,152,067	17,120	4,641
- one year to less than five years	64,965,956	2,336,985	531,207	65,680,137	2,012,906	444,854
- five years and above	20,788,134	3,334,107	694,680	10,340,564	2,095,290	454,389
	183,808,386	5,713,591	1,235,135	167,172,768	4,125,316	903,884
<u>Equity related contracts</u>						
- less than one year	4,937,209	112,765	23,943	4,946,183	102,076	30,210
- one year to less than five years	3,873,963	223,227	54,001	6,163,740	317,527	88,596
- five years and above	1,892,445	100,074	21,888	870,031	59,199	11,840
	10,703,617	436,066	99,832	11,979,954	478,802	130,646
Other treasury related contracts	27,731,870	182,972	81,299	16,039,852	195,390	84,592
Total treasury-related commitments and contingencies	286,781,947	8,501,379	2,056,157	255,432,984	7,188,218	1,820,880
	358,198,934	26,541,428	11,165,600	322,892,443	22,382,132	9,787,899

* Other than the credit equivalent of RM10,460,843,000 (31 December 2009: RM7,403,370,000) arising from a subsidiary, PT Bank CIMB Niaga Tbk, which is computed based on Bank Indonesia requirements, and RM618,221,000 (31 December 2009: RM625,419,000) arising from a subsidiary, CIMB Thai Bank Public Company Limited, which is computed based on Bank of Thailand requirements, the other credit equivalent amounts are arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

Effective 1 October 2008, the following approaches have been adopted for computation of risk weighted assets:

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

A21. CAPITAL ADEQUACY
30 June 2010

	CIMB Bank RM '000	CIMB Investment Bank RM '000	CIMB Islamic Bank RM '000	Bank CIMB Niaga* RM '000	CIMB Thai Bank # RM '000
The capital adequacy ratios are as follows:					
Tier I capital	15,585,730	349,706	807,195	3,751,081	686,367
Eligible Tier II capital	3,474,278	996	515,319	637,548	653,544
	19,060,008	350,702	1,322,514	4,388,629	1,339,911
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	(2,590,501)	(9,050)	-	(47,998)	-
Capital base before proposed dividend	16,469,507	341,652	1,322,514	4,340,631	1,339,911
Before deducting proposed dividend					
Core capital ratio	14.47%	18.78%	10.00%	10.46%	6.34%
Risk-weighted capital ratio	15.29%	18.78%	16.38%	12.10%	12.37%
After deducting proposed dividend					
Core capital ratio	14.15% +	18.78% ^	10.00%	10.46%	6.34%
Risk-weighted capital ratio	14.97% +	18.78% ^	16.38%	12.10%	12.37%

Components of Tier I and Tier II capitals are as follows:

	CIMB Bank RM '000	CIMB Investment Bank RM '000	CIMB Islamic Bank RM '000	Bank CIMB Niaga* RM '000	CIMB Thai Bank # RM '000
Tier I capital					
Paid-up capital	3,764,466	100,000	550,000	555,720	668,327
Perpetual preference shares	200,000	-	70,000	-	-
Non-innovative Tier I Capital	1,000,000	-	-	-	-
Innovative Tier I capital	1,649,000	-	-	-	-
Share premium	-	-	-	2,385,794	-
Other reserves	12,725,573	269,694	329,816	857,565	18,040
Less :					
Investment in subsidiaries and holding of other banking institutions' capital	-	-	-	(47,998)	-
Deferred tax assets	(198,234)	(19,988)	(6,621)	-	-
Goodwill	(3,555,075)	-	(136,000)	-	-
Total Tier I capital	15,585,730	349,706	807,195	3,751,081	686,367
Tier II capital					
Redeemable preference shares	29,740	10	-	-	4,650
Subordinated notes	1,500,000	-	300,000	-	584,400
Subordinated loans	-	-	-	172,463	-
Revaluation reserve	-	-	-	-	37,726
Regulatory reserve	102,614	-	-	-	-
Portfolio impairment allowance	1,841,924	986	215,319	423,989	26,768
Others	-	-	-	41,096	-
Total Eligible Tier II capital	3,474,278	996	515,319	637,548	653,544
Less :					
Investment in subsidiaries and holding of other banking institutions' capital	(2,194,161)	(9,050)	-	(47,998)	-
Investment in joint venture	(72,608)	-	-	-	-
Investment in associates	(323,732)	-	-	-	-
Total capital base	16,469,507	341,652	1,322,514	4,340,631	1,339,911
Less :					
Proposed dividends	(339,083)	-	-	-	-
Total capital base (net of dividend)	16,130,424	341,652	1,322,514	4,340,631	1,339,911

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	RM'000	RM'000	Risk Weighted RM'000	RM'000	RM'000
0%	25,942,179	282,782	12,828,223	9,705,322	4,207,926
10%	268,514	-	-	1,855	-
20%	28,482,155	4,800,933	3,067,496	3,797,008	715,194
35%	-	-	-	-	1,326,227
50%	23,686,850	69,700	4,357,998	12,904,648	279,345
75%	-	-	-	-	1,666,447
100%	83,242,722	572,485	4,905,390	26,686,449	7,385,283
150%	-	-	-	-	266,936
	100,809,429	1,567,521	7,697,888	33,898,360	9,782,413
Counterparty risk requirement	-	1,648	-	-	-
Total risk-weighted assets equivalent for credit risk	100,809,429	1,569,169	7,697,888	33,898,360	9,782,413
Total risk-weighted assets equivalent for market risk	6,735,205	249,791	377,276	289,250	262,525
Total risk-weighted assets equivalent for large exposure risk requirements	193,983	-	-	-	789,281
Total risk-weighted assets equivalent for operational risk	-	-	-	1,687,742	-
Total risk-weighted assets	107,738,617	1,818,960	8,075,164	35,875,352	10,834,219

The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which was effective from 1 April 2005. Effective 1 October 2008, the following approaches have been adopted for the computation of risk weighted assets:

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

* Computation is based on Bank Indonesia requirements

Computation is based on Bank of Thailand requirements

^ Dividend for financial year ended 31 December 2009 was paid on 19 April 2010

+ Interim dividend for financial year ending 31 December 2010 to be paid on 30 September 2010

A21. CAPITAL ADEQUACY (continued)

