

**BUMIPUTRA-COMMERCE HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	The Group	
		31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>ASSETS</b>			
Cash and short-term funds		30,525,460	19,921,941
Securities purchased under resale agreements		4,371,313	2,482,653
Deposits and placements with banks and other financial institutions		6,485,564	4,857,118
Securities held for trading	A11	14,652,312	13,581,924
Available-for-sale securities	A12	10,934,657	9,367,534
Held-to-maturity securities	A13	3,529,444	2,040,062
Derivative financial instruments		1,783,013	1,233,713
Loans, advances and financing	A14	95,904,058	90,334,759
Other assets	A15	4,325,281	4,336,771
Deferred tax assets		482,835	433,063
Statutory deposits with central banks		3,048,612	2,249,347
Investment in associates and jointly controlled entities		274,576	286,938
Property, plant and equipment		1,288,283	1,021,646
Investment properties		107,718	62,982
Prepaid lease payments		53,740	59,859
Goodwill		4,474,119	4,503,692
Intangible assets		503,660	527,282
		<u>182,744,645</u>	<u>157,301,284</u>
Non-current assets held for sale		762,094	-
<b>TOTAL ASSETS</b>		<u>183,506,739</u>	<u>157,301,284</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A16	127,516,872	104,568,715
Deposits and placements of banks and other financial institutions	A17	12,884,467	7,021,779
Derivative financial instruments		1,658,775	1,463,133
Obligations on securities sold under repurchase agreements		605,780	5,662,529
Bills and acceptances payable		4,668,033	4,495,562
Floating rate certificates of deposits		-	211,800
Other liabilities	A18	8,273,525	5,956,175
Deferred tax liabilities		23,523	2,086
Current tax liabilities		217,887	209,800
Amount due to Cagamas Berhad		2,004,707	3,665,824
Loan stocks	B7	-	41,610
Bonds	B7	304,693	784,527
Other borrowings	B7	4,752,167	7,015,261
Redeemable preference shares		816,033	798,728
Subordinated notes	B7	2,333,476	2,767,254
		<u>166,059,938</u>	<u>144,664,783</u>
Liabilities directly associated with non-current assets classified as held for sale		556,090	-
<b>TOTAL LIABILITIES</b>		<u>166,616,028</u>	<u>144,664,783</u>
Irredeemable Convertible Unsecured Loan Stocks	B7	9,282	32,982
Redeemable Convertible Unsecured Loan Stocks	B7	1,803	14,199
<b>TOTAL HYBRID CAPITAL</b>		<u>11,085</u>	<u>47,181</u>
Perpetual preference shares		200,000	200,000
Ordinary share capital		3,374,181	3,184,429
Reserves		12,502,486	8,861,675
Less: Shares held under trust		(107,166)	(261,574)
Less: Treasury shares		(34,434)	-
		<u>15,735,067</u>	<u>11,784,530</u>
Minority interests		944,559	604,790
<b>TOTAL EQUITY</b>		<u>16,879,626</u>	<u>12,589,320</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>183,506,739</u>	<u>157,301,284</u>
<b>COMMITMENT AND CONTINGENCIES</b>	A24	<u>274,234,672</u>	<u>244,870,248</u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>		<u>4.67</u>	<u>3.70</u>

The Condensed Audited Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.

**BUMIPUTRA-COMMERCE HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED AUDITED CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	The Group			
		4th quarter ended		Twelve months ended	
		31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
		RM'000	RM'000	RM'000	RM'000
Interest income	A19	<b>2,341,302</b>	2,317,770	<b>9,115,308</b>	8,023,801
Interest expense	A20	<b>(1,205,157)</b>	(1,271,303)	<b>(4,680,149)</b>	(4,367,354)
Net interest income		<b>1,136,145</b>	1,046,467	<b>4,435,159</b>	3,656,447
Income from Islamic Banking operations	A28(b)	<b>84,919</b>	52,157	<b>315,856</b>	100,780
Non-interest income	A21	<b>759,398</b>	1,088,914	<b>4,260,494</b>	2,635,343
		<b>1,980,462</b>	2,187,538	<b>9,011,509</b>	6,392,570
Overheads	A22	<b>(1,110,926)</b>	(1,198,260)	<b>(4,227,676)</b>	(3,357,970)
Profit before allowances		<b>869,536</b>	989,278	<b>4,783,833</b>	3,034,600
Allowance for losses on loans, advances and financing	A23	<b>(116,172)</b>	(416,711)	<b>(1,127,431)</b>	(1,016,595)
Allowance for other receivables		<b>(26,681)</b>	(5,427)	<b>(37,375)</b>	(28,001)
Provision for commitment and contingencies		<b>(1,282)</b>	(1,037)	<b>(1,439)</b>	(346)
Write-back of/(allowance for) impairment losses		<b>11,171</b>	321	<b>57,407</b>	(24,048)
		<b>736,572</b>	566,424	<b>3,674,995</b>	1,965,610
Share of results of jointly controlled entities		<b>512</b>	(1,419)	<b>3,410</b>	2,316
Share of results of associates		<b>1,472</b>	26,773	<b>7,398</b>	34,116
Profit before taxation and zakat		<b>738,556</b>	591,778	<b>3,685,803</b>	2,002,042
Taxation and zakat	B4	<b>(234,922)</b>	(130,333)	<b>(771,628)</b>	(393,168)
Profit for the financial period / year		<b>503,634</b>	461,445	<b>2,914,175</b>	1,608,874
Attributable to :					
Equity holders of the Company		<b>485,752</b>	447,401	<b>2,793,273</b>	1,504,427
Minority interests		<b>17,882</b>	14,044	<b>120,902</b>	104,447
		<b>503,634</b>	461,445	<b>2,914,175</b>	1,608,874
Earnings per share (sen):					
- Basic	B9(a)	<b>14.4</b>	14.4	<b>83.9</b>	48.7
- Fully diluted	B9(b)	<b>14.4</b>	14.2	<b>83.8</b>	48.1

The Condensed Audited Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.

**BUMIPUTRA-COMMERCE HOLDINGS BERHAD**  
(Company Number 50841-W)  
**CONDENSED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

Attributable to equity holders of the Company

The Group  
31 December 2007

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Shares held under trust RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interests RM'000	Total RM'000
At 1 January 2007	3,184,429	3,642,043	2,023,892	(261,574)	-	3,195,740	11,784,530	200,000	604,790	12,589,320
Net gain/(loss) not recognised in the income statement:										
- currency translation difference	-	-	(256,278)	-	-	-	(256,278)	-	(65,622)	(321,900)
- revaluation reserve (available-for-sale securities)	-	-	519,447	-	-	-	519,447	-	(6,313)	513,134
- hedging reserve - cash flow hedge	-	-	1,723	-	-	-	1,723	-	-	1,723
Income and expense recognised directly in equity	-	-	264,892	-	-	-	264,892	-	(71,935)	192,957
Profit for the financial year	-	-	-	-	-	2,793,273	2,793,273	-	120,902	2,914,175
Total recognised income and expense for the financial year	-	-	264,892	-	-	2,793,273	3,058,165	-	48,967	3,107,132
Dividend for the financial year ended 31 December 2006	-	-	-	-	-	(368,168)	(368,168)	-	(21,008)	(389,176)
Special dividend for the financial year ended 31 December 2007	-	-	-	-	-	(615,020)	(615,020)	-	(45,503)	(660,523)
Transfer to statutory reserve	-	-	329,694	-	-	(329,694)	-	-	-	-
Issue of share capital arising from:										
- exercise of Employee Share Option Scheme	13,501	32,844	-	-	-	-	46,345	-	-	46,345
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009	59,520	290,460	-	-	-	-	349,980	-	-	349,980
- conversion of Redeemable Convertible Unsecured Loan Stocks	1,806	11,344	(410)	-	-	-	12,740	-	-	12,740
- private placement of new shares	117,000	1,217,970	-	-	-	-	1,334,970	-	-	1,334,970
Option reserves arising from share option schemes of subsidiaries	-	-	39,848	-	-	-	39,848	-	-	39,848
Net reversal of shares held under trust	-	-	-	154,408	-	-	154,408	-	-	154,408
Arising from accretion/dilution of equity interests in subsidiary	-	-	(7,808)	-	-	-	(7,808)	-	359,513	351,705
Capital repayment of a subsidiary	-	-	-	-	-	-	-	-	(2,200)	(2,200)
Purchase of treasury shares	-	-	-	-	(54,923)	-	(54,923)	-	-	(54,923)
Cancellation of treasury shares	(2,075)	(20,489)	2,075	-	20,489	-	-	-	-	-
At 31 December 2007	3,374,181	5,174,172	2,652,183	(107,166)	(34,434)	4,676,131	15,735,067	200,000	944,559	16,879,626

**Attributable to equity holders of the Company**

The Group  
31 December 2006

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Shares held under trust RM'000	Retained profits RM'000	Total RM'000	Perpetual preference shares RM'000	Minority interest RM'000	Total RM'000
At 1 January 2006	2,756,398	2,038,353	1,794,735	-	3,047,967	9,637,453	200,000	1,269,025	11,106,478
Net gain/(loss) not recognised in the income statement:									
- currency translation difference	-	-	(71,879)	-	-	(71,879)	-	(8,359)	(80,238)
- revaluation reserve (available-for-sale securities)	-	-	239,357	-	-	239,357	-	(28,815)	210,542
- transfer from deferred tax assets	-	-	(42,268)	-	-	(42,268)	-	-	(42,268)
- hedging reserve	-	-	(188)	-	-	(188)	-	-	(188)
Income and expense recognised directly in equity	-	-	125,022	-	-	125,022	-	(37,174)	87,848
Profit for the financial year	-	-	-	-	1,504,427	1,504,427	-	104,447	1,608,874
Total recognised income and expense for the financial year	-	-	125,022	-	1,504,427	1,629,449	-	67,273	1,696,722
Dividend for the financial year ended 31 December 2005	-	-	-	-	(340,356)	(340,356)	-	(32,657)	(373,013)
Transfer to statutory reserve	-	-	251,536	-	(251,536)	-	-	-	-
Issue of share capital arising from:									
- exercise of Employee Share Option Scheme	31,291	77,724	-	-	-	109,015	-	-	109,015
- conversion of USD Zero Coupon guaranteed convertible bonds 2004/2009	16,997	82,943	-	-	-	99,940	-	-	99,940
- Restructuring exercise of CIMBB/BCB Exercise of ESOS	319,085	1,212,523	-	-	-	1,531,608	-	-	1,531,608
- Modified CIMBB ESOS/Modified CIMB CEO Option	60,658	230,500	-	-	-	291,158	-	-	291,158
Option reserves arising from share option schemes of subsidiaries	-	-	8,820	-	-	8,820	-	-	8,820
Net creation of shares held under trust	-	-	-	(261,574)	-	(261,574)	-	-	(261,574)
Arising from dilution/disposal of equity interests in subsidiary	-	-	(88,502)	-	(764,762)	(853,264)	-	(698,851)	(1,552,115)
Issue of RCULS:									
- Equity component	-	-	454	-	-	454	-	-	454
Reclassification of equity component of a compound financial instrument to liability	-	-	(68,173)	-	-	(68,173)	-	-	(68,173)
At 31 December 2006	<b>3,184,429</b>	<b>3,642,043</b>	<b>2,023,892</b>	<b>(261,574)</b>	<b>3,195,740</b>	<b>11,784,530</b>	<b>200,000</b>	<b>604,790</b>	<b>12,589,320</b>

