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Appendix 1

SELECTED DATA OF LICENSED FINANCE COMPANIES FOR FINANCIAL YEAR END 1995

Name of Finance Company (Arranged by size of assets)	Assets	Deposits	Loans	Shareholders' funds	Paid-up capital	Profit /(loss) before tax	Profit/(loss) after tax	No. of branches 1995	No. of branches 1994
	(RM'000)							1995	1994
MBf Finance Berhad	14,499,248	12,851,563	10,333,803	1,035,947	331,875	302,990	206,033	143	127
Mayban Finance Berhad +++	11,754,512	10,652,369	8,717,161	662,687	225,000	225,216	120,216	82	73
Arab-Malaysian Finance Berhad ++	9,499,520	8,541,972	6,951,182	473,783	201,490	212,837	135,060	84	73
Public Finance Berhad	7,310,404	5,633,065	4,403,442	393,034	200,000	133,687	89,987	139	132
Hong Leong Finance Berhad +++	4,855,999	4,172,839	3,117,312	299,347	170,000	92,847	68,497	63	54
United Merchant Finance Berhad	4,122,696	3,658,232	2,647,059	278,040	179,000	63,842	38,069	31	22
BBMB Kewangan Berhad ++	3,603,455	3,099,377	2,284,909	250,635	160,000	50,240	31,090	43	38
Kewangan Bersatu Berhad	3,049,247	2,389,053	1,467,752	139,644	67,500	32,113	24,786	25	23
Credit Corporation (Malaysia) Berhad	2,891,787	1,703,620	1,638,168	121,488	38,000	33,023	23,143	19	10
Asia Commercial Finance (M) Berhad	2,664,043	1,997,225	1,841,944	178,226	128,400	42,947	27,437	49	42
EON Finance Berhad	1,839,070	1,589,762	1,364,853	191,067	125,000	40,425	25,528	32	26
Multi-Purpose Finance Berhad	1,376,722	1,021,564	1,109,947	106,610	67,500	25,434	16,234	23	21
UMBC Finance Berhad +	1,353,167	1,220,133	1,121,292	48,153	25,000	17,002	11,602	19	16
DCB Finance Berhad	1,350,239	1,210,014	1,052,314	100,997	75,000	22,342	16,059	25	19
HSBC Finance (Malaysia) Berhad	1,234,815	1,079,672	883,362	95,669	22,412	23,572	16,145	4	4
Malaysian Credit Finance Berhad	1,179,389	1,087,064	855,592	52,388	73,500	1,284	1,246	22	15
OCBC Finance Berhad	1,152,186	962,881	810,168	100,719	15,000	29,124	18,923	3	3
Southern Finance Company Berhad	993,698	884,714	627,283	76,815	48,000	15,389	10,311	23	21
Delta Finance Co Berhad	778,498	674,238	585,366	76,208	50,000	14,248	7,748	15	14
Affin Finance Berhad	736,271	610,466	556,702	106,762	96,000	13,238	8,444	12	12
Kwong Yik Finance Berhad +++	726,754	529,529	467,045	53,638	40,000	12,215	5,684	12	11
Hock Thai Finance Corpn Berhad	720,608	600,570	560,831	44,092	16,000	10,118	6,518	14	12
Oriental Finance Berhad ++	660,608	602,484	461,931	25,413	75,626	3,380	3,380	13	11
Bolton Finance Berhad	596,673	538,457	532,338	49,667	24,926	12,380	8,713	8	8
Kewangan Industri Berhad	562,740	322,946	378,829	75,977	75,000	3,257	1,646	7	7
Cempaka Finance Berhad	502,246	453,565	391,046	34,569	23,100	7,352	5,018	11	8
Interfinance Berhad	445,052	338,202	227,535	50,402	50,000	7,320	7,255	4	4
OUB Finance (Malaysia) Berhad	431,347	381,157	354,395	36,666	20,000	6,274	3,670	5	5
Kewangan Utama Berhad	352,650	314,369	264,647	18,988	30,000	(13,623)	(13,565)	6	5
Sabah Finance Berhad	298,694	262,731	227,940	19,196	10,000	3,023	1,365	11	10
City Finance Berhad	283,291	260,953	206,231	19,688	16,928	2,792	1,964	8	4
Perdana Finance Berhad ++++	245,000	206,887	154,819	31,708	30,000	1,015	710	9	6
Boon Siew Finance Berhad	210,450	183,656	64,678	21,168	7,000	2,145	1,150	1	1
Chew Geok Lin Finance Berhad	206,500	189,612	140,158	11,509	8,000	192	38	14	14
United Overseas Finance (Malaysia) Berhad	167,443	138,078	137,962	20,877	8,000	3,915	2,615	1	1
Advance Finance Berhad	134,749	113,823	82,321	18,655	20,000	859	566	3	3
KCB Finance Berhad	68,517	48,982	25,336	18,151	32,600	1,105	1,105	1	1
Abrar Finance Berhad	51,667	22,157	32,580	10,001	10,000	108	63	1	1
Kewangan KGN Berhad	29,840	22,175	4,432	1,866	8,000	(6,134)	n.a.	1	1
AlliedFinance (Malaysia) Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2	2
TOTAL	82,939,795	70,570,156	57,084,665	5,350,449	2,803,857	1,449,493	934,453	988	860

