

APPENDIX 1

COMPARATIVE STATISTICS

	BUDGET FORECAST											
	BCBB- GROUP 2000	BCBB- GROUP 1999	BOC Dec-98	RHB Jun-99	BBMB Mar-98	Public Dec-98	HSBC Dec-98	Maybank Jun-99	StdChart Dec-98	OCBC Dec-98	Citibank Dec-98	Pacific Dec-98
Selected Ratios												
Return on Avg Total Assets	0.90%	0.60%	0.23%	0.71%	-2.70%	0.92%	-1.14%	0.93%	1.03%	0.47%	1.80%	0.14%
Return on Avg Equity	15.60%	10.00%	3.21%	8.73%	-54.68%	1.31%	-19.29%	10.71%	14.83%	5.78%	20.29%	1.87%
EPS	0.52	0.16	0.07	0.09	-1.04	0.2	-2.7	0.35	1.31	0.26	1.8	0.04
Net Int Margin/Avg Earnings Assets	2.50%	1.60%	2.70%	2.00%	3.20%	3.10%	3.40%	3.00%	5.10%	3.80%	4.80%	2.70%
Net Interest Income/Total Income	38.20%	30.70%	23.30%	25.70%	29.70%	28.20%	28.60%	32.60%	39.20%	32.30%	36.40%	25.30%
Non Interest Income/Total Income	9.60%	10.20%	8.40%	12.50%	9.80%	9.50%	22.40%	13.20%	15.10%	6.40%	17.50%	8.30%
Operating Expenses/Total Income	-23.50%	-16.20%	-9.00%	-11.90%	-17.60%	-14.80%	-17.10%	-13.20%	-20.30%	-7.80%	-23.30%	-12.90%
Loan Loss Provision/Total Income	-5.50%	-13.50%	-19.00%	-15.70%	-50.80%	-11.30%	-43.50%	-21.00%	-20.10%	-24.10%	-7.80%	-18.30%
CAR	14.54%	14.60%	11.72%	12.82%	6.50%	14.72%	10.40%	14.74%	9.56%	12.93%	13.43%	11.28%
Deposit Mix												
Current	20.40%	20.40%	10.80%	15.80%	34.30%	11.20%	14.60%	18.40%	19.80%	8.80%	16.80%	11.40%
Savings	6.50%	6.50%	3.60%	7.50%	9.40%	13.00%	17.30%	16.20%	14.50%	6.90%	6.30%	8.10%
Fixed	73.10%	73.10%	85.60%	76.60%	56.30%	75.70%	68.10%	65.50%	65.7	84.30%	76.90%	80.50%
Productivity Ratio												
Deposit Per Staff	5,236	4,782	6,102	4,531	3,671	3,908	4,265	4,398	4,789	6,102	5,254	3,335
Advances Per Staff	3,769	3,637	6,150	4,182	3,288	2,102	3,785	4,391	4,631	5,973	4,882	2,930
Staff Cost Per Staff	54	20	41	23	47	35	56	43	60	42	96	33
Profit Per Staff	90	27	33	41	-140	49	-68	62	68	41	146	7
Cost/Income	49%	39.50%	28.50%	31.10%	44.70%	39.30%	33.60%	28.90%	43.00%	20.20%	43.30%	38.40%
Asset Quality												
NPL (Gross)	4.30%	4.60%	6.60%	7.30%	24.70%	5.50%	16.30%	8.40%	10.00%	12.70%	5.50%	16.10%
NPL (Net)	0.80%	-2.10%	5.20%	4.00%	13.80%	1.50%	9.60%	3.70%	6.40%	8.50%	4.10%	10.70%
GP Ratio (Less IIS & SP)	1.90%	1.60%	1.50%	-2.10%	2.00%	1.50%	-3.40%	1.80%	1.80%	1.50%	1.50%	1.80%
Loan Loss Coverage	124.10%	174.80%	45.40%	75.70%	46.80%	101.40%	62.40%	96.10%	55.20%	48.60%	53.00%	48.60%

# APPENDIX 2 IT SYSTEMS SOFTWARE

The overall migration will require implementation of approximately 27 IT projects.