The Condensed Audited Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007

**BUMIPUTRA-COMMERCE HOLDINGS BERHAD**  
*(Company Number 50841-W)*  
**CONDENSED AUDITED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>The Group</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	3,685,803	2,002,042
Adjustments for non-operating and non-cash items	(431,084)	538,871
	<hr/>	<hr/>
Operating profit before changes in working capital	3,254,719	2,540,913
Net changes in operating assets	(12,238,704)	(5,402,350)
Net changes in operating liabilities	25,924,982	7,157,737
	13,686,278	1,755,387
	<hr/>	<hr/>
Cash flows generated from operations	16,940,997	4,296,300
Taxation paid	(508,380)	(383,588)
	<hr/>	<hr/>
Net cash flow generated from operating activities	16,432,617	3,912,712
Net cash flow used in investing activities	(3,089,028)	(881,916)
Net cash flow (used in) / generated from financing activities	(2,419,213)	4,866,364
	<hr/>	<hr/>
Net increase in cash and cash equivalents during the financial year	10,924,376	7,897,160
Effects of exchange rate changes on cash	(320,857)	(53,364)
Cash and cash equivalents at beginning of the financial year	19,921,941	12,078,145
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the financial year</b>	<b>30,525,460</b>	<b>19,921,941</b>

The Condensed Audited Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007

## **PART A - EXPLANATORY NOTES**

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

The audited condensed financial statements for the financial year ended 31 December 2007 and the condensed fourth quarter consolidated income statement for the financial year ended 31 December 2007 (together "the financial statements") have been prepared under the historical cost convention and modified by the revaluation of securities held for trading, available-for-sale securities and all derivative contracts.

These financial statements have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standard 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 financial statements for the year ended 31 December 2007.

These financial statements incorporate those activities relating to Skim Perbankan Islam ("SPI") which have been undertaken by the Group. SPI refers generally to the acceptance of deposits and dealing in Islamic securities under Syariah principles.

Specific allowances are made for doubtful debts and financing which have been individually reviewed and specifically identified as bad or doubtful. A general allowance based on a percentage of the loans portfolio is also made to cover possible losses which are not specifically identified. Any uncollectible loans or portion of loans classified as bad are written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The policy on allowances for non-performing debts of the Malaysian subsidiary banks is in conformity with the minimum requirements of Bank Negara Malaysia's "Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts" ("GP3"). Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties, being the force sale value provided by independent parties/valuers, on the following basis:

- (i) Assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
- (ii) No value will be assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.

BNM has granted indulgence to CIMB Bank Berhad and other local banks in Malaysia from complying with the requirements on the impairment of loans under BNM/GP8. Under BNM/GP8, impaired loans have to be measured at their estimated recoverable amount. This requirement is principally similar to the requirement under FRS 139 "Financial Instruments: Recognition and Measurement". In view of the deferment of the implementation of FRS 139 in Malaysia, CIMB Bank Berhad and other local banks in Malaysia will be deemed to be in compliance with the requirement on the impairment of loans under 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.

### **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 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 financial statements during the financial year ended 31 December 2007. The results for the year ended included RM624.6 million being the gain arising from the disposal of 40% equity interest in certain of its asset management business, entire equity interest in its general insurance business and 49% equity interest in its life and takaful insurance businesses, and gain of RM86.7 million on disposal of certain asset management businesses, all in the ordinary course of business.

### **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 new shares issuance, repayment of debt securities, shares buy backs and share cancellations, or resale of shares held as treasury shares during the financial year ended 31 December 2007:-

- a) Issuance of 13,501,000 ordinary shares arising from the exercise of options pursuant to the Company's Employee Share Option Scheme (ESOS);
- b) Issuance of 59,520,393 ordinary shares arising from the conversion of USD zero coupon guaranteed redeemable convertible bonds;
- c) Issuance of 1,806,324 ordinary shares arising from the conversion of Redeemable Convertible Unsecured Loan Stocks (RCULS);
- d) Issuance of 117,000,000 ordinary shares by way of private placement to Bank of Tokyo-Mitsubishi UFJ, Limited;
- e) During the financial year, the issued and paid-up capital of Bank Niaga was increased from 12,143,995,774 to 12,364,710,560 ordinary shares pursuant to the exercise of options granted under Bank Niaga's Employee Stock Option Programme and exercise of warrants;
- f) On 15 August to 19 December 2007, BCHB repurchased 5,353,300 of its own shares from the open market at an average market price of RM10.26 per share. The total consideration paid for the purchase of own shares, including transaction costs was RM54,922,595. The shares purchased were held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965. On 4 October 2007, 2,074,500 shares were cancelled and subsequently on 2 January 2008, the remaining of 3,278,800 shares were cancelled.
- g) During the financial year, CIMB Bank has fully redeemed RM300 million subordinated bonds.

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

A total amount of RM368.2 million was paid on 28 May 2007 as a final dividend of 15.0 sen (less tax) in respect of financial year ended 31 December 2006.

A total amount of RM615.0 million was paid on 28 September 2007 as a special dividend of 25.0 sen (less tax) in respect of financial year ended 31 December 2007.

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors recommend 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**

- a) On 18 January 2008, CIMB Bank Berhad ("CIMB") has signed a Participation Agreement with International Currency Exchange Commercial Services Sdn Bhd and Lenlyn UK Limited to manage CIMB's retail foreign exchange business as part of its efforts to improve customer service at its bureau de change outlets and offer new retail forex products in the future.

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

The following information on composition of the Group were announced during the fourth quarter ended 31 December 2007:

a) On 5 October 2007, CIMB Group Sdn Bhd received approval from BNM to enter into discussions with AFFIN Holdings Berhad ("AHB") for the proposed acquisition of the entire equity interest in Affin Insurance Brokers Sdn Bhd ("AIB"), a wholly-owned subsidiary of AHB. As at year end, the Proposed AIB Acquisition is still under negotiation.

b) SBB Capital Markets Sdn Bhd ("SCMSB") and CIMB Bank Berhad had on 19 October 2007 entered into a conditional share sale agreement with HLG Credit Sdn Bhd ("HCSB") and HLG Capital Berhad for the proposed disposal by SCMSB of its 100% equity interest in SBB Securities Sdn Bhd to HCSB for a total consideration to be determined at a later date.

At the same time, it was also announced that Southern Investment Bank Berhad had submitted an application to Bank Negara Malaysia to dispose certain of its assets and liabilities to HCSB for a total cash consideration to be determined at a later date.

c) On 26 October 2007, CIMB Group Sdn Bhd received approval from BNM to enter into discussions with Rubber Industry Smallholders' Development Authority ("RISDA") for the proposed acquisition of the entire equity interest in Protac Insurance Brokers Sdn Bhd ("PIB"), a wholly-owned subsidiary of RISDA. As at year end, the Proposed PIB Acquisition is still under negotiation.

d) On 4 December 2007, CIMB Bank Berhad agreed to dispose its 60% equity interest in SEA Bank to British American Investment Co. (Mauritius) Ltd. As at year end, the Proposed SEA Bank Disposal is pending finalisation of terms and conditions and a definitive agreement to be signed.

e) On 12 December 2007, the disposals by PT Bank Niaga Tbk, a 63.91% subsidiary of CIMB Group Sdn Bhd, and PT Niaga Manajemen Citra of their entire equity interests in PT Niaga Aset Manajemen to CIMB-Principal Asset Management Berhad, a 60% subsidiary of CIMB Group Sdn Bhd and PT Commerce Kapital, a 99% subsidiary of CIMB Group Sdn Bhd respectively, was completed.

f) On 21 December 2007, CIMB Investment Bank Berhad entered into a collaboration agreement ("CA") with Vietnam Shipbuilding Financ Company to jointly set up a securities company in Vietnam. Pursuant to the CA, CIMB Investment Bank Berhad will provide the guidance and assistance on the set up of the securities company. Upon obtaining the Vietnam State Securities Commission's license and the execution of a shareholders agreement, CIMB Investment Bank Berhad will take up 40% equity interest in the security company. The securities company is expected to commence operation in mid 2008. As at year end, this transaction is pending completion.

d) On 27 December 2007, Khazanah Nasional Berhad ("Khazanah"), a substantial shareholder of the Company, submitted a letter to the Board of Directors of the Company and CIMB Group Sdn Bhd to inform of its decision to pursue an option to merge Bank Niaga and Bank Lippo. The merger plan proposed by Khazanah was submitted by Bank Niaga to the Central Bank, Indonesia to comply with its single presence policy. As at year end, the merger proposal is still being evaluated.



