

It's more than investment banking...



It's about **partnerships**



CIMB Berhad Group

INVESTMENT BANKING (IBK)

During the year, this division continued to play the “front-line” role in identifying and originating structures and proposals for existing and potential clients, making it pivotal to issuer client flows, an instrumental part in CIMB’s achievements in 2004. The structure of having four IBK teams and an independent research unit within the division was maintained during the year. CIMB was named as the Best Domestic Investment Bank by The Asset and Finance Asia in 2004.

EQUITY MARKETS & DERIVATIVES (EMD)

EMD had an excellent 2004 with CIMB sweeping the awards in the equity arena and leading all key league tables. EMD also capitalised on strong foreign interest to generate secondary placement deals.

CIMB maintained its market leadership in the domestic IPO market, being the Sole Bookrunner for three out of the six largest IPOs in 2004 namely KLCC Property Holdings Berhad, Ornasteel Holdings Berhad and Sin Chew Media Corporation Berhad. For secondary placements, it was an outstanding year with the three major transactions as follows: Khazanah’s sale of RM2.91 billion worth of Telekom shares; Mitsubishi Motors Corporation’s sale of Proton shares worth RM396 million and Shell Overseas Holdings Limited’s RM464 million worth of shares in Shell Refining Company (FOM). The Telekom transaction, in which CIMB was Sole Global Co-ordinator and Joint Bookrunner, received Finance Asia’s Achievements Awards 2004 for Best Secondary Offering and Best Malaysia Deal as well as the IFR’s Award for Best Malaysia Equity Deal.

Apart from traditional products, CIMB also led the way for convertible bond issuance for Malaysian issuers. Major deals for 2004 were Tenaga Nasional’s RM200 million convertible issue, the first ringgit convertible deal and Khazanah’s USD414.5 million exchangeable bond issue.

DEBT MARKETS AND DERIVATIVES (DMD)

Despite a slow start for 2004, the Ringgit bond markets saw a decent rally in the second half of the year. Against this backdrop, DMD’s businesses performed relatively well in both the primary and secondary markets.

DMD notched up a number of significant deals in the primary markets this year. CIMB jointly lead managed the first residential mortgage-backed securities issue in Malaysia by Cagamas MBS, a subsidiary of Cagamas. CIMB also joint-lead managed the RM500 million Islamic bond issue by the International Finance Corporation, the first Islamic bond issue by a supranational in the world.

CIMB was also actively involved in assisting Malaysian corporates raise USD via straight debt as well as convertibles to take advantage of a perceived trough in the USD interest rate cycle. The flagship USD debt transaction for the year was Telekom’s USD500 million global bond issue lead managed by CIMB, UBS and Deutsche Bank.

DMD’s new initiative for the year was the launch of structured products following the issuance of Bank Negara Malaysia’s and the Securities Commission’s guidelines on structured products. New products launched during the year include range accrual notes, inverse floater notes and equity-linked notes. This strategy will have to be reviewed in due course as there has been some disappointment with the slow development of investor interest, high cost of product development and regulatory restrictions.

In the debt market category, CIMB won among others, Asiamoney’s “Deal of the Year” awards for the Telekom and Cagamas deals and were recognised as “Best Debt House” by Euromoney and Asiamoney.

CORPORATE FINANCE (CF)

CF's portfolio continued to expand in 2004 from advisory, mergers and acquisitions, origination and compliance for equity capital market transactions, corporate and retail banking to include corporate agency and securities services (CASS) and development of new investment management opportunities. Product widening is part of CF's strategy to mitigate a general decline in margins in some of the traditional "bread and butter" products.

CIMB continued to top the M&A league table during the year and was named the Best M&A House by Euromoney. Thomson Financial Publications also recognised CIMB as Number 1 in Asia ex-Japan for the number of M&A transactions.

A new joint venture with Mapletree, signed in November 2004 was a major initiative for CIMB. Both CIMB and Mapletree have each committed RM100 million to anchor a real estate fund, CM-1, which intends to raise a further RM300 million in equity and about RM1 billion in debt to invest in properties. The objective for the venture is to earn annuity income from funds management and to obtain investor returns.

PRIVATE CLIENT SERVICES (PCS)

Private Banking's (PB) assets under management doubled from RM760.3 million at the beginning of the year to RM1.52 billion at the end of 2004. The number of financial advisors also increased from 11 to 21. PB also played important distributor roles in many primary debt and equity transactions during the year. As a first step in geographical expansion, a Penang branch was opened during the year.

The remisier headcount remained steady at 90 people. There are plans to expand the retail reach by placing remisiers in branches in other parts of the country. There has also been investment in technology to provide alternative investment tools for customers. In 2004, CIMB enhanced the i-trade system to incorporate the e-IPO module to enable IPO subscription via the internet and also launched m-Trade for customers to trade shares using their mobile phones.

PRIVATE EQUITY (PE)

2004 marks a milestone in the maturation of PE. It has now captured sufficient funds under management to be self-financing. At the end of 2004, PE funds under management have increased to just under RM300 million in two funds namely CIMB Muamalat Fund 1 Ltd. P, a shariah compliant regional buy-out fund and CIMB Mezzanine Fund focusing on pre-IPO investments. One of the most encouraging elements for PE has been its success in raising funds from the Middle-East, with the support of CIMB Islamic.

CIMB ISLAMIC (CI)

CI is responsible for ensuring that CIMB is able to offer an Islamic version of its products and services whenever possible and to support sales of these products. The success of the PE offering in the Middle-East is one such example. Although just two years old, CI has built an excellent reputation and was recognised by Euromoney as the "best provider of Islamic financial services in Asia" in 2004.

CI broke new ground in 2004 with the International Finance Corporation (IFC) RM500 million BaiDS facility which CIMB jointly lead managed. This deal had three historic milestones. It was the first Islamic deal by a non-Islamic supranational in the world, the first ever Islamic issuance in domestic currency by a supranational and the first Islamic Ringgit securities issued by a foreign issuer since the liberalisation of exchange control.

Another innovative deal was the first Ijarah/Murabahah programme in the domestic market by Dawama Sdn Berhad in which CIMB lead managed.