The above figures are based on members' submission in 1996. All figures are audited.

+ As at January 31, 1995 ++ As at March 31, 1995

Appendix 2

SELECTED DATA OF LICENSED FINANCE COMPANIES FOR FINANCIAL YEAR END 1996

Name of Finance Company (Arranged by size of assets)	Assets	Deposits	Loans	Shareholders' funds	Paid-up capital	Profit /(loss) before tax	Profit/(loss) after tax	No. of branches	
	(RM'000)							1996	1995
MBf Finance Berhad	19,218,571	17,513,025	14,191,573	1,286,533	663,750	387,929	263,792	145	143
Mayban Finance Berhad+++	15,245,568	13,698,716	10,829,263	918,231	393,750	288,716	163,716	89	82
Arab-Malaysian Finance Berhad ++	12,485,038	11,265,089	9,341,471	642,949	203,222	280,167	180,691	89	84
Public Finance Berhad	7,870,193	6,657,526	5,910,058	721,035	330,000	162,034	109,034	150	139
United Merchant Finance Berhad	6,039,483	5,534,772	4,157,714	307,420	179,000	65,180	39,153	38	31
Hong Leong Finance Berhad +++	5,884,773	5,092,196	3,784,988	349,213	170,000	110,115	65,931	72	63
BBMB Kewangan Berhad++	3,603,455	3,099,377	2,284,909	250,635	160,000	50,240	31,090	47	43
Asia Commercial Finance (M) Berhad	3,252,759	2,623,939	2,459,200	216,017	159,400	53,559	34,535	56	49
Kewangan Bersatu Berhad	3,182,581	2,120,693	1,873,285	157,533	67,500	30,075	17,892	27	25
EON Finance Berhad	2,841,198	2,528,829	2,172,677	219,266	125,000	43,374	28,199	35	32
Multi-Purpose Finance Berhad	2,130,924	1,768,621	1,547,827	139,890	78,750	28,255	18,036	29	23
DCB Finance Berhad	1,667,164	1,511,650	1,288,631	111,358	75,000	17,411	11,411	28	25
Malaysian Credit Finance Berhad	1,535,624	1,405,978	1,101,731	55,891	75,000	4,083	2,003	26	22
SimeFinance Berhad +	1,470,147	1,312,928	1,074,797	63,673	25,000	25,223	16,395	21	19
OCBC Finance Berhad	1,365,975	1,154,507	1,043,129	119,372	75,000	31,080	21,279	3	3
Southern Finance Company Berhad	1,337,471	1,083,226	884,745	218,559	184,000	23,913	15,624	27	23
HSBC Finance (Malaysia) Berhad	1,234,520	1,080,083	910,192	104,148	22,412	15,241	11,279	4	4
Bolton Finance Berhad	1,122,409	1,000,576	869,231	78,427	35,609	16,496	9,532	9	8
