

7. INFORMATION ON THE CIMB GROUP

7.1 Incorporation

CIMB was incorporated in Malaysia under the Companies Act, 1965 on 11 June 2002 as a public company under the name of CIMB Berhad. The authorised share capital of the Company is RM2,000,000,000 comprising 2,000,000,000 ordinary shares of RM1.00 each. The existing issued and paid-up share capital of the Company is RM850,000,000 comprising 850,000,000 ordinary shares of RM1.00 each.

The principal activity of the Company is that of investment holding while the principal activities of its subsidiaries and associated companies are as set out in Section 7.3 below.

The changes in the issued and paid-up share capital of CIMB since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Cumulative issued and paid-up capital RM
11.06.2002	2	Subscribers' shares	2
27.11.2002	849,999,998	Issue of shares pursuant to acquisition of a subsidiary	850,000,000

7.2 Business Overview, Future Prospects, Plans and Strategies

7.2.1 History and Background

(i) Business Overview

A Brief History

Commerce International was incorporated on 24 April 1974 as Pertanian Baring Sanwa Multinational Berhad, after its 4 founder shareholder banks. In 1977 it changed its name to Pertanian Baring Sanwa Berhad when London Multinational Bank disposed of its interest. In 1986, BPM sold a 51% controlling interest in Commerce International to the then Bank of Commerce Berhad ("BOC") and Commerce International assumed its present name. In 1991, BOC was transformed into an investment holding company, CAHB, pursuant to a scheme of arrangement in conjunction with the merger of BOC and United Asian Bank Bhd ("UAB"). A further change in shareholding occurred in 1993 when Baring Brothers & Co Limited ("Barings") sold its entire stake in Commerce International to CAHB and BPM.

Commerce International's strategy in its early years was to concentrate on corporate advisory activities for multinational companies ("MNCs") with Barings providing technical assistance. A particular area of expertise was in assisting MNCs to comply with the National Economic Policy. In the late 1980s Commerce International became very active in IPOs, and in 1989 topped the IPO league table managing 4 out of 13 IPOs in that year. From then on Commerce International began to regularly emerge as the top corporate advisory income earner in Malaysia. In 1992 Commerce International lead managed the RM3.2 billion privatisation and IPO of Tenaga Nasional Berhad, the first global equity offering by a Malaysian company in Malaysia.

In anticipation of a growing secondary equities market, Commerce International acquired Sinaran Securities Sdn Bhd in 1987 which became CIMBS. This has enabled Commerce International to enjoy strong returns from the explosive growth in the KLSE in the mid-1990s through CIMBS which was the major earnings contributor to the Commerce International Group.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

In the early 1990s Commerce International began to build its debt markets business. Initially it made its mark in originating Ringgit debt. In 1996 in anticipation of growth of the secondary debt markets, Commerce International started to develop risk management and operations infrastructure to support a debt markets franchise. This placed Commerce International in a good position to capitalise on the strong growth of the Ringgit debt market as Malaysia emerged from the Asian Financial Crisis after 1998. In the aftermath of the crisis, Commerce International began advising debt restructuring exercises actively. It lead managed the RM15.9 billion bonds issued by Projek Lebuhraya Utara Selatan Berhad.

In October 1999, Bank of Commerce (M) Berhad completed its merger with Bank Bumiputra Malaysia Berhad and the merged entity became known as Bumiputera Commerce Bank Berhad (“BCB”), Malaysia’s second largest commercial bank in term of assets. BCB and Commerce International are related companies as they share a common substantial shareholder namely, CAHB. An industry-wide consolidation then followed, with Commerce International being one of the few financial institutions not to undergo a merger. Commerce International’s market position has been enhanced with the emergence of BCB by being the investment bank of one of the largest banking group in Malaysia. In addition, in 2001 as part of CAHB Group’s rationalisation, Commerce International acquired CIMBDH from BCB.

Commerce International is today one of Malaysia’s premier investment banks. It has earned many accolades for its capital markets achievements (see Section 7.2.1 (viii)).

An Overview

The CIMB Group comprises 5 core companies, namely the merchant bank (Commerce International), the stockbroking company (CIMBS), the discount house (CIMBDH), the Labuan offshore bank (CIMBL) and the futures broker company (CIMBF). Further details of the businesses of the core companies are set out in Section 7.3 of this Prospectus. These entities have all the necessary licences, exchange memberships and other regulatory requirements to enable the Group to intermediate the Malaysian capital markets and provide related services.

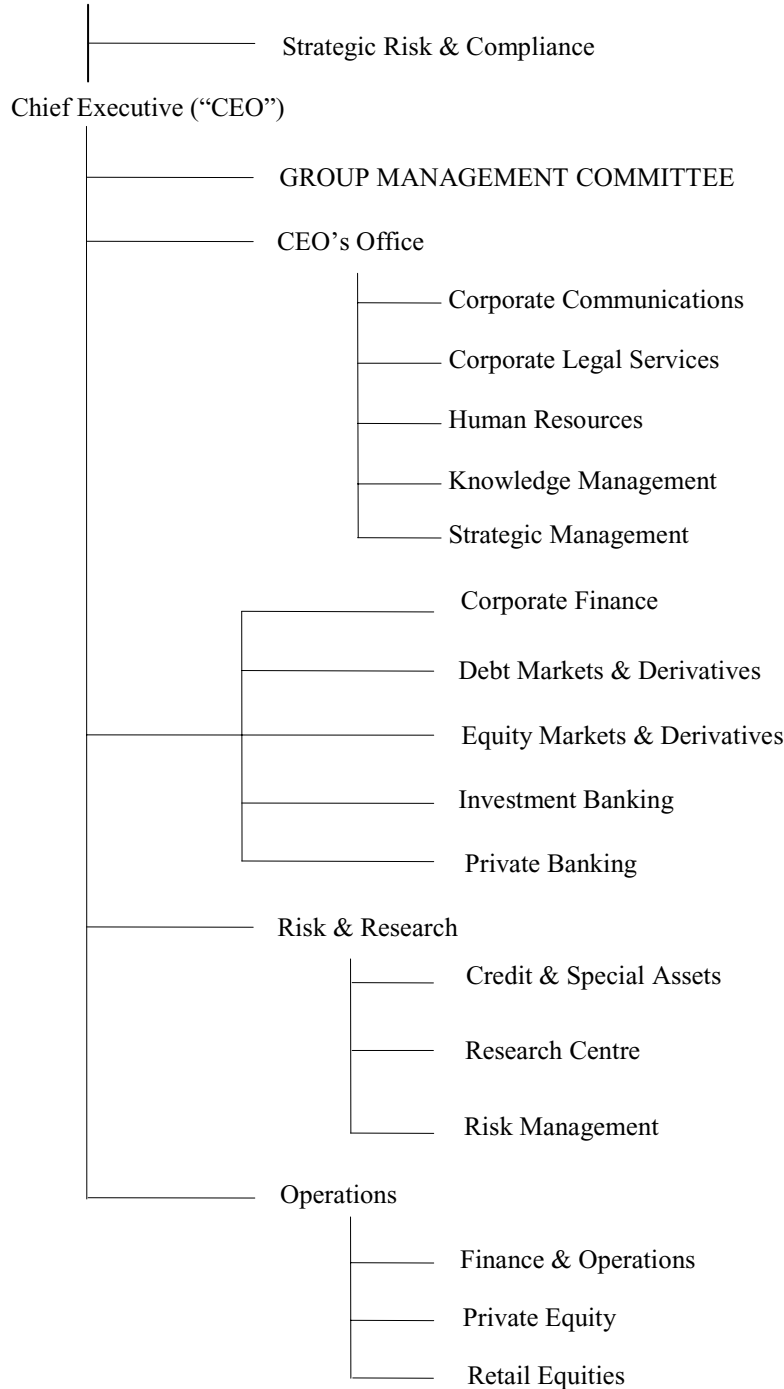
The Group is focused on the capital markets. It provides corporate advisory services. It also invests, makes markets, brokers and trades in debt and equity securities as well as their derivatives. Commerce International also provides lending to companies as well as individuals typically in conjunction with capital markets transactions. Commerce International recently extended its range of related products and services by launching private banking, which caters to the banking and investment needs of affluent individuals, and private equity, which involves investing equity capital with a longer term return horizon.

Under the Financial Sector Master Plan (“FSMP”), it is envisaged that investment banking groups will be allowed to consolidate into one legal entity to be known as an “investment bank” in the near future. On its part, the Commerce International Group has already functionally organised itself along the lines of an investment bank. Whilst the Commerce International Group’s legal entities each have their own board of directors fully responsible and accountable for the prudent management for their respective legal entities and supported by the Commerce International Group’s risk management framework, for operational efficiency the Commerce International Group’s business are, as much as permissible by regulations, functionally organised.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

The functional organisation structure of the CIMB Group which is implemented vide its main subsidiary, Commerce International is depicted below:

BOARD OF DIRECTORS



7. INFORMATION ON THE CIMB GROUP (Cont'd)

Some of the more significant engagements by Commerce International in the recent last 3 years are as follows:

Year	Client	Engagement
2002	Maxis Berhad	Joint adviser and lead manager for listing of the company on the KLSE
	Sovereign Capital Berhad	Book runner for the issue of RM1.11 billion nominal value zero coupon redeemable secured bonds
	Tenaga Nasional Berhad	Joint book runner for the issue of US\$350 million Guaranteed Exchangeable bonds
2001	Intelek Perkasa Berhad	Book runner for the issue of RM1.03 billion nominal value zero coupon redeemable secured bonds
	Petronas Asset Sdn Bhd	Lead manager for the issue of RM282 million nominal value Bai' Al-Dayn Notes
	Syarikat Prasarana Negara Berhad	Lead manager for the issue of RM5.468 billion fixed rate serial bond
	Tenaga Nasional Berhad	Joint book runner for the issue of US\$600 million fixed rate coupon bonds
2000	Public Bank Berhad	Adviser to the merger of banking businesses of Public Bank Berhad and Hock Hua Bank Berhad
	Syarikat Pengeluar Air Sungai Selangor Sdn Bhd	Lead manager for the issue of RM1.407 billion Bai' Bithaman Ajil Islamic Debt Securities

(ii) Business Divisions and Products

Investment Banking ("IBK")

The IBK division manages the Group's relationships with corporate customers and structures financial solutions, with the support of product groups, to meet client needs.

Corporate Finance ("CF")

The CF division is responsible for the origination of products including IPOs, mergers and acquisitions, secondary offerings, asset backed securities, debt restructurings, corporate advisory, project advisory, loan syndication, corporate loans and margin lending. It also undertakes submissions to regulatory authorities on behalf of corporate clients.

Debt Markets & Derivatives ("DMD")

The DMD division is the debt markets, derivatives and treasury division of the Group. This division is responsible for originating, underwriting and distributing debt products, proprietary trading and market-making in the secondary market for debt and its derivative products and managing the treasury function of the Group. This division is also active in non-RM debt markets and in structured products where it structures and market-makes risk/return solutions to clients covering interest rates, currency, credit and other derivatives and structured products.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Equity Markets & Derivatives (“EMD”)

The EMD division is responsible for the Group’s equity markets business, which offers institutional broking for securities listed on the KLSE and Malaysian Derivatives Exchange, trades the domestic and regional equities markets and also originates, underwrites and distributes primary equities and its derivatives.

Private Banking

Commerce International’s Private Banking was launched in March 2002. A team of financial and investment advisers provide tailor-made solutions for affluent individuals, offering customers products from Commerce International, BCB and also third party providers.

Private Equity

The Private Equity team invests proprietary capital for the Group as well as manages funds on behalf of clients in joint venture arrangements with other private equity fund managers. To-date Commerce International has partnered with Navis Capital Partners Limited to launch the CIMB Muamalat Fund, Asia’s first Islamic private equity fund. It also partnered with several strategic and complementary partners to form Banyan Ventures Sdn Bhd which focuses on venture financing. The management oversight of this business is provided by the Finance & Operations (“F&O”) division.

Retail Equities

The Retail Equities division comprises private client units and remisiers who are individuals on commission sharing arrangements with CIMBS for dealing for clients on the KLSE and other exchanges. The key differences between the two components are in terms of deposit amount and percentage of commission sharing. The management oversight for this division is provided by the F&O division.

(iii) Support Services*F&O*

The F&O division is responsible for finance, accounting, management and statutory reporting, information technology and operations. F&O also provides management oversight of Retail Equities and Private Equity.

CEO’s Office

The CEO’s Office comprises various units that support the CEO’s decision making in various key areas. The units are Human Resource, Strategic Management, Corporate Legal Services, Knowledge Management, Investor Relations and Corporate Communications.

Risk Management

The Risk Management division has two components, the Risk Management Unit (“RMU”) and Credit & Special Assets (“CSA”). The former is responsible for measuring, reporting and evaluating the Group’s exposure to market, liquidity and operational risk. CSA is responsible for measuring, reporting and evaluating the Commerce International Group’s credit risk exposures, which includes providing an independent review of all credit proposals.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Research Centre

The Research Centre undertakes research on the economy, economic sectors as well as companies. In addition it provides analysis of debt and equity market trends.

Strategic Risk & Compliance (“SRC”)

The SRC is responsible for both the Group internal audit and compliance functions. It independently assesses the adequacy of internal controls and effectiveness of risk management, controls and governance processes of the Group and reports directly to the Audit Committee and the Board of Directors.

(iv) Risk Management Framework

Risk is part and parcel of the Group’s business and activities. Therefore, the extent to which the Group is able to identify, evaluate and manage each type of risks is critical to its soundness and profitability.

The Group has reviewed its risk management processes against the backdrop of its functional transformation into a full-fledged transaction based investment bank and rationalised the overlaps between the risk management tasks assumed by individual business units and the centralised risk oversight function. The objectives of the Group’s integrated risk management framework are to:

- identify the various risk exposures and operational requirements;
- establish policies and procedures and to develop the infrastructure to measure, report, evaluate and manage these risk exposures, and ensure that they are within the Group’s risk limits as approved by the Board of CIMB; and
- set out appropriate responsibilities and structures required in the risk management process.

The Group’s enterprise-wide risk management framework is upheld by a number of management committees. The purpose of each management committee is to identify, evaluate and manage the principal risks to which the Group is exposed to. Essentially, these constitute:

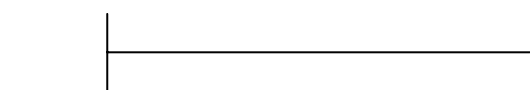
- market risks – arising from changes in market prices from exposure to interest rates, currency, credit spreads and equity prices;
- credit risk – arising from the losses due to counterparty or issuer of securities or other instruments held fails to perform its contractual obligations to the Group;
- liquidity risks – relates to the funding and liquidity management of the Group’s activities; and
- operational risk – relating to the potential for losses arising from a breakdown in controls and the implementation of safeguards to ensure the proper functioning of people, systems and facilities. This includes legal and regulatory issues, and the need to ensure that all work undertaken by the Group is adequately documented and meets regulatory standards.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

In line with good practices and the standards of the Malaysian Institute of Corporate Governance guidelines, the Board of Commerce International determines the risk policy objectives for the Commerce International Group, and assumes ultimate responsibility for risk management. Further, the Board of Commerce International has set up a Board Risk Committee to specifically supervise the risk management of the Group. The Board of Commerce International also determines the allocation of risk capital to support all risks taken by the Commerce International Group.

The day-to-day responsibility for risk management and control has been delegated to the Group Risk Committee, which reports directly to the Board of Commerce International. The Risk Committee has also set up delegated committees to manage and control specific risk areas. The roles and responsibilities of these risk sub-committees are as follows:

Board Risk Committee

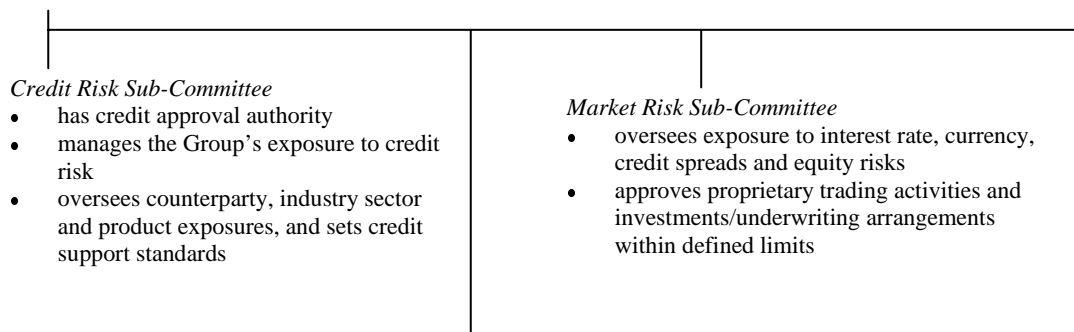


Group Risk Committee

- reviews and advises the Board of Risk Committee on risk policies and strategies
- manages the risk positions of the Group
- is responsible for risk capital allocation across business activities

Audit Committee

- oversees strategic risk issues, internal control and audit matters, and compliance with corporate governance practices within the CIMB Group



Credit Risk Sub-Committee

- has credit approval authority
- manages the Group's exposure to credit risk
- oversees counterparty, industry sector and product exposures, and sets credit support standards

Market Risk Sub-Committee

- oversees exposure to interest rate, currency, credit spreads and equity risks
- approves proprietary trading activities and investments/underwriting arrangements within defined limits

Liquidity Risk Sub-Committee

- manages the Group's funding profile and liquidity risk

Operational Risk Sub-Committee

- oversees issues relating to the CIMB Group's operational risk and internal control environment

The primary oversight units are RMU and CSA, which are independent of the CIMB Group's business units. RMU and CSA are responsible for measuring, monitoring and ensuring compliance with the risk levels set by the Board Risk Committee and the various sub-committees. SRC, which reports to the Board of Commerce International, evaluates the CIMB Group's operations and environment through regular and periodic examinations of the business operational areas, including the internal control overseeing other businesses.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

RMU and CSA are responsible for measuring and ensuring compliance with the risk levels set by the Board Risk Committee to the various sub-committees. The goals of Risk Management are to understand the risk profile of each trading area, to consolidate risk at the enterprise-wide level, to articulate large trading or position risks to senior management, to provide traders with perspectives on their positions and to better ensure accurate mark-to-market pricing. CSA, in turn is responsible for the credit review function to ensure that the credit risk profile of CIMB Group in its entirety as well as by legal entity are consistent with the Group's risk profile, which is established by the Board of Commerce International Group.

Risk Controls

SRC is responsible for both the Group internal audit and compliance functions. The goal of the division is to provide an independent assessment of the adequacy of internal controls, facilitate a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes and highlight significant changes, issues and concerns to the Audit Committee and the Board of CIMB.

(v) **Interruption to Operations of the CIMB Group**

The CIMB Group has not experienced any major interruptions to its business which has led to any significant effect on the operations of the CIMB Group during the past 12 months.

(vi) **Management of CIMB Group**

The brief profiles of the Directors and key management of CIMB Group are set out in Section 7.6 of this Prospectus.

(vii) **Employees**

As at 15 November 2002, the CIMB Group employs a total work force of 745 employees. None of the employees of the CIMB Group is a member of any union. There have been no instances of strike action by the employees since the Group commenced operations.

The breakdown of employees by categories is as follows:

Category	No. of employees	< 5 years	5 to 10 years	> 10 years
Management	68	23	25	20
Technical/Professional	420	272	103	45
Clerical	186	87	72	27
General	71	28	27	16
Total	745	410	227	108

As of the same date, a total of 96 remisiers is attached to the CIMBS.

Further information on the key management of CIMB Group is set out in Section 7.6 of this Prospectus.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Recruitment

The CIMB Group believes that people are its most important assets and the Group's success depends on the quality of the employees it hires. It is therefore critical that the Group is able to hire competent, motivated and productive employees and avoid problems of costly employee turnover.

Compensation and Benefits

In order to retain talent, the Group is focused in ensuring a competitive and comprehensive compensation package to cater for all levels of employees. The Group is also embarking on a new performance management system to promote a transparent linkage between performance and compensation.

Not only is the Group committed to continuously enhancing the current compensation package that it offers, it has successfully introduced and implemented a flexible benefits program that allows employees to tailor benefits provided by the Group to suit their personal needs.

Learning and Development

In terms of human resource development, the Group is committed to providing all staff with appropriate training and development programmes to improve job performance and promote organisational efficiency. The individual training needs of employees are determined through training needs analysis as well as through identification from the employees' performance appraisals conducted each year.

Performance Support

To support the efficient running and delivering of Human Resource's product, services and processes, the Group is committed to optimising the existing human resource infrastructure that it already have in place which is called, e.HR. This infrastructure has eased the administrative burden of employees and subsequently improved the working environment. Employees as well as management are now able to promptly access information, analyse human resource and make more informed decisions. Essentially, e.HR has enhanced the effectiveness and productivity of the human resource of the Group.

(viii) Key achievements/milestones/awards of the CIMB Group

Commerce International's RAM credit rating history is as follows:

Credit Rating/Year	2002	2001	2000	1999	1998	1997	1996
Long term	AA3	AA3	A1	A2	A2	AA3	AA3
Short term	P1	P1	P1	P1	P1	P1	P1

AA3 is the highest rating currently given to a merchant bank. This reflects Commerce International's strong capital adequacy ratio and improvement in financial statements and highly liquid balance sheet, commendable track record in managing its off-balance sheet portfolio and effective risk management framework.