31 December 2009

	CIMB Bank RM '000	CIMB Investment Bank RM '000	CIMB Islamic Bank RM '000	Bank CIMB Niaga* RM '000	CIMB Thai Bank # RM '000
The capital adequacy ratios are as follows:					
Adjusted for effects of FRS 139 (unaudited) as at 1 January 2010:					
Tier I capital	14,696,372	396,445	689,117	3,413,697	640,167
Eligible Tier II capital	3,384,084	924	560,927	760,271	640,167
	18,080,456	397,369	1,250,044	4,173,968	1,280,334
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	(2,618,131)	(9,050)	-	(43,351)	-
Capital base before proposed dividend	15,462,325	388,319	1,250,044	4,130,617	1,280,334
Before deducting proposed dividend					
Core capital ratio	14.59%	19.76%	6.77%	10.94%	6.00%
Risk-weighted capital ratio	15.35%	19.76%	12.29%	13.24%	11.99%
After deducting proposed dividend					
Core capital ratio	14.59%	17.10%	6.77%	10.94%	6.00%
Risk-weighted capital ratio	15.35%	17.10%	12.29%	13.24%	11.99%
As reported previously (audited) as at 31 December 2009:					
Tier I capital	14,874,153	396,707	690,239	3,520,387	640,167
Eligible Tier II capital	2,868,642	928	458,004	760,031	640,167
	17,742,795	397,635	1,148,243	4,280,418	1,280,334
Less:					
Investment in subsidiaries and holding of other banking institutions' capital	(2,618,131)	(9,050)	-	(43,351)	-
Capital base before effects of FRS 139	15,124,664	388,585	1,148,243	4,237,067	1,280,334
Before deducting proposed dividend					
Core capital ratio	14.81%	19.77%	6.82%	11.29%	6.00%
Risk-weighted capital ratio	15.06%	19.77%	11.34%	13.59%	11.99%
After deducting proposed dividend					
Core capital ratio	14.81%	17.11%	6.82%	11.29%	6.00%
Risk-weighted capital ratio	15.06%	17.11%	11.34%	13.59%	11.99%
Components of Tier I and Tier II capitals are as follows:					
Tier I capital					
Paid-up capital	3,764,467	100,000	550,000	565,191	685,791
Perpetual preference shares	200,000	-	70,000	-	-
Non-innovative Tier I Capital	1,000,000	-	-	-	-
Innovative Tier I capital	1,685,000	-	-	-	-
Share premium	5,033,622	-	-	2,426,456	-
Other reserves	7,028,019	301,726	250,864	572,091	(45,624)
Less :					
Investment in subsidiaries and holding of other banking institutions' capital	-	-	-	(43,351)	-
Deferred tax assets	(281,880)	(5,019)	(44,625)	-	-
Goodwill	(3,555,075)	-	(136,000)	-	-
Total Tier I capital (audited)	14,874,153	396,707	690,239	3,520,387	640,167
Effects of FRS 139 on Tier I capital	(177,781)	(262)	(1,122)	(106,690)	-
Adjusted Tier 1 capital (unaudited)	14,696,372	396,445	689,117	3,413,697	640,167
Tier II capital					
Redeemable preference shares	29,740	10	-	-	1,693
Subordinated notes	1,500,000	-	300,000	-	568,134
Subordinated loans	-	-	-	329,739	-
Revaluation reserve	-	-	-	-	47,118
General allowance for bad and doubtful debts and financing	1,338,902	918	158,004	388,496	23,222
Others	-	-	-	41,796	-
Total Eligible Tier II capital (audited)	2,868,642	928	458,004	760,031	640,167
Effects of FRS 139 on Tier 2 capital	515,442	(4)	102,923	240	-
Adjusted Tier 2 capital (unaudited)	3,384,084	924	560,927	760,271	640,167
Less :					
Investment in subsidiaries and holding of other banking institutions' capital	(2,300,489)	(9,050)	-	(43,351)	-
Investment in joint venture	(72,608)	-	-	-	-
Investment in associates	(245,034)	-	-	-	-
Total capital base before effects of FRS 139	15,124,664	388,585	1,148,243	4,237,067	1,280,334
Total capital base after effects of FRS 139	15,462,325	388,319	1,250,044	4,130,617	1,280,334
Less :					
Proposed 2009 final dividend	-	(52,300)	-	-	-
Total capital base (net of proposed dividend) before effects of FRS 139	15,124,664	336,285	1,148,243	4,237,067	1,280,334
Total capital base (net of proposed dividend) after effects of FRS 139	15,462,325	336,019	1,250,044	4,130,617	1,280,334

A21. CAPITAL ADEQUACY (continued)

Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	RM'000	RM'000	Risk Weighted RM'000	RM'000	RM'000
0%	30,359,481	427,170	6,100,082	7,041,820	5,174,033
10%	24,173	-	-	123,192	-
20%	21,909,123	5,949,667	2,070,774	1,816,284	822,660
35%	-	-	-	-	1,064,206
50%	22,437,082	66,764	3,068,223	9,992,852	358,716
75%	-	-	-	-	1,690,677
100%	79,804,879	417,380	7,628,648	25,707,687	7,181,200
150%	-	-	-	-	360,587
	<u>95,407,662</u>	<u>1,640,695</u>	<u>9,576,915</u>	<u>31,079,689</u>	<u>9,706,451</u>
Counterparty risk requirement	-	1	-	-	-
Total risk-weighted assets equivalent for credit risk	<u>95,407,662</u>	<u>1,640,696</u>	<u>9,576,915</u>	<u>31,079,689</u>	<u>9,706,451</u>
Total risk-weighted assets equivalent for market risk	4,834,636	324,340	548,828	97,253	123,231
Total risk-weighted assets equivalent for large exposure risk requirements	<u>193,983</u>	-	-	-	<u>848,117</u>
Total risk-weighted assets (audited)	<u>100,436,281</u>	<u>1,965,036</u>	<u>10,125,743</u>	<u>31,176,942</u>	<u>10,677,799</u>
Effects of FRS 139	<u>327,152</u>	<u>(354)</u>	<u>48,759</u>	<u>19,231</u>	<u>-</u>
Total risk-weighted assets adjusted for effects of FRS 139 (unaudited)	<u>100,763,433</u>	<u>1,964,682</u>	<u>10,174,502</u>	<u>31,196,173</u>	<u>10,677,799</u>