## Core Banking Systems

### RETAIL BANKING

Deposit/Lending System	ATM Host OCM24	Credit Cards CardPac
ALLTEL		

### COMMERCIAL BANKING

Treasury System Globus	Trade Finance BankTrade	International Banking Globus
---------------------------	----------------------------	---------------------------------

## Delivery Channels

Teller/Platform Branch Delivery MOSAIC	ASN/ASB/ASW Counter UTS	Desktop Banking Trade Finance Customer Bridge Choice On-line	Debit Card EFTPOS BBMB	E-Purse BBMB
IRD/EPF Collection BBMB	Bureau de Change BOC RYO	ATMs & Other Self Service NDC/NCRI/BMB/Siemens	Credit Card CardPac	Telebanking IVR/FCS

## Payment Systems

OSPOS BBMB	Remittance Payment For Foreign Items	Standing Orders-debit Direct Debit/PPI(1)	Standing Orders- credit AutoPay/Bulk Item Processing	EDI PCKS/NADS	Corporate Payments Choice(2)	SWIFT MERVA/ESA	RENTAS(3) MC/400
---------------	--	--	---	------------------	------------------------------------	--------------------	---------------------

## Support, Financial & Performance Management Systems

CIS ALLTEL CIF	GL ALLTEL FMS	HRMIS BBMB	Nominees NOMS2000	Email/Online Circulars MEMO OA	EIS ODS	CRIS BBMB	Liquidity BBMB	FISS BBMB	SPICK- Cheque Clearing BBMB	Credit Infor CTOS(5) BBMB	Collection & Recovery DM	Draft/Remit ALLTEL
----------------------	---------------------	---------------	----------------------	--------------------------------------	------------	--------------	-------------------	--------------	--------------------------------------	------------------------------------	-----------------------------------	-----------------------

- NOTES :**
1. BOC's Direct Debit (for commercial clients) and PPI for retail customers.
  2. CHOICE payment is mainly for commercial/corporate clients.
  3. RENTAS replace SPEED (RTGS).
  4. CTOS is mainly for information on domestic clients (retail and commercial).

## ALLTEL Platform Migration

Estimated Elapsed Timeframe: 14-20 months

Advantages

- Shorter Timeframe where a lot of work can be overlapped

## Lending Migration

Disadvantages

- Very high level of resources required with 20+ other inter-dependent projects to be implemented at the same time
- Very high risk e.g. complexity in testing and problem resolution
- Very high change impacts especially to BCB personnel
- Not good to business and personnel morale because it take 1.5 years before any result can be seen
- Extensive and long training

## Deposit Migration

14-20 months

## ALLTEL Platform Migration

Estimated Timeframe: 15-24 months

Advantages

- ALLTEL MVS version is tested first in BOC environment before full rollout
- 1 time testing, training and rollout for deposit and lending

Disadvantages

- High level of resources required to do both deposit and lending together with 20+ other systems
- Extensive and long training
- More complex testing
- Longer timeframe

6-10 months

## Deposit Migration

9-20 months

## ALLTEL Platform Migration

Estimated Timeframe: 17-30 months

Advantages

- ALLTEL MVS version is first tested in BOC environment before full rollout
  - Lower risk and complexity i.e. focus on one at a time
  - Lower resource requirements
  - Easier training as compared to option 1
  - Allow BCB to develop the MVS and ALLTEL skills
- Disadvantages
- Longer timeframe