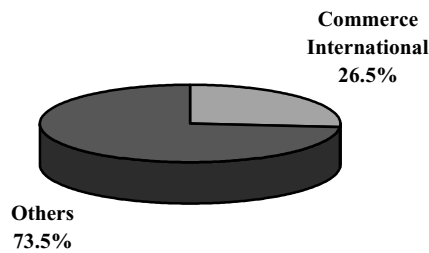
(Source: RAM)

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Commerce International is the highest corporate advisory fee earner from 1990 to 2000 with a 26.5% market share and a leading adviser and managing underwriter for fund-raising through IPOs, bringing the most securities to the market since 1991 with a 28.7% market share. RAM has also ranked Commerce International first for both number and value of private debt securities (“PDS”) i.e. corporate debt issued in Malaysia from 1991 to 31 December 2001 with a 39.1% market share.

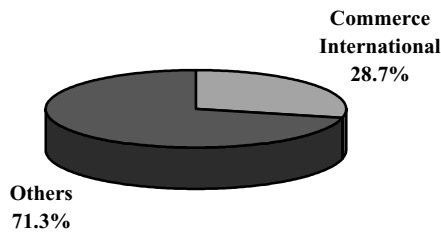
The following are diagrammatic representations of:

- (i) Commerce International’s market share in terms of corporate advisory fees earned from 1990 to 2001:



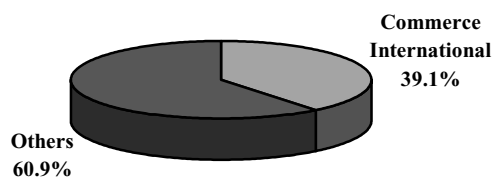
Source: Commerce International based on the latest published accounts of Malaysian merchant banks

- (ii) Commerce International’s market share as adviser for fund raising through IPOs from 1991 to 2001:



Source: Commerce International based on issues of Investors Digest since 1991

- (iii) Commerce International’s market share as lead manager for PDS (corporate debt) issues from 1991 to 2001:



Source: RAM’s Malaysia PDS League Table by lead managers (1991-December 2001)

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Recent accolades for Commerce International Group include the following:

Award	Awarded by	Year	Description
Best Local Investment Bank	Finance Asia	2002	In recognition of Commerce International's steady commitment to developing the Malaysian capital markets for the third consecutive year
Best Equity House	Euromoney	2002	In recognition of Commerce International's strong commitment to developing the Malaysian equity market for the second consecutive year
Best M&A House	Euromoney	2002	In recognition of Commerce International's active involvement in mergers and acquisitions ("M&A") deals in Malaysia for the third consecutive year
Best Domestic Debt House	Asiamoney	2002	In recognition of Commerce International's strong commitment to developing the Malaysian bond market
Best Domestic Equity House	Asiamoney	2002	In recognition of Commerce International's active involvement in the equity market
Best Lead Manager of Malaysian Ringgit Bonds	EuroWeek	2001	In recognition of Commerce International's strong position in Malaysian debt capital markets
Best Malaysian Ringgit Bond	EuroWeek	2001	In recognition of Intelek Perkasa Berhad's Nominal Value Zero Coupon Redeemable Bonds for which Commerce International was the lead manager/book runner
Best Domestic Investment House	The Asset	2001	In recognition of Commerce International's dominant position in the Malaysian equity & debt capital markets, restructuring, and mergers & acquisitions
Best Investment Bank	Finance Asia	2001	In recognition of Commerce International's strong commitment to developing the Malaysian capital markets for the second consecutive year
Best Malaysian Ringgit Bond House	Finance Asia	2001	In recognition of Commerce International's strong commitment to developing the Malaysian bond market

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Award	Awarded by	Year	Description
Best Equity House	Euromoney	2001	In recognition of Commerce International's strong commitment to developing the Malaysian equity market
Best Debt House	Euromoney	2001	In recognition of Commerce International's strong commitment to developing the Malaysian bond market
Best M&A House	Euromoney	2001	In recognition of Commerce International's active involvement in M&A deals in Malaysia for the second consecutive year
Top Lead Manager for PDS Issues	RAM	2001	Ranked the top lead manager for both value and number of PDS issued in 2001 as well as from 1990 to 2001
No. 1 in Interest Rate and No. 2 in Forex Products	Asia Risk	2001	In recognition of Commerce International's strong efforts to develop the Malaysian derivatives industry for the second consecutive year
No.1 in IFR Asia's Malaysian Ringgit Bonds first half league table	IFR Asia	2001	In recognition of Commerce International's strong commitment to developing the Malaysian bond market
Joint Second in Execution and Second Best Local Research Firm	Asiamoney	2000	In recognition of CIMBS' performance in execution and research in Malaysia
Top Lead Manager for PDS Issues	RAM	2000	Ranked the top lead manager for both value and number of PDS issued in 2000 as well as from 1990 to 2000
Best Domestic Securities House	Finance Asia	2000	In recognition of CIMBS' steady commitment in developing the Malaysian capital markets
Best Domestic M&A House	Euromoney	2000	In recognition of Commerce International's active involvement in M&A deals in Malaysia
No. 1 in Interest Rate and No. 2 in Forex Products	Asia Risk	2000	In recognition of Commerce International's strong efforts in developing the Malaysian derivatives industry
Top Lead Manager for PDS Issues	RAM	1999	Ranked the top lead manager for both value and number of PDS issued from 1990 to 1999

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Award	Awarded by	Year	Description
Derivatives OTC National Award in Malaysia	Malaysian Monetary Exchange ("MME")	1998	In recognition of Commerce International's leadership role in developing the Malaysian risk/return management industry
Best Broker of the Year in Malaysia	MME	1998	For CIMBF's active participation in the local derivatives market
Top 15 Stockbrokers in Malaysia	Asiamoney	1997	Second in Malaysian Sales and sixth in the overall category in recognition of CIMBS' favourable performance in execution
Domestic Investment Bank of the Year	Asiamoney	1997	In recognition of CIMBS' steady commitment in developing the Malaysian capital markets and its continuous efforts to further clients' long term strategic goals
Market Maker for the KLIBOR Exchange	MME	1997	In recognition of Commerce International's strong efforts in developing the Malaysian derivatives industry

7.2.2 Future Prospects, Plans and Strategies

The Group's vision is to be Malaysia's premier investment bank post liberalisation and deregulation. Encapsulated in that vision is the recognition that Commerce International has to evolve to compete with international investment banks in Malaysia whilst also facing up to the challenges of deregulation, which brings non-traditional competitors such as universal brokers and impacts product pricing.

On 1 January 2002 the Commerce International Group's current organisation structure was introduced. This is a significant departure from the traditional "merchant bank" mould in favour of an "investment banking" model. The re-organisation was implemented even after the Commerce International Group won a record number of accolades from international publications and achieved a third consecutive year of record profits in 2001. This demonstrates the management's determination to ensure that Commerce International is able to compete effectively post liberalisation. The new organisation structure was designed to strengthen Commerce International's client orientation, focus on trading markets and product specialisation as well as enhance corporate governance.

The Group will continue to leverage on its strong track record to win new mandates in corporate finance as well as in debt and equity primary issues. The new organisation structure has strengthened the Group's value proposition for clients. At the same time investment and trading capabilities will continue to be developed and strengthened in tandem with continuous enhancement of the Group's risk management framework. Various projects are also ongoing to improve operations, processes and procedures.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

As an investment banking group, the Group is susceptible to vagaries of the Ringgit debt and equity capital market. In recent years the Group has taken advantage of a low interest rate regime and strong growth of the debt capital markets. This has more than offset the effects of the weak equities markets in 2001. In 2002, the uptrend in interest rates and slower primary market has affected profitability from debt capital markets, while margins in equities have come down sharply with the liberalisation of brokerage rates. This view has been reflected in the Group's estimate of lower earnings in 2002 compared to previous years.

The Group has taken significant steps to further diversify its revenue base with the launch of Commerce International's private banking and also private equity businesses in 2001/2. Commerce International will also be making an effort to enhance its presence in Islamic Banking activities. The Group is also looking at opportunities to increase its non-Ringgit activities primarily via CIMBL but also potentially by establishing a presence in other regional markets.

The Group recognises that its ability to attract and retain talent is extremely important. This will be enhanced by the listing of the Group and the accompanying staff share ownership schemes through the EES and also its Executive ESOS.

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7. INFORMATION ON THE CIMB GROUP (Cont'd)

7.3 Subsidiaries and Associated Companies

Details of CIMB's subsidiaries, all of which are wholly-owned are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
Commerce International	24.04.1974 Malaysia	319,242,000	100.00	Merchant banking and the provision of related financial services
Held through Commerce International				
CIMB Holdings Sdn Bhd	05.05.1984 Malaysia	10,370,000	100.00	Investment holding
CIMBF	05.02.1993 Malaysia	9,000,000	100.00	Futures broker
CIMB Nominees (Tempatan) Sdn Bhd	31.01.1977 Malaysia	10,000	100.00	Nominee services
CIMB Nominees (Asing) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMBDH	22.11.1975 Malaysia	62,900,000	100.00	Discount house
CIMBL	23.05.2001 Federal Territory of Labuan	USD25,000,000	100.00	Offshore banking
iCIMB Sdn Bhd	21.09.2001 Malaysia	2	100.00	Dormant
Held through CIMB Holdings Sdn Bhd				
CIMB Securities (Hong Kong) Limited	06.02.1996 Hong Kong	HKD5,000,000	100.00 ^{*1}	Trading in securities
CIMBS	22.08.1987 Malaysia	40,000,000	100.00	Stock and sharebroking
Held through CIMBS				
CIMSEC Nominees (Tempatan) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees (Asing) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees Sdn Bhd	09.01.1988 Malaysia	10,000	100.00	Nominee services

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)	07.05.1992 Malaysia	40,003,120 (ordinary shares) 300* ³ (preference shares)	100.00* ²	Trading in securities
Held through CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)				
ShareTech Nominees (Tempatan) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services
ShareTech Nominees (Asing) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services
Held through CIMBL				
Halyconia Asia Fund Limited	07.12.1998 British Virgin Islands	USD100 (ordinary shares) USD2 (preference shares)	100.00	Open-ended investment fund

Notes:

*¹ 1 ordinary share is held by Loong Sze Tung in trust for CIMB Holdings Sdn Bhd

*² Relates to equity interest in ordinary shares only.

*³ Preference shares of RM1.00 each are held entirely by minority shareholder.

As at the date hereof, the Company has the following associated companies:

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
Held through Commerce International				
MIH	20.02.1993 Malaysia	2,500,000	25.50	Share issues administrator
Banyan Ventures Sdn Bhd	10.04.2000 Malaysia	2,700,000	37.04	Fund management and investment holding

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
Held through CIMBL				
Navis-CIMB General Partner Ltd	12.10.2001 Federal Territory of Labuan	USD300,000	25.00	Fund management

Further details of the key subsidiaries of CIMB are as follows:

(i) **Commerce International****History and Business**

Commerce International was incorporated in Malaysia under the Companies Act, 1965 on 24 April 1974 as a public company under the name of Pertanian Baring Sanwa Multinational Berhad. On 16 December 1977, the company changed its name to Pertanian Baring Sanwa Berhad. Subsequently, on 10 November 1986, the company changed its name to the present one.

The principal activities of the Commerce International are merchant banking and the provision of related financial services.

Share capital

Its present authorised and paid-up share capital are as follows:

Share Capital	No. of ordinary shares	Par value RM	Amount RM
Authorised share capital	500,000,000	1.00	500,000,000
Issued and paid-up share capital	319,242,000	1.00	319,242,000

Changes in the issued and paid-up share capital of Commerce International since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Cumulative issued and paid-up capital
24.04.1974	2	Subscribers' shares	2
15.06.1974	2,999,998	Cash	3,000,000
02.06.1977	2,000,000	Rights Issue of 2 for 3	5,000,000
11.01.1980	2,500,000	Rights Issue of 1 for 2	7,500,000
01.11.1983	5,000,000	Rights Issue of 2 for 3	12,500,000
31.12.1987	4,000,000	Rights Issue of 8 for 25	16,500,000
01.12.1995	135,300,000	Rights Issue of 8.2 for 1	151,800,000
30.12.1997	34,914,000	Rights Issue of 0.23 for 1	186,714,000
10.07.1998	63,482,760	Rights Issue of 0.34 for 1	250,196,760
12.03.2001	69,045,240	Issue of shares pursuant to acquisition of a subsidiary	319,242,000

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Substantial Shareholders

Commerce International is a wholly-owned subsidiary of CIMB.

Subsidiaries and Associated Companies

Details of Commerce International's subsidiaries, all of which are wholly-owned, are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
CIMB Holdings Sdn Bhd	05.05.1984 Malaysia	10,370,000	100.00	Investment holding
CIMBF	05.02.1993 Malaysia	9,000,000	100.00	Futures broker
CIMB Nominees (Tempatan) Sdn Bhd	31.01.1977 Malaysia	10,000	100.00	Nominee services
CIMB Nominees (Asing) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMBDH	22.11.1975 Malaysia	62,900,000	100.00	Discount house
CIMBL	23.05.2001 Federal Territory of Labuan	USD25,000,000	100.00	Offshore banking
iCIMB Sdn Bhd	21.09.2001 Malaysia	2	100.00	Dormant
Held through CIMB Holdings Sdn Bhd				
CIMB Securities (Hong Kong) Limited	06.02.1996 Hong Kong	HKD5,000,000	100.00 ^{*1}	Trading in securities
CIMBS	22.08.1987 Malaysia	40,000,000	100.00	Stock and sharebroking
Held through CIMBS				
CIMSEC Nominees (Tempatan) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees (Asing) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees Sdn Bhd	09.01.1988 Malaysia	10,000	100.00	Nominee services

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)	07.05.1992 Malaysia	40,003,120 (ordinary shares) 300 ^{*3} (preference shares)	100.00 ^{*2}	Trading in securities
Held through CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)				
ShareTech Nominees (Tempatan) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services
ShareTech Nominees (Asing) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services
Held through CIMBL				
Halyconia Asia Fund Limited	07.12.1998 British Virgin Islands	USD100 (ordinary shares) USD2 (preference shares)	100.00	Open-ended investment fund

Notes:

*1 1 ordinary share is held by Loong Sze Tung in trust for CIMB Holdings Sdn Bhd.

*2 Relates to equity interest in ordinary shares only.

*3 Preference shares of RM1.00 each are held entirely by minority shareholder.

The associated companies of Commerce International are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital RM (Unless otherwise stated)	Effective equity interest %	Principal activities
Banyan Ventures Sdn Bhd	10.04.2000 Malaysia	2,700,000	37.04	Fund management and investment holding
MIH	20.02.1993 Malaysia	2,500,000	25.50	Share issues administrator
Navis-CIMB General Partner Ltd.*1	12.10.2001 Federal Territory of Labuan	USD300,000	25.00	Fund management

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Note:

*1 Held through CIMBL

(ii) **CIMBDH****History and Business**

CIMBDH was incorporated in Malaysia under the Companies Act, 1965 on 22 November 1975 as a public company under the name of Asiavest Discount House (M) Berhad. The company subsequently changed its name to BBMB Discount House Bhd on 19 March 1987 and to Bumiputra-Commerce Discount House Berhad on 16 November 1999. The company assumed its present name on 5 February 2001.

The principal activities of CIMBDH as a discount house includes receiving deposits on deposit accounts and the investment of such deposits and other funds of the institution in Malaysian Government securities, Treasury bills or such other investments as may be prescribed by BNM, or such other business as BNM, with the approval of MoF, may prescribe.

Share capital

Its present authorised and paid-up share capital are as follows:

Share Capital	No. of ordinary shares	Par value RM	Amount RM
Authorised share capital	70,000,000	1.00	70,000,000
Issued and paid-up share capital	62,900,000	1.00	62,900,000

Changes in the issued and paid-up share capital of CIMBDH since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Cumulative issued and paid-up capital
22.11.1975	2	Subscribers' shares	2
31.05.1976	1,349,998	Cash	1,350,000
10.12.1977	236,000	Cash	1,586,000
05.04.1978	100,000	Cash	1,686,000
11.04.1978	14,000	Cash	1,700,000
21.07.1978	680,000	Bonus Issue	2,380,000
17.07.1979	1,480,000	Cash	3,860,000
10.08.1979	1,140,000	Bonus Issue	5,000,000
11.08.1982	5,000,000	Bonus Issue	10,000,000
08.08.1985	2,900,000	Bonus Issue	12,900,000
17.07.1995	20,000,000	Cash	32,900,000
25.08.1997	30,000,000	Cash	62,900,000

Substantial Shareholders

CIMBDH is a wholly-owned subsidiary of Commerce International.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Subsidiaries and Associated Companies

As at the date hereof, CIMBDH does not have any subsidiary or associated company.

(iii) CIMBS

History and Business

CIMBS was incorporated in Malaysia under the Companies Act, 1965 on 22 August 1987 as an unlimited company under the name of Sinaran Securities Sdn. The company subsequently changed its name to Sinaran Securities Sdn Bhd on 30 November 1987 and assumed its present name on 1 December 1987.

CIMBS, a corporate member of KLSE is also a licensed dealer in securities and brokers for stocks. On 23 July 2001, CIMBS acquired ShareTech Securities Sdn Bhd (*now known as CIMB ShareTech Sdn Bhd*) and on 17 June 2002, CIMBS completed the conversion of the business of ShareTech Securities Sdn Bhd (*now known as CIMB ShareTech Sdn Bhd*) into a branch located at Labuan. With the setting up of the branch, CIMBS now operates from Kuala Lumpur and Labuan. The principal activities of its subsidiaries are providing nominee services.

Share capital

Its present authorised and paid-up share capital are as follows:

Share Capital	No. of ordinary shares	Par value RM	Amount RM
Authorised share capital	50,000,000	1.00	50,000,000
Issued and paid-up share capital	40,000,000	1.00	40,000,000

Changes in the issued and paid-up share capital of CIMBS since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Cumulative issued and paid-up capital
22.08.1987	3	Cash	3
31.12.1987	4,999,997	Cash	5,000,000
31.05.1990	15,000,000	Cash	20,000,000
30.04.1997	20,000,000	Cash	40,000,000

Substantial Shareholders

CIMBS is a wholly-owned subsidiary of Commerce International.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Subsidiaries and Associated Companies

Details of CIMBS' subsidiaries, all of which are wholly-owned are as follows:

Company	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
CIMSEC Nominees (Tempatan) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees (Asing) Sdn Bhd	27.05.1993 Malaysia	10,000	100.00	Nominee services
CIMSEC Nominees Sdn Bhd	09.01.1988 Malaysia	10,000	100.00	Nominee services
CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)	07.05.1992 Malaysia	40,003,120 (ordinary shares) 300 ^{*1} (preference shares)	100.00 ^{*2}	Trading in securities
Held through CIMB ShareTech Sdn Bhd (formerly known as ShareTech Securities Sdn Bhd)				
ShareTech Nominees (Tempatan) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services
ShareTech Nominees (Asing) Sdn Bhd	19.01.2001 Malaysia	10,002	100.00	Nominee services

Notes:

^{*1} Preference shares of RM1.00 each are held entirely by minority shareholder.

^{*2} Relates to equity interest in ordinary shares only.

As at the date hereof, CIMBS does not have any associated company.

(iv) CIMBL**History and Business**

CIMBL was incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990 on 23 May 2001 as a limited liability company.

The principal activities of CIMBL are that of a licensed offshore bank as permitted by the Offshore Banking Act 1990. Such activities include non-Ringggit equity and fixed income trading and fund management.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Share capital

Its present authorised and paid-up share capital are as follows:

Share Capital	No. of ordinary shares	Par value USD	Amount USD
Authorised share capital	100,000,000	1.00	100,000,000
Issued and paid-up share capital	25,000,000	1.00	25,000,000

Changes in the issued and paid-up share capital of CIMBL since its incorporation are as follows:

Date of allotment	No. of ordinary shares of USD1.00 allotted	Consideration	Cumulative issued and paid-up capital
23.05.2001	25,000,000	Cash	25,000,000

Substantial Shareholders

CIMBL is a wholly-owned subsidiary of Commerce International.

Subsidiaries and Associated Companies

Details of CIMBL's subsidiary, which is wholly-owned is as follows:

Company	Date and place of incorporation	Issued and paid-up share capital USD	Effective equity interest %	Principal activities
Halyconia Asia Fund Limited	07.12.1998 British Virgin Islands	100 (ordinary shares) 2 (preference shares)	100.00	Open-ended investment fund

The associated company of CIMBL is as follows:

Company	Date and place of incorporation	Issued and paid-up share capital USD	Effective equity interest %	Principal activities
Navis-CIMB General Partner Ltd	12.10.2001 Federal Territory of Labuan	300,000	25.00	Fund management

(v) CIMBF**History and Business**

CIMBF was incorporated in Malaysia under the Companies Act, 1965 on 5 February 1993 as a private limited company.

The principal activities of the company is that of futures broking. It is a member of both Malaysian Derivatives Exchange and Malaysian Derivatives Clearing House and is currently licensed to trade in 5 products, namely Index Futures, Index Options, Kuala Lumpur Interbank Offer Rate (KLIBOR) Futures, Malaysian Government Securities (MGS) Bond Futures and Crude Palm Oil Futures.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Share capital

Its present authorised and paid-up share capital are as follows:

Share Capital	No. of ordinary shares	Par value RM	Amount RM
Authorised share capital	10,000,000	1.00	10,000,000
Issued and paid-up share capital	9,000,000	1.00	9,000,000

Changes in the issued and paid-up share capital of CIMBF since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 allotted	Consideration	Cumulative issued and paid-up capital
05.02.1993	2	Cash	2
15.06.1994	9,998	Cash	10,000
08.12.1995	5,990,000	Cash	6,000,000
27.02.1998	1,000,000	Cash	7,000,000
05.05.1998	1,000,000	Cash	8,000,000
17.06.1998	1,000,000	Cash	9,000,000

Substantial Shareholders

CIMBF is a wholly-owned subsidiary of Commerce International.

Subsidiaries and Associated Companies

As at the date hereof, CIMBF does not have any subsidiary or associated company.