Affin Finance Berhad	1,034,396	892,706	726,621	114,493	96,000	15,002	10,083	13	12
Oriental Finance Berhad ++	941,084	856,466	655,086	54,631	95,626	9,218	9,218	18	13
Hock Thai Finance Corpn Berhad	911,847	728,145	675,808	66,522	22,500	12,501	7,601	15	14
Kewangan Industri Berhad	911,177	565,121	648,766	102,677	100,000	4,468	1,700	7	7
Delta Finance Berhad	904,412	764,648	675,316	104,674	70,000	16,646	10,916	16	15
Kwong Yik Finance Berhad+++	888,910	777,241	695,257	67,296	50,000	9,700	5,058	12	12
Cempaka Finance Berhad	839,756	759,509	603,975	56,359	38,701	9,847	6,189	12	11
OUB Finance (Malaysia) Berhad	593,806	539,153	481,871	40,382	20,000	7,427	4,627	5	5
Interfinance Berhad	568,049	503,562	316,967	53,733	50,000	5,631	3,331	6	4
City Finance Berhad	490,983	445,917	372,985	30,030	25,392	4,025	2,499	12	8
Kewangan Utama Berhad	427,401	367,521	246,827	49,665	60,000	534	677	7	6
Sabah Finance Berhad	385,842	346,971	274,853	30,477	20,000	2,403	1,281	12	11
Perdana Finance Berhad	376,331	332,378	252,982	31,809	30,000	1,349	101	10	9
Abrar Finance Berhad	273,966	235,097	164,114	20,281	25,000	(4,719)	(4,719)	2	1
Chew Geok Lin Finance Berhad	271,139	251,668	168,046	12,553	9,000	259	44	17	14
Advance Finance Berhad	253,238	222,693	148,461	20,385	20,000	1,480	631	4	3
Boon Siew Finance Berhad	247,263	197,530	96,535	22,771	7,000	2,486	1,849	1	1
United Overseas Finance (Malaysia) Berhad	195,568	162,554	145,589	23,726	8,000	4,728	3,409	1	1
Perkasa Finance Berhad	75,546	54,971	25,355	18,907	32,600	756	756	2	1
AlliedFinance (Malaysia) Berhad+	56,335	[illegible]1,054	19,263	24,154	33,600	486	483	3	2
BSN Finance Berhad	30,184	23,726	12,369	2,472	9,000	(394)	(394)	1	1
Credit Corporation (Malaysia) Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25	19
TOTAL	102,165,086	89,510,362	73,132,467	6,908,147	3,844,812	1,736,924	1,104,932	1,096	988

The above figures are based on members' submission in 1998. All figures are audited

\+ As at January 31, 1996   ++ As at March 31, 1996   +++ As at June 30, 1996   n.a. Not available

