

## **PART A - EXPLANATORY NOTES**

### **A1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The unaudited interim financial statements for the first quarter ended 31 March 2008 have been prepared under the historical cost convention, and modified by the revaluation of available-for-sale securities, securities held for trading and all derivative contracts.

The unaudited 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 the Bursa Malaysia Securities Berhad's Listing Requirements. These financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

The unaudited 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 the Shariah principles.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2007.

BNM has granted indulgence to the banking subsidiaries of the Company and other local banks in Malaysia from complying with the requirements on the impairment of loans under the revised 'Guideline on Financial Reporting for Licensed Institutions' ("BNM/GP8"). Under the revised BNM/GP8, the impaired loans have to be measured at their estimated recoverable amount. This requirement is principally similar to the requirements under FRS 139 - Financial Instruments: Recognition and Measurement. In view of the deferment of the implementation of FRS 139 in Malaysia, the banking subsidiaries of the Company and other local banks in Malaysia will be deemed to be in compliance with the requirement on the impairment of loans under the revised BNM/GP8 if the allowance for non-performing loans, advances and financing is computed based on BNM's guidelines on the 'Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts' ("BNM/GP3") requirements.

The preparation of unaudited interim financial statements in conformity with the Financial Reporting Standards and Bank Negara Malaysia 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 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. AUDITORS' REPORT ON ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2007 was unqualified.

### **A3. COMMENTS ABOUT SEASONALITY AND CYCLICALITY FACTORS**

The interim operations of the Group are not subject to any material seasonal or cyclical factors.

### **A4. UNUSUAL EVENTS AFFECTING FINANCIAL STATEMENTS**

There were no unusual events that materially affect the interim financial statements during the period.

### **A5. CHANGES IN ESTIMATES**

There were no financial estimates made in the preceding period or the preceding financial year.

#### **A6. 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 three-month period ended 31 March 2008:-

- a) On 3 January 2008, the Company cancelled 3,278,800 ordinary shares previously held as treasury shares.
- b) From 18 January 2008 to 25 January 2008, the Company issued 1,288 new ordinary shares pursuant to the conversion of Redeemable Convertible Unsecured Loan Stocks (RCULS).
- c) From 22 January 2008 to 26 March 2008, BCHB purchased 15,145,700 of its own shares from the open market at an average market price of RM9.98 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM150,737,363.56. The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965.
- d) During the financial period, the issued and paid-up capital of Bank Niaga was increased from 12,364,710,560 to 12,451,764,060 ordinary shares pursuant to the exercise of options granted under Bank Niaga's Employee Stock Option Programme and exercise of warrants;
- e) On 17 March 2008, CIMB Bank Berhad obtained approval from the Securities Commission of Malaysia for the proposed issuance of up to RM1.5 billion subordinated bonds. The proceeds from the issue will be used for its working capital purposes which include refinancing some of its debts obligations. The bonds were issued on 28 March 2008.

#### **A7. DIVIDENDS PAID AND PROPOSED DIVIDEND**

No dividend was paid during the financial period ended 31 March 2008.

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors had recommended a final dividend of 25 sen gross per ordinary share, less income tax for the financial year ended 31 December 2007.

#### **A8. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT**

No valuations of plant and equipment were carried out for the financial statements during the period. Leasehold properties which are held as investment properties are stated at revalued amounts.

#### **A9. EVENTS AFTER THE BALANCE SHEET DATE**

On 1 April 2008, CIMB Bank Berhad entered into a Sale and Purchase Agreement with British American Investment Co. (Mauritius) Ltd to dispose of its 60% equity interest in South East Asian Bank Ltd for a total cash consideration of approximately 339 million Mauritius Rupees (or approximately RM40 million).

#### **A10. CHANGES IN THE COMPOSITION OF THE GROUP**

The following information on composition of the Group were announced during the first quarter ended 31 March 2008:

- a) On 3 March 2008, applications on behalf of Commerce International Group Berhad were submitted to Bank Negara Malaysia and the Foreign Investment Committee for their approvals in respect of the proposed acquisition of an equity interest in Affin Insurance Brokers Sdn Bhd.
- b) On 17 March 2008, CIMB Group entered into a Share Subscription Agreement with Bank of Yingkou for the subscription of 141.2 million new ordinary shares of RMB1.00 each, representing approximately 19.99% of the enlarged issued and paid up capital of Bank of Yingkou for a total cash subscription amount of RMB348.8 million (equivalent to approximately RM156.2 million). As an integral part of the Proposed Acquisition, on the same day, CIMB Group also entered into a Investor's Rights Agreement and a Cooperation and Technical Assistance Agreement with Bank of Yingkou.

## A11. SECURITIES HELD FOR TRADING

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	526,459	416,150
Cagamas bonds	283,683	279,354
Khazanah bonds	93,784	96,918
Malaysian Government treasury bills	24,408	119,294
Bank Negara Malaysia bills	1,447,169	97,736
Bank Negara negotiable notes	229,728	409,900
Negotiable instruments of deposit	1,122,913	1,149,588
Banker's acceptances	792,314	800,764
Credit-linked notes	333,441	353,247
Other Government's securities	369,186	630,359
Commercial papers	3,961	45,099
Government investment issue	206,840	56,075
	<b>5,433,886</b>	<b>4,454,484</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Warrants	22	35
Shares	428,702	751,856
Loan stocks	5,658	5,838
<i>Outside Malaysia:</i>		
Shares	49,500	78,492
Private and Islamic debt securities	63,110	3,614
Other Government bonds	473,862	211,696
	<b>1,020,854</b>	<b>1,051,531</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	6,797,494	6,844,516
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	2,310,558	2,301,781
	<b>9,108,052</b>	<b>9,146,297</b>
<b>Total securities held-for-trading</b>	<b>15,562,792</b>	<b>14,652,312</b>

## A12. AVAILABLE-FOR-SALE SECURITIES

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<b>Debt securities</b>		
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	166,170	177,504
Cagamas Notes	260,983	397,330
Khazanah bonds	240,429	379,044
Malaysian Government treasury bills	29,773	163,093
Other Government treasury bills	-	50,003
Bank Negara Malaysia bills	18,498	23,322
Floating rate notes	44,260	-
Government investment issues	5,174	35,224
Bank Negara Malaysia negotiable notes	32,676	130,393
	<b>797,963</b>	<b>1,355,913</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Shares	806,924	944,602
Unit trusts	711,360	713,391
<i>Outside Malaysia:</i>		
Shares	9,510	9,850
Private and Islamic debt securities	18,903	19,711
Other Government bonds	998,489	777,962
	<b>2,545,186</b>	<b>2,465,516</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	5,843,048	5,949,471
Shares	480,693	550,510
Loan stocks	18,183	18,183
Property funds	114	113
Investment-linked funds	1,614	9,404
Commercial papers	4,970	34,630
Credit-linked notes	6,662	25,108
<i>Outside Malaysia:</i>		
Shares	15,176	66,508
Mutual funds	13,798	17,013
Private equity funds	212,953	149,825
Private and Islamic debt securities	27,400	29,866
Loan stocks	1,205	1,194
	<b>6,625,816</b>	<b>6,851,825</b>
	<b>9,968,965</b>	<b>10,673,254</b>
<b>Allowance for impairment loss:</b>		
Private debt securities	(366,969)	(367,672)
Quoted shares	(4,229)	(8,099)
Quoted bonds	(189)	(197)
Unquoted shares	(11,787)	(37,671)
Mutual funds	(55)	(55)
	<b>(383,229)</b>	<b>(413,694)</b>
<b>Total available-for-sale securities</b>	<b>9,585,736</b>	<b>10,259,560</b>

### A13. HELD-TO-MATURITY SECURITIES

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	149,963	-
Cagamas bonds	290,000	290,000
Bank Negara negotiable notes	48,708	98,057
<b>Quoted securities</b>		
<u>Outside Malaysia</u>		
Bonds	20,850	21,443
Islamic bonds	21,465	21,821
Medium term notes - Islamic	3,463	3,520
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Shares	270	270
Private debt securities	1,952,212	1,737,931
Loan stocks	32,478	32,478
Danaharta Urus Sdn Bhd Bonds	1,151,932	1,151,932
	<b>3,671,341</b>	<b>3,357,452</b>
Accretion of discount net of amortisation of premium	205,785	197,423
Less : Allowance for impairment losses	(26,421)	(25,431)
Total held-to-maturity securities	<b>3,850,705</b>	<b>3,529,444</b>