7.4 Description of Landed Properties

The details of the landed property of the CIMB Group is as follows:

Title/ Location	Registered owner	Description of property/existing use	Land area /Built-up area square feet	Tenure	Approximate age of building Years	Cost of investment RM 000
HS(D) 76962, Lot No. PT 2, Mukim and Daerah of Kuala Lumpur, Wilayah Persekutuan	Commerce International	A 10½ storey office building named Bangunan CIMB/Office	18,071 /61,987	99-year leasehold expiring on 24 June 2073	8	25,000

7. INFORMATION ON THE CIMB GROUP (Cont'd)

7.5 Substantial Shareholders

(i) Substantial Shareholders

The substantial shareholder of CIMB and its shareholdings in CIMB before and after the Restricted Offer for Sale and EES are as follows:

Name	Country of incorporation	Before the Restricted Offer for Sale and <---EES--->				After the Restricted Offer for Sale and <---EES--->			
		<--Direct -->		<--Indirect -->		<--Direct -->		<--Indirect -->	
		No. of CIMB Shares held	%	No. of CIMB Shares held	%	No. of CIMB Shares held	%	No. of CIMB Shares held	%
CAHB	Malaysia	807,585,000	95.01	-	-	636,350,000	74.86	-	-
Employee Provident Fund Board	Malaysia	-	-	807,585,000	95.01 ^{*1}	-	-	636,350,000	74.86 ^{*1}
MoF Inc.	Malaysia	-	-	807,585,000	95.01 ^{*1}	-	-	636,350,000	74.86 ^{*1}
Khazanah	Malaysia	-	-	807,585,000	95.01 ^{*1}	-	-	636,350,000	74.86 ^{*1}

Note:

^{*1} Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of their interest in CAHB based on CAHB's record of depositors as at 21 November 2002.

CIMB is a subsidiary of CAHB. The details of the substantial shareholder of CIMB, is as follows:

CAHB started in 1924 as a family bank in Kuching, Sarawak. On 24 December 1956, it was incorporated as Bian Chiang Bank Limited in Malaysia under the Sarawak Ordinance No. 38 of 1956. In 1979, its head office was transferred from Kuching to Kuala Lumpur and its name changed to BOC. BOC was listed on the Main Board of the KLSE on 3 November 1987.

In 1991, the composite scheme of merger between BOC and UAB was successfully completed. With effect from 30 June 1991, the commercial banking businesses of BOC was transferred to UAB, which later changed its name to Bank of Commerce (M) Berhad. In addition, BOC's name was changed to Commerce Asset-Holding Berhad and is now an investment holding and management company.

In October 1999, Bank of Commerce (M) Berhad completed its merger with Bank Bumiputra Malaysia Berhad to become BCB, Malaysia's second largest commercial bank in terms of assets.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

The Directors of CAHB are as follows:

- (a) Dato' Mohd Desa bin Pachi
- (b) Dr. Rozali bin Mohamed Ali
- (c) Dato' Anwar bin Aji
- (d) Mohd Salleh bin Mahmud
- (e) Tan Sri Datuk Asmat bin Kamaludin
- (f) Masayuki Kunishige
- (g) Azizan bin Mohd Noor

The substantial shareholders of CAHB (based on the Register of Substantial Shareholders) and their respective shareholdings in CAHB as at 21 November 2002 are as follows:

Shareholder	< ----- Shareholdings ----- >			
	Direct	% ^{*6}	Indirect	% ^{*6}
Employees Provident Fund Board ^{*1}	463,450,400	18.02	-	-
MoF	393,952,184	15.32	-	-
Khazanah	344,648,900	13.40	286,152,326 ^{*3}	11.13
Fleet Group Sdn Bhd ^{*2}	286,152,326	11.13	-	-
Syarikat Danasaham Sdn Bhd	-	-	286,152,326 ^{*4}	11.13

Notes:

^{*1} 444,634,000 CAHB Shares are held directly and the remaining 18,816,400 CAHB Shares are held through nominee companies.

^{*2} Held through RHB Merchant Nominees (Tempatan) Sdn Bhd.

^{*3} Deemed interest pursuant to Section 6A of the Act by virtue of its interest in Syarikat Danasaham Sdn Bhd.

^{*4} Deemed interest pursuant to Section 6A of the Act by virtue of its interest in Fleet Group Sdn Bhd.

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7. INFORMATION ON THE CIMB GROUP (Cont'd)

(ii) Changes in Substantial Shareholders of the Company since its incorporation

Changes in substantial shareholders and their shareholdings in CIMB since the date of incorporation of CIMB, are as follows:

	As at		After the Acquisition of		After the Restricted Offer for Sale	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of shares held	%	No. of shares held	%	No. of shares held	%
CAHB	2 ^{*1}	100.00	-	-	636,350,000	74.86
Employees Provident Fund Board	-	-	2 ^{*2}	100.00	-	-
MoF Inc.	-	-	2 ^{*2}	100.00	-	-
Khazanah	-	-	2 ^{*2}	100.00	-	-
					636,350,000	74.86 ^{*2}
					636,350,000	74.86 ^{*2}
					636,350,000	74.86 ^{*2}

Notes:

*1 Shares held in trust for CAHB by 2 individuals.

*2 Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of their interest in CAHB based on CAHB's record of depositors as at 21 November 2002.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

The substantial shareholdings of the substantial shareholder of CIMB in other public companies incorporated in Malaysia for the past 2 years up to 31 December 2001 are as follows:

Name of Substantial Shareholder	Company	<-----Direct----->		<-----Indirect----->	
		No of shares held	%	No of shares held	%
CAHB	AMAL Assurance Berhad	100,000,000	100.00	-	-
	Commerce Trust Berhad	7,000,000	70.00	-	-
	BCB	1,708,305,000	100.00	-	-
	Bumiputra-Commerce Bank (L) Limited	100,700,000 (preference shares)	100.00	15,000,000 (ordinary shares) ^{*1}	100.00
	Bumiputra-Commerce Trustee Berhad	100,000	20.00	400,000 ^{*1}	80.00
	BBMB Unit Trust Management Berhad	-	-	5,000,000 ^{*1}	100.00
	Bumiputra-Commerce Factoring Berhad	-	-	15,000,000 ^{*1}	100.00
	Bumiputra-Commerce Leasing Berhad	-	-	10,000,000 ^{*1}	100.00
	Bumiputra-Commerce International Trust (Labuan) Berhad	-	-	150,000 ^{*1}	100.00
	Bumiputra-Commerce Finance Berhad	-	-	275,000,000 ^{*1}	100.00
	BBMB International Bank (L) Ltd	-	-	4,000,000 ^{*1,2}	100.00
	Bank Muamalat Malaysia Berhad	67,753,800	30.00	-	-

Notes:

^{*1} Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of its interest in BCB.

^{*2} Currently under voluntary liquidation.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

7.6 Directors, Management Team and Employees

7.6.1 Directors

(a) Directors' shareholdings in the Company

The shareholdings of the Directors of the Company in CIMB before and after the Restricted Offer for Sale and EES are as follows:

Name	Designation	Before the Restricted Offer for Sale and EES			After the Restricted Offer for Sale and EES		
		Direct No. of CIMB Shares held	Indirect No. of CIMB Shares held	%	Direct No. of CIMB Shares held	Indirect No. of CIMB Shares held	%
Dr. Rozali bin Mohamed Ali	Non Executive Chairman and Director	-	-	-	150,000	(0)	-
Mohamed Nazir bin Abdul Razak [#]	Non Executive Director	-	-	-	-	-	-
Cheim Dau Meng	Non Executive Director	-	-	-	-	-	-
Dato' Hamzah bin Bakar	Non Executive Director	-	-	-	50,000	(0)	-
Dato' Halim @ Ahmad bin Muhamat	Non Executive Director	-	-	-	50,000	(0)	-
Charon Wardini bin Mokhzani	Non Executive Director	-	-	-	50,000	(0)	-

Notes:

[#] The shareholding of Mohamed Nazir bin Abdul Razak does not include the share options granted under the CEO Option.

⁽⁰⁾ Less than 1% of the issued and paid-up share capital of the Company.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

(b) Other Directorships and Substantial Shareholdings

Other than the Directors set out below, none of the other Directors of CIMB hold other directorships and/or has substantial shareholdings in other public companies incorporated in Malaysia (other than the CIMB Group) for the past 2 years to 21 November 2002:

Name	Company	Directors Yes/No	Direct		Indirect	
			No. of shares held	%	No. of Shares held	%
Dr. Rozali bin Mohamed Ali	CAHB	Yes	404,800	0.02	-	-
	BCB	Yes	-	-	-	-
	Bumiputra-Commerce Finance Berhad	Yes	-	-	-	-
	Credit Guarantee Corporation Berhad	Yes	-	-	-	-
Mohamed Nazir bin Abdul Razak	Cagamas Berhad	Yes	-	-	-	-
	Malaysian Exchange of Securities Dealing & Automated Quotation Bhd ("MESDAQ")	Yes	-	-	-	-
Cheim Dau Meng	Southern Acids (M) Berhad	Yes	-	-	-	-
	Renong Berhad	Yes	-	-	-	-
Dato' Hamzah bin Bakar	Tenaga Nasional Berhad	Yes	-	-	-	-
	Malaysian International Shipping Corporation Berhad	Yes	-	-	-	-
Dato' Halim @ Ahmad bin Muhamat	BCB	Yes	-	-	-	-
	Bumiputra-Commerce Finance Berhad	Yes	-	-	-	-
	BCB Leasing Berhad	Yes	-	-	-	-
	Amal Assurance Berhad	Yes	-	-	-	-
Charon Wardini bin Mokhzani	-	-	-	-	-	

7. INFORMATION ON THE CIMB GROUP (Cont'd)

(c) Profile

The profile of the Directors of CIMB are as follows:

Dr Rozali bin Mohamed Ali, aged 53, was appointed Director and Chairman on 28 November 2002. He was appointed a Director of Commerce International on 8 July 1993 and Chairman on 1 December 1999. He is currently Managing Director of BCB. Prior to this, he was Assistant Director General of the Institute of Strategic and International Studies Malaysia from 1990 to 1996 and held various positions as an engineer in the National Electricity Board, Malaysia between 1970 and 1990. He is currently Chairman of the Association of Banks Malaysia and a member of the Malaysian Energy Commission. Dr Rozali holds a BSc (Hons) in Mechanical Engineering from the Brighton Polytechnic, Sussex, England, and an MSc and PhD, both in Mechanical Engineering, from the Imperial College of Science and Technology, University of London.

Mohamed Nazir bin Abdul Razak, aged 36 was appointed as a Director of CIMB on 11 June 2002. He has been a Director of Commerce International since 1996 and the Managing Director and Chief Executive of Commerce International since 1 June 1999. He has been with the Group since 1989. He has substantial experience in corporate finance and stockbroking through his previous positions as Head of Commerce International's Privatisation Unit and Executive Director of CIMBS. He is a Director of various Commerce International Group companies. He was also Chairman of the MESDAQ Industry Action Committee to set up the stock exchange. He has been a member of the Advisory Panel for the Banking Master Plan and the Brains Trust for the k-economy. Nazir holds a BSc (Hons) from Bristol University and a M Phil from Cambridge University.

Cheim Dau Meng, aged 51, was appointed as a Director of CIMB on 11 June 2002. He has been a Director of Commerce International since 1992. He is presently Executive Director of Commerce International and Chairman of Commerce International's subsidiaries, CIMBS and CIMBF. He joined Commerce International in 1984 as Head of Corporate Finance, He has also held the position of General Manager, and was Chief Executive from 1993 to 1999. Prior to joining Commerce International, he served in various capacities with the former United Asian Bank Berhad (now known as BCB) between 1977 to 1984, holding the positions of Operations Manager, Audit Manager, Branch Manager and Senior Manager of the Planning and Accounts division. He has also worked in several accounting firms in London. He is a Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Malaysian Institute of Accountants.

Dato' Hamzah bin Bakar, 59, was appointed a Director on 28 November 2002 and has been a Director of Commerce International since 26 September 2000. Presently he is the Chairman of Sapura Energy Sdn. Bhd. Dato' Hamzah served for 20 years in various senior management and board positions in Petrolia Nasional Berhad ("Petronas"), including Senior Vice President for Refining and Marketing, Senior Vice President for Corporate Planning & Development and Director, until June 2000. Prior to Petronas, Dato' Hamzah was a Director of the Economic Planning Unit (EPU) in the Prime Minister's Department. Dato' Hamzah holds a BSc (Hons) in Economics from the Queen's University of Belfast and an MA in Public Policy and Administration, with Development Economics, from the University of Wisconsin.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Dato' Halim @ Ahmad bin Muhamat, 55, was appointed on the Board of CIMB on 28 November 2002. He is currently the Executive Director/Chief Operating Officer of BCB. He was appointed as the Executive Director of BCB on 4 November 1999. He served 33 years with the former Bank Bumiputra Malaysia Berhad (BBMB). During his banking career, he has served in various capacities in both the BCB's domestic and international operations, including 7 years spent in BBMB's United States operations.

Charon Wardini bin Mokhzani, 38, was appointed a Director of CIMB on 28 November 2002. He read Philosophy, Politics and Economics at Balliol College, University of Oxford and Law at the School of Oriental and African Studies, University of London. He is an advocate and solicitor and is a barrister of the Middle Temple (non-practising). Encik Charon is a partner of Zaid Ibrahim & Co, where he is a member of the Leadership Team and advises on corporate, securities and finance law matters. Prior to joining Zaid Ibrahim & Co. as a partner in 1994 he was a Manager, Corporate Finance at Rashid Hussain Securities Sdn Bhd.

(d) Directors' Remuneration and Benefits

For the financial year ended 31 December 2001, remunerations and fees amounting to approximately RM2.2 million was paid to the Directors of the Commerce International for services rendered to the company and its subsidiaries. For the financial years ending 31 December 2002 and 31 December 2003, the amount payable to the Directors of the CIMB for services to be rendered to the Company is estimated and forecast to be RM2.5 million and RM2.8 million respectively.

The number of Directors of the Company in the various remuneration bands are set out below:

	Aggregate Remuneration								
	Year ended			Year ending			Year ending		
	<-----31 December 2001 ^{*1} ----->			<-----31 December 2002 ^{*2} ----->			<-----31 December 2003 ^{*2} ----->		
Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total	
Below RM500,000	-	5	5	-	6	6	-	6	6
Between RM500,001 and RM1,000,000	1	-	1	-	-	-	-	-	-
Above RM1,000,000	1	-	1	-	-	-	-	-	-

Notes:

^{*1} For the Directors of Commerce International.

^{*2} For the Directors of CIMB.

The estimate and forecast monetary value of the benefits to be received by the Directors of CIMB is approximately RM150,000 per annum.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

7.6.2 Audit Committee

The composition of the Audit Committee is detailed in Section 1 of this Prospectus.

The main functions of the Audit Committee include the review of audit plans and audit reports with the auditors and the review of the auditors evaluation of internal accounting controls. The Audit Committee also reviews the scope of internal audit procedures, review the balance sheet and profit and loss accounts and nominate auditors.

7.6.3 Management Team**(a) Profile**

The profile of the key management of CIMB and its subsidiaries are as follows:

Mohamed Nazir bin Abdul Razak

Please refer to his profile under Section 7.6.1 of this Prospectus.

Cheim Dau Meng

Please refer to his profile under Section 7.6.1 of this Prospectus.

Dr. Gan Wee Beng, aged 55, joined Commerce International in October 2001 and was appointed as a Director of Commerce International on 29 July 2002. He has been a consultant to various local and international agencies, which include BNM, Economic Planning Unit of the Prime Minister Department, Ministry of Finance, World Bank, International Labour Organisation, Asian Development Bank, and UNCTAD. Prior to joining Commerce International, Dr. Gan was the Senior Adviser (Economics) for the Monetary Authority of Singapore besides having held positions as General Manager of Commerce International, Executive Director of CIMBS, Senior Vice President and Head of Corporate Banking for BCB and an Associate Professor at University of Malaya.

Yusli bin Mohamed Yusoff, aged 43, joined CIMBS in January 2000 as Chief Executive is responsible for the Commerce International Group's Retail and Institutional Equities business. Yusli is presently the Chief Executive Director of CIMBS.

He has 20 years extensive working experience in senior financial and managerial positions which includes, *inter-alia*, the Renong group of companies and the Shapadu group of companies. He also held position of Chief General Manager of Sime Merchant Bankers Berhad from 1996 to 1998 and his last assignment prior to joining CIMBS was concurrently as Managing Director of Metacorp Berhad and Executive Vice-Chairman/Managing Director of Intria Berhad.

A qualified accountant, he is a member of the Institute of Chartered Accountants of England and Wales and has a BA (Hons) in Economics from the University of Essex, United Kingdom.

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Kok Kong Chin, aged 37, joined Commerce International in February 2002. He is the Head of Equity Markets and Derivatives that is responsible for areas which include Equity Capital Markets, Equity Trading, Institutional Equity Sales, Futures and Derivatives.

Kong Chin has 12 years of experience in the equity sales and trading business and has been involved in many primary, secondary offerings and private placement assignments in Asia ex-Japan markets.

Prior to joining Commerce International, Kong Chin was the Malaysia country head of an international brokerage house. He holds a BBA (Honours) degree from Universiti Kebangsaan Malaysia and an MBA from Schulich School of Business, York University, Canada.

Lee Kok Kwan aged 36, joined Commerce International in December 1996 as an Assistant General Manager where he set up the bank's Risk Management department. In mid 1997, Kwan became the Treasurer of Commerce International and established the Debt Markets, Derivatives and Treasury Division where his core responsibilities include the Commerce International Group's proprietary trading and market making businesses in debt, derivatives and foreign exchange products, debt capital markets and the treasury functions of the group. In mid 2002, Kwan moved on to the CEO's Office and is a Director of CIMBDH and CIMBL. Prior to joining Commerce International, Kwan had more than 7 years of experience in the Canadian financial services industry. Kwan holds a BBA Joint Honours (1st Class) degree in Business Administration and Economics and a Master of Business Administration degree from Simon Fraser University, Canada.

Loh Shai Weng, aged 45, joined Commerce International in 1982 and is currently the Co-Head of Commerce International's CF Division with specialisation in debt products. He is a Fellow of the Chartered Association of Certified Accountants and a member of the Malaysian Institute of Accountants. He was the head of Commerce International's Capital Markets division for more than 10 years. Shai Weng is an Investment Panel Member of Commerce Trust Berhad and a Director of Institut Peniaga Bon Malaysia. He is also a Director of certain subsidiaries of the Group.

Tan Choon Thye, aged 48, joined Commerce International in July 1988 and is currently the Co-Head of Commerce International's CF Division with specialisation in equity products. He has a Bachelor of Engineering (Hons) from University of Malaya and a Master of Business Administration degree from the University of Hawaii. Choon Thye has over 15 years of corporate advisory expertise. Prior to his joining with Commerce International, he was with Malaysian International Merchant Bankers Berhad and Jerneh Insurance Corporation Berhad. He is also a Director of certain subsidiaries of the Group.

Noripah binti Kamso, aged 45, joined Commerce International in January 1993. She has 19 years of corporate credit and lending experience and is responsible for the Commerce International Group's lending businesses. She is a Director in Commerce International's CF Division. She has a Bachelor of Science in Management from Marshall University, West Virginia and a Master of Business Administration degree from Northern Illinois University. She is also an Executive Committee Member (EXCO) of the Malaysian Futures Brokers Association and a Director of Malaysian Derivatives Clearing House Berhad. She is also a Director of certain subsidiaries of the Group. Prior to joining Commerce International, Noripah was Vice-President of BCB and was with Urban Development Authority (UDA).

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Ng Ing Peng, aged 45, joined Commerce International in July 2000, as Head of F&O Division. She has 21 years of audit, finance and operations experience. Prior to joining Commerce International, she was Head of Operations in PB Securities Sdn Bhd. A qualified accountant, she has a Bachelor of Accounting from University of Malaya and she is a member of the Institute of Chartered Accountants of England and Wales. She is also a Director of certain subsidiaries of the Group.

Thomas Meow Yoke Nean, aged 37 joined Commerce International in 1997. He is the Co-Head of Debt Markets and Derivatives Division of CIMB. Thomas has 12 years of experience in financial markets including debt, derivatives and forex markets. He is also the CEO of CIMBDH. Prior to joining Commerce International, Thomas was the Head of Structured Derivatives at RHB Bank Berhad. He holds a Bachelor of Accounting (Hons) from University of Malaya.

Iswaraan Suppiah, aged 38, qualified with the Malaysian Association of Certified Public Accountants qualification and is a member of the Malaysian Institute of Accountants. He started his career with Messrs Arthur Andersen & Co., a firm of public accountants in 1984. He joined Bank of Commerce (M) Berhad (presently BCB) in 1990 and left as the Section Head of the Internal Audit Department. He then joined CIMBS in 1994 and last held in the position of General Manager of the Equity Risk Management department in CIMBS.

(b) Management Team's Shareholdings in the Company

Key Management		After the Restricted Offer for Sale and EES			
		<-----Direct----->		<-----Indirect----->	
Name	Designation	No. of CIMB Shares held	%	No. of CIMB Shares held	%
Mohamed Nazir bin Abdul Razak*#	Chief Executive and Managing Director (Commerce International)	-	-	-	-
Cheim Dau Meng*	Executive Director (Commerce International)	-	-	-	-
Dr. Gan Wee Beng*	Executive Director (Commerce International)	-	-	-	-
Yusli bin Mohamed Yusoff*	Chief Executive Director (CIMBS)	-	-	-	-
Kok Kong Chin*	Head of Equity Markets and Derivatives (Commerce International)	-	-	-	-
Lee Kok Kwan*	Director, CEO's Office (Commerce International)	-	-	-	-
Loh Shai Weng*	Co-Head of Corporate Finance (Commerce International)	-	-	-	-

7. INFORMATION ON THE CIMB GROUP (Cont'd)

Key Management		After the Restricted Offer for Sale and EES			
		<-----Direct----->		<-----Indirect----->	
Name	Designation	No. of CIMB Shares held	%	No. of CIMB Shares held	%
Tan Choon Thye*	Co-Head of Corporate Finance (Commerce International)	-	-	-	-
Noripah binti Kamso*	Director, Corporate Finance (Commerce International)	-	-	-	-
Ng Ing Peng*	Director, Finance and Operations (Commerce International)	-	-	-	-
Thomas Meow Yoke Nean*	Co-Head of Debt Markets and Derivatives (Commerce International)	-	-	-	-
Iswaraan Suppiah*	Head of Strategic Risk and Compliance (Commerce International)	-	-	-	-

Notes:

The shareholding of Mohamed Nazir bin Abdul Razak does not include the share options granted under the CEO Option.