**A11. SECURITIES HELD FOR TRADING**

	<b>The Group</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	416,150	379,011
Cagamas bonds	279,354	599,665
Khazanah bonds	96,918	93,554
Malaysian Government treasury bills	119,294	169,176
Bank Negara Malaysia bills	97,736	245,084
Bank Negara negotiable notes	409,900	79,259
Negotiable instruments of deposit	1,149,588	1,796,352
Banker's acceptances	800,764	475,205
Credit-linked notes	353,247	356,189
Other Government's securities	630,359	211,720
Commercial papers	45,099	383,461
Government investment issues	56,075	40,090
	<b>4,454,484</b>	<b>4,828,766</b>
<b>Quoted securities:</b>		
<i>In Malaysia:</i>		
Warrants	35	7,114
Shares	751,856	1,134,722
Loan stocks	5,838	15,432
Unit trusts	-	1,386
<i>Outside Malaysia:</i>		
Shares	78,492	22,657
Other Government Bonds	211,696	148,894
	<b>1,047,917</b>	<b>1,330,205</b>
<b>Unquoted securities:</b>		
<i>In Malaysia:</i>		
Private and Islamic debt securities	6,844,516	5,431,460
<i>Outside Malaysia:</i>		
Private and Islamic debt securities	2,305,395	1,991,493
	<b>9,149,911</b>	<b>7,422,953</b>
Total securities held-for-trading	<b>14,652,312</b>	<b>13,581,924</b>

**A12. AVAILABLE-FOR-SALE SECURITIES**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government securities	177,504	530,567
Cagamas bonds	397,304	436,673
Khazanah bonds	379,044	154,691
Malaysian Government treasury bills	163,093	56,994
Other Government treasury bills	50,003	-
Bank Negara Malaysia bills	23,322	15,000
Banker's acceptance, Islamic accepted bills and Islamic debt securities	520,298	101,049
Floating rate notes	675,097	349,075
Cagamas notes	26	4,997
Negotiable instruments of deposit	-	9,998
Government investment issues	813,186	943,443
Bank Negara negotiable notes	130,393	-
	<b>3,329,270</b>	<b>2,602,487</b>
<b>Quoted securities:</b>		
<u>In Malaysia:</u>		
Shares	944,602	96,896
Unit trusts	713,391	10,713
<u>Outside Malaysia:</u>		
Shares	9,850	11,314
Mutual funds	-	1,701
	<b>1,667,843</b>	<b>120,624</b>
<b>Unquoted securities:</b>		
<u>In Malaysia:</u>		
Private and Islamic debt securities	5,478,750	6,475,906
Shares	550,510	518,714
Loan stocks	18,183	46,006
Property funds	113	84
Investment-linked funds	9,404	5,823
Commercial papers	34,630	19,830
Credit linked notes	25,108	-
<u>Outside Malaysia:</u>		
Shares	66,508	26,928
Mutual funds	168,032	11,340
	<b>6,351,238</b>	<b>7,104,631</b>
	<b>11,348,351</b>	<b>9,827,742</b>
<b>Allowance for impairment loss:</b>		
Private and Islamic debt securities	(367,672)	(440,927)
Quoted shares	(8,099)	(6,604)
Quoted bonds	(197)	(248)
Unquoted shares	(37,671)	(12,373)
Mutual funds	(55)	(56)
	<b>(413,694)</b>	<b>(460,208)</b>
Total available-for-sale securities	<b>10,934,657</b>	<b>9,367,534</b>

### A13. HELD-TO-MATURITY SECURITIES

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>Money market instruments:</b>		
<b>Unquoted</b>		
Malaysian Government Securities	-	77,036
Cagamas bonds	290,000	-
Other Government's treasury bills	-	92,427
Other Government's securities	-	18,702
Bank Negara negotiable notes	98,057	-
<b>Quoted securities</b>		
<u>Outside Malaysia</u>		
Bonds	21,443	27,756
Islamic bonds	21,821	10,480
Islamic medium term notes	3,520	9,704
<b>Unquoted securities</b>		
<u>In Malaysia</u>		
Shares	270	270
Private debt securities	1,737,931	591,060
Loan stocks	32,478	-
Danaharta Urus Sdn Bhd ("DUSB") bonds	1,151,932	1,151,973
	<u>3,357,452</u>	<u>1,979,408</u>
Accretion of discount net of amortisation of premium	197,423	82,198
Less : Allowance for impairment losses	(25,431)	(21,544)
Total held-to-maturity securities	<u>3,529,444</u>	<u>2,040,062</u>

### A14. LOANS, ADVANCES AND FINANCING

#### (i) By type

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Overdrafts	8,065,308	7,163,910
Term loans		
- Housing loans/financing	20,734,524	18,477,108
- Syndicated term loans	7,983,834	7,563,627
- Hire purchase receivables	14,332,824	16,564,963
- Lease receivables	177,235	196,690
- Factoring receivables	62,019	63,832
- Other term loans/financing	27,659,176	25,310,510
Bills receivable	257,743	472,618
Trust receipts	963,531	1,030,948
Claims on customer under acceptance credits	6,147,874	6,247,221
Staff loans *	631,118	649,751
Credit card receivables	2,581,883	2,108,731
Revolving credits	13,974,866	12,786,176
Share margin financing	1,090,957	813,616
Other loans	9,752	7,490
	<u>104,672,644</u>	<u>99,457,191</u>
Less: Unearned interest	(3,116,760)	(3,463,030)
	<u>101,555,884</u>	<u>95,994,161</u>
Less: Islamic financing sold to Cagamas	(575,918)	(780,289)
Gross loans, advances and financing	<u>100,979,966</u>	<u>95,213,872</u>
Less: Specific allowance	(3,551,988)	(3,399,836)
	<u>97,427,978</u>	<u>91,814,036</u>
Less: General allowance	(1,523,920)	(1,479,277)
Total net loans, advances and financing	<u>95,904,058</u>	<u>90,334,759</u>

\* Included in staff loans of the Group are loans to Directors amounting to RM1,473,000 (2006: RM 436,000).

**A14. LOANS, ADVANCES AND FINANCING (continued)**
**(ii) By type of customers**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Domestic banking financial institutions	160,452	216,828
Domestic non-bank financial institutions		
- Stockbroking companies	996	330,868
- Others	1,582,798	2,050,252
Domestic business enterprises		
- Small medium enterprises	18,072,733	17,589,242
- Others	25,068,778	24,368,173
Government and statutory bodies	69,614	136,951
Individuals	47,240,371	43,717,209
Other domestic entities	4,244,178	2,271,507
Foreign entities	5,115,964	5,313,131
	<b>101,555,884</b>	<b>95,994,161</b>
Less: Islamic financing sold to Cagamas	(575,918)	(780,289)
Gross loans, advances and financing	<b>100,979,966</b>	<b>95,213,872</b>

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Fixed rate		
- Housing loans/financing	3,860,958	3,744,142
- Hire purchase receivables	11,995,596	13,583,788
- Other fixed rate loans/financing	17,578,063	16,217,782
Variable rate		
- BLR plus	54,932,102	50,916,706
- Cost plus	11,817,063	9,698,593
- Other variable rates	1,372,102	1,833,150
	<b>101,555,884</b>	<b>95,994,161</b>
Less: Islamic financing sold to Cagamas	(575,918)	(780,289)
Gross loans, advances and financing	<b>100,979,966</b>	<b>95,213,872</b>

**(iv) By economic purpose**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Personal use	2,731,380	2,349,454
Credit card	2,581,883	2,128,152
Purchase of consumer durables	21,761	29,060
Construction	3,245,654	3,636,984
Residential property (Housing)	22,473,992	19,337,305
Non-residential property	6,067,633	4,422,393
Purchase of fixed assets other than land & building	2,741,448	2,547,168
Mergers and acquisitions	604,907	355,213
Purchase of securities	9,075,045	5,318,708
Purchase of transport vehicles	13,009,119	15,009,253
Working capital	35,428,323	37,114,632
Other purpose	3,574,739	3,745,839
	<b>101,555,884</b>	<b>95,994,161</b>
Less: Islamic financing sold to Cagamas	(575,918)	(780,289)
Gross loans, advances and financing	<b>100,979,966</b>	<b>95,213,872</b>

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

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Personal use	269,954	275,066
Credit card	70,119	100,871
Purchase of consumer durables	1,005	1,110
Construction	446,458	423,204
Residential property (Housing)	1,837,358	2,179,461
Non-residential property	558,248	584,618
Purchase of fixed assets other than land & building	130,813	114,179
Purchase of securities	119,446	442,710
Purchase of transport vehicles	603,421	948,991
Working capital	3,184,867	3,315,575
Other purpose	103,059	97,429
	<b>7,324,748</b>	<b>8,483,214</b>

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Balance as at 1 January	8,483,214	6,306,398
NPLs during the year	4,393,349	4,264,672
Performing during the year	(2,813,118)	(1,444,399)
Recoveries	(1,489,787)	(1,998,193)
Non-performing loans arising from acquisition of a subsidiary	-	2,802,844
Amount written off	(1,178,783)	(1,460,579)
Reclassified to non-current assets held for sale	(9,101)	-
Loans/financing converted to securities	(1,849)	-
Exchange fluctuation	(59,177)	12,471
Balance as at 31 December	<b>7,324,748</b>	<b>8,483,214</b>
Specific allowance	<b>(3,551,988)</b>	<b>(3,399,836)</b>
Net non-performing loans, advances and financing	<b>3,772,760</b>	<b>5,083,378</b>

**Classification of non-performing loans**

Sub-standard	1,273,964	1,721,097
Doubtful	512,878	747,285
Bad debts	5,537,906	6,014,832
Balance as at 31 December	<b>7,324,748</b>	<b>8,483,214</b>

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

**3.85%**                      **5.49%**

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

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<u>Specific allowance</u>		
Balance as at 1 January	3,399,836	2,305,753
Allowance made during the financial year	2,145,797	1,909,931
Amount recovered	(816,349)	(712,693)
Amount written off	(1,162,210)	(1,292,170)
Amount transferred in respect of loan converted to securities	(1,849)	-
Reclassified to non-current assets held for sale	(1,090)	-
Amount charged to deferred assets	-	3,101
Allowance for loans in relation to loans in jointly controlled entities	(9,132)	18,889
Allowance for loans arising from acquisition of subsidiaries	-	1,143,081
Exchange fluctuation	(3,015)	23,944
Balance as at 31 December	<u>3,551,988</u>	<u>3,399,836</u>
<u>General allowance</u>		
Balance as at 1 January	1,479,277	1,173,911
Net allowance made during the financial year	91,471	(118,543)
Allowance for loans in relation to loans in jointly controlled entities	(658)	2,592
Allowance for loans arising from acquisition of a subsidiary	-	397,233
Reclassified to non-current assets held for sale	(465)	-
Exchange fluctuation	(45,705)	24,084
Balance as at 31 December	<u>1,523,920</u>	<u>1,479,277</u>
As % of gross loans, advances and financing (including Islamic financing sold to Cagamas) less specific allowance	<u>1.55%</u>	<u>1.60%</u>