* Computation is based on Bank Indonesia requirements

Computation is based on Bank of Thailand requirements

A22. INTEREST/PROFIT RATE RISK

As at 30 June 2010	Non-trading book					Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective average interest rate RM %	Effective average interest rate IDR %	Effective average interest rate USD %	Effective average interest rate THB %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000							
Assets												
Cash and short-term funds	18,112,458	37,142	-	-	-	4,551,577	-	22,701,177	2.47	1.78	0.38	1.22
Reverse repurchase agreements	3,829,753	285,358	4,969	-	-	-	-	4,120,080	2.55	-	1.07	0.93
Deposits and placements with banks and other financial institutions	2,124,830	3,596,623	2,873,407	4,886,051	-	98,918	-	13,579,829	3.22	5.47	0.57	1.05
Financial investments at fair value through profit or loss	-	-	-	-	-	76,680	14,169,627	14,246,307	3.60	10.05	4.04	-
Financial investments available-for-sale	78,779	271,129	763,303	3,945,257	4,006,166	1,588,840	-	10,653,474	5.12	11.01	2.15	2.01
Financial investments held-to-maturity	1,079,119	1,160,763	552,150	7,795,386	4,971,072	-	-	15,558,490	5.18	10.81	5.25	2.47
Derivative financial instruments	-	3,234	12,591	38,253	234,909	263,800	4,020,650	4,573,437	-	-	-	-
Loans, advances and financing												
- not impaired	59,595,018	6,617,218	11,508,629	33,587,698	38,216,522	93,479	-	149,618,564	5.03	12.14	2.28	8.17
- impaired	-	-	-	-	-	2,511,851 [^]	-	2,511,851	-	-	-	-
Other assets	-	-	168,717	-	-	5,668,299	-	5,837,016	4.49	-	3.70	-
Deferred tax assets	-	-	-	-	-	158,810	-	158,810	-	-	-	-
Tax recoverable	-	-	-	-	-	118,764	-	118,764	-	-	-	-
Statutory deposits with central banks	-	-	-	-	-	502,228	-	502,228	-	-	-	-
Investment in associates and jointly controlled entities	-	-	-	-	-	654,920	-	654,920	-	-	-	-
Property, plant and equipment	-	-	-	-	-	1,432,088	-	1,432,088	-	-	-	-
Investment properties	-	-	-	-	-	99,807	-	99,807	-	-	-	-
Prepaid lease payments	-	-	-	-	-	247,405	-	247,405	-	-	-	-
Goodwill	-	-	-	-	-	7,646,241	-	7,646,241	-	-	-	-
Intangible assets	-	-	-	-	-	1,603,832	-	1,603,832	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	33,342	-	33,342	-	-	-	10.87
Total assets	84,819,957	11,971,467	15,883,766	50,252,645	47,428,669	27,350,881	18,190,277	255,897,662				
Liabilities												
Deposits from customers	90,755,587	22,356,716	22,807,854	5,102,159	792,683	51,672,138	-	193,487,137	2.34	5.42	0.42	4.49
Deposits and placements of banks and other financial institutions	3,809,014	2,226,491	1,856,212	2,021,190	-	265,663	-	10,178,570	3.02	5.46	0.58	3.07
Derivative financial instruments	-	-	-	13,555	281,671	452,345	3,901,919	4,649,490	-	-	-	-
Repurchase agreements	-	33,494	-	-	-	-	-	33,494	-	-	-	-
Bills and acceptances payable	901,058	1,419,424	658,681	-	-	766,239	-	3,745,402	2.79	-	-	1.30
Other liabilities	-	-	-	-	-	8,659,727	-	8,659,727	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	8,201	-	8,201	-	-	-	-
Current tax liabilities	-	-	-	-	-	216,226	-	216,226	-	-	-	-
Amount due to Cagamas Berhad	6,018	-	226,618	-	-	-	-	232,636	4.63	-	-	-
Bonds	-	-	432,591	-	-	-	-	432,591	-	-	3.00	-
Other borrowings	1,078,748	349,379	360,582	1,403,388	8,210	2,724	-	3,203,031	3.87	7.07	0.63	-
Redeemable preference shares	-	-	-	-	746,766	150,149	-	896,915	-	-	6.62	-
Subordinated notes	-	-	-	1,480,146	5,526,879	44,722	-	7,051,747	6.35	-	6.75	-
Total liabilities	96,550,425	26,385,504	26,342,538	10,020,438	7,356,209	62,238,134	3,901,919	232,795,167				
Total interest rate sensitivity gap	(11,730,468)	(14,414,037)	(10,458,772)	40,232,207	40,072,460		14,288,358					

[^] Includes individual impairment allowance and portfolio impairment allowance of RM9,108,773,000

A22. INTEREST/PROFIT RATE RISK (continued)

As at 31 December 2009	Non-trading book						Trading book RM'000	Total RM'000	Effective average	Effective average	Effective average	Effective average
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			interest rate RM %	interest rate IDR %	interest rate USD %	interest rate THB %
Assets												
Cash and short-term funds	24,137,452	430,794	-	-	-	3,706,441	-	28,274,687	1.98	1.61	0.33	1.12
Reverse repurchase agreements	3,371,486	1,168,272	5,115	-	-	-	-	4,544,873	2.06	-	-	1.21
Deposits and placements with banks and other financial institutions	221,812	1,288,340	827,031	10,072	-	35,800	-	2,383,055	2.09	6.40	0.72	0.55
Financial investments at fair value through profit or loss	-	-	-	-	-	7,128	14,992,174	14,999,302	2.58	10.41	4.10	-
Financial investments available-for-sale	139,386	396,277	438,068	3,503,789	4,608,218	1,914,798	-	11,000,536	5.03	10.81	7.05	2.21
Financial investments held-to-maturity	157,080	729,975	429,280	5,979,640	6,970,735	-	-	14,266,710	5.43	7.06	6.26	4.15
Derivative financial instruments	-	-	2,750	60,302	101,498	331,777	3,193,504	3,689,831	-	-	-	-
Loans, advances and financing												
- performing	61,713,320	12,729,560	10,496,300	25,302,667	31,150,028	141,335	-	141,533,210	4.93	13.05	6.93	7.46
- non-performing	-	-	-	-	-	684,980 [^]	-	684,980	-	-	-	-
Other assets	-	-	228,565	-	-	4,993,231	-	5,221,796	4.73	-	3.50	-
Deferred tax assets	-	-	-	-	-	293,708	-	293,708	-	-	-	-
Tax recoverable	-	-	-	-	-	110,416	-	110,416	-	-	-	-
Statutory deposits with central banks	-	-	-	-	-	843,757	-	843,757	-	-	-	-
Investment in associates and jointly controlled entities	-	-	-	-	-	649,138	-	649,138	-	-	-	-
Property, plant and equipment	-	-	-	-	-	1,499,066	-	1,499,066	-	-	-	-
Investment properties	-	-	-	-	-	120,349	-	120,349	-	-	-	-
Prepaid lease payments	-	-	-	-	-	279,924	-	279,924	-	-	-	-
Goodwill	-	-	-	-	-	7,694,653	-	7,694,653	-	-	-	-
Intangible assets	-	-	-	-	-	1,667,784	-	1,667,784	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	226,224	-	226,224	-	-	-	-
Total assets	89,740,536	16,743,218	12,427,109	34,856,470	42,830,479	25,200,509	18,185,678	239,983,999				
Liabilities												
Deposits from customers	79,625,075	29,820,056	23,629,318	12,056,518	414,287	33,337,082	-	178,882,336	2.14	5.24	1.10	5.09
Deposits and placements of banks and other financial institutions	2,218,859	4,410,338	1,196,787	1,766,162	72,504	466,932	-	10,131,582	2.18	5.23	0.45	3.30
Derivative financial instruments	39,744	-	-	(963)	158,204	431,195	2,864,407	3,492,587	-	-	-	-
Repurchase agreements	565,097	-	-	-	-	-	-	565,097	-	-	-	1.22
Bills and acceptances payable	1,337,938	1,820,252	388,463	-	-	948,141	-	4,494,794	2.25	-	-	1.27
Other liabilities	-	-	-	-	-	8,105,303	-	8,105,303	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	13,247	-	13,247	-	-	-	-
Current tax liabilities	-	-	-	-	-	428,565	-	428,565	-	-	-	-
Amount due to Cagamas Berhad	-	66,666	120,463	148,483	-	-	-	335,612	4.68	-	-	-
Bonds	-	-	443,051	-	-	-	-	443,051	-	-	3.00	-
Other borrowings	1,063,085	162,711	398,358	1,578,039	6,263	9,830	-	3,218,286	3.13	13.69	0.86	-
Redeemable preference shares	-	-	-	-	751,437	132,650	-	884,087	-	-	6.62	-
Subordinated notes	308,562	-	-	1,483,611	4,504,279	46,286	-	6,342,738	6.37	7.38	-	-
Total liabilities	85,158,360	36,280,023	26,176,440	17,031,850	5,906,974	43,919,231	2,864,407	217,337,285				
Total interest rate sensitivity gap	4,582,176	(19,536,805)	(13,749,331)	17,824,620	36,923,505		15,321,271					