### A14. LOANS, ADVANCES AND FINANCING

#### (i) By type

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Overdrafts	8,927,931	8,065,308
Term loans		
- Housing loans/financing	21,377,287	20,734,524
- Syndicated term loans	7,249,032	7,983,834
- Hire purchase receivables	13,977,791	14,332,824
- Lease receivables	143,953	177,235
- Factoring receivables	54,335	62,019
- Other term loans/financing	27,432,943	27,659,176
Bills receivable	214,878	257,743
Trust receipts	899,617	963,531
Claims on customer under acceptance credits	6,025,152	6,147,874
Staff loans *	641,708	631,118
Credit card receivables	2,689,764	2,581,883
Revolving credits	14,166,802	13,974,866
Share margin financing	895,101	1,090,957
Other loans	10,319	9,752
	<b>104,706,613</b>	<b>104,672,644</b>
Less: Unearned interest	(3,206,237)	(3,116,760)
	<b>101,500,376</b>	<b>101,555,884</b>
Less: Islamic financing sold to Cagamas	(451,629)	(575,918)
Gross loans, advances and financing	<b>101,048,747</b>	<b>100,979,966</b>
Less: Specific allowance	(3,640,379)	(3,551,988)
	<b>97,408,368</b>	<b>97,427,978</b>
Less: General allowance	(1,561,920)	(1,523,920)
	<b>95,846,448</b>	<b>95,904,058</b>

\* Included in staff loans of the Group are loans to Directors amounting to RM 311,242 (2007: RM 597,464).

**A14. LOANS, ADVANCES AND FINANCING (continued)**

**(ii) By type of customers**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Domestic banking financial institutions	155,678	160,452
Domestic non-bank financial institutions		
- stockbroking companies	997	996
- others	1,523,209	1,582,798
Domestic business enterprises		
- small medium enterprises	18,452,331	18,072,733
- others	23,228,145	25,068,778
Government and statutory bodies	54,559	69,614
Individuals	48,520,137	47,240,371
Other domestic entities	4,267,704	4,244,178
Foreign entities	5,297,616	5,115,964
	<b>101,500,376</b>	<b>101,555,884</b>
Less: Islamic financing sold to Cagamas	(451,629)	(575,918)
Gross loans, advances and financing	<b>101,048,747</b>	<b>100,979,966</b>

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

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Fixed rate		
- Housing loans	4,772,032	3,860,958
- Hire-purchase receivables	11,725,339	11,995,596
- Other fixed rate loans	16,895,552	17,578,063
Variable rate		
- BLR plus	51,793,620	54,932,102
- Cost plus	11,923,621	11,817,063
- Other variable rates	4,390,212	1,372,102
	<b>101,500,376</b>	<b>101,555,884</b>
Less: Islamic financing sold to Cagamas	(451,629)	(575,918)
Gross loans, advances and financing	<b>101,048,747</b>	<b>100,979,966</b>

**(iv) By economic purpose**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Personal use	2,842,103	2,731,380
Credit card	2,689,764	2,581,883
Purchase of consumer durables	19,727	21,761
Construction	3,223,879	3,245,654
Residential property (Housing)	23,742,751	22,473,992
Non-residential property	6,358,915	6,067,633
Purchase of fixed assets other than land & building	2,597,591	2,741,448
Mergers and acquisitions	571,381	604,907
Purchase of securities	8,971,511	9,075,045
Purchase of transport vehicles	12,909,819	13,009,119
Working capital	33,738,787	35,428,323
Other purpose	3,834,148	3,574,739
	<b>101,500,376</b>	<b>101,555,884</b>
Less: Islamic financing sold to Cagamas	(451,629)	(575,918)
Gross loans, advances and financing	<b>101,048,747</b>	<b>100,979,966</b>

**A14. LOANS, ADVANCES AND FINANCING** (continued)

**(v) Non-performing loan by economic purpose**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Personal use	266,500	269,954
Credit card	74,477	70,119
Purchase of consumer durables	1,059	1,005
Construction	445,698	446,458
Residential property (Housing)	1,759,281	1,837,358
Non-residential property	540,785	558,248
Purchase of fixed assets other than land & building	113,943	130,813
Purchase of securities	71,763	119,446
Purchase of transport vehicles	572,377	603,421
Working capital	3,271,089	3,184,867
Other purpose	116,703	103,059
	<b>7,233,675</b>	<b>7,324,748</b>

**(vi) Movement in the non-performing loans, advances and financing:**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Balance as at 1 January	7,324,748	8,483,214
NPLs during the period / year	954,246	4,393,349
Performing during the period / year	(596,821)	(2,813,118)
Recoveries	(317,050)	(1,489,787)
Amount written off	(126,065)	(1,178,783)
Reclassified to non-current assets held for sale	-	(9,101)
Loans/financing converted to securities	-	(1,849)
Exchange fluctuation	(5,383)	(59,177)
Balance as at 31 March / 31 December	<b>7,233,675</b>	<b>7,324,748</b>
Specific allowance	<b>(3,640,379)</b>	<b>(3,551,988)</b>
Net non-performing loans, advances and financing	<b>3,593,296</b>	<b>3,772,760</b>

**Classification of non-performing loans, advances and financing**

Sub-standard	1,339,701	1,273,964
Doubtful	430,312	512,878
Bad	5,463,662	5,537,906
Balance as at 31 March / 31 December	<b>7,233,675</b>	<b>7,324,748</b>

Ratio of net non-performing loans and financing to gross loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowances

<b>3.67%</b>	<b>3.85%</b>
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**A14. LOANS, ADVANCES AND FINANCING** (continued)

**(vii) Movements in the allowance for bad and doubtful debts accounts are as follows:**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<u>Specific allowance</u>		
Balance as at 1 January	3,551,988	3,399,836
Allowance made during the period / year	389,558	2,145,797
Amount recovered	(125,044)	(816,349)
Amount written off	(184,256)	(1,162,210)
Amount transferred in respect of loan converted to securities	-	(1,849)
Reclassified to non-current assets held for sale	-	(1,090)
Allowance made and charged to deferred assets	-	5,062
Allowance for loans in relation to jointly controlled entity	496	(9,132)
Exchange fluctuation	7,637	(8,077)
Balance as at 31 March / 31 December	<u>3,640,379</u>	<u>3,551,988</u>
 <u>General allowance</u>		
Balance as at 1 January	1,523,920	1,479,277
Net allowance made during the period / year	47,470	91,471
Allowance for loans in relation to jointly controlled entity	-	(658)
Reclassified to non-current assets held for sale	-	(465)
Exchange fluctuation	(9,470)	(45,705)
Balance as at 31 March / 31 December	<u>1,561,920</u>	<u>1,523,920</u>
 As % of gross loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowance	 <u>1.60%</u>	 <u>1.55%</u>

**A15. OTHER ASSETS**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Interest receivable	498,405	400,053
Due from brokers and clients net of allowance for doubtful debts	1,854,939	2,020,387
Other debtors, deposits and prepayments net of allowance for doubtful debts	1,650,835	1,484,328
Due from insurers, brokers and reinsurers net of allowance for doubtful debts	1,318	1,774
Deferred assets	225,574	226,311
Foreclosed properties net of allowance for impairment losses	80,578	69,941
Tax recoverable	105,325	122,487
	<u>4,416,974</u>	<u>4,325,281</u>



**A16. DEPOSITS FROM CUSTOMERS**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<u>By type of deposit</u>		
Demand deposits	25,971,831	25,774,351
Savings deposits	11,024,169	10,465,848
Fixed deposits	68,201,823	65,403,991
Negotiable instruments of deposit	7,085,996	6,829,767
Others	19,318,162	18,392,834
	<b>131,601,981</b>	<b>126,866,791</b>
 <u>By type of customer</u>		
Government and statutory bodies	10,419,841	11,169,600
Business enterprises	65,193,165	65,381,723
Individuals	36,193,021	35,528,579
Others	19,795,954	14,786,889
	<b>131,601,981</b>	<b>126,866,791</b>
 <u>Maturity structure of fixed deposits and negotiable instruments of deposit</u>		
One year or less (short term)	69,942,394	66,172,997
More than one year (medium/long term)	5,345,425	6,060,761
	<b>75,287,819</b>	<b>72,233,758</b>

**A17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Licensed banks	6,632,802	8,375,660
Licensed finance companies	17,065	18,235
Licensed investment banks	1,164,343	1,332,565
Bank Negara Malaysia	1,988,060	1,952,360
Other financial institutions	1,045,687	1,205,647
	<b>10,847,957</b>	<b>12,884,467</b>

All the above deposits and placements have maturities of one year or less.