## Lending Migration

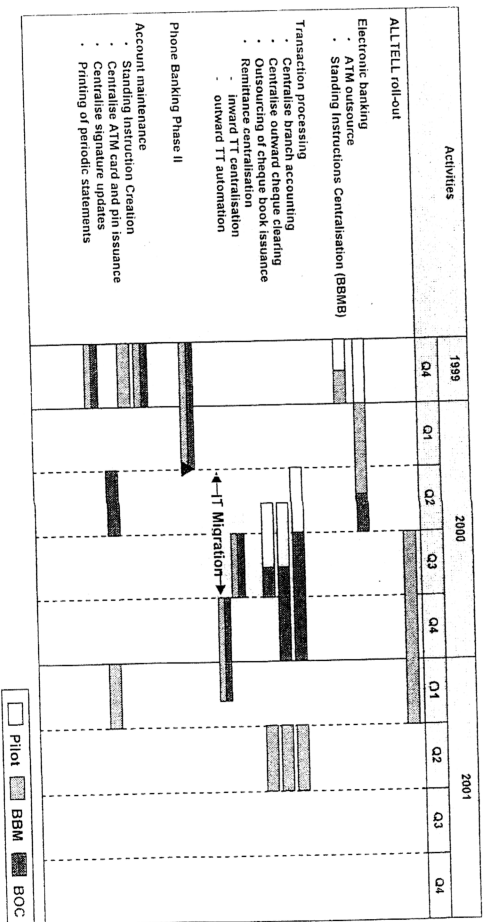
6-10 months

## Deposit Migration

7-10 months

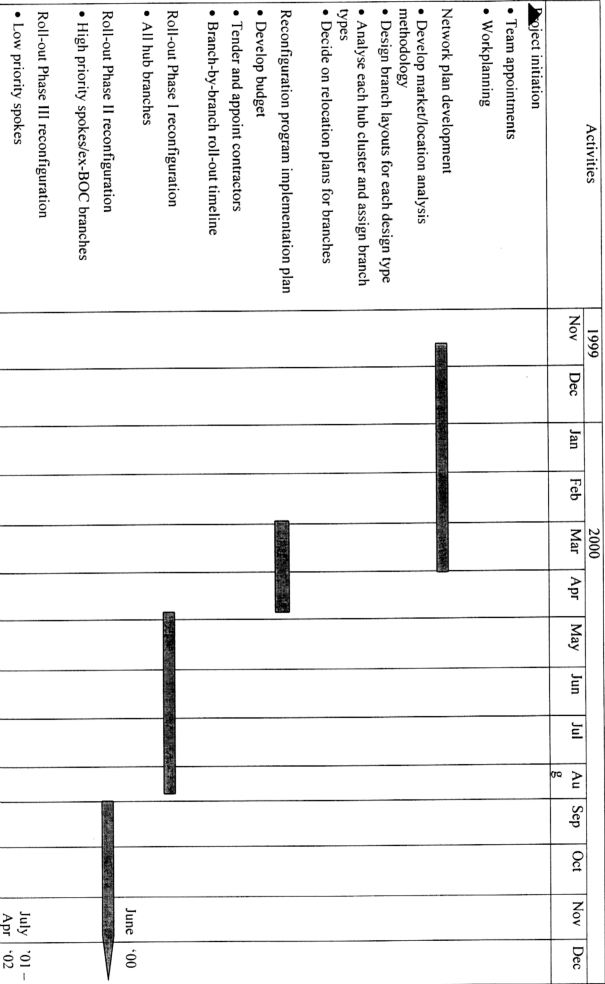
7-10 months

# ESTIMATED TIMELINE FOR BACK OFFICE CENTRALISATION

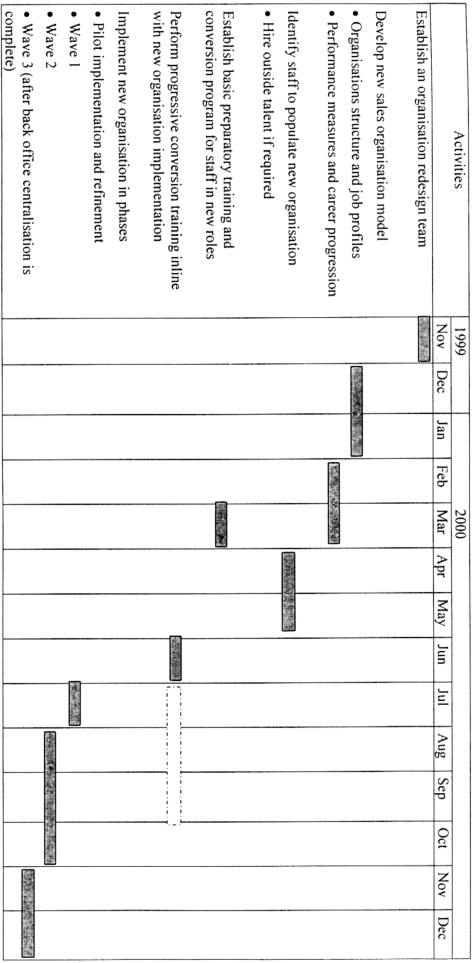




ESTIMATED TIMELINE FOR BRANCH RECONFIGURATION



ESTIMATED TIMELINE FOR SALES ORGANISATION IMPLEMENTATION



## 5-YEAR IMPLEMENTATION PLAN FOR PROCESSING DIVISION

## 60 DAYS PLAN

TARGET  
DATE

## 1.1 TRANSACTIONS PROCESSING SECTION

i	Harmonise and integrate work processes of both ATM Centres	31-12-1999
ii	Pilot outsourcing arrangement of on-site ATMs at KL region	31-10-1999
iii	Co-location of two ATM Centres	31-12-1999
iv	Review infrastructure and resources requirements of Cash Centres	01-10-1999
v	Streamline transaction approval authorities at branches	01-10-1999
vi	Pilot centralised processing of Standing Instructions for BBMB branches	15-10-1999
vii	Complete development of blue print for regionalisation of outward cheque clearing; cheque book issuance; and branch accounts administration	15-09-1999
viii	Establish new criteria on eligibility of new credit card applicants	01-10-1999
ix	Establish marketing strategy to increase credit card holders based on a large scale	01-10-1999
x	Review work processes of both SPICK Centre	01-10-1999
xi	Harmonise format of documents for both SPICK Centre	01-10-1999
xii	Establishment of call centre to handle merger related questions; transaction processing	01-10-1999