**A15. OTHER ASSETS**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Interest receivable	400,053	424,535
Due from brokers and clients net of allowance for doubtful debts	2,020,387	1,391,767
Other debtors, deposits and prepayments net of allowance for doubtful debts	1,484,328	1,698,534
Due from insurers, brokers and reinsurers net of allowance for doubtful debts	1,774	137,914
Deferred assets	226,311	247,474
Foreclosed properties net of allowance for impairment in value	69,941	64,225
Tax recoverable	122,487	372,322
	<u>4,325,281</u>	<u>4,336,771</u>

**A16. DEPOSITS FROM CUSTOMERS**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<u>By type of deposit</u>		
Demand deposits	25,774,351	21,306,269
Savings deposits	10,465,848	9,406,659
Fixed deposits	65,403,991	64,452,603
Negotiable instruments of deposit	7,479,848	7,004,506
Others	18,392,834	2,398,678
	<u>127,516,872</u>	<u>104,568,715</u>
 <u>By type of customer</u>		
Government and statutory bodies	11,169,600	9,892,743
Business enterprises	65,381,723	49,145,811
Individuals	35,528,579	32,683,060
Others	15,436,970	12,847,101
	<u>127,516,872</u>	<u>104,568,715</u>
 <u>Maturity structure of fixed deposits and negotiable instruments of deposits</u>		
One year or less (short term)	66,172,997	66,764,532
More than one year (medium/long term)	6,710,842	4,692,577
	<u>72,883,839</u>	<u>71,457,109</u>

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Licensed banks	8,375,660	5,623,841
Licensed finance companies	18,235	58,706
Licensed merchant banks	1,332,565	650,164
Bank Negara Malaysia	1,952,360	365,000
Other financial institutions	1,205,647	324,068
	<u>12,884,467</u>	<u>7,021,779</u>

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

**A18. OTHER LIABILITIES**

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Interest payable	616,956	698,107
Due to brokers and clients	2,208,599	1,279,753
Short-term borrowings	75,266	63,129
Insurance fund - life and takaful insurance business	1,971,650	1,419,059
Insurance fund - general insurance business	-	414,375
Provision for commitments and contingencies	4,035	3,184
Post employment benefit obligations	115,694	81,022
Others	3,281,325	1,997,546
	<u>8,273,525</u>	<u>5,956,175</u>

**A19. INTEREST INCOME**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</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 from NPLs	<b>1,709,394</b>	1,695,287	<b>6,619,155</b>	5,899,220
- Recoveries from NPLs	<b>142,863</b>	119,672	<b>450,114</b>	346,002
Money at call and deposit placements with financial institutions	<b>241,036</b>	215,070	<b>941,390</b>	639,901
Securities purchased under resale agreement	<b>44,387</b>	25,579	<b>123,384</b>	132,479
Securities held for trading	<b>118,030</b>	123,560	<b>512,721</b>	439,780
Available-for-sale securities	<b>80,390</b>	119,313	<b>359,985</b>	416,688
Held-to-maturity securities	<b>12,105</b>	130	<b>37,216</b>	121,115
Others	<b>8,188</b>	6,946	<b>100,493</b>	45,832
	<b>2,356,393</b>	2,305,557	<b>9,144,458</b>	8,041,017
Amortisation of premium less accretion of discount	<b>40,267</b>	40,714	<b>188,242</b>	101,707
Interest income suspended	<b>(55,358)</b>	(28,501)	<b>(217,392)</b>	(118,923)
	<b>2,341,302</b>	2,317,770	<b>9,115,308</b>	8,023,801

**A20. INTEREST EXPENSE**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</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>131,383</b>	82,408	<b>448,946</b>	525,190
Deposit from other customers	<b>890,930</b>	875,511	<b>3,270,037</b>	2,858,626
Obligation on securities sold under repurchase agreements	<b>3,980</b>	45,794	<b>107,202</b>	185,841
Bonds	<b>9,016</b>	33,279	<b>26,962</b>	71,003
Loan stocks/ICULS	<b>395</b>	3,319	<b>2,846</b>	5,899
Subordinated Notes	<b>45,081</b>	52,469	<b>199,160</b>	162,614
Loans sold to Cagamas	<b>21,028</b>	37,222	<b>111,861</b>	117,753
Negotiable certificates of deposits	<b>46,783</b>	59,358	<b>193,273</b>	206,103
Other borrowings	<b>17,627</b>	66,772	<b>212,841</b>	159,216
Others	<b>38,934</b>	15,171	<b>107,021</b>	75,109
	<b>1,205,157</b>	1,271,303	<b>4,680,149</b>	4,367,354



**A21. NON-INTEREST INCOME**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
(a) Fee income :				
Fee on loans, advances and financing	147,979	68,208	407,255	214,941
Portfolio management fees	4,336	27,042	6,363	30,958
Service charges and fees	51,394	49,562	210,734	186,389
Corporate advisory fees	17,182	46,887	92,362	85,479
Guarantee fees	13,630	28,215	61,719	69,111
Underwriting commission	25,908	25,945	154,074	81,181
Placement fees	4,449	4,106	20,342	7,558
Commissions	62,104	57,337	267,590	192,379
Other fee income	11,330	48,035	241,040	235,333
	<b>338,312</b>	<b>355,337</b>	<b>1,461,479</b>	<b>1,103,329</b>
(b) Gross dividend income from :				
<u>In Malaysia</u>				
- Securities held for trading	3,724	2,462	51,392	10,847
- Available-for-sale securities	3,477	26,115	19,911	43,420
- Held-to-maturity securities	76	387	76	387
- Associates	-	456	-	456
<u>Outside Malaysia</u>				
- Securities held for trading	4,231	2,239	5,617	3,021
	<b>11,508</b>	<b>31,659</b>	<b>76,996</b>	<b>58,131</b>
(c) Net (loss)/gain arising from securities held for trading	<b>(18,670)</b>	453,021	<b>521,911</b>	625,521
- realised gain/(loss)	83,316	137,328	664,332	180,284
- unrealised gain/(loss)	(101,986)	315,693	(142,421)	445,237
(d) Net gain/(loss) arising from derivative financial instruments	<b>176,874</b>	(280,951)	<b>316,999</b>	(114,065)
- realised gain/(loss)	(322,246)	202,521	(53,137)	139,547
- unrealised gain/(loss)	499,120	(483,472)	370,136	(253,612)
(e) Net gain from sale of securities available-for-sale	<b>31,893</b>	194,435	<b>170,947</b>	270,860
(f) Net (loss)/gain from maturity of held-to-maturity securities	<b>(433)</b>	-	<b>133</b>	-
(g) Income from assets management and securities services	<b>34,459</b>	18,536	<b>134,012</b>	60,217
(h) Brokerage income	<b>107,811</b>	57,190	<b>400,017</b>	194,304
(i) Other non-interest income / (loss)				
Foreign exchange gain	5,454	48,674	169,297	62,782
Gain/(loss) on disposal of interest in subsidiary	(6,437)	94,397	708,739	98,671
Rental income	323	2,338	15,966	8,610
Gain on disposal of property, plant and equipment	1,520	26,935	3,106	28,310
Gain on disposal of leased assets	126	284	126	284
Net (loss)/gain from insurance business	(28,143)	6,402	2,916	12,915
Underwriting surplus before management expenses	(665)	43,801	36,399	77,580
Other non-operating income	105,454	36,102	241,439	147,140
Gain on disposal of foreclosed properties	12	754	12	754
	<b>77,644</b>	<b>259,687</b>	<b>1,178,000</b>	<b>437,046</b>
Total other operating income	<b>759,398</b>	1,088,914	<b>4,260,494</b>	2,635,343

**A22. OVERHEADS**

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	410,992	499,816	1,693,477	1,261,102
- Pension cost	36,545	43,082	182,673	130,552
- MSS expenses	-	(1,685)	-	118,142
- Others	100,789	99,985	284,736	242,104
Establishment costs				
- Depreciation of property, plant and equipment	48,423	38,835	192,983	178,824
- Depreciation of investment properties	70	70	280	280
- Amortisation of prepaid lease rental	571	271	2,242	1,085
- Rental	27,254	47,859	135,793	134,644
- Insurance	7,188	658	19,653	6,499
- Others	92,945	122,455	438,011	382,640
Marketing expenses				
- Sales commission	5,912	13,721	34,209	28,215
- Advertisement	52,620	46,686	149,161	136,916
- Others	48,945	12,443	103,739	41,564
Administration and general expenses				
- Amortisation of intangible assets	24,371	14,863	97,477	59,452
- Impairment of intangible assets	362	12,000	362	12,000
- Legal and professional fees	30,394	58,190	115,217	179,715
- Communication	21,193	23,532	95,624	72,600
- Others	202,352	165,479	682,039	371,636
	<b>1,110,926</b>	1,198,260	<b>4,227,676</b>	3,357,970

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

	The Group			
	4th quarter ended		Twelve months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans and financing :				
Specific allowance				
- Made during the financial year	524,605	844,456	2,145,797	1,909,931
- Written back	(244,844)	(278,879)	(816,349)	(712,693)
- Transferred to deferred asset	-	(2,963)	-	-
General allowance				
- Made during the financial year	(57,140)	(159,802)	91,471	(118,543)
Bad debts on loan and financing :				
- recovered	(106,800)	13,473	(294,251)	(62,413)
- written off	351	426	763	313
	<b>116,172</b>	<b>416,711</b>	<b>1,127,431</b>	<b>1,016,595</b>

During the financial year, the banking subsidiaries have evaluated their portfolio of non-performing loans, advances and financing that have been in default and that remained uncollected for more than 7 years and also those non-performing loans, advances and financing in default for more than 5 but less than 7 years. For the loans, advances and financing in default for more than 7 years, no value is assigned as the realisable value of collateral. For the loans, advances and financing which are in default for more than 5 but less than 7 years, 50% of the realisable value of asset held has been assigned as the value of collateral. The effect of this exercise resulted in specific allowance of RM303,981,333 (2006: RM266,038,000) made during the financial year for the Group.

