

APPENDIX

Appendix 1

INTERVIEW WITH THE STAKEHOLDER INVOLVED IN THE MERGERS AND ACQUISITIONS PROCESS : SEMI-STRUCTURED INTERVIEW QUESTIONNAIRES

1. Introduction

- Are we allowed to disclose your name in the report or do you want to remain anonymous?
- Are we allowed to record this interview?

2. Interview Questionnaires

- Among so many local banks, what are the reasons you think SBB being selected to be CIMB's M&A target?
- What makes CIMB so confident that SBB would provide CIMB the kind of synergy they need?
- How is the integration of SBB into CIMB being carried out (to maximize its synergy expected)?
- How did the SBB employees at that time reacted to the M&A?
- It took only 6 months to integrate SBB into CIMB, how it's being done so efficiently & how resistance was managed?
- What are the value inherited from SBB that you think are contributing very much to CIMB's success today
- In your opinion, what would be CIMB's position today if the M&A with SBB doesn't happen?

**TRANSCRIPT OF INTERVIEW WITH THE STAKEHOLDER INVOLVED IN
THE MERGERS AND ACQUISITIONS PROCESS**

Date : 13th April 2012

Time: 15:00 to 15:45

Venue: Faculty of Business and Accountancy, University Of Malaya

Begin Transcript.

Q : Are we allowed to disclose your name in the report or do you want to remain anonymous?

A : I'd like to remain anonymous.

Q : Are we allowed to record this interview?

A : Preferably no audio recording. Notes taking will be fine.

Q : Among so many local banks, what are the reasons you think SBB being selected to be CIMB's M&A target?

A : First, there were policies from Bank Negara to merge all local banks into 8 main anchor banks. Second and most importantly, CIMB needed to grow its commercial bank business as of that period. The CIMB investment arm at that time did not have access to much retail customer profile. Hence, they find SBB to be the most suitable M&A target that will provide them the kind of solution for the portfolio they needed to merger with CIMB commercial bank. This M&A move will provide them a fast solution to grow in retail banking rather than organic growth.

Q : What makes CIMB so confident that SBB would provide CIMB the kind of synergy they need?

A : Like what have we discussed previously, the intention of CIMB group to grow into retail bank business is the main purpose of the M&A. But their investment banking does not help much in this and SBB with strong presence in retail banking business would provide them a great solution.

Q : How is the integration of SBB into CIMB being carried out (to maximize its synergy expected)?

A : During the post-merger integration, no drastic change was made to SBB and most of the units of SBB was operating on business as usual mode. Systems from SBB was adopted and being used, SBB ways of doing business remained and adapted to CIMB retail bank, and corporate values from SBB were also adopted, to make sure SBB keep on doing what it did the best and provide the kind of performance it used to have.

Q : How did the SBB employees at the time reacted to M&A?

A : Staffs from SBB generally have the feeling of fear and worried about their future. Due to this, quite a number of senior management resigned from SBB and left the bank.

Q : It took only 6 months to integrate SBB into CIMB, how it's being done so efficiently & how resistance was managed?

A : Actually, the fact is that CIMB is very experienced in conducting M&A, so there shouldn't be any issue for them to get things done smoothly. They also

formed a very good negotiation team in SBB to conduct the merger integration process. Their M&A advisory team members are formed by experienced professionals like lawyers and financial advisors that are very efficient and effective in doing things. There were resistance and fear from the SBB staff but it was managed very well by CIMB. The CIMB CEO also came by himself to speak to all the senior management and reassured them of their future in SBB post-merger.

Q : What are the value inherited from SBB that you think are contributing very much to CIMB's success today

A : CIMB was not strong in retail bank prior to merger with SBB. Therefore, CIMB adopted most of SBB's practices after the M&A, knowing the fact that SBB are having a stronger and more robust retail bank system than what CIMB used to have. The three main major items and values that were inherited from SBB were the banking system, the SBB way of running the business, and also the corporate value of SBB. These are the 3 core contributions that makes CIMB retail bank a success today.

Q : In your opinion, what would be CIMB's position today if the M&A with SBB doesn't happen?

A : (Laughs) We would not know what will it turn out to be as we are not able to guess things that did not happened. Probably it would not become such a profitable bank or maybe not so efficient? No one knows. Or most probably they will choose to merge with another retail bank.