[^] Includes specific allowances and general allowances of RM6,731,869,000

A23. SEGMENTAL REPORT

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 Banking, Business Banking and Direct Banking, Cards and CIMB Express.

Retail Banking 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.

Business 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 CIMB Express 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 and CIMB Thai Bank Public Company Limited (formerly known as BankThai Public Company Limited) and Bank of Yingkou Co Ltd, which are involved in the provision in the commercial banking and related services.

Support and others comprise all 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
30 June 2010							
Net interest income							
-external income / (expense)	1,386,377	722,864	(253,034)	7,195	1,477,499	(70,853)	3,270,048
-inter-segment income	(207,168)	(345,538)	572,465	(2)	-	(19,757)	-
	1,179,209	377,326	319,431	7,193	1,477,499	(90,610)	3,270,048
Income from Islamic Banking operations	246,624	56,614	201,497	7,204	27,512	(882)	538,569
Non-interest income (excluding gain on disposal of interest in a subsidiary)	417,616	391,692	460,141	127,585	607,239	40,642	2,044,915
Gain on disposal of interest in subsidiaries	-	-	7,076	-	-	-	7,076
Net income/(expense)	1,843,449	825,632	988,145	141,982	2,112,250	(50,850)	5,860,608
Overheads	(1,375,645)	(429,362)	(293,909)	(103,946)	(956,116)	(38,818)	(3,197,796)
Profit/(loss) before allowances	467,804	396,270	694,236	38,036	1,156,134	(89,668)	2,662,812
Allowance (made)/written back for impairment losses on loans, advances and financing	(105,365)	122,537	(17,568)	-	(269,929)	(1,856)	(272,181)
Allowance for losses on other receivables	-	(482)	(15,904)	(951)	(25,519)	(446)	(43,302)
Allowance made for commitment and contingencies	-	-	(50,000)	-	(640)	-	(50,640)
Allowance written back/(made) for other impairment losses	-	316	(16,031)	-	(7,381)	430	(22,666)
Segment results	362,439	518,641	594,733	37,085	852,665	(91,540)	2,274,023
Share of results of jointly controlled entities	-	-	3,962	-	-	-	3,962
Share of results of associates	4,112	-	10,111	(650)	21,352	812	35,737
Profit/(loss) before taxation and zakat	366,551	518,641	608,806	36,435	874,017	(90,728)	2,313,722
% of profit before taxation and zakat	15.8	22.4	26.3	1.6	37.8	(3.9)	100.0
Taxation and zakat							(454,341)
Profit after taxation before minority interests							<u>1,859,381</u>

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
30 June 2009							
Net interest income							
-external income / (expense)	1,334,610	688,622	(181,713)	9,625	1,071,768	(14,098)	2,908,814
-inter-segment income	(82,960)	(363,438)	460,166	-	-	(13,768)	-
	1,251,650	325,184	278,453	9,625	1,071,768	(27,866)	2,908,814
Income from Islamic Banking operations	172,413	62,296	69,901	3,919	18,495	(2,879)	324,145
Non-interest income (excluding gain on disposal of interest in subsidiaries)	333,724	345,592	578,790	156,512	417,226	7,744	1,839,588
Gain on disposal of interest in subsidiaries	-	-	30,251	-	-	-	30,251
Net income/(expense)	1,757,787	733,072	957,395	170,056	1,507,489	(23,001)	5,102,798
Overheads	(1,246,309)	(341,918)	(185,835)	(85,965)	(895,659)	15,055	(2,740,631)
Profit/(loss) before allowances	511,478	391,154	771,560	84,091	611,830	(7,946)	2,362,167
Allowance for losses on loans, advances and financing	(240,177)	(97,755)	39,486	-	(274,664)	(831)	(573,941)
Allowance for losses on other receivables	-	(2,420)	(461)	(249)	(51,739)	-	(54,869)
Allowance for commitment and contingencies	-	-	-	-	(10,341)	-	(10,341)
Allowance written back/(made) for impairment losses	-	2,609	(3,962)	-	(3,396)	(7,293)	(12,042)
Segment results	271,301	293,588	806,623	83,842	271,690	(16,070)	1,710,974
Share of results of jointly controlled entities	4,207	-	-	-	-	-	4,207
Share of results of associates	-	-	(2,775)	(915)	4,487	1,488	2,285
Profit/(loss) before taxation and zakat	275,508	293,588	803,848	82,927	276,177	(14,582)	1,717,466
% of profit before taxation and zakat	16.0	17.1	46.8	4.8	16.1	(0.8)	100.0
Taxation and zakat							(345,686)
Profit after taxation before minority interests							1,371,780

A24. OPERATIONS OF ISLAMIC BANKING

A24a. UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	The Group	
		30 June 2010 RM'000	31 Dec 2009 RM'000
Assets			
Cash and short-term funds		9,405,225	5,943,123
Deposits and placements with banks and other financial institutions		1,031,075	2,409,258
Financial assets held for trading		2,463,543	3,491,709
Financial investments available-for-sale		456,552	589,242
Financial investments held-to-maturity		1,108,100	1,045,721
Derivative financial instruments		274,111	459,659
Financing, advances and other loans	A24c(i)	23,464,030	16,859,101
Deferred tax assets		6,622	44,625
Tax recoverable		37,982	-
Amount due from related companies		2,556	1,547
Statutory deposits with Bank Negara Malaysia		124,426	172,806
Property, plant and equipment		6,419	6,613
Other assets		478,281	642,696
Goodwill		136,000	136,000
Intangible assets		2,325	3,676
TOTAL ASSETS		38,997,247	31,805,776
Liabilities and Islamic banking capital funds			
Deposits from customers	A24(d)	22,445,754	20,180,319
Deposits and placements of banks and other financial institutions		12,697,609	9,120,340
Derivative financial instruments		297,954	248,478
Amount due to bank holding company		464,009	13,523
Amount due to related companies		3,063	8,111
Provision for taxation and zakat		52,527	70,711
Other liabilities		1,332,107	552,803
Subordinated Sukuk		300,000	300,000
TOTAL LIABILITIES		37,593,023	30,494,285
Equity			
Ordinary share capital		550,000	550,000
Islamic banking funds		91,693	91,693
Perpetual preference shares		70,000	70,000
Reserves		652,929	558,625
		1,364,622	1,270,318
Minority interests		39,602	41,173
TOTAL EQUITY		1,404,224	1,311,491
TOTAL LIABILITIES AND EQUITY		38,997,247	31,805,776