## 1.2 TRADE PROCESSING SECTION

i	Review organisation structure of the Section	25-08-1999
ii	Re-location of centres	30-08-1999
iii	Alignment of work processes and product offering	30-08-1999
iv	Establish bench marking standards for document processing turn around time	20-09-2000

## 1.3 RETAIL CREDIT CENTRE

i	Develop infrastructure (i.e. software, hardware, etc) for the centre	07-09-1999
ii	Development of system and processes	15-09-1999
iii	Training for users	22-09-1999
iv	Implementation of new system to be able to accommodate all retail loans applications, including hire purchase, and credit cards.	07-10-1999

## 1.4 RECOVERIES AND COLLECTIONS CENTRE

i	To include collections for credit cards	01-10-1999
ii	To enable the London Bridge Debt Mgr System to manage all delinquent and NPL personal OD	01-09-1999

## 1.5 SUPPORT SECTION (OPERATIONS SUPPORT, PROCESS RE-ENGINEERING, BUSINESS DEVELOPMENT)

i	Development of settlement procedures for all inter-bank (BBMB & BOC) transactions	30-09-1999
ii	Implementation of Interim Branch Solutions	01-11-1999
iii	Establish pipeline process for operational and e-business alliances marketing	30-09-1999
iv	Qualify potential business alliances and Establish marketing process for business alliances	30-09-1999
v	Explore CRM implementation options	30-09-1999
vi	Establish organisation structure for the Operations Support, Process Re-engineering, and Business Development Sections	30-09-1999