End transcript.

TIMELINE CHRONOLOGY OF CIMB AND SOUTHERN BANK HISTORY

Year	Historical Event
1924	<p><u>Bian Chiang Bank established in Kuching, Sarawak, Malaysia</u></p> <p>Bian Chiang Bank was established in Kuching by Wee Kheng Chiang in 1924. In its early days, the bank's activities were mainly related to business financing and the issuance of bills of exchange.</p>
1935	<p><u>Ban Hin Lee Bank established in Penang, Malaysia</u></p> <p>Ban Hin Lee Bank Bhd, founded by "Towkay" Yeap Chor Ee, was formally incorporated as a private limited company on 17 September 1935. The bank's original business focus was to serve local businesses in their trade and merchant activities. In the 1960s, it also branched into real estate and home financing.</p> <p>By the 1990s, the bank had become a modern and thriving financial institution, with its headquarters in Penang and operations throughout Malaysia and Singapore. It became a public-listed company on the Kuala Lumpur Stock Exchange (KLSE) on 7 January 1991.</p>
1948	<p>Bank Lippo founded in Indonesia</p> <p>Bank Lippo was founded in 1948 with headquarters in Tangerang, Indonesia.</p>
1955	<p>Bank Niaga founded in Indonesia</p> <p>Established as a national private bank, Bank Niaga gained a great deal of trust from its customers and expanded to become a full service bank in 1974.</p>
1965	<p><u>Southern Bank Bhd was founded as Southern Banking Ltd</u></p>

	<p>Founded in 1965 from humble roots in Penang, Southern Banking Ltd quickly expanded to other parts of Malaysia. It was later renamed Southern Bank Bhd and gained recognition as an important player in wealth management products, credit cards and SME lending. The bank was the first in Malaysia to set up the MEPS/ATM system.</p>
1965	<p><u>Bank Bumiputra Malaysia Bhd incorporated in 1965</u></p> <p>Bank Bumiputra was established in 1965, in line with government initiatives to increase Bumiputra participation in the Malaysian economy.</p> <p>By the 1980s, it had become the largest bank in the country in terms of assets. Its infrastructure provided access to banking facilities where there was none before, contributing to the growth of small-scale enterprises and assisting the flow of investment into rural areas.</p> <p>It was the first Malaysian bank to have operations in New York, London, Tokyo, Bahrain and Hong Kong. In 1982, it was listed as the largest bank in Southeast Asia by <i>Asian Finance</i> magazine.</p>
1972	<p>United Asian Bank Bhd established in Kuala Lumpur</p> <p>United Asian Bank started as a banking joint-venture between Malaysia and India, as a result of the merger of three Indian-owned banks – Indian Overseas Bank Ltd, Indian Bank Ltd and United Commercial Bank Ltd. United Asian Bank took over the operations of the Malaysian branches of these Indian banks in 1972.</p> <p>The bank's business was mainly directed at small businesses and individuals. In its time, it established a reputation for encouraging enterprise amongst the less prosperous sections of</p>

	<p>the community.</p>
1974	<p>Pertanian Baring Sanwa Multinational Bhd incorporated</p> <p>Pertanian Baring Sanwa Multinational was founded in April 1974 by Bank Pertanian of Malaysia, Baring Brothers and Multinational Bank of the UK, and Sanwa Bank of Japan.</p> <p>Under the management of Baring Brothers, Pertanian Baring Sanwa Multinational provided corporate advisory and funding services to multinationals, and undertook corporate restructuring and merger and acquisition activities for Malaysian companies.</p> <p>Practising a conservative and prudent approach, with a strict credit culture that limited its trading activities, the merchant bank remained relatively small compared to others.</p>
1979	<p>Bian Chiang Bank renamed Bank of Commerce Bhd</p> <p>The purchase of Bian Chiang Bank by Fleet Group led to the formation of Bank of Commerce Bhd in November 1979. Retaining the initials BCB, the new bank had a strong focus on systems and transparency from the very beginning, reflecting the management style of co-shareholder JP Morgan.</p> <p>An aggressive, performance-driven work culture pushed the bank forward, contributing to its emergence as one of the most progressive banks in the industry.</p> <p>In 1982, just three years since incorporation, what started out as a one-branch bank worth MYR8 million had become an institution with the total assets of MYR367 million and total shareholders' funds of MYR12.8 million.</p>
1986	<p><u>Pertanian Baring Sanwa Multinational renamed Commerce International Merchant Bankers Bhd</u></p>