* None of the Key Management are entitled to the EES.

7.7 Relationships and Associations

None of the Directors of CIMB and key management of the CIMB Group are related to each other.

7.8 Declarations from the Directors and the Management Team

No Director or member of the Management Team is or has been involved in any of the following events (whether in or outside Malaysia):

- (a) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (b) A conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) Being the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7.9 Service Contracts

None of the Directors of the Company or members of the Management Team has any existing or proposed service contracts with the Company or its subsidiaries, which are not terminable by notice without payment of compensation (other than statutory compensation).

8. INDUSTRY OVERVIEW AND OUTLOOK

The CIMB Group is predominantly involved in the capital markets, a sub-sector of the financial services industry in Malaysia. The following is an overview and outlook of the Malaysian Capital Markets.

8.1 Malaysian Capital Markets: Policy and trends

8.1.1 An Overview of the Capital Market Masterplan

The Capital Market Masterplan (“CMP”) was released in February 2001 and represents a major milestone in the history of the Malaysian capital market. The CMP introduced a vision for the Malaysian capital market as one that should be internationally competitive in all core areas necessary to support Malaysia’s basic capital and investment needs, as well as its longer-term economic objectives; a highly efficient conduit for the mobilisation and allocation of funds; and supported by a strong and facilitative regulatory framework that would enable the capital market to perform its functions effectively and provide a high degree of confidence to its users.

This vision is supported by 6 key comprehensive objectives and 24 strategic initiatives:

The 6 key comprehensive objectives are:

- (i) Be the preferred fund-raising centre for Malaysian companies.
- (ii) Promote an effective investment management industry and a more conducive environment for investors.
- (iii) Enhance the competitive position and efficiency of market institutions.
- (iv) Develop a strong and competitive environment for intermediation services.
- (v) Ensure a stronger and more facilitative regulatory regime.
- (vi) Establish Malaysia as an international Islamic Capital Market (“ICM”).

The first objective of the CMP is to enhance the efficiency of the fund-raising process to ensure that the Malaysian capital market can be accessed on internationally competitive terms, particularly in terms of cost, regulatory processes and competitiveness of corporate advisory services. To this end, the shift to disclosure based regulation represents a significant effort to streamline the issuance process and reduce approval costs. Appropriate efforts will also be directed at fostering a liquid and efficient market for secondary trading of securities as well as promoting sufficient breadth of capital market products to effectively satisfy the maturity and risk profiles of issuers, particularly in the areas of the corporate bond market as well as financing through risk capital.

The development of a vibrant and competitive investment management industry is a major strategy to mobilise and manage domestic savings more efficiently. As income levels continue to grow and the investment requirement of savers become sophisticated, the investment management industry will play a greater role in meeting these needs. Development efforts for the industry will focus principally on, among other things, ensuring there is a significant number and diversity of industry players with greater access to a larger pool of funds available for management, developing a large pool of highly-skilled professionals and ensuring a more facilitative regulatory framework that allows the industry to operate in a deregulated environment with a high level of investor protection and market integrity.

8. INDUSTRY OVERVIEW AND OUTLOOK (*Cont'd*)

A strong and competitive environment for cost-effective and efficient intermediation services is one of the precursors of an internationally competitive market. Measures to develop and strengthen domestic intermediation services will entail progressive deregulation and liberalisation of the industry in terms of services, products and fixed fee structures to enable intermediaries to serve existing and potential customers more cost-effectively. Encouraging the creation of one-stop capital market intermediaries is intended to promote a substantially more competitive market for integrated financial services in Malaysia, for the consumers' benefit.

The CMP objectives and strategic initiatives are linked to 152 recommendations in the areas of equity market, bond market, investment management, derivatives market, corporate governance, market institutions, stockbroking industry, regulatory framework, ICM, technology and e-commerce, training and education. These recommendations will be implemented through 3 distinct phases from 2001 to 2010.

The implementation process will be sequenced and managed in a pragmatic manner taking into consideration market stability and integrity, broad national objectives, the CMP's objectives as well as the attainability of those objectives based on prevailing market conditions and market preparedness.

Under the first phase (2001-2003) of implementation, the CMP will focus on areas of immediate priority, which is to strengthen domestic capacity, and develop strategic and nascent sectors. Phase 2 (2004-2005) relates to further strengthening key sectors and gradually liberalising market access. The third and final phase (2006-2010) will be characterised by further expansion and strengthening of market processes and infrastructure towards becoming a fully developed capital market.

(Source: extracts from pages 2-2 and 2-3, SC Annual Report 2001)

8.1.2 Trends in financing of the economy and its impact on the capital markets

With the transformation of the economy, there is increased scope and opportunity for the financial sector to mobilize funds to meet the financing needs of the economy. Traditionally, much of the financing of the Malaysian economy, especially prior to the financial crisis in 1997, was intermediated through the banking system. This is reflected by the high ratio of bank credit to GDP of 126% as at end of 1999 (139.2% as at end of 1998) as well as the high ratio of bank loans to net funds raised in the capital market of 299% during 1997.

In recent years, efforts have been intensified to enhance the equity markets and develop the domestic debt markets to finance domestic investment. The measures undertaken have enhanced the capability of the domestic capital markets to accommodate large and more complex funding arrangements. This has helped to diversify financing away from the banking sector. The development of a more active debt market would complement the banking system over time as an alternative source of financing. In particular, the debt market can be further developed to provide for the higher financing needs of the economy, especially for longer-term projects.

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Exhibit 1: Financing of the economy in 1987

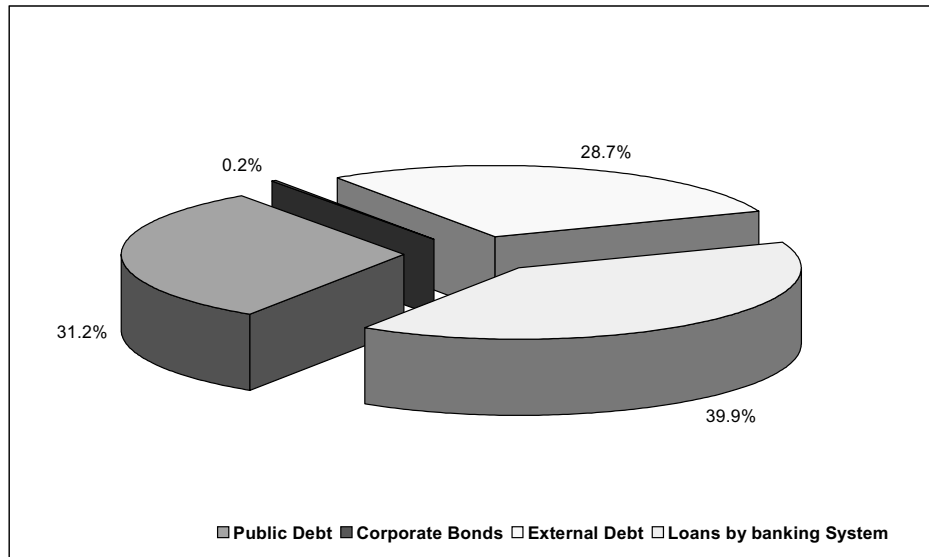
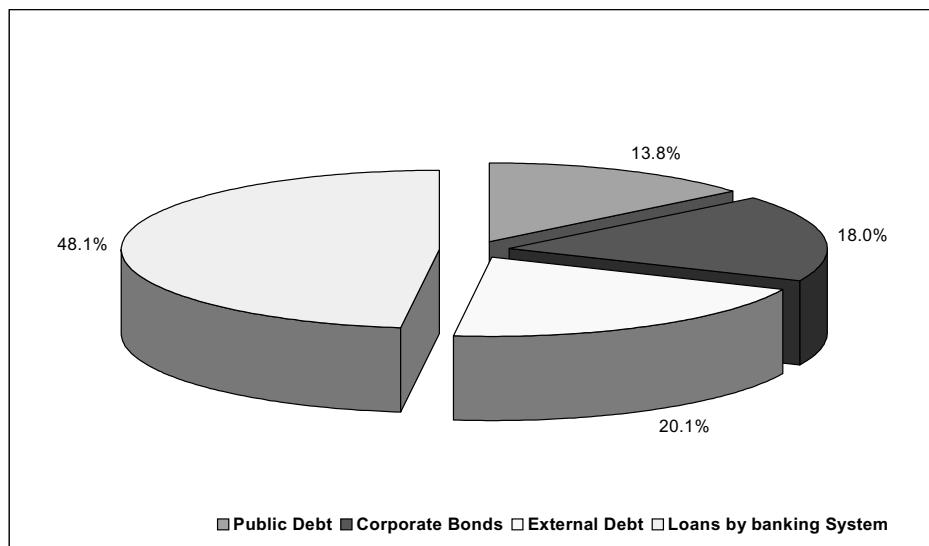


Exhibit 2: Financing of the economy in June 2002



(Source: BNM Monthly Statistical Bulletin)

The growing significance of the debt markets (comprising public sector securities and corporate bonds) is reflected by the rising ratio of the debt markets to GDP. The ratio rose to 83.6% in 2001, of which the Corporate Bonds market stood at 47.3%. The growth in the Corporate Bonds market is especially significant. In 1990, the market size of Corporate Bonds was 5.3% of GDP. After the crisis in 1999, this ratio surged to 24.8%.

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Exhibit 3: Financing of the Economy

As at end of	Domestic				External			Total Debt
	Total	Banking System	Corporate Bonds	Public Debt	Total	Private	Public	
	(RM billion)							
1987	125.3	70.1	0.4	54.8	50.3	5.5	44.8	175.6
1997	542.4	401.9	63.6	76.9	170.8	105.4	65.4	713.2
1998	552.3	394.3	69.8	88.2	170.0	103.8	66.2	722.3
1999	545.8	377.5	74.6	93.7	162.3	86.7	75.6	708.1
2000	643.7	396.7	140.2	106.8	159.7	81.3	78.4	803.4
2001	691.5	411.7	158.4	121.4	173.2	81.4	91.8	864.7
Jun 02	695.9	420.8	154.0	121.1	176.1	79.9	96.2	872.0

As at end of	Domestic				External			Total Debt
	Total	Banking System	Corporate Bonds	Public Debt	Total	Private	Public	
	(% GDP)							
1987	167.3	93.8	0.5	73.4	67.4	7.4	59.9	235.1
1997	192.5	142.6	22.6	27.3	60.6	37.4	23.2	253.1
1998	195.0	139.2	24.6	31.1	60.0	36.7	23.4	255.0
1999	181.5	125.5	24.8	31.2	54.0	28.8	25.1	235.4
2000	188.1	115.9	41.0	31.2	46.7	23.8	22.9	234.8
2001	206.7	123.1	47.3	36.3	51.8	24.3	27.4	258.4
Jun 02	195.8	118.4	43.3	34.1	49.5	22.5	27.1	245.3

(Source: BNM Monthly Statistical Bulletin)

Given the new initiatives under the CMP to further improve infrastructure of the financial markets as well as to enhance the financial intermediation process, it is envisaged that the capital markets, especially the debt market, would continue to expand so as to assume a greater share of financing the economy.

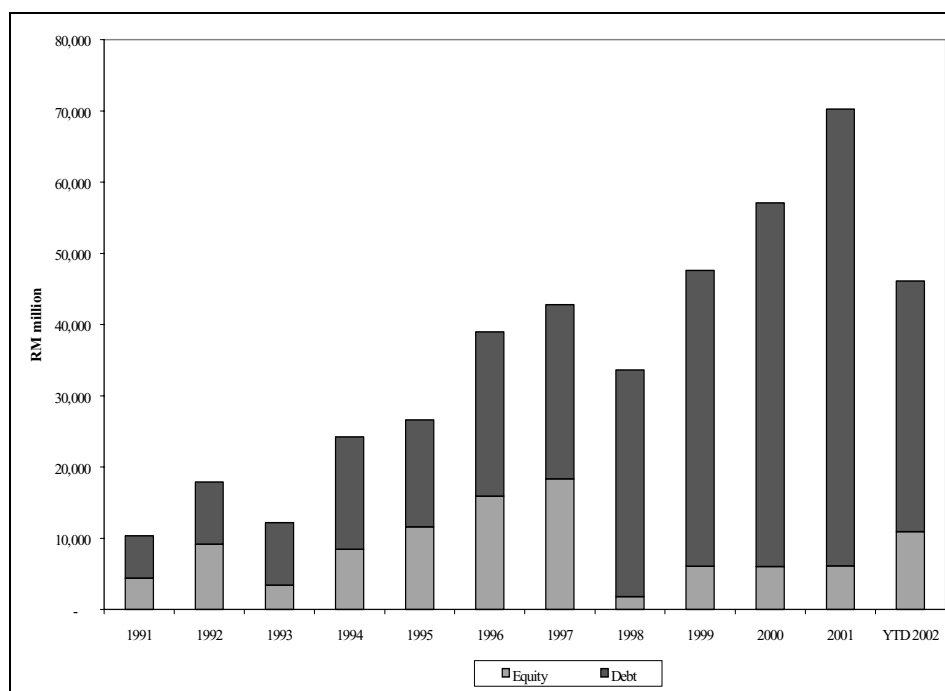
8.2 Malaysian Capital Markets: Overview for 2002 and Outlook

The capital markets remained an important source of financing in 2002. During the first 9 months of 2002, gross funds raised in the capital markets totalled RM46.3 billion, of which RM35.6 billion were raised by the private sector and the remaining RM10.7 billion by the public sector. However, due to higher redemption amounting to RM30.8 billion, net funds raised were lower at RM15.4 billion (RM32.1 billion for the whole of 2001). The bulk of the redemption came from Corporate Bonds, where RM18.8 billion was redeemed in the first 9 months of the year, compared to RM15.6 billion for the whole of last year.

For year to date 2002, 75% of the gross funds raised in the capital markets was from debt issues. This is lower than the average of 91% post-crisis (1998-2001). As a comparison, the split between debt and equity in terms of funds raised in the capital markets from 1991-1996 was 60:40, in favour of debt. Hence the debt capital markets have taken on a much more important role.

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Exhibit 4: Gross Funds Raised from the capital markets (1991-September 2002)



Source: BNM

8.2.1 Ringgit Debt Capital Markets

Primary Debt Markets

In first quarter 2002 primary offerings fell dramatically. New sovereign, semi-sovereign and corporate bonds coming to the market amounted to roughly RM3.0 billion compared to RM7.1 billion for first quarter 2001. This was driven by the following:

- Portfolio rebalancing out of sovereign and semi-sovereign bonds by some insurance companies. In January 2002, BNM revised the requirements for admitted assets for insurance companies (Section 46(2) of the Insurance Act 1996). Under the revised guidelines, insurance companies are required to hold a minimum of 10% of their total investments in sovereign bonds (previously 20%) and they are permitted to hold up to 30% of their total investments in unsecured investments (previously 20%).
- Lingering concern over direction of interest rates given that the Malaysian economy had registered a sustained recovery.
- Uncertainty of the US economic recovery given the aftermath of 11th September 2001.

As a result, bond yields in the Ringgit Debt Markets became more volatile, making it difficult to price new bond issues.

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

In second quarter 2002, new issuances began picking up momentum when secondary markets became less volatile. On the sovereign bond front, another RM3.0 billion of Malaysian Government Securities (“MGS”) was issued in second quarter 2002, making the total MGS issued for the first 6 month of 2002 RM6.0 billion. In the corporate bond market, the largest issue for second quarter 2002 was the Projek Lebu Raya Utara Selatan Berhad’s Bai’ Bithaman Ajil Islamic Debt Securities of RM5.1 billion issued on 30 May 2002. As at end June 2002, the total size of the Ringgit Debt Markets was approximately RM300 billion comprising the following:

Exhibit 5: Breakdown of Ringgit Debt Markets as at 30 June 2002

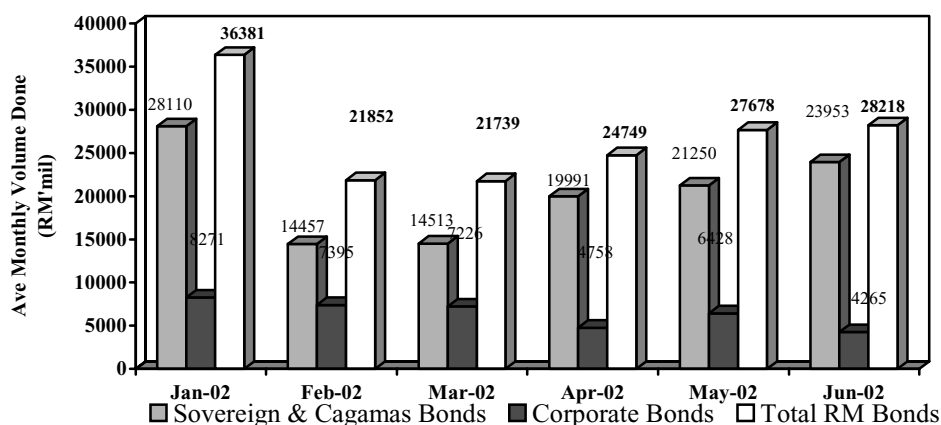
Instrument	Amount (RM million)	
	Conventional	Islamic
Asset Backed Securities	1,178	-
Asset Backed Securities (Commercial Papers)	47	-
Bank Negara Bills	9,500	2,000
Bonds	83,848	49,353
Cagamas Bonds	21,236	-
Cagamas Notes	2,965	-
Commercial Papers	3,385	4,436
Government Investment Issues	-	4,000
Islamic Cagamas Papers	-	694
Loan Notes	883	600
Loan Stocks	4,473	-
Malaysian Government Securities	103,550	-
Malaysian Treasury Bills	4,320	-
Medium Term Notes	1,378	2,245
TOTAL	236,763	63,328

Source : BNM

Secondary Debt Markets

Exhibit 6 below shows the average monthly volume of bonds traded in the secondary market for first half 2002. The larger trading volume during first half 2002 was driven by selling pressure on sovereign and semi sovereign bonds as highlighted earlier. Volatility caused by bond yields backing up in early first quarter 2002 generally made market-making activity difficult. In the second quarter 2002, liquidity returned to the markets.

Exhibit 6: Secondary liquidity during first half 2002



Source : RAM

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Debt Market Derivatives

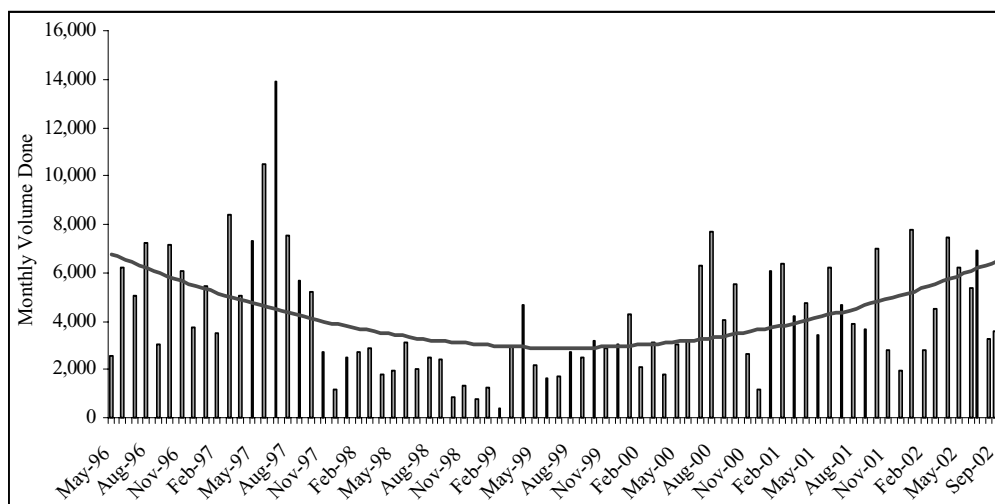
Kuala Lumpur Inter-bank Offer Rate Futures ("KLIBOR Futures")

The KLIBOR Futures was launched in 1996 as a means for market participants to hedge against volatility of KLIBOR rates. Instead of being passive victims of market volatility, the futures market offer various hedging strategies to help eliminate, if not reduce, such price risk.

KLIBOR is an interest rate derived from the activities of borrowing and lending of funds in the Malaysian inter-bank market. Market participants, comprising of commercial and merchant banks, discount houses, finance companies and Cagamas Berhad, bid for funds or offer to lend from or to each other in the inter-bank market through money brokers and at times directly. As the rate is arrived at objectively, the KLIBOR is used by some banks as a benchmark for pricing loans to corporate bodies as well as for the pricing of other money market instruments.

The KLIBOR Futures Contract is an interest rate futures contract. The contract represents a Ringgit inter-bank time deposit in the Kuala Lumpur Wholesale Money Market having a principle value of RM1,000,000 with a three-month maturity on a 360-day year. The underlying asset is the three-month Ringgit inter-bank money market deposit.