## -YEAR IMPLEMENTATION PLAN FOR PROCESSING DIVISION

1ST YEAR PLAN	TARGET DATE
<b>2.1 TRANSACTION PROCESSING SECTION</b>	
i Development of settlement procedures for all inter-bank (BBMB & BOC) transactions	30-09-2000
ii Implementation of Interim Branch Solutions	30-06-2000
iii Establish pipeline process for operational and e-business alliances marketing	31-12-2000
iv Qualify potential business alliances and Establish marketing process for business alliances	30-06-2000
v Explore CRM implementation options	30-09-2000
vi Establish organisation structure for the Operations Support, Process Re-engineering, and Business Development Sections	30-09-2000
vii Regionalising of branch accounting for all BOC branches	30-09-1999
viii Pilot and eventual implementation outward cheque clearing for KL branches	31-12-1999
ix Implement centralised cheque book issuance	31-12-1999
x Introduce Maestro and VISA Link Debit Cards	01-01-2000
xi Introduce Utilisation program for Credit Cards	01-01-2000
xii Study feasibility of central processing of inward cheques for JB ad PP & implement	30-06-2000
xiii Study feasibility of providing 1 day float for interbranch cheque deposits (SPICK)	30-06-2000
xiv Introduction of image cheque statements for selected customers (SPICK)	30-09-2000
xv Enhancement of call centre system i.e., CCB Computer Telephony Integration capabilities; loan module; Credit Card Module; and CTI	31-12-2000
xvi Introduce campaign handling capabilities in Call Centre system to support marketing efforts	31-03-2000
<b>2.2 TRADE PROCESSING SECTION</b>	
i Enhance processing capability of Bank Trade System	31-12-1999
ii Planning and piloting for implementation of Imaging system	31-12-1999
iii Implementation of Trade Finance Regionalisation	30-04-2000
iv Migration of all processing to Bank Trade	30-04-2000
<b>2.3 RETAIL CREDIT CENTRE</b>	
i Finalise processes and procedures for first Regional Loan Support Centre in Klang Valley	31-03-2000
ii Set up other (6) regional Loan Support Centres	30-09-2000
iii Development and implementation of Credit Scoring System	31-12-2000
<b>2.4 RECOVERIES AND COLLECTION SECTION</b>	
i Migration of new term loan delinquent accounts into the London Bridge Debt Mgr System	30-11-1999
ii Migration of existing delinquent and NPL term loans from RCUs into the London System	30-06-2000
iii Harmonisation of regional Collection Centre	30-06-2000
<b>2.5 SUPPORT SECTION (OPERATIONS SUPPORT, PROCESS RE-ENGINEERING, BUSINESS DEVELOPMENT)</b>	
i Sign MoUs for major e-business alliances, payment processing, and document mgmt	30-06-2000
ii Pilot payment processing alliances (Telekom/JII)	31-12-2000
iii Pilot CRM module	31-12-2000
iv Support on-going IT integration development	31-12-2000
v Establish bench marking standards for branches' transaction processing activities	30-06-2000
vi Establish Process Auditing Function to review processes in all areas of the bank to improvement in terms of work flow (restricted to Retail Banking areas)	30-06-2000