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

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	352,302	227,409	708,659	475,827
Income derived from investment of shareholders' funds	64,109	32,330	95,328	65,862
Allowances for impairment losses on financing, advances and other loans	(73,293)	(97,351)	(110,077)	(131,035)
Allowance for losses on other receivables	(2)	(14)	(61)	(24)
Total distributable income	343,116	162,374	693,849	410,630
Income attributable to the depositors	(107,880)	(96,453)	(265,418)	(217,544)
Total net income	235,236	65,921	428,431	193,086
Other operating expenses	(68,485)	(59,820)	(133,113)	(112,930)
Profit before taxation and zakat	166,751	6,101	295,318	80,156
Taxation and zakat	(21,188)	(8,691)	(42,224)	(18,958)
Profit for the period	145,563	(2,590)	253,094	61,198
Profit for the period attributable to:				
Equity holders of the Company	145,060	(2,112)	252,326	62,280
Minority interests	503	(478)	768	(1,082)
	145,563	(2,590)	253,094	61,198
Income from Islamic operations (per page 2)				
Total net income	235,236	65,921	428,431	193,086
Add: Allowance for impairment losses on financing, advances and other loans	73,293	97,351	110,077	131,035
Add: Allowance for losses on other receivables	2	14	61	24
	308,531	163,286	538,569	324,145

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

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	145,563	(2,590)	253,094	61,198
Other comprehensive income:				
Revaluation reserve-financial investments available-for-sale	1,717	(3,193)	1,722	(2,021)
- Net gain/(loss) from change in fair value	1,620	(3,801)	1,212	(3,216)
- Realised loss transferred to comprehensive income on disposal and impairment	750	116	1,164	521
- Transfer (from)/to deferred tax assets	(653)	492	(654)	674
Exchange fluctuation reserve	6,794	(4,191)	2,999	(1,106)
Other comprehensive income for the period, net of tax	8,511	(7,384)	4,721	(3,127)
Total comprehensive income for the period	154,074	(9,974)	257,815	58,071
Total comprehensive income for the period attributable to:				
Equity holders of the Company	153,571	(9,496)	257,047	59,153
Minority interests	503	(478)	768	(1,082)
	154,074	(9,974)	257,815	58,071

A24c. FINANCING, ADVANCES AND OTHER LOANS

(i) By type

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
At amortised cost		
Cash line	262,693	241,179
Term financing	38,620,982	28,011,302
Bills receivable	2,282	1,625
Trust receipts	33,287	29,827
Claims on customers under acceptance credits	178,437	173,893
Revolving credits	1,015,064	845,716
Other financing	160,472	49,046
	40,273,217	29,352,588
Less: Unearned income	(16,419,878)	(12,174,821)
Gross financing, advances and other loans	23,853,339	17,177,767
Fair value changes arising from fair value hedge	111,878	26,519
	23,965,217	17,204,286
Less: Allowance for impairment losses		
- Individual impairment allowance	(281,490)	-
- Portfolio impairment allowance	(219,697)	-
- Specific allowance	-	(181,427)
- General allowance	-	(163,758)
	(501,187)	(345,185)
Net financing, advances and other loans	23,464,030	16,859,101

(a) Included in term financing is RM4,500 million (31 December 2009: RM1,519 million) provided on normal commercial terms which is exempted from portfolio impairment allowance/general allowance by Bank Negara Malaysia.

(b) During the financial year, the Group has undertaken fair value hedges on RM3,200 million (31 December 2009: RM1,350 million) financing using profit rate swaps.

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

The fair value loss on profit rate swaps as at 30 June 2010 were RM129.6 million (31 December 2009: RM41.6 million).

(ii) By geographical distribution

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Malaysia	23,265,284	16,590,186
Indonesia	485,482	373,917
Other countries	102,573	213,664
Gross financing, advances and other loans	23,853,339	17,177,767

(iii) Impaired financing/non-performing financing, advances and other loans by geographical distribution

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Malaysia	528,074	357,117
Indonesia	11,028	9,235
Gross impaired/non-performing financing, advances and other loans	539,102	366,352

A24c. FINANCING, ADVANCES AND OTHER LOANS (Continued)

(iv) Movements in impaired financing/non-performing financing, advances and other loans:

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Balance as at 1 January		
- as previously reported	366,352	207,093
- classified as impaired due to adoption of FRS139*	139,996	-
- as adjusted	506,348	207,093
Classified as impaired/non-performing during the period/year	161,431	384,855
Reclassified as not impaired/performing during the period/year	(52,305)	(94,443)
Amount recovered	(28,849)	(34,424)
Amount written off	(37,882)	(97,599)
Exchange fluctuation	(9,641)	870
Balance as at 30 June / 31 December	539,102	366,352
Ratio of gross impaired / non-performing financing, advances and other loans to gross financing, advances and other loans	2.26%	2.13%

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

(v) Movements in the allowance for impaired financing/bad and doubtful financing:

	The Group	
	30 June 2010 RM'000	31 Dec 2009 RM'000
Individual impairment allowance		
At 1 January, as previously stated	-	-
Adoption of FRS 139	272,235	-
At 1 January, as restated	272,235	-
Allowance made during the period / year	10,529	-
Amount transferred from portfolio impairment allowance	1,598	-
Unwinding income	(1,621)	-
Exchange fluctuation	(1,251)	-
Balance as at 30 June / 31 December	281,490	-
Portfolio impairment allowance		
At 1 January, as previously stated	-	-
Adoption of FRS 139	264,540	-
At 1 January, as restated	264,540	-
Allowance made during the period / year	109,292	-
Amount transferred to individual impairment allowance	(1,598)	-
Amount written off	(31,799)	-
Allowance transferred to conventional operations	(119,980)	-
Unwinding income	(684)	-
Exchange fluctuation	(74)	-
At 30 June / 31 December	219,697	-
Portfolio impairment allowance as % of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from portfolio impairment allowance by BNM) less individual impairment allowance	2.24%	-

A24c. FINANCING, ADVANCES AND OTHER LOANS (Continued)

(v) Movements in the allowance for impaired financing/bad and doubtful financing: (Continued)