Exhibit 7: Monthly trading volume done for the 3 month KLIBOR Futures



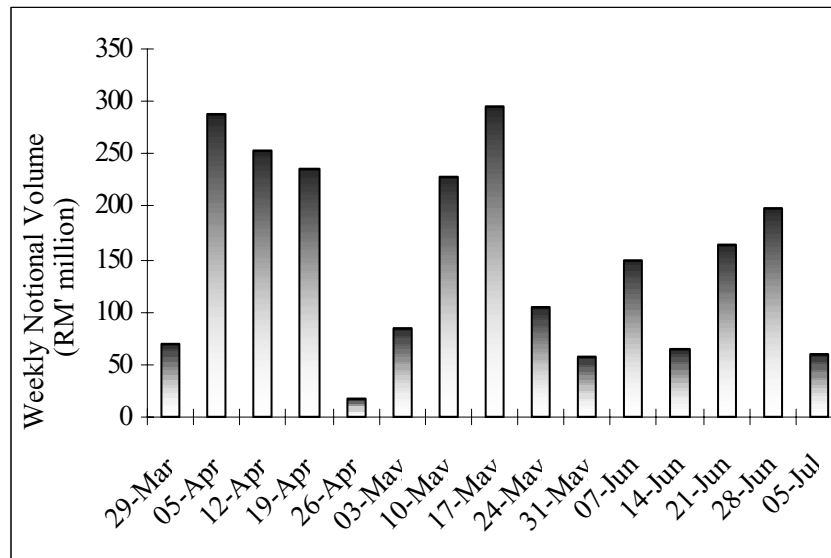
Source : MDEX

Malaysian Government Securities Bond Futures ("MGS Futures")

The Malaysian Derivatives Exchange Bhd ("MDEX") launched Malaysia's first MGS Bond Futures in second quarter 2002. It uses the benchmark 5 year MGS as the underlying instrument to ensure better liquidity. Since the launch, the average trading volume on the MGS Bond Futures is steadily improving – please see Exhibit 8 below.

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Exhibit 8: Weekly Volume Done for 5 year MGS Bond Futures

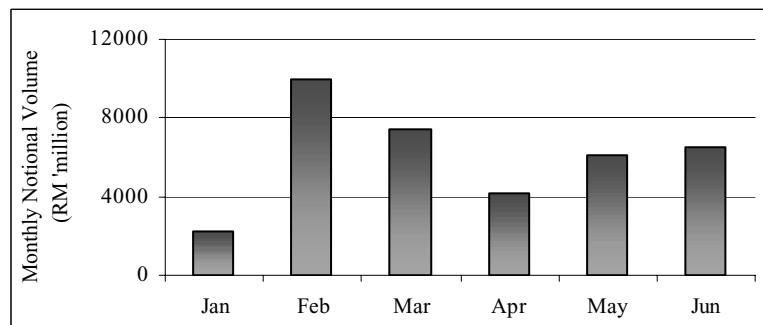


Source : MDEX

Reverse Repos

Reverse Repos were launched in December 2001 as another portfolio management tool. However, initial volume was affected by market players generally spending resources to enhance back-office systems and finalise documentation with counterparties. Throughout first half of 2002, the volume of Reverse Repos trades remain thin - please refer to Exhibit 9 below.

Exhibit 9: Reverse Repos Volume Done



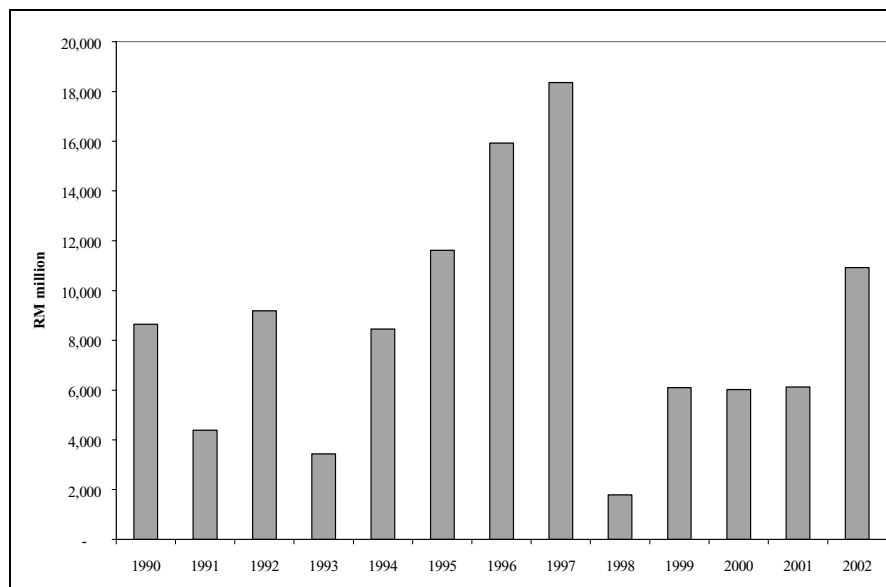
Source : BNM

8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

8.2.2 Ringgit Equity Markets

Primary Equity Markets

Exhibit 10: Funds raised in the equity markets in RM million



Source: BNM

The new issues of shares/warrants from the equity markets for the first 9 months of the year totaled RM10.9 billion, compared to RM6.1 billion in the whole of 2001. The increase in capital raised from the equity markets was primarily due to the IPOs during the period.

The funds raised from IPOs in equity markets rose sharply to RM6.5 billion compared to RM1.7 billion for the whole of 2001. The bulk of the IPOs was raised through 2 new listings in July 2002, namely Plus Expressways Bhd and Maxis Communications Bhd. Funds raised from rights issues was RM2.2 billion for the first 9 months of the year (RM1.9 billion for the whole of 2001), while private placements accounted for RM1.5 billion (RM1.7 billion for the whole of 2001).

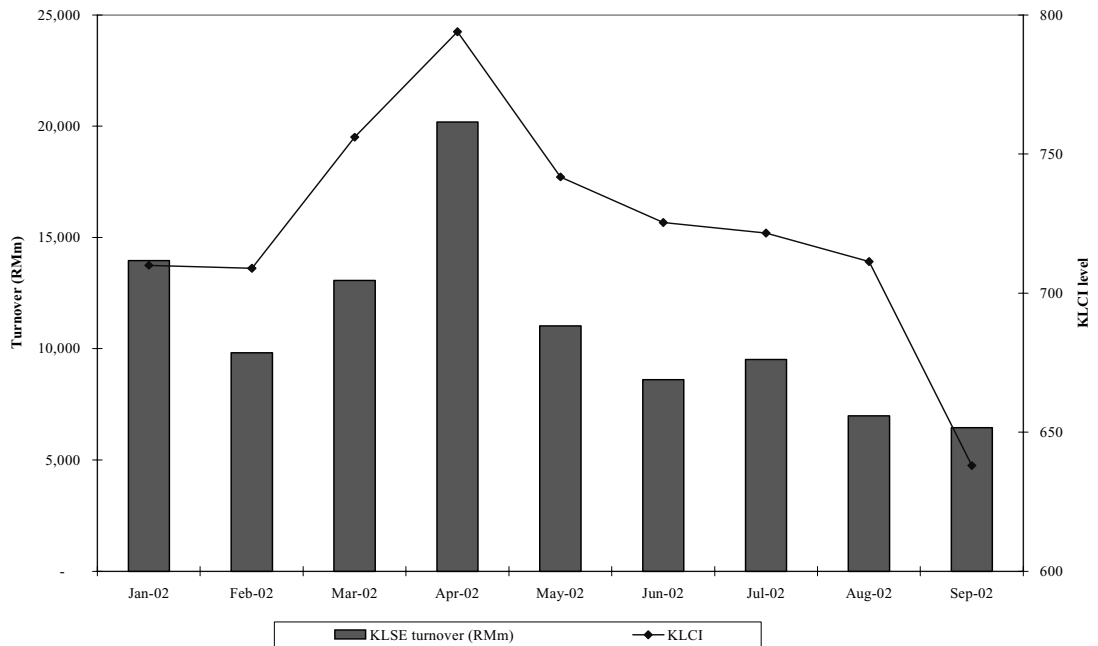
Over the first 9 months, capital raised from the equity markets in 2002 amounting to RM10.9 billion has surpassed the average RM6 billion per annum level over the last 3 years, but still below the 4 years prior to the Asian crisis (1994-1997).

Secondary Equity Markets

The KLSE commenced the year 2002 on renewed optimism, following an upswing in investor confidence as a result of encouraging developments in corporate mergers and restructuring as well as improving prospects for the domestic economy. In addition, international rating agencies also upgraded Malaysia's ratings during the course of the year. The benchmark KLCI trended upwards until the year high of 808 points on 23 April 2002. However, with the slump in the US markets since May 2002, the KLCI lost its upward momentum. This was further compounded by tensions in the Middle East and continued uncertainty of the direction of the US economy. The KLCI slumped to 638 points by the end of third quarter of 2002 as a result.

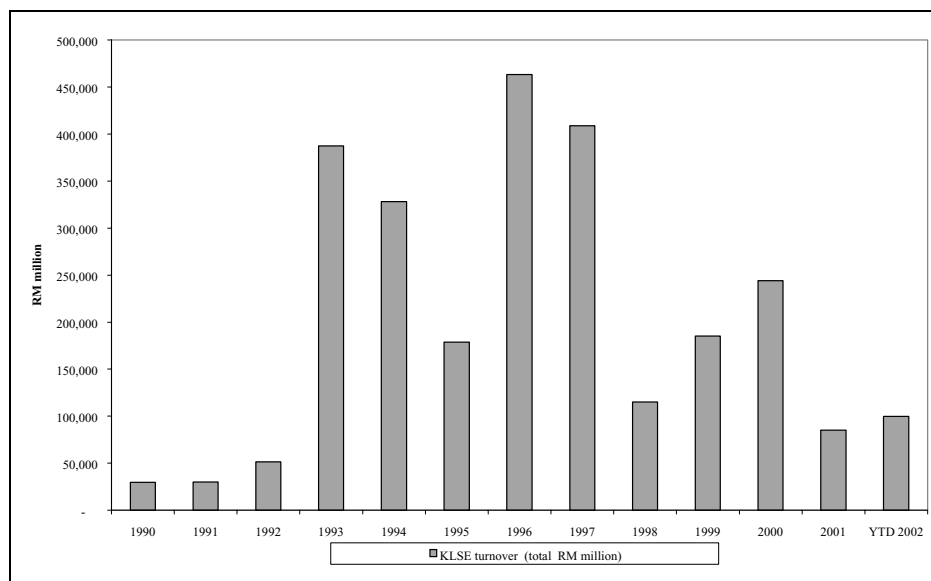
8. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Exhibit 11: KLSE turnover in RM million (January 2002 to September 2002)



Source: BNM

Exhibit 12: KLSE turnover in RM million (1990 to year to date 2002)



Source: BNM

The turnover for the KLSE trended together with the direction of the market. With the general uptrend seen in the KLCI levels in the beginning of the year up to the end of April, the value traded on the KLSE improved from month to month. After peaking at RM20.2 billion in April 2002, the value traded has continually shrunk, to a low of RM6.5 billion by September 2002. With the uncertainty on the direction of the US economy, US equity markets and the potential US-Iraq clash, interest in equities as an investment class may not see a substantial pick up in the months ahead.

8. INDUSTRY OVERVIEW AND OUTLOOK (*Cont'd*)

On a longer term perspective, the value traded on the KLSE has declined quite considerably compared to the last decade. In the 1990s, the average annual value traded was RM217.7 billion, compared to year to date 2002 of RM99.7 billion. The year to date 2002 value traded is also lower than the last 5 years' annual average of RM207.6 billion.

Equity Derivatives

Trading in the KLCI Futures Contract was generally lacklustre with a decline of 20% to 183,180 contracts (January to September 2001: 227,947 contracts). The lower volume was attributable to the lack of volatility in the KLCI, resulting in lower investor participation. The month-end open position, which is the number of unsettled positions, is also relatively low. At 2,431 contracts for end September 2002, the open position is however higher than 2,164 contracts at the end of 2001.

(Source: CIMBS Research, RAM, MARC and extracts from BNM and Ministry of Finance Economic Report 2002/03)

8.2.3 Outlook for the Capital Markets: 2003 and beyond

As envisaged in the 2003 Budget, the private sector is expected to assume its role as the economy's engine of growth as the public sector consolidates its financial position. For 2003, private investment is expected to grow by 14.4% in real terms to RM30.4 billion (RM41.0 billion in nominal terms) or 13.1% of total GDP.

Under the 8th Malaysian Plan (8MP) (2001-2005), the total amount of private investment required for the Plan period is RM374.5 billion in current terms. For the period 2001-2002, actual investment is estimated at RM69.7 billion, or 18.6% of total targeted investment. Based on the remaining investment forecast of RM304.8 billion over the next 3 years, there is tremendous potential for the capital markets to grow further and play a critical role in financing the Malaysian economy.

(Source: CIMBS Research)

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9. APPROVALS AND CONDITIONS

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CIMB on the Main Board of the KLSE, the Company undertook a restructuring exercise as discussed in Section 6 of this Prospectus, which was approved by the FIC on 7 August 2002, 11 September 2002 and 23 November 2002, BNM on 9 October 2002 and SC on 27 August 2002, 28 August 2002 and 11 November 2002. The approval of KLSE for the recognition of the EES Shares as public was obtained on 7 August 2002, 30 August 2002 and 1 October 2002. KLSE's approval for the recognition of BPM as public was obtained on 20 September 2002. MCD's approval for certain transfers of CIMB Shares pursuant to the EES and Executive ESOS were both obtained on 27 November 2002. The conditions imposed by BNM, FIC, SC, KLSE and MCD in their approvals and the status of compliance are as follows:

Authorities	Date of approval	Conditions imposed	Status of compliance
BNM	09.10.02	(i) CIMB is to comply with guidelines on the shareholding of a banking institution to be issued by BNM from time to time.	Continuous obligation which will be continuously complied with.
		(ii) CIMB as a bank holding company of Commerce International is to obtain the approval of BNM before the implementation of any of the following: <ul style="list-style-type: none"> • appointment of the Board of Directors and Chief Executive Officer of CIMB; • CIMB's new investment in any company; and • increase in capital. 	Will be complied with.
FIC	07.08.02, 11.09.02 and 23.11.02	(i) CIMB maintains at least 30% direct Bumiputera equity interest upon the implementation of the Listing.	Complied.
SC	27.08.02, 28.08.02 and 11.11.02	(i) CIMB to disclose all the EES eligibility criteria as approved by the Board of Directors of CIMB and the total number of employees entitled to the EES in the prospectus for the listing of CIMB.	Complied.
		(ii) CIMB to accurately and specifically disclose the employees' eligibility criteria and the allotment criteria under the EES and Executive ESOS. In relation to this, all employees must be informed of the said criteria for eligibility and allotment.	Complied.
		(iii) Commerce International/CIMB must disclose the mechanism for the implementation of the EES as approved by MCD in the prospectus.	Complied
		(iv) Commerce International/CIMB must disclose in full the Executive ESOS selling flexibility mechanism as approved by MCD and the Executive ESOS By-Laws in the prospectus.	Complied
		(v) Commerce International must confirm to the SC that the allotment scheme fulfils all SC requirements after the EES allotment is completed.	Will be complied with.
		(vi) Verification of the EES and Executive ESOS allotment must be made by an accounting firm as part of their annual audit work. The conclusion of the accountant on this matter must be disclosed in the annual report of CIMB.	To be complied with during the Company's next annual audit.

9. APPROVALS AND CONDITIONS (*Cont'd*)

Authorities	Date of approval	Conditions imposed	Status of compliance
		(vii) CIMB/Commerce International to forward a copy of the Executive ESOS By-Laws for SC's records.	Will be complied with.
		(viii) Commerce International to forward a confirmation letter stating that CIMB has: <ul style="list-style-type: none"> (a) fulfilled all the conditions of approval by the SC; (b) the Executive ESOS By-laws do not contravene SC's Policies and Guidelines on Issues/Offer of Securities ("SC Guidelines") on Employee Share Option Schemes; and (c) complied with the requirement to obtain all the other necessary approvals for the Executive ESOS and has complied with any conditions therein, if applicable. 	Will be complied with upon receipt of KLSE's approval-in-principle for the listing of the new CIMB Shares that may be issued upon the exercise of the Executive ESOS.
		(ix) CIMB to comply with all the requirements of SC's Guidelines including paragraph 10.17 that states that companies approved for listing must not venture into activities which are not related to its core business for a period of 3 years from the date of listing.	Will be complied with.
		(x) Commerce International/CIMB must obtain the approval of MCD for the approved transfer under the selling flexibility mechanism under the Executive ESOS and EES before the Executive ESOS and EES are implemented.	Complied
		(xi) Commerce International/CIMB must obtain the other necessary approvals for the Listing.	Will be complied with.
KLSE	07.08.02, 30.08.02, 20.09.02 and 01.10.02	(i) Written undertaking from CAHB that in the event that CIMB Shares under the EES or any part thereof are sold to non public shareholders ("Disposal"), CAHB is obliged to sell an equivalent number of its CIMB Shares which in any event need not be more than the total number of CIMB Shares under the EES (being approximately 4.84% of the paid up capital of CIMB) to the public within 10 Market Days to make up for the shortfall in the public shareholding spread resulting from the Disposal.	Will be complied with.
MCD	27.11.02	(i) The approvals for the transfers of CIMB Shares pursuant to both the EES and Executive ESOS are valid until 31 December 2002. Extension for both approvals may be made 2 weeks before their respective expiry dates.	Will be complied with during the tenure of both the EES and Selling Flexibility.

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS

10.1 Related Party Transactions

Chapter 10.08(9) of the KLSE Listing Requirements sets out a list of transactions, which are not normally regarded as related party transactions. For the purpose of the disclosure of related party transactions in this Prospectus, such type of transactions will similarly not be regarded as related party transactions.

Save as disclosed below, as far as the Directors are aware, none of the Directors and/or substantial shareholders of the CIMB Group has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed of or leased or proposed to be leased to the Company and/or any of its subsidiaries within the 2 years preceding the date of this Prospectus.

The SC had on 28 August 2002 exempted the Company, pursuant to Section 44(3) of the Securities Commission Act from the following disclosures in the Prospectus:

- (i) related party transaction involving deemed substantial shareholders namely, MoF, Khazanah and EPF; and
- (ii) substantial shareholdings in other public companies held by the aforementioned deemed substantial shareholders.

10.1.1 Transaction entered into with or involving the interest of CAHB, a substantial shareholder of Commerce International

- (i) Commerce International and CAHB on 18 July 2001 entered into an investment contract whereby CAHB agreed to invest up to a maximum of EUR6,400,000 in Global TIMES Ventures GmbH & Co. KG (GTV), a limited partnership in which Commerce International has contracted to acquire a 20% interest, amounting to a total investment of EUR11,400,000.
- (ii) On 14 May 2002, Universal Trustee (Malaysia) Berhad (“Vendor”) and Commerce International (“Purchaser”) entered into an agreement relating to the sale and purchase of Bangunan CIMB.

Under this agreement, the Vendor agreed to sell and Commerce International agreed to purchase a piece of leasehold land held under H.S.(D) 76962, Lot No. PT 2, Mukim of Kuala Lumpur measuring approximately 1,678.889 square metres in area together with all building(s), structures and fittings erected, affixed and situated on the Land including but not limited to a 10 ½ storey office building named Bangunan CIMB (the ex-Securities Commission building) and bearing a postal address of No.3, Jalan Sri Semantan Satu, Bukit Damansara, 50490 Kuala Lumpur for the purchase consideration of RM25 million.

The Vendor is the trustee of First Malaysia Property Trust (“FMPT”) and CAHB is a substantial unitholder of FMPT holding units representing more than 50% of the total issued and paid-up units in FMPT.

- (iii) CIMBS (a wholly-owned subsidiary of Commerce International) and CAHB has entered into a Tenancy Agreement dated 1 January 2001 over the premises situated at Ground, 6th, 7th, 8th, 9th, 10th & 11th Floor of Commerce Square, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur. The tenancy is for a period of 2 years commencing 1 January 2001 and expiring 31 December 2002. The amount of yearly rental and service charges payable to CAHB is RM1,783,399.68 and RM119,877.12, respectively.
- (iv) On 25 June 2002, Commerce International and Commerce Asset Fund Managers Berhad (“CAFMB”), a 70% subsidiary of CAHB, entered into an Investment Management Agreement (“IMA”) and also a Supplementary Agreement to the IMA.

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (Cont'd)

Under the above agreements, Commerce International as an investor appointed CAFM as its agent to manage and invest its portfolio (the "Portfolio") of moneys and assets (and all income and accretions in respect thereof) which Commerce International may allocate to CAFM from time to time. The management fee payable by Commerce International to CAFM is according to the realisable market value of the Portfolio and calculated based on the total annual return of the fund in the percentages specified therein. Commerce International may terminate the agreements by giving CAFM not less than 10 business days notice of termination. CAFM may terminate the agreements by giving Commerce International not less than 28 days notice.

- (v) On 27 November 2002, CIMB entered into a Share Sale Agreement with CAHB whereby CIMB agreed to acquire 319,242,000 ordinary shares of RM1.00 each in Commerce International comprising the entire issued and paid-up capital therein from CAHB. Further details of this Share Sale Agreement is set out in Section 6.1.3 of this Prospectus.

10.1.2 Transactions involving its directors, key management and key technical personnel

Save as disclosed below and for employment and services agreement between the CIMB Group and its directors, key management and key technical personnel, and the provision of the CIMB Group's retail services to its directors, key management and key technical personnel upon normal terms and in the ordinary course of business for example the opening of a trading account with CIMBS, and the payment of the directors' fees and remuneration to its directors, CIMB believes that the CIMB Group has no other transaction with its directors, key management and key technical personnel.