## 3-YEAR IMPLEMENTATION PLAN FOR PROCESSING DIVISION

3 2ND AND 3RD YEAR PLAN	TARGET DATE
3.1 TRANSACTION PROCESSING SECTION	
i Implementation of ATM Terminal Manager	30-06-2001
ii Implementation of automated software distribution system for ATM software upgrades	30-06-2001
iii Study the feasibility of outsourcing cash management or joint alliance for cash management	01-10-1999
iv Centralise branch account balancing for all branches	01-10-1999
v Implementation of regional outward cheque clearing system to SPICK JB & PP zones	30-06-2001
vi Introduction of corporate, affinity, smart, and student cards	01-10-2001
vii Enable cash payment for all BCB cheques presented inter-branch at any BCB branch	30-06-2001
viii Implement outbound/telemarketing services	31-03-2001
ix Implement Mobile Banking services	31-03-2001
x Obtain ISO Certification for at least one area of processing	31-12-2002
xi Introduction of multi-purpose, chip, and reloadable credit cards	31-12-2002
3.2 TRADE PROCESSING SECTION	
i Initiate services for documents preparation for exporters	31-03-2001
ii EDI/E-commerce services for selected customers	31-12-2001
3.3 RETAIL CREDIT CENTRE	
i Implement full capabilities of credit scoring system	31-03-2001
3.4 RECOVERIES AND COLLECTIONS CENTRE	
i Integration of London Bridge Debt Manager System with BOC's Debt Mgr System	31-03-2001
3.5 SUPPORT SECTION (OPERATIONS SUPPORT, PROCESS RE-ENGINEERING, BUSINESS DEVELOPMENT)	
i Market e-Commerce, Payment Processing, and Statement Printing facilities aggressively	31-12-2001
ii Pilot Document Management with a third party alliance	31-12-2001
iii Establish MoU for card issuance, trade finance, credit scoring outsourcing alliances	31-12-2001
iv Implement CRM	31-12-2001
v On-going support for harmonised/merged systems	31-12-2001
vi Establish bench marketing for Wholesale and Processing functions	30-09-2001
vii Establish Process Audit facilities for Processing functions	30-06-2001
viii Establish alliance with foreign banks for cheque processing	31-12-2002

**TRANSFORMATION OF BCB : STAFF SAVINGS WITH SPECIALISED CENTRES OF PROCESSING**

**Current Staffing Requirements for  
Back office Processing Functions**

<b>Function</b>	<b>Equivalent to number of staff</b>
Accounting	435
Clearing	356
Account Maintenance	136
ATMs	175
Head of Operation & Deputy Br Managers	360
Remittance	200
Cash Management	352
Trade Finance	300
SPICK	129
Cash Centre	19
Electronic Banking	55
Head office	25
Collections/Recoveries	350
<b>Total</b>	<b>2892</b>

**In future, when Processing Functions  
are done in dedicated Centres**

<b>Function</b>	<b>Number of Staff</b>
<b>Branch functions</b>	
Br back office coordinators	260
Branch Cash management	125
<b>Centralised functions</b>	
Electronic Banking	65
Trade Finance	150
Retail Credit Centre	50
Acct maintenance	15
Support Staff	60
Head Office	0
<b>Regionalised functions</b>	
SPICK	140
Branch Accounting	110
Outward clearing	80
Regional Loans Support	250
Collections/Recoveries	200
<b>Outsourced</b>	
Cash Management	10
<b>Total</b>	<b>1535</b>

A) **Sales kiosk** 300-500 sq.ft.

APPENDIX 11 Branch Alignment

Role and Description.

Customer service facility located in high traffic areas

- Primarily transactions

Recruit technologically oriented customers

- Youth
- Professionals

Simple Ad-hoc Sales

- Referrals

Staffing Needs.

Junior customer service representatives equipped with terminals

- 1-2 staff on shifts
- can be seconded from branch pools
- 1 kiosk supervisor

Total staff 2/3

Product and Services

- Self service access facilities
- Account opening (Savings Account, Current Account)
- Card products
- Payments

Infrastructure

- ATMs/pinpads
- Phone Banking Access
- Other automated banking machines

B) **Basic Spoke** (Essentially No frills service branch)

Role and Description

- Recruit customers and provide transaction services for less discerning segments of customers E.g. Rural locations

- Simple sales
- Referrals

#### Staffing Needs

- Tellers – 2/4 depending on transaction levels
- 1 teller supervisor/chief cashier
- 1-2 customer service representatives equipped with terminals
- 1 branch supervisor
- 1 processing officer
- 2 Admin. And others

Total staff (estimated) 8/11

#### Product and Services

- Same as sales kiosk
- Cash and cheque withdrawals
- Simple retail lending (credit score)
- Complex sales (by arrangement only)