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Specific allowance		
At 1 January, as previously stated	181,427	102,902
Adoption of FRS 139	(181,427)	-
At 1 January, as restated	-	102,902
Allowance made during the period / year	-	202,593
Amount recovered	-	(25,785)
Amount written off	-	(97,356)
Exchange fluctuation	-	(927)
Balance as at 30 June / 31 December	-	181,427
General allowance		
At 1 January, as previously stated	163,758	83,638
Adoption of FRS 139	(163,758)	-
At 1 January, as restated	-	83,638
Allowance made during the period / year	-	81,309
Allowance transferred to conventional operations	-	(1,181)
Exchange fluctuation	-	(8)
At 30 June / 31 December	-	163,758
General allowance as % of gross financing, advances and other loans (excluding RPSIA financing and financing exempted from general allowance by BNM) less specific allowances	-	1.45%

A24d. DEPOSITS FROM CUSTOMERS

By type of deposits

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Non-Mudharabah		
Demand deposits	1,491,392	1,086,766
Savings deposits	642,053	550,330
Commodity Murabahah-i	16,225	17,125
Fixed return investment account	3,532,042	2,964,471
Negotiable instruments of deposit	786,802	523,089
Variable rate deposits	507,930	1,102,280
Equity Linked Sukuk	243,350	249,250
Others	21,343	7,366
	7,241,137	6,500,677
Mudharabah		
Demand deposits	1,362,723	2,155,363
Savings deposits	268,123	243,458
General investment deposits	1,967,935	2,196,438
Special general investment deposits	9,936,626	7,425,800
Specific investment deposits	1,669,210	1,658,583
	15,204,617	13,679,642
	22,445,754	20,180,319

A25. Credit transactions and exposures with connected parties

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Outstanding credit exposures with connected parties	13,296,632	7,109,618
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	7.87%	4.80%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.00%	0.00%

A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES

(a) CHANGE IN ACCOUNTING POLICIES

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

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

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

Impairment of financial assets

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

Loan Impairment

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

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

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

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

The Group is currently reporting under the BNM's transitional arrangement as prescribed in the guidelines on 'Classification and Impairment Provision for Loans/Financing' issued on 8 January 2010. However, our Group's financial statements are prepared in full compliance with FRS 139 principles.

A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

(a) CHANGE IN ACCOUNTING POLICIES (continued)

Interest Income Recognition

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

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

Recognition of Embedded Derivatives

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

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

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

(b) COMPARATIVE FIGURES

(i) FRS 101 Presentation of Financial Statements

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

(ii) FRS 7 Financial Instruments: Disclosures

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

A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (CONTINUED)

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

	Audited as at 31 December 2009 RM'000	Effects of adopting FRS 139			Adjusted 1 January 2010 RM'000
		Fair value/impairment RM'000	Reclassification RM'000	Total RM'000	
ASSETS					
Cash and short-term funds	28,274,687	-	-	-	28,274,687
Reverse repurchase agreements	4,544,873	-	-	-	4,544,873
Deposits and placements with banks and other financial institutions	2,383,055	-	-	-	2,383,055
Financial investments at fair value through profit or loss	14,999,302	-	-	-	14,999,302
Financial investments available-for-sale	11,000,536	317,908	270	318,178	11,318,714
Financial investments held-to-maturity	14,266,710	-	(270)	(270)	14,266,440
Derivative financial instruments	3,689,831	-	-	-	3,689,831
Loans, advances and financing	142,218,190	(737,809)	-	(737,809)	141,480,381
Other assets	5,221,796	(12,285)	-	(12,285)	5,209,511
Deferred tax assets	293,708	(140,559)	-	(140,559)	153,149
Tax recoverable	110,416	53,042	-	53,042	163,458
Statutory deposits with central banks	843,757	-	-	-	843,757
Investment in associates and jointly controlled entities	649,138	(5,711)	-	(5,711)	643,427
Property, plant and equipment	1,499,066	-	-	-	1,499,066
Investment properties	120,349	-	-	-	120,349
Prepaid lease payments	279,924	-	-	-	279,924
Goodwill	7,694,653	-	-	-	7,694,653
Intangible assets	1,667,784	-	-	-	1,667,784
	239,757,775	(525,414)	-	(525,414)	239,232,361
Non-current assets held for sale	226,224	-	-	-	226,224
TOTAL ASSETS	239,983,999	(525,414)	-	(525,414)	239,458,585

A25. CHANGE IN ACCOUNTING POLICIES AND COMPARATIVES (continued)

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

	Audited as at 31 December 2009 RM'000	Effects of adopting FRS 139		Adjusted 1 January 2010 RM'000
		Fair value/impairment RM'000	Reclassification RM'000	
LIABILITIES AND EQUITY				
Deposits from customers	178,882,336	-	-	178,882,336
Deposits and placements of banks and other financial institutions	10,131,582	-	-	10,131,582
Repurchase agreements	565,097	-	-	565,097
Derivative financial instruments	3,492,587	-	-	3,492,587
Bills and acceptances payable	4,494,794	-	-	4,494,794
Other liabilities	8,105,303	(37,047)	-	8,068,256
Deferred tax liabilities	13,247	-	-	13,247
Current tax liabilities	428,565	(113,299)	-	315,266
Amount due to Cagamas Berhad	335,612	-	-	335,612
Bonds	443,051	-	-	443,051
Other borrowings	3,218,286	-	-	3,218,286
Subordinated notes	6,342,738	-	-	6,342,738
Non-cumulative guaranteed and redeemable preference shares	884,087	-	-	884,087
TOTAL LIABILITIES	217,337,285	(150,346)	-	217,186,939
Ordinary share capital	3,531,766	-	-	3,531,766
Reserves	16,813,811	(355,418)	-	16,458,393
Less: Shares held under trust	(563)	-	-	(563)
Perpetual preference shares	200,000	-	-	200,000
Minority interests	2,101,700	(19,650)	-	2,082,050
TOTAL EQUITY	22,646,714	(375,068)	-	22,271,646
TOTAL LIABILITIES AND EQUITY	239,983,999	(525,414)	-	239,458,585

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") today reported a net profit of RM1.727 billion for 1HFY10, representing a 35.2% year-on-year ("Y-o-Y") growth and equivalent to net earnings per share ("EPS") of 24.5 sen. The annualized net return on equity ("ROE") of 17% remains ahead of the Group's full-year target of 16%. The Group declared an interim dividend of 4.625 sen (single tier) amounting to a net payment of RM339 million.

For 2Q10, the Group's net profit of RM889 million was 6.1% higher than 1Q10. On a Y-o-Y basis, this represented a 34.1% growth over the 2Q09 net profit of RM663 million.

The Group posted its highest ever 3 and 6 months performance. The highlights were the strong rebound in corporate and investment banking, surge in contribution from CIMB Niaga and drop in loan loss provisions.

CIMB Group Y-o-Y Results

CIMB Group's 1H10 revenues increased by 14.9% Y-o-Y to RM5.861 billion while the Group's profit before tax ("PBT") was 34.8% higher at RM2.314 billion.