## A24. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group enter into various commitments and incurred 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 asset

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

<u>Group</u>	31 Dec 2007			31 Dec 2006		
	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
Direct credit substitutes	3,615,378	3,615,378	1,907,552	3,065,948	3,065,948	1,665,827
Certain transaction-related contingent items	4,944,127	2,764,661	2,114,507	5,007,175	2,633,697	1,766,595
Short-term self-liquidating trade-related contingencies	3,217,282	859,117	599,126	3,765,729	753,144	297,619
Islamic financing sold directly and indirectly to Cagamas with recourse	575,918	575,918	575,918	815,589	780,799	780,391
Obligations under underwriting agreement	199,798	124,899	83,260	2,028,193	996,597	996,310
Irrevocable commitments to extend credit						
- maturity not exceeding one year	38,526,957	-	-	32,692,158	-	-
- maturity exceeding one year	10,058,716	5,153,225	4,528,164	4,589,898	2,293,371	2,012,061
Forward Assets Purchases	5,000	24	12	-	-	-
Miscellaneous commitments and contingencies	3,422,167	5,111	375	4,655,749	3,982	3
	<b>64,565,343</b>	<b>13,098,333</b>	<b>9,808,914</b>	<b>56,620,439</b>	<b>10,527,538</b>	<b>7,518,806</b>
Foreign exchange related contracts :						
- less than one year	28,214,586	643,866	172,730	23,329,374	648,319	149,304
- one year to less than five years	2,562,106	695,774	179,014	1,646,703	425,683	95,139
- five years and above	1,791,959	562,478	242,587	107,373	30,174	15,086
	<b>32,568,651</b>	<b>1,902,118</b>	<b>594,331</b>	<b>25,083,450</b>	<b>1,104,176</b>	<b>259,529</b>
Interest rate related contracts :						
- less than one year	99,681,823	136,220	27,227	95,943,134	118,617	23,481
- one year to less than five years	68,282,539	2,732,653	837,599	58,763,837	2,232,810	441,143
- five years and above	5,963,788	1,261,285	271,299	3,997,732	735,425	149,002
	<b>173,928,150</b>	<b>4,130,158</b>	<b>1,136,125</b>	<b>158,704,703</b>	<b>3,086,852</b>	<b>613,626</b>
Equity related contracts :						
- less than one year	836,210	381,726	378,657	4,461,656	-	-
- one year to less than five years	2,336,318	467,264	467,264	-	-	-
	<b>3,172,528</b>	<b>848,990</b>	<b>845,921</b>	<b>4,461,656</b>	<b>-</b>	<b>-</b>
	<b>274,234,672</b>	<b>19,979,599</b>	<b>12,385,291</b>	<b>244,870,248</b>	<b>14,718,566</b>	<b>8,391,961</b>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia circulars.

**A25. INTEREST/PROFIT RATE RISK**

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	27,311,105	23,718	-	-	-	3,190,637	-	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	2,030,691	3,503,434	911,185	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	56,654	318,153	942,418	3,772,160	2,653,963	3,191,309	-	10,934,657	4.95
Held-to-maturity securities	484	59,834	107,268	688,825	2,458,709	214,324	-	3,529,444	4.90
Derivatives financial instruments	1,636,695	-	-	-	-	88,017	58,301	1,783,013	
Loans, advances and financing									
- performing	63,995,973	12,991,683	7,032,808	6,044,690	5,373,024	109,641	-	95,547,819	6.58
- non-performing	-	-	-	-	-	356,239	-	356,239	
Other assets	700,669	762	8	-	-	3,623,842	-	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	-	-	-	-	-	1,288,283	-	1,288,283	
Investment properties	-	-	-	-	-	107,718	-	107,718	
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>98,057,459</b>	<b>18,943,709</b>	<b>8,993,687</b>	<b>10,545,929</b>	<b>10,485,696</b>	<b>21,775,391</b>	<b>14,704,868</b>	<b>183,506,739</b>	
<b>Liabilities</b>									
Deposits from customers	66,340,970	18,696,621	18,970,482	6,171,803	422	17,336,574	-	127,516,872	2.99
Deposits and placements of banks and other financial institutions	6,619,739	4,383,017	1,528,504	5,000	268,994	79,213	-	12,884,467	3.20
Derivative financial instruments	1,627,724	-	-	-	-	27,510	3,541	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	94,831	43,554	524,935	1,341,387	-	-	-	2,004,707	4.39
Bonds	-	-	-	272,921	-	31,772	-	304,693	8.35
ICULS - detachable coupons	-	-	-	9,282	-	-	-	9,282	7.50
RCULS	-	-	-	1,803	-	-	-	1,803	4.80
Other borrowings	372,414	33,063	2,268,854	2,077,774	-	62	-	4,752,167	4.49
Redeemable preference shares	-	-	-	135,000	681,033	-	-	816,033	
Subordinated Notes	-	-	-	1,276,037	1,057,439	-	-	2,333,476	
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	556,090	-	556,090	
<b>Total liabilities</b>	<b>77,034,123</b>	<b>24,817,876</b>	<b>23,978,280</b>	<b>11,291,007</b>	<b>2,007,888</b>	<b>27,494,398</b>	<b>3,541</b>	<b>166,627,113</b>	
<b>Total interest rate sensitivity gap</b>	<b>21,023,336</b>	<b>(5,874,167)</b>	<b>(14,984,593)</b>	<b>(745,078)</b>	<b>8,477,808</b>	<b>-</b>	<b>14,701,327</b>		

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

As at 31 December 2006	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	16,873,599	-	-	-	-	3,048,342	-	19,921,941	3.10
Securities purchased under resale agreements	269,911	1,863,099	349,643	-	-	-	-	2,482,653	3.50
Deposits and placements with banks and other financial institutions	1,123,742	2,972,877	687,181	73,318	-	-	-	4,857,118	3.51
Securities held for trading	-	-	-	-	-	71,858	13,510,066	13,581,924	2.43
Available-for-sale securities	190,171	124,427	903,107	3,905,618	2,454,544	1,789,667	-	9,367,534	3.83
Held-to-maturity securities	11,525	61,845	244,354	203,816	1,420,063	98,459	-	2,040,062	1.93
Derivatives financial instruments	-	-	-	-	-	441,814	791,899	1,233,713	
Loans, advances and financing									
- performing	53,888,367	13,496,384	7,070,579	7,968,564	4,306,764	-	-	86,730,658	8.53
- non-performing	-	-	-	-	-	3,604,101	-	3,604,101	
Other assets	57,237	1,148	1,563	320	45	4,275,465	993	4,336,771	10.00
Deferred tax assets	-	-	-	-	-	433,063	-	433,063	
Statutory deposits with central banks	-	-	-	-	-	2,249,347	-	2,249,347	
Investment in associates and jointly controlled entities	-	-	-	-	-	286,938	-	286,938	
Property, plant and equipment	-	-	-	-	-	1,021,646	-	1,021,646	
Investment properties	-	-	-	-	-	62,982	-	62,982	
Prepaid lease payments	-	-	-	-	-	59,859	-	59,859	
Goodwill	-	-	-	-	-	4,503,692	-	4,503,692	
Intangible assets	-	-	-	-	-	527,282	-	527,282	
<b>Total assets</b>	<b>72,414,552</b>	<b>18,519,780</b>	<b>9,256,427</b>	<b>12,151,636</b>	<b>8,181,416</b>	<b>22,474,515</b>	<b>14,302,958</b>	<b>157,301,284</b>	
<b>Liabilities</b>									
Deposits from customers	49,305,989	17,884,846	17,921,453	4,767,761	64,088	14,624,578	-	104,568,715	2.70
Deposits and placements of banks and other financial institutions	1,289,658	3,192,263	1,262,031	882,500	365,000	30,327	-	7,021,779	3.52
Derivative financial instruments	182,515	-	-	-	-	448,160	832,458	1,463,133	
Obligations on securities sold under repurchase agreements	5,413,570	247,578	1,381	-	-	-	-	5,662,529	2.96
Bills and acceptances payable	1,218,596	1,968,973	584,443	-	-	723,550	-	4,495,562	3.75
Floating rate certificates of deposits	211,800	-	-	-	-	-	-	211,800	
Other liabilities	-	106	-	-	-	5,956,069	-	5,956,175	
Deferred tax liabilities	-	-	-	-	-	2,086	-	2,086	
Current tax liabilities	-	-	-	-	-	209,800	-	209,800	
Amount due to Cagamas Berhad	91,050	85,587	907,777	2,581,410	-	-	-	3,665,824	4.24
Loan stocks	-	-	-	41,610	-	-	-	41,610	3.60
Bonds	-	-	82,182	702,345	-	-	-	784,527	7.04
ICULS - detachable coupons	-	-	-	32,982	-	-	-	32,982	7.50
RCULS	-	-	-	14,199	-	-	-	14,199	4.80
Other borrowings	172,454	1,494,200	1,329,122	3,999,216	-	20,269	-	7,015,261	4.62
Redeemable preference shares	-	-	-	-	798,728	-	-	798,728	
Subordinated Notes	-	-	300,000	2,467,254	-	-	-	2,767,254	4.70
<b>Total liabilities</b>	<b>57,885,632</b>	<b>24,873,553</b>	<b>22,388,389</b>	<b>15,489,277</b>	<b>1,227,816</b>	<b>22,014,839</b>	<b>832,458</b>	<b>144,711,964</b>	
<b>Total interest rate sensitivity gap</b>	<b>14,528,920</b>	<b>(6,353,773)</b>	<b>(13,131,962)</b>	<b>(3,337,641)</b>	<b>6,953,600</b>	<b>-</b>	<b>13,470,500</b>		