(i) **Transactions involving the interest of Nicholas Rupert Heylett Bloy, a director of Commerce International**

As the core company operating the business of the Private Equity division in the CIMB Group, CIMBL has entered into various agreements with the Navis group of companies relating to investments in offshore funds. Nicholas Rupert Heylett Bloy, a director of Commerce International, is also a shareholder of Navis Asia Partners Limited ("NAPL") and Navis Capital Partners Limited ("NAVIS") holding 24% equity interest in both companies. NAVIS holds 75% of the issued share capital of Navis-CIMB General Partner Limited. By virtue of Mr Bloy's 24% equity interest in NAVIS, he is deemed to have interest in the 75% shareholding in Navis-CIMB General Partner Limited ("NCGPL") held by NAVIS.

Navis Asia Fund III

CIMBL, as an investor, entered into a Subscription Agreement dated 26 October 2001 with NAPL as the general partner whereby CIMBL applied for, and NAPL accepted, the subscription of limited partnership units ("Units") in Navis Asia Fund III, L.P. ("NAF III") in the amount of USD3,000,000. NAF III is an exempted limited partnership established in Cayman Islands focusing on equity and equity-related investments in Asia, primarily in Southeast Asia. By subscribing for the Units in NAF III, CIMBL agreed to be bound by the terms and provisions of a limited partnership agreement constituting NAF III to be entered into by CIMBL. This Limited Partnership Agreement was signed between CIMBL and NAPL and dated 31 October 2001. The purpose as stated therein, of the Limited Partnership Agreement is to form an exempted limited partnership pursuant to the Exempted Limited Partnership (1997 Revision) of the Cayman Islands, named "Navis Asia Fund III, L.P." to, inter alia, carry on business as an investment holding vehicle.

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (*Cont'd*)

CIMB Muamalat Fund

CIMBL entered into a Shareholders Agreement dated 5 October 2001 with NAVIS and Navis-CIMB General Partner Limited (“NCGPL”) to regulate NAVIS’ and CIMBL’s relationship with one another as shareholders of the NCGPL whereby NAVIS and CIMBL agreed to hold the issued and paid-up share capital of NCGPL in the proportion of 75% and 25% respectively. NAVIS and CIMBL have on a joint venture basis incorporated NCGPL, to act as a general partner (fund manager) of CIMB Muamalat Fund 1, Ltd. P. (“CMF”), a private fund in the form of an offshore limited liability partnership which is registered in Labuan, to co-invest with the Navis Asia Fund III, L.P. in its equity and equity related investments that are in compliance with the Syariah investment guidelines in Asia.

Subsequently, CIMBL, as an investor, entered into a Subscription Agreement dated 26 October 2001 with NCGPL as the general partner whereby CIMBL applied for, and NCGPL accepted, subscription of limited partnership units (“Units”) in CMF in the amount of USD5,000,000. By subscribing the Units in CMF, CIMBL agreed to be bound by the terms and provisions of the limited partnership agreement constituting CMF to be entered into by CIMBL.

There are 2 limited partnership agreements, which CIMBL has entered into with NCGPL to govern their relationship as partners in CMF. The first is the CMF Limited Partnership Musharakah Agreement dated 26 October 2001 and the second is the CMF Limited Partnership Wakalah Agreement dated 26 October 2001.

(ii) Transactions involving the interest of Charon Wardini bin Mokhzani, a director of CIMB

Charon Wardini bin Mokhzani is also a partner of Zaid Ibrahim & Co which was on the panel of lawyers of the CIMB Group. Zaid Ibrahim & Co has therefore on occasions acted for the CIMB Group and is currently acting as the solicitors in relation to the Restructuring and Listing Scheme.

10.1.3 Recurrent Related Party Transactions

The CIMB Group had before the date of this Prospectus entered into recurrent related party transactions which are of a revenue or trading nature (“Recurrent Related Party Transactions”), which are necessary for the CIMB Group’s day-to-day operations and in the ordinary course of business and on terms which are at arms’ length and are not more favourable to the related parties than those generally available to the public. Below are the Recurrent Related Party Transactions in which CIMB’s shareholders’ approval have been obtained.

(i) Transactions between the CIMB Group and Zaid Ibrahim & Co, being related to a director of CIMB.

As disclosed in paragraph 10.1.2(ii) above, Zaid Ibrahim & Co was on the panel of lawyers of the CIMB Group and it is intended that Zaid Ibrahim & Co be re-appointed to the panel of lawyers of the CIMB Group and act in the future for the CIMB Group. Charon Wardini bin Mokhzani, a director of CIMB is also a partner of Zaid Ibrahim & Co; and

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (Cont'd)

- (ii) CIMBS (a wholly-owned subsidiary of Commerce International) and CAHB has entered into a Tenancy Agreement dated 1 January 2001 over the premises situated at Ground, 6th, 7th, 8th, 9th, 10th & 11th Floor of Commerce Square, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur. The tenancy is for a period of 2 years commencing 1 January 2001 and expiring 31 December 2002. The amount of yearly rental and service charges payable to CAHB is RM1,783,399.68 and RM119,877.12, respectively.

10.2 Interest in Similar Business

Save as disclosed below, none of the Directors or substantial shareholder and/or persons connected with such Directors or substantial shareholder of CIMB has any interest, direct or indirect, in any business carrying on a similar trade as CIMB or its subsidiaries as at 21 November 2002:

Name of Directors / Substantial Shareholder	Other Malaysian Companies	Principal activities	<-----Direct----->		<-----Indirect----->	
			No. of shares held	%	No. of shares held	%
CAHB (Substantial Shareholder)	BCB	Commercial banking and related financial services	1,708,305,000	100.00	-	-
	Bumiputra-Commerce Bank (L) Limited	Offshore banking	100,700,000 (preference shares)	70.00	15,000,000* ¹ (ordinary shares)	100.00
	Commerce Asset Fund Managers Sdn Bhd	Fund management	5,500,000	70.00	-	-
	Commerce Trust Bhd	Unit trust Manager	7,000,000	70.00	-	-
	Commerce Asset Ventures Sdn Bhd	Providing management services	500,000	100.00	-	-
	AMAL Assurance Berhad	Life assurance business	100,000,000	100.00	-	-

Note:

*¹ Deemed interest pursuant to Section 6A of the Act by virtue of its interest in BCB

10.3 Declaration by Advisers

Commerce International hereby confirms that as at the date of this Prospectus, save for CIMB being its holding company holding 100.0% direct equity interest, there is no other existing or potential conflict of interest in its capacity as the adviser in relation to the Restructuring and Listing Scheme.

PricewaterhouseCoopers has confirmed that there is no conflict of interest in its capacity as the Reporting Accountants in relation to the Restructuring and Listing Scheme.

Zaid Ibrahim & Co. has confirmed that as at the date of this Prospectus, save for Charon Wardini bin Mokhzani who is a Director of CIMB and also one of the partners of Zaid Ibrahim & Co, there is no legal conflict on interest in its capacity as Solicitors in relation to the Restructuring and Listing Scheme.

10. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (Cont'd)

OSK Securities Berhad has confirmed that there is no conflict of interest in its capacity as the independent adviser in relation to the Restructuring and Listing Scheme.

10.4 Conflict of Interest

The related party transactions disclosed above, by their very nature, involve a conflict of interest between the CIMB Group and its related parties with whom the CIMB Group has entered into such transactions. Some of the officers and directors of the CIMB Group are also officers, directors and shareholders of related parties of the CIMB Group and, with respect to those related party transactions, may have conflict of interest.

It is the policy of the companies within the CIMB Group not to enter into transactions with related parties unless these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length with the CIMB Group.

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11. OTHER INFORMATION CONCERNING THE CIMB GROUP

11.1 Major Licences and Permits

The Directors consider the following, all of which are still applicable as at the date of this Prospectus, as major licences and permits in relation to its operations:

- (i) Licence issued by the MoF under BAFIA permitting Commerce International to carry on the merchant banking business;
- (ii) Licence issued by the MoF under BAFIA permitting CIMBDH to carry on the business of a discount house;
- (iii) Licence issued by the SC under the Securities Industry Act 1983 permitting CIMBS to carry on the business as a licensed dealer;
- (iv) Licence issued by the SC under the Futures Industry Act 1993 for CIMBF to carry on the business as a licensed futures broker; and
- (v) Licence issued by the Labuan Offshore Financial Services Authority for CIMBL to conduct offshore banking business.

11.2 Landed Properties

A summary of the details of the CIMB Group's landed property is as follows:

Title/ Location	Registered owner	Description of property/existing use	Land area /Built-up area square feet	Tenure	Approximate age of building Years	Cost of investment RM 000
HS(D) 76962, Lot No. PT 2, Mukim and Daerah of Kuala Lumpur, Wilayah Persekutuan	Commerce International	A 10½ storey office building named Bangunan CIMB/Office	18,071/61,987	99-year leasehold expiring on 24 June 2073	8	25,000

11.3 Acquisition of Properties

Save for the landed property as disclosed below, all other landed properties of the CIMB Group has not acquired any other landed properties during the period of 2 years prior to the date of this Prospectus.

Lot No.	Date of Sale and Purchase Agreement	Purchase Consideration RM 000
HS(D) 76962, Lot No. PT 2, Mukim and Daerah of Kuala Lumpur, District of Wilayah Persekutuan, Wilayah Persekutuan	14 May 2002	25,000

12. FINANCIAL INFORMATION

12.1 Historical Financial Information

CIMB Group

Proforma Profit and Dividend Records

The following is a summary of the proforma financial performance of the CIMB Group for the past 5 financial years ended 31 December 2001 and 6 month ended 30 June 2002, prepared on the assumption that the structure of the CIMB Group had been in existence throughout the financial years/period under review.

Certain figures were reclassified for comparative purposes.

	<----- Year ended 31 December ----->					6 month ended
	1997 RM 000	1998 RM 000	1999 RM 000	2000 RM 000	2001 [#] RM 000	30 June 2002 RM 000
Financial advisory, underwriting and other fees	94,123	45,985	84,136	104,687	107,666	52,863
Interest income	258,003	317,250	198,279	196,957	388,845	185,663
Interest expense	(187,795)	(230,294)	(150,864)	(134,523)	(278,537)	(127,880)
(Loss)/gain and (provision)/writeback for diminution of investment securities – debt	-	(1,993)	8,507	273	12,254	4,810
Net trading income – debt	8,835	18,893	87,860	60,582	228,056	6,861
Net income from debt	79,043	103,856	143,782	123,289	350,618	69,454
Dividend income	303	550	222	328	765	1,132
Brokerage income	171,576	44,037	61,170	69,646	18,545	19,216
Gain/(loss) and writeback/(provision) for diminution of investment securities – equity	15,259	-	2,178	-	(4,806)	368
Net trading (loss)/income – equity	(124,665)	18,424	11,133	2,397	(16,122)	116
Net income/(loss) from equity	62,473	63,011	74,703	72,371	(1,618)	20,832
Income from Islamic Banking operations	-	-	-	-	2,199	1,587
Other non-interest income	345	410	1,477	4,498	4,217	9,150
Total income	235,984	213,262	304,098	304,845	463,082	153,886
Specific provision/(reversal):						
Loans and advances	(9,926)	(58,455)	(27,456)	(1,176)	(33,559)	(3,137)
Share margin debtors	(12,976)	(25,673)	12,910	511	(377)	(13)
Commitments & contingencies	-	(10,100)	-	-	-	-
Other receivables	(90,749)	(143,966)	6,834	(709)	(40,101)	(4,264)
	(113,651)	(238,194)	(7,712)	(1,374)	(74,037)	(7,414)
General provision	(3,600)	-	(35,400)	(1)	(128)	-
Net income/(loss)	118,733	(24,932)	260,986	303,470	388,917	146,472
Overhead expenses	(61,648)	(61,656)	(71,780)	(93,106)	(136,312)	(67,890)
	57,085	(86,588)	189,206	210,364	252,605	78,582
Share of profit/(loss) of associates	2,330	(280)	220	145	(424)	182
Profit/(loss) before taxation and zakat	59,415	(86,868)	189,426	210,509	252,181	78,764
Taxation	(21,916)	(531)	(268)	(65,892)	(73,955)	(25,880)
Zakat	-	-	-	-	(21)	-
Share of taxation of associates	(1,398)	43	-	(2)	-	(78)
Profit/(loss) after taxation and zakat	36,101	(87,356)	189,158	144,615	178,205	52,806
Minority interests	137	291	65	(550)	-	-
Net profit/(loss) for the financial year/period	36,238	(87,065)	189,223	144,065	178,205	52,806

12. FINANCIAL INFORMATION (Cont'd)

	<-----Year ended 31 December----->					6 month
	1997	1998	1999	2000	2001 [#]	ended 30 June 2002
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
No. of CIMB Shares assumed in issue (000) ⁽ⁱ⁾	151,800	217,151	250,197	250,197	319,242	319,242
Gross EPS/(loss) per share (RM)	0.39	(0.40)	0.76	0.84	0.79	0.49 ⁽ⁱⁱⁱ⁾
Net EPS/(loss) per share (RM)	0.24	(0.40)	0.76	0.58	0.56	0.33 ⁽ⁱⁱⁱ⁾
Gross dividend rate (%)	7.0	-	5.0	5.0	18.0	-
Shareholders' funds (RM) ^(iv)	641,500	648,357	837,580	969,134	1,385,077	1,396,509
Average shareholders' funds (RM)	548,544	643,624	742,969	903,357	1,211,628	1,390,793
Gross return on average shareholders' funds (%)	10.8	(13.5)	25.5 ⁽ⁱⁱ⁾	23.3	20.8	11.3 ⁽ⁱⁱⁱ⁾
Net return on average shareholders' funds (%)	6.6	(13.5)	25.5 ⁽ⁱⁱ⁾	16.0	14.7	7.6 ⁽ⁱⁱⁱ⁾

Notes:

⁽ⁱ⁾ The assumed number of ordinary shares in issue is based on Commerce International's weighted average number of shares in issue for the relevant years.

⁽ⁱⁱ⁾ Tax exempt year.

⁽ⁱⁱⁱ⁾ Annualised for comparison purpose.

^(iv) The shareholders' funds is after adjusting for dividends declared after balance sheet date pursuant to Malaysian Accounting Standards Board 19-Events After Balance Sheet Date

@ The above figures have been reclassified for comparative purposes.

* There are no exceptional or extraordinary items throughout the financial years under review.

The results of CIMBDH have only been consolidated from the financial year ended 31 December 2001.

Analysis of net income by companies

	<-----Year ended 31 December----->					6 month
	1997	1998	1999	2000	2001	ended 30 June 2002
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Commerce International	81,705	(28,109)	162,220	282,492	321,227	65,152
CIMBF	2,775	5,870	4,300	2,004	1,810	697
Commerce Trust Bhd ("CTB")	895	1,220	3,027	5,386	-	-
CIMBS	36,417	(3,153)	88,796	87,464	33,435	28,119
CIMBDH	-	-	-	-	41,977	44,064
CIMBL	-	-	-	-	963	2,526
Other non-key subsidiaries ^{*1}	46,415	1,924	2,536	70,487	775	195
Net income before consolidation adjustments	168,207	(22,248)	260,879	447,833	400,187	140,753
Consolidation adjustments	(49,474)	(2,684)	107	(144,363)	(11,270)	5,719
Group net income	118,733	(24,932)	260,986	303,470	388,917	146,472
Net income growth rate (%)	(49%)	(116%)	1,147%	16%	28%	(62%)

12. FINANCIAL INFORMATION (Cont'd)

Analysis of profit after taxation and zakat and MI by companies

	<-----Year ended 31 December----->					6 month Ended
	1997 RM 000	1998 RM 000	1999 RM 000	2000 RM 000	2001 RM 000	30 June 2002 RM 000
Commerce International	34,921	(56,342)	125,201	154,215	156,414	7,253
CIMBF	(19)	1,550	1,343	(794)	411	143
CTB	(457)	(968)	(217)	1,833	-	-
CIMBS	2,122	(28,619)	61,794	42,380	3,803	9,472
CIMBDH	-	-	-	-	29,275	29,588
CIMBL	-	-	-	-	627	1,907
Other non-key subsidiaries ^{*1}	32,629	196	832	50,289	(1,770)	(1,220)
Profit before consolidation adjustment	69,196	(84,183)	188,953	247,923	188,760	47,143
Consolidation adjustment	(32,958)	(2,882)	270	(103,858)	(10,555)	5,663
Group profit	36,238	(87,065)	189,223	144,065	178,205	52,806
Profit growth rate (%)	(70%)	(340%)	317%	(24%)	24%	(70%)

Notes:

@ The figures have been reclassified for comparative purposes.

*1 The profit after taxation and zakat and MI of the other non-key subsidiaries comprise mainly dividend income which are eliminated at group level.

Overview of revenue and profits, including taxation, exceptional and extraordinary items, for the past 5 financial years ended 31 December 2001 and 6 months ended 30 June 2002

Financial year ended 31 December 1997

Commerce International Group

The Commerce International Group registered a profit after tax and MI of RM36.2 million for the financial year ended 31 December 1997, a decline of 70% compared to RM118.8 million in the previous year.

The Commerce International Group's net income declined significantly from RM231.5 million in 1996 to RM118.7 million in 1997. The decline in net income was principally due to total provisions of RM117.2 million and net loss from selling shares and marked-to-market loss in value of equity securities totalling RM124.7 million.

Total provisions comprised loan loss provision of RM13.5 million (including RM3.6 million general provision for loans), provision for share margin debtors of RM13.0 million and provision for receivables of RM90.7 million made during the year compared to RM14.7 million of total provisions made in 1996. Out of specific provision for receivables of RM90.7 million, RM53.0 million was for an account receivable arising from the restructuring of an underwriting position. Net loss from selling shares (arising from underwriting commitments and trading activities) amounted to RM113.1 million while mark-to-market loss in value of equity securities amounted to RM11.6 million in 1997. However, financial advisory, underwriting and other fees increased by 23% from RM76.2 million to RM94.1 million. Brokerage income increased by 47% to RM171.6 million compared to RM116.4 million in 1996. Net trading income derived from debt trading activities was RM8.8 million and net gain from sale of equity related investment securities was RM15.3 million for 1997.

12. FINANCIAL INFORMATION (Cont'd)

The Commerce International Group's net interest income reflected an increase of 12% to RM70.2 million in 1997 from RM62.5 million in 1996. The increase was mainly due to an increase in interest earned from trading securities due to higher average holding of trading securities in 1997 compared to 1996.

Total overhead expenses increased by 14% from RM54.2 million to RM61.6 million due to higher personnel, marketing, administration and general expenses.

Commerce International

Commerce International reported a profit after tax of RM34.9 million in 1997, a 46% decline compared to RM64.1 million in 1996. Commerce International recorded a decrease of 29% in net income to RM81.7 million compared to RM115.8 million in 1996, mainly due to significant provision for doubtful debts made during the year. Income generated from fee-based activities remained strong with a growth of 21% to RM90.9 million and net interest income grew by 22% to RM61.7 million, contributing to net income.

However, Commerce International incurred a trading profit from debt activities of RM8.7 million but incurred a trading loss of RM36.6 million from equity activities mainly due to loss from selling shares (arising from an underwriting commitment) as compared to a net trading gain of RM1.2 million in 1996. Provision for loan loss, including general provision, was RM13.5 million and provision for doubtful debts was RM49.5 million, giving a total of RM63.0 million made during the year, compared to a provision for loan loss and doubtful debts of RM11.2 million in 1996, thus leading to a drop in pretax profit from RM96.3 million in 1996 to RM55.9 million in 1997.

CIMBS

CIMBS recorded a profit after tax of RM2.1 million in 1997, a significant decline compared to RM55.9 million in 1996.

The severe drop in profit was largely attributed to trading losses and writedown in market value of trading securities amounting to RM89.5 million (arising mainly from underwriting commitments) as well as higher provisions for debtors of RM54.2 million (which comprised RM13.0 million for share margin debtors, RM4.1 million for an account receivable arising from restructuring of an underwriting commitment and RM37.1 million for trade debtors) due to the sharp fall in share prices with the onset of the Asian Financial Crisis. Amid the regional currency crisis, the KLCI closed at 594 as at 31 December 1997 compared to a high of 1,238 in 1996, which was a fall of 52% for the year, whilst trading volume decreased by 6% to RM954.4 billion in 1997 compared to RM1,020.1 billion the previous year.

Interest in the retail market was adversely affected by BNM's announcements of lending curbs on share and property financing in April 1997. Whilst this was mitigated by increased business from interbroker and institutional clients (mainly due to heavy selling by foreign fund managers which started as early as April 1997), profit contribution was affected due to lower brokerage margins from interbroker and institutional trades. Although brokerage increased by 43% from RM116.4 million in 1996 to RM166.7 million in 1997, pretax profit dropped from RM80.2 million to RM4.4 million in 1997 mainly due to trading losses and writedowns on trading securities from underwriting commitments and higher provisions on debtors.

12. FINANCIAL INFORMATION (Cont'd)

Financial year ended 31 December 1998**Commerce International Group**

The Commerce International Group recorded a loss after tax and MI of RM87.1 million in 1998 compared to a profit after tax and MI of RM36.2 million in 1997, principally due to substantial provisions made for other receivables, loan loss and share margin debtors due to the severe economic downturn in 1998.

The Commerce International Group's net income decreased significantly from RM118.7 million in 1997 to a loss of RM24.9 million in 1998 principally due to substantial provisions of RM238.2 million made during the year, of which RM144.0 million was for receivables (out of which RM118.6 million provision was for an account receivable arising from restructuring of an underwriting position), RM58.5 million for loan loss, RM25.7 million for share margin debtors and RM10.1 million for commitments and contingencies.