For 1H10, the Group's Malaysian consumer bank PBT grew 23.5% Y-o-Y from a combination of sustained improvements in Retail Banking and Credit Cards as well as better recoveries at Group Special Assets Management ("GSAM"). PBT at Treasury & Investments declined 25.3% Y-o-Y to RM605 million mainly due to lower net gains from investments during the period. Corporate & Investment Banking ("CIB") PBT was higher by 72.9% Y-o-Y to RM498 million as regional capital markets were significantly better than 1H09.

CIMB Niaga's contribution surged 171.1% Y-o-Y to RM828 million from RM305 million previously owing to continued operational improvements as well as very favourable operating conditions. CIMB Thai made a RM26 million PBT contribution in 1H10 compared to a RM29 million loss in 1H09. Asset Management and Insurance PBT was 55.4% lower Y-o-Y at RM36 million largely due to the non recurrence of gains on change in accounting standards at CIMB Aviva last year.

CIMB Niaga was again the largest contributor to 1H10 Group PBT with 36% versus 18% in 1H09. The Malaysian Consumer Bank's contribution to Group PBT was slightly lower at 14% compared to 15% in 1H09, while Treasury and Investments fell to 26%. Contribution from CIB rebounded to 21% from 17% previously. Group Asset Management ("GAM") and Insurance fell to 2% from 5% last year. CIMB Thai's contribution was 1% of Group PBT compared to a negative in 1H09.

Total non-Malaysian PBT jumped to an all-time high of 44% in 1H10 from 20% in 1H09 due to the surge in contribution from Indonesia as well as the return to profitability of the Group's Thai and Singapore operations.

The Group's total gross loans expanded 16.1% Y-o-Y, underpinned by the 30.7% expansion (in RM terms) of CIMB Niaga's gross loans as well as the 15.2% growth in Malaysian consumer loans. Mortgages, credit cards and the Group's micro credit lending grew by 22.9%, 38.3% and 38.7% respectively Y-o-Y. Hire purchase loans are growing again, by 5.7% Y-o-Y but business banking loans continued to decline by 4.5% Y-o-Y. Corporate loans improved 8.7% Y-o-Y. Meanwhile, the Group's net interest margins continued to improve as well.

Total Group's deposits grew by 18.1%, driven by a 20.5% surge in CIMB Bank's retail current account balances as the Group's new Singapore retail franchise continued its excellent start. In 2Q10 CIMB Bank Malaysia registered more new customers than ever before indicating that the bank's focus on growing its deposit base is gaining momentum.

The total loan impairment (under FRS139 policies) for the Group was RM272 million in 1H10. Although this is a 52.6% Y-o-Y decline versus the loan loss provision of RM574 million in 1H09 (under Garis Panduan 3 ("GP3") policies), the numbers are not directly comparable due to differing accounting treatments. The Group's total annualised credit charge was 0.30%, much lower than the 0.60% full year target. The Group's gross impaired loans ratio was 7.2% for 1H10 down from 7.5% three months ago, with an impairment allowance coverage of 78.4%. The Group's cost to income ratio rose slightly to 54.6% compared to 53.7% in 1H09.

CIMB Bank's risk weighted capital ratio was 15.0% while CIMB Group's double leverage and gearing stood at 118.3% and 25.3% respectively as at end-June 2010.

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

CIMB Group Q-on-Q Results

The Group's 2Q10 revenues of RM3.019 billion was 6.2% higher versus 1Q10, giving rise to a 6.1% increase in Q-o-Q net profits of RM889 million.

The Group's Malaysian Consumer Banking division PBT improved 52.8% Q-o-Q largely due to improved recoveries at GSAM. Excluding these legacy assets, the consumer "good bank" earnings were 5.9% higher. Corporate and Investment Banking expanded 14.7% as the capital market momentum continued but Treasury and Investments fell 18.3% Q-o-Q. CIMB Niaga's PBT contribution was 4.5% lower Q-o-Q due to the higher gain from the ex-Lippo Bank bond sale in 1Q10. GAM and Insurance PBT contributions rose 262.5% to RM28 million. CIMB Thai's PBT contribution jumped by 233.3% Q-o-Q to RM20 million versus RM6 million in 1Q10.

CIMB Niaga Results

On 23 August 2010, CIMB Niaga reported a 1H10 net profit of IDR1,129 billion, a 62.2% Y-o-Y growth with a 1H10 net ROE of 19.2%. The stronger performance was attributed to the strong loans growth and improved non-performing loan ("NPL") ratios. Profits from sale of AFS bonds by CIMB Niaga are not recognised in CIMB Niaga itself but at Group consolidated accounts. On a sequential basis, the 2Q10 net profit was 15.5% higher than 1Q10 primarily due to stronger revenue and lower operating expenses.

Bank CIMB Niaga's gross loans grew 25.6% Y-o-Y in 1H10 driven by the corporate and auto loans segments. Gross NPL was lower at 2.7% as at end-June 2010 compared to 3.1% as end-March 2010 and unchanged versus the corresponding period last year. CIMB Niaga continues to retain the 2nd lowest position in net NPL ratios amongst Indonesian banks while loan loss coverage was increased to 140.0% as at end-1H10 compared to 96.3% as at end-1H09.

CIMB Niaga's Tier 1 capital and risk weighted capital ratios stood at 10.5% and 12.1% respectively as at 30 June 2010.

CIMB Thai Results

On 21 July 2010, CIMB Thai announced a 1H10 net profit of THB714 million compared to a THB502 million loss in 1H09. This had included a THB508 million gain from the sale of the Sathorn building and BT Asset Management. Excluding this one-off gain, CIMB Thai would have recorded a 1H10 net profit of THB206 million. For the 6-month period, CIMB Thai chalked revenue of THB3.607 billion, up 5.6% Y-o-Y. As a result of GAAP adjustments, CIMB Thai's contribution to the Group's 1H10 earnings was RM26 million, compared to a negative RM29 million in 1H09.

As at 30 June 2010, CIMB Thai's Tier 1 capital and risk weighted capital ratios (based on Basel II framework) were at 6.3% and 12.4% respectively.

CIMB Islamic

CIMB Islamic's Y-o-Y PBT jumped 144.6% to RM159 million as Syariah-compliant banking products continue to gain ground. CIMB Islamic's gross financing assets grew 141.4% Y-o-Y, accounting for 14.3% of total Group loans. Total deposits grew by 71.9% Y-o-Y to RM20.3 billion.

Market Shares

CIMB Group's market shares in key areas remain strong for 1H10.

CIMB Investment Bank is the leading stockbroker in Malaysia and top of the league tables for Malaysian M&A's, Debt Capital Markets, Initial Public Offering's ("IPO") and loan syndications.

With its total assets at RM27.8 billion as at 31 March 2010, CIMB Islamic is now the second largest Islamic bank in Malaysia with a 12% market share and the second largest Islamic mortgage player with a 16.5% market share. CIMB Islamic remained no 1 for Malaysian sukuk and number 2 in global sukuk.

CIMB Bank is the second largest mortgage lender in Malaysia, third largest player in other key areas such as retail deposits, credit cards and SME loans and fourth in hire purchase financing.