**A18. OTHER LIABILITIES**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
Interest payable	641,973	616,956
Due to brokers and clients	1,764,742	2,208,599
Amount due to special purpose vehicle of jointly controlled entity	465,760	483,046
Expenditure payable	545,502	657,741
Short-term borrowings	82,827	75,266
Provision for legal claims	292,232	267,230
Sundry creditors	444,410	186,811
Insurance fund - life and takaful insurance business	1,959,831	1,971,650
Provision for commitments and contingencies	4,072	4,035
Post employment benefit obligations	82,227	71,290
Others	1,492,457	1,730,901
	<b>7,776,033</b>	<b>8,273,525</b>

**A19. INTEREST INCOME**

	<b>The Group</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries	<b>1,633,715</b>	1,641,379	<b>1,633,715</b>	1,641,379
- Recoveries from NPLs	<b>106,739</b>	84,621	<b>106,739</b>	84,621
Money at call and deposit placements with financial institutions	<b>263,924</b>	203,765	<b>263,924</b>	203,765
Securities purchased under resale agreement	<b>42,535</b>	27,494	<b>42,535</b>	27,494
Securities held for trading	<b>160,675</b>	124,636	<b>160,675</b>	124,636
Available-for-sale securities	<b>82,411</b>	97,723	<b>82,411</b>	97,723
Held-to-maturity securities	<b>29,061</b>	7,793	<b>29,061</b>	7,793
Others	<b>22,781</b>	70,881	<b>22,781</b>	70,881
	<b>2,341,841</b>	2,258,292	<b>2,341,841</b>	2,258,292
Accretion of discounts less amortisation of premiums	<b>21,861</b>	16,481	<b>21,861</b>	16,481
Net interest suspended	<b>(56,094)</b>	(47,000)	<b>(56,094)</b>	(47,000)
	<b>2,307,608</b>	2,227,773	<b>2,307,608</b>	2,227,773

**A20. INTEREST EXPENSE**

	<b>The Group</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>120,051</b>	111,655	<b>120,051</b>	111,655
Deposits from other customers	<b>882,179</b>	761,858	<b>882,179</b>	761,858
Obligation on securities sold under repurchase agreements	<b>3,411</b>	48,386	<b>3,411</b>	48,386
Bonds	<b>5,362</b>	7,404	<b>5,362</b>	7,404
Loan stocks/ICULS	<b>453</b>	328	<b>453</b>	328
Subordinated Notes	<b>42,757</b>	48,846	<b>42,757</b>	48,846
Loans sold to Cagamas	<b>18,017</b>	33,732	<b>18,017</b>	33,732
Negotiable certificates of deposits	<b>59,111</b>	55,327	<b>59,111</b>	55,327
Other borrowings	<b>34,524</b>	69,973	<b>34,524</b>	69,973
Others	<b>27,994</b>	60,511	<b>27,994</b>	60,511
	<b>1,193,859</b>	1,198,020	<b>1,193,859</b>	1,198,020

**A21. NON-INTEREST INCOME**

	The Group			
	1st quarter ended		Three months ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	RM'000	RM'000	RM'000	RM'000
(a) Fee income :				
Commissions	58,670	68,786	58,670	68,786
Fee on loans, advances and financing	82,052	69,645	82,052	69,645
Portfolio management fees	4,308	303	4,308	303
Service charges and fees	50,240	53,088	50,240	53,088
Corporate advisory fees	26,299	22,879	26,299	22,879
Guarantee fees	9,995	15,056	9,995	15,056
Other fee income	55,937	44,926	55,937	44,926
Placement fees	5,255	610	5,255	610
Underwriting commission	6,458	24,131	6,458	24,131
Al-Wakalah fee	4,033	8,993	4,033	8,993
	<b>303,247</b>	<b>308,417</b>	<b>303,247</b>	<b>308,417</b>
(b) Gross dividend income from :				
<u>In Malaysia</u>				
- Securities held for trading	7,731	11,359	7,731	11,359
- Available-for-sale securities	3,971	1,413	3,971	1,413
<u>Outside Malaysia</u>				
- Securities held for trading	201	513	201	513
	<b>11,903</b>	<b>13,285</b>	<b>11,903</b>	<b>13,285</b>
(c) Net (loss)/gain arising from securities held for trading	<b>(49,669)</b>	300,212	<b>(49,669)</b>	300,212
- realised	(20,627)	182,748	(20,627)	182,748
- unrealised	(29,042)	117,464	(29,042)	117,464
(d) Net gain/(loss) arising from derivative financial instruments	<b>268,165</b>	(142,620)	<b>268,165</b>	(142,620)
- realised	222,051	589,111	222,051	589,111
- unrealised	46,114	(731,731)	46,114	(731,731)
(e) Net gain from sale of available-for-sale securities	<b>125,886</b>	46,977	<b>125,886</b>	46,977
(f) Net (loss)/gain from maturity of held-to-maturity securities	<b>(16)</b>	566	<b>(16)</b>	566
(g) Income from assets management and securities services	<b>41,509</b>	23,649	<b>41,509</b>	23,649
(h) Brokerage income	<b>83,872</b>	91,438	<b>83,872</b>	91,438
(i) Other non-interest income / (loss)				
Foreign exchange gain / (loss)	<b>(43,979)</b>	181,410	<b>(43,979)</b>	181,410
Gain on disposal of interest in subsidiary	-	86,765	-	86,765
Rental income	2,869	6,495	2,869	6,495
Gain on disposal of property, plant and equipment	1,029	605	1,029	605
Net gain from insurance business	-	12,479	-	12,479
Underwriting surplus before management expenses	-	24,117	-	24,117
Other non-operating income	65,393	31,358	65,393	31,358
	<b>25,312</b>	<b>343,229</b>	<b>25,312</b>	<b>343,229</b>
Total other operating income	<b>810,209</b>	985,153	<b>810,209</b>	985,153

**A22. OVERHEADS**

	The Group			
	1st quarter ended		Three months ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonus	427,381	429,846	427,381	429,846
- Pension cost	13,302	35,818	13,302	35,818
- Others	86,434	65,424	86,434	65,424
Establishment costs				
- Depreciation of property, plant and equipment	49,654	47,466	49,654	47,466
- Amortisation of prepaid lease payments	382	931	382	931
- Rental	36,350	39,877	36,350	39,877
- Insurance	4,001	2,728	4,001	2,728
- Others	112,111	115,549	112,111	115,549
Marketing expenses				
- Sales commission	7,777	8,841	7,777	8,841
- Advertisement	37,120	16,475	37,120	16,475
- Others	11,931	9,427	11,931	9,427
Administration and general expenses				
- Amortisation of intangible assets	25,989	20,285	25,989	20,285
- Impairment of intangible assets	-	102	-	102
- Legal and professional fees	24,307	26,553	24,307	26,553
- Communication	15,334	23,360	15,334	23,360
- Others	211,527	144,329	211,527	144,329
	<b>1,063,600</b>	<b>987,011</b>	<b>1,063,600</b>	<b>987,011</b>

**A23. ALLOWANCE FOR LOSSES ON LOANS, ADVANCES AND FINANCING**

	The Group			
	1st quarter ended		Three months ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing :				
Specific allowance				
- made during the period	389,558	467,257	389,558	467,257
- written back	(184,256)	(155,439)	(184,256)	(155,439)
General allowance				
- made during the period	47,470	23,719	47,470	23,719
Bad debts on loans and financing :				
- recovered	(63,915)	(50,039)	(63,915)	(50,039)
- written off	129	84	129	84
	<b>188,986</b>	<b>285,582</b>	<b>188,986</b>	<b>285,582</b>

In respect of loans, advances and financing in CIMB Bank which are in default for more than 7 years, no value is assigned as the realisable value of collateral. For the loans, advances and financing in CIMB Bank which are in default for more than 5 but up to 7 years, 50% of the realisable value of asset held has been assigned as the value of collateral. The specific allowance made during the period by CIMB Bank for these categories of non-performing loans is RM53,114,379 (2007: RM96,780,783).