SELECTED DATA OF LICENSED FINANCE COMPANIES FOR FINANCIAL YEAR END 1997

Name of Finance Company (Arranged by size of assets)	Assets	Deposits	Loans	Shareholders' funds	Paid-up capital	Profit /(loss) before tax	Profit/(loss) after tax	No. of branches	
	(RM'000)							1997	1996
Mayban Finance Berhad*+++	21,442,854	19,348,656	14,625,851	1,448,241	551,250	390,682	235,682	98	89
Arab-Malaysian Finance Berhad* ++	16,192,202	14,407,478	11,955,126	880,145	411,174	380,680	251,670	98	89
Public Finance Berhad*	10,646,908	9,177,080	6,974,087	777,043	330,000	121,628	73,828	167	150
Hong Leong Finance Berhad *+++	8,189,533	6,658,481	5,753,283	466,201	223,000	125,102	84,281	82	72
Credit Corporation (Malaysia) Berhad*++	6,178,571	4,220,544	3,324,720	411,423	291,250	72,973	47,898	25	25
BBMB Kewangan Berhad*++	4,739,155	4,037,049	3,345,446	338,515	225,000	61,880	37,880	47	47
Asia Commercial Finance (M) Berhad	4,435,351	2,720,827	3,268,874	282,164	209,400	40,808	21,423	56	56
EON Finance Berhad	4,141,322	3,673,007	3,193,364	388,903	275,000	37,561	19,638	36	35
Multi-Purpose Finance Berhad	2,560,576	2,268,765	1,888,905	150,134	78,750	19,894	10,244	29	29
OCBC Finance Berhad*	2,003,562	1,745,333	1,230,322	137,962	75,000	31,439	21,291	3	3
SimeFinance Berhad* +++	1,766,309	1,594,930	1,331,721	90,480	45,000	16,982	8,382	22	21
Affin Finance Berhad	1,620,964	1,138,551	1,290,715	115,657	96,000	6,489	1,163	13	13
Amanah Finance Malaysia Berhad	1,484,721	1,333,229	1,121,160	72,487	106,000	(15,804)	(14,404)	26	26
Southern Finance Company Berhad*	1,450,724	1,179,256	1,029,470	229,501	184,000	15,019	14,520	27	27
Bolton Finance Berhad	1,406,138	1,099,296	1,218,510	126,952	71,217	21,873	12,917	9	9
Kewangan Industri Berhad	1,374,757	975,083	972,833	105,257	100,000	6,792	2,581	7	7
HSBC Finance (Malaysia) Berhad*	1,271,716	1,119,916	880,102	105,439	22,412	3,896	1,711	4	4
Oriental Finance Berhad *++	1,151,305	1,029,223	790,945	76,819	105,626	13,288	12,188	18	18
Hock Hua Finance Berhad	968,968	882,452	768,456	69,221	22,500	8,267	4,320	15	15
Delta Finance Berhad	954,675	806,938	793,480	112,918	70,000	8,244	5,936	16	16
Cempaka Finance Berhad	907,701	729,454	750,448	65,746	45,519	2,411	1,567	12	12
OUB Finance (Malaysia) Berhad*	710,766	631,856	589,546	62,109	40,000	6,031	3,031	5	5
City Finance Berhad	603,413	539,306	511,283	42,293	35,549	3,800	2,750	12	12
Kewangan Utama Berhad	574,321	479,761	421,959	51,469	60,000	2,014	1,804	7	7
Interfinance Berhad	543,606	479,753	395,154	55,367	50,000	3,109	n.a.	6	6
Perdana Finance Berhad	458,224	399,219	326,558	32,259	30,000	1,702	451	10	10
BSN Finance Berhad	400,763	212,163	153,807	50,522	60,000	(2,950)	(2,950)	6	1
Chew Geok Lin Finance Berhad	323,490	290,488	187,855	15,587	12,000	71	n.a.	18	17
Abrar Finance Berhad	297,879	275,291	246,575	11,565	35,000	(18,715)	(18,715)	3	2
Boon Siew Finance Berhad	269,400	222,530	125,723	23,430	7,000	1,600	920	1	1
Advance Finance Berhad	256,606	223,171	191,577	21,772	20,000	2,354	1,386	5	4
United Overseas Finance (Malaysia) Berhad*	218,110	181,326	138,373	26,148	8,000	3,943	2,998	1	1
Perkasa Finance Berhad	157,486	133,295	118,534	20,027	32,600	1,120	1,120	2	2
PhileoAllied Finance (M) Bhd*+	48,237	20,712	32,352	25,772	33,600	1,623	1,618	3	3
Kewangan Bersatu Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	27	27
MBf Finance Berhad	n.a.	n.a.	n.a.	n.a.	n.a	n.a.	n.a.	153	145
RHB Finance Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	41	40
Sabah Finance Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12	12
United Merchant Finance Berhad	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	38	38
TOTAL	99,750,313	84,234,419	69,947,114	6,889,528	3,961,847	1,375,806	849,129	1,160	1,096

All figures are preliminary and unaudited unless indicated by an asterik (*)
The above figures are valid as at December 31, 1997 unless otherwise stated below.