In Singapore, CIMB Securities has the 3rd largest share of SGX trades and is number 3 in corporate advisory for mid-sized companies.

In Indonesia, CIMB Niaga, the country's 5th largest bank, is the 2nd largest mortgage lender while PT CIMB Securities has the 3rd largest share of IDX trades.

CIMB Principal Asset Management remains the second largest asset manager in Malaysia.

Southeast Asia Special Asset Management Berhad ("SEASAM")

SEASAM is the wholly-owned entity of CIMB Group dedicated to management of legacy NPLs. On 1 December 2009, SEASAM had acquired a portfolio of NPLs with a gross loan amount of RM 8.4 billion and net book value ("NBV") of RM 925 million from CIMB Bank. Its NBV as at 30 June 2010 is RM714.6 million.

CIMB Group had explored the sale of a controlling stake in SEASAM but has decided not to proceed with the divestment following the introduction of Basel II risk-based capital adequacy framework effective 1 July 2010. Under the new framework, lower loss value is estimated for SEASAM's portfolio as compared to the provision estimated under FRS 139, therefore making a sale of SEASAM economically unattractive.

B2. CORPORATE DEVELOPMENTS

The significant corporate developments in 1H10 were:

(a) Mergers and Acquisitions

- On 26 March 2010, CIMB Group completed the acquisition of the 32.22% interest in Touch 'n Go Sdn Bhd ("TnG") for RM53.8 million. CIMB Group now holds a 52.22% equity interest in TnG.
- On 14 May 2010, CIMB Group entered into a conditional share sale and purchase agreement with Khazanah Nasional to acquire up to 19.67% equity interest in CIMB Niaga for up to RM1.94 billion via the issue of up to 268 million CIMB Group shares at RM7.25 per share. Upon completion, CIMB Group will hold up to 97.93% in CIMB Niaga. The exercise received shareholder approval at the EGM on 26 July 2010 and was completed on 19 August 2010.

(b) Capital Management

- On 23 February 2010, CIMB Group proposed a 1-for-1 bonus issue of up to 3,582,387,823 new CIMB shares of RM1.00 each. To facilitate this issue CIMB Group's authorized share capital will be raised from RM5 billion to RM10 billion. The ex-date for the bonus issue was 19 May 2010.
- On 2 April 2010, CIMB Group increased the offering size of its Proposed listing on the Stock Exchange of Thailand ("SET"), from up to 35 million CIMB Shares to up to 50 million CIMB Shares (100 million after completion of the bonus issue).
- On 5 April 2010, CIMB Group completed the issuance of RM750 million cumulative subordinated fixed rate notes.
- On 29 June 2010, CIMB Niaga completed the issuance of Rp1.38 trillion of subdebt.

(c) Others

- On 5 April 2010, CIMB Group announced its plans to set-up a research institute dedicated to promoting ASEAN integration, to be named CIMB ASEAN Research Institute.
- On 12 April 2010, CIMB Group announced the submission of the application to the SET in respect of the Proposed SET Listing.
- On 7 May 2010, MARC upgraded the long-term ratings for CIMB Bank and CIMB Islamic Bank to AAA/MARC-1 (stable) from AA+ previously.
- On 9 May 2010, CIMB Group obtained an approval-in-principle to offer banking services in Cambodia by the National Bank of Cambodia.

B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Apart from its good financial performance, the first half has also been about integrating its operations and its people across the region. The Group is developing into a single regional franchise and is starting to realise more internal synergies and deliver more regional products for customers.

As for the near term, Asean economies are fundamentally strong and growing well this year. Given its first half momentum the Group expect its full year ROE to be 16.5% excluding any impact from the recent acquisition of 20% of CIMB Niaga. However, the Group remains conservative on its capital position as the Group is migrating to Basel II and the international banking reform process has yet to land on some important details.

B4. TAXATION

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	337,481	162,164	533,875	352,852
Deferred tax expense	(94,621)	8,990	(72,071)	(6,351)
Over-accrual in prior years	(4,969)	(426)	(7,463)	(815)
	<u>237,891</u>	<u>170,728</u>	<u>454,341</u>	<u>345,686</u>

Reconciliation

Profit before taxation and zakat	1,184,973	878,550	2,313,722	1,717,466
Tax at statutory income tax rate of 25% (2009: 25%)	296,243	219,638	578,431	429,367
Effect of different tax rates in other countries and change in tax rates	11,925	15,773	23,763	17,546
Due to income not subject to income tax and expenses not deductible for tax purposes	(65,308)	(64,257)	(140,390)	(100,412)
Over-accrual in prior years	(4,969)	(426)	(7,463)	(815)
	<u>237,891</u>	<u>170,728</u>	<u>454,341</u>	<u>345,686</u>

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. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

	The Group	
	30 June 2010	31 Dec 2009
	RM'000	RM'000
Bonds and notes*		
Unsecured		
More than one year (medium/long term)	432,591	443,051
	<u>432,591</u>	<u>443,051</u>

* Included in bonds and notes for the current period is USD denominated bonds equivalent to USD140,000,000

Other borrowings**

Unsecured		
One year or less (short term)	1,788,709	1,624,154
More than one year (medium/long term)	1,414,322	1,594,132
	<u>3,203,031</u>	<u>3,218,286</u>

** Included in other borrowings for the current period is USD denominated syndicated term loans of USD400,000,000

Subordinated Notes***

Unsecured		
One year or less (short term)	-	308,562
More than one year (medium/long term)	7,051,747	6,034,176
	<u>7,051,747</u>	<u>6,342,738</u>

*** Includes US denominated Subordinated Notes of USD390,000,000

B7. 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.

B8. COMPUTATION OF EARNINGS PER SHARE (EPS)**Basic EPS**

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

a) Basic EPS

	The Group			
	2nd quarter ended		Six months ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests	889,460	663,150	1,727,543	1,277,093
Weighted average number of ordinary shares in issue - proforma ('000) *	7,063,529	7,057,602	7,063,529	7,056,272
Basic earnings per share (expressed in sen per share)	12.6	9.4	24.5	18.1

b) Diluted EPS

Net profit for the financial period after minority interests	889,460	663,150	1,727,543	1,277,093
Income from investment of proceeds from exercise of warrants in money market instruments during the period	1,426	-	3,074	-
Net profit used to determine diluted EPS	<u>890,886</u>	663,150	<u>1,730,617</u>	1,277,093
Weighted average number of ordinary shares in issue ('000) *	7,063,529	7,057,602	7,063,529	7,056,272
Adjustments for:				
- Conversion of USD Zero Coupon Guaranteed Convertible				
- Warrants	54,480	-	59,038	-
Weighted average number of ordinary shares for diluted EPS *	<u>7,118,009</u>	7,057,602	<u>7,122,567</u>	7,056,272
Diluted EPS	12.5	9.4	24.3	18.1

* The weighted average number of ordinary shares for the comparative period has been restated to reflect the bonus issue completed on 24 May 2010.