## A24. 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 against the Group's assets.

### Risk Weighted Exposures of the Group as at:

<u>Group</u>	31 March 2008			31 Dec 2007		
	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount	Principal Amount	Credit Equivalent Amount*	Risk Weighted Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	3,776,764	3,776,764	1,941,822	3,615,378	3,615,378	1,907,552
Certain transaction-related contingent items	4,873,904	2,630,327	1,981,012	4,944,127	2,669,273	2,019,119
Short-term self-liquidating trade-related contingencies	3,529,395	705,878	422,185	3,217,282	643,455	383,464
Islamic financing sold directly and indirectly to Cagamas with recourse	456,629	456,629	456,629	575,918	575,918	575,918
Obligations under underwriting agreement	65,000	32,500	32,500	199,798	99,899	58,260
Irrevocable commitments to extend credit						
- maturity not exceeding one year	42,719,696	-	-	38,526,957	-	-
- maturity exceeding one year	13,875,458	6,937,731	6,322,034	10,058,716	5,029,268	4,396,959
Forward assets purchases	706,202	13,506	1,432	5,000	24	12
Miscellaneous commitments and contingencies	4,963,100	223,588	57,733	3,378,135	6,925	2,189
	<b>74,966,148</b>	<b>14,776,923</b>	<b>11,215,347</b>	<b>64,521,311</b>	<b>12,640,140</b>	<b>9,343,473</b>
Foreign exchange related contracts :						
- less than one year	48,709,602	1,009,146	238,107	22,243,611	623,464	150,696
- one year to less than five years	1,990,702	997,425	259,810	6,350,160	695,291	179,014
- five years and above	1,948,705	902,835	353,789	3,209,939	562,478	242,587
	<b>52,649,009</b>	<b>2,909,406</b>	<b>851,706</b>	<b>31,803,710</b>	<b>1,881,233</b>	<b>572,297</b>
Interest rate related contracts :						
- less than one year	104,139,903	139,840	27,920	94,113,253	136,220	27,227
- one year to less than five years	62,348,892	2,526,346	502,531	63,527,170	2,355,955	479,986
- five years and above	5,681,309	1,351,317	289,658	7,742,413	1,208,505	260,744
	<b>172,170,104</b>	<b>4,017,503</b>	<b>820,109</b>	<b>165,382,836</b>	<b>3,700,680</b>	<b>767,957</b>
Equity related contracts :						
- less than one year	7,200,686	-	-	5,416,844	-	-
- one year to less than five years	-	-	-	44,032	-	-
	<b>7,200,686</b>	<b>-</b>	<b>-</b>	<b>5,460,876</b>	<b>-</b>	<b>-</b>
	<b>306,985,947</b>	<b>21,703,832</b>	<b>12,887,162</b>	<b>267,168,733</b>	<b>18,222,053</b>	<b>10,683,727</b>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia circulars and PT Bank Niaga is computed based on Bank Indonesia requirements.

**A25. INTEREST/PROFIT RATE RISK**

As at 31 March 2008	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	Trading book RM'000	Total RM'000	Effective average interest rate %
<b>Assets</b>									
Cash and short-term funds	24,087,775	-	-	-	-	3,768,375	-	27,856,150	3.37
Securities purchased under resale agreements	2,537,912	1,937,854	-	-	-	-	-	4,475,766	3.53
Deposits and placements with banks and other financial institutions	937,261	6,857,065	3,077,162	72,886	3,360	39,927	-	10,987,661	3.50
Securities held for trading	-	-	-	-	-	-	15,562,792	15,562,792	4.68
Available-for-sale securities	65,192	265,693	622,173	2,761,738	2,983,286	2,887,654	-	9,585,736	5.19
Held-to-maturity securities	39	49,632	10,000	660,732	2,914,455	215,847	-	3,850,705	4.78
Derivative financial instruments	536,942	-	-	-	-	73,732	2,351,510	2,962,184	
Loans, advances and financing									
- performing	46,994,972	16,237,946	5,501,589	11,182,045	13,634,942	6,372	-	93,557,866	6.34
- non-performing	-	-	-	-	-	2,288,582	-	2,288,582	
Other assets	-	-	-	-	-	4,416,974	-	4,416,974	10.00
Deferred tax assets	-	-	-	-	-	465,278	-	465,278	
Statutory deposits with central banks	-	-	-	-	-	2,490,663	-	2,490,663	
Investment in associates and jointly controlled entities	-	-	-	-	-	323,628	-	323,628	
Property, plant and equipment	-	-	-	-	-	1,372,404	-	1,372,404	
Investment properties	-	-	-	-	-	96,309	-	96,309	
Prepaid lease payments	-	-	-	-	-	54,127	-	54,127	
Goodwill	-	-	-	-	-	4,495,546	-	4,495,546	
Intangible assets	-	-	-	-	-	473,531	-	473,531	
Non-current assets held for sale	-	-	-	-	-	838,158	-	838,158	
<b>Total assets</b>	<b>75,160,093</b>	<b>25,348,190</b>	<b>9,210,924</b>	<b>14,677,401</b>	<b>19,536,043</b>	<b>24,307,107</b>	<b>17,914,302</b>	<b>186,154,060</b>	
<b>Liabilities</b>									
Deposits from customers	63,061,087	19,767,129	20,064,940	4,232,306	1,782,170	22,694,349	-	131,601,981	3.21
Deposits and placements of banks and other financial institutions	2,871,227	4,456,023	1,713,961	1,441,746	365,000	-	-	10,847,957	3.53
Derivative financial instruments	310,541	-	-	-	-	48,248	2,302,098	2,660,887	
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Bills and acceptances payable	1,209,609	1,662,823	607,071	-	-	845,396	-	4,324,899	3.68
Other liabilities	29	42	-	-	-	7,775,962	-	7,776,033	
Deferred tax liabilities	-	-	-	-	-	12,365	-	12,365	
Current tax liabilities	-	-	-	-	-	149,310	-	149,310	
Amount due to Cagamas Berhad	43,375	104,636	453,293	912,695	221,577	-	-	1,735,576	4.46
Bonds	-	-	250,000	22,228	-	-	-	272,228	8.35
ICULS - detachable coupons	-	-	-	4,381	-	-	-	4,381	7.50
RCULS	-	-	1,802	-	-	-	-	1,802	4.80
Other borrowings	370,039	1,924,113	462,260	1,818,315	-	-	-	4,574,727	4.28
Redeemable preference shares	-	-	-	135,000	680,748	10	-	815,758	
Subordinated Notes	-	3,344	157	2,087,120	1,649,245	33,175	-	3,773,041	4.09
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	633,481	-	633,481	
<b>Total liabilities</b>	<b>67,865,907</b>	<b>27,918,110</b>	<b>23,553,484</b>	<b>10,653,791</b>	<b>4,698,740</b>	<b>32,192,296</b>	<b>2,302,098</b>	<b>169,184,426</b>	
<b>Total interest rate sensitivity gap</b>	<b>7,294,186</b>	<b>(2,569,920)</b>	<b>(14,342,560)</b>	<b>4,023,610</b>	<b>14,837,303</b>	<b>-</b>	<b>15,612,204</b>		