	<p>In 1986, Bank of Commerce replaced Bank Pertanian as the controlling shareholder of Pertanian Baring Sanwa Multinational, following which its name was changed to Commerce International Merchant Bankers Bhd (CIMB). The new shareholders retained its focus on corporate finance and IPOs and in 1989, it emerged as Malaysia's top advisor for new listings.</p> <p>CIMB soon added stockbroking to complement its advisory and listings expertise, establishing an award-winning reputation as an equities broker and IPO house. This positioned the firm to enjoy high profits during the early 1990s equities "bull run".</p> <p>At the height of the buoyant era in equities, CIMB took a major strategic decision to build its capabilities in fixed income in anticipation of future market opportunities. This placed CIMB in an excellent position to reap rewards from the exponential bond market growth in the late 1990s.</p>
1991	<p><u>Bank of Commerce merges with United Asian Bank</u></p> <p>Bank of Commerce Bhd acquired United Asian Bank in November 1991, which resulted in a new entity named Bank of Commerce (M) Bhd. Meanwhile, Bank of Commerce Bhd, the listed holding company, was renamed Commerce-Asset Holdings Bhd (CAHB).</p> <p>The acquisition was the starting point for more significant expansion to come. The Bank of Commerce branch network increased almost fourfold, complementing its established reputation in the corporate lending market.</p>
1999	<p><u>Formation of Bumiputra-Commerce Bank</u></p> <p>In October 1999, Bank Bumiputra emerged from the Asian financial crisis to merge with Bank of Commerce, resulting in the</p>

	<p>biggest merger in Malaysia's banking history.</p> <p>They formed Bumiputra-Commerce Bank, under the control of CAHB, and became the bank of choice to many multinational and local corporations, government organisations and individuals.</p>
2000	<p>Southern Bank acquires Ban Hin Lee Bank</p> <p>On 1 July 2000, Southern Bank acquired Ban Hin Lee Bank, along with United Merchant Finance Bhd (renamed Southern Finance Bhd), Perdana Finance Bhd and Cempaka Finance Bhd. This was part of the government-initiated banking consolidation plan.</p>
2002	<p>Commerce-Asset Holdings Bhd became the majority shareholder in Bank Niaga</p> <p>CAHB completed the acquisition of 51% of PT Bank Niaga from the Indonesian government via the Indonesian Bank Restructuring Agency (BRA). It is part of the series of strategic policies taken by the Indonesian government in response to the banking and economic crisis which befell the country following the onset of the Asian monetary crisis in mid-1997. The acquisition provided a rare opportunity for CAHB to acquire a majority stake in an Indonesian banking franchise which excelled in customer service and technology innovation.</p>
2003	<p><u>Launch of CIMB Islamic</u></p> <p>CIMB Islamic was officially launched by Malaysia's Bank Negara Governor Tan Sri Dato' Dr Zeti Akhtar Aziz in June 2003. Since then, CIMB Islamic has won numerous accolades for its innovative Shariah-compliant solutions.</p> <p>In April 2005, Commerce-Tijari Bank Bhd was launched as the Islamic banking subsidiary of Bumiputra-Commerce Bank, providing the consumer market with an Islamic alternative for</p>