Financial advisory, underwriting and other fees, which contracted by RM48.1 million or 51% to RM46.0 million in 1998, was offset by a trading profit of RM18.9 million from debt activities and profit of RM18.4 million from equity activities. The decrease in financial advisory, underwriting and other fees was attributable to the severe economic turmoil, which led to a contraction in the number of fee and commission based deals undertaken by Commerce International during the financial year. The depressed market condition also resulted in KLSE's trading volume plummeting 75% to RM243.2 billion in 1998 from RM954.4 billion in 1997. In line with this, brokerage income dropped by 74% to RM44.0 million in 1998 as compared to RM171.6 million the year before, with the KLCI's year high and low at 749 points and 261 points respectively. In addition, Commerce International incurred a loss of RM2.0 million due mainly to provision for diminution in value of investment debt securities in 1998.

The Commerce International Group's net interest income was RM87.0 million for the year, an increase of 24% from RM70.2 million registered in 1997. The increase was mainly due to a rise in interest earned from trading securities due to higher average holding of trading securities in 1998 compared to the previous year.

Total overheads incurred for 1998 was RM61.7 million, a negligible increase compared to overheads incurred in 1997.

Commerce International

Commerce International's operating profit before provisions increased to RM123.2 million in 1998 compared to RM118.9 million in 1997. However, after making substantial provisions for loan loss of RM58.5 million, receivables of RM110.9 million and provision for commitments and contingencies of RM10.1 million i.e. a total of RM179.5 million in 1998 compared to RM63.0 million in the previous financial year, Commerce International registered a loss after tax of RM56.3 million for 1998 compared to a profit of RM34.9 million in 1997.

12. FINANCIAL INFORMATION (Cont'd)

Financial advisory, underwriting and other fees contracted to RM43.2 million or 52% compared to RM90.9 million in 1997. Financial advisory, underwriting and other fees contributed 29% of total income before provisions for loan loss, receivables and commitments and contingencies in 1998 compared to RM90.9 million or 63% in 1997. This was offset by an increase in trading profit from debt activities of RM18.9 million and profit from equity activities of RM8.0 million (total of RM26.9 million) compared to a net loss of RM27.9 million in 1997. Net interest income increased by 30% to RM80.1 million compared to RM61.7 million in 1997. However the provision for loan loss increased substantially from RM13.5 million (including general provision for loans of RM3.6 million) to RM58.5 million in 1998 due to further deterioration in the quality of Commerce International's loan assets, due to the severe economic downturn in 1998. Provision for receivables also increased significantly by 124% from RM49.5 million to RM110.9 million, out of which RM110.1 million was for an account receivable arising from restructuring of an underwriting position.

CIMBS

CIMBS recorded a loss after tax of RM28.6 million in 1998 compared to a profit after tax of RM2.1 million in 1997.

The sharp reversal was mainly attributable to the severe economic downturn which resulted in a 75% drop in KLSE trading volume during the year and high doubtful debts provision. CIMBS' brokerage income declined significantly by 78% from RM166.7 million in 1997 to RM37.3 million in 1998. Total provision for share margin debtors and receivables was RM58.7 million (out of which RM8.5 million was for an account receivable arising from restructuring of an underwriting position), an increase of 8% compared to RM54.2 million in 1997 due to sharp fall in share prices and sell down of margin shares. Margin interest income declined 38% to RM15.2 million in 1998 compared to RM24.5 million in the previous year.

Financial year ended 31 December 1999**Commerce International Group**

The Commerce International Group made a profit after tax and MI of RM189.2 million in 1999, a sharp rebound from a loss after tax and MI of RM87.1 million in 1998. The stronger performance in 1999 was achieved despite RM43.1 million provision, including general provision for loans of RM35.4 million being made during the year.

The Commerce International Group net income increased significantly during the year from a loss of RM24.9 million in 1998 to RM261.0 million, mainly attributable to increase in trading profit from debt activities of RM87.9 million, profit from equity activities of RM11.1 million (total RM99.0 million), brokerage income of RM61.2 million and lower provision for loan loss net of writeback of receivables and share margin debts of RM43.1 million in 1999 compared to RM238.2 million in 1998.

Financial advisory, underwriting and other fees for the year increased by 83% to RM84.1 million compared to RM46.0 million in 1998. This achievement was attributable to Commerce International's active participation in the Ringgit debt markets where it lead managed RM18.6 billion or 73% of Corporate Bonds raised during the year as well as its position in the IPO markets, where it advised 7 out of 21 IPOs debuting on the KLSE.

12. FINANCIAL INFORMATION (Cont'd)

The Commerce International Group's trading profit of RM87.9 million from debt activities reflected an increase of 365% compared to a profit of RM18.9 million in 1998. This achievement was mainly due to spread trading and market making activities in the debt and derivatives markets. Another major factor was the improved market condition on the KLSE, which saw its trading volume increased 64% year-on-year following a turnaround in the economy as well as the loosening of Capital Controls and the reinstatement of Malaysia into the MSCI by Morgan Stanley. Consequently, Commerce International Group brokerage income increased by 39% from RM44.0 million in 1998 to RM61.2 million in 1999. The Group also achieved RM10.7 million gain mainly from sale of equity and debt related investment securities in 1998 compared to a loss of RM2.0 million in the previous year.

The Commerce International Group net interest income however reflected a lower income of RM47.4 million, which represented a drop of 46% from the previous year's RM87.0 million, mainly due to decreasing loans and advances balances and further deterioration in credit quality in its loan portfolio.

Total overheads incurred in 1999 was RM71.8 million, a 16% increase compared to the previous year, due to increase in personnel and other overheads.

Commerce International

Commerce International made a profit after taxation of RM125.2 million in 1999, a 322% increase compared to a loss after tax of RM56.3 million in 1998. This rebound was mainly due to a 49% increase in total income from RM151.4 million to RM225.1 million and lower provision for loan loss of RM62.9 million (including general provision for loans of RM35.4 million) compared to RM179.5 million of total provision made in 1998.

The growth in non-interest income for the financial year 1999 marked the shift in Commerce International's concentration from conventional loan-based banking to transaction based banking and trading activities. Commerce International achieved financial advisory, underwriting and other fees of RM77.9 million, an increase of 80% compared to RM43.2 million in 1998 and a trading profit from debt activities of RM87.9 million, an increase of 365% compared to RM18.9 million in 1998. However net interest income decreased to RM40.3 million in 1999 compared to RM80.1 million in 1998, primarily due to smaller loan base and increase in interest in suspense. In addition provision for loan loss increased by 8% from RM58.5 million to RM62.9 million in 1999, due to additional general provision for loans made during the year of RM35.4 million.

CIMBS

CIMBS recorded a profit after tax of RM61.8 million for 1999, a sharp turnaround from a loss after tax of RM28.6 million in 1998, due primarily to much improved market conditions. The KLSE's trading volume increased 64% year-on-year, whilst the KLCI ended 1999 at 812 points, up 39% compared to 1998's closing of 586 points.

CIMBS's achievement was mainly due to recoveries from debtors which resulted in a net write back of RM19.8 million in provisions, compared to a charge of RM58.7 million in 1998. Brokerage income also increased by 60% from RM37.3 million to RM59.8 million year-on-year. By and large, the market was driven by domestic institutions and retailers in 1999. The marked shift in business from interbroker to institutional and retail trades also contributed to better profit margins.

12. FINANCIAL INFORMATION (Cont'd)

Financial year ended 31 December 2000**Commerce International Group**

The Commerce International Group achieved a profit after tax and MI of RM144.1 million in the year 2000, a 24% decrease compared to RM189.2 million in 1999 due to year 2000 being a taxable year and 1999 being a tax waiver year. The Commerce International Group posted a pretax profit of RM210.5 million, an 11% increase from the previous year's pretax profit RM189.4 million. The improved results were achieved on the back of a 16% increase in net income from RM261.0 million to RM303.5 million in 2000. Non interest income continued to be the main contributor to net income for 2000.

The Commerce International Group's total income of RM304.8 million was mainly due to financial advisory, underwriting and other fees of RM104.7 million, trading profit from debt activities of RM60.6 million and brokerage income of RM69.6 million recorded in 2000

The Commerce International Group brokerage income rose 14% from RM61.2 million to RM69.6 million in 2000 on the back of a 40% increase in volume turnover. Margins from equity business was affected by the implementation of lower brokerage rates by KLSE in September 2000. Financial advisory, underwriting and other fees increased by 24% from RM84.1 million to RM104.7 million during the year due to active participation in the debt markets and corporate finance activities especially IPOs. The Commerce International Group's net interest income reflected an increase of 32% from RM47.4 million in 1999 to RM62.4 million during the year, mainly due to an increase in interest earned on dealing securities resulting from a higher average portfolio of trading securities in 2000 compared to 1999. Other non-interest income comprising mainly recoveries, was RM4.5 million.

Total overhead expenses increased by 30% to RM93.1 million in 2000 mainly due to an increase in personnel costs and renovation costs for Bangunan CIMB, the corporate headquarters.

Commerce International

Commerce International recorded a profit after tax of RM154.2 million in 2000, a 23% increase over the RM125.2 million earned in 1999. This was achieved despite 2000 being a taxable year and 1999 being a tax waiver year. Commerce International recorded a pretax profit of RM225.0 million, an 80% increase over the RM125.3 million earned in 1999. Pretax profit growth for the year, excluding dividends of RM74.1 million from subsidiaries, was 20%.

Net income increased by 74% to RM282.5 million from RM162.2 million in 1999, and the main contributors were RM97.0 million from financial advisory, underwriting and other fees, dividend income of RM74.3 million and trading profit from debt activities of RM60.6 million. Net interest income in 2000 increased by 15% to RM46.3 million compared to RM40.3 million in 1999, due to increase in interest earned on dealing securities as a result of further increase in its portfolio of dealing securities during 2000.

These achievements were also attributable to the development of the Malaysian debt markets, an improved regulatory framework and a growing issuer and investor base.

12. FINANCIAL INFORMATION (Cont'd)

The substantial increase in net income is attributable to a significant reduction in loan loss and provision by 98% to RM1.2 million in 2000 from RM62.9 million (including general provision of RM35.4 million for loans and advances) in 1999, while Commerce International's net non-performing loans ratio improved from 10% as at 31 December 1999 to 3% as at 31 December 2000.

CIMBS

CIMBS recorded a profit after tax of RM42.4 million for 2000, a decrease of 31% compared to RM61.8 million achieved in 1999, the decline is due to 2000 being a taxable year and 1999 being a tax waiver year. On a pretax basis, CIMBS recorded a profit of RM58.2 million for 2000, a decline of 6% compared to RM61.8 million achieved in 1999.

Although KLSE's trading volume increased 22% year-on-year, the first quarter of 2000 accounted for 55% of the whole year's volume, with the KLCI reaching a peak of 1,021 points on 18 February 2000, 50% higher than that at year-end of 680 points. The equity markets subsequently weakened over the next 3 quarters of 2000 due to external factors, in particular the US markets as well as local issues. Although CIMBS' volume turnover increased by 40% in 2000, brokerage income, however increased by only 14% from RM59.8 million to RM68.3 million in 2000 principally attributed to the predominance of interbroke and block deals which were transacted at lower brokerage rates and compounded by the liberalisation of rates in September 2000.

Financial year ended 31 December 2001**Commerce International Group**

The Commerce International Group registered a profit after tax and MI of RM178.2 million for the financial year ended 31 December 2001. This represents an increase of 24% from the previous year's RM144.1 million despite provisions for loan loss and share margin debtors of RM34.1 million and receivables of RM40.1 million (this provision was for an account receivable arising from restructuring of an underwriting position), totaling RM74.2 million during the year. The improved results were achieved on the back of a 28% increase in net income from RM303.5 million to RM388.9 million.

The Commerce International Group's total income increased 52% to RM463.1 million from RM304.8 million recorded in the previous year. The addition of CIMBDH to the Commerce International Group further enhanced its performance in the debt capital markets. The Commerce International Group's trading profit from debt activities rose significantly from RM60.6 million in 2000 to RM228.1 million in 2001. This achievement was mainly due to spread trading and market making activities in the debt securities market. The continued improvement in its distribution of primary deals and ability to market make on a representative range of fixed income products had clearly provided a strong competitive edge. The loss on equity of RM16.1 million was mainly due to loss from selling shares arising from underwriting commitment and restructuring of loans.

The Commerce International Group's financial advisory, underwriting and other fees was RM107.7 million, an increase of 3% compared to RM104.7 million in 2000. The main contributor was Commerce International's strong involvement in IPOs, corporate advisory work and funding exercises. Commerce International lead managed 4 out of 20 IPOs during the year, including the 2 largest new listings which were TIME dotcom Berhad and Bintulu Port Holdings Berhad. Commerce International also successfully raised RM723.4 million in equity funds through 5 rights issues and 9 special issues in 2001. In addition, Commerce International lead managed several debt issues in 2001, including issues by Tenaga Nasional Berhad, Intelek Perkasa Berhad and Syarikat Prasarana Negara Berhad.

12. FINANCIAL INFORMATION (Cont'd)

However, brokerage income plunged 73% from RM69.6 million to RM18.5 million, mainly due to a large drop in trading volume on the KLSE, further compounded by the impact from the liberalisation of brokerage rates implemented in September 2000.

The Commerce International Group's net interest income increased by 77% to RM110.3 million compared to RM62.4 million recorded in the previous year on the back of an increase of approximately 84% in the Group's total assets from RM5,738.2 million as at 31 December 2000 to RM10,570.2 million as at 31 December 2001. However provision for loan loss increased from RM1.2 million to RM33.7 million while provision for receivables and share margin debtors increased to RM40.5 million due to a deterioration in quality of loan assets and collateral during the financial year. More specifically, specific provision of RM39.1 million made in 2001 was mainly for an account receivable arising from restructuring of an underwriting position.

Total overhead expenses increased by 46% to RM136.3 million in 2001 mainly due to increases in personnel costs and other overheads.

Commerce International

Commerce International made a profit after tax of RM156.4 million, a 55% increase over RM100.8 million earned in 2000 (excluding RM53.4 million dividends net of tax from CIMBH). This was achieved on the back of a 54% increase in net income to RM321.2 million in 2001 compared to RM208.4 million in 2000 (excluding dividends from CIMBH) and despite the need to make additional provisions on loans and receivables amounting to RM76.9 million in 2001. This achievement was mainly due to trading profit from debt activities of RM190.5 million compared to RM60.6 million in the previous year. As Commerce International continued to develop its fixed income trading operations in 2001, this led to an increase in its portfolio of trading securities and net interest income increased by 61% from RM46.3 million to RM74.7 million in 2001.

For the year 2001, the increase in provision for loan loss and other receivables of RM76.9 million, represented a significant increase compared to RM1.2 million in 2000 and this was primarily due to a specific provision of RM40.0 million for an account receivable arising from restructuring of an underwriting position and other pre-crisis assets.

CIMBDH

CIMBDH's maiden contribution to the Group's profit after tax amounted to RM29.3 million in 2001. For 2001, CIMBDH's profit after tax increased by 49% compared to RM19.6 million in 2000 due to higher trading income of RM81.1 million in 2001 compared to a loss of RM29.0 million loss in the previous year. However this was offset by a substantial provision of RM37.0 million made for certain bonds held as investment securities.

CIMBS

CIMBS registered an after tax profit of RM3.8 million, a sharp decline of 91% compared to RM42.4 million achieved in 2000, due primarily to weak market conditions which led to lower trading volumes during 2001. Brokerage decreased significantly by 73% from RM68.3 million in 2000 to only RM18.5 million in 2001. The KLSE's trading volume decreased by 61% year on year, whilst the KLCI ended 2001 at 696 points, up 2% compared to 2000 closing of 680 points. There was an improvement in CIMBS' market share to 7% from 6% due to its strong institutional client base.

CIMBS also introduced a Voluntary Separation Scheme ("VSS") to reduce staff strength and fixed costs. The VSS exercise resulted in a 13% reduction in the number of back office operations staff and a cost saving of approximately RM300,000 per annum.

12. FINANCIAL INFORMATION (Cont'd)

6-months ended 30 June 2002

Commerce International Group achieved a group pretax profit of RM78.8 million for the 6 month ended 30 June 2002, a decrease of 40% from the previous period, mainly due to difficult trading conditions in the debt markets, which was a sharp reversal from the buoyant conditions in the previous year. The Group achieved financial advisory, underwriting and other fees of RM52.9 million, net income of RM69.5 million and RM20.8 million from its debt and equity business respectively. Provisions for loan loss and other receivable were RM7.4 million. The Group achieved a profit after taxation of RM52.8 million for the period.

Commerce International made a pretax profit of RM17.2 million for the 6 month ended 30 June 2002, a decrease of 83% from the previous period in 2001, mainly due to difficult trading conditions in the debt markets and its concentration in sovereign and near sovereign bonds.

CIMBDH achieved a pretax profit of RM40.4 million, an increase of 18% from RM34.3 million in the corresponding period last year. This was primarily due to profits from sale and redemption of debt securities during the period and the shift in corporate bonds trading from Commerce International to CIMBDH.

CIMBS achieved a pretax profit of RM14.3 million, a significant increase of 321% compared to the corresponding period in 2001, mainly due to higher trading volumes and income from several large IPOs.

The Commerce International Group's risk weighted capital ratio stood at 23.93% as at 30 June 2002 as compared with 22.84% as at 31 December 2001, and the core capital ratio also improved from 22.84% in December 2001 to 23.93% as at 30 June 2002. The audited Group shareholders' funds increased to RM1,396.5 million as at 30 June 2002 against RM1,385.1 million as at 31 December 2001 (incorporating prior year adjustment relating to proposed dividend under MASB 19).

Directors' Declaration of Financial Performance

As at 28 November 2002, being the latest practicable date prior to the printing of this Prospectus, the financial performance, position and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the CIMB Group;
- (ii) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the CIMB Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

12. FINANCIAL INFORMATION (Cont'd)

Working Capital, Capital Adequacy, Capital Commitment, Litigation and Contingent Liabilities**(i) Working Capital and Capital Adequacy**

The Directors of CIMB are of the opinion that, after taking into consideration the forecast, the Group has adequate capital for its present and foreseeable requirements.

The capital adequacy of Commerce International is as follows:

	Audited as at 30 June 2002 RM 000	Proforma after the Restricted Offer for Sale and EES RM 000
Tier 1 capital* ²	1,145,829	1,201,847* ¹
Eligible tier-2 capital* ²	44,260	44,260
	<u>1,190,089</u>	<u>1,246,107</u>
Less: Investment in subsidiaries	(246,549)	(246,549)
Total Capital Base	<u>943,540</u>	<u>999,558</u>
Capital ratio		
- Core capital ratio	23.93%	25.35%
- Risk weighted capital adequacy ratio	23.93%	25.35%

Notes:

*¹ Assumed only 10.5 months of the estimated profit for the financial year ending 31 December 2002 has been included in the tier-1 capital.

*² Components of Tier-1 and Tier-2 capital are as follows:

	<i>Audited as at 30 June 2002 RM 000</i>	<i>Proforma after the Restricted Offer for Sale RM 000</i>
<i>Tier-1 capital</i>		
<i>Paid up share capital</i>	319,242	319,242
<i>Share premium</i>	283,488	283,488
<i>Other reserves</i>	543,099	599,117
<i>Total Tier-1 capital</i>	<u>1,145,829</u>	<u>1,201,847</u>
<i>Tier-2 capital</i>		
<i>General provision for bad and doubtful debts</i>	44,260	44,260

(ii) Material Litigation

Save as disclosed in Section 16.5 of this Prospectus, the Company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant, and the Directors of the Company do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the CIMB Group.

(iii) Material Capital Commitment

The Directors of the CIMB Group are not aware of any material capital commitment as at the date hereof, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the CIMB Group.

(iv) Contingent Liabilities

Save as disclosed in Section 16.9 of this Prospectus, the Directors of the Company are not aware of any contingent liabilities (not in the ordinary course of business of the CIMB Group) which, upon becoming enforceable, may have a material adverse impact on the profit or net asset values of the CIMB Group.

12. FINANCIAL INFORMATION (Cont'd)

12.2 Future Financial Information

(i) Consolidated Profit Estimate and Forecast and Reporting Accountant's letter

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board estimates that the consolidated profit after taxation of CIMB for the 1.5 month financial period ending 31 December 2002 and forecast that the consolidated profit after taxation of CIMB for the financial year ending 31 December 2003 would be as follows:

	1.5 month period ending 31.12.2002 RM 000	Financial year ending 31.12.2003 RM 000
Consolidated profit before taxation	160,097	190,016
Less: Taxation	(47,358)	(54,339)
Consolidated profit after taxation	112,739	135,677
Less: pre-acquisition profit	(98,647)	-
	<u>14,092</u>	<u>135,677</u>
Weighted average number of CIMB Shares in issue (000)	182,143 ^{*1}	850,000
Net EPS (sen)	13.26 ^{*2}	15.96 ^{*3}
Net PE Multiple based on the offer price RM1.75 per CIMB Share (times)	13.20	10.96

Notes:

^{*1} Weighted average number of 182,142,859 CIMB Shares is calculated based on a weightage of 7 months and on the assumption that the Acquisition of Commerce International was completed on 15 November 2002.

^{*2} The net EPS has been annualised. The annualised fully diluted net EPS for the 1.5 month financial period ending 31 December 2002 is 13.26 sen.

^{*3} For the fully diluted EPS calculation for the financial year ending 31 December 2003, the number of shares in issue is adjusted after assuming full exercise of 85,000,000 Executive ESOS Options under the Executive ESOS on 1 January 2003, which will increase the issued and paid-up share capital to approximately RM935,000,000. For illustrative purposes, the Executive ESOS Options are to be exercised at RM1.75 and the net profit is adjusted to reflect the interest earned (interest earned net of tax for the computation of fully diluted net EPS) assuming the proceeds were invested in fixed deposit at a rate of 4% per annum. Based on the above the fully diluted net EPS is 14.97 sen.