**A25. INTEREST/PROFIT RATE RISK (continued)**

As at 31 December 2007	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	Trading book RM'000	Total RM'000	Effective average interest rate %
<b>Assets</b>									
Cash and short-term funds	27,185,106	-	-	-	-	3,340,354	-	30,525,460	2.74
Securities purchased under resale agreements	2,325,188	2,046,125	-	-	-	-	-	4,371,313	3.51
Deposits and placements with banks and other financial institutions	2,030,692	3,503,500	911,118	40,254	-	-	-	6,485,564	3.50
Securities held for trading	-	-	-	-	-	5,745	14,646,567	14,652,312	5.07
Available-for-sale securities	60,373	318,328	944,908	3,306,056	2,411,954	3,217,941	-	10,259,560	4.95
Held-to-maturity securities	484	59,834	107,268	669,920	2,498,833	193,105	-	3,529,444	4.90
Derivative financial instruments	385,599	-	-	-	-	88,368	1,309,046	1,783,013	
Loans, advances and financing									
- performing	45,928,779	13,944,433	5,576,878	11,325,653	16,723,755	8,274	-	93,507,772	6.58
- non-performing	-	-	-	-	-	2,396,286	-	2,396,286	
Other assets	698,107	-	289,424	-	-	3,337,750	-	4,325,281	10.00
Deferred tax assets	-	-	-	-	-	482,835	-	482,835	
Statutory deposits with central banks	-	-	-	-	-	3,048,612	-	3,048,612	
Investment in associates and jointly controlled entities	-	-	-	-	-	274,576	-	274,576	
Property, plant and equipment	-	-	-	-	-	1,298,580	-	1,298,580	
Investment properties	-	-	-	-	-	97,421	-	97,421	
Prepaid lease payments	-	-	-	-	-	53,740	-	53,740	
Goodwill	-	-	-	-	-	4,474,119	-	4,474,119	
Intangible assets	-	-	-	-	-	503,660	-	503,660	
Non-current assets held for sale	-	-	-	-	-	762,094	-	762,094	
<b>Total assets</b>	<b>78,614,328</b>	<b>19,872,220</b>	<b>7,829,596</b>	<b>15,341,883</b>	<b>21,634,542</b>	<b>23,583,460</b>	<b>15,955,613</b>	<b>182,831,642</b>	
<b>Liabilities</b>									
Deposits from customers	65,650,368	18,938,497	19,080,862	3,223,644	2,298,499	17,674,921	-	126,866,791	2.99
Deposits and placements of banks and other financial institutions	6,595,054	4,380,009	1,528,499	5,000	268,994	106,911	-	12,884,467	3.20
Derivative financial instruments	311,113	-	-	-	-	27,510	1,320,152	1,658,775	
Obligations on securities sold under repurchase agreements	605,780	-	-	-	-	-	-	605,780	3.45
Bills and acceptances payable	1,372,665	1,661,621	685,505	-	-	948,242	-	4,668,033	3.67
Other liabilities	-	-	-	-	-	8,273,525	-	8,273,525	
Deferred tax liabilities	-	-	-	-	-	23,523	-	23,523	
Current tax liabilities	-	-	-	-	-	217,887	-	217,887	
Amount due to Cagamas Berhad	94,830	43,554	524,935	1,341,388	-	-	-	2,004,707	4.39
Bonds	-	-	250,000	22,921	-	31,772	-	304,693	8.35
ICULS - detachable coupons	-	-	-	9,282	-	-	-	9,282	7.50
RCULS	-	-	-	1,803	-	-	-	1,803	4.80
Other borrowings	703,114	331,157	1,970,760	1,747,075	-	61	-	4,752,167	4.49
Redeemable preference shares	-	-	-	135,000	681,033	-	-	816,033	
Subordinated Notes	-	-	-	1,309,211	1,024,265	-	-	2,333,476	
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	556,090	-	556,090	
<b>Total liabilities</b>	<b>75,332,924</b>	<b>25,354,838</b>	<b>24,040,561</b>	<b>7,795,324</b>	<b>4,272,791</b>	<b>27,860,442</b>	<b>1,320,152</b>	<b>165,977,032</b>	
<b>Total interest rate sensitivity gap</b>	<b>3,281,404</b>	<b>(5,482,618)</b>	<b>(16,210,965)</b>	<b>7,546,559</b>	<b>17,361,751</b>	<b>-</b>	<b>14,635,461</b>		

## A26. CAPITAL ADEQUACY

**31 March 2008**

The capital adequacy ratios are as follows:

	CIMB Bank RM '000	CIMB Inv Bank RM '000	CIMB Islamic RM '000	BKNiaga* RM '000
Tier I capital	9,564,952	748,030	521,841	1,709,648
Eligible Tier II capital	5,463,551	3,456	50,206	497,343
	15,028,503	751,486	572,047	2,206,991
Less:				
Investment in subsidiaries and holding of other banking institutions' capital	(790,230)	(19,420)	-	(44,217)
Capital base	14,238,273	732,066	572,047	2,162,774

Before deducting proposed dividends

Core capital ratio	9.69%	30.48%	11.21%	12.22%
Risk-weighted capital ratio	14.42%	30.48%	12.29%	15.46%

After deducting proposed dividends

Core capital ratio	9.18%	24.23%	11.21%	12.22%
Risk-weighted capital ratio	13.92%	24.23%	12.29%	15.46%

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

### Tier I capital

Paid-up capital	2,974,009	219,242	550,000	337,215
Non-cumulative guaranteed preference shares	1,500,000	-	-	-
Innovative Tier I capital	639,000	-	-	-
Share premium	4,157,074	33,489	-	625,000
Other reserves	4,561,183	494,961	123,803	747,433
Less :				
Deferred tax (assets)/liabilities	(370,523)	338	(15,962)	-
Intangible assets	(336,716)	-	-	-
Goodwill	(3,559,075)	-	(136,000)	-
Total Tier I capital	9,564,952	748,030	521,841	1,709,648

### Tier II capital

ICULS issued	667,000	-	-	-
Cumulative preference shares	29,740	10	-	-
Subordinated notes issued	3,417,000	-	-	-
Subordinated loans	-	-	-	280,524
General allowance for bad and doubtful debts and financing	1,349,811	3,446	50,206	165,844
Others	-	-	-	50,975
Total Eligible Tier II capital	5,463,551	3,456	50,206	497,343
Less :				
Investment in subsidiaries and holding of other banking institutions' capital	(738,271)	(19,420)	-	(44,217)
Investment in joint venture	(51,959)	-	-	-
Total Capital Base	14,238,273	732,066	572,047	2,162,774

Less :

Proposed 2008 interim dividend	200,000	-	-	-
Proposed 2007 final dividend	300,000	150,000	-	-
Total Capital Base (net of proposed dividend)	13,738,273	582,066	572,047	2,162,774

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

	Risk Weighted			
	RM'000	RM'000	RM'000	RM'000
0%	24,327,345	805,654	6,559,089	4,510,511
10%	91,213	-	-	41,372
20%	27,739,641	1,707,681	1,715,525	560,018
50%	20,676,607	41,716	353,945	5,034,752
100%	74,221,215	1,719,547	3,946,334	10,812,798
	90,116,568	2,081,940	4,466,412	13,446,315
Counterparty risk requirement	-	5,888	-	-
Total risk-weighted assets equivalent for credit risk	90,116,568	2,087,828	4,466,412	13,446,315
Total risk-weighted assets equivalent for market risk	8,609,309	313,988	186,657	541,589
Total risk-weighted assets	98,725,877	2,401,816	4,653,069	13,987,904

\* Computation is based on Bank Indonesia requirements



**A26. CAPITAL ADEQUACY (continued)**

**31 December 2007**

The capital adequacy ratios are as follows:

	<b>CIMB Bank RM '000</b>	<b>CIMB Inv Bank RM '000</b>	<b>CIMB Islamic RM '000</b>	<b>BKNiaga* RM '000</b>
Tier I capital	9,356,966	748,040	520,952	1,552,760
Eligible Tier II capital	3,977,779	6,019	44,987	552,641
	13,334,745	754,059	565,939	2,105,401
Less:				
Investment in subsidiaries and holding of other banking institutions' capital	(861,187)	(19,420)	-	(42,814)
Capital base	12,473,558	734,639	565,939	2,062,587
<i>Before deducting proposed dividends</i>				
Core capital ratio	9.34%	30.09%	15.11%	11.23%
Risk-weighted capital ratio	12.45%	30.09%	16.41%	14.92%

*After deducting proposed dividends*

Core capital ratio	9.04%	23.95%	15.11%	11.23%
Risk-weighted capital ratio	12.15%	23.95%	16.41%	14.92%

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

**Tier I capital**

Paid-up capital	2,974,009	219,242	550,000	400,067
Non-cumulative guaranteed preference shares	1,500,000	-	-	-
Innovative Tier I capital	661,400	-	-	-
Share premium	4,157,074	33,489	-	735,009
Other reserves	4,342,222	494,971	123,803	417,684
Less :				
Deferred tax (assets)/liabilities	(370,523)	338	(16,851)	-
Intangible assets	(348,141)	-	-	-
Goodwill	(3,559,075)	-	(136,000)	-
Total Tier I capital	9,356,966	748,040	520,952	1,552,760

**Tier II capital**

ICULS issued	667,000	-	-	-
Subordinated notes issued	1,984,200	-	-	-
Subordinated loans	-	-	-	337,160
General allowance for bad and doubtful debts and financing	1,326,579	6,019	44,987	163,659
Others	-	-	-	51,822
Total Eligible Tier II capital	3,977,779	6,019	44,987	552,641
Less :				
Investment in subsidiaries and holding of other banking institutions' capital	(809,623)	(19,420)	-	(42,814)
Investment in joint venture	(51,564)	-	-	-
Total Capital Base	12,473,558	734,639	565,939	2,062,587
Less:				
Proposed 2007 final dividend	300,000	150,000	-	-
Total Capital Base (net of proposed dividend)	12,173,558	584,639	565,939	2,062,587

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

	<b>Risk Weighted</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	25,076,564	80,732	5,007,908	4,797,113
10%	187,815	-	-	40,637
20%	25,856,246	1,811,600	772,512	504,095
50%	18,869,263	42,518	313,297	4,672,353
100%	74,035,079	1,725,236	3,010,881	10,960,186
	88,659,741	2,108,815	3,322,032	13,401,245
Counterparty risk requirement	-	5,404	-	-
Total risk-weighted assets equivalent for credit risk	88,659,741	2,114,219	3,322,032	13,401,245
Total risk-weighted assets equivalent for market risk	11,505,792	327,066	126,357	422,501
Total risk-weighted assets	100,165,533	2,441,285	3,448,389	13,823,746

\* Computation is based on Bank Indonesia requirements

## A27. SEGMENTAL REPORTING

For management purposes, the Group is organised into seven 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, 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, shares 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 corporation, 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, international banking & transactional services, 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. International Banking and Transactional Services 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 derivatives instruments such as structured warrants and over-the-counter options to provide investors with alternative investment avenues. Equity Investment and Trading is the Group's Proprietary Equity Trading Unit. Retail 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 & Insurance** comprises wholesale fund management, unit trust, private equity and venture capital activities. It includes the Group's general, life and takaful activities. 49% of the life and takaful business was disposed on 2 July 2007 while the entire general insurance business was disposed on 28 August 2007.

**Foreign Banking Operation** comprises of Bank Niaga, which is 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. Other business segments in the Group include investment holding, property management and other related services, whose results are not material to the Group.

**A27. SEGMENTAL REPORTING** (continued)

	<b>Consumer Banking RM'000</b>	<b>Corporate &amp; Investment Banking RM'000</b>	<b>Treasury and Investment RM'000</b>	<b>Asset Management &amp; Insurance RM'000</b>	<b>Foreign Banking Operation RM'000</b>	<b>Support &amp; others RM'000</b>	<b>Total RM'000</b>
<b>31 March 2008</b>							
Net interest income							
-external income	706,187	293,417	(49,168)	1,359	187,994	(26,040)	<b>1,113,749</b>
-inter-segment	(72,642)	(108,450)	181,092	-	-	-	-
	633,545	184,967	131,924	1,359	187,994	(26,040)	<b>1,113,749</b>
Income from Islamic Banking operations	29,732	10,082	43,796	-	10,912	976	<b>95,498</b>
Non-interest income	157,120	281,795	226,049	51,470	85,937	7,838	<b>810,209</b>
Net Income	820,397	476,844	401,769	52,829	284,843	(17,226)	<b>2,019,456</b>
Overheads	(362,587)	(138,207)	(47,920)	(39,081)	(150,590)	(325,215)	<b>(1,063,600)</b>
Profit before allowances	457,810	338,637	353,849	13,748	134,253	(342,441)	<b>955,856</b>
Allowance for losses on loans, advances and financing	(127,132)	(38,093)	-	-	(28,379)	4,618	<b>(188,986)</b>
Allowance for other receivables	-	(2,922)	-	-	(8,787)	1,143	<b>(10,566)</b>
Provision for commitment & contingencies	-	-	-	-	(57)	-	<b>(57)</b>
Allowance written back/(made) for impairment losses	-	(639)	5,081	-	(497)	(1,000)	<b>2,945</b>
Segment result	330,678	296,983	358,930	13,748	96,533	(337,680)	<b>759,192</b>
Share of results of jointly controlled entities	790	-	-	-	-	-	<b>790</b>
Share of results of associates	-	-	(11,967)	(933)	1,566	118	<b>(11,216)</b>
Profit/(loss) before taxation and zakat	331,468	296,983	346,963	12,815	98,099	(337,562)	<b>748,766</b>
Taxation and zakat							<b>(182,718)</b>
<b>Profit after taxation before minority interests</b>							<b>566,048</b>

**A27. SEGMENTAL REPORTING** (continued)

	<b>Consumer Banking RM'000</b>	<b>Corporate &amp; Investment Banking RM'000</b>	<b>Treasury and Investment RM'000</b>	<b>Asset Management &amp; Insurance RM'000</b>	<b>Foreign Banking Operation RM'000</b>	<b>Support &amp; others RM'000</b>	<b>Total RM'000</b>
<b>31 March 2007</b>							
Net interest income							
-external income	645,538	206,615	6,954	10,189	201,561	(41,104)	1,029,753
-inter-segment income	(60,872)	(65,823)	126,695	-	-	-	-
	584,666	140,792	133,649	10,189	201,561	(41,104)	1,029,753
Income from Islamic Banking operations	42,414	1,864	36,459	-	5,764	1,448	87,949
Non-interest income	155,916	317,580	322,602	99,200	85,884	3,971	985,153
Net Income	782,996	460,236	492,710	109,389	293,209	(35,685)	2,102,855
Overheads	(273,049)	(136,137)	(57,062)	(54,438)	(137,753)	(328,572)	(987,011)
Profit before allowances	509,947	324,099	435,648	54,951	155,456	(364,257)	1,115,844
Allowance for losses on loans, advances and financing	(236,311)	(1,628)	(116)	-	(46,739)	(788)	(285,582)
Allowance for other receivables	-	(3,422)	-	-	(5,376)	320	(8,478)
Provision for commitments & contingencies	-	-	-	-	(8)	-	(8)
Allowance written back/(made) for impairment losses	-	-	2,308	12	(113)	-	2,207
Segment results	273,636	319,049	437,840	54,963	103,220	(364,725)	823,983
Share of results of jointly controlled entity	1,710	-	-	-	-	-	1,710
Share of results of associates	-	-	-	(484)	-	380	(104)
Profit/(loss) before taxation and zakat	275,346	319,049	437,840	54,479	103,220	(364,345)	825,589
Taxation and zakat							(176,878)
<b>Profit after taxation before minority interests</b>							<b>648,711</b>