	deposit accounts and financing.
2004	<p><u>Formation of CIMB-Principal</u></p> <p>CIMB Bhd acquired 70% of Commerce Trust Bhd and Commerce Asset Fund Managers Sdn Bhd from Commerce-Assets Holdings Bhd. The acquisition led to the formation of CIMB-Principal Asset Management Bhd, involving a joint venture with the Principal Financial Group of USA.</p> <p>This marked the entry of a new player to Malaysia's burgeoning asset management sector. It was not long before CIMB-Principal made a decisive impact, winning numerous accolades for the returns from innovative products, such as the Global Titans Fund, Malaysia's first global equity investment fund.</p>
2005	<p><u>CIMB acquires G K Goh Securities Pte Ltd</u></p> <p>The acquisition of Singapore-based GK Goh Securities in June 2005 led to the formation of CIMB-GK Securities Pte Ltd, CIMB's international investment banking operations. G K Goh was founded in Singapore in 1979, evolving into a reputable pan-Asian stockbroking franchise with operations in Singapore, Indonesia, Hong Kong, the UK and the US.</p>
2005	<p>CIMB announces acquisition of Bumiputra-Commerce Group</p> <p>The acquisition of the Bumiputra-Commerce Group by CIMB was announced in June 2005, following the strategic decision by CAHB to create a universal bank by combining its consumer and investment banks.</p> <p>As part of the exercise, CIMB was delisted from the KLSE and CAHB was renamed Bumiputra-Commerce Holdings Bhd.</p>
2006	<p><u>CIMB Group's restructuring exercise</u></p> <p>January 2006 marked the birth of the new CIMB Group as a</p>

	<p>universal bank. Complemented by the resources and reach of Bumiputra-Commerce Bank, one of Malaysia's foremost retail banking providers, CIMB Group made the transition to a full-service banking provider, serving a range of customers, from corporates to individuals.</p> <p>Encapsulating investment banking, consumer banking, asset management and Islamic products and services, CIMB Group was now poised to make a stronger mark on the Malaysian financial landscape.</p>
2006	<p><u>CIMB Group acquires Southern Bank</u></p> <p>After months of negotiations, CIMB Group acquired Southern Bank in March 2006, adding a valued niche player in consumer banking to the Group.</p> <p>The merger combined the extensive resources and reach of Bumiputra-Commerce Bank with the expertise and agility of Southern Bank, making CIMB Group a force to be reckoned with in the banking industry.</p>
2006	<p><u>Launch of CIMB Group as a Regional Universal Bank</u></p> <p>The new CIMB Group was launched by the then Prime Minister of Malaysia, Dato' Seri Abdullah Ahmad Badawi, in September 2006, signifying the culmination of the 3-way merger of Commerce International Merchant Bankers, Bumiputra-Commerce Bank and Southern Bank to form a universal banking group.</p> <p>As a universal bank, CIMB Group has the full range of banking and financial services – conventional and Islamic – to serve everyone from the smallest retail client to the largest companies and institutions.</p> <p>In line with the vision, “To be Southeast Asia’s Most Valued</p>

	<p>Universal Bank”, the Group embarked on a rebranding exercise and unveiled a new logo and a new tagline, “Forward Banking”, reflecting its promise to create value for customers through forward thinking.</p>
2007	<p>CIMB-GK Securities (Thailand) Ltd and CIMB-GK Securities (USA) Inc</p> <p>CIMB Group launched its flagship presence in Thailand and USA, adding on to the Group’s already strong investment banking, stockbroking and institutional sales franchise in Kuala Lumpur, Singapore, Jakarta, Bangkok and Hong Kong.</p>
2008	<p><u>Strategic investment in the Bank of Yingkou, China</u></p> <p>CIMB Group entered into an agreement for a 19.99% stake in the Bank of Yingkou, adding mainland China to the Group’s network, which comprises Southeast Asia, global financial centres and large economies that have strong economic, trade and investment linkages with ASEAN.</p>
2008	<p><u>Merger of PT Bank Niaga Tbk and PT Bank Lippo Tbk</u></p> <p>CIMB Group created the 6th largest bank in Indonesia at the point of the merger between PT Bank Niaga Tbk with PT Bank Lippo Tbk. This was an initiative of Khazanah Nasional Bhd, the ultimate shareholder of CIMB Group and the banks, to comply with Bank Indonesia’s Single Presence Policy (SPP). The merger marked the first major consolidation of private banks under the SPP. The merged bank was rebranded as “CIMB Niaga”.</p>
2008	<p><u>CIMB-Principal Islamic Asset Management launched</u></p> <p>CIMB Group and the Principal Financial Group strengthened their partnership with the launch of CIMB-Principal Islamic Asset Management. The 50:50 joint venture serves as the global Shariah funds management arm of both entities, and is located</p>

