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To: Our Clients and Friends

First of all, we would like to wish you a wonderful Holiday Season, and a very Happy New Year 2003.

We would like to take this opportunity to thank you for your continued support and friendship during the past year and to update you on our activities in 2002.

During the year 2002, The CBM Group, Inc. completed a dozen different projects for clients in the United States, Europe, Latin America and Asia.

- About 60% of our work was repeat business with institutions with whom we have well-established relationships, some of them going back a decade.
- New clients, all leading global financial institutions, generated about 40% of our volume.

The clients we served in 2002 included:

- US Banks: 2 of the top 10 banks in the United States, both global players
- European Banks: one of the major banks in Europe, also a global player
- Brazilian Banks: the largest institution in the country and the top middle-market oriented bank
- Japanese Insurance Company: one of the top 3 in Japan, a global player in property-casualty insurance
- A US Monoline Financial Guaranty Insurer
- A Derivatives Product Company
- An Emerging Markets Stock Exchange
- E-Commerce firms: one US, one European
- A Specialty Insurance Company
- A Securities Clearing and Settlement Organization

The areas on which we focused during this past year and continue to work on at this moment include:

Risk Management

Our risk management work in 2002 was wide ranging.

We completed a 2 ½ year long credit risk re-engineering project in which we developed for our client a suite of internal credit rating models for all types of lending - large corporate, middle market, small business, financial institutions, agribusiness, municipal/public sector and consumer.

We also advised clients on credit risk management in public finance lending and in the monoline financial guaranty insurance business.

We developed methodologies and models for measuring and managing operational risk in the payments businesses of a leading global bank. We also evaluated the liquidity and Basel risk capital impact of the bank's becoming a third party participant in CLS, the foreign exchange clearinghouse.

We also analyzed the value of third-party credit enhancement for a securities clearing and settlement organization as a substitute for capital.

Wealth Management in Europe and Asia

For a global bank, we developed a wealth management strategy analysis for France. The analysis reviewed the evolution of French household sector financial asset holdings, outlined the key distribution channels for savings and investment products in France and profiled the key competitors in the market and their strategies in order to identify a possible repositioning of our client in this challenging market.

In another project, we reviewed the evolution of household financial assets in five key Asia-Pacific economies: Japan, Taiwan, Korea, Australia, Hong Kong and Singapore.

Financial Guaranty Industry

In 2002, we continued and broadened our work in the financial guaranty industry. We worked and are continuing to work with monoline financial guaranty insurers and with key players in the exciting credit derivative market.

Capital Markets in Emerging Economies

We worked with the stock exchange of an emerging economy to identify ways of stimulating the growth of volume and liquidity in the market. We investigated opportunities such as privatizations, increasing the role of institutional investors, introduction of derivatives products, modifying trading rules and market structure.

In another assignment, we identified opportunities for asset securitization in a major emerging economy.

Distribution of Investment Products

In 2002, we continued to work on one of our key “specialties”, the management of large-scale sales forces in brokerage, life insurance and mutual funds. In addition to client work, we have built a promising working relationship with Registered Rep magazine, a leading Primedia publication.

Registered Rep is the key trade publication of the retail brokerage industry, reaching almost 100,000 brokers and financial planners in the United States. Registered Rep and CBM will be conducting a series of joint research projects on the evolution of the brokerage industry and the challenges it is facing.

Payment Systems

We modeled the economic impact of the conversion of paper checks into Automated Clearinghouse (ACH) transactions for a US super-regional bank and are developing options for right-sizing its item processing infrastructure.

Electronic Commerce

We advised a European e-procurement software company on its global sales and product strategy and a leading US provider of procurement outsourcing on its European market strategy.

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Should you have any questions or interest in any of the above topics feel free to give us a call. Visit our web site at www.thecbmgroup.com for additional details as well as a list of publications.

In July 2002, we celebrated the tenth anniversary of The CBM Group, Inc.

During the past ten and a half years, we have served 45 different clients, all leading financial services firms. Of these, some 10 clients represented about 80% of our business.

We are proud of our long-term relationships with clients. On average, we have worked with each one of our key clients for several years, and have known many for a decade or longer!

We look forward to working with you in 2003!!!!

Sincerely Yours,

André Cappon
President

Guy Manuel
Managing Director