## A28. THE OPERATIONS OF ISLAMIC BANKING

### A28a. Unaudited Balance Sheet as at 31 March 2008

	Note	The Group	
		31 March 2008 RM'000	31 Dec 2007 RM'000
<b>Assets</b>			
Cash and short-term funds		4,596,728	4,950,868
Deposits and placements with banks and other financial institutions		4,251,556	1,154,953
Securities held for trading		453,993	668,874
Available-for-sale securities		592,285	654,874
Held-to-maturity securities		119,437	120,236
Derivative financial instruments		276,427	156,048
Financing, advances and other loans	A28c(i)	3,031,814	2,503,191
Deferred tax assets		15,962	16,851
Amount due from related companies		9,632	6,883
Amount due from holding company		-	607
Statutory deposits with Bank Negara Malaysia		120,474	101,144
Property, plant and equipment		7,101	7,125
Other assets		77,390	106,900
Goodwill		136,000	136,000
Intangible assets		8,706	9,556
<b>TOTAL ASSETS</b>		<b>13,697,505</b>	<b>10,594,110</b>
<b>Liabilities and Islamic banking capital funds</b>			
Deposits from customers	A28(d)	11,330,887	8,412,986
Deposits and placements of banks and other financial institutions		1,085,873	755,120
Derivative financial instruments		1,428	4,906
Bills and acceptances payable		5,935	968
Amount due to holding company		175,383	201,869
Amount due to related companies		7,697	141,354
Provision for taxation and zakat		26,994	31,269
Other liabilities		167,632	160,308
<b>TOTAL LIABILITIES</b>		<b>12,801,829</b>	<b>9,708,780</b>
<b>Equity</b>			
Islamic banking funds		131,808	98,695
Ordinary share capital		550,000	550,000
Perpetual preference shares		70,000	70,000
Reserves		145,199	134,639
		897,007	853,334
Minority interests		(1,331)	31,996
Total Equity		895,676	885,330
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,697,505</b>	<b>10,594,110</b>

**A28b. Unaudited Income Statements for the period ended 31 March 2008**

	<b>The Group</b>			
	<b>1st quarter ended</b>		<b>Three months ended</b>	
	<b>31 March 2008</b>	<b>31 March 2007</b>	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Income derived from investment of depositors' funds and others	<b>140,871</b>	126,922	<b>140,871</b>	126,922
Income derived from investment of shareholders' funds	<b>47,443</b>	15,225	<b>47,443</b>	15,225
Allowances for losses on financing, advances and other loans	<b>(15,419)</b>	(20,285)	<b>(15,419)</b>	(20,285)
Transfer to/(from) profit equalisation reserve	<b>2,200</b>	(2,900)	<b>2,200</b>	(2,900)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(5,272)</b>	(4,813)	<b>(5,272)</b>	(4,813)
<b>Total attributable income</b>	<b>169,823</b>	114,149	<b>169,823</b>	114,149
Income attributable to the depositors	<b>(89,744)</b>	(46,485)	<b>(89,744)</b>	(46,485)
<b>Total net income</b>	<b>80,079</b>	67,664	<b>80,079</b>	67,664
Other operating expenses	<b>(38,259)</b>	(13,537)	<b>(38,259)</b>	(13,537)
<b>Profit before taxation and zakat</b>	<b>41,820</b>	54,127	<b>41,820</b>	54,127
Taxation and zakat	<b>(6,392)</b>	(15,622)	<b>(6,392)</b>	(15,622)
<b>Profit after taxation and zakat</b>	<b>35,428</b>	38,505	<b>35,428</b>	38,505
Attributable to :				
Equity holders of the Bank	35,645	38,505	35,650	38,505
Minority interest	(217)	-	(217)	-
	<b>35,428</b>	<b>38,505</b>	<b>35,433</b>	<b>38,505</b>
Income from Islamic operations (per page 2)				
Total net income	80,079	67,664	80,079	67,664
Add: Allowances for losses on financing, advances and other loans	15,419	20,285	15,419	20,285
	<b>95,498</b>	<b>87,949</b>	<b>95,498</b>	<b>87,949</b>

**A28c. Financing, advances and other loans****i) By type**

	The Group	
	31 March 2008	31 Dec 2007
	RM'000	RM'000
Cash line	137,980	125,348
Term financing	4,140,831	3,591,949
Bills receivable	581	32
Trust receipts	5,340	5,552
Claims on customers under acceptance credits	94,414	89,803
Staff financing	42	44
Revolving credits	281,270	275,769
Revolving credits	76	-
	<u>4,660,534</u>	<u>4,088,497</u>
Less: Unearned income	(1,017,417)	(860,691)
	<u>3,643,117</u>	<u>3,227,806</u>
Less: Financing sold to Cagamas	(451,629)	(575,918)
	<u>3,191,488</u>	<u>2,651,888</u>
Less: Specific allowance	(101,130)	(97,379)
	<u>3,090,358</u>	<u>2,554,509</u>
Less: General allowance	(58,544)	(51,318)
<b>Total net financing, advances and other loans</b>	<u><b>3,031,814</b></u>	<u><b>2,503,191</b></u>

**ii) Non-performing financing**

Movements in the allowance for bad and doubtful financing are as follows :

	The Group	
	31 March 2008	31 Dec 2007
	RM'000	RM'000
<b>Specific allowance</b>		
At 1 January	97,379	92,402
Allowance made	21,459	81,845
Amount recovered	(9,974)	(19,128)
Amount written off	(7,691)	(57,502)
Exchange fluctuation	(43)	(238)
Balance at 31 March / 31 December	<u>101,130</u>	<u>97,379</u>
<b>General allowance</b>		
At 1 January	51,318	44,190
Allowance made	7,400	7,541
Exchange fluctuation	(174)	(413)
Balance at 31 March / 31 December	<u>58,544</u>	<u>51,318</u>
As % of total financing (including Islamic financing sold to Cagamas) less specific allowances	<u>1.65%</u>	<u>1.64%</u>

**A28d. Deposits from customers****By type of deposits**

	The Group	
	31 March 2008	31 Dec 2007
	RM'000	RM'000
<b>Non-Mudharabah</b>		
Demand deposits	630,323	327,328
Saving deposits	184,117	143,182
Fixed return investment account	1,493,410	1,845,360
Negotiable instruments of deposit	926,280	201,826
Others	790,264	620
	<u>4,024,394</u>	<u>2,518,316</u>
<b>Mudharabah</b>		
Demand deposits	269,158	147,542
Saving deposits	244,105	193,768
General investment deposits	752,328	813,270
Specific investment deposit	5,171,857	3,869,386
Others	869,045	870,704
	<u>7,306,493</u>	<u>5,894,670</u>
	<u><b>11,330,887</b></u>	<u><b>8,412,986</b></u>

## **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**

#### **BCHB Group Results**

Bumiputra-Commerce Holdings Berhad Group ("the Group") today reported a net profit of RM535 million for the first quarter ended 31st March 2008, 10% higher than the RM486 million earned in the previous quarter. Revenues and profit before tax ("PBT") were up 2% and 1% to RM2.019 billion and RM749 million respectively compared to 4Q07. Net earnings per share of 15.9 sen was up 11% from 4Q07. The Group's annualised net return on equity ("ROE") for 1Q08 was 13.6% compared to 13.0% in 4Q07. Compared to 1Q07, revenues and net profit declined by 4% and 13% from RM2.103 billion and RM615 million respectively.

Given the tough global and domestic capital market environment, the decline in the Group's earnings from the capital markets was less than would have been anticipated. More significantly, the Malaysian consumer bank saw a sharp increase in its contribution to profits as financial results of the transformation initiatives begin to show. The Group is now more balanced in the sources of earnings, and less dependent on the capital markets.

For the first three months of the year, profit before tax ("PBT") from the Malaysian consumer bank was an estimated 68% higher than 4Q07, contributing 22% of total PBT compared to 15% on average for 2007. Meanwhile, investment banking and treasury contribution was 27% and 36% respectively. Bank Niaga's contribution was unchanged at 13% of the Group's PBT over the quarter.