## A26. CAPITAL ADEQUACY

**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	749,894	520,952	1,552,760
Eligible Tier II capital	3,977,779	6,019	44,987	552,641
	13,334,745	755,913	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	736,493	565,939	2,062,587
<i>Before deducting proposed dividends</i>				
Core capital ratio	9.34%	20.20%	15.11%	11.23%
Risk-weighted capital ratio	12.45%	20.20%	16.41%	14.92%
<i>After deducting proposed dividends</i>				
Core capital ratio	9.04%	16.09%	15.11%	11.23%
Risk-weighted capital ratio	12.15%	16.09%	16.41%	14.92%

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

<b>Tier I capital</b>				
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)	2,192	(16,851)	-
Intangible assets	(348,141)	-	-	-
Goodwill	(3,559,075)	-	(136,000)	-
Total Tier I capital	9,356,966	749,894	520,952	1,552,760
<b>Tier II capital</b>				
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	(861,187)	(19,420)	-	(42,814)
Investment in joint venture	-	-	-	-
Total Capital Base	12,473,558	736,493	565,939	2,062,587
Proposed final dividend for shares	300,000	150,000	-	-
Total Capital Base (net of proposed dividend)	12,173,558	586,493	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	7,834,833	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	3,313,461	3,322,032	13,401,245
Counterparty risk requirement	-	5,404	-	-
Total risk-weighted assets equivalent for credit risk	88,659,741	3,318,865	3,322,032	13,401,245
Total risk-weighted assets equivalent for market risk	11,505,792	327,066	126,357	422,296
Total risk-weighted assets	100,165,533	3,645,931	3,448,389	13,823,541

\* Computation is based on Bank Indonesia requirements

**A26. CAPITAL ADEQUACY (continued)**

**31 December 2006**

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	7,908,662	818,396	307,439	1,682,561
Eligible Tier II capital	4,434,168	9,331	41,485	571,519
	12,342,830	827,727	348,924	2,254,080
less:				
Investment in subsidiaries and holding of other banking institutions' capital	(573,638)	(19,420)	-	(52,420)
Capital base	11,769,192	808,307	348,924	2,201,660

*Before deducting proposed dividends*

Core capital ratio	8.65%	20.06%	10.18%	12.94%
Risk-weighted capital ratio	12.87%	20.06%	11.55%	16.93%

*After deducting proposed dividends*

Core capital ratio	8.44%	15.09%	10.18%	12.94%
Risk-weighted capital ratio	12.66%	15.09%	11.55%	16.93%

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

**Tier I capital**

Paid-up capital	2,974,009	219,242	400,000	397,748
Non-cumulative guaranteed preference shares	1,500,000	-	-	-
Innovative Tier I capital	698,728	-	-	-
Share premium	4,157,074	33,488	-	716,292
Other reserves	3,338,857	566,319	57,515	568,521
Less :				
Deferred tax assets	(402,186)	(656)	(14,076)	-
Intangible assets	(392,745)	-	-	-
Goodwill	(3,965,075)	-	(136,000)	-
Total Tier I capital	7,908,662	818,393	307,439	1,682,561

**Tier II capital**

ICULS issued	667,000	-	-	-
Subordinated notes issued	2,418,994	-	-	-
Subordinated loans	-	-	-	371,004
General allowance for bad and doubtful debts and financing	1,348,174	9,331	41,485	142,762
Others	-	-	-	57,753
Total Eligible Tier II capital	4,434,168	9,331	41,485	571,519
Less :				
Investment in subsidiaries and holding of other banking institutions' capital	(513,119)	(19,420)	-	(52,420)
Investment in joint venture	(60,519)	-	-	-
Total Capital Base	11,769,192	808,304	348,924	2,201,660

Proposed final dividend for shares

Proposed final dividend for shares	190,000	200,000	-	-
Total Capital Base (net of proposed dividend)	11,579,192	608,304	348,924	2,201,660

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%	19,871,008	292,718	1,813,308	4,697,793
10%	588,284	-	-	18,608
20%	23,417,945	774,445	454,662	686,221
50%	15,399,654	39,486	299,431	4,312,480
100%	69,791,976	1,686,042	2,735,535	10,121,425
	82,234,220	1,860,674	2,976,183	12,416,770
Counterparty risk requirement	-	497	-	-
Total risk-weighted assets equivalent for credit risk	82,234,220	1,861,171	2,976,183	12,416,770
Total risk-weighted assets equivalent for market risk	9,230,164	2,169,028	44,599	590,042
Total risk-weighted assets	91,464,384	4,030,199	3,020,782	13,006,812

\* 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, Consumer Sales & Distribution.

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), remittance services and deposit collection.

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 and CIMB Express focuses on mass affluent customer and credit card business and a division catering to lower income customers offering products such as microcredit loan.

Consumer Sales & Distribution (CSD) is responsible for developing, implementing and managing sale and distribution for Retail and Business Banking products and services.

**Corporate and Investment Banking** comprise investment banking, corporate finance, corporate banking, international banking & transactional services, equity capital markets, equity derivatives, equity investment & trading and regional equity markets.

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 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 provide 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.

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

**Asset Management** comprise wholesale fund management, unit trust, private equity and venture capital activities.

**Insurance** comprises the general, life and takaful activities. The entire general insurance business was disposed on 28 August 2007, while 49% of the life and takaful business were disposed on 2 July 2007.

**Foreign Banking Operation** refers to 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)

	Consumer Banking RM'000	Corporate & Investment Banking RM'000	Treasury and Investment RM'000	Asset Management RM'000	Insurance RM'000	Foreign Banking Operation RM'000	Support & others RM'000	Total RM'000
<b>31 December 2007</b>								
Net interest income								
-external income	2,592,617	1,058,649	69,151	7,737	19,741	816,304	(129,040)	<b>4,435,159</b>
-inter-segment	(150,378)	(426,495)	576,873	-	-	-	-	-
	2,442,239	632,154	646,024	7,737	19,741	816,304	(129,040)	<b>4,435,159</b>
Income from Islamic Banking operation:	120,945	72,652	119,278	-	-	-	2,981	<b>315,856</b>
Non-interest income	601,703	1,451,653	1,395,140	254,406	103,158	372,870	81,564	<b>4,260,494</b>
Net Income	3,164,887	2,156,459	2,160,442	262,143	122,899	1,189,174	(44,495)	<b>9,011,509</b>
Overheads	(1,137,228)	(461,076)	(91,383)	(154,717)	(84,909)	(586,140)	(1,712,223)	<b>(4,227,676)</b>
Profit before allowances	2,027,659	1,695,383	2,069,059	107,426	37,990	603,034	(1,756,718)	<b>4,783,833</b>
Allowance for losses on loans, advances and financing	(815,544)	(101,585)	-	-	(287)	(212,719)	2,704	<b>(1,127,431)</b>
Allowance for other receivables	(35)	(21,334)	(124)	(13,087)	-	(4,180)	1,385	<b>(37,375)</b>
Provision for commitment & contingencies	-	-	-	-	-	(1,439)	-	<b>(1,439)</b>
Allowance for impairment of securities	-	86,672	(10,182)	(6,440)	(6,701)	236	(6,178)	<b>57,407</b>
Segment result	1,212,080	1,659,136	2,058,753	87,899	31,002	384,932	(1,758,807)	<b>3,674,995</b>
Share of results of jointly controlled entities	3,410	-	-	-	-	-	-	<b>3,410</b>
Share of results of associates	-	-	(1,083)	858	-	5,792	1,831	<b>7,398</b>
Profit/(loss) before taxation and zakat	1,215,490	1,659,136	2,057,670	88,757	31,002	390,724	(1,756,976)	<b>3,685,803</b>
Taxation and zakat								<b>(771,628)</b>
<b>Profit after taxation before minority interests</b>								<b><u>2,914,175</u></b>

A27. SEGMENTAL REPORTING (continued)

	Consumer Banking RM'000	Corporate & Investment Banking RM'000	Treasury and Investment RM'000	Asset Management RM'000	Insurance RM'000	Foreign Banking Operation RM'000	Support & others RM'000	Total RM'000
<b>31 December 2006</b>								
Net interest income								
-external income	2,196,263	747,446	49,902	(1,648)	24,162	786,921	(146,599)	3,656,447
-inter-segment	(331,835)	(101,983)	433,818	-	-	-	-	-
	1,864,428	645,463	483,720	(1,648)	24,162	786,921	(146,599)	3,656,447
Income from Islamic Banking operation:	65,197	5,823	29,760	-	-	-	-	100,780
Non-interest income	382,071	670,160	694,624	255,034	126,477	302,926	204,051	2,635,343
Net Income	2,311,696	1,321,446	1,208,104	253,386	150,639	1,089,847	57,452	6,392,570
Overheads	(865,532)	(375,995)	(53,021)	(154,507)	(84,755)	(559,547)	(1,264,613)	(3,357,970)
Profit before allowances	1,446,164	945,451	1,155,083	98,879	65,884	530,300	(1,207,161)	3,034,600
Allowance for losses on loans, advances and financing	(816,449)	(65,317)	-	-	-	(141,270)	6,441	(1,016,595)
Allowance for other receivables	-	(2,382)	1,055	(3,828)	-	(22,846)	-	(28,001)
Provision for commitment & contingencies	(4)	-	-	-	-	(600)	258	(346)
Allowance for impairment of securities	22	(1,034)	(1,942)	-	-	1,111	(22,205)	(24,048)
Segment result	629,733	876,718	1,154,196	95,051	65,884	366,695	(1,222,667)	1,965,610
Share of results of jointly controlled entities	2,316	-	-	-	-	-	-	2,316
Share of results of associates	-	-	1,387	21,935	-	-	10,794	34,116
Profit/(loss) before taxation and zakat	632,049	876,718	1,155,583	116,986	65,884	366,695	(1,211,873)	2,002,042
Taxation and zakat								(393,168)
<b>Profit after taxation before minority interests</b>								<b>1,608,874</b>