#### Infrastructure

- ATMs
- Phone banking access
- CSR Desks & Terminals
- Cash vault
- Teller counter

### C) **Full Service Spokes** (can support all Retail customers)

#### Role and Description

Recruit all Retail customers

- Greater focus on high end customers

Provide transaction services for all retail segments

- including small business/merchants



Simple complex sales

Referrals

#### Staffing Needs

- 4/6 depending on transaction levels
- 1 Teller supervisor
- 1 Remittance officer
- 2/3 CSRs
- 1 CSD
- 1 Junior sales officers for lending products
  - consumer
  - small business
- 1 Branch Manager
- 2 Processing Officer
- 3 Admin. And others

Total staff (estimated) 15/20

#### Product and Services

- Services basic spoke
- Small business products and advisory
- More frequent visits by hub specialists to all complex products
  - Investments
  - Mortgages

#### Infrastructure

- ATMs
- Phone banking access
- CSR Desks & Terminals
- Teller counter
- Queing system (optional)
- Cash vault
- Customer waiting area

- Specialist area

#### D) **Hub Branches**

##### Role and Description

- Recruit and provide transaction services for all retail customers
- Support business & Corporate customers on transactions
- All sales
- Flagship on show case branch for Bumiputra Commerce in Hub cluster

##### Staffing Needs

- Tellers – 5/8 depending on transaction level
  - May be specialised
    - 1 Teller Supervisor
    - 1 Chief cashier
    - 2 Remittance officer
    - ¾ CSRs
    - 1 CSO
    - 3 Sales Managers (consumer, small business, RFS)
    - 4/6 Product specialists depending on number of spokes and volumes)
    - 1 Hub Manager
    - 1 Processing Officer
    - 4 Admin. and others
- Total staff (estimated) 25/30

##### Products and Services

- Same as full service spoke
- Mobile specialists based at hub

## Infrastructure

- ATMs
- Phone banking area
- CSR desk & terminal
- station
- Teller counter
- Queing system (optional)
- Cash vault
- Customer waiting area
- Specialist area
- Business transaction corner.

**Design Modularity Allows for Scalability****Appendix 12- Branch Products**

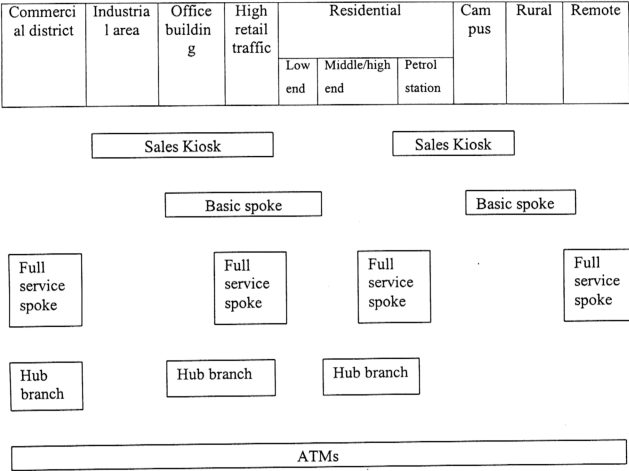
- Provides flexibility in representation points to meet economic returns
- Results in more robust and variable cost structures.