	<p>in Kuala Lumpur to leverage the infrastructure of the Malaysia International Islamic Financial Centre.</p>
2008	<p><u>Acquisition of BankThai</u></p> <p>CIMB Group entered into an agreement with the Financial Institutions Development Fund to purchase a 42.13% stake in BankThai Pcl. The Group's ensuing tender offer for the remaining shares in BankThai, and a rights issue, resulted in the stake increasing to 93%.</p> <p>The acquisition of BankThai strengthened CIMB Group's universal banking platform across major ASEAN markets – Malaysia, Indonesia, Singapore and Thailand – and made the Group's retail network the widest in ASEAN, with over 1,100 branches. BankThai was rebranded as "CIMB Thai" when it was officially launched in 2009.</p>
2009	<p><u>CIMB Thai officially launched</u></p> <p>CIMB Thai's new brand and logo were unveiled to the public in May 2009 by Khun Korn Chatikavanji, Thailand's Minister of Finance. The rebranding launch, which was also attended by Dr Tarisa Watanagese, Governor of the Bank of Thailand, was part of CIMB Thai's transformation into becoming a financial institution that offers innovative products and service to the Thai market, backed by the resources of a leading regional universal banking group.</p>
2009	<p><u>Launch of CIMB Bank Singapore</u></p> <p>CIMB Group set up retail banking services in Singapore in September 2009. Through its strong service propositions, CIMB Bank Singapore has brought innovative products that maximise value for money in a competitive environment. The retail banking component complements CIMB Group's existing securities, advisory and corporate lending businesses in</p>

	Singapore.
2010	<p><u>CIMB Group expands to Cambodia</u></p> <p>CIMB Group spreads its wings to Cambodia through the fully-owned subsidiary CIMB Bank Plc. The first branch, which also serves as the headquarters, was officially launched in Phnom Penh on 19 Nov 2010.</p>
2012	<p><u>CIMB Group becomes one of the largest investment bank in Asia (excluding Japan)</u></p> <p>CIMB Group purchased the Asian investment banking business of Royal Bank of Scotland, including RBS franchise in Australia.</p>

The Star Business News 19/7/2012

Thursday July 19, 2012

CIMB CEO wins outstanding contribution award

7.880  **CIMB**
(symbol: 1023)

↓ -0.020 / -0.25%

The principal activities of the Group are those of investment holding, management company, property management, provision of consultancy services and dealing ...

PETALING JAYA: CIMB Group Bhd group chief executive Datuk Seri Nazir Razak has received the 2012 Euromoney Award for Outstanding Contribution to Asian financial markets.

Recent recipients of the Award include Citigroup chief executive officer Vikram Pandit, former Deutsche Bank CEO Josef Ackerman and Brazil's Banco Itau CEO Roberto Setubal.

"Nazir has driven what is undoubtedly one of the runaway success stories of South-East Asian markets.



Nazir (centre), Horwood (left) and Euromoney Asian editor Anuj Gangahar at the award presentation ceremony.

"Over the past year, CIMB, the bank he leads, has reinforced its acclaimed credentials by posting strong growth across the board in deposits, mortgages, personal financing wealth management, credit cards and several other areas," said *Euromoney* editor Clive Horwood in a statement.

"He has also demonstrated his determination to make CIMB a strong player across the region, notably with the acquisition of RBS's Asia-Pacific investment banking business. For his establishment of a quality franchise, his strategic vision, strong leadership and work on market development," added Horwood.

The award, which was presented in London yesterday, recognises Nazir's many achievements over the course of his tenure at CIMB Group, both in terms of building one of Asia's leading banking groups and in CIMB's role in developing Malaysia's banking and capital markets.

"I am humbled to be recognised on a personal level for CIMB's achievements by *Euromoney*, the most venerable name in international financial journalism, and stand alongside the excellent international bankers that have previously received this award," said Nazir in the statement.

"My gratitude goes to the thousands of staff, past and present, who have worked the CIMB cause with me; in Malaysia, in Asean and beyond.

"Our strategic direction, approach and perseverance are further vindicated by this prestigious award. We march on from here even more confidently," he added.

CIMB Group also won the 2012 Euromoney Awards for Malaysia's Best Bank and Malaysia's Best Investment Bank. It has won the best bank award for three consecutive years and the best investment bank award for six consecutive years.

Euromoney, a leading financial magazine, is published monthly and covers the latest developments in the global financial world.