The Group's total loans grew by 7.1% over the 12 months to 31st March 2008 driven by growth in mortgages, credit cards and the Group's micro credit loans of 23.2%, 37.1% and 105.7% respectively. Adjusting for loans written off, the loan book grew by 8.4%. The corporate lending book rose by 3%. However, business loans and hire purchase loans contracted by 3% and 9% respectively in line with the Group's continued emphasis on restructuring its loan portfolios in these segments. Bank Niaga's loans grew 32.5% in IDR terms (20.0% in RM terms). Total Group deposits grew 26% with domestic consumer deposits growing 20% from a year ago.

Loan provisions fell 34% whilst overhead expenses increased 8% year on year. The improvement in loan loss provisions came mainly from the consumer banking division as efforts to improve asset quality over the last 2 years have started to translate into lower credit charges. The Group continued to show strong improvements in asset quality indicators with its lower net NPL ratio of 3.7% from 5.6% over the year and 3.8% over the quarter. Loan loss coverage ("LLC") ratio stood at 71.9% as at 31st March 2008, up from 59.0% a year ago and 69.3% as at 31st December 2007. The Group's cost to income ratio for the first quarter 2008 was 52.7% compared to 56.1% for 4Q07 and 46.9% in 1Q07.

The Group's shareholders funds increased from RM15.7 billion to RM15.8 billion over the quarter, lifting net tangible asset and book value per share to RM3.21 and RM4.71 per share respectively.

With the issuance of the RM1.5 billion CIMB Bank sub debt on 28th March 2008, the risk weighted capital adequacy ratio for CIMB Bank rose to 14.4% as at 31st March 2008 compared to 12.5% at the end of 2007. BCHB's double leverage and gearing stood at 117.6% and 34.0% respectively as at 31st March 2008.

#### **Bank Niaga Results**

Bank Niaga reported a net profit of IDR207 billion for the first quarter ended 31st March 2008, resulting in a ROE of 17.0% for 1Q08. The first quarter net profit achieved is a 15% improvement over the quarter and a 2% improvement over the year.

Mortgages, which represent 22% of the bank's total loans, grew 25% over the year to IDR9.6 trillion as the bank retains a strong mortgage market share of about 9.4%. Cost to income ratio as at 31st March 2008 was 58.85%.



## **B2. CORPORATE DEVELOPMENTS**

The significant corporate developments in 1Q08 were:

a) CIMB Bank / SBB merger

- The Group has achieved RM85.6 million in synergies for the first quarter, meeting year to date SBB-BCB synergy target by 171%.

b) CIMB-Niaga Synergy Programme

- The Group has achieved RM13.8 million in synergies for the first quarter. This is only 32% of the year to date target as our 1Q priority was on the proposed Niaga-Lippo merger.

c) Streamlining of businesses

- On 1st April 2008, BCHB entered into a Sale and Purchase Agreement with British American Investment Co. (Mtius) Ltd. to dispose of its 60% equity interest in SEA Bank for a total cash consideration of approximately 339 million Mauritius Rupees (or approximately RM40.0 million) which will result in a gain of approximately RM15.9 million to BCHB Group.

d) Mergers & acquisitions and partnerships

- On 17th March 2008, the Group announced its proposed acquisition of 19.99% in Bank of Yingkou in Liaoning Province for RM156 million valued at 1.58x adjusted book and 8.81x FY07 price earnings.
- On 16th April 2008, BCHB obtained approval from China Banking Regulatory Commission (“CBRC”) to open a Shanghai representative office.

e) Capital management

- BCHB has bought back 22.476 million BCHB shares at an average price of RM9.91 since 1st January to 7th May 2008. To date, 5.353 million shares have been cancelled
- Final dividend of 25 sen for FY07 is payable on 30th May 2008
- CIMB Bank issued a RM1.5 billion subordinated bonds on 28th March 2008.
- CIMB Bank has issued a Request for Proposal for its proposed sale of RM1.5 billion non-performing loan assets.

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

The Group is optimistic that it will be able to meet its 18% ROE target for 2008 as it expects contribution from consumer banking to continue to improve and the capital markets pipeline remains healthy. The Group acknowledges however that it is contending with much weaker capital markets and domestic economic outlook than it anticipated and will have to look at additional revenue maximizing and cost savings strategies going forwards.

**B4. TAXATION**

	The Group			
	1st quarter ended		Three months ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	180,673	185,369	180,673	185,369
Deferred tax expense	2,045	(8,491)	2,045	(8,491)
	<b>182,718</b>	176,878	<b>182,718</b>	176,878
<b>Reconciliation</b>				
Profit before taxation	748,766	825,589	748,766	825,589
Tax at statutory income tax rate of 26% (2007: 27%)	194,679	222,909	194,679	222,909
Effect of different tax rates in other countries and change in tax rates	(608)	(1,340)	(608)	(1,340)
Due to income not subject to income tax and expenses not deductible for tax purposes	(11,353)	(44,691)	(11,353)	(44,691)
	<b>182,718</b>	176,878	<b>182,718</b>	176,878

**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. STATUS OF CORPORATE PROPOSALS**

There have been no further developments to corporate proposals other than that already announced to Bursa Malaysia.

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

	The Group	
	31 March 2008	31 Dec 2007
	RM'000	RM'000
<b>Bonds and notes*</b>		
<b>Unsecured</b>		
One year or less (short term)	250,000	250,000
More than one year (medium/long term)	22,228	54,693
	<b>272,228</b>	304,693
* Included in bonds and notes for the current period is USD denominated bonds equivalent to USD6,956,997.		
<b>Irredeemable Convertible Unsecured Loans Stocks</b>		
<b>Unsecured</b>		
One year or less (short term)	4,381	9,282
	<b>4,381</b>	9,282
<b>Redeemable Convertible Unsecured Loans Stocks</b>		
<b>Unsecured</b>		
One year or less (short term)	1,802	1,803
	<b>1,802</b>	1,803

**B7. DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES (continued)**

	The Group	
	31 March 2008 RM'000	31 Dec 2007 RM'000
<b>Other borrowings**</b>		
<b>Unsecured</b>		
One year or less (short term)	1,895,932	938,211
More than one year (medium/long term)	2,678,795	3,813,956
	4,574,727	4,752,167

\*\* Included in other borrowings for the current period is USD denominated syndicated term loans of USD 400,000,000

**Subordinated Notes\*\*\***

<b>Unsecured</b>		
More than one year (medium/long term)	3,773,041	2,333,476
	3,773,041	2,333,476

\*\*\* Includes US denominated Subordinated Notes of USD 700,000,000

**B8. MATERIAL LITIGATION**

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

**B9. COMPUTATION OF EARNINGS PER SHARE (EPS)****Basic EPS**

The Group's basic EPS is calculated by dividing the net profit 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			
	1st quarter ended		Three months ended	
	31 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
Net profit for the financial period after minority interests (RM '000)	535,333	615,347	535,333	615,347
Weighted average number of ordinary shares in issue - proforma ( '000)	3,365,260	3,216,783	3,365,260	3,216,783
Basic earnings per share (expressed in sen per share)	15.9	19.1	15.9	19.1

**b) Diluted EPS**

Net profit for the financial period after minority interests (RM '000)	535,333	615,347	535,333	615,347
Elimination of interest expense on USD Zero Coupon Guaranteed Convertible Bonds	80	417	80	417
Elimination of interest expense on Redeemable Convertible Unsecured Loan Stocks ("RCULS") (net of tax effect)	13	102	13	102
Income from ESOS proceeds assumed placed on money market instruments (net of tax)	-	367	-	367
Net profit used to determine diluted EPS	535,426	616,233	535,426	616,233
Weighted average number of ordinary shares in issue ( '000)	3,365,260	3,216,783	3,365,260	3,216,783
Adjustments for:				
- Conversion of USD Zero Coupon Guaranteed Convertible Bonds	4,287	20,753	4,287	20,753
- RCULS	210	1,664	210	1,664
- ESOS	-	10,714	-	10,714
Weighted average number of ordinary shares for diluted EPS	3,369,757	3,249,914	3,369,757	3,249,914
Diluted EPS	15.9	19.0	15.9	19.0

**B10. VARIANCE ON PROFIT FORECAST AND SHORTFALL IN PROFIT GUARANTEE**

The Group did not make any profit forecast or issued any profit guarantee applicable for this quarter.