	<b>Role</b>	<b>Products and Services</b>	<b>Staffing</b>
<b>Common Transaction</b>	Fundamental transaction services for all retail segments <ul style="list-style-type: none"> <li>- Deposits</li> <li>- Withdrawals</li> <li>- Payments</li> </ul>	All transactions relating to retail products or services	Junior staff with little/no experience <ul style="list-style-type: none"> <li>- Clerks (tellers)</li> <li>- CSRs</li> </ul>
<b>Sales and Service</b>	Marketing and acquisition of consumer customers <ul style="list-style-type: none"> <li>- New and existing</li> </ul>	All conventional consumer banking products <ul style="list-style-type: none"> <li>- Savings</li> <li>- Chequeing</li> <li>- Mortgages</li> </ul>	Minimal experience <ul style="list-style-type: none"> <li>- Sales training</li> <li>- Service orientation</li> </ul>
<b>Small Business</b>	Small business customer recruitment, product sales and relationship management	Small business credit and funds management <ul style="list-style-type: none"> <li>- Priority sector lending</li> <li>- Trade finance</li> </ul>	Experienced officers with sales/service focus <ul style="list-style-type: none"> <li>- Credit capable</li> <li>- Familiar with business concepts</li> </ul>
<b>Specialist Product Sales</b>	Sales of specialised and ancillary products <ul style="list-style-type: none"> <li>- Principally to middle and higher end customer</li> </ul>	Investment and insurance products Any other non-conventional products to be introduced.	Experienced specialists, trained in specific product lines <ul style="list-style-type: none"> <li>- May cross-sell multiple product types</li> </ul>
<b>Specialist Transactions</b>	Specialist transaction services <ul style="list-style-type: none"> <li>- Typically for business and corporate customers</li> </ul>	Common transaction plus facility for fragmented cash/cheque deposits <ul style="list-style-type: none"> <li>- Complex transfers</li> <li>- Access to FX or trade finance as needed</li> </ul>	Junior staff with some experience and training

(Roll out needs to be aligned with Branch redesign program).

**Orientation and Format of Branches can be easily defined to correspond to specific locations served.**

(Example of Representation approach)



# Branch Overlaps Created by the Merger need to be Addressed

## Appendix 13

Region	Overlapping Bumiputra-Commerce branches	Category of overlap	Recommended solutions
Central I	Ex BOC – Jalan Tiong Ex BBMB – Batu Kompleks, Jln Ipoh	Proximity <1 km	<ul style="list-style-type: none"> <li>Reconfigure and format</li> </ul>
	Ex BOC – Wisma Cosway Ex BBMB – Kompleks Antarabangsa	Same street, proximity <1 km	<ul style="list-style-type: none"> <li>Relocate branch then reconfigure</li> </ul>
	Ex BOC – Selayang, Batu Caves Ex BBMB- Tmn Batu, Batu Caves	Proximity <1 km – township	<ul style="list-style-type: none"> <li>Reconfigure retail format and relocate branch</li> </ul>
	Ex BBMB – Kompleks Pertama, KL Ex BOC – Medan Tuanku, KL	Same street, proximity <1 km – city	<ul style="list-style-type: none"> <li>Reconfigure retail format</li> </ul>
	Ex BBMB – Bang Darul Takafu, Jln Sultan Ismail Ex BOC – Kampung Baru	Proximity <1 km – city	<ul style="list-style-type: none"> <li>Reconfigure retail format</li> </ul>
Central II	Ex BBMB – PKNS, Shah Alam Ex BOC – Bang. UMNO, Shah Alam	Same street, proximity <1 km – town	<ul style="list-style-type: none"> <li>Reconfigure retail format</li> </ul>
	Ex BBMB – Sec 18, Shah Alam Ex BOC – Jln Pinang, Shah Alam	Kewangan same street, proximity <1 km – township	<ul style="list-style-type: none"> <li>Relocate Kewangan operations and premises</li> </ul>
	Ex BOC – Tmn Bukit Rahman Putra Ex BBMB – Bdr Baru Sungai Buloh	Proximity <1 km – residential	<ul style="list-style-type: none"> <li>Reconfigure retail format</li> </ul>
	Ex BBMB – Giant Hypermarket, S. Permai Ex BBMB – UEP, Subang Jaya	Proximity <2 km – residential	<ul style="list-style-type: none"> <li>Reconfigure retail format</li> </ul>
	Ex BBMB – Menara Acmar, Klang Ex BOC – Lorong Batu Tiga, Klang	Proximity <1 km – town	<ul style="list-style-type: none"> <li>Reconfigure retail format and relocate branch</li> </ul>