**A28. OPERATIONS OF ISLAMIC BANKING****A28a. Audited Balance Sheet as at 31 December 2007**

	Note	The Group	
		31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>Assets</b>			
Cash and short-term funds		4,894,350	1,329,114
Deposit and placement with banks and other financial institutions		1,149,900	401,000
Securities held for trading		668,874	219,830
Available-for-sale securities		654,874	263,267
Held-to-maturity securities		95,148	179,279
Derivative financial instruments		156,048	-
Financing, advances and other loans	A28c(i)	2,254,224	1,702,898
Deferred tax assets		16,851	13,642
Amount due from related companies		6,883	80,174
Amount due from holding company		607	-
Statutory deposit with Bank Negara Malaysia		101,144	74,392
Property, plant and equipment		5,758	7,603
Other assets		103,233	311,771
Goodwill		136,000	-
Intangible assets		9,556	4,335
<b>TOTAL ASSETS</b>		<b>10,253,450</b>	<b>4,587,305</b>
<b>Liabilities and Islamic banking capital funds</b>			
Deposits from customers	A28(d)	8,580,248	2,428,262
Deposits and placements of banks and other financial institutions		322,730	1,331,000
Derivative financial instruments		4,906	-
Bills and acceptances payable		968	-
Amount due to holding company		201,869	139,563
Amount due to related companies		157,780	34,233
Provision for taxation and zakat		31,024	12,094
Long-term borrowings		-	41,830
Other liabilities		75,600	57,955
<b>TOTAL LIABILITIES</b>		<b>9,375,125</b>	<b>4,044,937</b>
<b>Equity</b>			
Islamic banking funds		91,693	305,000
Ordinary share capital		550,000	150,000
Perpetual preference shares		70,000	70,000
Reserves		134,636	17,368
		846,329	542,368
Minority Interest		31,996	-
Total Equity		878,325	542,368
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,253,450</b>	<b>4,587,305</b>

**A28b. Audited Income Statements for the financial year ended 31 December 2007**

	<b>The Group</b>			
	<b>4th quarter ended</b>		<b>Twelve months ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</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>88,956</b>	53,391	<b>372,614</b>	127,396
Income derived from investment of shareholders' funds	<b>41,436</b>	20,508	<b>178,972</b>	36,877
Allowances for losses on financing	<b>(65,833)</b>	(35,412)	<b>(65,833)</b>	(35,412)
Transfer to/(from) profit equalisation reserve	<b>26,090</b>	420	<b>561</b>	4,298
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(2)</b>	1	<b>(4)</b>	(11)
<b>Total attributable income</b>	<b>90,647</b>	38,908	<b>486,310</b>	133,148
Income attributable to the depositors	<b>(71,561)</b>	(22,163)	<b>(236,287)</b>	(67,780)
<b>Total net income</b>	<b>19,086</b>	16,745	<b>250,023</b>	65,368
Personnel expenses	<b>19,897</b>	3,639	<b>(28,829)</b>	(11,918)
Other overheads	<b>2,415</b>	(62)	<b>(51,468)</b>	(36,102)
<b>Profit before taxation and zakat</b>	<b>41,398</b>	20,322	<b>169,726</b>	17,348
Taxation and zakat	<b>(5,551)</b>	(475)	<b>(42,975)</b>	(6,259)
<b>Profit after taxation and zakat</b>	<b>35,847</b>	19,847	<b>126,751</b>	11,089
Attributable to :				
Equity holders of the Company	36,959	19,847	127,863	11,089
Minority interests	(1,112)	-	(1,112)	-
	<b>35,847</b>	<b>19,847</b>	<b>126,751</b>	<b>11,089</b>
Income from Islamic operations (per page 2)				
Total net income	17,080	16,745	250,023	65,368
Add: Allowances for losses on financing	67,839	35,412	65,833	35,412
	<b>84,919</b>	<b>52,157</b>	<b>315,856</b>	<b>100,780</b>

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
Cash	125,348	84,007
Term financing	3,441,991	3,216,631
Bills receivable	32	2,655
Trust receipts	5,552	2,832
Claims on customers under acceptance credits	89,803	37,315
Staff financing	44	76
Revolving credits	117,160	29,146
Unit trust financing	-	94
	<u>3,779,930</u>	<u>3,372,756</u>
Less: Unearned income	(806,001)	(755,823)
	<u>2,973,929</u>	<u>2,616,933</u>
Less: Financing sold to Cagamas	(575,918)	(780,289)
	<u>2,398,011</u>	<u>1,836,644</u>
Less: Specific allowance	(94,904)	(90,800)
	<u>2,303,107</u>	<u>1,745,844</u>
Less: General allowance	(48,883)	(42,946)
<b>Total net financing, advances and other loans</b>	<u><u>2,254,224</u></u>	<u><u>1,702,898</u></u>

**ii) Non-performing financing**

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>Specific allowance</b>		
At 1 January	90,800	-
Allowance for financing arising from acquisition of subsidiaries	-	77,788
Allowance made	80,712	51,790
Amount recovered	(19,106)	(15,397)
Amount written off	(57,502)	(23,381)
Balance at 31 December	<u>94,904</u>	<u>90,800</u>
<b>General allowance</b>		
At 1 January	42,946	245
Allowance for financing arising from acquisition of subsidiaries	-	34,930
Amount transferred (to)/from holding company	-	7,832
Allowance made	6,128	(5)
Exchange difference	(191)	(56)
Balance at 31 December	<u>48,883</u>	<u>42,946</u>
As % of total financing less specific allowances	<u>1.70%</u>	<u>1.70%</u>

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

	The Group	
	31 Dec 2007 RM'000	31 Dec 2006 RM'000
<b>Non-Mudharabah Fund</b>		
Demand deposits	312,400	205,501
Saving deposits	133,612	97,040
Fixed rate deposits	685,500	-
Others	<u>201,826</u>	<u>-</u>
	<u>1,333,338</u>	<u>302,541</u>
<b>Mudharabah Fund</b>		
Saving deposits	32,007	25,292
Demand deposits	126,719	25,377
General investment deposits	3,218,798	2,075,052
Special investment deposits	<u>3,869,386</u>	<u>-</u>
	<u>7,246,910</u>	<u>2,125,721</u>
	<u><u>8,580,248</u></u>	<u><u>2,428,262</u></u>

## A29. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

### (a) Change in Accounting Policy in Current Financial Period

During the financial year ended 31 December 2007, the Group adopted the revised FRS 117 "Leases" issued by MASB that is applicable for the financial year ended 31 December 2007 for the Group, which resulted in a change in accounting policy during the financial period under review.

#### Leasehold land held for own use

Prior to 1 January 2007, lease of land and buildings for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payment and is amortised on a straight line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparatives of the consolidated balance sheet of the Group as at 31 December 2006 have been restated as set out in Note A29(b) below.

### (b) Effect of changes in accounting policies for the financial year ended 31 December 2007 and restatement of balance sheet for the financial year ended 2006:

(i) The following discloses the adjustments that have been made in accordance with the transitional and new provisions of the above FRSs to each of the line items in the Group for the year ended and as at 31 December 2007.

	<b>The Group</b> <b>RM '000</b>
<b>Income statement</b>	
Depreciation of property, plant and equipment	(2,242)
Amortisation of prepaid lease payments	2,242
<b>Balance sheet</b>	
<b>Assets</b>	
Property, plant and equipment	(59,859)
Prepaid lease payments	59,859

ii) The following discloses the adjustments that have been made in accordance with the transitional and new provisions of the respective FRSs to each of the line items in the Group as at 31 December 2006.

	<b>As previously</b> <b>reported</b> <b>RM'000</b>	<b>Reclassification</b> <b>RM'000</b>	<b>As restated</b> <b>RM'000</b>
<b>Income statement</b>			
Depreciation of property, plant and equipment	179,909	(1,085)	178,824
Amortisation of prepaid lease payments	-	1,085	1,085
<b>Balance sheet</b>			
<b>Assets</b>			
Property, plant and equipment	1,081,505	(59,859)	1,021,646
Prepaid lease payments	-	59,859	59,859

Certain comparatives were restated to conform with the current year presentation. There was no impact to the financial performance and ratios in relation to the financial year ended 31 December 2006. The restatement is as follows:

	<b>Note</b>	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
<b>Assets</b>				
Cash and short term funds	(i)	21,534,684	(1,612,743)	19,921,941
Securities held for trading	(ii)	13,978,740	(396,816)	13,581,924
Available-for-sale securities	(ii)	9,223,723	143,811	9,367,534
Derivative financial instruments	(ii)	1,673,925	(440,212)	1,233,713
<b>Liabilities</b>				
Derivative financial instruments	(ii)	2,156,350	(693,217)	1,463,133
Other liabilities	(i)	7,568,918	(1,612,743)	5,956,175
Redeemable preference shares	(iii)	698,728	100,000	798,728
<b>Equity</b>				
Redeemable preference shares	(iii)	201,000	(1,000)	200,000
Share premium on preference shares	(iii)	99,000	(99,000)	-
<b>Income Statement</b>				
Interest income	(iv), (v)	8,079,162	(55,361)	8,023,801
Interest expense	(v)	4,420,721	(53,367)	4,367,354
Income from Islamic banking operations	(iv)	98,786	1,994	100,780

(i) An amount of RM1,612,743,000 being a subsidiary's settlement account was classified as other liabilities in 2006. The amount represents an obligation that will eventually be paid out from cash and short term funds. This amount has been reclassified to cash and short term funds in order to better reflect the true nature of the balance.

(ii) Certain mark-to-market on call warrants were re-classified to securities held for trading and available-for-sale securities respectively to reflect the true nature of the transaction, which is non-derivative in substance.

(iii) Redeemable preference shares issued by a subsidiary were re-classified from equity to liabilities as the terms and conditions of the instrument were found to be a liability in substance.

(iv) In the previous financial year, the Islamic banking operations of CIMB Bank (L) Limited were not classified as Islamic banking operations as the amounts were immaterial. The results have been re-stated for comparability.

(v) The reclassification is in relation to off-setting of interest expense on CCIRS against interest income on CCIRS as allowed under FRS 132.



## **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 ("BCHB Group") today reported a net profit of RM2.793 billion for the full year ended 31st December 2007, 86% higher than the RM1.504 billion earned in 2006. Revenues and pre-tax profits were up 41% and 84% to RM9.011 billion and RM3.686 billion respectively compared to FY06. Net earnings per share of 83.9 sen was up 72% from FY06. The Group's annualised net return on equity ("ROE") for FY07 was 20%, exceeding its 2007 ROE target of 18%.