Principal Bases and Assumptions

The principal assumptions upon which the consolidated profit estimate and forecast for the financial period/year ending 31 December 2002 and 31 December 2003 respectively have been made are as follows:

General

- (a) There will be no significant changes in the prevailing Malaysian and world economic conditions that may directly or indirectly have an adverse effect on the CIMB Group's operations.
- (b) The rate of inflation in Malaysia will not vary significantly from the current level. Other than inflationary increases, there will be no significant increase in cost of funding, wages and other costs.

12. FINANCIAL INFORMATION (Cont'd)

- (c) There will be no significant changes in the present legislation or Government regulations, rates and bases of taxes in Malaysia affecting the activities of the CIMB Group or the markets in which it operates. Income tax will remain at the prevailing rate.
- (d) There will be no significant changes in the management, accounting, trading and operating policies presently adopted by the CIMB Group, which will materially affect the activities of the CIMB Group.
- (e) There will be no significant adverse fluctuations in foreign currency exchange rates.
- (f) There will be no significant adverse fluctuations in interest rates from their prevailing levels.
- (g) There will be no significant changes to the prevailing political conditions in Malaysia, and elsewhere which will materially affect the activities or performance of the CIMB Group.
- (h) There will be no major industrial disputes or disruptions, which will materially affect the operations of the CIMB Group or its markets.
- (i) There will be no unusual events or transactions that will materially affect the operations/results of the CIMB Group.
- (j) There will be no significant changes in the structure and the principal activities of the CIMB Group.

Specific

- (k) Indices, turnover volumes and the CIMB Group's market shares in the KLSE for the estimate period and forecast year, are assumed as follows:

Exchange market	2002			2003		
	Index average	Turnover volume Increase/ (Decrease) %	Market share %	Index average	Turnover volume Increase/ (Decrease) %	Market share %
KLSE	700	35	7.5	750	-	7.8

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12. FINANCIAL INFORMATION (Cont'd)

- (l) There will be no significant changes in the trading and investment strategies currently adopted by the CIMB Group. However, it should be noted that the CIMB Group generally maintains trading, market making and investment positions, including fixed income securities, equity securities and various derivative instruments. Therefore, a downturn in those markets could result in losses from a decline in the value of those open positions. The CIMB Group may from time to time have a trading strategy that exposes the CIMB Group to significant market risk. In that respect, the CIMB Group may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets, i.e. the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.
- (m) The CIMB Group utilises a variety of strategy and instruments to hedge its exposures. It is assumed that these strategies are effective in mitigating the market risk exposure of the CIMB Group. There is no unexpected market development that may affect the effectiveness of the CIMB Group's hedging strategies and choice of hedging instruments.
- (n) There is no change in credit rating of the companies in the CIMB Group throughout the estimate period and forecast year.
- (o) There is no change in the creditworthiness of the CIMB Group's derivative instrument counter parties.
- (p) There will be no changes in the credit rating of the portfolio of securities currently held by the CIMB Group so as to adversely affect their corresponding underlying values of securities held.
- (q) The incidence of non-performing loans is not expected to increase significantly from present level.
- (r) Loans and advances and customers' deposits of the CIMB Group will increase during the estimate period and forecast year. The yields obtained on loans and advances will move in line with the Kuala Lumpur Interbank Offer Rates.
- (s) There will be no significant changes in market conditions and in lending guidelines and other operational regulations or restrictions currently enforced by the regulatory authorities in Malaysia.
- (t) There will be no significant changes in the market value of quoted shares and securities and properties, which will adversely affect the underlying values of securities and properties pledged as collateral for loans and advances granted to customers of the CIMB Group.
- (u) Collection from progress billings and payments of fees will be as scheduled.
- (v) There will be no major changes in the existing key personnel of the CIMB Group, which will affect the operational and marketing capability of the CIMB Group.
- (w) There will be no material changes in structure of payroll, bonuses, employee benefits and director benefits.

12. FINANCIAL INFORMATION (Cont'd)

- x) Financial, accounting and back office systems of the CIMB Group are assumed to be working effectively during the estimate period and forecast year such that operational risk is minimised.
- (y) There is no significant loss from litigation.
- (z) Budgeted capital expenditure of the CIMB Group will be implemented as planned and there will be no additional material acquisitions or disposals of fixed assets and investments.
- (aa) The Acquisition of Commerce International is deemed completed by 15 November 2002.

(ii) Directors' Commentary on the Consolidated Profit Estimate and Forecast

CIMB deems to have completed the Acquisition of Commerce International on 15 November 2002. As such, the CIMB Group's estimate for the financial period ending 31 December 2002 is only for a 1.5 month period.

For the comparison between the estimate period and forecast year, the commentary for the estimate period is based on the Commerce International Group for the financial year ending 31 December 2002.

For the financial year ending 31 December 2002, the Commerce International Group is expected to achieve a consolidated profit before taxation of RM160 million.

The Commerce International Group estimates a net income of RM287 million, a decrease of 26% compared to RM389 million in the previous year, mainly due to lower profit from debt trading activities resulting from difficult trading conditions in the debt markets and fewer primary debt issues, which was a sharp reversal from the buoyant conditions in the previous year. The Group is expected to perform better in equity markets in 2002 while provisions for loan loss and receivables are expected to decrease significantly from RM74 million in 2001 to RM15 million in 2002.

The financial year 2002 is also expected to be an active year for corporate advisory exercises. Some achievements of the corporate advisory business for the year to date includes advising 12 IPOs up to October 2002, notably being the joint adviser for the listing of Maxis Communications Berhad.

For the financial year ending 31 December 2003, the CIMB Group forecasts a profit before taxation of RM190 million, representing an increase of 19% compared to the Commerce International Group's estimated profit before taxation of RM160 million for financial year ending 31 December 2002.

The CIMB Group forecasts a net income of RM317 million, an increase of 10% compared to RM287 million in the previous year. The Group expects an improvement in the debt capital markets after a difficult year in 2002. Equity markets are expected to soften slightly compared to 2002 with the absence of large IPOs. The Group is confident of maintaining a strong share of the advisory and underwriting business based on its strong track record particularly in bond origination, mergers and acquisitions and IPOs

12. FINANCIAL INFORMATION (Cont'd)

12.3 Reporting Accountant's Letter on the Consolidated Profit Estimate and Forecast
(Prepared for inclusion in the Prospectus)

PRICEWATERHOUSECOOPERS 

The Board of Directors
CIMB Berhad
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PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
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27 November 2002

PwC/SHKY/ra/0925J (V2)

**CIMB BERHAD
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE
FINANCIAL PERIOD ENDING 31 DECEMBER 2002 AND THE FINANCIAL
YEAR ENDING 31 DECEMBER 2003 RESPECTIVELY**

Dear Sirs,

- 1 We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of CIMB Berhad ("CIMB"), for which the Directors are solely responsible, for the financial period ending 31 December 2002 and the financial year ending 31 December 2003 respectively, as set out in Section 12.2 of the Prospectus in connection with the Restructuring and Listing of CIMB on the Main Board of the Kuala Lumpur Stock Exchange.
- 2 In our opinion, the profit estimate and forecast so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the principal bases and assumptions of the consolidated profit estimate and forecast, and are presented on a basis consistent with the accounting policies normally adopted by its subsidiary, Commerce International Merchant Bankers Berhad ("Commerce International").


12. FINANCIAL INFORMATION (Cont'd)




The Board of Directors
CIMB Berhad
PwC/SHKY/ra/0925J (V2)
27 November 2002

- 3 Without qualifying our opinion, we draw your attention to paragraph (1) of the Directors' assumptions set out in the principal bases and assumptions of the consolidated profit estimate and forecast. The trading incomes that are incorporated in the profit estimate and forecast are based on the Directors' best estimate based on current market conditions and existing trading strategies adopted by CIMB and its subsidiaries ("CIMB Group"). Given the inherent volatile nature of trading activities which exposes the CIMB Group to significant market risks, there is uncertainty with regards to the achievement of the estimated and forecasted trading incomes.

Yours faithfully,


PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants


MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/04 (J))
Partner of the firm

12. FINANCIAL INFORMATION (Cont'd)

12.4 Dividend Estimate and Forecast

It is the intention of the Directors of CIMB to recommend dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Company.

The Directors of CIMB do not expect to declare dividend for the 1.5 month period ending 31 December 2002. However, barring unforeseen circumstances, the Directors of CIMB expect to declare a gross dividend of 3% per CIMB Share for the financial year ending 31 December 2003 based on the enlarged issued and paid-up share capital of RM850,000,000.

Based on the offer price of RM1.75 per CIMB Share, the gross dividend yield per CIMB Share would be approximately 1.71% and the gross dividend cover is 7.45 times based on forecast earnings for the financial year ending 31 December 2003.

The intended appropriation of the forecast profit after taxation for the financial year ending 31 December 2003 will be as follows:

	Financial year ending 31.12.2003 RM 000
Consolidated profit before taxation	190,016
Less: Taxation	(54,339)
Consolidated profit after taxation	<u>135,677</u>
Less: Proposed dividend of 3% per CIMB Share (net of tax of 28%)	(18,360)
Profit retained for the financial year	<u>117,317</u>
Forecast gross dividend per CIMB Share (sen)	3.00
Forecast gross dividend yield based on the offer price of RM1.75 per CIMB Share (%)	1.71
Gross dividend cover based on forecast gross dividend per CIMB Share (times)	7.45
Forecast net dividend per CIMB Share (sen)	2.16
Forecast net dividend yield based on the offer price of RM1.75 per CIMB Share (%)	1.23
Net dividend cover based on forecast net dividend per CIMB Share (times)	7.39

12.5 Sensitivity Analysis

The principal bases and assumptions upon which the sensitivity analysis on the CIMB Group's profit have been made are as follows:

- (i) The selected variable item will vary $\pm 10\%$, $\pm 20\%$ and $\pm 30\%$ from the base case.
- (ii) Variable cost items will vary in correlation with the selected variable item.
- (iii) Except for the selected variable items and variable cost items, the same assumptions for the other items as for the base case shall apply.

12. FINANCIAL INFORMATION (Cont'd)

The impact on the CIMB Group's profit as a result of changes in trading and fee income is as depicted in the following scenarios:

(i) Changes in trading and interest income on dealing securities

Consolidated profit estimate for the financial period ending 31 December 2002

	-30%	-20%	-10%	0%	+10%	+20%	+30%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Profit before taxation	17,130	18,091	19,051	20,012	20,973	21,934	22,894
% Change	(14.4%)	(9.6%)	(4.8%)	-	4.8%	9.6%	14.4%
Profit after taxation	12,063	12,739	13,416	14,092	14,769	15,446	16,122
% Change	(14.4%)	(9.6%)	(4.8%)	-	4.8%	9.6%	14.4%

Consolidated profit forecast for the financial year ending 31 December 2003

	-30%	-20%	-10%	0%	+10%	+20%	+30%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Profit before taxation	162,391	171,599	180,808	190,016	199,224	208,433	217,641
% Change	(14.5%)	(9.7%)	(4.8%)	-	4.8%	9.7%	14.5%
Profit after taxation	115,952	122,527	129,102	135,677	142,252	148,827	155,402
% Change	(14.5%)	(9.7%)	(4.8%)	-	4.8%	9.7%	14.5%

(ii) Changes in financial advisory and underwriting fee

Consolidated profit estimate for the financial period ending 31 December 2002

	-30%	-20%	-10%	0%	+10%	+20%	+30%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Profit before taxation	17,677	18,455	19,234	20,012	20,791	21,569	22,347
% Change	(11.7%)	(7.8%)	(3.9%)	-	3.9%	7.8%	11.7%
Profit after taxation	12,448	12,996	13,544	14,092	14,641	15,189	15,737
% Change	(11.7%)	(7.8%)	(3.9%)	-	3.9%	7.8%	11.7%

Consolidated profit forecast for the financial year ending 31 December 2003

	-30%	-20%	-10%	0%	+10%	+20%	+30%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Profit before taxation	171,765	177,849	183,932	190,016	196,099	202,183	208,266
% Change	(9.6%)	(6.4%)	(3.2%)	-	3.2%	6.4%	9.6%
Profit after taxation	122,646	126,990	131,333	135,677	140,021	144,365	148,709
% Change	(9.6%)	(6.4%)	(3.2%)	-	3.2%	6.4%	9.6%

Based on the above assumptions, the sensitivity analysis shows that the Group will continue to remain profitable for the estimated period and forecast year even if the trading or fee income is varied downwards by 30%.

12. FINANCIAL INFORMATION (Cont'd)

12.6 Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheets of CIMB as at 30 June 2002 had the Restructuring and Listing Scheme as described in Notes below been affected on that date.

	CIMB 30.06.02 RM 000	Proforma I RM 000	Proforma II RM 000
Assets			
Cash and short-term funds	#	471,467	620,217
Securities purchased under resale agreements	-	67,083	67,083
Deposits and placements with financial institutions	-	103,622	103,622
Dealing securities	-	6,095,619	6,095,619
Investment securities	-	966,759	966,759
Loans and advances	-	974,747	974,747
Other assets	-	561,146	561,146
Statutory deposits with BNM	-	134,400	134,400
Investment in associates	-	1,865	1,865
Fixed assets	-	27,600	27,600
Goodwill	-	31,898	31,898
Total assets	#	9,436,206	9,584,956
Liabilities, shareholders' funds and minority interests			
Deposits from customers	-	2,185,385	2,185,385
Deposits and placements of banks and other financial institutions	-	2,664,501	2,664,501
Obligations on securities sold under repurchase agreements	-	1,526,940	1,526,940
Long term debts	-	1,063,000	1,063,000
Other liabilities	1	508,424	508,424
Provision for taxation and zakat	-	103,323	103,323
Amount owing to holding company	-	394	394
Amount due to related company	1	-	-
Total liabilities	2	8,051,967	8,051,967
Share capital	#	850,000	935,000
Share premium	-	491,203	554,953
Accumulated loss	(2)	(2)	(2)
Reserve on consolidation	-	43,038	43,038
Shareholders' funds	(2)	1,384,239	1,532,989
Minority interests	-	@	@
Total liabilities, shareholders' funds and minority interests	#	9,436,206	9,584,956
Net tangible assets per share (RM)	(1,189.00)^	1.59	1.61

12. FINANCIAL INFORMATION (*Cont'd*)

Notes:

denotes RM2

@ denotes RM300

^ the incorporation and pre-operating expenses amounting to RM2,380 is divided by the issued and paid up ordinary shares of CIMB of RM1.00 per share totalling RM2.00.

Notes to the Proforma Consolidated Balance Sheets

1. Restructuring and Listing Scheme

(i) UFJ Acquisition

CAHB entered into a share sale agreement with UFJ for the acquisition of 24,288,000 Commerce International shares representing approximately 7.61% equity interest therein from UFJ for a cash purchase consideration of RM102,252,480 or RM4.21 per Commerce International share.

In addition, in view of the Restructuring and Listing Scheme, an additional payment may be payable by CAHB to UFJ in cash based on a prescribed formula.

(ii) BPM Acquisition

CAHB entered into a share sale agreement with BPM for the acquisition of 37,342,800 Commerce International shares representing approximately 11.70% equity interest therein from BPM for a purchase consideration of RM157,213,188 or RM4.21 per Commerce International share.

The total consideration of RM157,213,188 was satisfied by a combination of cash and new shares in CIMB representing approximately 4.99% of the enlarged issued and paid up share capital of CIMB.

In addition, in view of the Restructuring and Listing Scheme, an additional payment may be payable by CAHB to BPM in cash based on a prescribed formula.

Upon completion of the BPM Acquisition, Commerce International became a wholly-owned subsidiary of CAHB.

(iii) Acquisition of Commerce International

CAHB entered into a share sale agreement with its wholly-owned subsidiary, CIMB, for the disposal of CAHB's entire equity interest in Commerce International comprising 319,242,000 Commerce International shares to CIMB upon completion of the BPM Acquisition for a total purchase consideration of RM1,343,703,288 which was satisfied wholly by the issuance of 849,999,998 new CIMB shares, credited as fully paid-up, at an issue price of approximately RM1.58 per new CIMB share.

The purchase consideration was arrived at based on the audited net assets of the Commerce International Group as at 31 December 2001 of RM1,343,703,288.

Upon completion of the Acquisition of Commerce International, the issued and paid up share capital of CIMB increased from RM2 comprising 2 CIMB shares to RM850,000,000 comprising 850,000,000 CIMB shares.

12. FINANCIAL INFORMATION (*Cont'd*)

Pursuant to the UFJ Acquisition, BPM Acquisition and Acquisition of Commerce International, Commerce International became a wholly-owned subsidiary of CIMB, which in turn is 95.01% owned by CAHB. The balance of the 4.99% equity interest in CIMB is held by BPM.

(iv) Restricted Offer for Sale

Following the Acquisition of Commerce International and in conjunction with the Restructuring and Listing Scheme, CAHB proposes to undertake a restricted offer for sale of 128,785,000 CIMB shares to the Public Shareholders and 1,150,000 CIMB shares to the Non Executive Directors and Company Secretary at an offer price of RM1.75.

(v) Employee Equity Scheme

Concurrent with the Restructuring and Listing Scheme and to facilitate the CIMB Group Employees' equity participation in the CIMB Group, CAHB will establish an employee equity scheme for the CIMB Group Employees to reward their contribution to the CIMB Group.

(vi) Executive ESOS

In conjunction with the Restructuring and Listing Scheme, CIMB had obtained the approval of the SC and the existing shareholders of CIMB to establish an executive employee share option scheme.

The number of Executive ESOS Options to be offered under the Executive ESOS shall not exceed 10% of the issued and paid-up share capital of CIMB at any one time. Based on the enlarged issued and paid-up share capital of CIMB of RM850,000,000 comprising 850,000,000 CIMB shares, the number of new CIMB shares to be issued pursuant to the Executive ESOS is 85,000,000.

(vii) Listing and Quotation

Pursuant to step (i) to (vi) above, the Restructuring and Listing Scheme entails the listing of and quotation for the entire enlarged issued and paid-up share capital of CIMB of RM850,000,000 comprising 850,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE.

In conjunction with the Restructuring and Listing Scheme, the Board of CAHB granted a share option to the Chief Executive of Commerce International to purchase 42,000,000 CIMB shares held by CAHB representing approximately 4.94% of the enlarged issued and paid-up share capital of CIMB as at the date of the listing of CIMB.

2. Basis of preparation

The proforma consolidated balance sheets have been prepared based on accounting policies and bases consistent with those adopted by CIMB's subsidiary, Commerce International in the preparation of the audited financial statements.

The proforma consolidated balance sheets have been prepared for illustrative purposes only to show the effects on the consolidated balance sheet of CIMB as at 30 June 2002 had the following transactions been affected on that date:

12. FINANCIAL INFORMATION (Cont'd)

Proforma I

Proforma I incorporates on the proforma basis the effects of the acquisition of Commerce International under the Restructuring and Listing Scheme as described in the Prospectus. The acquisition of Commerce International assumes a total purchase consideration of RM1,343,703,288 based on 100.00% interest of the audited net assets of the Commerce International Group as at 31 December 2001 of RM1,343,703,288. The share issue expenses amounting to RM2,500,000 is set off against the share premium.

The consolidated balance sheet of the Commerce International Group has been consolidated into the proforma consolidated balance sheet of the CIMB Group using acquisition accounting. The consolidated balance sheet of the Commerce International Group is based on the financial statements of Commerce International Group for the financial period ended 30 June 2002[^].

Proforma II

Proforma II incorporates on the proforma basis the effects of Proforma I and the establishment of Executive ESOS under the Restructuring and Listing Scheme as described in the Prospectus, assuming exercise of all outstanding Executive ESOS giving rise to the issue of 85,000,000 new ordinary shares of CIMB at the exercise price of RM1.75.

[^] The audited financial statements of Commerce International Group for the financial period ended 30 June 2002 is derived after taking into account Commerce International's interim dividend of 4.25% less income tax on its paid up capital of 319,242,000 shares amounting to RM9,768,805 for the financial period ended 30 June 2002. The dividend has been declared out of the pre-acquisition retained profit of Commerce International.

3. Movement of reserves

The effects of the Restructuring and Listing Scheme on the share capital, share premium, accumulated loss and reserve on consolidation of CIMB are as follows:

	Share capital RM 000	Share premium RM 000	Accumulated loss RM 000	Reserve on consolidation RM 000	Total RM 000
As at 30 June 2002	#	-	(2)	-	(2)
Shares issued pursuant to the Restructuring and Listing Scheme	850,000	493,703	-	43,038	1,386,741
Set-off of share issue expenses against share premium	-	(2,500)	-	-	(2,500)
As shown in Proforma I	850,000	491,203	(2)	43,038	1,384,239
Shares issued pursuant to Executive ESOS	85,000	63,750	-	-	148,750
As shown in Proforma II	935,000	554,953	(2)	43,038	1,532,989

Note:

denotes RM2

12. FINANCIAL INFORMATION (Cont'd)

12.7 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

PRICEWATERHOUSECOOPERS 

The Board of Directors
CIMB Berhad
7th Floor Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur

27 November 2002


PwC/SHKY/ra/0925J(V2)


**CIMB BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2002**

Dear Sirs,

- 1 We have reviewed the proforma consolidated balance sheets of CIMB Berhad ('CIMB') as at 30 June 2002, together with the notes and assumptions thereon as set out in Section 12.6 of the Prospectus, for which the Directors are solely responsible. The proforma consolidated balance sheets have been prepared in connection with the Restructuring and Listing of CIMB on the Main Board of the Kuala Lumpur Stock Exchange.
- 2 Based on the results of the review, we confirm that the proforma consolidated balance sheets of CIMB as at 30 June 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes and assumptions to the proforma consolidated balance sheets.

Yours faithfully,


PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants


MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/04 (J))
Partner of the firm

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