+ As at January 31, 1997 ++ As at March 31, 1997 +++ As at June 30, 1997 n.a. Not available

Table 1
Summary of merger case studies: Change in performance

Merger	Acquiring firm more efficient than target	Pre- to post-merger change in performance relative to peers [a]						Stock price change [b]		
		Return on assets	Total expenses		Noninterest expenses		Econometric estimate of "total" efficiency [c]	Acquiring	Acquired	Net wealth effect
			÷ Total assets	÷ Total rev.	÷ Total assets	÷ Adj. oper. rev.				
A	Not clear	Imp	Imp	Imp	Imp	Imp	Imp	Wk	Imp	Imp
B	Yes	Imp	Wk	Imp	Imp	Imp	Imp	Wk	Imp	Wk
C	Yes	Imp	Wk	Imp	Wk	Imp	Imp	Imp	NA	NA
D	Yes	Imp	Imp	Imp	Wk	Imp	Imp	Imp	NA	NA
E	Yes	Imp	Imp	NC	Imp	Imp	Imp	Wk	Imp	Wk
F	Not clear	Imp	Imp	Imp	Imp	Imp	NC	Imp	Imp	Imp
G	Not clear	Wk	NC	NC	Imp	Imp	Imp	Imp	Imp	Imp
H	Yes	Imp	Wk	Imp	Wk	Imp	NA	Wk	Imp	Imp
I	Yes	Wk	Imp	Wk	Imp	Wk	Imp	Imp	Imp	Imp

Imp – Improved; Wk – Weakened; NC – No change; NA – Not available.

[a] Based on averages of the three years before and after merger. Note that results for all mergers in this table are based on three-year averages, but individual studies may emphasize individual years in assessing performance results. Note that the signs indicate only the direction of change. They do not indicate whether (1) the change was minor or substantial or (2) the resulting *level* of profitability or efficiency is better or worse than the peers (e.g., a merged firm may have improved relative to the peers, but it may still be less efficient or profitable than them).

[b] Based on cumulative abnormal return from 10 days before to 10 days after the announcement.

[c] This econometric estimate, which is distinct from the expense ratio measures, is described in the text.

Merger of Finance Companies – NTA Adjustment Framework

1. **Cut-off date for NTA and Commencement of BNM Guarantee**
   Cut off date for NTA shall be not more than one month from date of signing of S & P.
   Example:-
   If S & P is expected to be signed at end July 1998, cut off date for NTA should be not earlier than end-June 1998.

2. **General Provision**
   To add back.

3. **SP & IIS**
   - Acquirees to give details and status of accounts i.e. bad/doubtful/sus-standard and discuss with acquiror on treatment for each accounts.
   - To discuss with BNM on discrepancies.
   - Amount agreed upon will be subject to due diligence review.

4. **Non Performing Loans**
   - BNM will guarantee any future shortfall in provisioning of existing NPLs subject to strict adherence with BNM/GP3
   - BNM will guarantee any provisioning shortfall from losses of new NPLs.

5. **HP Loans**
   - To mark-to market HP loans for one year, using KLIBOR + reserve costs (12.25%) as the discount rate and adjust NTA accordingly.
   - Any negative carry for the second and third years will be underwritten by BNM.

6. **Other Fixed Rate Loans (excluding housing loans)**
   - To be assessed on a case-by-case basis.

7. **Valuation of Callateral**
   Based on GP3

8. **Tax losses**
   - Tax losses should not be added to NTA, but to be transferred to BNM's shortfall.

9. **Fraud cases**
Loses from fraud detected during the first six months will be underwritten by acquiree companies.

10. **Retrenchment Cost**
Will be borne by BNM and reflected in shortfall account.

11. **Payment of consideration**
Cash.

12. **Goodwill**
None.

13. **Control of FCs**
Based on mutual agreement with BNM's consent.

14. **Human Resources – Absorption of staff**
Up to acquiring companies to decide.

15. **Merger related expenses**
To be shared between BNM and acquiror (50/50 basis)

Bank Negara Malaysia
25 Julai 1998

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