For 2007, BCHB has declared a final 25 sen dividend per share amounting to a total net payment of RM627 million. The Group has also disclosed that it plans to buy back and cancel up to RM1 billion worth of BCHB shares over the course of 2008. This signals a shift in its capital management paradigm in favour of share buybacks and cancellation. The Group is maintaining its ROE target at 18% for 2008.

For 4Q07, BCHB Group's profit after tax of RM486 million is 10% higher than that of the previous quarter core's net profit of RM442 million (which excludes the previous quarter's gain from the sale of 100% of its General insurance and 49% of its Life and Takaful businesses). Compared to 4Q06 net earnings of RM447 million, 4Q07 performance was up 9%. Excluding the gain on sale of insurance, the Group's FY07 net profit of RM2.203 billion has exceeded 2006 full year net profit of RM1.504 billion by 46%.

The Group's cost to income ratio for the full year to 31st December 2007 was 46.9% compared to 52.5% for 2006 as a whole. It is estimated that excluding the insurance sale, the FY07 cost to income ratio is about 50.4%.

The total Group loans growth for the full year was 7.3% (excluding write-offs) as mortgages, credit cards and the Group's micro credit loans posted strong growth in loans of 24%, 32% and 100% respectively. The corporate lending book grew 8.2%. As for the portfolios under restructuring, business loans were down 4.5% while hire purchase continued to shrink by 9.1% reduction for the full year. Bank Niaga's loans grew 26% in IDR terms but 12.1% in RM terms. Consumer deposits at CIMB Bank grew 17.2% over the year.

The Group continued to show strong improvement in asset quality indicators with its lower net NPL ratio of 3.8% from 5.5% at the beginning of the year. Loan loss coverage ("LLC") ratio stood at 69.3% as at 31st December 2007, up from 57.5% a year ago.

CIMB Bank's pre-tax profit of RM2.1 billion (net of consolidation adjustments) represented 62% of CIMB UB's pre-tax profits while CIMB Islamic made RM95.0 million and represented 3%. CIMB-GK's pre-tax profit of RM181.0 contributed to 5% of CIMB UB's pre-tax profit while CIMB Investment Bank contributed 8% at RM281 million.

The Group's shareholders funds increased from RM11.8 billion to RM15.7 billion over the year, lifting net tangible asset and book value per share to RM3.18 (51% increase) and RM4.67 (26% increase) per share respectively.

The Risk Weighted Capital Adequacy ratio for the investment banking and consumer banking operations were 20.2% and 12.5% respectively as at 31st December 2007. BCHB's double leverage and gearing stood at 116% and 33.6% respectively as at 31st December 2007.

#### **Bank Niaga Results**

Bank Niaga reported net profit of IDR770 billion, 19% higher than FY06. Net interest income reached an all time high of IDR2,447 billion and was 11% higher over the same period last year. For FY07, the Bank achieved a net ROE of 17.7%.

Mortgages, which now represent 22% of the bank's total loans, grew by 27% over the year to IDR9.1 trillion and the bank retains a strong mortgage market share of about 9.5%. Cost to income ratio was 49.7%.

## **B2. CORPORATE DEVELOPMENTS**

The significant corporate developments in 4Q07 were:

a) CIMB Bank / SBB merger

- The Group has achieved RM227.6 million in synergies for the full year exceeding the FY07 SBB-BCB synergy target by 14%.

b) CIMB-Niaga Synergy Programme

- The Group achieved RM28.8 million (IDR70 billion) in CIMB-Niaga synergies which exceeded target by about 7%. Synergies arose from sales of credit cards, corporate banking and treasury initiatives.

c) Streamlining of businesses

- CIMB Bank's branch in Tokyo has ceased operations on 14th December 2007.
- The Group's proposed sale of Southern Investment Bank Berhad and SBB Securities Sdn Bhd to HLG Credit Sdn Bhd announced on 19th October 2007 is still pending approval from the Bank Negara.
- On 4th December 2007, BCHB announced the proposed sale of its 60% equity interest in SEA Bank to British American Investment Co. (Mtius) Ltd.

d) Mergers & acquisitions and partnerships

- CIMB Bank, on 18th January 2008, signed a Participation Agreement with Lenlyn UK Ltd, the world's second largest retail foreign exchange provider for the management of its retail forex business.
- On 27th December 2007, BCHB announced Khazanah's decision to pursue the option to merge Bank Niaga and Bank Lippo to comply with Bank Indonesia's Single Presence Policy.

e) Capital management

- On 3rd December 2007, BCHB signed a Sale & Purchase agreement with Pelaburan Hartanah Bumiputera Berhad for the sale and leaseback of Menara Bumiputra-Commerce for RM460 million.
- BCHB has bought back 4.135 million BCHB shares at an average price of 10.40 since 1st January to 20th February 2008. BCHB is now embarking on a more active programme with a view to buy back and cancel up to RM1 billion in shares in 2008.

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

BCHB Group ("the Group") is delighted with the overall financial results for 2007, the first full year post merger with SBB. The Group had an outstanding first half in the regional capital markets and then successfully navigated the adverse conditions in the global capital markets. As a result, the Group maintained its no. 1 market share in almost all segments of the Ringgit capital markets and the global Sukuk market. The consumer bank also performed commendably despite the huge resource commitment to the operational integration challenge that followed the merger. It was acknowledged by The Banker as Malaysia's "Bank of the Year" in 2007 and by the Banking and Finance Magazine as "Asia's Most Improved Retail Bank."

Indeed, it is the success of the SBB merger integration and overall consumer business transformation that gives rise to the optimism about 2008 as the Group is seeing encouraging momentum in asset and deposit growth and anticipating lower credit losses in the consumer business. Although global capital markets remain volatile, the Group remains positive about activity levels in domestic and regional capital and global Sukuk markets in 2008. The Group is also pleased with the progress in enlarging the international platform which offers significant growth potential, for the longer term.

**B4. TAXATION**

	The Group			
	4th Quarter ended		Twelve months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
Major components of tax expense:				
Current tax expense	280,052	121,284	800,028	352,966
Deferred tax expense	(45,130)	9,049	(28,400)	40,202
	<u>234,922</u>	<u>130,333</u>	<u>771,628</u>	<u>393,168</u>
<b>Reconciliation</b>				
Profit before taxation	738,556	591,778	3,685,803	2,002,042
Tax at statutory income tax rate of 27% (2006: 28%)	199,410	165,698	995,167	560,572
Effect of different tax rates in other countries and change in tax rates	(44,262)	4,378	(44,567)	7,339
Due to income not subject to income tax and expenses not deductible for tax purposes	79,774	(39,743)	(178,972)	(174,743)
	<u>234,922</u>	<u>130,333</u>	<u>771,628</u>	<u>393,168</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 a gain of RM624,611,000 from the disposal of 100% equity interest in Commerce Assurance Berhad and 49% equity interest in both Commerce Life Assurance and Commerce Takaful Berhad, and a gain of RM86,725,000 from disposal of certain asset management business, all of which are 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 Dec 2007	31 Dec 2006
	RM'000	RM'000
<b>Loans Stocks</b>		
<b>Unsecured</b>		
More than one year (medium/long term)	-	41,610
	<u>-</u>	<u>41,610</u>
<b>Bonds and notes*</b>		
<b>Unsecured</b>		
One year or less (short term)	250,000	82,751
More than one year (medium/long term)	54,693	701,776
	<u>304,693</u>	<u>784,527</u>
* Included in bonds and notes for the current period is USD denominated bonds equivalent to USD6,931,087.		
<b>Other borrowings**</b>		
<b>Unsecured</b>		
One year or less (short term)	938,211	3,864,537
More than one year (medium/long term)	3,813,956	3,150,724
	<u>4,752,167</u>	<u>7,015,261</u>
** Included in other borrowings for the current period is USD denominated syndicated term loans equivalent to USD 400,000,000		
<b>Subordinated Notes***</b>		
<b>Unsecured</b>		
More than one year (medium/long term)	2,333,476	2,767,254
	<u>2,333,476</u>	<u>2,767,254</u>
*** US Denominated Subordinated Notes of USD 600,000,000		
<b>Irredeemable Convertible Unsecured Loans Stocks</b>		
<b>Unsecured</b>		
One year or less (short term)	9,282	-
More than one year (medium/long term)	-	32,982
	<u>9,282</u>	<u>32,982</u>

**Redeemable Convertible Unsecured Loans Stocks****Unsecured**

One year or less (short term)	<b>1,803</b>	-
More than one year (medium/long term)	-	14,199
	<b>1,803</b>	<b>14,199</b>

**B8. MATERIAL LITIGATION**

At the date of this report, there are no pending material litigation 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			
	4th quarter ended		Twelve months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period after minority interests (RM '000)	485,752	447,401	2,793,273	1,504,427
Weighted average number of ordinary shares in issue - proforma ('000)	3,371,377	3,108,589	3,330,288	3,086,650
Basic earnings per share (expressed in sen per share)	14.4	14.4	83.9	48.7

**b) Diluted EPS**

Net profit for the financial period after minority interests (RM '000)	485,752	447,401	2,793,273	1,504,427
Elimination of interest expense on USD Zero Coupon Guaranteed Convertible Bonds	84	3,629	341	14,571
Elimination of interest expense on Redeemable Convertible Unsecured Loan Stocks ("RCULS") (net of tax effect)	13	129	53	233
Income from ESOS proceeds placed on money market instruments	-	959	-	2,387
Net profit used to determine diluted EPS	<b>485,849</b>	<b>452,118</b>	<b>2,793,667</b>	<b>1,521,618</b>
Weighted average number of ordinary shares in issue ('000)	3,371,377	3,108,589	3,330,288	3,086,650
Adjustments for:				
- Conversion of USD Zero Coupon Guaranteed Convertible Bonds	4,287	63,786	4,287	63,786
- RCULS	211	923	211	923
- ESOS	-	12,306	-	10,751
Weighted average number of ordinary shares for diluted EPS	<b>3,375,875</b>	<b>3,185,604</b>	<b>3,334,786</b>	<b>3,162,110</b>
Diluted EPS	14.4	14.2	83.8	48.1

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

The Group did not make any profit forecast or issued any profit guarantee applicable to the financial year.